techstep

Annual Report 2023

We make mobile technology work for you

Our ultimate goal

Be the leading European mobile technology enabler for customers who want to work smarter and more sustainably.

Vision

Making the world of work smarter and more sustainable.

Mission

Through mobile technologies, we're making positive changes to the world of work; freeing people to work more effectively, securely and sustainably.

Our corporate culture

Always accountable

Our reputation for exceptional customer service really matters to us. We know that trust is the key to successful relationships, built on hard work and dedication. Being accountable to our clients and each other is how we'll create the culture of openness, honesty and integrity we want.

The only way is forward

To stay ahead you have to keep moving forward, always learning, questioning and trying out new ideas. Keeping an open mind and striving for excellence is how we overcome challenges and develop new solutions. Through inspiration, dedication and acquisition we will build a successful future.

Sustainability at our heart

We share a responsibility for our environment and one another. We're committed to thinking and acting sustainably with the future of the planet at the heart of all we do.

Commitment to quality & value

We ensure our customers receive the best advice, service and value with every interaction. We use mobile technology, software and security to ensure that their business always performs at its very best.

Contents

Techstep at a glance

Techstep is a leading mobile technology specialist serving more than 2,100 customers in Scandinavia and parts of Europe led from Poland.

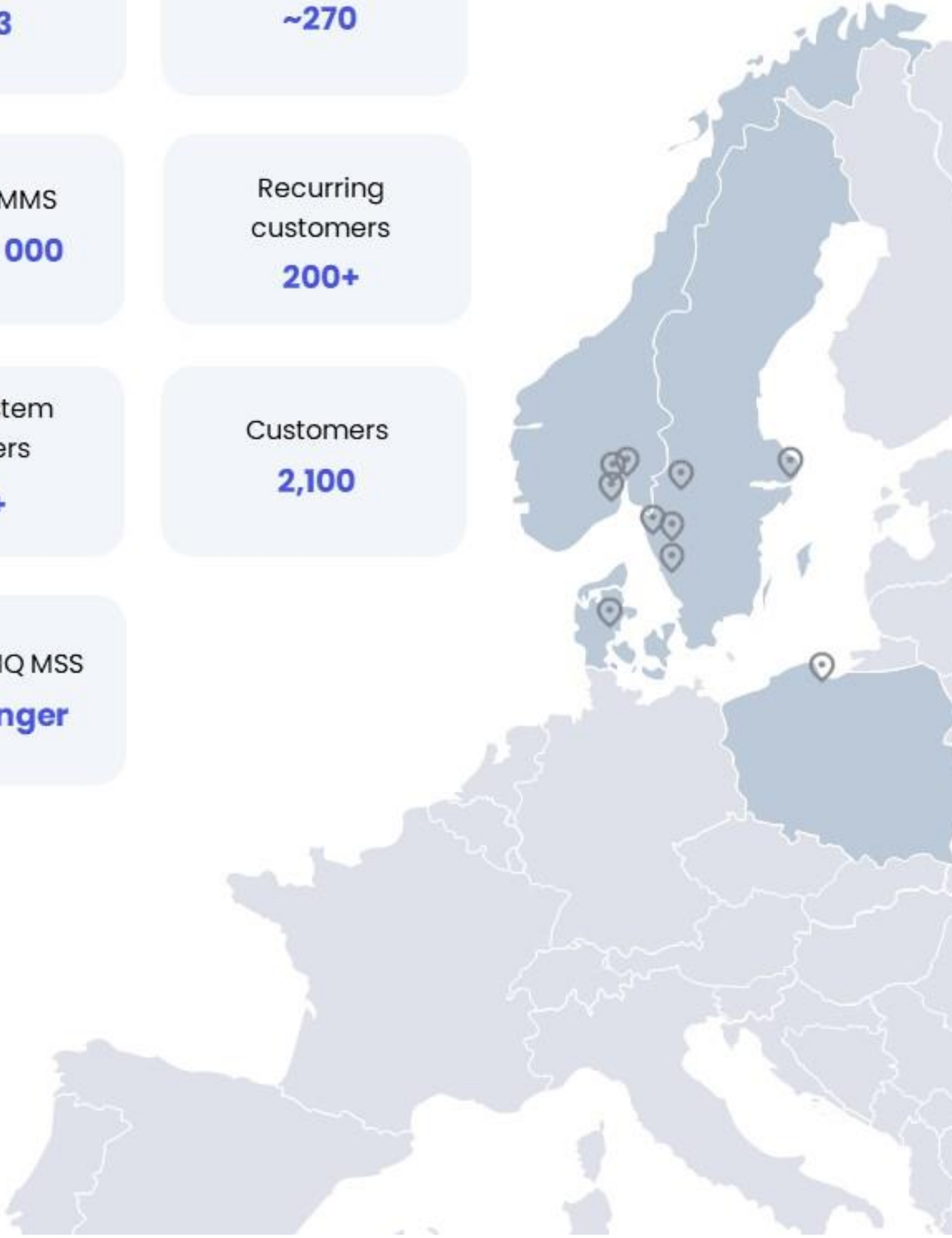
By combining mobile devices with software and expertise, we enable organisations to perform smarter, securely and sustainably. Our goal is to become the leading mobile technology company in Europe.

We provide a full suite of managed mobility services, offering all the essential components necessary for organisations to effectively leverage mobile technology. Equally important, we have strategic partnerships with leading mobile devices manufacturers and mobile technology software providers. Our team of experts help customers with designing, implementing, and managing their mobile device infrastructure, ensuring seamless integration and optimal performance.

Based on Techstep's unique mix of competence and partnerships, our customers count on us for professional insight on how to do more with mobile technology. This is why Gartner has recognized Techstep as a challenger in the global quadrant for Managed Mobility Services.

Key figures 2023

Total revenue	**NOK 1.1 billion**
EBITA adj.	**NOK 30 mill**
ARR Own software	**115.3**
Employees	**~270**
Device MMS	**+2 500 000**
Recurring customers	**200+**
Eco-system Partners	**40+**
Customers	**2,100**
Gartner MQ MSS	**Challenger**



Letter from the CEO

> Well into 2024, we have a clearer value proposition and stronger commercial strategy which resonates well with customers' need and market demand. I strongly believe we are in a great position to create history and become the market leading mobile technology company in Europe.

Morten Meier, CEO

Dear shareholders, customers, partners, and colleagues,

I joined Techstep last November in an advisory role, closely engaging with the management, the board and the organisation. I immediately felt a strong connection to the company, and I was, and still are, highly impressed by Techstep's unique expertise and burning passion for technology and its customers. In January I was appointed as the new CEO, and I would like to thank the Board and the organisation for the trust.

As we reflect on the past year, we acknowledge that 2023 was yet another transformative year for Techstep, not unfolding as anticipated. Despite the challenges, our unwavering commitment to excellence has propelled us forward.

A strong leap towards profitability

Despite unforeseen market dynamics, we achieved a remarkable milestone: a substantial improvement in our EBITA adjusted result. Throughout the year, we diligently transitioned customers to a recurring revenue model and steadily improved our net gross profit. Our relentless focus on operational efficiency, innovation, and cost optimisation has put us in a stronger position to achieve profitable and sustainable growth.

Moving towards scalability and customer/partner-centricity

Our product portfolio underwent a deliberate shift. We centred around highly scalable solutions, emphasising innovation, scalability, and long-term value. These solutions empower us to meet market demands efficiently while maintaining our commitment to quality.

A pivotal moment arrived when we transitioned from a product-centric mindset to a customer/partner-first strategy. By deeply understanding our customers' needs, we forge lasting relationships, secure strategic partnerships, and unlock new growth avenues.

As the mobile technology landscape grows increasingly complex, our managed mobility services and Lifecycle offering resonate well with evolving customer requirements.

Revitalised commercial strategy and strengthened indirect channels

In response to evolving market demands, we embarked on a strategic change at the end of 2023. Our revamped Go-To-Market (GTM) strategy emphasises agility, adaptability, and customer engagement. Focus going forward includes developing our people to ensure we have the best mobile tech expertise in the market and know-how on how to create value for our customers. Simultaneously, we have fortified our indirect business model. By cultivating deeper partnerships with mobile service providers, distributors, and other complimentary channel partners, we can bring standardised solutions to the market at scale. At the same time, our products and solutions empower our partners to enhance customer mobility across a broader segment of the value chain. As a result, we recently formalised strategic partnership agreements with devicenow and Consafe Logistics, and we are actively exploring other significant partnerships and collaboration opportunities.

Optimising and right-sizsng our organisation

Efficiency remains at the core of our operations. Throughout 2023, we diligently optimised processes and streamlined workflows under a unified management system, which was successfully validated by ISO certifications. The right-sizing efforts and changes in executive management have though challenged the organisation. Yet, we need to continue to optimise the organisation and reduce costs to turn the company profitable. By aligning resources with strategic priorities, we position ourselves for sustainable growth.

Firm ambitions and positive outlook

Mobile technology moves super-fast and it's harder than ever to keep up. At Techstep, we have the tools and world-class expertise to handle these complexities. We also have an attractive customer base and increasing number of strategic partnerships. Leveraging this strong foundation, we will continue to pursue new growth opportunities and make sure we stay ahead. That's why we have also started exploring how we can deploy AI to increase our own productivity and embed AI capabilities into our products and services.

Well into 2024, we have a clearer value proposition and stronger commercial strategy which resonates so well with customers' need and market demand. We have a unique market opportunity in front of us, and I strongly believe we are in a great position to create history and become the market leading mobile technology company in Europe.

A big thank you to all of you for your dedication, support, and unwavering efforts throughout 2023. Together, we will make work mobile and make mobile technology work for you.

Warm regards,

Morten Meier

CEO Techstep ASA

Financial highlights

(Amounts in NOK 1 000)	FY 2023	FY 2022
Revenues[1]	1 089 491	1 273 652
Recurring Revenue Annualised (ARR) [2]	312 142	298 101
ARR Own Software	115 348	106 101
Net Gross Profit[3]	353 919	367 279
Net Gross Profit Margin[4]	32.5 %	28.8 %
EBITDA adjusted[5]	137 496	85 466
EBITDA rep.	136 019	115 510
EBITA adjusted[5]	29 892	(23 756)
EBIT	(36 498)	(52 205)
Net profit (loss) for the period	(44 546)	(68 614)
EBITDA adj. margin (%)	12.6%	6.7%
EBITDA rep. margin (%)	12.5%	9.1%
EBITA adj. margin (%)	2.7%	(1.9%)
EBIT margin (%)	(3.4%)	(4.1%)
Net profit (loss) for the period (%)	(4.1%)	(5.4%)
Cash flow from operating activites	155 560	123 741
Cash flow from investment activities	(128 514)	(180 376)
Cash flow from financing activities	(12 730)	67 594
Cash and cash equivalents	77 459	61 119
Net interest-bearing debt	101 218	112 868
Capex	33 920	52 250
Employees	267	315

Refer to Alternative performance measures for definitions.

1) Revenues for 2022 and 2023 have been restated due to a reclassification of kick-back and commissions from mobile device purchases from revenues to cost of goods sold.
2) Annualised recurring revenues includes revenues from Own Software, Device-as-a-service and Advisory and Services. Reported annualised recurring revenues are based on contracts for 12 or more months and calculated as invoiced contractual revenues the last month times 12.
3) Net gross profit is defined as total revenue less cost of goods sold and depreciation from Device-as-a-Service.
4) Net gross profit margin is net gross profit of revenues.
5) 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.

Board of Directors' Report

Techstep is on a comprehensive transformation journey, going from a transactional hardware provider to a software-driven mobile technology enabler with a recurring services business model.

Over the last couple of years, Techstep has invested heavily in a new technology platform, integrated acquired entities and commercialised the product offering. 2023 has been about streamlining business operations and optimising the cost base to extract synergies and increase profitability from these investments. At the end of the year, Techstep developed a refocused commercial strategy with a new go-to-market approach and increasing focus on partner sales as an important channel for highly scalable solutions such as Own Software and managed services.

Business activities and strategy

Built upon a decade of telecoms and mobile technology expertise, Techstep was established in 2016. Through a series of strategic acquisitions, Techstep has solidified its presence in Scandinavia and later expanded into European markets through Poland. Positioning as a mobile technology specialist, the company's overarching business strategy centres on combining mobile devices with proprietary and/or licencing software and expertise, helping organisations to work smarter and more sustainably. The goal is to be the leading mobile technology company in Europe.

Techstep serves more than 2 100 enterprise customers across different industries and sectors, helping both office workers and frontline workers optimise their work. Based on Techstep's unique mix of competence and partnerships, Techstep has been recognised by Gartner as a challenger in the global quadrant for Managed Mobility Services.

While the company's primary market remains Scandinavia, where its full product portfolio is readily accessible through direct sales and partnerships with both private enterprises and the public sector, its strategic go-to-market focus extends across Europe, led from Poland. Through partner programmes, Techstep will offer standardised and scalable solutions, either as stand-alone offerings or bundled with partners' solutions, facilitating broader market penetration and customer reach.

The market opportunity

Mobile technology is one of the fastest growing technologies in the world, and digitalisation is leading this transformation, reshaping industries and work processes. Within the dynamic landscape of the mobile technology market, Techstep's offering answers several key challenges that organisations face, including administration and control of the mobile technology infrastructure, cost reductions, sustainability and security concerns.

Positioned at the forefront of the Managed Mobility Services (MMS) market, Techstep aligns with Gartner's definition, which characterises MMS as the integration of mobile devices, software and services into a unified offering, streamlining operational capabilities.[1] Techstep extends the traditional MMS definition to include strategic advisory and software development services, leveraging mobile technology to

[1] Gartner's full definition of MMS is "IT and process management services required to plan, procure, provision, activate, ship, manage, secure and support mobile devices, related accessories, network services, mobile management systems and mobile applications".

transform organisational operations and capabilities.

Gartner's recognition of Techstep as a global challenger in the MMS market underscores the company's strategic positioning and its combined managed mobility offering developed over the past eight years. With more than 2 200 research and advisory experts doing rigorous analysis for clients in nearly 90 countries worldwide, Gartner stands as a thrusted authority within the IT sector. This acknowledgement reflects Techstep's ongoing commitment to changing the world of work and serves as continued validation towards the European market.

Research shows strong supporting trends, with Gartner forecasting annual growth rates of 3% in the MMS market across Europe and 7-9% in Norway and Sweden over the next four years, underscoring the continued expansion and importance of mobile technology solutions in Techstep's key markets.[2]

Product offering

Techstep's product offerings range from individual device needs to complete transformative solutions, encompassing software, mobile devices and advisory services packaged into cohesive products.

Central to its offering, are strategic partnerships with top-tier mobile device manufacturers and mobile technology software providers. Leveraging this strong foundation, Techstep adds comprehensive managed services that encompass the entire device lifecycle. This includes proactive device management and robust security services, ensuring optimal performance and safeguarding against potential threats.

By integrating its proprietary software with managed services and expert advisory, Techstep delivers best-practice outsourced mobile technology solutions. Whether bundling the entire stack together or delivering individual components based on customer requirements and maturity, everything is offered as-a-service or transactional for maximum flexibility.

The streamlined approach encompasses ready-to-go devices, lifecycle management, and security services, so that customers can effortlessly scale their mobile technology usage within an outsourced model, thereby optimising efficiency and productivity.

Main developments in 2023

2023 was a year marked by the ongoing transformation, with streamlining business operations and optimising Techstep's cost base while maintaining commercial momentum, to turn the company profitable. Despite a downturn in the mobile device sales, the focus on transferring customers to a recurring revenue business model and high margin products and services started to yield results, and the net gross profit margin increased from 29% to 32% year over year.

The cost optimisation plan initiated in Q4 2022 has proved successful and resulted in a substantial lower cost base in 2023 compared to the year before, both related to operating expenses as well as investments in internal IT infrastructure. The work with optimising Techstep's cost base and IT infrastructure continues in 2024.

Sales activity

On the commercial side, 2023 was slower than anticipated, but momentum accelerated towards the end of the year. The year has been marked by high tender activity, where Techstep

[2] Gartner IT Services Forecast Q3 2023

won several large public sector agreements. The largest wins in Norway were the frame agreements with Sykehusinnkjøp HF and the Municipality of Oslo, where the contract value potential is estimated to NOK 650 million and NOK 450 million over four years, respectively. In Sweden, the largest win was with the public sector purchasing agency Kammarkollegiet, where Techstep is one of six suppliers qualified to participate. Techstep has previously had corresponding agreements for providing mobile devices, accessories and clients, whereas the new agreements are better adapted to Techstep's complete offering and with better opportunities for upselling of products and services. Conversion to revenues is however taking time, but moving into 2024, maturity and momentum started progressing positively.

Revitalised commercial strategy

Techstep launched a revitalised commercial strategy with a new go-to-market strategy and increasing focus on partner sales. Part of this includes a revised indirect business model, where partner sales is an important channel for highly scalable solutions such as Own Software and managed services.

At the end of February 2024, Techstep signed a strategic partnership agreement with devicenow, a global provider of subscription-based IT devices, to introduce Lifecycle Portal to a wider customer base worldwide. In April 2024, Techstep signed a partnership agreement with Consafe Logistics to assume control over their hardware division specialised in rugged devices. The collaboration allows Techstep to broaden its mobile devices solutions and services, while extending its reach into new and existing markets. In addition, Techstep is actively pursuing other significant partnerships and opportunities, with expectations to finalise agreements in the upcoming months.

Revenue streams

Techstep continues to focus on upselling and converting existing customers from transactional to recurring sales. 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 has the following three revenue streams:

Mobile Devices & Other

Revenue from the sale of mobile devices and related accessories. Sold as transactional, one-time sales or "as-a-service" with recurring revenues committed for 24 months or more. Low margin contribution.

Techstep's total Mobile devices & Other revenue came to NOK 775.8 million, a decline of 16% from 2022. Sales were impacted by a general decline in the global smartphone market, in both Norway and Sweden. The net gross profit margin was 16%, slightly up from the year before due to better margins on transactional revenues.

Advisory & Services

Revenue from specialised advisory and support and maintenance services. Sold as one-time projects based on fixed hourly rates or "as-a-service" with a minimum 12-month recurring revenue commitment. Medium to high gross margin contribution. Also include revenue from sale of third-party software licences including related commission.

Revenue from Advisory & Services came to 205.7 million, a decline of 19% from 2022, while the net gross profit margin increased 12 percentage points to 67%. The change relates to a larger one-off third-party software transaction in 2022 with low margin. The positive trend in Advisory & Services throughout the year was affected by declining consulting revenues, but with improving recurring revenues at the end of the year.

Own Software

High margin revenue (>85%) from proprietary software products sold as recurring contracts with a minimum of 12-month commitment. The current portfolio consists of four software products; Lifecycle, Expense, Managed UEM, and Amplify.

Revenue from Own Software was NOK 107.5 million for the year, up 17% from NOK 91.6 million in 2022. The growth relates to the increased number of users and contracts; however, revenues were negatively affected by some one-off corrections. Net gross margin on Own Software was 88%, slightly down from the year before.

Recurring revenue

Total recurring revenue consists of contractually recurring revenue within the revenue segments Own Software, Advisory & Services and Device-as-a-Service. Reported recurring revenue represents future contractual annual revenues. Recurring revenue from Device-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.

Total recurring revenues annualised grew by 5% in 2023 to NOK 312 million, mainly driven by 9% growth in Own Software and 12% growth in Advisory & Services. The growth in recurring revenues over the last year has been negatively impacted by a reduction in Device-as-a-Service, which may be explained by the general decline in the global mobile device market.

Financial performance

Techstep prepares consolidated financial statements have been prepared and presented in accordance with the IFRS® Accounting Standards as adopted by the EU, relevant interpretations, and the Norwegian Accounting Act. A summary of internal controls related to the accounting process can be found in the Corporate Governance section of this Annual Report.

Note that from 2023, Hardware & Other and Hardware-as-a-Service has been renamed Mobile Devices & Other and Device-as-a-Service (DaaS), respectively.

Profit and loss

Techstep has performed a review of the accounting principles for accounting for kickback and commissions received from vendors. Up until Q4 2023, this payment stream was accounted for as revenues. The review conducted in Q4 2023 concluded that the underlying contracts indicated that this should be accounted for as a reduction of cost of goods sold. The revenues and cost of goods sold reported for 2022 have been restated. There is no impact or changes to the reported gross profit.

Techstep had total revenue of NOK 1 089 million in 2023, a decrease of 14% from 2022. The decline relates to reduced sales of mobile devices, and two larger one-off third-party software and aftermarket transactions in 2022 totalling above NOK 50 million. The main revenue growth drivers were transactional device sales and a solid improvement in revenue contribution from our Own Software portfolio. The increase in revenue from high margin products and services resulted in net gross profit margin growing from 29% to 32% year over year.

Due to the cost optimalisation efforts in 2023, Techstep generated positive results from operations. EBITA adjusted came to NOK 29.9 million, an increase of NOK 54 million from the year before. Total expenses excluding depreciation and amortisation decreased by 20% primarily due to the cost optimisation effects. 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. Operating loss for the year was NOK 36.5 million, an improvement of NOK 15.7 million from 2022.

Net financial items were negative at NOK 23.0 million (NOK -12.0 million) for the year. Financial items include interest expenses, and currency effects from the fluctuation of NOK versus EUR and SEK, in addition to changes in the fair value of the interest rate swap in the amount of NOK -4.1 million in 2023. Net loss for the year was NOK 44.5 million (NOK -68.6 million).

Financial position

As at 31 December 2023, total assets were NOK 1 271 million (NOK 1 323 million).

Intangible assets were NOK 785.2 million (NOK 783.4 million), of which goodwill constitutes NOK 624.2 million. Total tangible assets were NOK 191.0 million (NOK 198.1 million) including NOK 159.5 million (NOK 160.7 million) in capitalised devices under Device-as-a-Service to customers and NOK 31.5 million (NOK 37.4 million) in other tangible assets, which include right-of-use assets such as premises and other capitalised equipment.

Total inventories and receivables were NOK 200.2 million (NOK 271.0 million) at the end of 2023. The decrease was due to accounts receivables declining about NOK 54 million from the end of last year partly due to a larger third-party software transaction at the end of December 2022.

Total equity was NOK 573.7 million (NOK 571.5 million) at the end of 2023, corresponding to an equity ratio of 45% (43%).

Total non-current liabilities were NOK 183.9 million (NOK 148.8 million). The increase relates to the refinancing of bank borrowings executed in September 2023. The refinancing secured an increase of NOK 25 million in total loans and credit facilities, and NOK 50 million constituted increased long-term loans vs. previous financing agreements.

Current interest-bearing borrowings of NOK 48.7 million include the short-term part of the long-term borrowings, in addition to drawn credit facilities. Current borrowings were reduced by NOK 34.6 million from 2022, whereof NOK 14.7 million relates to a conversion of a seller credit in July 2023. After this transaction, Techstep has no outstanding seller credits from previous acquisitions.

Net interest-bearing debt at the end of 2023 was NOK 101.2 million, a decrease of NOK 11.7 million since the end of 2022.

Total current liabilities were NOK 513.2 million (NOK 603.0 million). The decrease was primarily caused by the reduction in current interest-bearing borrowings. Current liabilities related to Device-as-a-Service of NOK 167.2 million (NOK 168.2 million) include buy-back obligations and deferred revenues from the Device-as-a-Service revenue segment. Other current liabilities of NOK 98.9 million (NOK 145.8 million) include public duties and general cost accruals.

Cash flow

The net cash flow from operating activities was NOK 155.6 million in 2023 (NOK 123.7 million). The positive change in cash flow from operations is due to increased EBITDA and improved working capital in 2023.

Net cash outflow for investment activities was NOK 128.5 million and consists of capital expenditures related to Device-as-a-Service of NOK 112.7 million (NOK 132.5 million) and investments in Own Software and IT of NOK 34 million (NOK 52 million). The investment pace in Own Software and IT was significantly reduced after implementing the cost optimisation programme which was initiated in the fourth quarter of 2022.

Net cash flow from financing activities was NOK 12.7 million in 2023 (NOK 67.6 million) and consists primarily of proceeds from borrowings, offset by repayment of borrowings of NOK 129.9 million (NOK 29.0 million), interest and lease repayments. In 2022, Techstep raised NOK 77 million in capital through a private placement, in addition to increasing loans and drawdowns on credit facilities in the amount of 55.8 million.

Cash and cash equivalents increased by NOK 14 million during 2023 to NOK 77.5 million at the end of the year. The positive cash development relates to the improved results. Techstep also has additional liquidity available through new bank facilities. Please see note 15 for further details.

Allocation of the profit/loss for the parent company, Techstep ASA

The loss for the year 2023 attributable to owners of the parent was NOK 10.1 million, compared to a loss of NOK 47.9 million for 2022. The Board has proposed that the loss be covered by other reserves.

Going concern

The Board of Directors confirms that the annual financial statements for 2023 have been prepared under the assumption that the Group is a going concern, in accordance with Section 3-3a of the Norwegian Accounting Act and that such an assumption is appropriate, based on the Group's reported results, business strategy, financial situation and established budgets.

Risk and risk management

Techstep has in 2023 further strengthened its risk management framework, including frequent reporting to the management and Board. The goal is to support effective execution and decision-making to reach the company's goals and to ensure compliance with legal and regulatory requirements.

As a mobile technology company, Techstep is exposed to a range of risks that may affect its business and financial results. Some key risks are highlighted below. Reference is also made to the prospectus dated 29 November 2022, pages 6-10 for information on potential risk factors. The prospectus is available from the company's website www.techstep.io/investor.

Operational risk

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 competitive 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, aligning and improving ways of working, as well as keeping key personnel and necessary competence.

Financial risk

Techstep's activities involve various types of financial risk: credit risk, liquidity risk, currency risk and interest rate risk. The primary focus of the Group's capital structure is to ensure sufficient free liquidity, so that the Group can service its obligations on an ongoing basis, and at the same time be able to make strategic acquisitions.

Credit risk

The credit risk relates to customers being unable to settle their obligations as they mature. Techstep has a well-diversified customer portfolio, mainly comprising medium-sized and enterprise organisations in the private and public sectors. The Group has established mitigating procedures including credit evaluation of major private customers, and the credit risk is considered satisfactory.

Liquidity risk

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 in Q3 2023 has given Techstep a more solid and flexible financial situation. If the need arises, the Group has access to multiple funding sources during the transformation process.

Foreign exchange risk

Techstep uses Norwegian krone (NOK) as its presentation currency but is exposed to exchange rate fluctuations from operations abroad, mainly the Swedish krona (SEK), Polish Zloty (PLN) and Euro (EUR). The company has exchange rate risks related to the currency translation of profit generated in its foreign subsidiaries. In 2023, around 62% of the Group's revenue was in NOK, with approximately 35% in SEK, and the remaining in PLN and EUR. Techstep does not use any hedging instruments for exchange rate fluctuations, which may have a negative effect on the company's consolidated financial results and financial position if the NOK strengthen considerable against the relevant currencies.

Macroeconomic and geopolitical risk

The global economiy has faced continually increasing challenges in 2023, with slowing growth and higher inflation in Techstep's key markets, which may impact financial results and weaken the economic outlook. In addition, tension in the global political situation increases the risk of supply chain disruptions, sanctions, increasing cyber threats and risk of sabotage of critical infrastructure. The current conflicts do not impact Techstep directly, and Techstep has no operating presence in the affected areas. Indirect effects however, such as financial market volatility and general economic market conditions, might have an impact on financial results and weaken the economic outlook. Techstep has a large base of public sector and large corporate customers, which are less vulnerable to volatile market conditions.

The global component shortage showed signs of easing at the end of 2023, while previous production, logistics and transportation challenges in the technology supply chain have been resolved. Tension between China and Western countries continues to escalate with increasing pressure and restrictions against China's technology industry while China is trying to increase its influence and operations worldwide. This may cause new supply chain disruptions, in which Techstep may experience delays in mobile device deliveries. At the date of this report, there are no such indications. Techstep continues to maintain close cooperation with key suppliers to ensure timely deliveries.

Climate change and climate risk

Techstep recognises the urgency of addressing climate change and its implications on both society and the environment. In order to reduce Techstep's impact on climate change, the company must first and foremost reduce its own emissions. Guided by its environmental policy, Techstep works systematically with tracking and reducing greenhouse gas emissions and improving environmental performance. The company has in 2023 set near-term reduction targets of reducing Scope 1 and 2 emissions, validated by Science Based Targets.

To meet changes in regulations, technology and the market situation in connection with the transition to a low emission society, Techstep's transition risk is associated with changes in customer preferences to reduce environmental impact, reduced access to capital and future talents if the company does not accelerate the sustainability agenda and measures in line with market expectations. Meanwhile, mobile technology solutions also contribute positively in terms of helping companies and individuals reduce emissions i.e. through Techstep's Lifecycle solutions which can help extend devices' lifetime and contribute to the circular economy.

Physical climate change risk is associated with extreme weather such as flooding, drought, storms and heavy precipitation, which may cause power outages, damages to networks and buildings, reduced availability and threaten business continuity. Techstep considers however this risk to be low since Techstep operates in low-risk countries, uses cloud-based data centres and its employees can easily switch to remote work. The greatest risk is related to supply chain disruptions in the form of manufacture or delivery problems, or a lack of raw materials. Techstep seeks to mitigate this risk by working with a diversified number of vendors, including mobile device brands and distributors.

From 2024, Techstep will report on climate risks and opportunities annually through Carbon Disclosure Project (CDP). In addition, the processes of implementing requirements of the EU's new Corporate Sustainability Reporting Directive (CSRD) will be commenced in 2024, with reporting from annual report 2025.

Transactions with related parties

See note 24.

Corporate governance

Techstep's corporate governance structure is based on Norwegian legislation and the Norwegian Corporate Governance Board (NUES/NCGB), last revised 14 October 2021. A statement on Techstep's corporate governance principles and practices is provided in a separate section of this annual report on pages 48 to 55. In the company's own assessment, Techstep did not deviate from any sections of the Code as at year-end 2023.

Techstep has Directors and Officers liability insurance for the Group. The insurance covers the Board's and the management's legal personal liability for financial damage caused by the performance of their duties.

Corporate social responsibility (ESG)

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

As a signatory to UN Global Compact, Techstep is committed to responsible business practices in the areas of human rights, labour, equality, anti-corruption and the environment. During 2023, Techstep has strengthened its focus on environmental, social and governance (ESG), risk and compliance. The organisation has implemented management practices based on the ISO-standard, leading to ISO 9001 (quality) and 14001 (environment) certifications in Q1 2023. In addition, an ongoing process is expected to achieve ISO 27001 (information security) certification in H1 2024. Techstep has further improved its EcoVadis sustainability rating performance from 66 to 69 points out of 100, corresponding to silver rating and, placing Techstep among the top 8% of more than 90 000 companies evaluated globally.

Details on Techstep's material ESG activities are included in a separate sustainability chapter of this annual report, which covers what Techstep does to promote, uphold and recognise human rights, labour rights, social issues, working environment, climate and environmental aspects and anti-corruption measures into the business strategy, daily operations and the relationship with stakeholders. The chapter also includes Techstep's reporting pursuant to the Norwegian Transparency Act and the Equality and Anti-Discrimination Act. The sustainability chapter is available on pages 26 to 47 in this annual report.

Shareholder information

As at 31 December 2023, Techstep's share capital was NOK 31 629 381, divided into 31 629 381 ordinary shares, compared to a share capital of NOK 305 131 070, divided into 305 131 070 shares, at the end of 2022. During the year, Techstep completed a reverse share split of 10:1 and reduced the nominal value of the share capital accordingly. In addition, the share capital was increased by NOK 1 116 274 in connection with conversion of debt to Stobor Invest to shares as well as the annual employee share purchase programme.

The total number of shareholders was 3 370 (3 345) at year end, and the company's largest shareholder, Datum AS, held 18.45% of the shares. The 20 largest shareholders held 69.44% (72.9%) of the shares outstanding, and Techstep holds 192 treasury shares.

For detailed shareholder information, see note 25 in the consolidated financial statements for 2023.

Outlook

Techstep serves more than 2 100 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 provider of Managed Mobility Services in Europe 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 several frame agreements with public sector organisations during 2023, with good opportunities for upselling products and services. There are indications that the customers' readiness is slower than anticipated, and upsell on these agreements is a key focus area in 2024 together with the revised partner strategy.

The cost optimisation programme announced in late 2022 was successfully implemented during the previous year, even as inflation came in above expectations. In the programme, Techstep's organisation and cost base was aligned with a more simplified portfolio and synergies from acquired companies were extracted.

Techstep will continue to focus on cost optimisation, and it is expected that the underlying cost base will continue to decline. At the same time, there is a continued need for investments and upgrades of the IT infrastructure to increase efficiency and further reduce costs going forward, and these investments are expected to continue in 2024.

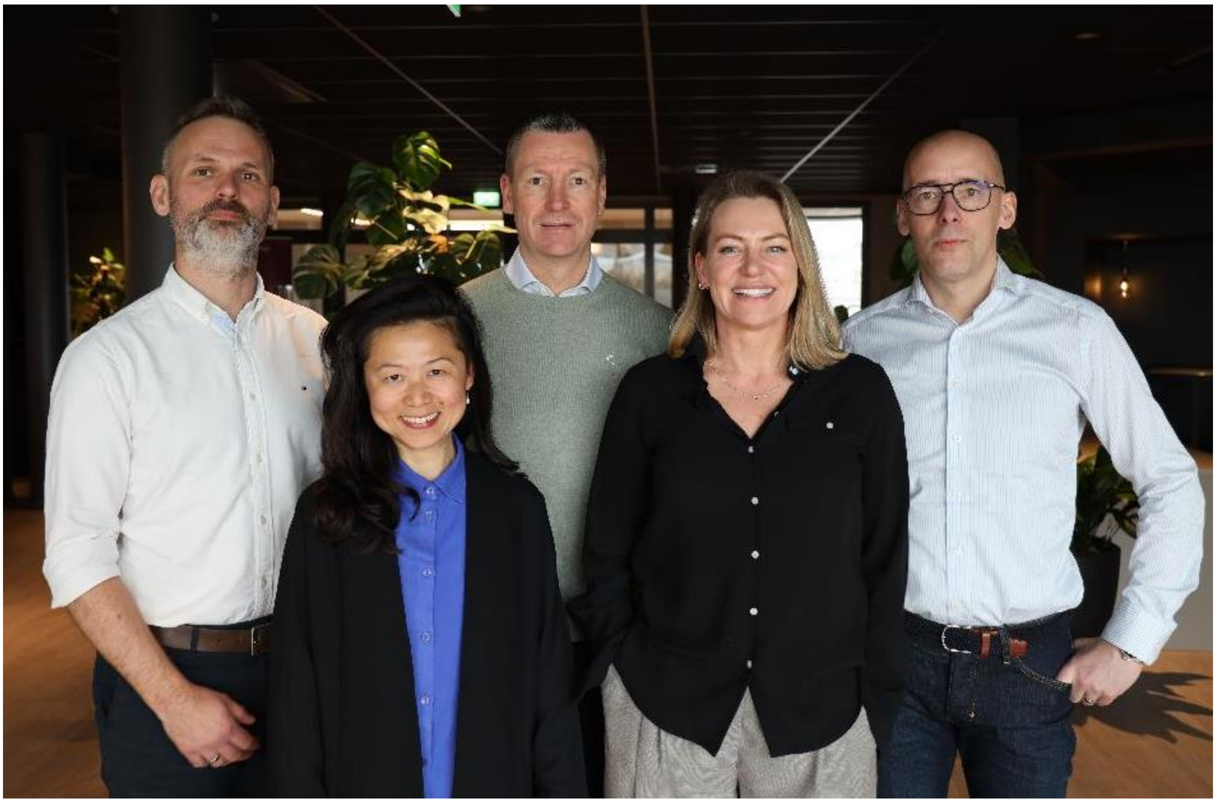
Techstep did not deliver according to the ambition for 2023, but expects a faster acceleration in the second half of 2024 and into 2025. Moving forward, growth will be driven by the entire product portfolio and the refocused commercial strategy through upselling more value-adding products and services across the product portfolio, as well as increasing sales of scalable products through new and existing partner channels. For 2024, Techstep aims at growing recurring revenues annualised y/y by +30% and net gross profit by 10-15% and increasing EBITA conversion to 12-16%.

Techstep's long-term ambitions remain unchanged, and by 2025 Techstep aims for a growth in recurring revenues annualised y/y by +30%, net gross profit above NOK 540 million and EBITA adj. conversion of over 25%

Oslo, 29 April 2024, signatures from the Board of Directors and the CEO of Techstep ASA:

Michael Jacobs Chairman	**Harald Arnet** Board member
Ingrid Leisner Board member	**Jens Rugseth** Board member
Melissa Ann Mulholland Board member	**Morten Meier** CEO

Executive Management



From the top, left: Bartosz Leoszewski, Morten Meier, David Landerborn, Sheena Lim and Ellen Solum.
Absent: Ellen Skaarnæs

Morten Meier – Chief Executive Officer

Mr. Meier is a seasoned senior executive with more than 25 years of experience from the software and technology industry, including leadership, strategy, business development, sales, marketing, and operations. He has a proven track record of driving high performance teams and delivering profitable growth, and is passionate about driving transformation, innovation, growth and customer success. Prior to Techstep, he spent the ten past years with Microsoft Norway, where he served several positions on the leadership team, latest as Senior Director Marketing & Operations (COO) and Deputy General Manager. Previous experience includes four years of leadership positions at IBM in Norway and at the Nordic level, and almost ten years with Hewlett-Packard.

Ellen Solum – Chief Financial Officer

Mrs Solum joined Techstep from the role as Partner in Uniconsult AS, and brings extensive experience from all finance functions, such as accounting, tax, controlling, treasury and investor relations and significant experience from change management, turn-around cases and IPO processes. She has worked in both private and publicly listed companies and has previously held positions such as CFO in TeleComputing ASA, Finance Director in Findus AS, as well as several years as management consultant and partner. Mrs Solum holds a bachelor's degree from University of Colorado Boulder, as well as an MBA from the Norwegian School of Economics (NHH).

David Landerborn – Chief Operating Officer

Mr. Landerborn is an experienced executive with deep understanding of the mobile technology industry, having held several prominent positions within Techstep. This experience includes his role as Deputy Managing Director and Chief Operating Officer at Optidev AB, which Techstep acquired in 2020, and as part of Techstep's executive management team since Q4 2022. He is passionate about strategy and operational excellence, mobile technology solutions, and developing a strong and winning company culture. He is actively involved in local tech initiatives in Borås, Sweden, to make sure rising Tech stars choose Techstep as their employer. Mr. Landerborn holds a bachelor's degree in computer science from the University of Borås, Sweden.

Sheena Lim – Chief Marketing Officer

Ms Lim has over 22 years of international brand, marketing and communication experience in telecom, food & beverage, media and pharmaceutical and HR tech. Ms Lim came to Techstep from the position as Marketing and Communication Director at Zalaris, a provider of simplified HR and payroll administration. Previous positions include 12 years with Telenor's international operations, where she worked through change and improvement projects across all 12 markets in which Telenor was involved. Ms Lim has an executive MBA from BI Norwegian Business School and ESCP European Business School, as well as a bachelor's degree for business (marketing) from University of Monash.

Ellen Skaarnæs – Chief People Officer

As Chief People Officer, Mrs Skaarnæs' key focus is to ensure that Techstep is an attractive workplace with a culture and people focus that our people and great talents want to be part of. Mrs Skaarnæs is an experienced, strategic and business-oriented HR leader with a keen focus on delivering results and adding value to the business. She has a broad background from international organisations at both the strategic and operational level. With her 13 years in Shell holding various positions at all levels (from HR advisor to Managing Director) and five years at Coca-Cola Enterprises as Ass. Director, HR Business Partner, she brings extensive experience from performance and talent management and change management in addition to solid leadership and coaching experience.

Bartosz Leoszewski – Chief Product & Technology Officer

Mr Leoszewski is an experienced IT and software leader and entrepreneur. He is experienced in building software products and their strategy, setting a long-term technology direction with cybersecurity always at the forefront. As a software engineer in 2006, Mr. Leoszewski co-founded Famoc, where he was first responsible for product development and engineering as Chief Technology Officer, and in 2012 transitioned to a CEO role - growing the company from just an idea into a recognised player in the enterprise mobility market. Famoc was acquired by Techstep in 2021. Mr Leoszewski holds an MSc in computer science from the Technical University of Gdansk and an Executive MBA from Rotterdam School of Management. He is also a member of the Polish chapter of the Entrepreneurs' Organisation.

Board of Directors

Michael Jacobs – Chairman of the Board

Mr Jacobs is the Executive Vice President of the Nordics at Crayon ASA, a customer-centric innovation and IT services company. He has more than 30 years' experience from extensive management positions from several international technology companies. He previously was the CEO of Fell Tech and before that he was the CEO of Atea Norway, where he improved its business performance and led the transformation to more value-added services. He also served as the Managing Director of Microsoft Norway and the Managing Director for the Nordics at Dell. He also has experience from Oracle and Telenor, both in Norway and internationally. He has a degree from California Lutheran University and continuing education from, among others, Harvard University. Customer focus, technology innovation and building strong diverse teams are areas that Michael is passionate about. Mr Jacobs is a Norwegian citizen, living in Oslo, Norway.

Jens Rugseth – Board member

Mr Rugseth has served on the Board in Techstep since February 2019. In January 2023 he stepped down as chairperson of the Board and remained as an ordinary Board member. Mr Rugseth is a co-founder and Board member of Crayon Group ASA and Link Mobility Group ASA, and other current directorships include Chairman of Karbon Invest AS, Sikri Group ASA, Kastel AS and Rift Labs AS, among others. Over the past 30 years he has founded a number of companies within the IT sector. He has also held the position as chief executive officer in some of the largest IT companies in Norway, including ARK ASA, Cinet AS and Skrivervik Data AS. Mr Rugseth studied business economics at the Norwegian School of Management. Mr Rugseth is a Norwegian citizen, living in Switzerland.

Ingrid E. Leisner - Board member

Ms Leisner has served on the Board of Techstep since February 2016. She has extensive experience as head of audit committees and member of boards in listed companies currently including the board of Norwegian Air Shuttle ASA, Maritime and Merchant Bank ASA, Elliptic Lab. ASA and Xplora Technologies AS. Over several years she held various positions with Statoil (Equinor), including Head of Portfolio Management Electric Power and trader of different oil products. She holds a Bachelor of Business Administration (Siviløkonom) from the University of Texas. Ms Leisner is a Norwegian citizen, living in Oslo, Norway.

Melissa Mulholland - Board member

Ms Mulholland has served on the Board in Techstep since April 2021. Ms Mulholland is Chief Executive Officer of Crayon, a digital transformation expert that through innovation and services helps companies worldwide leverage the power of technology. Her previous experience include 12 years at Microsoft, leading strategy and business development, and two years in Intel Corporation. She has authored 12 books focused on how to build a business in the Cloud and is a board advisor for SHE, Europe's largest gender equality conference. Ms Mulholland holds an MA in Business Administration and Strategic Management from Regis University in Colorado. She is a US national, living in Oslo, Norway.

Harald Arnet - Board member

Mr Arnet has served on the Board in Techstep since September 2021. Mr Arnet has more than 30 years of experience in national and international finance, industrial and financial investments. He is the CEO of Datum AS, one of the company's largest shareholders, and has held several board positions in listed and non-listed companies, including Kahoot! AS, NRC Group ASA and several companies within the Datum group. He holds a master's degree from University of Denver and London Business School. Mr Arnet is a Norwegian citizen, living in Oslo, Norway.

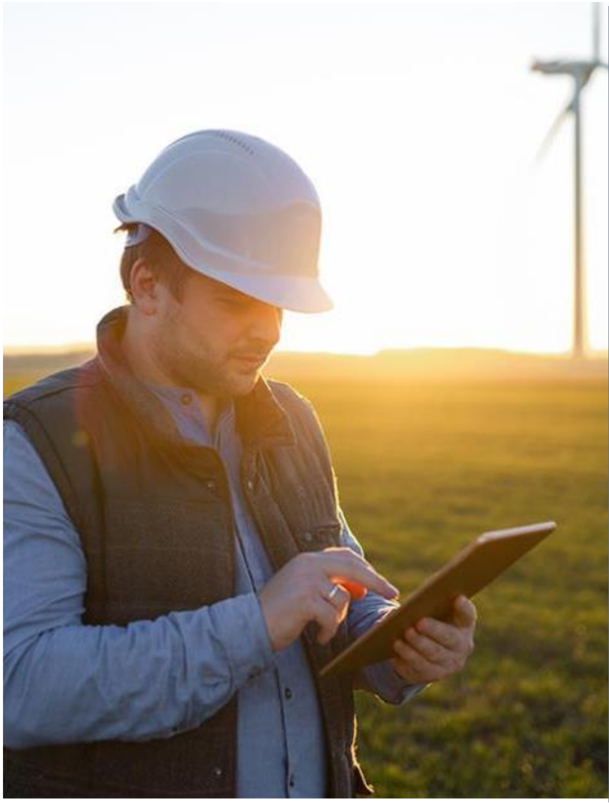
Sustainability

In Techstep, we want to make positive changes in society by making the world of work smarter and more sustainable.

We believe in the power of mobile technology to make employees happier and more productive by freeing them up to work smarter. Our solutions can help them do this in a more sustainable and secure way. This means we will help our customers deliver on their ESG commitments, but also ensure that we are using resources in a way so that they aren't depleted over time. It's about taking care of people and the environment, both today and for the future.

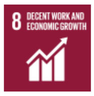
Equally important, responsible business practices are a prerequisite for long-term successful operations and profitability. We need to be environmentally, socially and economically responsible across our operations to meet the requirements and expectations from our stakeholders. That means that we need to have effective business processes, tools, governance structures and compliance practices in place.

At Techstep, our sustainability framework adheres to internationally recognised standards for human rights, labour practices, environmental protection and anti-corruption measures. We proudly support the United Nations' 17 sustainable development goals and uphold the principles outlined in the UN Global Compact. Our sustainability reporting transparently illustrates Techstep's impact on, and response to, environmental, climate and societal changes, demonstrating our commitment to sustainable progress.



Reporting standards

This sustainability report has been prepared for the period 1 January to 31 December 2023, unless stated otherwise. The report covers the entire Techstep Group, and includes relevant disclosures for a range of environmental, social and governance (ESG) topics, as well as reporting principles related to the reporting process. The content is in accordance with the Global Reporting Initiative (GRI) standards and guided by the UN Global Compact and the UN Sustainable Development Goals. Greenhouse gas emissions are reported in accordance with the Greenhouse Gas Protocol and verified by an accredited third party.

Material topic	Techstep ambitions	2023 performance	SDGs
Circularity	Grow number of end-of-life returns	Collected ~14 900 mobile devices; Prolonged life of 95%; Avoided emissions ~940 tCO_2	
Climate action	Minimum 42% reduction of GHG emissions in scope 1&2 by 2030, with 2022 as baseline year[3]	8% reduction in scope 1&2 emissions, committed to Science Based Targets ISO 14001 certified	
	100% electricity consumed at Scandinavian offices covered by Guarantees of Origin (GOs)	54% renewable energy at Scandinavian offices	
Diversity & inclusion	Above 30% women in the workforce by 2025	28% women in the Group 43% women in executive management	
Employee engagement	Engagement score at 8.0 of 10	Engagement score at 7.8 of 10 at 31.12	
Supply chain responsibility	ESG due diligence of all Tier 1, Tier 2 and Tier 3 suppliers	38 suppliers assessed on ESG topics	
Cybersecurity & data privacy	No leak of customer data Security awareness training of all employees ISO 27001 certified by H1 2024	Strengthened security governance 87% of employees completed security awareness training	
Business ethics & anti-corruption	Zero serious compliance incidents Strengthen Techstep's preventive anti-corruption programme, including relevant controls to properly mitigate corruption	Zero reported compliance incidents	

[3] Reduction target is adjusted from 2022 to align with Science Based Target commitment and validation for Small and Medium sized enterprises

Corporate governance and sustainability management

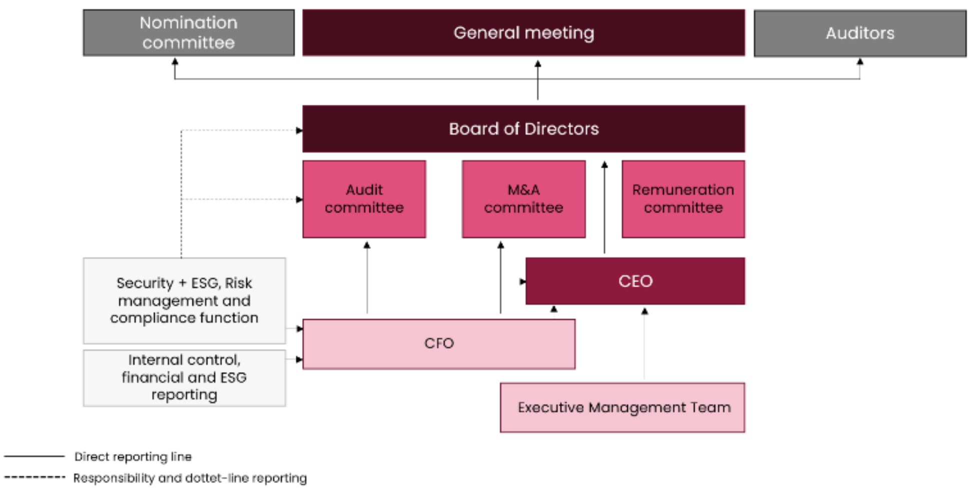
Techstep's ESG policy outlines our overall commitment to responsible business practices with respect to people, the environment and society. Sustainability is incorporated into Techstep's strategy, objectives and management systems. The Board of Directors has the overall responsibility for aligning Techstep's strategy and ESG considerations. Operationalising of principles into day-to-day operations lies with the CEO, supported by the executive management group. Each executive is responsible for communicating these to everyone in their respective business units.

Techstep also has a dedicated team to ensure sufficient focus on driving sustainability and advancing the company's ESG programme across the organisation, as well as ensure compliance with internal and external requirements. The ESG and compliance function reports to the CFO, the audit committee and the Board. In addition, the company's CISO carries responsibility for data protection and information security. The CISO reports to the CEO and the Board. ESG, risk and compliance are on the agenda at the monthly management meetings, as well as quarterly audit committee meetings, and selected board meetings.

During 2023, Techstep further strengthened focus and commitment on ESG, risk and compliance across the organisation. Much effort was spent on developing and implementing the company's management system based on the ISO standard, with emphasis on quality, security and environment, to support day-to-day operations and ensure a more systematic approach to improving business processes and ESG performance. The management system was certified in accordance with ISO 9001 (quality) and 14001 (environment) in Q1 2023. The work with continuous improvement across all business operations continues in 2024, as well as targeting ISO 27001 certification (information security) by the end of the first half of the year.

Techstep adheres to the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NCGB). Techstep's corporate governance practices are included as a separate chapter in this annual report on page 48. Publicly available governing documents are published on the company's website.

Governance bodies in Techstep



Stakeholder dialogue and material topics

Continuous dialogue with our stakeholders is considered crucial for sustainable growth, ensuring valuable insight and opportunities for improvement.

Stakeholder group	How we engage	Central topics
Customers	• Ongoing dialogue • Tender processes • ESG assessments • Customer centre • Customer satisfaction survey • Industry forums	• Circularity (end-of-life handling, e-waste) • Data security and privacy • Responsible sourcing (human rights) • Environmental management Quality management
Investors	• Quarterly presentations • Annual general meeting • Investor meetings	• Climate risk (GHG emissions, taxonomy driven, financial risk) • Governance practices • People practices (human capital) • Data security and privacy • Profitability
Employees	• Weekly townhall updates • Digital platforms/-Workplace • Employee engagement surveys • Departmental meetings • Monthly/quarterly check-ins • Day-to-day communication	• Employee engagement and well-being (motivation, stress, work-life balance) • Equality, diversity and inclusion • Development and career opportunities • Climate action • Circularity
Business partners/ suppliers	• Partner meetings • Own ESG strategies • Transparency • Future needs and requirements	• Ethical trade • Governance practices • Environmental impact • Data protection and privacy
Industry peers	• Partnering in industry coalitions, meetings, seminars	• Circularity • Ethical trade
Regulators	• Ongoing assessment of relevant laws and regulations to ensure compliance. Monitoring developments and new legislation to proactively respond to information requests.	• Climate and environmental management • Human rights and labour rights in supply chain • Workplace health and safety • Diversity and equality • Anti-corruption • Governance practices

Materiality

We conducted a materiality assessment in 2021 to identify the sustainability topics that are most material to our business and to our stakeholders. Topics included in the process were selected based on requirements and information requests especially from customers and investors, peer and industry benchmarks, international reporting frameworks and standards such as Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), legal requirements and new sustainability legislation. The materiality assessment, which was revised at the end of 2023, has helped us identify topics which are considered to have a significant impact on Techstep's long-term business success.

Material topics identified[4]:

- Circularity
- Climate action and GHG emissions
- Employee engagement
- Diversity, inclusion and equal opportunities
- Responsible sourcing
- Data security and privacy
- Business ethics

We consider the prioritisation based on materiality assessments as a dynamic process and will continuously adjust our priorities and actions based on company development, changing legislation, stakeholder feedback and developments in sustainability/ESG frameworks.

Looking forward to the EUs Corporate Sustainability Reporting Directive (CSRD), Techstep will conduct a double materiality analysis in 2024. This approach will evaluate both our internal operational impacts and external consequences on the wider environment and society, enhancing transparency and accountability in our sustainability reporting.

EU Taxonomy

The EU taxonomy is a classification system with a list of environmentally sustainable economic activities and an important enabler to scale up sustainable investment and implement the European Green Deal. Techstep will be required to disclose to what extent its turnover, investments and operational costs are aligned with the EU taxonomy criteria, currently expected from 2025. Going forward, Techstep will evaluate current and possible taxonomy-eligible activities and measures required to transit towards taxonomy alignment of the activities in question.

[4] Changes from 2022 report: Digital literacy & skills in society has been removed as it is considered less material.

Circularity and responsible use of devices

Mobile devices are excellent work tools, but put a strain on climate, environment and society throughout their lifespan, from production to disposal. Globally, over 60 million tonnes of electronic waste are generated each year, and the amount is rising five times faster than documented recycling. Estimates say that less than one quarter (22.3%) of the yearly e-waste is collected and recycled, leaving a wealth of valuable rare earth and critical materials such as gold, copper, silver, tungsten and tin unaccounted for – resources that could be recovered and returned to the production cycle, instead of causing huge environmental and human health risks.

An effective way of counteracting this is to extend devices' lifetime and ensure that devices that can no longer be used are recycled in a responsible manner. By helping customers with lifecycle management, repair and take-back services, more devices can get a prolonged life and more resources can be preserved.

Key figures 2023

14 929	95%	940.8
mobile devices collected through Techstep's take-back services	of devices collected gained a prolonged life	tCO2-e avoided emissions

End-of-life returns and avoided emissions

Circular economy practices and device lifecycle management are a central part of Techstep's offering. Our Lifecycle solution is designed to digitise and simplify enterprises' mobile device lifecycle management process, including repair, return and recycling until end-of-life. We cooperate with certified partners specialised in wipe, repair and refurbish and resale of used devices, so that well-functioning devices can get a new life in the second-hand market. This way, we help extend devices' lifespan while allowing more people access to mobile technology at an affordable cost. Units that cannot be used any more, are properly handled for recycling so that resources can be preserved and reused in the manufacturing of new products.

Through our take-back solution, Techstep collected close to 15 000 mobile devices in 2023. Over 95% of the units were securely wiped and refurbished for reuse and sold to the second-hand market. The positive environmental impact (handprint) of this is estimated to be over 940 tonnes[5] of avoided CO_2 emissions. The remaining units were carefully sorted and recycled by appropriate waste operators, in accordance with the WEEE-directive.

Going forward we will grow the number of devices we collect for end-of-life handling to prolong their lifespan and intensify collaboration with manufacturers and strategic partners to improve lifecycle management and circularity along the value chain.

[5] Based on calculations from our reseller partners

Climate and environmental impact

In Techstep we are committed to minimising our climate and environmental impact. Our environmental policy serves as guiding principles to environmental stewardship, outlining proactive measures aimed at reducing our carbon footprint and fostering sustainability throughout our operations, including helping customers and suppliers to optimise their resource usage and minimise electronic waste.

Key figures 2023[6]

-11%	54%	8.4 tCO_2
Total emissions Scope 1&2 (market-based)	of electricity consumption from renewable sources (GOs)	Emission intensity tCO2 per NOK million scope 1,2 &3

Main developments

During 2023, we have strengthened environmental management in the organisation, which was validated by the ISO 14001 certification in Q1 2023. Techstep has further committed to reduce emissions by minimum 42% in Scope 1 and 2 by 2030, with 2022 as a baseline year. This target has been validated by Science Based Targets for Small or Medium sized enterprises (SMEs). Techstep uses market-based approach for energy calculation to meet emission reduction targets set for Scope 2.

Key GHG figures denoted in tCO_2e	2023	2022	Change
Scope 1	16.1	20.2	*-20%*
Scope 2 (location-based)	33.1	32.1	*3%*
Scope 2 (market-based)	65.8	71.3	*-8%*
Scope 3	9 067.9	11 753.8	*-23%*
Total Scope 1&2 (location-based)	**49.2**	**52.3**	*-6%*
Total Scope 1+2 (market-based)	**81.8**	**91.5**	*-11%*
Total Scope 1+2+3 (market-based)	**9 149.7**	**11 845.2**	*-23%*

[6] Note that in 2022 report, Scope 1&2 emissions reported were location-based. We have changed focus to market-based reporting for Scope 2, to align with reduction targets validated by Science Based Targets. In addition, the methodology for calculating the share of renewable energy has been changed to focus on electricity covered by Guarantees of Origin (GOs).

Scope 1&2 emissions

Scope 1 emissions are related to the combustion of fuels in company-leased vehicles. Scope 1 emissions account for 32.7% of the total Scope 1 and Scope 2 emissions for the Group. Scope 1 emissions decreased by 20% from 2022, as Techstep is gradually phasing out fossil fuel vehicles when leasing agreements expire and vehicles are to be replaced.

Location-based Scope 2 emissions in 2023 was 33.1 tCO_2e and accounts for 67.3% of the total scope 1 and scope 2 emissions, and 0.4% of total emissions in 2023. These emissions are mainly attributed to the consumption of electricity and district heating from the company's offices, as well as electric vehicles. Location-based Scope 2 emissions increased by 3% from 2022, primarily due to consumption of district heating related to the Stockholm office which opened in Q4 2022 and is hence included from 2023.

Total share of renewable energy consumption was 68%, and 54% of electricity consumed was covered by Guarantees of Origin (GOs), up from 42% GOs in 2022. In 2023, 100% of the electricity consumption in Sweden and Denmark was covered by GOs. In Norway, 36% of the electricity consumption was covered by GOs, while Poland had zero coverage.

Total Scope 2 emissions per country	Market-based	Location-based	% renewable energy[7]
Norway	35.5	5.4	36%
Sweden	6.9	9.8	75%
Denmark	-	0.1	100%
Poland	23.4	17.8	-
Total	**65.8**	**33.1**	

For 2024, Techstep purchases GOs for all Scandinavian offices, which is expected to have a positive effect on the Scope 2 market-based emissions. To further reduce Scope 1&2 emissions, Techstep will reduce company vehicles and switch to electric vehicles when replaced. We are also exploring opportunities for more environmentally friendly energy solutions at our Polish office, as we will change premises during 2024.

Scope 3

Techstep's Scope 3 emissions account for over 99% of the company's total emissions in 2023. The decrease of 23% from 2022 relates primarily to a decline in mobile devices sales both in Norway and Sweden, partly offset by increased travel activity across the company. As a reseller of mobile devices and accessories, Techstep does not manufacture any own products. Distribution is outsourced to logistics partners as a "dropshipping" solution, which is more efficient and more environmentally friendly as the goods are shipped directly to the customer. Purchased goods mainly represent mobile devices (94%) and accessories (6%) sold to customers. Techstep uses cloud-based data centres such as Microsoft 365 and Azure Compute, which are much more energy efficient than traditional on-premises data centres. In addition, data is stored on different software platforms managed on the

[7] % renewable energy is calculated as share of scope 2 renewable energy (market-based)

providers' hosting infrastructure. In 2023, business travel increased due to the company's cross-border matrix organisational structure, in addition to all employees being gathered in a company-wide kick-off.

Emissions related to goods and services are expected to increase going forward as Techstep grows its business, which partly will be offset by the introduction of newer products with lower emissions. In our commitment to reduce the environmental impact, we proactively assist customers in selecting more eco-friendly products from available market options. Moreover, we collaborate with our distributors to improve and optimise logistics solutions.

We will also continue our efforts and broaden the scope of emission data to include additional emission sources and improving data quality going forward. This will be critical to track the development of emissions and define meaningful reduction targets for Scope 3.

GHG annual emissions

Figures denoted in tCO_2e	2023	2022
Scope 1		
Transport - Diesel	9,7	14.3
Transport - Petrol	6.4	5.8
Scope 1 emissions	**16.1**	**20.2**
Electricity (market-based)		
Electricity Nordic mix	34.8	39.5
Electricity Poland	23.4	25.4
Electric car[8]	0.9	1.9
District heating	6.7	4.5
Scope 2 emissions	**65,8**	**71.3**
Business travel	203.9	81.4
Purchased goods and services	8 841.3	11 648.9
Fuel- and energy related activities	14.8	16.7
Upstream transportation and distribution	2.4	3.0
Waste generated in operations	5.5	3.7
Total emissions Scope 3	**9 067.9**	**11 753.8**
Total emissions (market-based)		
Total emissions - Scope 1 & 2	81.8	91.5
Total emissions - Scope 1, 2 & 3	9 149.7	11 845.2
Emission intensity – tCO2 per NOK million[9]		
Emission intensity – Scope 1 & 2	0.08	0.07
Emission intensity – Scope 1, 2 & 3	8.40	9.30

[8] For 2022, electricity from electric vehicles was not treated as a separate item part of the electricity emissions in the accounting system but included in the total Scope 2 emissions only. Due to recent changes in methodology in the carbon accounting tool, this is from 2023 added as a separate item under electricity consumption.

[9] Emission intensity for 2022 have been restated due to restated total revenues for 2022 + changed focus to market-based approach

Environmental key performance indicators

Waste disposed by the type		**2023**	**2022**
Non-hazardous	kg	5.47	3.6
Hazardous	kg	-	0.1
Fuels for transportation			
Diesel	m3	3.62	5.7
Petrol	m3	2.50	2.4
Energy consumption by type			
Electricity	MWh	336.25	371.7
Self-generated renewable energy (solar)	MWh	10.56	9.9
District heating	MWh	127.53	141.6
Renewable energy			
Total energy consumption (scope 1+2)	MWh	535.50	603.9
Renewable energy (location-based)	MWh	323.81	365.0
Total renewable energy share (location-based)	%	60.5%	60.4%
Renewable energy (market-based)	MWh	255.81	220.5
Total renewable energy share (market-based)	%	47.8%	36.5%

For boundaries and methodology, please see note for Greenhouse Gas report on page 145 and/or Carbon Footprint Report available on our website www.techstep.io

Our people

At Techstep, one of our main goals is to have the best mobile tech expertise in the market. Achieving this depends upon nurturing a healthy, engaged and skilled workforce where continuous learning, knowledge-sharing and personal development are paramount. We are dedicated to fostering a professional, safe and supportive work environment, characterised by respect, fairness and dignity for all individuals.

Recognising that people are fundamental to Techstep's growth and long-term success, we are committed to recruiting and retaining a talented workforce. Central to our approach is fostering a culture of continuous learning and knowledge exchange, enabling our employees to thrive and excel in their roles.

2023 was however another challenging year with transformative changes for Techstep, largely impacted by the cost reduction programme and changes in executive management. The turnover rate for the year stood at 27%, reflecting the impact of organisational transformation and rightsizing efforts. By year- end, our team comprised 261 employees. Becoming One Techstep and getting acquainted with common standards and practices to streamline our operations and enhance collaboration across the organisation continues to be our focus going forward.

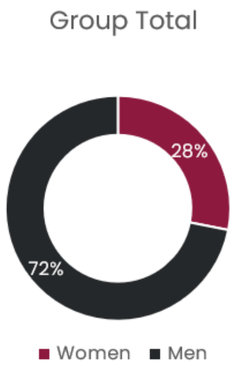
Employee engagement

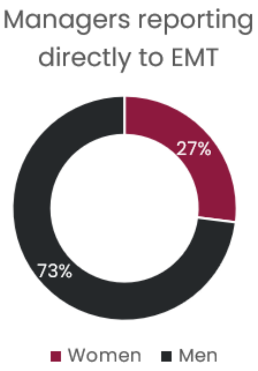
At Techstep, we seek to fostering engaged and high-performing teams through regular dialogue and feedback mechanisms. To facilitate this, we offer quarterly check-ins and reviews for all employees. In addition, we utilise an employee engagement survey tool to seek valuable insight and feedback from our employees. This tool covers a wide range of topics, including personal development, team dynamics, work environment, and leadership effectiveness. By requesting feedback regularly, we are able to actively take appropriate actions to continuously maintain a highly engaged organisation and detect and address issues such as discrimination and work-life balance concerns.

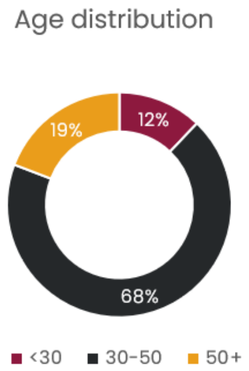
Despite a challenging year, Techstep saw a notable improvement in our engagement score, rising from 7.1 to 7.8 over the past year. Focus in 2024 will be on building a unified and strong organisational culture, developing leaders and enhancing our employees' capabilities. We aim to achieve an engagement score of 8.0 by the end of the year.

Diversity, inclusion and equality

At Techstep we embrace diversity and equality, believing that different perspectives, experiences and backgrounds foster dynamics, creativity, and innovation. With increased diversity and broad representation of individuals in the company, we will become a better partner to our customers. Techstep has zero tolerance for discrimination and sexual harassments in the workplace. Techstep's HR function is responsible for following up equality and diversity in the Group.







Operating within an industry historically dominated by men, Techstep has made it a priority to actively recruit, retain, and advance women within our organisation. We seek to promote gender balance in recruitment processes and monitor closely to measure progress. During 2023, 24% of all new hires and 7% of management hires or promotions were women, respectively. Despite the rightsizing of the organisation, the share of women increased slightly during the year to 28%. Techstep uses the SHE Index to track progress, and at the end of 2023 the SHE Index score had improved from 69 to 72 points out of 100. Over time, Techstep aims to reach a SHE Index score of 80.

Compensation and benefits

Techstep seeks to offer competitive remuneration to all employees, reflecting their educational background, experience and professional qualifications, and industry standards within their respective locations. To ensure fairness and inclusivity, all employees are enrolled in a collective bonus scheme and have access to the same insurance benefits based on country-specific regulations.

Techstep offers additional payment for parental leave for both men and women, based on local arrangements. In 2023, men and women in Techstep typically used the allocated amounts of parental leave in line with the national guidelines.

All employees shall be entitled to equal opportunities for equal work, meaning the same rights, salary and career advancement prospects within their respective roles, all other factors being equal. A recent mapping of wage levels throughout the organisation has been conducted to identify potential wage gaps, increase transparency and promote fairness. Our initial analysis indicates no significant gender-related salary differences; however, we recognise that wage gaps may be attributed more to variations in length of experience and types of competencies. Moving forward, we are committed to continued monitoring and refinement of our remuneration practices to foster equity and equality for all employees.

Figure: Average ratio of women base salary over men's base salary for 2023[10]

Job level	Norway	Sweden	Poland	Denmark
Level 1			106%	
Level 2	96%	116%	60%	
Level 3	90%	120%	0%	
Level 4	87%	91%	72%	
Level 5	92%	117%		
Level 6	84%			
Level 7				
Level 8	83%			

Executive remuneration is guided by Techstep's remuneration policy, which is prepared by the Board and adopted by the general meeting. The remuneration report is available from the website www.techstep.io.

Share-based incentive programme

We believe that employees owning shares in our company promotes value creation through increased engagement, commitment and loyalty. A provision has therefore been made for employees to buy shares at a discount through a share purchase employee programme. Participation is open to all employees and 5% of the workforce participated in the share purchase programme in 2023.

Working environment, health and safety

Working with IT typically includes many hours in front of a computer. Techstep employees have the right to a healthy and safe workplace, including a good workplace environment and ergonomics. Techstep offers a hybrid working solution that facilitates efficiency and collaboration combined with employees' personal preferences in terms of their work arrangements. The company's offices are located in modern facilities, and all employees are offered health services through private health insurance arrangements. We also comply with the conventions of the UN Global Compact and the International Labour Organisation.

Techstep targets a sickness absence rate of 3% or less. In 2023, the sick leave was 2.9% of the total working hours in the Group, which is a positive improvement from previous years. There were no work-related illnesses or incidents reported during the year.

[10] The data is based on annual base salary for permanent employees, with level 8 being the highest representing executive management (excl. CEO). Level 8 (EMT) was not included in the 2022 report. Levels with less than five employees are not reported.

Employee data	2023	2022	2021
Total number of employees			
Total number of employees	267	315	341
Number of employees based in Norway	102	125	na
Number of employees based in Sweden	119	144	na
Number of employees based in Denmark	3	3	na
Number of employees based in Poland	43	43	na
Number of part-time employees (all of which voluntary)	4	3	6
Turnover rate (incl. downsizing)	27%	24%	13%
Employee engagement score at year end	7.8	7.1	7.4
Diversity and equality			
Share of women - Board of Directors	40%	40%	40%
Share of women - Executive management	43%	38%	13%
Share of women - Management direct reporting to EMT [6]	27%	27%	29%
Share of women - Group total	28%	27%	23%
Share of women - Part-time employees	25%	67%	33%
Share of women - New employees	36%	38%	na
Share of women - Promotion/ hire to management positions	7%	27%	na
SHE Index score	72	69	61
Age breakdown < 30	12%	11%	14%
Age breakdown 30-50	68%	69%	68%
Age breakdown 50+	19%	20%	18%
Average weeks of parental leave - Norway (women/men) [7]	34/15	34/17	25/15
Average weeks of parental leave - Sweden (women/men)[7]	7/4	23/7	2/7
Average weeks of parental leave - Poland (women/men)[7]	52/1	32/32	46/2
Health and safety			
Sick leave	2.9%	3.6%	3.5%
Occupational injuries	0	0	0

[6] Due to internal reorganisations the last years, the figures are not directly comparable year over year.

[7] In Norway, parents are entitled to 49 weeks of paid parental leave of which 15 weeks are reserved for each parent. In Sweden, the parental benefit is 480 days (16 months) of paid leave, of which 390 days are sickness benefit qualifying days that can be taken, and each parent has an exclusive right to 90 of those days (18 weeks). In Poland, parental leave is 32 weeks and can be used freely by both parents.

Responsible sourcing and supply chain management

Techstep is dedicated to upholding and championing internationally proclaimed human rights and workers' rights, as evidenced by our ESG policy and commitment to the UN Global Compact. We want to ensure a responsible value chain and do our part in minimising adverse impacts on people and our planet.

Collaboration with our partners and suppliers is pivotal to our value chain, as they play a crucial role in providing the products and services necessary for delivering mobile technology solutions to our customers. However, this collaboration also entails shared responsibilities. We actively address environmental impact concerns within our supply chain and remain vigilant about potential social and compliance risks, including human rights infringements.

While we acknowledge that we do not influence direct control over working conditions or environmental emissions in our supply chain, we believe in advocating for positive change. Our approach involves responsible sourcing, where we set clear expectations for our third-party partners. We challenge them to continually improve and foster ethical and sustainable business practices.

Policy commitment and governance

Techstep's ESG (Environmental, Social, and Governance) policy has been adopted by the Board and commits Techstep to conducting due diligence assessments for responsible business practices. The company's procurement policy and supplier management procedure establish principles for selecting and monitoring suppliers, including processes and routines for due diligence assessments. These assessments consider potential ESG risks, aligning with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance. Additionally, Techstep's Supplier Code of Conduct specifies our expectations for sustainable and ethical business practices to suppliers and subcontractors. New suppliers are familiarised with the Supplier Code during the onboarding process, while existing suppliers through self-assessments as part of the due diligence process.

The responsibility for responsible business practices and overseeing supplier due diligence and reporting lies with the Sustainability and Compliance function, who reports directly to the executive management, audit committee and the Board. The work involves collaboration with representatives from other parts of the organisation such as procurement related to customer deliveries, internal IT operations, and security, depending on relevance.

Supplier management and due diligence practices

Techstep uses a risk management tool to monitor and oversee suppliers and partners. Suppliers are classified and prioritised based on specific criteria, including direct spend, strategic or operational importance, and the proximity of our relationship with them or their activities.

Techstep's due diligence process is based on the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights, and we are committed to ongoing improvement based on learnings and new regulations. Our supplier assessment procedure aims to verify to what extent our suppliers live up to expectations set by international guidelines, industry standards, our Supplier Code of Conduct, as well as by customer requirements.

New third- parties undergo due diligence assessment on during the onboarding process, while existing third parties are assessed based on classification. Techstep achieves this through a combination of supplier evaluation and self-assessments that suppliers and partners must complete, with the frequency and scope reflecting the classification and prioritisation of each individual supplier. Additionally, we maintain a regular dialogue with our key suppliers. The primary source of information from major global players is their public reporting which serves as the foundation for all communication.

Suppliers identified as high-risk undergo more comprehensive follow-up and evaluation by gathering additional information directly from the relevant supplier or obtaining documentation from external sources. Furthermore, we actively monitor relevant news and media coverage to identify potential events that could impact the risk profile of Techstep's supply chain, particularly in countries and regions where such risks are known. The information is then discussed directly with the supplier and handled in accordance with the OECD Due Diligence Guidance model.

If we uncover a risk or encounter a situation in the supply chain, we will address this directly with the supplier. The aim is to challenge them on how they handle the situation and assess the impact of any measures they may implement. Our own handling and potential contributions to recovery will be carefully evaluated in each individual case.

Main findings from 2023 assessment

In 2023, we have further developed our procurement and supplier management processes. Our efforts included due diligence of selected suppliers and internal training of relevant teams. In total 39 suppliers were evaluated using our methodology, where suppliers were prioritised based on specific criteria. These suppliers collectively accounted for over 90% of our expenditure on hardware, accessories and software during the year. We also engaged in meaningful dialogues with our primary hardware suppliers, where we addressed critical issues related to human rights and ethical labour practices. In response to an allegation towards one manufacturer, we conducted further investigations which did not uncover any breaches in human rights or ethical labour practices. However, the supplier had implemented concrete and corrective actions in response to a challenging situation.

The maturity of our suppliers' sustainability efforts varies across different product categories and services. When it comes to mobile devices and related electronic products, we prioritise collaboration with suppliers who share our commitment to sustainability and uphold rigorous ethical standards through their operations and supply chains. Around 98% of our spending on mobile devices and related electronics is attributed to suppliers who are active members of the Responsible Business Alliance (RBA), as well as the RBA-adjacent Responsible Minerals Initiative and Responsible Labour Initiative. These initiatives ensure that our suppliers actively support the rights and well-being of workers and communities worldwide, particularly those affected by the global electronics supply chain. Rigorous audits, assessments, grievance mechanisms, corrective actions, and comprehensive documentation are integral components of their commitment. Additionally, their circular economy approach involves offering product return programmes and progressively incorporating recycled materials into their products. This long-term strategy aims to reduce the negative impact on both people and the environment, including minimising electronic waste and reducing the extraction of new raw materials.

When it comes to software providers, Techstep only works with best of breed, market leading suppliers with strong focus on sustainability and high security standards in place. The risk of privacy concerns or other ESG risks among the software providers are thus considered low. While our distributors, responsible for delivering products to customers, may be less mature in terms of environmental, social, and governance (ESG) practices, we've witnessed significant improvements in this area over recent years.

Our risk assessment indicates that certain suppliers – due to the type of products they manufacture, geographic location and supply chain complexity – entail higher inherent risk related to violations of human rights and workers' rights. The supply chain of mobile devices and other electronics is often lengthy and complex, with limited traceability and transparency, particularly at the product level. Brand owners typically outsource all production and/or assembly to various suppliers, who in turn have an extensive and intricate chain reaching down to raw materials. Additionally, production and assembly occur in countries known for high risks of violations of human and labour rights. Findings shows that safeguarding workers rights, such as forced labour, overtime and health and security at the workplace are the highest risks. The longer out in the value chain, the weaker labour rights and increased risk of salient human rights issues such as child labour and conflict minerals are the risks. Techstep maintains a proactive approach towards main manufacturers/ brand owners of mobile devices to advocate increased transparency and traceability, and advancing responsible business conduct.

The Norwegian Transparency Act: Advancing responsible business practices

The Norwegian Transparency Act, which took effect on July 1 2022, has significantly shaped our approach to responsible business practices at Techstep. Our efforts related to the Transparency Act are an integral part of our broader commitment to promoting sustainability within our value chain. We focus particularly on mitigating the highest potential risks related to human rights violations, poor labour standards, and negative environmental impact. These risks affect not only our organisation but also others, including employees in our supply chain. We actively seek opportunities where we can make a positive impact, especially through our work with our strategic suppliers and partners.

Risk assessment and mitigation in own operations

Techstep's code of conduct, aligned with the UN Global Compact and ILO's eight core conventions on labour standards, sets clear expectations for our employees and external stakeholders. Techstep also adheres to the Norwegian Working Environment Act and other relevant employment rules in the countries where we operate. Risk assessments and updates to central documents, including stakeholder analyses, is part of our ongoing work.
Techstep holds certifications in accordance with ISO 9001 (quality management) and ISO 14001 (environmental management), reflecting our commitment to maintaining high standards in our operations.

In 2023, we conducted a human rights due diligence of our own operations. The most salient risk areas identified included working conditions related to work/life balance and privacy. While these risks were not considered very high, we remain committed to addressing them continuously through our risk assessment processes. Importantly, our operations have not revealed any forms of human rights or worker's rights breaches.

Requests for Information

Techstep has a transparent and open mechanism on its website to allow for information requests under the Transparency Act.

During 2023, Techstep received 15 due diligence requests from customers. All questions were answered within three weeks, or a specific deadline set by the customer, with supplementary information showing Techstep's processes for following up supply chains and ensuring respect for human rights and decent working conditions. The company regularly reviews the documentation to ensure that all inquiries can be answered in the best possible way.

Reporting concerns

Techstep's whistleblower channel is open for both employees and external stakeholders to raise concerns without fear of retaliation or reprisal and to provide fair investigation. There were no reported cases during 2023.

Cybersecurity and data privacy

The threat landscape is constantly changing, with cyberattacks becoming increasingly sophisticated. While mobile devices, especially smartphones, enhance operational efficiency for companies, they also introduce heightened risks, as they are often used for both personal and corporate purposes, making them more vulnerable to theft or loss. Consequently, safeguarding company and personal data becomes paramount. This necessitates stricter procurement and management protocols for enterprises' mobile device estate.

At Techstep, information security constitutes an essential part of our offerings to our customers. With a growing focus on software solutions, ensuring information security and privacy forms an integral part of our product development and operational workflows. Committed to adherence to relevant laws and regulations, we prioritise data protection and management in alignment with established standards, facilitating our customers in achieving similar goals through our products and services.

Over time, Techstep has implemented policies, processes, methodologies and technologies, embracing proven standards to meet our customers' security and privacy needs. We have implemented and uphold appropriate technical and organisational measures to safeguard customer data against various threats, including unavailability, accidental loss, or unauthorised access, disclosure, destruction or alteration.

In 2023, Techstep intensified its focus on information security management, aligning with ISO/IEC 27001:2022 standards, with the objective of achieving certification by the first half of 2024. Recognising phishing attacks as a prominent threat, we persistently enhance security awareness within our organisation through regular employee training sessions, including onboarding of new employees. Training topics encompass our security policies, procedures and guidelines, phishing awareness, data protection, incident reporting protocols, and emerging threats. Approximately 87% of our employees completed training in 2023.

Techstep maintains a rigorous information security incident management procedure, ensuring swift and effective response to any security incidents. In 2023, we did not experience any incidents related to the leakage of customer data.

Ethical business conduct

Techstep's commitment to business ethics and compliance with international regulations and internal policies is anchored in our code of conduct. The code of conduct outlines the principles guiding the Group's operations toward ethical, sustainable, and socially responsible practices.

Every employee is required to review the code of conduct and sign that the content has been read and understood. Each team member bears individual responsibility for ensuring that their actions align with the tenets of the code.

Techstep's code of conduct also establish protocols for reporting any suspicions or instances of illegal or unethical behaviour. We provide a confidential channel, operated by a third party, for discrete handling of such reports. Our Compliance function is entrusted with the handling and monitoring of reported compliance concerns. Techstep received no reported concerns in 2023.

We maintain a zero-tolerance stance against bribery, money laundering and corruption, recognising the harmful impact they pose to legitimate business practices. Anti-corruption messaging is communicated to employees through the code of conduct and associated policies. Going forward, we are committed to enhancing our internal policies and procedures, including providing training to all employees to reinforce our stance against unethical conduct.

Summary ESG results	2023	2022	2021
Climate and environmental impact			
Scope 1 - tCO_2	16.1	20.2	1.3
Scope 2 - tCO2 (market-based)[11]	65.8	71.3	32.9
Scope 3 - tCO_2	9 068	11 754	9 657
Emission intensity - tCO_2 per NOK million (market-based)	8.4	9.3	7.4
Circularity			
Total units received for end-of-life handing	14 929	14 395	15 149
% re-sold to second-hand market	95%	92%	88%
Avoided emissions tCO_2	941	832	1 189
Employees and working environment			
Total number of employees	267	315	341
Number of part-time employees	4	3	6
Turnover rate	27%	24%	13%
Employee engagement score (of 10)	7.8	7.1	7.4
Gender equality			
Share of women - Board of Directors	40%	40%	40%
Share of women - Executive management	43%	38%	13%
Share of women - Middle management	27%	27%	29%
Share of women - Group total	28%	27%	23%
SHE index score	72	69	61
Health and safety			
Sick leave	2.9%	3.6%	3.5%
Occupational injuries	-	-	-
Cybersecurity			
Percentage employees completed security training	87%	65%	92%
# incidents - leaks of customer data	-	-	1
Compliance			
Percentage employees signed Code of Conduct[12]	80%	-	-
# reported incidents (whistleblowing)	-	-	-
Management certifications			
	ISO 9001 (quality)		
	ISO 14001 (environment)		
EcoVadis score (points out of 100)	69 (Silver)	66 (Silver)	45 (Bronze)

[11] Previously reported figures for 2021 and 2022 are changed from location based to market based.

[12] Error from the 2022 report corrected, historical figures not applicable due to changes in system.

Corporate governance report

Techstep ASA's principles for good corporate governance establish the foundation for long-term value creation to the benefit of all stakeholders and society at large.

The principles should help inspire trust and confidence in the company, render decision-making more effective, and improve communication between management, the Board of Directors and the company's shareholders.

The principles along with the day-to-day efforts to maintain a healthy corporate culture are both necessary. Trust and confidence in Techstep are based on the existence of respect, responsibility and equality, both internally and externally.

Implementation and reporting on corporate governance

Techstep is a Norwegian public limited company listed on the Euronext Oslo Børs and subject to corporate governance reporting requirements according to the Norwegian Accounting Act section 3-3b, the Oslo Stock Exchange Rule Book II – Issuer Rules, Chapter 4.4, and the latest version of the Norwegian Code of Practice for Corporate Governance (the "Code"), freely available at lovdata.no, oslobors.no and nues.no, respectively.

The principles and implementation of corporate governance are subject to annual reviews and discussions by the company's Board of Directors. This report forms part of the Board of Directors' report and discusses Techstep's main corporate governance policies and practices and how Techstep has complied with the Code of Practice in the preceding year. Application of the Code is based on the "comply and explain" principle, which stipulates that any deviations from the Code are explained.

By the company's own assessment, Techstep did not have any deviations from the Code of Practice in 2023.

Business

The business activities in which Techstep is engaged are set forth in the articles of association of Techstep ASA, section 3:

"The company's purpose is to engage in business operations within information and communication technology, and to develop and provide solutions and software related to the mobility, digitalisation and consultancy business and everything that belongs thereto, including owning shares and other securities in other companies."

The articles of association are published on Techstep's website.

The Board has established clear objectives and strategic ambitions, with responsible business as a foundation for Techstep's strategy, to support value creation for its stakeholders. The company's objectives and strategic ambitions, which are reviewed on an annual basis, are described in the annual report for 2023, together with a report on the company's environmental, social and governance measures.

Equity and dividends

As at 31 December 2023, Techstep's total equity was NOK 574 million and total liabilities amounted to NOK 697 million, which corresponds to an equity ratio of 45%, and a debt-to-equity ratio of 121%. The Group's liquidity is closely monitored by management and the Board of Directors, and the Group has access to multiple funding sources during the transformation process should the need arise going forward.

Techstep has not established a dividend policy beyond a consensus that the company's goals and strategy are to increase shareholder value and contribute to an attractive market for the company's shares. Techstep has not paid dividends to date and does not expect to pay a dividend in the coming years. Techstep's intention is to retain future earnings to finance operations and expansions of the business. Any future decision to pay a dividend will depend on the company's financial position, operating profit and capital requirements.

Board mandates

Three authorisations were granted to the Board of Directors at the annual general meeting on 23 May 2023:

- Authorisation to increase the share capital to NOK 6 102 621 in connection with cash and non-cash contributions, including mergers. Valid until AGM 2024, but no later than 30 June 2024.
- Authorisation to increase the share capital to NOK 3 051 310 in connection with the company's share incentive programme for its leading employees. Amount utilised was NOK 854 940. It is valid to AGM 2024, but no later than 30 June 2024.
- Authorisation to acquire 10% of the share capital (treasury shares). Valid to AGM 2024, but no later than June 2024.

There was a separate vote on each of the three authorisations. For supplementary information about the authorisations, reference is made to the minutes of the annual general meeting held on 23 May 2023, available from www.techstep.io and www.newsweb.no.

Equal treatment of shareholders and transactions with related parties

Techstep ASA has one class of shares. Treasury shares will be traded on the stock exchange or in accordance with guidelines from Oslo Børs.

According to the Norwegian Public Companies Act, the company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may be set aside, either by the general meeting or by the Board based on an authorisation to the Board. In the event of a capital increase based on authorisation from the general meeting, where the pre-emptive rights of shareholders are set aside, the company will provide the reasons for the practice in the stock exchange notice in which the capital increase is announced. There were no such transactions in 2023.

Any transactions in treasury shares, i.e., a share buy-back programme, will be carried out either through Oslo Børs or otherwise at stock exchange prevailing prices. If there is limited liquidity in the company's shares, the company will consider other ways to ensure equal treatment of all shareholders. There were no transactions in treasury shares during 2023.

For significant transactions with closely related parties, the company will use valuations and statements from an independent third party if the transaction is not to be considered by the general meeting. There were no such transactions in 2023. For further information, refer to note 24 – "Related party transactions" in the annual report for 2023.

Freely negotiable shares

The company's shares are freely negotiable on the Oslo Børs. There are no restrictions on owning, trading or voting for shares in the articles of association.

General meetings

The general meeting is the company's highest decision-making body. The general meeting is open to all shareholders, and Techstep encourages shareholders to participate and exercise their rights at the company's general meetings. In order to vote, the shareholder must be registered with the Norwegian Central Securities Depository (VPS) at the time of the general meeting.

Notices of general meetings are sent no later than 21 days prior to the date of the general meeting. According to the company's articles of association, there is no requirement to send the documents up for consideration by the general meeting directly to shareholders as long as the documents have been made available on the company's website. The same applies to documents that by law are required to be included in or attached to the notice of the general meeting. A shareholder may nonetheless request that relevant documents concerning business to be transacted at the general meeting be sent to him or her. The registration deadline is set as close to the meeting as possible, and all the necessary registration information will be provided in the notice.

Shareholders who are unable to attend may vote by proxy. Whenever possible, the company will prepare a proxy form that permits separate votes for each item up for consideration by the general meeting.

The Chairman of the Board normally chairs the general meeting. In the event of disagreements about individual items, where the Chairman belongs to one of the factions or is for other reasons not regarded as impartial, another Chairperson will be appointed to ensure impartial treatment of the items up for consideration at the meeting.

On 23 May 2023, Techstep held its annual general meeting with 37.08% of the shares represented. In addition, two extraordinary general meetings were held on 15 February and 13 October with respectively 22.46% and 16.01% of the shares represented.

Nomination committee

The nomination committee is governed by the articles of association section 6. The general meeting stipulates the guidelines for the duties of the committee and determines the committees' remuneration. The current instructions were approved at the annual general meeting in 2022 and are available from the company's website.

The committee nominates candidates for the Board and the nomination committee, as well as proposes the Board's remuneration. Grounds for nominations by the nomination committee are provided when nominees are presented to the general meeting. All shareholders are entitled to nominate candidates to the Board, and information on how to propose candidates can be found on the company's website.

The current nomination committee consists of two members, Kyrre Høydalen (Chair) and Jonatan Raknes. At the annual general meeting on 23 May 2023, both were re-elected for an additional two years. Høydalen represents Datum AS, the company's largest shareholder and is a colleague of Board member Harald Arnet. Raknes is considered independent of the Board and the executive management.

Board of Directors, composition and independence

The Board of Directors shall consist of three to seven members as regulated in the articles of association section 5. The Board and the Chairman are elected by the general meeting for two years and may be re-elected. At the annual general meeting on 23 May 2023, all board members were re-elected for a period of two years.

The composition of the Board is based on the representation of the company's shareholders, as well as the company's need for competence, experience, capacity and ability to form balanced decisions. Information on each director's expertise, background and capabilities can be found on the company's website www.techstep.io and on page 24.

All Board members are regarded as independent in relation to the company's executive management and material business contacts. Three of the five Board members are regarded as independent of the company's main shareholders. Board members are encouraged to hold shares in the company.

Name	**Role**	**Independent of main shareholder**	**Attendance board meetings**	**Served since**	**Term expires**	**Shares in Techstep (direct/indirect) at 31.12.2023**
Michael Jacobs*	Chair	Yes	11 of 11	21.04.2022	AGM 2025	0
Ingrid Leisner	Board member	Yes	11 of 11	22.02.2016	AGM 2025	60 157
Melissa Mulholland	Board member	Yes**	11 of 11	22.04.2021	AGM 2025	n.a.
Harald Arnet	Board member	No	11 of 11	22.09.2021	AGM 2025	63 439
Jens Rugseth**	Board member	No	11 of 11	11.02.2019	AGM 2025	4 545 532

* Michael Jacobs was appointed Chairman of the Board at the extraordinary general meeting 15 February 2023.
** Jens Rugseth was serving as Chairman of the Board until 15 February 2023, when he stepped down as ordinary board member. Melissa Mulholland is the CEO and Michael Jacobs is the Executive Vice President of the Nordics of Crayon ASA, where Jens Rugseth is a shareholder and member of the Board

The work of the Board of Directors

The Board of Directors is responsible for overseeing and supervising the company's management and operations. The duties and procedures of the Board are regulated by the Norwegian Public Limited Liability Companies Act. In addition, the Board has adopted supplementary rules of procedure which provide further regulations on inter alia the duties of the Board, the Chairman and the CEO, as well as work, responsibilities, authorisations and reporting.

The Board is responsible for determining the company's overall goals and strategic direction, principles, risk management and financial reporting. The Board is also responsible for ensuring that the company has competent management with a clear internal distribution of responsibilities, as well as for continuously evaluating the performance of the CEO.

Techstep treats transactions with shareholders, Board members, employees and other related parties with due care. To ensure that these transactions and situations are handled in the best possible manner, the Board has set clear guidelines for handling agreements in which a Board member, or a party related to a Board member, may have an interest. There was one such case in 2023. See also note 24 in this annual report.

The Board of Directors meets as often as necessary to fulfil its duties, and at least six times each financial year. The Board of Directors held 11 Board meetings in 2023 with 100% meeting attendance.

The Board conducts a self-assessment of its work periodically.

Board committees

The Board of Directors has established three subcommittees to act as preparatory bodies for the Board. Members are elected by and among the Board.

The audit committee acts as a preparatory and advisory body to the Board with respect to financial reporting and external audits, risk management and internal control systems, corporate governance matters and the appointment mandate and remuneration of the external auditor. As at 31 December 2023, the audit committee consisted of Board members Ingrid Leisner and Melissa Mulholland, both considered as independent of the company. The audit committee met six times in 2023.

The M&A committee assists the Board with tasks related to screening and evaluating potential M&A candidates and approves investment analysis and term sheets of proposed deals. The M&A committee consists of the Board members Jens Rugseth and Harald Arnet.

The remuneration committee assists the Board with tasks related to the company's remuneration of executive management. As at 31 December 2023, the remuneration committee consisted of Board members Jens Rugseth and Ingrid Leisner. The remuneration committee met one time in 2023.

Risk management and internal control

The Board is responsible for ensuring that Techstep has good systems in place for risk management and internal control. The systems and procedures for risk management and internal control shall ensure efficient operations, timely and correct financial reporting, and compliance with relevant laws and regulations. The audit committee meets annually with the auditor to review the company's internal control routines, including identified weaknesses and areas subject to improvements. The Board may engage external expertise if necessary.

During 2023, Techstep has further strengthened its governance, risk and compliance framework. Techstep's management system is based on the ISO standard, with emphasis on quality, security and environment, to support day-to-day operations and promote continual improvement in the organisation. A risk- and opportunity-based approach is central in the standard. Risk reviews and reporting are conducted on a quarterly basis to identify current and potential risks that need to be addressed and mitigated. ESG, risk and compliance are also addressed at monthly management meetings and quarterly meetings with the audit committee.

Techstep's financial accounts are prepared in accordance with IFRS. The Board receives monthly management reports on developments and results related to strategy, finance, KPIs, projects, challenges and plans for upcoming periods. In addition, quarterly reports are prepared in accordance with the recommendations of the Oslo Stock Exchange, which are reviewed by the audit committee prior to approval by the Board of Directors and subsequent publication. The auditor attends meetings of the audit committee and board meetings related to the presentation of the preliminary annual financial statements.

A summary of the company's main risks is presented in the Board of Directors' report and note 21 Financial risk management, in the annual report for 2023.

Remuneration of the Board of Directors

The remuneration of Board members is stipulated annually by the annual general meeting based on the nomination committee's recommendation. The remuneration reflects the Board of Directors' responsibilities, competence, time involved and the complexity of the business.

A total of NOK 1.6 million was paid in directors' fees for 2023. Fees paid to each director are presented in the remuneration report for 2023, available from the company's website www.techstep.io/investor.

The remuneration of the Board was not performance based and the company has not granted share options to any board members. Members of the audit committee are remunerated separately. The company does not provide loans to Board members.

Board members observe general insider regulations for trading in the company's shares. Reference is made to the Remuneration report 2023 for an overview of shares owned by directors.

Remuneration of executive personnel

The main principle of Techstep's executive remuneration policy is that the remuneration should be competitive and motivate to attract and retain executives with the required competence to strengthen and ensure the business strategy, long-term interests and sustainability of Techstep. The executive remuneration consists of a fixed salary and a variable part linked to the company's and the individual's achievement, and pension schemes. Performance-related remuneration is subject to an absolute limit of 67% of the fixed salary for the CEO and 45% for the other executives and assessed on both financial, non-financial and operational criteria including sustainability and equality. The corporate objectives are set by the Board and determined for and agreed with the CEO. In 2023, the share option programme for executive management and certain other employees was extended. The programme is linked to value creation to the benefit of shareholders over time. Techstep also conducted a share purchase programme where employees were offered the chance to purchase shares at a discount to the market price.

The executive remuneration guidelines have been presented to, and were adopted by, the annual general meeting on 23 May 2023. Detailed information about the remuneration of the executive management team can be found in the remuneration report for 2023, available from the company's website.

Information and communications

Techstep seeks to comply with Euronext Oslo Børs' Investor Relations (IR) recommendation, last revised 1 March 2021.

The Board has adopted an IR policy, which sets the basic principles for the company's communication and dialogue with capital markets participants, including roles and responsibilities. The policy is based on the principles of equal treatment and transparency, to ensure that stakeholders receive factual, relevant, timely and comprehensive information. The policy is available on the company's website.

The responsibility for IR lies with the CEO and the Chairman, supported by the IR team. The IR team focus on the day-to-day communication and IR activities, while the Chairman focus on the shareholders' expectations related to the company's strategic direction and risk preparedness, as well as issues that require resolution by the general meeting.

Interim reports are provided on a quarterly basis, in line with the Oslo Stock Exchange's recommendations. In connection with the interim reporting, presentations are given to the open public to provide an overview of the operational and financial developments, market outlook and the company's prospects. The presentations are made available on the company's website.

All information is primarily provided in English and is distributed to the company's shareholders through Oslo Børs' www.newsweb.no, and the company's website.

Takeovers

The company's articles of association contain no defence mechanisms against takeover bids, nor have other measures been implemented to specifically hinder the acquisition of shares in the company.

In the event of a takeover process, the Board and the executive management shall ensure that the company's shareholders are treated equally, and that the company's activities are not unnecessarily interrupted. The Board has a special responsibility to ensure that the shareholders have sufficient information and time to assess the offer.

In addition to complying with relevant legislation and regulations, the Board will comply with the recommendations in the Code if the situation so permits. The Board has established guiding principles for how it will act in the event of a takeover bid. The main principles include that the Board shall not hinder or obstruct any takeover bid, give shareholders or others unreasonable advantages, or protect their personal interests at the expense of others, and that the Board shall protect the shareholders' values and interests.

If deemed necessary, the Board shall also ensure a valuation from an independent third party. On this basis, the Board will make a recommendation as to whether the shareholders should accept the bid.

Auditor

At the extraordinary general meeting on 13 October 2023, PriceWaterhouseCoopers AS (PwC) was elected as Techstep's new auditor with immediate effect. The auditor is considered independent of Techstep, which is annually confirmed to the Board. The audit committee performs an annual evaluation of the auditor's independence.

The auditor prepares an annual plan for the implementation of the audit, which is made known to the audit committee and the Board. The auditor participates in the Board meeting dealing with the annual accounts. Here the auditor presents their views on accounting matters and principles, risk areas and internal control. The meeting includes an opportunity for a review with the Board without the company's management present. The auditor participates in Board meetings at the request of the Board, as well as all audit committee meetings held in connection with the quarterly financial reporting.

The Board of Directors has prepared separate guidelines for using the auditor for services other than the audit. All non-audit services rendered by the Group's auditor are preapproved by the audit committee, either through the guidelines or on a case-by-case basis.

Remuneration to the auditor is presented to and approved by the annual general meeting, including any fees for other specific assignments if relevant (also see note 28 Remuneration to auditor in the annual report for 2023).

Financial statements

Consolidated income statement

(Amounts in NOK 1 000)	Notes	2023	2022
Revenue *	2, 3, 24	1 088 970	1 273 641
Other revenue		521	11
Total revenue		**1 089 491**	**1 273 652**
Cost of goods sold *	2	(644 460)	(813 534)
Salaries and personnel costs	4, 29	(207 964)	(265 027)
Other operational costs	5, 24, 28	(99 571)	(109 626)
Depreciation	9, 10	(107 603)	(109 222)
Amortisation	11	(64 915)	(58 492)
Other income	6	494	40 058
Other expenses	6	(1 970)	(10 015)
Operating profit (loss)		**(36 498)**	**(52 205)**
Financial income	7	10 456	5 601
Financial expenses	7	(33 509)	(17 565)
Profit before tax		**(59 552)**	**(64 170)**
Income tax	8	15 006	(4 445)
Net income		**(44 546)**	**(68 614)**

Net income attributable to			
Non-controlling interests		-	312
Shareholders of Techstep ASA		(44 546)	(68 926)
Earnings per share in NOK:			
Basic	25	(1.43)	(3.02)
Diluted	25	(1.43)	(3.02)

* Revenues for 2022 and 2023 have been restated due to a reclassification of kick-back and commissions from mobile device purchases from revenues to cost of goods sold.

Consolidated statement of comprehensive income

(Amounts in NOK 1 000)	2023	2022
Net income	**(44 546)**	**(68 614)**
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	32 899	(25 598)
Income tax related to these items	-	-
Other comprehensive income	**32 899**	**(25 598)**
Total comprehensive income for the period	**(11 647)**	**(94 213)**
Total comprehensive income for the period attributable to		
Non-controlling interests	-	312
Shareholders of Techstep ASA	(11 647)	(94 524)

Consolidated statement of financial position

(Amounts in NOK 1 000)

ASSETS	**Note**	**2023**	**2022**
Deferred tax asset	8	13 092	6 470
Goodwill	11, 19, 20, 23	624 173	601 083
Customer relations and technology	11, 19, 20, 23	160 991	182 296
Right-of-use assets	9, 10	24 245	29 738
Assets related to Device-as-a-Service	10	159 501	160 703
Property, plant and equipment	10	7 265	7 622
Shares and investments	21	695	608
Other non-current assets	21	3 222	2 655
Total non-current assets		**993 185**	**991 176**
Inventories	12	10 502	23 431
Trade receivables	13, 21, 24	159 067	213 773
Other receivables	13, 21	30 586	33 801
Total inventories and receivables		**200 155**	**271 005**
Cash and cash equivalents	14	77 459	61 119
Total current assets		**277 614**	**332 124**
Total assets		**1 270 799**	**1 323 300**

EQUITY AND LIABILITIES	Note	2023	2022
Share capital	26	31 629	305 131
Other equity		542 067	266 389
Total equity attributable to the owners of Techstep ASA		**573 697**	**571 520**
Total equity		**573 697**	**571 520**
Deferred tax	8	14 674	20 536
Non-current interest-bearing borrowings	15, 21	129 927	90 665
Financial derivatives	18, 21	4 092	-
Non-current liabilities related to Device-as-a-Service	16	19 316	20 848
Other non-current debt	9, 16, 21, 23	15 916	16 707
Total non-current liabilities		183 924	148 756
Current interest-bearing borrowings	15, 21	48 750	83 322
Trade payables	15, 21, 24	198 353	205 797
Current liabilities related to Device-as-a-Service	17	167 231	168 160
Other current liabilities	9, 17, 21	98 845	145 745
Total current liabilities		**513 179**	**603 024**
Total liabilities		**697 103**	**751 780**
Total equity and liabilities		**1 270 799**	**1 323 300**

Oslo, 29 April 2024, signatures from the Board of Directors and the CEO of Techstep ASA:

Michael Jacobs
Chairman

Harald Arnet
Board member

Ingrid Leisner
Board member

Jens Rugseth
Board member

Melissa Ann Mulholland
Board member

Morten Meier
CEO

Consolidated statement of changes in equity

(Amounts in NOK 1 000)	Note	Share capital	Other paid-in capital	Other equity	Trans-lation reserve	SUM	Non-control-ling interest	Total equity capital
Equity as at 1 January 2022		**209 630**	**678 766**	**(327 417)**	**(6 668)**	**554 311**	**1 274**	**555 585**
Profit for the period		-	-	(68 926)	-	(68 926)	312	(68 614)
Other comprehensive income		-	-	-	(25 598)	(25 598)	-	(25 598)
Total comprehensive income for the period		**-**	**-**	**(68 926)**	**(25 598)**	**(94 524)**	**312**	**(94 213)**
Transactions with owners in their capacity as owners:								
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	22, 25	93 487	8 698	-	-	102 185	-	102 185
Proceeds from issuance of shares net of transaction costs	25	2 014	3 442			5 456		5 456
Share-based payments		-	-	4 091	-	4 091	-	4 091
Equity as at 31 December 2022		**305 131**	**690 906**	**(392 252)**	**(32 266)**	**571 520**	**-**	**571 520**

(Amounts in NOK 1 000)	Note	Share capital	Other paid-in capital	Other equity	Trans-lation reserve	SUM	Non-control-ling interest	Total equity capital
Equity as at 1 January 2023		**305 131**	**690 906**	**(392 252)**	**(32 266)**	**571 520**	**-**	**571 520**
Profit for the period		-	-	(44 546)	-	(44 546)	-	(44 546)
Other comprehensive income		-	-	-	32 899	32 899	-	32 899
Total comprehensive income for the period		**-**	**-**	**(44 546)**	**32 899**	**(11 647)**	**-**	**(11 647)**
Transactions with owners in their capacity as owners:								
Reverse share split	22, 25	(274 618)	274 618	-	-	-	-	-
Proceeds from issuance of shares net of transaction costs	25	1 116	13 722	-	-	14 838	-	14 838
Share-based payments		-	-	(1 014)	-	(1 014)	-	(1 014)
Equity as at 31 December 2023		**31 629**	**979 246**	**(437 813)**	**633**	**573 697**	**-**	**573 697**

Consolidated statement of cash flow

(Amounts in NOK 1 000)	Note	2023	2022
Profit before tax		(59 552)	(64 170)
Depreciation	10	93 498	95 459
Depreciation right-of-use assets	10	14 106	13 763
Amortisation	11	64 915	58 492
Share-based payments		(1 014)	4 091
Dividend and other reclassified to investment activities	8	4 204	(690)
Gain on sale of business reclassified to investment activities	6	-	(40 122)
Gain from sale of PPE reclassified to investment activities		(9 269)	(2 523)
Net exchange differences		4 252	-
Taxes paid		(2 386)	(996)
Interest expense (revenue) reclassified to investing/financing activities		13 584	13 497
Changes in net operating working capital		33 225	46 940
Net cash flow from operational activities		**155 560**	**123 741**
Payment for acquisition of subsidiaries net of cash acquired	23	-	294
Payment for equipment and other fixed assets	10	(4 133)	(5 943)
Payment for equipment related to Device-as-a-service	10	(108 600)	(126 507)
Payment for intangible assets	11	(33 920)	(52 250)
Proceeds from sale of property, plant and equipment	10	17 071	3 499
Interest received		1 068	531
Net cash from investment activities		**(128 514)**	**(180 376)**
Redemption of non-controlling shareholders	23	-	(9 000)
Proceeds from issuance of shares	26	230	76 969
Proceeds from borrowings	15	178 313	49 925
Repayment of borrowings	15	(129 879)	(29 019)
Net change in bank overdraft	15	(31 196)	5 843
Lease repayments	9	(15 263)	(15 423)
Interest paid		(14 935)	(11 701)
Net cash flow from financing activities		**(12 730)**	**67 594**
Net change in cash and cash equivalents		**14 316**	**10 959**
Cash and cash equivalents as at 1 January	14	61 119	50 350
Effects of exchange rate changes on cash and cash equivalents		2 024	(191)
Cash and cash equivalents as at 31 December	**14**	**77 459**	**61 119**

Notes to the Group accounts

How the figures are calculated

Risk

Group structure

Other

Notes to the consolidated financial statements

Note 1. General information and summary of material accounting policies

Techstep ASA (the Company) is a public limited liability company domiciled in Norway. The address of its registered office is Brynsalléen 4, NO-0667 Oslo. The shares are listed on the Oslo Stock Exchange under the TECH ticker. The Techstep Group (Group) consists of Techstep ASA and its subsidiaries.

Techstep Group is a Nordic enabler of the mobile workplace, delivering a full range of devices and services to facilitate mobile workplaces.

The consolidated financial statements for Techstep Group for the year 2023 were approved by the Board of Directors on 29 April 2024 and will be presented for approval by the Annual General Meeting on 27 May 2024.

1.1 Basis for preparation

The consolidated financial statements have been prepared and presented in accordance with the IFRS® Accounting Standards as adopted by the EU.

1.2 Change in accounting principles

There are no new or amended accounting standards that required the Group to change its accounting policies for the 2023 financial year.

1.3 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in NOK, which is Techstep ASA's functional and presentation currency. The figures presented in the annual accounts are in NOK thousand unless otherwise stated.

1.4 Consolidation principles and subsidiaries

Subsidiaries

The consolidated financial statements incorporate the financial statements of Techstep ASA (the Company) and entities controlled by the Company (its subsidiaries). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. All subsidiaries are 100 percent owned, directly or indirectly, by Techstep ASA.

The income and expenses of Group subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intercompany transactions, balances and gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

1.5 Transactions in foreign currencies

Transactions and balances

Foreign currency transactions are converted into the functional currency, using the exchange rates on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the conversion of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement, as financial items.

1.6 Revenue recognition

Revenue from contracts with customers is recognised when a performance obligation in the contract is satisfied. The amount recognised reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. For contracts with several performance obligations, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis.

Revenue from device sales

A major part of the Group's revenue arises from the sale of devices to its customers. The delivery of the device in question is identified as the performance obligation. The customers obtain control of the device when the item is shipped to them. Revenue is recognised at the time of shipment as the performance obligations are then satisfied.

The sale of certain items of devices triggers a right to a kick back and commission from partners and suppliers. Kickbacks and commissions are recognised as reduction in COGS when the performance obligations for the sale of device are satisfied.

Revenue from Advisory & Service

Revenue from Advisory & Services includes revenue from support and maintenance services to its customers. These services are organised as subscription programmes where the customers have access to support and maintenance for a monthly fee. The performance obligations related to support and maintenance are satisfied on an ongoing basis, and revenue related to the sales of services are thus recognised on a linear basis over time.

The sales of support and maintenance that exceed the subscription programme are recognised as revenue based on time and material.

Revenue from Advisory & Services also includes sales of third-party software licenses. Management has assessed the customer contracts related to software licenses and have found the sale of software licenses to be distinct performance obligations as software licenses. The revenue from sale of third-party software licenses is recognised gross, due to maintaining control over the services before transferring to the customer. This approach includes the bundling of licenses with advisory services or devices over a set period, which constitutes a single performance obligation. Revenue from this bundled offering is recognised gross as the services are rendered and control is transferred, reflecting the company's role in fulfilling the contract.

The Group provides both right-to-use licenses and right-to-access licenses.

For right-to-use licenses, the performance obligation is satisfied when the customer gains access to the software license, and revenue from the sale of licenses is thus recognised at the point in time when the software is transferred to the customer.

For right-to-access licences, the performance obligation is satisfied over time.

Own Software

The Group develops and sells own software. The customer buys a right to access the software developed by Techstep. The performance obligation is satisfied over time.

Bundles

As a part of several product bundles and as a stand-alone product, the Group offers a leasing alternative to customers (Device-as-a-service). The Group uses external funding to finance the offering. The Group sells the devices up front to an external funder and receives payment in full. The devices are delivered to the end users, and the end users are invoiced over the contract period from the funder. The Group has no credit risk related to the end user. The funder is in the following description the customer.

The Group has contracts with customers whereupon the customer can, at the end of the contract period, require that the Group repurchases the devices at a predetermined price. This price is always lower than the original selling price.

When the Group enters into contracts containing repurchase options management assesses whether or not the customer has a significant economic incentive to utilise the option. Where it is determined that the customer has a significant economic incentive to utilise the option, the contract is determined to be a lease and the transaction is accounted for as a lease in accordance with IFRS 16.

Leasing - Lessor accounting (IFRS 16)

The Group has operating lease arrangements with customers in which it is a lessor. Leasing contracts with repurchase agreements are accounted for as operating leases with rentals payable up front at the inception of the lease. There are no other variable lease payments. The buyback obligation is fixed at the inception of the lease. At the end of the lease period the Group expects to repurchase the device from the customer.

Payment received from the customer is accounted for as deferred revenue and recognised as revenue on a straight-line basis over the lease term, less the agreed-upon residual value (repurchase amount).

The respective leased assets are included in the balance sheet based on their nature and depreciated over the lease term to the expected second-hand market value in accordance with IFRS 16.

1.7 Other income and other expenses

Other income and expenses of a special nature are presented in the separate line items "Other income and other expenses within operating profit (loss)" respectively. Such items are characterised by being of a non-recurring nature and outside the ordinary business of Techstep Group. Other income and expenses will include items such as restructuring costs related to executive management, acquisition-related costs, gains or losses on both the sale and remeasurement of assets or liabilities. Acquisition-related costs may include both costs related to acquisitions closed and transactions that were not completed.

1.8 Intangible assets

Intangible assets with finite useful lives that are acquired separately, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. Of the assets. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes on estimates being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately, are carried at cost less accumulated impairment losses.

The costs of intangible assets acquired through acquisitions are recorded at fair value as at the date of acquisition.

Software expenses related to the purchase of new computer programmes are accounted for as intangible assets if these expenses are not part of device acquisition costs. Costs incurred due to updates and general maintenance of the software, are accounted for as running costs over the income statement, unless the changes in the software increase the future economic benefits from the software.

1.9 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of the asset, less its estimated residual value, is depreciated on a straight-line basis over the estimated useful life of the asset. Estimates of residual values are applicable for the Group's leasing offering where assets are sold at the end of the lease. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss that arises on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

1.10 Trade receivables

Trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The carrying amount of a trade receivable is written off when the Group has no reasonable expectations of recovering the trade receivable in its entirety or a portion thereof.

1.11 Financial instruments

Financial assets and liabilities include investment in shares, financial derivatives, trade receivables, other receivables, borrowings, trade payables, other current and non-current liabilities.

Financial assets and financial liabilities are recognised initially on the date when the Group becomes a party to the contractual provisions of the instrument.

The Group classifies, at initial recognition, its financial instruments in one of the following categories:

- Financial assets or financial liabilities at fair value through profit or loss,
- Financial asset at amortised cost,
- Financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss are financial derivatives entered into to hedge the interest rate risk for the long-term borrowings.

Financial assets at amortised cost are financial assets held to collect the contractual cash flow and where the cash flows are solely payment of principal and interest on the outstanding principal. The category is included in the consolidated statement of financial position financial line items Other non-current assets, Trade receivables, Other receivables and Cash and cash equivalents. Financial assets at amortised cost are recognised initially at fair value plus directly attributable transaction costs. Subsequently, if the asset is non-current it is measured at amortised cost using the effective interest method, reduced by any impairment loss. The carrying amounts of line items classified as current are assumed to be the same as their fair values, due to their short-term nature. Short-term loans and receivables are for practical reasons not amortised unless the effect is material.

The category Financial liabilities at amortised cost is included in the consolidated statement of financial position line items Non-current interest-bearing borrowings, Other non-current debt, Current interest-bearing borrowings, Trade payables and Other current liabilities. Items in the Other financial liabilities-category are recognised initially at fair value. Subsequently, if they are non-current, other financial liabilities are measured at amortised cost using the effective interest method. Effective interest is recognised in the income statement as financial expenses. Current items in the category are for practical reasons not amortised unless the effect is material.

For trade and other receivables, default in payments, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or debt settlement negotiations are considered to be indicators that the Group will not be able to collect all amounts due according to the original terms of the receivables. For trade receivables the loss allowance is measured at the lifetime expected credit loss. The loss is recognised as other operating expenses in the income statement.

The fair value of financial instruments is based on quoted prices as at the balance sheet date in an active market, if such markets exist. If an active market does not exist, fair value is established by using valuation techniques that are expected to provide a reliable estimate of the fair value. The fair value of unlisted securities is based on cash flows discounted using an applicable risk-free market interest rate and a risk premium specific to the unlisted securities.

Financial assets and liabilities measured at fair value are classified according to the valuation method:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Valuation based on inputs for the asset or liability that are unobservable market data.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. Changes in fair value recognised in other comprehensive income are recognised in the line item Exchange differences on converting foreign operations. Changes in fair value recognised in profit or loss are presented in the line item, Financial expenses and Other income and expenses.

1.12 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the balance sheet date which are unpaid. The amounts are unsecured payables and are usually paid within 30 days of recognition. Trade and other payables are presented as trade payables. The carrying amount is assessed to be a reasonable approximation of fair value.

1.13 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences, and for unused tax losses.

Tax payable

The current income tax charge is calculated based on the tax laws enacted, or substantively enacted, at the end of the reporting period in Norway, Sweden, Denmark and Poland, where subsidiaries generate taxable income. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation. Management establishes provisions where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period, and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise the temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.14 Equity

The nominal value of treasury shares is reported in the balance sheet, as a deduction to other equity.

1.15 Share-based payments

Share-based payments are part of the remuneration to executive management and other key personnel.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which the vesting conditions are satisfied. At the end of each period, the estimate of the number of options that are expected to vest based on the non-market vesting and service conditions is revised. The revision, if any, of the original estimates is recognised in the income statement, with a corresponding adjustment to equity.

Social security tax is provided for at each balance sheet date based on the intrinsic value of the options.

1.16 Retirement benefit plan

The Group has defined contribution plans. A defined contribution plan is a retirement plan in which the Group pays fixed contributions to a separate legal entity. The Group has no legal or other obligation to pay additional contributions if the entity does not have sufficient assets to pay all employee benefits associated with earnings in present and previous periods. Pre-paid contributions are recorded in the accounts as an asset, to the extent the contribution may be refunded or may reduce future contributions.

1.17 Cash flow statement

The cash flow statement is presented using the indirect method. The Group's activities are divided into operational, investment and financing activities. Cash investment in new business is classified as payment for the acquisition of subsidiaries, net of cash acquired in the cash flow statement.

1.18 Leasing

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease. If the inherent interest rate is not readily determinable, the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will be regulated throughout the lease term. The estimate is based upon management judgment.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets

Right-of-use assets are initially measured at the amount of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease. The remaining term of the lease is for all leases held by the Group assessed to be equal to the economic life of the asset.

Leases of low value assets and short-term leases

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss on the financial statement line item Other operational costs. Short-term leases are leases with a lease term of 12 months or less.

1.19 Earnings per share

i) Basic earnings per share

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share, to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

1.20 Government grants

Government grants, including the Norwegian Skattefunn tax incentive scheme, are recognised in the same year as the government grants are received. Grants are recognised as deductions against the costs that they are intended to compensate.

Investment grants are capitalised and recognised systematically over the asset's useful life. Investment grants are recognised either as deferred income or as a deduction of the asset's carrying amount.

1.21 New standards and interpretations not yet effective

The Group has elected not to early-adopt any standards or interpretations that have an effective date after the balance sheet date. Standards and amendments that are issued, but not yet effective, are not expected to have a material effect on the Group's financial statements.

Note 2. Segments

Over the last year, Techstep has been through a major transition in order to unlock profitability and growth. Historically consisting of 10 acquisitions and 47 different products, the company has transformed and streamlined the organisation and its product solutions, through mergers and disposals of products or services outside the strategic roadmap.

Currently, the product offerings are streamlined into seven different product solutions and three different revenue streams. The organisation and the profitability measurement has been changed from purely legal and geographical to a functional organisation, measuring performance on the product portfolio. The revenue streams are generated, and the Group's resources are utilised across the different legal entities and geographical markets. Management reporting now consists of measuring the performance of the product portfolio on a gross contribution level across markets, while the net profitability (EBITA) is measured on the group level.

As such, Techstep has changed the segment reporting in line with management's profitability measurements. Techstep's current segment is therefore the Group results on a total level.

Note 3. Revenues from contracts with customers

In the following tables Total revenue is disaggregated by major revenue streams across the commercial markets.

2023	Norway	Sweden/ Denmark	Poland	Eliminations	Group
Total revenues	**678 873**	**375 110**	**33 158**	**(89 630)**	**1 089 491**
Revenue					
Devices	551 078	231 880	-	(7 138)	775 820
Advisory & Services*	79 155	129 744	338	(3 571)	205 667
Own Software	48 251	27 168	32 819	(755)	107 483
Other revenues	388	867	-	(735)	521
Total	**678 873**	**389 660**	**33 158**	**(12 199)**	**1 089 491**

Net Gross Profit	Norway	Sweden/ Denmark	Poland	Eliminations	Group
Devices	79 543	35 867	(6)	6 200	121 604
Advisory & Services*	55 926	77 820	338	3 527	137 611
Own Software	45 568	21 491	25 588	1 536	94 183
Other revenues	388	868	-	(735)	521
Total	**181 425**	**136 046**	**25 920**	**10 528**	**353 919**

2022*	Norway	Sweden/ Denmark	Poland	Eliminations	Group
Total revenues	**778 388**	**523 245**	**27 926**	**(55 971)**	**1 273 589**
Revenue					
Devices **	619 863	315 918	477	(8 088)	928 169
Advisory & Services	82 950	176 875	306	(6 315)	253 816
Own Software	44 164	24 454	27 143	(4 169)	91 593
Other revenues	31 411	5 998	-	(37 399)	11
Total	**778 388**	**523 245**	**27 926**	**(55 971)**	**1 273 589**

Net Gross Profit	Norway	Sweden/ Denmark	Poland	Eliminations	Group
Devices **	90 198	37 366	471	11 386	139 421
Advisory & Services*	57 029	82 583	306	4 982	144 900
Own Software	43 465	18 609	19 370	1 504	82 948
Other revenues	31 365	5 672	(406)	(36 620)	11
Total	**222 057**	**144 230**	**19 741**	**(18 748)**	**367 280**

*Commission is included in Advisory & Service.

** The revenues and cost of goods sold for previously reported in 2023 and 2022 have been restated due to a reclassification of kick-backs and bonuses from partners, in the amount of NOK 42 million in 2023 and NOK 49 million in 2022.

Receivables and liabilities

Most of the Group's solution revenues are annual. The majority of the contracts follow the calendar year. The receivables and liabilities related to Solutions as at the balance sheet date are therefore immaterial. This also applies to the unfulfilled performance obligations.

Receivables and liabilities originate from the sale of support. Customers are invoiced in advance for monthly or quarterly support subscriptions. The Group also has customers who are invoiced after the services are rendered, monthly or annually. Receivables and liabilities vary to an extent throughout the reporting period.

Deferred revenue

The Group's revenue from sale of Devices is divided into two streams: The customer purchases the Device and the performance obligation is settled when the Device is delivered, or the customer enters into a leasing agreement, where the Device will be returned at the end of the lease.

The contracts where the Group acts as a lessor last from 18 - 36 months. Revenue is recognised linearly over the contract period as the performance obligation is settled.

At the commencement of the lease agreements, the Group receives full settlement from the financing partners as described under section 1.6 *Revenue recognition* in the accounting policies. The payment received is split between deferred revenue specified below, and residual obligation (amount to be repaid). The residual obligation is specified in note 16 (non-current) and note 17 (current).

Changes in deferred revenue during the year

	2023	**2022**
Opening balance deferred revenue as at 1 January	151 568	135 320
Revenue deferral new contracts	104 193	115 993
Revenue periodisation	(112 206)	(99 193)
Translation differences	4 713	(552)
Closing balance deferred revenue as at 31 December	**148 268**	**151 568**

The material amount in deferred revenue is related to contracts with customers where the customer has a return option and management's assessment is that this option will be utilised. Such contracts are accounted for as operational leases, where the Group is the lessor.

Payment terms and customer base

Customers have payment terms varying from 15-90 days.

Of the Group's total customer base as at 31 December 2023, the five largest customers represent approximately 30% (24%) of total revenue in 2023, and the ten largest customers represent approximately 39% (31%) of total revenue.

Unsatisfied performance obligations

The Group has unsatisfied performance obligations resulting from fixed price long-term contracts of mainly leased out devices. The unsatisfied performance obligations are satisfied through passage of time. The table below shows when the deferred revenue will be recognised.

	2023
2024	83 653
2025	30 809
2026 and later	33 807
Closing balance deferred revenue as at 31 December 2023	**148 267**

	2022
2023	98 507
2024	42 979
2025 and later	10 082
Closing balance deferred revenue as at 31 December 2022	**151 568**

The amounts disclosed do not include variable considerations.

Management assessments

Recognition of revenue from combined customer contracts

Consolidated operating revenues include both sales of Device and IT-related services, often derived from recognition of multiple elements in the same customer contract.

Determining the transaction price for combined contracts

The Group determines the transaction price in respect of each performance obligations within its contracts with customers when the stand-alone selling price for each performance obligation is not readily available by assessing the stand-alone selling prices based on the Group's customer contracts for comparable products and services. This relates to contracts with customers where third-party licenses are bundled with support and maintenance services. The income related to the third-party license is determined based on the abovementioned stand-alone selling prices. The residual income is allocated to support and maintenance. The revenue recognition is either at a point in time or over time depending on the services rendered.

Variable considerations such as commissions, vendor discounts, rebates and other contractual bonus elements may arise based on contracts with vendors and partners. Variable considerations requiring management assessment are related to achieving certain thresholds in the agreement. In determining the impact of variable considerations, the Group uses the most likely amount prescribed in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Note 4. Payroll

	2023	2022
Salaries and holiday pay	135 265	200 928
Social security tax	39 526	44 652
Pension costs including social security tax	12 414	14 515
Other personnel costs	20 759	4 932
Total personnel costs	207 964	**265 027**
Number of employees at year end	267	315

All companies in the Group have defined contribution pension plans covering all employees.

Regarding remuneration to executive management, please refer to Note 29, Remuneration to management.

Note 5. Other operational costs

	2023	2022
Office maintenance expenses	6 307	6 525
Human resources	2 258	6 469
Sales and marketing	3 448	12 853
IT expenses	51 079	48 073
Fees for external services	23 814	27 394
Communication	2 505	2 354
Travel expenses	4 278	4 224
Other expenses	5 882	1 733
Total operating costs	**99 571**	**109 626**

Note 6. Other income and other expenses

Other income	2023	2022
Gain on sale of business	0	40 058
Other non-recurring income	494	0
Total	**494**	**40 058**

2022

On 3 January the divestment of the Voice and Contact centre business was completed for the total consideration of NOK 65.5 million. The settlement was received in December 2021. The gain of NOK 40.1 million was recognised in the income statement of the line item Other income in Q1 2022. NOK 24.5 million was derecognised from the statement of financial position's line item Assets held for sale.

Other expenses	2023	2022
Acquisition related costs	-	(604)
Other non-recurring expenses	(1 970)	(9 411)
Total	**(1 970)**	**(10 015)**

2023

Other non-recurring expenses relate to restructuring costs.

2022

Acquisition-related costs are related to the acquisition of Crypho AS and the remaining 20% of the shares in Techstep Finance AS. Other non-recurring expenses are related to restructuring.

Note 7. Financial income and expenses

	2023	2022
Interest income	1 099	979
Net foreign exchange gain	-	430
Other financial income	-	661
Total financial income	**1 099**	**2 070**
Interest expenses interest bearing borrowings	(13 203)	(12 850)
Interest expenses leasing	(1 449)	(1 177)
Net foreign exchange loss	(5 546)	-
Other financial expenses	(3 954)	(7)
Total financial expenses	**(24 153)**	**(14 035)**

Note 8. Tax

Income tax expense	**2023**	**2022**
Current tax	(1 867)	(5 426)
Change in deferred tax	16 873	981
Tax expense	**15 006**	**(4 445)**
Reconciliation of relationship between accounting profit and tax expense		
Profit before tax	(59 552)	(64 170)
Tax at the Norwegian tax rate of 22%	13 101	14 117
Tax effect permanent differences	1 778	(4 124)
Difference in tax rates	(739)	(1 019)
Deferred tax asset not recognised	(21)	(10 435)
Other	887	(2 984)
Income tax expense	**15 006**	**(4 445)**
Effective tax rate	-25%	-7%
Amounts recognised directly in equity		
Deferred tax: Share issue cost	-	(823)
Total	**-**	**(823)**
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised, see note 19*	(564 667)	(564 572)
Potential tax asset at 22% tax rate	**(124 227)**	**(124 206)**
Components of deferred taxes		
The balance comprises temporary differences attributable to:		
Intangible assets	11 124	15 362
Tangible assets	19 064	18 085
Inventories	(14)	(200)
Trade receivables and other receivables	(180)	(151)
Leasing	(447)	(385)
Other current liabilities	(1 470)	(4 565)
Financial Instruments	(900)	-
Tax loss carried forward	(138 812)	(127 269)
Carry forward interest	(831)	(831)
for which no deferred tax asset has been recognised	125 521	125 363
Goodwill from acquisitions with no deferred tax effect	(16 871)	(16 871)
Other	5 401	5 527
Total net deferred tax	**1 582**	**14 066**
Net deferred tax related to Norway	(12 943)	(6 412)
Net deferred tax related to Sweden	10 811	15 827
Net deferred tax related to Polen	3 714	4 651
Total deferred tax (+)/ deferred tax asset (-)	**1 582**	**14 066**
Deferred tax asset	(13 092)	(6 470)
Deferred tax liability	14 674	20 536
Total deferred tax (+)/ deferred tax asset (-)	**1 582**	**14 066**

Note 9. Leases

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings	Equipment	Vehicles	Total
As at 1 January 2023	25 508	2 141	2 090	29 738
Additions	7 274	(88)	919	8 105
Additions from business combinations	-	-	-	-
Depreciation	(11 355)	(1 140)	(1 611)	(14 106)
Disposals	-	-	(328)	(328)
Translation differences	765	32	39	836
As at 31 December 2023	**22 192**	**945**	**1 109**	**24 245**

	Buildings	Equipment	Vehicles	Total
As at 1 January 2022	25 990	1 329	2 948	30 267
Additions	10 940	611	950	12 501
Additions from business combinations	-	-	-	-
Depreciation	(10 665)	(944)	(2 154)	(13 763)
Translation differences	(757)	1 145	346	734
As at 31 December 2022	**25 508**	**2 141**	**2 089**	**29 739**

Lease liabilities

	Buildings	Equipment	Vehicles	Total
As at 1 January 2023	27 456	2 259	2 166	31 880
Additions	7 332	(88)	919	8 162
Additions from business combinations	-	-	-	-
Interest expense	1 111	132	104	1 347
Lease payments	(12 082)	(1 277)	(1 740)	(15 099)
Disposals	-	-	(305)	(305)
Translation differences	676	29	35	740
As at 31 December 2023	**24 494**	**1 055**	**1 178**	**26 725**

	Buildings	Equipment	Vehicles	Total
As at 1 January 2022	28 412	1 423	3 001	32 836
Additions	10 911	576	986	12 473
Additions from business combinations	-	-	-	-
Interest expense	909	120	148	1 177
Lease payments	(12 081)	(1 049)	(2 293)	(15 423)
Translation differences	(695)	1 189	324	818
As at 31 December 2022	**27 456**	**2 259**	**2 166**	**31 880**

Lease liabilities	**2023**	**2022**
Non-current	15 916	16 738
Current	10 809	15 142
Total	**26 725**	**31 880**

Maturity analysis nominal payments of lease liabilities 2023

	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease liabilities	10 128	5 096	8 139	0

Maturity analysis nominal payments of lease liabilities 2022

	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease liabilities	15 496	12 258	5 886	0

Description of the Group's leasing activities

The Group leases offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to five years but may have extension options.

Incremental borrowing rate

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received using a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

Extension and termination options

Currently the Group has not included any extension or termination options in the liabilities. The options are most widely used in rental of office buildings. All the Group's contracts have from 1-4 years left of the rental period. The Group assesses that premises with less than 2 years will be vacated at the end of the lease. For premises with longer contracts it is assessed as uncertain whether the extension or termination options will be utilised.

The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year such an event has not occurred.

Note 10. Tangible assets

	Right of use assets	Equipment*	Other fixed assets	Total
Accumulated cost as at 1 January 2023	73 605	337 775	21 498	432 878
Additions	7 890	108 600	4 133	120 623
Additions arising from business combinations	-	-	-	-
Disposals	(10 026)	(132 697)	(5 956)	(148 679)
Translation differences	2 731	9 719	1 384	13 834
Accumulated cost as at 31 December 2023	**74 200**	**323 398**	**21 058**	**418 656**
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	0	0	83	83
Disposals	(2 673)	(76 928)	(15 641)	(95 242)
Translation differences	(103)	(4 236)	(11)	(4 351)
Accumulated cost as at 31 December 2022	**73 605**	**337 577**	**21 464**	**432 646**
Accumulated depreciation as at 1 January	(43 867)	(177 069)	(13 878)	(234 814)
Additions arising from business combinations	-	-	-	-
Current year depreciation	(14 106)	(91 112)	(2 386)	(107 603)
Disposals	9 484	110 520	3 326	123 329
Translation differences	(1 466)	(6 235)	(855)	(8 556)
Accumulated depreciation as at 31 December 2023	**(49 954)**	**(163 897)**	**(13 793)**	**(227 644)**
Accumulated depreciation as at 1 January 2022	(33 613)	(149 468)	(25 081)	(208 163)
Additions arising from business combinations	(0)	(0)	-	(0)
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
Accumulated depreciation as at 31 December 2022	**(43 866)**	**(176 874)**	**(13 842)**	**(234 584)**
Book value of assets 31 December 2023	24 245	159 501	7 265	191 012
Book value of assets 31 December 2022	29 738	160 703	7 622	198 064

Estimated economic life	2-10 years	2 years	3-5 years
Depreciation method	linear	linear	linear

*Equipment comprise mobile phones, tablets and other equipment where the Group is the lessor.

Note 11. Intangible assets

	Goodwill	Customer relationships	Other intangible assets	Tot
Accumulated cost as at 1 January 2023	738 168	382 316	204 614	1 325 09
Additions	-	-	33 920	33 92
Disposals	-	-	-	
Translation differences	23 090	1 555	8 823	33 46
Accumulated cost as at 31 December 2023	761 258	383 871	247 357	1 392 48
Accumulated cost as at 1 January 2022	736 389	385 121	148 288	1 269 79
Additions	-	-	52 250	52 25
Additions arising from business combinations	12 367	-	3 566	15 93
Disposals			(125)	(9 14
Translation differences	(1 569)	(2 805)	636	(3 73
Reclassified as held for sale	-	-	-	
Accumulated cost as at 31 December 2022	738 168	382 316	204 614	1 325 09
Accumulated amortisation and impairment as at 1 January 2023	(137 085)	(326 744)	(77 889)	(541 71
Amortisation	-	(20 385)	(44 530)	(64 91
Disposals	-	-	-	
Translation differences	-	3 092	(3 781)	(68
Accumulated amortisation and impairment as at 31 December 2023	(137 085)	(344 036)	(126 200)	(607 32
Accumulated amortisation and impairment as at 1 January 2022	(143 840)	(305 171)	(45 024)	(494 03
Amortisation	-	(22 964)	(33 281)	(56 24
Translation differences	0	1 391	2 600	3 99
Accumulated amortisation and impairment as at 31 December 2022	(137 085)	(326 744)	(77 889)	(541 71
Book value as at 31 December 2023	624 173	39 835	121 157	785 16
Book value as at 31 December 2022	601 084	55 572	126 725	783 38
Estimated economic lifetime in years	Indefinite	5 years	3-5 years	
Depreciation method	none	linear	linear	

For a description of movement in the categories Goodwill and Customer relationships, refer to Note 20 Impairment of intangible assets and Note 23 Changes in Group structure and Business combinations.

Note 12. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO or weighted average method, depending on the nature of the inventories.

Book value of inventories	2023	2022
Inventories	10 791	24 473
Less write-down of inventories	(289)	(1 042)
Total inventories	**10 502**	**23 431**

Note 13. Trade receivables and other receivables

Trade receivables and other receivables shown at maturity as at 31 December 2023:

		Days outstanding				
	Book Value	not over-due	0-30 days over-due	30-60 days over-due	60-90 days over-due	> 90 days over-due
Trade receivables	160 427	140 592	15 353	2 238	883	1 361
Other current receivables	30 586	30 586	-	-	-	-
Less provision for bad debt	(1 361)	-	-	-	-	(1 361)
Total trade receivables and other short-term receivables	189 653	171 178	15 353	2 238	883	-
Expected loss rate	-	0%	0%	0%	0%	100%

The company has reassessed its loss allowance for 2023 and aligned the expected loss rate with historical and expected credit losses.

Trade receivables and other receivables shown at maturity as at 31 December 2022:

		Days outstanding				
	Book Value	not over-due	0-30 days over-due	30-60 days over-due	60-90 days over-due	> 90 days over-due
Trade receivables	215 566	202 105	9 434	2 239	1 558	228
Other current receivables	33 801	33 801	-	-	-	-
Less provision for bad debt	(1 792)	(747)	(185)	(274)	(358)	(228)
Total trade receivables and other short-term receivables	247 575	235 159	9 249	1 965	1 200	-
Expected loss rate	-	0%	2%	12%	23%	100%

Changes in the provision for bad debt during the year	2023	2022
Opening balance provision for bad debt as at 1 January	(1 792)	(1 877)
Net change in the provision during the year	431	85
Closing balance provision for bad debt as at 31 December	**(1 361)**	**(1 792)**

Other short-term receivables	2023	2022
Accrued revenues	2 074	16 619
Prepaid expenses	28 512	17 183
Total	**30 586**	**33 801**

	2023	2022
Actual losses on receivables	**157**	**182**

Note 14. Cash and cash equivalents

The fair value for cash and cash equivalents is assessed to be equal to the nominal amount.

The Group's cash and cash equivalents consists of	**2023**	**2022**
Cash and bank deposits	77 459	61 119
Total	**77 459**	**61 119**
Of which is restricted	3 957	5 196

The Group's cash and cash equivalents consist in their entirety of short-term bank deposits.

The carrying amounts of the Group's cash and cash equivalents by currency	**2023**	**2022**
NOK	42 693	27 547
SEK	18 685	22 885
Other	16 081	10 687
total	**77 459**	**61 119**

As at 31 December 2023 NOK 30 million of the Group's available credit facilities has been utilised.

Note 15. Borrowings

The Group's interest-bearing borrowings consist of:

	2023		2022	
	Current	**Non-current**	**Current**	**Non-current**
Seller credits related to business combinations	0	0	27 789	0
Bank loan incl RCF	48 750	129 927	27 771	90 665
Bank overdraft	0	0	27 762	0
Total interest-bearing borrowings	**48 750**	**129 927**	**83 322**	**90 665**

*Refer to note 14. Net bank overdraft facility comprises bank overdrafts in cash pool and bank deposits in cash pool.

The table below sets out expected nominal payments on borrowings:

		Due within			
	Total	1 year	1-5 years	over 5 years	Annual interest rate
Bank overdraft facilities*	0	0	0	0	3-month NIBOR + 225 bps
Bank loan	148 677	18 750	129 927	0	3-month NIBOR + 280 / 260 bps
Revolving Credit Facility	30 000	30 000	0	0	3-month NIBOR + 260 bps
Total	**178 677**	**48 750**	**129 927**	0	

*Refer to Note 14 for reconciliation of net cash position

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

In connection with the refinancing, Techstep ASA entered into an interest rate hedge agreement, where interest payments for 75% of the long-term borrowings are secured at 4.47% p.a. The duration of the agreement is 5 years.

The Polish overdraft facility has a total credit limit of PLN 1.3 million. The facility was not utilised as at year-end 2023. This overdraft facility was terminated on February 8, 2024.

Pledges in relation to the loans to financial institutions

Nordea Bank ABP has entered into the following agreements regarding security of Techstep ASA's loans in Nordea Bank ABP:

- Share Pledge Agreements covering the shares in Techstep Norway AS, Techstep Finance AS, Techstep AB and Techstep Finance AB.

- Security Agreements with Techstep Norway AS and Techstep Finance AS, covering their respective trade receivables, operating assets, and inventory.
- Business Mortgage Agreements (Foretagshypotek) with Techstep AB and Techstep Finance AB.

Covenants

The financial covenants related to the new financing are:

- NIBD/EBITA adj.: under 4.0x to 2.75x over the next four quarters
- EBITA adj./net finance charges: over 2.25x to 4.0x over the next four quarters
- Equity ratio: above 30%
- First testing date of financial covenants is 31 December 2023

The Group is in compliance with all covenant requirements as at 31 December 2023.

Due to breach of covenants in Q1 2024, see note 30, it has been set out new financial covenants that apply from Q1 2024 and forward:

- Net Debt/EBITDA adj.: under 2.7x to 2.5x over the next four quarters and under 2.2x to 2.0x from Q1 2025 to Q4 2025.
- Interest cover ratio: over 2.7x to 2.9x over the next four quarters and over 3.2x to 4.0x from Q1 2025 to Q4 2025.
- Equity ratio: above 30%.

Reconciliation of interest-bearing debt	2023	2022
Balance as of 1 January	**173 987**	**171 950**
Cash flow from financing activities		
Proceeds from borrowings	178 313	55 768
Payments of borrowings	(161 075)	(29 019)
Net cash flow from financing activities	*17 238*	*26 749*
Additions arising from business combinations		2 344
Non-cash settlements	(14 607)	(25 215)
Effects from exchange rate fluctuations	2 024	(286)
Other	35	(1 556)
Balance as of 31 December	**178 677**	**173 987**

Note 16. Other non-current liabilities

Other non-current liabilities consists of the following:	Note	2023	2022
Lease liabilities	9	15 916	16 738
Non-current liabilities related to Device-as-a-Service		19 316	20 848
Other		0	(31)
Total other non-current liabilities		**35 231**	**37 555**

Non-current liabilities related to Device-as-a-Service are related to contracts with customers where the contract contains a buyback obligation. The buyback price is fixed at contract inception.

Note 17. Other current liabilities

Other current liabilities	Note	2023	2022
Trade payable		198 353	205 797
Current liabilities related to Device-as-a-Service	3	167 231	168 160
Provision for restructuring costs		-	2 708
Accrued personnel expenses (bonus, holiday pay etc.)		22 407	40 373
Accrued expenses		20 177	19 650
Prepaid revenue		17 142	19 133
Lease liabilities	9	10 809	15 142
Public duties		24 278	41 100
Tax payable		599	3 315
Other current financial and non-financial liabilities		3 433	4 325
Total other current liabilities		**464 429**	**519 701**

The current liabilities related to Device-as-a-Service include deferred revenues from the leasing contract, to be recognised as revenue over the leasing term. In addition, the liabilities include the future buyback obligation Techstep has for the leased-out devices. Prepaid revenue is related to transactional contracts.

Note 18. Financial Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently remeasured to fair value through profit and loss at the end of each reporting period.

The purpose of derivative transactions is to reduce the interest rate risk. In connection with the refinancing, Techstep ASA entered into an interest rate hedge agreement, where interest payments for 75% of the long-term borrowings are secured at 4.47% p.a. The duration of the agreement is five years.

Liabilities	**2023**		**2022**			
	Nominal amount	**Fair Value**	**Nominal amount**	**Fair Value**	**Maturity Date**	**Interest rate**
Interest rate swap	112 500	(4 092)	-	-	Sept 2028	4.47% p.a
Total interest-bearing debt	**112 500**	**(4 092)**	**-**	**-**		

The interest rate swap is recorded at fair value through profit and loss. A negative change in fair value of the interest rate swap of NOK 4.1 million is included in financial expenses.

Note 19. Critical estimates

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions are changed. Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Management believes the underlying assumptions are appropriate.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Detailed information and judgment about each of these estimates is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Impairment of intangible assets

Goodwill and customer relationship are recognised based on the acquisition method used to account for business combinations. Customer relationships acquired in previous periods were recognised at fair value at the acquisition date, have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The recognised values of goodwill and customer relationships are material to the 2023 financial statements as a whole, and it is important that the user of the Group's financial statements understands the existence of an inherent uncertainty pertaining to the recognised values.

Impairment test related to goodwill and customer relationships is further described in note 20.

Goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations. This calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate to calculate present value. Estimated future cash flows are based on financial budgets and forecasts approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates. Details of recognised goodwill are provided in note 20, including discount rates calculations and sensitivity disclosures.

Customer relationships

The Group estimates the useful life of the customer relationship to be at least 5 years based on the expected future revenue generated from the customer base. However, the actual useful life may be shorter or longer than five years, based on management assessments of technical innovations, technical obsolescence of existing products and competitor actions.

Recognition of income tax

The Group is mainly subject to income taxes in three jurisdictions, and significant estimates are required in determining the provision for income taxes and related tax balances. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

Deferred tax assets are recognized when it is probable the company will have a sufficient taxable profit in subsequent periods to utilize the tax asset. Assessment of future ability to utilise tax positions is based on judgements of the level of taxable profit, the expected timing of utilisation and expected temporary differences.

The Group has at the balance sheet date tax losses carried forward which are not included in the basis for the recognised deferred tax asset, as significant uncertainty pertaining to the possible utilisation of these losses has been identified.

Note 20. Impairment of intangible assets

For impairment testing goodwill acquired through business combinations is allocated to the CGUs as shown in the table below. Impairment indicators are assessed at each reporting date for individual assets and cash generating units (CGUs), and impairment testing is performed if any indicators are identified. Goodwill, intangible assets with indefinite useful life and intangible assets not yet brought into use are assessed for impairment annually or when impairment indicators are identified.

	Goodwill	
	2023	**2022**
Norway	349 404	349 404
Sweden	203 166	189 588
Poland	71 603	62 091
Total	624 173	601 083

Cash generating units

CGU Norway: Comprises the companies Techstep Norway AS, Techstep Finance AS and Crypho AS. The cash flows from Crypho have been integrated with Techstep Norway AS and for the 2023 impairment test Crypho was included in the Norway CGU. All initial input into Techstep Finance AS is created by Techstep Norway AS, and Techstep Finance AS is therefore not considered to be a cash generating unit by itself.

Goodwill allocated to Norway is mainly related to acquisition of Nordialog, Techstep Finance AS and Mytos AS.

CGU Sweden: Comprise the companies Techstep AB, Techstep Finance AB and Optidev ApS. The companies are followed up as Sweden, and are integrated with each other. Similar to Norway, Techstep Finance AB is not considered to be a cash generating unit by itself.

Goodwill allocated to Sweden is mainly related to the acquisition of Techstep AB, Optidev AB and eConnectivity.

CGU Poland: Comprise the companies Techstep S.A. and Famoc ltd. Goodwill allocated to Poland is related to the acquisition of Techstep S.A and Famoc ltd.

Monitoring

Goodwill is monitored by management at the geographic level defined in the table above. These CGU represent the lowest level within the Group at which the goodwill and other intangible assets are monitored for internal management purposes.

Goodwill is initially recognised at the date of an acquisition of a business combination and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value as at the acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Other intangible assets are recognised at the fair value as at the acquisition date.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Impairment reviews are undertaken by calculating the recoverable amount of the CGU containing goodwill and other intangible assets. The carrying amount of the CGU is then compared to the recoverable amount of the CGU, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

The estimate of the recoverable amount of the CGU is largely based on management's assumption pertaining to the Group's future cash flow projections.

For the 2023 and 2022 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of several key assumptions. The calculations use cash flow projections based on financial budgets and prognoses in the strategic plan approved by the Board of Directors covering a three-year period. Cash flows beyond the three-year period are calculated using the estimated growth rates stated below.

Please refer to the table "Key assumptions for estimating future performance" for further details.

Key assumptions for estimating future performance

	Norway	Sweden	Poland
Material factors that affect the cash flow from operations	The cash generating unit provides the customer with the entire managed mobility offering, consisting of Device, third party software within the mobility space, consultancy, maintenance and support, and all of the Groups' own software,. All of the products are offered stand-alone or through bundles. The CGU retains cash flows from the traditional device business and own software, which is expected to increase over the next years. The cash flows are based upon expected future performance using the 2024 budget as a baseline. Free cash flows are expected to increase in the years to come as the organisation settles and becomes more effective.	The cash generating unit provides the market with a comprehensive service stack comparable to the Norwegian counterpart. The company is moving towards offering a full suite of managed mobility, including the Lifecycle platform adapted to the Swedish market. The cash flows are based upon expected future performance using the 2024 budget as a baseline. Free cash flows are expected to increase in the years to come as the organisation settles and becomes more effective.	The cash generating unit is based in Poland and delivers software solutions for mobility management to SMEs and enterprises throughout Europe. The software has a good fit with the Groups other offerings and integration of the product into the Nordic offerings is being undertaken. The CGU has stable free cash flows.
	The CGU operates in a stable economy with a high penetration of use of advanced mobile devices. The market related to other service offerings from the CGU is expected to grow in the future. Third-party independent agencies have reported an expected compound average growth rate in the markets the CGU operates far above the growth estimates used in the impairment assessment.	The CGU operates in a stable economy with a high penetration of use of advanced mobile devices. The market related to other service offerings from the CGU is expected to grow in the future. Third-party independent agencies have reported an expected compound average growth rate in the markets the CGU operates far above the growth estimates used in the impairment assessment.	The CGU operates from Poland, however, it has customers in many geographies where both economic and market conditions differ. A strength is that the CGU is diversified, however the risk profiles of the individual customers vary.

	Capital expenditure consists of development costs for own software. The larger investments in business support systems such as ERP and the ecommerce platform in 2024 and 2025 will not be capitalised, as they are largely investments in SaaS. These investments are approved by the Board under the assumption that management implement cost saving initiatives that will cover the investments. As such, these investments are not included in the cash flow in 2024 or 2025.	Capital expenditure consists of development costs for own software. The larger investments in business support systems such as ERP and ecommerce platform in 2024 and 2025 will not be capitalised, they are is largely investments in SaaS. These investments are approved by the Board under the assumption that management implement cost saving initiatives that will cover the investments. As such, these investments are not included in the cash flow in 2024 or2025.	Capital expenditure consists of development costs for own software. The larger investments in business support systems such as ERP and ecommerce platform in 2024 and 2025 will not be capitalised, they are is largely investments in SaaS. These investments are approved by the Board under the assumption that management implement cost saving initiatives that will cover the investments. As such, these investments are not included in the cash flow in 2024 or 2025.
Main budget and long term assumptions	The budget and long term plan are based on the continued transition from old to new revenue streams. The budget for 2024 is at the same level as results delivered in 2023, however there is an underlying shift from old to new revenue streams. There is a risk that there is a lag in the transition and that the result delivered will be lower. The budget is a building block in the long-term strategy plan, which has an ambition of an increase in free cash flow. Refer to sensitivity analysis below regarding reductions in free cash flows and impact on impairment.	The budget and long term plan in Sweden are based on the same underlying value chains as in Norway, where investments related to processes and systems were taken in 2023. The systems, products and processes will be rolled out in Sweden and the group will scale better on new systems. Refer to sensitivity analysis below regarding reductions in free cash flows and impact on impairment.	The budget and long-term plan in the CGU are related to the integration in the Group, standardising the product offering into the smart packaging, and growing sales through direct and partner-sales channels. Refer to sensitivity analysis below regarding reductions in free cash flows and impact on impairment.

The calculations of the CGU estimated value of equity use cash flows projections based on financial budgets and forecasts approved by management covering a three-year period. Cash flow for year four and five were calculated using estimated growth rates. In year six a terminal value is calculated.

The key assumptions are growth in revenue and EBITDA margin presented in the table below.

Assumptions

DCF Norway	FY25F	FY26F	FY27F	TV (FY28)
Growth in revenue	4.6 %	5.1 %	3.9 %	2.6 %
EBITDA margin	5.2 %	7.4 %	8.5 %	8.4 %
DCF Sweden	**FY25F**	**FY26F**	**FY27F**	**TV (FY28)**
Growth in revenue	4.7 %	4.7 %	4.0 %	2.9 %
EBITDA margin	5.7 %	7.2 %	8.0 %	7.9 %
DCF Poland	**FY25F**	**FY26F**	**FY27F**	**TV (FY28)**
Growth in revenue	14.9 %	14.9 %	0.0 %	0.0 %
EBITDA margin	43.4 %	49.1 %	47.4 %	45.6 %

Discount rates

The pre-tax discount rate applied for the impairment testing is set between 11.3% - 13.0% depending on the geographic area. This rate of return is calculated based on the weighted average of required rates of return on the Group's equity and debt (WACC) using the capital asset pricing model (CAPM). The post-tax rates are converted to pre-tax rates by using nominal tax rates in the relevant countries.

The required rate of return on debt is estimated based on a long-term risk-free interest rate, to which a premium is added to reflect the creditors' risk when lending funds to the Group. The discount rate includes a small business premium (operational risk) and the expected future levels of inflation. For impairment reviews performed at year end 2023 and 2022, these assumptions have been applied consistently across the Group.

	2023	2022
Equity ratio	50%	50%
Growth in terminal value	2.0%	2.0 %
WACC	11.3% - 13.0%	11.2% - 13.7%

Sensitivity

A sensitivity analysis would result in the impairment indications below. We have conducted sensitivity analyses on the estimated enterprise value, testing the estimated value's sensitivity towards changes in applied discount rate (WACC) and long-term growth rate in the terminal year.

	Impact on impairment		
	Norway	**Sweden**	**Poland**
Long-term growth rate 0,1%	No impairment	No impairment	No impairment
Increase in WACC *	No impairment	No impairment	No impairment

***Norway**: In order to have an impairment loss situation - the long-term growth rate is set to 0.1% and the WACC must be 15.1%.

***Sweden:** In order to have an impairment loss situation - the long-term growth rate must be set to 0.1% and the WACC must be 14.9%.

***Poland**: In order to have an impairment loss situation - the long-term growth rate must be set to 0.1% and the WACC must be 23.6%.

Note 21. Financial risk management

The Group's financial risk is related to credit risk, liquidity risk, currency risk and interest rate risk. The Group's risk management aims to support value creation and ensure a solid financial platform, through transparent and strategic management of both financial and operational risk factors. Operational risk relates mainly to major projects, which are continuously reviewed by management.

The Group's capital consists of net interest-bearing debt (NIBD) and equity:	**2023**	**2022**
Non-current interest-bearing borrowings	129 927	90 665
Current interest-bearing borrowings	48 750	83 322
Cash and cash equivalents*	77 459	61 119
NIBD	**101 218**	**112 868**
Group equity	573 697	571 520
Net gearing (NIBD/equity)	18%	20%
Undrawn credit facilities*	28 368	64 238

* Seasonal facility of NOK 20 million is not included in undrawn credit facility. Seasonal facilitiy is avaliable between May and September.

A) Capital management

The Group's capital structure's primary focus is to ensure sufficient free liquidity in the form of cash and cash equivalents along with bank overdraft facilities to ensure that the Group can continually service its obligations and at the same time be able to make strategic acquisitions.

B) Credit risk

Credit risk is the risk that customers are unable to settle their obligations as they mature. Credit risk is considered part of the business risk and is included in ongoing operations. The Group has established procedures for credit rating major private customers, and the risk that customers do not have the financial means to meet their obligations is considered low. Historically, only minor losses have been realised as a result of customers experiencing financial difficulties.

The customer base comprises many medium-sized customers, along with a few larger customers. The customer portfolio is considered to be well diversified across industries, as well as private and public customers. The risk level is considered satisfactory. The bulk of the Group's customers are Norwegian and Swedish, which constitutes a geographic concentration of risk.

No single customer represents 10% or more of trade receivables as at 31 December 2023 or as at 31 December 2022. No single customer represents 10% or more of the Group's revenues in 2023 or 2022.

The maximum credit exposure consists of the carrying value of receivables and cash and cash equivalents. All receivables are due within one year. Normally, payment is 14 days after invoicing.

Provisions for losses on trade receivables are based on portfolio assessment of trade receivables as disclosed in note 13.

Historically, actual losses on trade receivables have been immaterial, as was also the case in 2023. It is management's assessment that the Group's overall credit risk is satisfactory. Please also refer to note 13, Trade receivables and other receivables.

C) Liquidity risk

Liquidity risk is the risk of not being able to pay the Group's financial obligations upon maturity. Liquidity risk arises from a mismatch between cash flows from operations and financial commitments. Liquidity budgets are prepared based on the Group's financial budgets. The budgets are prepared annually and are updated with new forecasts throughout the year. Transforming from a transactional model to a recurring revenue model, which by definition postpones incoming cash flows, puts a higher strain on the liquidity position of the Group. The Group's liquidity is closely monitored by management and the Board of Directors. If the need arises, the Group has access to multiple funding sources to balance the transformation.

For details regarding the Group's interest-bearing borrowings refer to note 15 Borrowings.

D) Currency risk

The material part of the Group's operations is conducted in the Nordic countries. The Group is thus not materially affected by operational currency fluctuations other than fluctuations between NOK and SEK. The bulk of the Group's goods and services is billed in NOK or SEK as appropriate. To a minor extent, some solutions revenue and expenses are invoiced in PLN, EUR and USD. The Group does not hedge cash flows in foreign currencies. The Group has low cash holdings, trade receivables and trade payables in currencies other than NOK and SEK.

Therefore, the consequences on the Group's profit and equity from changes in exchange rates between NOK and foreign currencies, and SEK and foreign currencies are limited and deemed acceptable. There is limited trade between Norway and Sweden and currency risk is considered to be low overall. Group values related to foreign operations are subject to currency fluctuations. As such, there will be variations in the financial statement line item Exchange differences on translating foreign operations in the consolidated statement of comprehensive income.

E) Interest rate risk

Interest rate changes have an effect on consolidated operating income and cash flows from operating activities. The Group's interest rate risk is related to floating interest rates on bank accounts and deposits, in addition to floating rate debt in credit institutions. The Group has one interest rate hedge agreement, where interest payments for 75% of the long-term borrowings are secured, refer to note 18. The Group has no other fixed-rate deposits or debt, and is therefore not exposed to fair value interest rate risk. The Group assesses its capital structure on an ongoing basis.

Interest rate sensitivity	Increase/ decrease in basis points	Increased interest rate effect on profit before tax	Decreased interest rate effect on profit before tax
Based on net interest-bearing items 31.12.2023	+/- 100	(1 012)	1 012
Based on net interest-bearing items 31.12.2022	+/- 100	(1 230)	1 230

F) Categories of financial instruments

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is included in note 1 Accounting principles.

The fair value of all financial assets and financial liabilities are assessed to be, for all material purposes, be equal to book value. To assess the fair value of shares and investments held by the Group management assesses the underlying values in the companies where the Group holds shares. The change in fair value is accounted for over profit and loss.

The Group has the following categories of financial instruments as at 31 December 2023:	**Financial assets at fair value through profit or loss**	**Financial assets at amortised cost**	**Total**	**Level in fair value hierarchy**
ASSETS				
Shares and investments	695	0	695	3
Other non-current assets	0	3 222	3 222	
Accounts receivables	0	159 067	159 067	
Other receivables	0	30 586	30 586	
Cash and cash equivalents	0	77 459	77 459	
Total assets	**695**	**270 334**	**271 029**	

	Financial liabilities at fair value through profit or loss	**Financial liabilities at amortised cost**	**Total**	**Level in fair value hierarchy**
LIABILITIES				
Non-current interest-bearing borrowings	0	129 927	129 927	
Other non-current debt	0	15 916	15 916	
Financial derivatives	4 092	0	4 092	2
Non-current liabilities related to Device-as-a-Service	0	19 316	19 316	
Current interest-bearing borrowings	0	48 750	48 750	
Accounts payables	0	198 353	198 353	
Current liabilities related to Device-as-a-Service	0	167 231	167 231	
Current lease liabilities	0	10 809	10 809	
Other current financial liabilities	0	88 036	88 036	
Total liabilities	**4 092**	**678 337**	**682 429**	

The Group has the following categories of financial instruments as at 31 December 2022:	**Financial assets at fair value through profit or loss**	**Financial assets at amortised cost**	**Total**	**Level in fair value hierarchy**
ASSETS				
Shares and investments	608	0	608	3
Other non-current assets	0	2 655	2 655	
Accounts receivables	0	213 773	213 773	
Other receivables	0	33 801	33 801	
Cash and cash equivalents	0	61 119	61 119	
Total assets	**608**	**311 349**	**311 957**	

	Financial liabilities at fair value through profit or loss	**Financial liabilities at amortised cost**	**Total**	**Level in fair value hierarchy**
LIABILITIES				
Non-current interest-bearing debt	0	90 665	90 665	
Other non-current debt	0	16 707	16 707	
Financial derivatives	0	0	0	2
Non-current liabilities related to Device-as-a-Service	0	20 848	20 848	
Current interest-bearing borrowings	0	83 322	83 322	
Trade payables	0	205 797	205 797	
Current liabilities related to Device-as-a-Service	0	168 160	168 160	
Current lease liabilities	0	15 142	15 142	
Other current financial liabilities	0	130 604	130 604	
Total liabilities	**0**	**731 243**	**731 243**	

Note 22. Legal disputes and contingencies

The Group has no ongoing legal disputes.

Note 23. Changes in Group structure and business combinations

2022

Acquisition of Crypho AS

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

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 9.0 million. The transaction was settled in cash. Goodwill of NOK 7.4 million was recognized. Following the transaction, Techstep owns 100% of the shares in Techstep Finance AS. Techstep Finance AB is a 100%-owned subsidiary of Techstep Finance AS and the ownership in Techstep Finance AB increased correspondingly.

Divestment of Voice and Contact centre business unit
On 3 January 2022, the divestment of the Voice and Contact center business unit was completed for a total consideration of NOK 65.5 million. The gain of NOK 40.1 million was recognised in the income statement as Other income in 2022.

Note 24. Related party transactions

The following are considered related parties to the Group:

All the members of the Board of Directors and Group management, including close family members, as defined by the Norwegian Accounting Act and associated regulations.

The following companies are considered as related parties to the Group during 2022 and 2023:

Company	Relationship	Role
Crayon Group Holding ASA and Crayon AS	Melissa Mulholland	Board member
Crayon Group Holding ASA and subsidiaries	Jens Rugseth	Board member
Stobor Invest AB*	Åke Fredrik Logenius	Chief operation officer (until June 2023)
Virtudev AB**	Åke Fredrik Logenius	Chief operation officer (until June 2023)

Consolidated income statement	**Revenue from**		**Expenses to**	
	2023	**2022**	**2023**	**2022**
Crayon	3 044	2 060	5 530	3 536
Stobor Invest AB*	-	-	290	1 557
Virtudev AB **	-	-	8 909	9 530

	Receivables		**Payables**	
Balance as at 31 December	**2023**	**2022**	**2023**	**2022**
Crayon	1 221	172	598	243
Stobor Invest AB*	-	-	-	27 789
Virtudev AB **	-	-	2 680	2 226

*Stobor Invest AB is 50% owned by former COO Åke Fredrik Logenius. He resigned from the role as COO 01.06.2023.

** Virtudev AB is 26% owned by Stubor Invest AB.

All transactions with related parties are carried out at the arm's length principle.

Note 25. Earnings per share

	2023	2022
Weighted average number of shares outstanding	31 094 275	22 685 743
Weighted average number of shares outstanding (Diluted)	31 094 275	22 685 743
Profit attributable to owners of the parent	(44 546)	(68 614)
Earnings per share	(1.43)	(3.02)
Earnings per share (diluted)	(1.43)	(3.02)

The Group has issued stock options to some members of the executive management group and other key employees, refer to note 29 Remuneration to the board and executive management for details.

For details regarding the issuance of shares in 2023 and 2022, refer to note 26 Shares, capital structure and shareholders.

Note 26. Shares, capital structure and shareholders

Share capital

The company's share capital as at 31 December 2023 was NOK 31 629 381 based on 31 629 381 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 192 treasury shares.

The development in share capital and other paid-in equity is set out in the consolidated statement of changes in equity.

Development in the number of issued and outstanding shares:

	Shares outstanding	Treasury shares*	Issued
Number of shares 1 January 2023	30 513 107	192	30 513 107
Employee share purchase programme	63 146		63 146
Conversion of debt	1 053 028		1 053 028
Number of shares 31 December 2023	**31 629 281**	**192**	**31 629 281**
Number of shares 1 January 2022	209 629 830	1 914	209 629 830
Employee share purchase programme	854 940		854 940
Private placement	92 631 820		92 631 820
Consideration shares	2 014 480		2 014 480
Number of shares 31 December 2022	**305 131 070**	**1 914**	**305 131 070**

*Treasury shares are included in the column Other equity in the statement of changes in equity.

Please note that on the Annual General Meeting 23 May 2023, it was approved to resolve a 10:1 reverse share split, so that 10 shares were reversely split into 1 share (ex-date 30 May 2023). On 12 July, a share capital decrease was completed, reducing the nominal value of each Techstep to NOK 1. The number of shares stated for 2023 reflects this reverse share split.

2023

Techstep has issued consideration shares in relation to the following:

- 63 146 new shares related to employee share purchase programme
- 1 053 028 new shares related to issuance of shares to Stobor Invest AB by conversion of the Company's debt owed to Stobor Invest AB into shares in the company

2022

Techstep issued consideration shares in relation to the following:

- 854 940 new shares related to employee share purchase programme
- 53 244 140 new shares in relation to private placement
- 2 014 480 new shares related to the Crypho acquisition

As at 30 December 2023, Techstep's 20 largest shareholders were as follows:

Shareholder	Number of shares	Ownership
DATUM AS[1]	5 835 198	18.45%
KARBON INVEST AS[2]	4 371 619	13.82%
Swedbank AB	3 960 757	12.52%
STEENCO AS	869 566	2.75%
AS CLIPPER	869 566	2.75%
CAMIKO AS	803 300	2.54%
VERDIPAPIRFONDET DNB SMB	662 894	2.10%
CIPRIANO AS	599 916	1.90%
Saxo Bank A/S	577 202	1.82%
SPECTER INVEST AS	439 200	1.38%
GIMLE INVEST AS	413 234	1.31%
TIGERSTADEN AS	411 423	1.30%
Sbakkejord AS	400 000	1.26%
DNB Markets Aksjehandel/-analyse	330 282	1.04%
TVENGE	300 000	0.95%
TIGERSTADEN MARINE AS	250 000	0.79%
NORDHOLMEN AS	238 372	0.75%
HINVEST AS	215 699	0.68%
PIKA HOLDING AS	214 345	0.68%
ADRIAN AS	203 886	0.64%
Total number owned by top 20	**21 963 460**	**69.44%**
Total number of shares	**31 629 381**	**100.00%**

1) Datum AS is controlled by deputy Board member Jan Haudemann-Andersen.
2) Karbon Invest AS is owned by Board member Jens Rugseth. Jens Rugseth also owns shares in Techstep ASA through Rug Z.

Duo Jag AS, which is partly owned by Board member Ingrid Leisner, owns 60 157 shares in Techstep ASA. Hermia AS, which is partly owned by Board member Harald Arnet, owns 63 439 shares in Techstep ASA.

Share option grant

Prog-ramme	Grant date	Vesting date	Expiry date	Share options granted	Exercise price	Share options 31.12.22	Share options 31.12.23
2020	2020-06-22	2021-06-22	2024-06-22	426 988	3.00	131 922	131 922
2021	2021-04-22	2022-04-22	2026-04-22	153 110	5.80	70 429	70 429
	2021-04-23	2023-04-22	2026-04-22	153 110	5.80	50 525	50 525
	2021-04-24	2024-04-22	2026-04-22	153 110	5.80	50 525	50 525
2021	2021-09-22	2024-09-01	2026-09-01	150 000	4.75	150 000	0
	2021-09-23	2025-09-01	2027-09-01	150 000	5.75	150 000	0
	2021-09-24	2026-09-01	2028-09-01	150 000	6.75	150 000	0
2022	2022-04-21	2023-04-21	2027-04-21	105 688	3.25	84 725	56 775
	2022-04-22	2024-04-21	2027-04-21	105 688	3.25	84 725	56 775
	2022-04-23	2025-04-21	2027-04-21	105 688	3.25	84 726	56 775
2023	2023-08-30	2024-06-14	2028-06-14	238 333	18.7	-	188 329
	2023-08-30	2025-06-14	2028-06-14	238 333	18.7	-	188 333
	2023-08-30	2026-06-14	2028-06-14	238 333	18.7	-	188 338
Total						**1 007 577**	**1 038 725**

The fair value at grant date is independently determined per tranche using the Black Scholes Model. "As option gains are taxed with personal income tax rates (higher) and gains on ordinary shares are taxed with capital gains tax rates (lower), the assessment is that the participants will exercise early. Hence, exercise is assessed to occur before a full lifetime has lapsed. As the options are “non-transferable”, it is also likely that participants will tend to realise the gain on the options by exercising early as soon as exercise is possible.

Due to the arguments above, it is management’s best estimate that using the term from the grant date until one year after the vesting date as the estimated lifetime on the options is a fair assumption". The expected volatility of the company’s share price is 64 %. To estimate the volatility of the Techstep share, the Company’s historic volatility over the expected lifetime of the options has been used.

The risk-free interest rate used in the B&S model is the zero-coupon government bond issues of the country in whose currency the exercise price is expressed, with the term equal to the expected term of the option being valued. Since the exercise price is expressed in Norwegian kroner, the “Norges Bank Treasury Bill” and “Government bond” rate is used as input. The interest rates used for the options with term structures outside of the quoted terms of Norges Bank’s interest rates are calculated with the use of a linear interpolation between the two closest quoted rates.

Please see separate remuneration report for 2023 for more information about the share option programmes.

Overview of share options held by members of the management group as at 31 December 2023:

Name	Position	Shares	Share Options
David Landerborn	Interim CEO	32 497	82 966
Ellen Solum	CFO	15 402	150 000
Mads Vårdal	Chief Product Officer	502	199 737
Bartosz Leoszewski	Chief Technology Officer	41 336	84 065
Ellen Skaarnæs	Chief People Officer	5 422	84 065
Sheena Lim	Chief Marketing Officer	2 134	84 065

Note 27. Group structure

As at 31 December 2023 the Group consisted of the following companies:

Company	Location	Segment	Ownership
Techstep ASA	Oslo	Headquarters	100%
Techstep Norway AS	Oslo	Norway	100%
Crypho AS	Oslo	Norway	100%
Techstep Finance AS	Oslo	Norway	100%
Techstep AB	Karlstad/Borås	Sweden	100%
Techstep Finance AB	Karlstad	Sweden	100%
Techstep ApS	Vejle	Denmark	100%
Optidev ApS	Vejle	Denmark	100%
Techstep S.A	Gdansk	Poland	100%
Techstep Ireland Ltd.	Cork	Ireland	100%
Santa Rita Private Venture	Gdansk	Poland	100%

Note 28. Remuneration to auditor

Auditor remuneration

2023

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
BDO	1 779	-	-	183	1 962
PWC	1 298	-	-	-	1 298
Other	82	-	-	-	82
Total	**3 159**	**-**	**-**	**183**	**3 342**

2022

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
BDO	2 704	62	-	123	2 889
Other	218	-	41	144	403
Total	**2 922**	**62**	**41**	**267**	**3 292**

Note 29. Remuneration to the board and executive management

For detailed information on remuneration to executive management and the Board of Directors, see the separate remuneration report for 2023. The company has established guidelines for remuneration to executive management which were approved by the company's general meeting on 23 May 2023.

Note 30. Events after the reporting period

1. New CEO

On 26 January 2024, Morten Meier was appointed as Techstep's new CEO. Morten is a seasoned senior executive from the software and technology industry, with more than 25 years of experience from international organisations in the areas of leadership, strategy, business development, sales, marketing and operations. He comes from Microsoft Norway, where he has held several positions on the leadership team over the past ten years, latest as Senior Director Marketing & Operations (COO) and Deputy General Manager. Prior to Microsoft, he spent four years with IBM in leadership positions in Norway and at a Nordic level, and almost 10 years with Hewlett-Packard serving as Country Manager for Software and Services. David Landerborn, who served as interim CEO since 1 November 2023, resumed the position as Chief Operating Officer.

2. Covenants

The Group is in breach of covenants as of Q1 2024. The Lender and the Group have agreed upon an Addendum permitting continued access to the credit facilities under revised terms. The Addendum Letter contains an agreement of adjusted financial covenants (see note 15), the two largest shareholders shall issue an Equity Commitment Letter and the margin shall be adjusted. The Group shall also provide the Lender with monthly Financial Reports. Management has assessed the implications of this breach and the subsequent amendment on the Group's ability to continue as a going concern and its financial position. It has been determined that these events do not affect the ongoing operations or financial stability.

3. Strategic partnerships

On 28 February, Techstep signed a strategic partnership agreement with devicenow, a global provider of subscriptionbased IT devices, to introduce Lifecycle Portal to a wider customer base worldwide. Devicenow, a German-based company and part of the CHGMERIDIAN Group, has a global reach across 190 countries and serves several major global customers. Devicenow's vision is to become the leading player in the global DaaS marketplace with environmentally conscious IT device subscription, a market that is expected to grow from about USD 30 billion at the beginning of the decade to almost USD 500 billion in five years' time. This partnership allows Techstep increases its global reach whilst devicenow can add further great value to their offering through the Lifecycle Portal. Furthermore, the agreement presents opportunities to incorporate Techstep's managed services into devicenow's portfolio.

On 22 April 2024, Techstep signed strategic partner agreement with Consafe Logistics, a leading supply chain technology company, to assume control over their hardware division specialised in rugged devices. The collaboration allows Techstep to broaden its mobile devices solutions and services, while extending its reach into new and existing markets, as Consafe has decided to wind-down its hardware sales business, including related support services, to focus solely on supply chain software design. Under the agreement, Techstep assumes responsibility for servicing approximately 130 existing customers across Scandinavia, Poland and the Benelux region, to facilitate new device sales previously managed by Consafe Logistics. This includes 10,000 active devices and service agreements for ~2,200 devices. The hardware and services business represents an average yearly revenue of SEK 45-55 million the last three years, with a potential to deliver more capabilities and services from the Techstep portfolio. The transition of services and customers to Techstep is free of charge, while Consafe Logistics retains the right to a commission from hardware sales for a limited time. The transition of services and customers from Consafe Logistics to Techstep will be effective from 1 May 2024.

There are no other subsequent events to report after the reporting period.

Techstep ASA - Income statement

(Amounts in NOK 1 000)	Notes	2023	2022
Other revenue		70 896	67 555
Total revenue		**70 896**	**67 555**
Salaries and personnel costs	2	(19 219)	(60 936)
Other operational costs	2, 3	(43 179)	(46 277)
Depreciation	7	(4 319)	(4 387)
Amortisation	8	(6 710)	(4 107)
Other income	10	-	246
Other expenses	10	(1 970)	(2 292)
Operating profit (loss)		**(4 501)**	**(50 197)**
Financial income	4	18 541	16 765
Financial expense	4, 13	(26 626)	(14 552)
Profit before tax		**(12 586)**	**(47 983)**
Income tax	5	2 512	-
Net income		**(10 074)**	**(47 983)**

Statement of comprehensive income

(Amounts in NOK 1 000)	2023	2022
Net income	**(10 074)**	**(47 983)**
Other comprehensive income	**-**	**-**
Total comprehensive income for the period	**(10 074)**	**(47 983)**

Statement of financial position

(Amounts in NOK 1 000)

ASSETS	Note	31.12.2023	31.12.2022
Non-current assets			
Deferred tax asset	5	5 623	3 111
Technology	8	16 249	20 220
Total intangible assets		**21 872**	**23 332**
Right of use assets	7	13 156	8 660
Total tangible assets		**13 156**	**8 660**
Shares and investments	6	826 352	761 336
Non-current receivables from Group companies	9	-	91 013
Total financial assets		**826 352**	**852 349**
Total non-current assets		**861 380**	**884 340**
Current receivables from Group companies	9	120 795	121 769
Other receivables		11 157	8 251
Total inventories and receivables		**131 952**	**130 020**
Cash and cash equivalents	12	520	1 774
Total current assets		**132 472**	**131 794**
Total assets		**993 852**	**1 016 134**

EQUITY AND LIABILITIES	Note	31.12.2023	31.12.2022
Share capital		31 629	305 131
Other equity		660 998	383 747
Total equity		**692 627**	**688 878**
Non-current interest-bearing borrowings	11	128 365	88 271
Financial derivatives	13	4 092	-
Other non-current debt	7	10 930	4 954
Total non-current liabilities		**143 386**	**93 225**
Current interest-bearing liabilities	11	92 257	79 233
Trade payables		8 991	43 085
Current liabilities to Group companies	9	48 302	100 434
Other current liabilities	7	8 288	11 279
Total current liabilities		**157 838**	**234 031**
Total liabilities		**301 224**	**327 256**
Total equity and liabilities		**993 852**	**1 016 134**

Oslo, 29 April 2024, signatures from the Board of Directors and the CEO of Techstep ASA:

Michael Grant Jacobs Chairman	**Harald Arnet** Board member
Ingrid Leisner Board member	**Jens Rugseth** Board member
Melissa Ann Mulholland Board member	**Morten Meier** CEO

Statement of changes in equity

(Amounts in NOK 1 000)	Share capital	Other paid-in capital	Other equity	Total equity
Equity as at 1 January 2022	**209 630**	**705 655**	**(261 793)**	**653 491**
Profit for the period			(47 983)	(47 983)
Total comprehensive income for the period	**-**	**-**	**(47 983)**	**(47 983)**
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs				
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	2 014	3 442		5 456
Proceeds from issuance of shares net of transaction costs	93 487	8 698		102 185
Share-based payments			4 091	4 091
Equity as at 31 December 2022	**305 131**	**717 794**	**(334 048)**	**688 878**
Equity as at 1 January 2023	**305 131**	**717 794**	**(334 048)**	**688 878**
Profit for the period			(10 074)	(10 074)
Total comprehensive income for the period	**-**	**-**	**(10 074)**	**(10 074)**
Transactions with owners in their capacity as owners:				
Proceeds from issuance of shares net of transaction costs	1 116	13 722		14 838
Reverse share split	(274 618)	274 618		-
Share-based payments			(1 014)	(1 014)
Equity as at 31 December 2023	**31 629**	**1 006 134**	**(345 137)**	**692 627**

Statement of cash flow

(Amounts in NOK 1 000)	Note	2023	2022
Profit before tax		(12 586)	(47 983)
Depreciation and amortisation	7, 8	11 029	8 494
Share-based payments		(1 014)	4 091
Dividends and other reclassified to investment activities		(2 131)	(8 797)
Changes in net operating working capital and other non-cash		(90 261)	(54 656)
Net cash flow from operational activities		**(94 964)**	**(98 851)**
Payment for intangible assets	8	(2 738)	(16 525)
Repayment of loans from subsidiaries		34 340	15 234
Group contribution received		9 996	15 988
Interest received		1 988	1 685
Net cash used on investment activities		**43 586**	**16 382**
Redemption of non-controlling shareholders		-	(9 000)
Proceeds from issuance of shares		230	76 969
Proceeds from borrowings	11	178 313	49 925
Net change in bank overdraft	11	15 745	5 843
Repayment of borrowings	11	(124 832)	(24 747)
Lease repayments	7	(4 467)	(5 349)
Interest paid		(14 865)	(10 206)
Net cash flow from financing activities		**50 124**	**83 435**
Net change in cash and cash equivalents		**(1 254)**	**965**
Cash and cash equivalents at 1 January	12	1 773	808
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents as of 31 December*	**11**	**520**	**1 773**
of which is restricted		520	624

Techstep ASA – Notes to the annual accounts

Note 1. General information, basis for preparation

Techstep ASA is a public limited company incorporated and domiciled in Norway. The address of its registered office is Brynsalléen 4, 0667 Oslo, Norway. The shares of Techstep ASA are listed on the Oslo Stock Exchange under ticker TECH.

Techstep ASA is the parent company of the Techstep Group, with business in Norway, Sweden and Denmark. For more information see the consolidated financial statements.

The financial statements were approved by the Board of Directors on 29 April 2024 and will be proposed to the General Meeting 27 May 2024.

The financial statements for the company Techstep ASA have been prepared and presented in accordance with simplified IFRS pursuant to § 3-9 in the Norwegian Accounting Act.

For the accounting principles used to prepare and present the financial statements refer to note 1 General information and summary of significant accounting policies in the Group financial statement.

Accounting principles applicable to the company not presented in the Group financial statements:

Shares in subsidiaries

Subsidiaries are all entities controlled, either directly or indirectly, by Techstep ASA. Techstep ASA controls an entity when it is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through power over the entity.

Shares are classified as investment in subsidiaries from the date Techstep ASA effectively obtains control of the subsidiary (acquisition date).

Shares are measured at cost, and impairment loss is recognised if the carrying amount exceeds the recoverable amount. The impairment is reversed if the basis for the write-down is no longer present.

Group contributions received are included in financial income if they do not represent a repayment of capital invested. Group contributions received are recognised in the year of provision if it is probable that the future benefits will flow to the entity and the and the amount can be measured reliably. Group contributions that represent a repayment of capital are accounted for as a reduction in the cost of investments. Net Group contributions payable (gross Group contributions less tax effect) are accounted for as cost of investments in subsidiaries.

Dividends from subsidiaries and associates are included in financial income.

Note 2. Salaries and personnel cost

	2023	2022
Salary and holiday pay	6 673	19 474
Social security tax	2 181	1 878
Pension costs including social security tax	786	787
Other personnel costs	8 408	38 797
Total salaries and personnel cost	**19 219**	**60 936**
Number of employees at year end	5	5

Other personnel costs include personnel expenses from other Group companies of NOK 29.9 million in 2022 and 7.9 million in 2023.

The Company's pension plans meet the requirements of the Act on Mandatory occupational pensions (OTP).

Please refer to note 29 Remuneration to management in the consolidated Group financial statements for details regarding executive management remuneration and note 26 Share, capital structure and shareholders in the consolidated Group financial statements for information about share option grant.

Auditor remuneration

2023	Audit Services	Other attestation services	Tax Advisory Services	Other non-audit services	Total
PWC	400	0	0	0	400
BDO	876	0	0	123	1 000
Totalt	**1 276**	**0**	**0**	**123**	**1 400**

2022	Audit Services	Other attestation services	Tax Advisory Services	Other non-audit services	Total
BDO	1 174	62	0	0	1 236
Totalt	**1 174**	**62**	**0**	**0**	**1 236**

Note 3. Other operational costs

	2023	2022
Office rental and operations	2 063	2 331
Human resources	474	1 944
Sales and marketing	4 349	13 056
Computers and software	25 368	16 249
Fees for external services	8 595	10 614
Communication	39	44
Travel expense	419	397
Other costs	1 873	1 643
Total operating costs	**43 178**	**46 277**

Note 4. Finance income and expenses

	2023	2022
Gain on sale of equity instruments	0	661
Interest income	5 755	4 534
Dividend received from group companies	1 752	0
Group contributions received	4 590	8 076
Other financial income	6 445	3 494
Total financial income	**18 541**	**16 765**
Interest expenses	13 657	11 806
Other financial expenses	12 969	2 746
Total financial expenses	**26 626**	**14 552**

Interest income includes interest from group companies with MNOK 5.6 and interest expenses include interest to group companies with MNOK 1.5.

Note 5. Income tax

	2023	2022
Change in deferred tax	(2 512)	-
Tax expense	**(2 512)**	**-**
Reconciliation of relationship between accounting profit and tax expense		
Profit before tax	(12 586)	(47 983)
Tax at the Norwegian tax rate of 22 %	(2 769)	10 556
Tax effect permanent differences	(602)	(307)
Deferred tax asset not recognised	749	(10 249)
Correction late adjustment 2022	110	
Income tax expense	**(2 511)**	**-**
Amounts recognised directly in equity		
Deferred tax arising in the reporting period directly debited to equity:		
Deferred tax: Share issue cost	-	(823)
Total	**-**	**(823)**
Tax losses	22%	22%
Unused tax losses for which no deferred tax asset has been recognised*	(544 931)	(540 360)
Potential tax asset at 22 % tax rate	**(119 885)**	**(118 879)**
Deferred tax		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	(955)	(506)
Accounting accruals	-	(3 680)
Leasing	(1 962)	(1 559)
Financial instruments	(4 092)	-
Tax loss carried forward	(18 551)	(8 397)
Total basis for deferred tax	**(25 561)**	**(14 142)**
Tax rate deferred tax	**22%**	**22%**
Net deferred tax with applicable year's tax rate	(5 623)	(3 111)
Net deferred tax (+)/ deferred tax asset (-)	**(5 623)**	**(3 111)**

Note 6. Shares in subsidiaries

Shares in subsidiaries 2023	Location	Ownership/ voting rights	Book value	Equity 31.12.2023	Net income 2023
Techstep Norway AS *	Oslo	100%	365 608	123 427	(12 701)
Techstep Finance AS	Oslo	100%	39 916	8 862	6 261
Crypho AS	Oslo	100%	2 877	(3 020)	(95)
Techstep APS	Denmark	100%	65	474	1 145
Techstep AB**	Borås/Karlstad	100%	308 471	24 723	(23 344)
Techstep Polen S.A***	Gdansk	100%	109 415	24 641	7 286
Techstep Ireland Ltd***	Cork	100%	-	69	443
Santa Rita Private Venture***	Gdansk	100%	-	2 770	472
Total			**826 352**	**173 992**	**(28 487)**

* Mytos AS merged into Techstep Norway AS on 01 November 2023.

** Shares in Techstep AB increased with 65 MNOK due to debt conversion in 2023.

*** Techstep ASA owns 75% of Techstep SA and Techstep Ireland Ltd, Santa Rita Private Venture owns the remaining 25%.

Shares in subsidiaries 2022	Location	Ownership/ voting rights	Book value	Equity 31.12.2022	Net income 2022
Techstep Norway AS	Oslo	100%	244 078	127 646	16 325
Mytos AS	Oslo	100%	121 530	8 109	(727)
Techstep Finance AS	Oslo	100%	39 916	4 783	2 528
Crypho AS	Oslo	100%	2 877	(2 923)	(848)
Techstep APS	Denmark	100%	65	(615)	(355)
Techstep AB	Borås/Karlstad	100%	243 455	(21 430)	(38 287)
Techstep Polen S.A***	Gdansk	100%	109 415	14 830	1 307
Techstep Ireland Ltd***	Cork	100%	-	1 777	773
Santa Rita Private Venture***	Gdansk	100%	-	1 983	(25)
Total			**761 336**	**134 160**	**(19 308)**

Note 7. Leases

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings	Equipment	Total
As at 1 January 2023	7 806	853	8 659
Additions	8 821	(5)	8 816
Depreciation	(3 832)	(487)	(4 319)
As at 31 December 2023	**12 795**	**361**	**13 156**

Lease liabilities

	Buildings	Equipment	Total
As at 1 January 2023	9 316	904	10 219
Additions	8 821	(5)	8 816
Interest expense	493	30	523
Lease payments	(3 930)	(537)	(4 467)
As at 31 December 2023	**14 700**	**392**	**15 092**

Lease liabilities	**2023**	**2022**
Non-current	9 938	4 954
Current	5 154	5 265
Total	**15 092**	**10 219**

Maturity analysis nominal payments of lease liabilities 2023

	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease liabilities	5 154	9 937	0	0

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2023	2022
Depreciation charge		
Buildings	3 832	3 903
Equipment	487	483
Total	4 319	4 386
Interest charge	**523**	**451**
Other charges*	**0**	**0**

Note 8. Intangible assets

	Technology	Total
Accumulated cost as at 1 January 2023	24 328	24 328
Additions	2 738	2 738
Accumulated cost as at 31 December 2023	27 066	27 066
Accumulated cost as at 1 January 2022	7 803	7 803
Additions	16 525	16 525
Accumulated cost as at 31 December 2022	24 328	24 328
Accumulated amortisation and impairment as at 1 January 2023	(4 107)	(4 107)
Current year amortisation	(6 710)	(6 710)
Accumulated amortisation and impairment as at 31 December 2023	(10 817)	(10 817)
Accumulated amortisation and impairment as at 1 January 2022	-	-
Amortisation	(4 107)	(4 107)
Accumulated amortisation and impairment as at 31 December 2022	(4 107)	(4 107)
Book value as at 31 December 2023	16 249	16 249
Book value as at 31 December 2022	20 220	20 220
Estimated economic lifetime in years	3-5 years	
Depreciation method	linear	

Note 9. Receivables and liabilities to Group companies

	2023	2022
Non-current receivables	0	91 013
Non-current receivables from Group companies	**0**	**91 013**

	2023	2022
Group contribution received	31 224	16 320
Other current receivables	83 560	89 091
Trade receivables	6 011	16 358
Current receivables from Group companies	**120 795**	**121 769**

	2023	2022
Other current liabilities	48 302	100 434
Current liabilities to Group companies	**40 348**	**100 434**

Non-current receivables 2022 are related to investments in the Swedish operations. The receivable is interest bearing and considered a part of the Group's net investment in Sweden.

Techstep ASA has no other related party transactions other than management fee of MNOK 70.896 in 2023 and MNOK 67.555 in 2022.

Note 10. Other income and other expenses

	2023	2022
Derecognition of contingent consideration	-	246
Total	**-**	**246**

In relation to the acquisition of Crypho AS, a contingent consideration was recognised. The contingent consideration was partially reversed in 2022.

	2023	2022
Acquisition related costs	-	(604)
Other non-recurring expenses	(1 970)	(1 688)
Total	**(1 970)**	**(2 292)**

Acquisition related expenses in 2022 are related to the acquisition of Crypho AS and the remaining 20% of the shares in Techstep Finance AS. Other non-recurring expenses in 2022 and 2023 are related to restructuring.

Note 11. Borrowings

	2023		2022	
	Current	Non-current	Current	Non-current
Seller credits related to business combinations	0	0	27 789	0
Bank loan	48 750	128 365	23 682	88 271
Bank overdraft	43 441	0	27 762	0
Total interest-bearing debt	**92 191**	**128 365**	**79 233**	**88 271**

The table below sets out expected nominal payments on borrowings:

		Due within			
	Total	1 year	1-5 years	over 5 years	Annual interst rate
Bank overdraft facilities*	43 441	43 441	0	0	3-month NIBOR + 225 bps
Bank loan	147 115	18 750	128 365	0	3-month NIBOR + 280 / 260 bps
Revolving Credit Faciclity	30 000	30 000	0	0	3-month NIBOR + 260 bps
Total	**220 556**	**92 191**	**128 365**	0	

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.

Refer to note 15 in the Group financial statement for details about covenants and pledges.

The annual interest rates are:

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

In connection with the refinancing, Techstep ASA entered into an interest rate hedge agreement, where interest payments for 75% of the long-term borrowings are secured at 4.47% p.a. The duration of the agreement is 5 years, specified in note 13 Financial Derivatives.

Note 12. Cash and cash equivalents

The Company's cash and cash equivalents consists of:

	2023	2022
Cash and bank deposits	520	1 774
Total	**520**	**1 774**
Of which is restricted	520	624

Note 13. Financial Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently remeasured to fair value through profit and loss at the end of each reporting period.

The purpose of derivative transactions is to reduce the interest rate risk. In connection with the refinancing, Techstep ASA entered into an interest rate hedge agreement, where interest payments for 75% of the long-term borrowings are secured at 4.47% p.a. The duration of the agreement is five years.

Liabilities	2023		2022			
	Nominal amount	Fair Value	Nominal amount	Fair Value	Maturity Date	Interest rate
Interest rate swap	112 500	(4 092)	-	-	Sept 2028	4.47% p.a
Total interest-bearing debt	**112 500**	**(4 092)**	**-**	**-**		

The interest rate swap is recorded at fair value through profit and loss. A negative change in fair value of the interest rate swap of NOK 4.1 million is included in financial expenses.

Note 14. Events after the reporting period

Please refer to note 30 Events after the reporting period in the consolidated Group financial statements.

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 Device-as-a-Service.

Gross margin

Gross margin is defined as total revenue less cost of goods sold and depreciation from Device-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 nonrecurring 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

arnings before interest, tax, amortisation and impairment adjusted for transactions of a nonrecurring 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 the cost basis as well as the historic cost related to past business combinations and capex. The EBIT margin presented is defined as EBIT divided by total revenue.

Total net operating expenses

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

Device revenue

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

Device share of revenue is the Device revenue divided by total revenues.

Solutions revenue

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

Net interest-bearing debt (NIBD)

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

Equity ratio

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

Capital Expenditure (Capex)

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

Annual Recurring Revenue (ARR)

ARR is 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.

Recurring revenue

The recurring revenue portfolio includes Own Software, Advisory & Services and Device-as-a-Service on contracts of 24 months or more excluding mobile expenses management (MEM) white label (with three months' notice before year-end). Calculated as the recognized recurring revenue each quarter, annualized.

LTM

Last Twelve Months. Sum of each month for the historical period of the previous 12 months. Used for gross profit and EBITDA adjusted.

APM's in the income statement	2023	2022
Total revenue	1 089 491	1 273 652
Cost of goods sold	(644 460)	(813 534)
Gross profit	**445 031**	**460 119**
Gross margin	**40.8 %**	**36.1 %**
Salaries and personnel costs	(207 964)	(265 027)
Other operational costs	(99 571)	(109 626)
Other income	494	40 058
Other expenses	(1 970)	(10 015)
EBITDA	**136 019**	**115 509**
Depreciation	(107 603)	(109 222)
Impairment	-	-
EBITA	**28 416**	**6 287**
Amortisation	(64 915)	(58 492)
EBIT	**(36 498)**	**(52 206)**

Net gross profit	2023	2022
Gross profit	445 031	460 119
Depreciation from device-as-a-service	(91 112)	(92 840)
Net gross profit	**353 919**	**367 279**
Net gross margin	**32.5 %**	**28.8 %**

EBITDA adjusted	2023	2022
EBITDA	136 019	115 510
Other income	(494)	(43 476)
Other expense	1 970	13 433
EBITDA adjusted	**137 496**	**85 466**

EBITA adjusted	2023	2022
EBITA	28 416	6 287
Other income	(494)	(40 058)
Other expense	1 970	10 015
EBITA adjusted	**29 892**	**(23 756)**

Total net operating expenses	**2023**	**2022**
Cost of goods sold	(644 460)	(813 534)
Salaries and personnel costs	(207 964)	(265 027)
Other operational costs	(99 571)	(109 626)
Depreciation	(107 603)	(109 222)
Amortisation	(64 915)	(58 492)
Other expenses	(1 970)	(10 015)
Total net operating expenses	**(1 126 483)**	**(1 365 916)**

Revenue splits	**2023**	**2022**
Revenue	1 089 491	1 273 652
Device revenue	775 820	928 169
Solutions revenue	313 670	345 472
Device share of revenue	**71.2 %**	**72.9 %**
Solutions share of revenue	**28.8 %**	**27.1 %**

NIBD	**2023**	**2022**
Cash and cash equivalents	77 459	61 119
Non-current interest-bearing borrowings	129 927	90 665
Current interest-bearing borrowings	48 750	83 322
NIBD	**101 218**	**112 868**

Equity ratio	**2023**	**2022**
Total equity	573 697	571 520
Total equity and liabilities	1 270 799	1 323 299
Equity ratio	**45.1 %**	**43.2 %**

Debt to equity ratio	**2023**	**2022**
Total liabilities	697 103	751 780
Total equity	573 697	571 520
Debt to equity ratio	**1.22**	**1.32**

Responsibility statement

Oslo, 29 April 2024

From the Board of Directors and CEO of Techstep ASA

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2023, and the comparative figures presented for the period 1 January to 31 December 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Michael Jacobs
Chairman

Harald Arnet
Board member

Ingrid Leisner
Board member

Jens Rugseth
Board member

Melissa Ann Mulholland
Board member

Morten Meier
CEO

To the General Meeting of Techstep ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Techstep ASA, which comprise:

- the financial statements of the parent company Techstep ASA (the Company), which comprise the Statement of financial position as at 31 December 2023, the Income statement, Statement of comprehensive income, Statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Techstep ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 year from the election by the general meeting of the shareholders on 13 October 2023 for the accounting year 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of goodwill	
At the balance sheet date, the net value of goodwill was NOK 624 173 thousand distributed between several cash generation units (CGU's). The values involved are significant and constitute a major part of total assets in the balance sheet. Management performed impairment testing by estimating the recoverable amount of goodwill. Determination of the recoverable amount requires application of significant judgment by management, particularly in relation to cash flow forecast and discount rate. We focused on valuation of goodwill due to the pervasive effect a potential write down could have in the financial statement, and due to management's use of judgment in estimating the recoverable amount. See note 19 and 20 in the consolidated financial statements for further explanation of management's impairment review and management's use of judgment.	We obtained an understanding of management's process related to impairment of goodwill. We obtained management's impairment assessment and evaluated whether the impairment review and the valuation model used, were aligned with the requirements in IAS 36. We also tested the mathematical accuracy of the valuation model. We challenged management's assumptions on future revenues and margins by comparing them to historical financial data, budget for 2024 approved by the Board of Directors and long-term forecasts. We evaluated the discount rates for the different CGU's used by management by comparing the assumptions in the calculation of the discount rate against relevant internal and external information. Finally, we assessed the adequacy of the disclosures in note 19 and 20 to the consolidated financial statements and found them appropriate and in accordance with the IFRS requirements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.
In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Techstep ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 2023_12_31_Techstep_ASA_EN, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 29 April 2024
PricewaterhouseCoopers AS

Jone Bauge
State Authorised Public Accountant
(This document is signed electronically)

Note: Greenhouse Gas reporting

Techstep's greenhouse gas reporting is guided by the principles of the international standard GHG Protocol. All activity data are converted into GHG emissions, or CO2e using conversion factors. Techstep uses the operational control approach when defining the boundaries of its GHG inventory. The carbon footprint report for 2023 includes all Techstep's core operations in Norway, Sweden, Denmark and Poland. The methodology for accounting for the emissions

Boundaries

- Techstep does not own any office premises and is dependent on data input from landlords with respect to energy consumption and waste. Access to data from the various landlords varies, and for some offices the data provided is calculated as a share of the m^2 office space rented (scope 2, energy consumption + scope 3, waste)
- Techstep has different expense systems in Norway, Sweden/Denmark and Poland, respectively, which impacts data quality and comparability with respect to travels (Scope 3, Business travel)
- Techstep has outsourced all distribution to logistics partners, mainly as a "drop-shipment" solution with direct shipment to customers. Emission data provided by distribution partners and their sub-suppliers are of various quality, and hence impact somewhat the data accessibility and accuracy on parts of the transportation (scope 3, upstream transportation and distribution)
- Techstep is a reseller of mobile devices and accessories, and do not manufacture any own products. Emission data mainly includes average estimates based on product categories. Accuracy and granularity of data will be improved in the years to come (scope 3, purchased products and services")
- Scope 3 emissions are not yet complete or fully mapped, and total scope 3 emissions are expected to change as more emission sources are included in the carbon accounting. Techstep is committed to expanding the scope 3 emissions to include more emission sources and improving data quality going forward. This will be critical to track the development of emissions and define meaningful reduction targets for scope 3.

GHG annual emissions

Figures denoted in tCO_2e	2023	2022[1]	2021
Techstep Group			
Scope 1	16.1	20.2	1.3
Scope 2 (location-based)	33.1	32.1	32.9
Scope 2 (market-based)	65.8	71.3	87.8
Electricity	59.1	66.8	83.7
District heating	6.7	4.5	4.2
Scope 3			
Waste generated in operations	5.5	3.7	3.4
Business travel	203.9	81.4	23.7
Purchased goods and services	8 841.3	11 648.9	9 611.9
Fuel-and-energy-related activities	14.8	16.7	15
Upstream transportation and distribution	2.4	3	2.5
Techstep Norway	**2023**	**2022**	**2021**
Scope 1	-	-	-
Scope 2 (location-based)	5.4	6.1	5.5
Scope 2 (market-based)	35.5	34.1	36.5
Scope 3			
Waste generated in operations	2.8	3.6	3.3
Business travel	113.5	27.1	5.4
Purchased goods and services	5 757.6	8 109	7 320.2
Fuel-and-energy-related activities	3.3	1.6	0.7
Upstream transportation and distribution	1.5	2.1	1.7
Techstep Sweden			
Scope 1 (transportation)	5.5	6.1	1.3
Scope 2 (location-based)	9.8	7.2	7.3
Scope 2 (market-based)	6.9	11.3	27.4
Electricity	0.2	6.8	23.2
District heating	6.7	4.5	4.2
Scope 3			
Waste generated in operations	2.7	0.1	0.1
Business travel	70.3	51.8	9.5
Purchased goods and services	3 060.1	3 539.6	2 243.1
Fuel-and-energy-related activities	4.1	6	7.8
Upstream transportation and distribution	0.9	1	0.8

Techstep Denmark			
Scope 1 (transportation)	10.6	14.1	-
Scope 2 (location-based)	0.1	-	-
Scope 2 (market-based)	-	0.5	-
Scope 3			
Waste generated in operations	-	-	-
Business travel	2.9	0.2	-
Purchased goods and services	23.7	0.3	48.6
Fuel-and-energy-related activities	2.6	3.4	-
Techstep Poland			
Scope 1	-	-	-
Scope 2 (location-based)	17.8	18.7	20
Scope 2 (market-based)	23.4	25.4	23.9
Scope 3	16.1	20.2	
Waste generated in operations	-	-	-
Business travel	17.1	8.3	8.8
Purchased goods and services	-	-	-
Fuel-and-energy-related activities	4.8	5.7	6.5

Methodology

Techstep reports according to the GHG Protocol Corporate Accounting and Reporting Standard Revised edition for calculating and reporting GHG emissions. The reporting is done through the Cemasys portal where emission sources are converted into CO2-equivalents.

The GHG Protocol provides the following definitions for scope 1,2 and 3 emissions:

Scope 1 emissions: direct emissions from owned and controlled sources, including fuel combustion from company vehicles.

Scope 2 emissions: indirect emissions related to purchased energy; electricity and heating/cooling consumed by Techstep's offices or company owned electric vehicles. The emission factors used are based on assumptions in the International Energy Agency's statistics (IEA Stat).

The location-based method: is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period. Within this boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, and gas) result in direct GHG-emissions. These emissions are reflected in the location-based emission factor.

The market-based method: The choice of emission factors when using this method is determined by whether the business acquires Guarantees of Origin (GoOs/RECs) or not. When selling GoOs or RECs, the supplier certifies that the electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO_2e per kWh. However, for electricity without the GoO or REC, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold. This is called a residual mix, which is normally substantially higher than the location-based factor.

Scope 3 includes indirect emissions resulting from value chain activities, including purchased goods and services, business travel, transportation and distribution (upstream and downstream), investments, leased assets etc.

To the Board of Directors of Techstep ASA

Independent Report regarding Techstep ASA's Greenhouse Gas Statement

We have undertaken a limited assurance engagement in respect of Techstep ASA's Greenhouse Gas (GHG) Statement (Subject Matter) included in the accompanying Carbon Footprint report 2023 of Techstep ASA for the year ended December 31, 2023, comprising the tables 2.1 – 2.4, showing total emissions in Scope 1, Scope 2 and selected categories in Scope 3, and the explanatory notes in the chapter "1. About this report".

The applicable criteria against which the GHG Statement has been evaluated is the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (2004) (Criteria), applied as explained in the chapter "1. About this report" in the Carbon Footprint report. The GHG Protocol Corporate Accounting and Reporting Standard, is available at https://ghgprotocol.org/corporate-standard.

Management's Responsibility

Management is responsible for the preparation of the GHG Statement in accordance with the applicable Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a GHG Statement that is free from material misstatement, whether due to fraud or error.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management (ISQM 1), and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the GHG Statement based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in pwc

accordance with International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the GHG Statement is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of management's use of the Criteria as the basis for the preparation of the GHG Statement, assessing the risks of material misstatement of the GHG Statement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG Statement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we have:

- Through inquiries, obtained an understanding of Techstep ASA's control environment and information systems relevant to emissions quantification and reporting, but we did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.

-- Evaluated whether Techstep ASA's methods for developing estimates are appropriate and have been consistently applied.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Techstep ASA's GHG Statement has been prepared, in all material respects, in accordance with the Criteria.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Techstep ASA's GHG Statement for the year ended December 31, 2023 is not prepared, in all material respects, in accordance with the Criteria.

Oslo, April 29, 2024
PricewaterhouseCoopers AS

Jone Bauge
State Authorized Public Accountant

(This document has been signed electronically)

GRI Index

GRI Standard			Reference
Disclosures			
GRI 2:	2-1	Organisational details	Techstep ASA
General disclosures 2021	2-2	Entities included in the organisation's sustainability reporting	p. 6, 155
	2-3	Reporting period, frequency and contact point	1 January to 31 December 2023 (unless stated otherwise). Annual reporting. cathrine.birkenes@techstep.no
	2-4	Restatements of information	See footnotes on p. 27,32,34,47
	2-5	External assurance	The GHG report has been assured by PwC p.149-151
	2-6	Activities, value chain and other business relationships	p. 5, 11-12
	2-7	Employees	p. 36-40
	2-8	Workers who are not employees	Unavailable/incomplete
	2-9	Governance structure and organisation	p. 28
	2-10	Nomination and selection of the highest governance body	Corporate governance report, p. 50-52
	2-11	Chair of the highest governance body	p. 24 and p. 51
	2-12	Role of the highest governance body in overseeing the management of impacts	p. 28
	2-13	Delegation of responsibility for managing impacts	p. 28
	2-14	Role of the highest governance body in sustainability reporting	p. 28
	2-15	Conflicts of interests	Corporate governance report, p.52
	2-16	Communication of critical concerns	p. 46, Code of conduct
	2-17	Collective knowledge of the highest governance body	p. 24-25
	2-18	Evaluation of the performance of the highest governance body	p. 52
	2-19	Remuneration policies	Corporate governance report from p.48 + Remuneration policy
	2-20	Process to determine remuneration	Corporate governance report + Remuneration policy
	2-21	Annual total compensation ratio	The organization's highest paid individual is the CEO. Total compensation ratio (CEO vs employee average): na due to changes in management. Additional information on CEO remuneration can be found in the Remuneration Report 2023, available from the website www.techstep.io.
	2-22	Statement on sustainable development strategy	p. 26-27
	2-23	Policy commitments	p. 28, ESG policy

	2-24	Embedding policy commitments	p. 28, p. 41
	2-25	Process to remediate negative impacts	p. 41-44
	2-26	Mechanisms for seeking advice and raising concerns	p. 47, Code of conduct
	2-27	Compliance with laws and regulations	No non-compliances during the year
	2-28	Membership associations	UN Global Compact, Sustainability Board of Tech Sweden, Science Based Targets
	2-29	Approach to stakeholder engagement	p. 29
	2-30	Collective bargaining agreements	All employees in Sweden are covered by collective bargaining agreements
Stakeholder engagement			
GRI 3: Material topics 2021	3-1	Process to determine material topics	p. 30
	3-2	List of material topics	p. 30
Material topics			
Ethical business conduct			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 46, Code of conduct
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	All business areas in the group
	205-2	Communication and training about anti-corruption policies and procedures	Mandatory signature on Code of Conduct for all employees
	205-3	Confirmed incidents of corruption and actions taken	No incidents reported during 2023
GHG emissions (climate and environmental impact)			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 32-34
GRI 305: Environment	305-1	Direct (Scope 1) GHG emissions	p. 33
	305-2	Energy indirect (Scope 2) GHG emissions	p. 33,35
	305-3	Other indirect (Scope 3) GHG emissions	p. 33-34
	305-4	Emission intensity (Scope 1 & 2 per NOK million revenue)	p. 34
	305-5	Reduction of GHG emissions	p. 32-35
Circularity			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 31
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	p. 31, 34

GRI 306: Topic-specific Management approach disclosures	306-2	Management of significant waste-related impacts	p. 31
Techstep-specific disclosure		Number of mobile devices received	p. 31
		Avoided emissions (scope 4)	p. 31
Responsible sourcing and supply chain management			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 41-43
GRI 308: Supplier environmental assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	p. 42-43
GRI 214: Supplier social assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	p. 42-43
Cybersecurity & data privacy			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 45
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer	p. 45
Gender equality			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 38
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	p. 38-40

Mandatory concepts

Name of reporting entity or other means of identification	Techstep ASA
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	NA
Domicile of entity	Norway
Legal form of entity	ASA
Country of incorporation	Norway
Address of entity's registered office	Brynsalléen 4, NO-0667 Oslo
Principal place of business	Norway, Sweden, Poland
Description of nature of entity's operations and principal activities	Business within managed mobility services, hereunder sale of hardware, software and consultancy.
Name of parent entity	Techstep ASA
Name of ultimate parent of group	Techstep ASA

Techstep ASA
Brynsalléen 4
0667 Oslo
+47 915 233 37

www.techstep.io