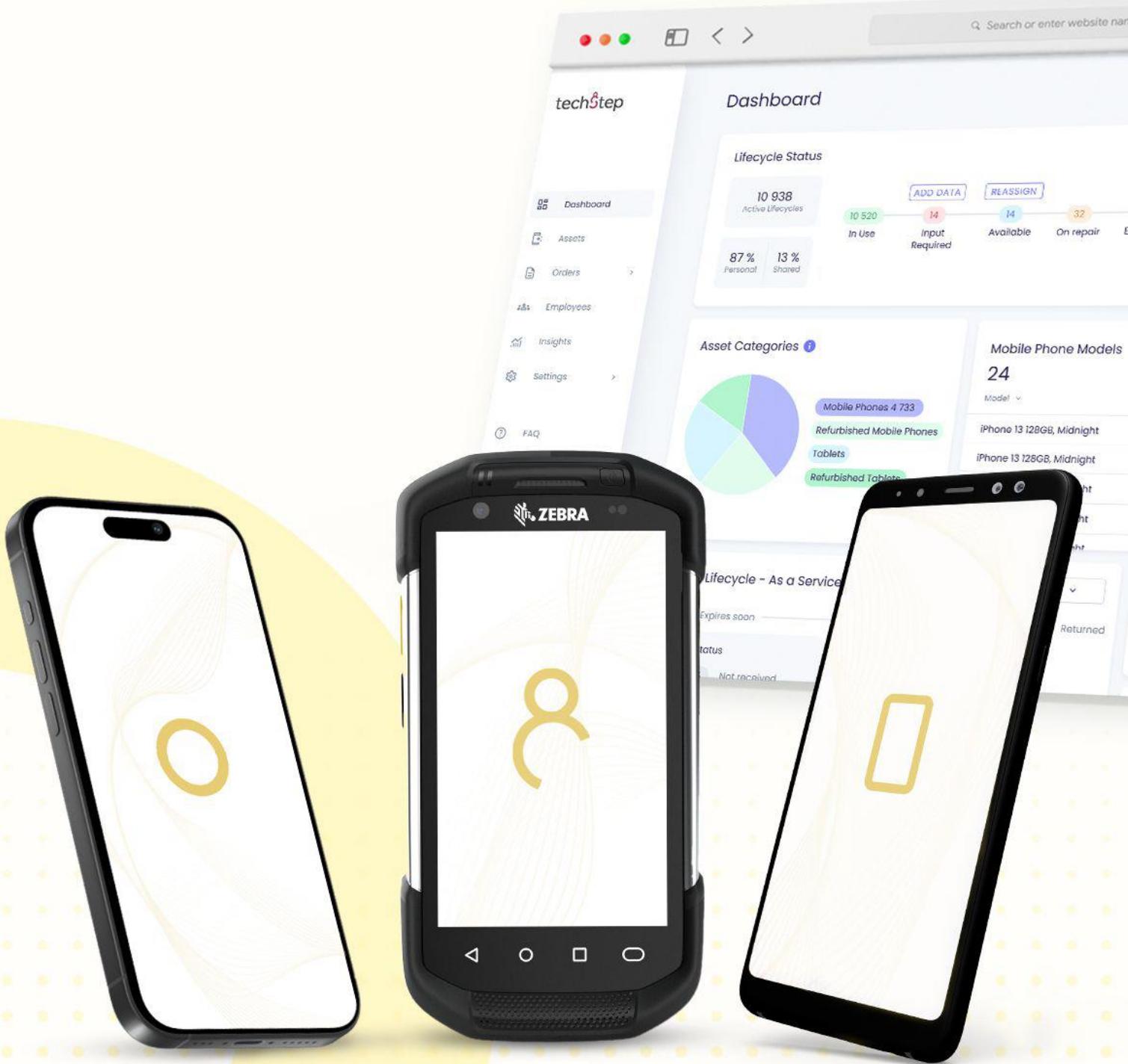




# Q1 Report 2024

We make mobile technology work for you



# Highlights Q1 2024

## **Positive EBITA adj. for the sixth consecutive quarter**

- Net gross profit impacted by lower device volumes, margin up from 32% to 34% y/y due to positive momentum in high margin revenues
- Continually delivering on the cost optimisation plan

## **Slow commercial quarter, impacted by early Easter-effect**

- Flat development in recurring revenue annualised y/y, decline in device sales partly offset by growth in Own Software and Advisory & Services
- Strong uptake in March on device orders, but majority of the shipment slipped into April

## **Refocused commercial strategy, increasing focus on partner sales**

- Launched a new Go-to-Market strategy and deployed a revised indirect business model for partner ready and highly scalable solutions
- Signed transformative strategic partnership agreement with devicenow

## **Subsequent events**

- Expanding rugged device and services business through strategic partnership with Consafe Logistics
- Recently signed agreement with a Nordic mobile operator covering Own Software and managed services

*"The profitability keeps moving in the right direction, and for the sixth consecutive quarter we delivered a positive EBITA adjusted. Our net gross profit margin improved from 32% to 34% year over year, and despite Q1 being impacted by the decline in device sales, we are already observing a strong uptick compared to previous months. Additionally, signing several new partner agreements in recent months, we see substantial potential through our indirect business model and anticipate accelerated growth, particularly in the second half of this year.*

*I have strong belief in mobile tech being a cornerstone of the digital transformation and acceleration we see around us every day, with improved connectivity, AI powered endpoints, Generation Z expectations to mobility and flexibility, the need to increase productivity and how mobile applications foster new business models, and I see Techstep perfectly positioned to make mobile technology work and create value in this exciting mobile first era!", says Morten Meier, CEO of Techstep.*

## **About Techstep**

Techstep is a mobile technology company, enabling organisations to perform smartly, securely, and sustainably by combining mobile devices, software and expertise to meet customers' business and ESG goals. We are a leading provider of managed mobility services in Europe, serving more than 2,100 customers in Europe with an annual revenue of NOK 1.1 billion in 2023. The company is listed on the Oslo Stock Exchange under the ticker TECH. To learn more, please visit [www.techstep.io](http://www.techstep.io).

## Key Figures

(Amounts in NOK 1 000)	Q1 2024	Q1 2023	FY 2023
Revenues <sup>1)</sup>	255 823	281 365	1 089 491
Recurring Revenue Annualised <sup>2)</sup>	310 134	307 930	312 142
ARR Own Software <sup>2)</sup>	113 815	108 930	115 348
Net gross profit <sup>3)</sup>	86 404	90 166	353 919
Net gross profit margin <sup>4)</sup>	33.8 %	32.0 %	32.5 %
EBITDA adjusted	31 302	32 665	137 496
EBITA adjusted	1 585	4 057	29 892
EBIT	(14 474)	(10 893)	(36 498)
Net profit (loss) for the period	(12 524)	(17 309)	(44 546)
EBITDA adj. margin (%)	12.2 %	11.6 %	12.6 %
EBITA adj. margin (%)	0.6 %	1.4 %	2.7 %
EBIT margin (%)	(5.7 %)	(3.9 %)	(3.4 %)
Net profit (loss) for the period (%)	(4.9 %)	(6.2 %)	(4.1 %)
Cash flow from operating activities	(13 449)	(2 711)	155 560
Cash flow from investment activities	(29 798)	(26 857)	(128 514)
Cash flow from financing activities	(14 995)	489	(12 730)
Cash	19 587	34 210	77 459
Net interest-bearing debt	151 588	152 480	101 218
Capex	(7 002)	(10 708)	(33 920)
Employees	267	287	267

<sup>1)</sup> Revenues for Q1 2023 have been restated due to a reclassification of kick-back and commissions from mobile device purchases from revenues to cost of goods sold.

<sup>2)</sup> 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. ARR from own software for Q1 2023 has been restated due to a reclassification of revenue contracts and product register.

<sup>3)</sup> Net gross profit is defined as total revenue less cost of goods sold and depreciation from Device-as-a-Service.

<sup>4)</sup> Net gross profit margin is net gross profit of revenues.

# Operational review

## Main developments

Techstep continued its positive development towards profitability in the first quarter of 2024, despite the continued decline in sales of mobile devices. The focus on transferring customers to a recurring revenue business model and high margin products and services continues to yield results, and the net gross profit margin increased two percentage points, from 32% to 34%, from the corresponding quarter last year.

In Q4 2022, Techstep initiated a NOK 90–100 million cost optimisation plan to align resources with the product portfolio and extract synergies from previously acquired companies. Since then, focus has been about streamlining business operations and optimising the cost base while maintaining commercial momentum, to make the company profitable. Even though Techstep has successfully delivered on the cost optimisation plan, the work with aligning resources with strategic priorities continues in 2024 in order to position for sustainable growth.

On the commercial side, first quarter was yet another slow quarter impacted by a decline in device sales. The decline may partly be explained by an early Easter-effect, as many device transactions滑ided into Q2.

A key win this quarter was a contract for delivering ticketing solutions for Stockholm's public transport system, SL. The tender was won together with ISS Facility Management AB, where Techstep will act as a subcontractor to ISS delivering mobile devices, own software, managed services and security alongside development and consultancy services. The contract replaces an existing agreement which expires by the end 2024 and is estimated to SEK 30 million over four years, featuring recurring revenues annualised of SEK 6.5 – 7.7 million and one-time implementation revenues of SEK 1.5–2.5 million.

## Refocused commercial strategy

At the start of 2024, Techstep launched a refocused 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, 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. Devicenow, a German-based company and part of the CHG-MERIDIAN 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 to increase 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.

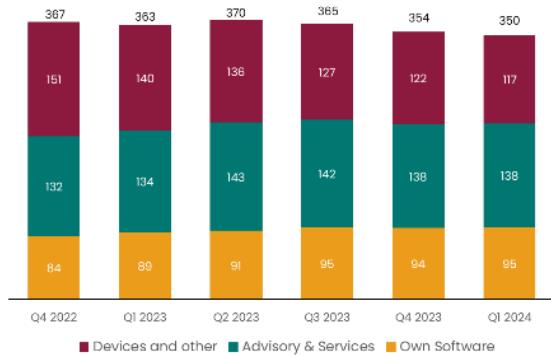
Moving into the second quarter, Techstep has signed agreements with two additional partners, Consafe Logistics and a Nordic mobile operator, respectively. The agreements allow Techstep to extend its reach into new and existing markets. For more information, see note 8 subsequent events.

## Revenue streams

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

The share of revenues from Advisory & Services and Own Software increased from 27% in Q1 2023 to 32% of total revenues in Q1 this year. The change is a result of both the decline in the device sales, but also due to successfully converting more customers over to higher value adding services. Net gross profit in Q1 2024 was NOK 86 million, vs. NOK 90 million last year, constituting a margin of 34% vs. 32% last year.

#### Net gross profit per revenue stream LTM<sup>1</sup>



#### Mobile Devices & Other

For Techstep, Q1 2024 was a continued slow quarter with respect to device sales. Compared to Q1 last year, the early Easter-effect, together with a slow start to the year, drove revenues from device sales down 16% compared to the same period last year. Total Mobile Devices & Other revenue in Q1 came to NOK 173 million, down from NOK 204 million in Q1 2023. The net gross profit margin was 15% which was in line with last year.

#### Advisory & Services

Revenue from Advisory & Services grew by 8% from the previous quarter, mainly driven by higher consulting revenues related to the larger partner and health agreements entered into last year and in the first quarter.

Total revenue from Advisory & Services came to NOK 56 million in Q1 with a margin of 65%, compared to NOK 51 million and a margin of 71% in the same period last year. Included in Advisory & Services is third party software, and q/q revenues and margins will naturally fluctuate, as revenues consist of both transactional and recurring revenue items.

#### Own Software

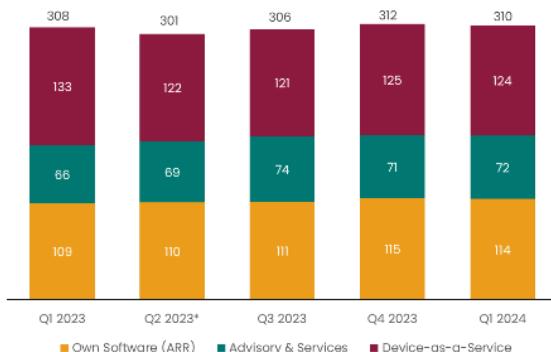
Revenue from Own Software was NOK 27 million for the quarter, in line with last quarter and a 5% increase since the corresponding quarter last year.

#### 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.

<sup>1</sup> ARR for Q2 2022–Q1 2023 has been restated, due to a reclassification of revenue contracts and product register

Recurring revenue - annualised<sup>2</sup>

In Q1, recurring revenues annualised grew by 1% y/y to NOK 310 million but decreased by 1% from Q4 last year. The decline from previous quarter is driven by a reduction in Device-as-a-service. Year over year comparison show a 7% decrease in DaaS in Q1 2024 vs. Q1 2023, but this reduction is compensated with a 4% and 9% increase in Own Software and Advisory & Services, respectively.

<sup>2</sup> ARR for Q2 2022–Q1 2023 has been restated due to a reclassification of revenue contracts and product register. DaaS for Q2 2023 has been corrected due to error in reported figures that quarter. This has no effect on the financial figures.

## Financial review

The interim financial information has not been subject to audit. Figures in brackets refer to the corresponding quarter in 2023 for profit and loss items, and year-end 2023 figures for balance sheet items.

### Profit and loss

Techstep had total revenue of NOK 256.1 million in the first quarter of 2024, a decrease of 9% from the corresponding quarter last year. The decline relates entirely to reduced sales of mobile devices, and the reduction is partly offset by positive development in revenues from Own Software and Advisory& Services.<sup>3</sup>

Net gross profit in the first quarter was NOK 86.4 million, decreased from 90.2 million last year, as a result of the decline in device sales. However, net gross margin increased with two percentage points to 34%, as the share of high margin revenues increased. Due to the cost optimisation programme implemented since Q4 2022, the first quarter generated positive results from operations, despite the decline in revenues. EBITA adjusted in the quarter was NOK 1.6 million, a decrease of NOK 2.5 million from the corresponding period last year. Total expenses excluding depreciation and amortisation decreased by 1% despite operating costs y/y are highly affected by the rising inflation the last 12 months. Additionally, the investments in back-office IT systems continues, increasing costs further, offsetting some of the effects from reduction in number of employees and other operating costs. Operating loss in the period was NOK 14.5 million, vs NOK 10.9 million in the same period in 2023.

Net financial items were negative at NOK 2.3 million (NOK -8.4 million) in the quarter. 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 1.7 million in the first quarter of 2024.

Net loss in the period was NOK 12.5 million (NOK -17.3 million).

### Financial position

As at 31 March 2024, total assets were NOK 1 192 million, compared to NOK 1 271 million as at 31 December 2023.

Intangible assets include deferred tax assets, goodwill and customer relations and technology, and accounted for NOK 797.4 million (NOK 798.3 million). The increase from last year is due to currency translation effects on goodwill, offset by amortisation of customer relations and technology, both purchased and developed. Goodwill constitutes NOK 627.9 million of total intangible assets.

Total tangible assets were NOK 186.7 million (NOK 191.0 million) including NOK 154.2 million (NOK 159.5 million) in capitalised devices under Device-as-a-Service to customers and NOK 32.6 million (NOK 31.5 million) in other tangible assets, which include right-of-use assets such as premises and other capitalised equipment.

Total inventories and receivables were NOK 184.1 million (NOK 200.2 million) at the end of the quarter. The decrease was due to seasonality as device revenues decline substantially in the first quarter compared to fourth quarter last year.

Total equity at the end of the first quarter was NOK 567.4 million (NOK 573.7 million), corresponding to an equity ratio of 48% (45%).

Total non-current liabilities were NOK 56.3 million at the end of the first quarter, vs. NOK 183.9 million at the end of 2023. The

<sup>3</sup> In fourth quarter of 2023, Techstep reviewed accounting principles for kick back from partners, and reclassified

revenues from kick-back to reduction of cost of goods sold. Q1 2023 have been restated.

reduction relates to the reclassification of bank borrowings from long-term to short-term in the first quarter. Due to a deterioration in the working capital situation towards the end of March 2024, Techstep was on 31 March in breach with the loan covenants for the bank financing with Nordea. In April, the company secured a waiver for the covenant breach as at the end of first quarter. In addition, as well as a new agreed loan covenant track going forward which will be less sensitive to volatility in cash position at quarter end. However, according to IFRS, the long-term part of the borrowings is reclassified to short-term borrowings in the statement of financial position due to the covenant breach at the quarter end.

Current interest-bearing borrowings consequently consists of entire interest-bearing borrowings of NOK 169.8 million, including the drawn credit facilities.

Net interest-bearing debt at the end of Q1 2024 was NOK 151.6 million, an increase of NOK 50.4 million since the end of 2023, caused by the working capital effects on cash during the quarter.

Total current liabilities were NOK 568.2 million (NOK 513.2 million). The increase was primarily caused by the reclassification of long-term borrowings, offset by the reduction in account payables. The movement in account payables is due to both seasonal effects in addition to the decline in device revenues in the quarter vs. fourth quarter of 2023. Current liabilities related to Device-as-a-Service of NOK 159.7 million (NOK 167.2 million) includes buy-back obligations and deferred revenues from the Device-as-a-Service revenue segment. Other current liabilities of NOK 99.7 million (NOK 98.9 million) include public duties and general cost accruals.

## Cash flow

Net cash flow from operating activities was NOK -13.4 million in the quarter (NOK -2.7 million). Change in net working capital was negative

NOK 41.7 million, vs. NOK -32.0 million in 2023. Due to the seasonality in the devices sales business, the first quarter will generally experience a decline in the working capital situation. In 2024, the effects are higher than in 2023 due to easter vacation in March vs. April in 2023. Additionally, as easter holiday fell on the last days of the month, payment from customers were delayed longer than anticipated. While the working capital is generally expected to improve throughout the year, driven by the seasonal fluctuations, attention is directed towards further improving the working capital balance.

Net cash outflow from investment activities in Q1 was NOK 29.8 million (NOK 26.9 million) and consists of capital expenditures for equipment related to Device-as-a-Service of NOK 27.0 million (NOK 20.5 million) and investments in Own Software and IT of NOK 7.0 million (NOK 10.7 million). The investment pace in own IT and Software has been significantly reduced starting in the last quarter in 2022 after the company launched the cost savings programme.

Net cash flow from financing activities was NOK -15.0 million (NOK +0.5 million) in the quarter and consists primarily of repayment of borrowings of NOK 7.5 million (NOK 20.6 million) interest and lease repayments. In Q1 2023, NOK 28.0 million was drawn on short term credit facilities during the quarter.

Net change in cash and cash equivalents in the first quarter of 2024 was NOK -58.2 million, from NOK 77.5 million in the previous quarter to NOK 19.6 million at the end of the current quarter. Techstep also has additional liquidity available through the bank facilities.

## Related parties

There were no material transactions with related parties during the first quarter of 2024.

## Risk and uncertainties

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

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

The global component shortage showed signs of easing at the end of 2023, while previous production, logistics and transportation challenges in the supply chain have been resolved. In case of new supply chain disruptions, Techstep may experience delays in mobile device deliveries, hence Techstep continues to maintain close cooperation with key suppliers to ensure timely deliveries.

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

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

Techstep's liquidity risk is related to a mismatch between cash flows from operations and financial commitments. Techstep is transforming itself from a transactional business model to a software-led recurring revenue model, which leads to postponed cash inflows, negatively affecting the liquidity of the Group. Investments in simplification and standardisation of the company's product portfolio and solutions, new organisational capabilities and acquisitions and integration, have furthermore increased the company's debt over time. The Group's liquidity is closely monitored by management and the Board of Directors. The refinancing of loans and credit facilities in Q3 2023 has given Techstep an improved and more flexible financial situation. If the need arises, the Group has access to multiple funding sources during the transformation process.

For more information on Techstep's risk factors and risk management, reference is made to the Board of Directors report in the Annual Report for 2023 and the prospectus from 29 December 2022, both available from [www.techstep.io/investor](http://www.techstep.io/investor).

## Outlook

Techstep serves more than 2 100 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 mobile technology company 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. In the first quarter of 2024, Techstep signed a strategic partnership agreement with devicenow for the Lifecycle portal. This marks a pivotal moment for the company's indirect business model, proving the market relevance and high scalability of Techstep's proprietary software, and is an opportunity for significant growth in a steeply growing market.

The cost optimisation programme announced in late 2022 was successfully implemented during 2023, despite negative impact from the

high inflation. 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 will continue in 2024.

Although the first quarter 2024 was highly affected by the decline in device sales, the second quarter already see an uptick from the previous months. The expectation is an 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%.

## Business overview

*Note that from the Q4 2023 report, Hardware & Other and Hardware-as-a-Service has been renamed Mobile Devices & Other and Device-as-a-Service, respectively.*

### Business activities and strategy

Built on a decade of telecoms and mobile technology expertise, Techstep was established in 2016. Through several 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 strategic partner programmes with mobile service providers, distributors and other complimentary channel partners, 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 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.<sup>4</sup> Techstep extends the traditional MMS definition to include strategic advisory and software development services, leveraging mobile technology to transform organisational operations and capabilities.

Gartners' recognition of Techstep as a global challenger in the MMS market<sup>5</sup> underscores the company's strategic position 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 trusted authority within the IT sector. This acknowledgement reflects Techstep's ongoing commitment to changing the world of work and serves as a continued validation towards the European market.

Research shows strong supporting trends, and according to Gartner, the MMS market is

related accessories, network services, mobile management systems and mobile applications".

Gartner's annual report on Managed Mobility Services (MMS)

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

<sup>4</sup> 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,

expected to grow by an annual 3% in Europe and 7-9% in Norway and Sweden over the next four years<sup>6</sup>.

## Product offering

Techstep's product offering 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. Techstep has the biggest cluster of mobile tech expertise in Scandinavia strategizing, planning, developing, and implementing new mobile ways of working.

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.

## Revenue streams

Techstep is transforming its business model from transactional revenue to a recurring

revenue model. This will enhance financial predictability for Techstep, while at the same time ensuring better value for customers by providing them with continuous service rather than one-off transactions. Today, Techstep has the following three main 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, but are often the entry point for selling additional products and solutions.

### **"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.

### **"Own Software"**

High margin revenue (>85%) from proprietary software products sold as recurring contracts with a minimum of a 12-month commitment. The current portfolio consists of four software products; Lifecycle, which is automated device lifecycle management; Expense, which is simplified management of mobile subscription costs; Essentials MDM which is an affordable and straightforward mobile devices management tool; and Amplify which is custom apps for mobile data capture and workflows.

## Sustainability

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

<sup>6</sup> Gartner IT Services Forecast Q3 2023

company's sustainability agenda is an essential part of the company's mission.

Over the past years, Techstep has strengthened its focus on environmental, social and governance (ESG), risk and compliance, with clearer priorities and a dedicated and stronger team in place. The organisation has implemented management practices based on the ISO standard, leading to ISO 9001 (quality) and 14001 (environment) certifications

in Q1 2023. 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 to silver, placing Techstep among the top 8% of more than 90 000 companies evaluated globally.

More information on Techstep's sustainability efforts can be found in the company's Annual Report 2023, available from [www.techstep.io](http://www.techstep.io).

## Consolidated Income statement

(Amounts in NOK 1000)	Note	Q1 2024	Q1 2023	FY 2023
Revenue <sup>1)</sup>	2, 3	255 823	281 344	1 088 970
Other revenue		287	21	521
<b>Total revenues</b>		<b>256 111</b>	<b>281 365</b>	<b>1 089 491</b>
Cost of goods sold <sup>1)</sup>		(143 723)	(166 976)	(644 460)
Salaries and personnel costs		(57 060)	(59 180)	(207 964)
Other operational costs		(24 026)	(22 543)	(99 571)
Depreciation	5	(29 717)	(28 609)	(107 603)
Amortisation		(16 199)	(15 085)	(64 915)
Other income and expenses		140	135	(1 476)
<b>Operating profit (loss)</b>		<b>(14 474)</b>	<b>(10 893)</b>	<b>(36 498)</b>
Financial income		710	2 730	10 456
Financial expense		(3 036)	(11 156)	(33 509)
<b>Profit before taxes</b>		<b>(16 799)</b>	<b>(19 318)</b>	<b>(59 552)</b>
Income taxes		4 276	2 010	15 006
<b>Net profit (loss) for the period</b>		<b>(12 524)</b>	<b>(17 309)</b>	<b>(44 546)</b>
<b>Net income attributable to</b>				
Non-controlling interests		-	-	-
Shareholders of Techstep ASA		(12 524)	(17 309)	(44 546)
<b>Earnings per share in NOK:</b>				
Basic		(0.40)	(0.57)	(1.43)
Diluted		(0.40)	(0.57)	(1.43)

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

<sup>1)</sup>The revenues and cost of goods sold for previously reported quarters in 2023 has been restated due to a reclassification of kick-backs and commissions from partners, in the amount of NOK 10 million in Q1 2023.

## Consolidated statement of comprehensive income

(Amounts in NOK 1 000)	Note	Q1 2024	Q1 2023	FY 2023
<b>Net profit (loss) for the period</b>		<b>(12 524)</b>	<b>(17 309)</b>	<b>(44 546)</b>
<b>Items that may be reclassified to profit and loss</b>				
Exchange differences on translating foreign operations		5 448	26 554	32 899
Income tax related to these items		-	-	-
<b>Other comprehensive income</b>		<b>5 448</b>	<b>26 554</b>	<b>32 899</b>
<b>Total comprehensive income</b>		<b>(7 076)</b>	<b>9 245</b>	<b>(11 647)</b>
<b>Total comprehensive income attributable to</b>				
Non-controlling interests		-	-	-
Shareholders of Techstep ASA		(7 076)	9 245	(11 647)

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

## Consolidated statement of financial position

ASSETS	Note	Q1 2024	Q1 2023	2023
<b>Non-current assets</b>				
Deferred tax asset		15 809	7 223	13 092
Goodwill		627 874	619 431	624 173
Customer relations and technology		153 675	185 361	160 991
<b>Sum intangible assets</b>		<b>797 358</b>	<b>812 016</b>	<b>798 256</b>
Assets related to Device-as-a-Service	5	154 189	153 072	159 501
Other tangible assets	5	32 551	36 064	31 511
<b>Sum tangible assets</b>		<b>186 741</b>	<b>189 136</b>	<b>191 012</b>
<b>Sum financial assets</b>		3 993	890	3 917
<b>Total non-current assets</b>		<b>988 091</b>	<b>1 002 041</b>	<b>993 185</b>
Inventories		5 722	19 921	10 502
Trade receivable		141 775	136 672	159 067
Other receivables		36 651	38 922	30 586
<b>Total inventories and receivables</b>		<b>184 147</b>	<b>195 515</b>	<b>200 155</b>
Cash and cash equivalents	6	19 587	34 210	77 459
<b>Total current assets</b>		<b>203 734</b>	<b>229 725</b>	<b>277 614</b>
<b>Total assets</b>		<b>1 191 825</b>	<b>1 231 766</b>	<b>1 270 799</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	4	31 629	305 131	31 629
Other equity		535 733	276 536	542 067
<b>Total equity</b>		<b>567 362</b>	<b>581 667</b>	<b>573 697</b>
Deferred tax		13 456	20 638	14 674
Non-current interest-bearing borrowings	7	1 406	80 078	129 927
Financial derivatives		2 344	-	4 092
Non-current liabilities related to Device-as-a-Service		20 303	18 585	19 316
Other non-current debt		18 793	14 831	15 916
<b>Total non-current liabilities</b>		<b>56 302</b>	<b>134 132</b>	<b>183 924</b>
Current interest-bearing borrowings	7	169 768	106 612	48 750
Trade payable		138 968	119 643	198 353
Current liabilities related to Device-as-a-Service		159 692	169 007	167 231
Other current liabilities		99 733	120 706	98 845
<b>Total current liabilities</b>		<b>568 161</b>	<b>515 968</b>	<b>513 179</b>
<b>Total liabilities</b>		<b>624 463</b>	<b>650 099</b>	<b>697 103</b>
<b>Total equity and liabilities</b>		<b>1 191 825</b>	<b>1 231 766</b>	<b>1 270 799</b>

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

## Consolidated statement of changes in equity

(Amounts in NOK 1 000)	Share capital	Other paid-in capital	Other equity	Reval. Reserve	Total equity capital
<b>Equity as at start of 2023</b>	<b>305 131</b>	<b>690 906</b>	<b>(392 252)</b>	<b>(32 266)</b>	<b>571 520</b>
Profit for the period	-	-	(44 546)	-	(44 546)
Other comprehensive income	-	-	-	32 899	32 899
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(44 546)</b>	<b>32 899</b>	<b>(11 647)</b>
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)
<b>Equity as at end of 2023</b>	<b>31 629</b>	<b>979 246</b>	<b>(437 812)</b>	<b>633</b>	<b>573 697</b>
<b>Equity as at start of 2024</b>	<b>31 629</b>	<b>979 246</b>	<b>(437 812)</b>	<b>633</b>	<b>573 697</b>
Profit for the period	-	-	(12 524)	-	(12 524)
Other comprehensive income	-	-	-	5 448	5 448
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(12 524)</b>	<b>5 448</b>	<b>(7 076)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share-based payments	-	-	742	-	742
<b>Equity as at March 31 2024</b>	<b>31 629</b>	<b>979 246</b>	<b>(449 594)</b>	<b>6 081</b>	<b>567 362</b>

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

## Consolidated statement of cash flow

(Amounts in NOK 1 000)	Note	Q1 2024	Q1 2023	FY 2023
Profit before tax		(16 799)	(19 318)	(59 552)
Depreciation equipment and other fixed assets	5	26 515	24 877	93 498
Depreciation right-of-use assets	5	3 202	3 732	14 106
Amortisation		16 199	15 085	64 915
Share-based payments		742	900	(1 014)
Financial instruments and other		(1 593)	0	4 204
Gain from sale of PPE reclassified to investment activities	5	(2 530)	(3 130)	(9 269)
Net exchange differences		(614)	5 931	4 252
Taxes paid		-	(2 059)	(2 386)
Interest expense (revenue) reclassified to investing/financing activities		3 813	3 275	13 584
Changes in net operating working capital		(42 383)	(32 003)	33 225
<b>Net cash flow from operational activities</b>		<b>(13 449)</b>	<b>(2 711)</b>	<b>155 560</b>
Payment for equipment and other fixed assets	5	(27 003)	(20 538)	(112 733)
Payment for intangible assets		(7 002)	(10 708)	(33 920)
Proceeds from sale of property, plant and equipment		3 924	4 324	17 071
Interest received		282	65	1 068
<b>Net cash used on investment activities</b>		<b>(29 798)</b>	<b>(26 857)</b>	<b>(128 514)</b>
Proceeds from issuance of shares		-	-	230
Proceeds from borrowings	7	-	27 994	178 313
Repayment of borrowings		(7 656)	(20 626)	(161 075)
Lease repayments		(3 710)	(4 126)	(15 263)
Interest paid		(3 629)	(2 753)	(14 935)
<b>Net cash flow from financing activities</b>		<b>(14 995)</b>	<b>489</b>	<b>(12 730)</b>
<b>Net change in cash and cash equivalents</b>		<b>(58 242)</b>	<b>(29 078)</b>	<b>14 316</b>
Cash and cash equivalents at beginning of period		77 459	61 119	61 119
Effects of exchange rate changes on cash and cash equivalents		369	2 169	2 024
<b>Cash and cash equivalents at end of period</b>	6	<b>19 587</b>	<b>34 210</b>	<b>77 459</b>

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

# Notes to the consolidated financial statements

## **Note 1. Accounting principles**

Techstep (the Group) consists of Techstep ASA (the Company) and its subsidiaries. Techstep ASA is a limited liability company, incorporated in Norway. The consolidated interim financial statements consist of the Group. As a result of rounding differences, numbers or percentages may not add up to the total.

### **1. ACCOUNTING PRINCIPLES**

The interim consolidated financial statements are prepared under International Financial Reporting Standards (IFRS) for the periods presented. The interim financial report is presented in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with the Group's Annual Financial Statements for 2023. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2023. This report has not been audited.

## Note 2. Segments

Over the last years, 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 three different revenue streams. The organisation and the profitability measurement has been changed from purely legal and geographical to a functional matrix 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.

From Q4 2023, Techstep 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. Disaggregation of revenues

In the following tables, Total revenue and net gross profit is disaggregated by major revenue streams across the commercial markets.

Q1 2024	Sweden/										Group			
	Norway		Denmark		Poland		Eliminations							
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP				
Devices	125 401	15 090	47 853	10 469	-	-	(660)	247	<b>172 595</b>	<b>25 805</b>				
Advisory & Services*	23 001	17 265	36 634	20 651	46	46	(3 784)	(1 773)	<b>55 897</b>	<b>36 190</b>				
Own Software	11 234	10 353	7 949	6 950	9 119	7 267	(970)	(389)	<b>27 332</b>	<b>24 182</b>				
Other revenues	156	156	150	87	-	-	(19)	(17)	<b>287</b>	<b>226</b>				
<b>Total</b>	<b>159 792</b>	<b>42 864</b>	<b>92 586</b>	<b>38 157</b>	<b>9 166</b>	<b>7 314</b>	<b>(5 433)</b>	<b>(1 932)</b>	<b>256 111</b>	<b>86 404</b>				

Q1 2023	Sweden/										Group			
	Norway		Denmark		Poland		Eliminations							
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP				
Devices	140 114	20 514	65 109	8 413	-	-	(822)	2 058	<b>204 402</b>	<b>30 984</b>				
Advisory & Services*	18 019	13 299	33 357	23 744	37	37	(589)	(1 161)	<b>50 824</b>	<b>35 918</b>				
Own Software	12 353	11 741	6 923	5 435	7 028	5 723	(186)	381	<b>26 119</b>	<b>23 280</b>				
Other revenues	(127)	(130)	149	114	-	-	(2)	(0)	<b>21</b>	<b>(17)</b>				
<b>Total</b>	<b>170 360</b>	<b>45 424</b>	<b>105 538</b>	<b>37 705</b>	<b>7 065</b>	<b>5 760</b>	<b>(1 598)</b>	<b>1 278</b>	<b>281 365</b>	<b>90 166</b>				

FY 2023	Sweden/											
	Norway		Denmark		Poland		Eliminations		Group		Revenue	NGP
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP		
Devices	551 078	79 543	231 880	35 867	-	(6)	(7 138)	6 200	<b>775 820</b>	<b>121 604</b>		
Advisory & Services*	79 155	55 926	129 744	77 820	338	338	(3 572)	3 527	<b>205 667</b>	<b>137 612</b>		
Own Software	48 251	45 568	27 168	21 491	32 819	25 588	(755)	1 536	<b>107 483</b>	<b>94 182</b>		
Other revenues	388	388	868	868	-	-	(735)	(735)	<b>521</b>	<b>521</b>		
<b>Total</b>	<b>678 873</b>	<b>181 424</b>	<b>389 660</b>	<b>136 046</b>	<b>33 158</b>	<b>25 920</b>	<b>(12 199)</b>	<b>10 528</b>	<b>1 089 491</b>	<b>353 919</b>		

\*Commission and third-party software are included in Advisory & Services

## Note 4. Share capital and shareholders

The company's share capital as at 31 March 2024 was NOK 31 629 381, divided into 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 annual general meeting. At the time of this report, Techstep holds 192 treasury shares.

### Techstep's 20 largest shareholders at 31 March 2024 were as follows:

Shareholder	# of shares	Ownership %
DATUM AS	5 835 198	18.45%
KARBON INVEST AS <sup>1)</sup>	4 371 619	13.82%
Swedbank AB	3 851 171	12.18%
CAMIKO AS	927 417	2.93%
STEENCO AS	869 566	2.75%
AS CLIPPER	869 566	2.75%
VERDIPAPIRFONDET DNB SMB	649 079	2.05%
CIPRIANO AS	599 916	1.90%
Saxo Bank A/S	575 370	1.82%
SPECTER INVEST AS	498 000	1.57%
Sbakkejord AS	415 000	1.31%
TIGERSTADEN AS	411 423	1.30%
GIMLE INVEST AS	407 096	1.29%
TORSTEIN TVENGE	300 000	0.95%
DNB Markets Aksjehandel/-analyse	292 982	0.93%
KARL A HARALDSEN 1 AS	250 000	0.79%
TIGERSTADEN MARINE AS	250 000	0.79%
NORDHOLMEN AS	238 372	0.75%
PIKA HOLDING AS	214 346	0.68%
NILS GABRIEL ANDRESEN	205 640	0.65%
Total number owned by top 20	22 031 761	69.66 %
Total number of shares	31 629 381	100.00 %

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

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

## Share option grant

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

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

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

At 31 March 2024, the total number of outstanding share options was 1 038 723.

On 9 April 2024, the Board of Directors resolved to grant share options. See note 8 subsequent events for details.

For information on the share option programme for previous years please see the Remuneration report for 2023 which is available from the website [www.techstep.io/investor](http://www.techstep.io/investor).

**Overview of shares and share options held by members of the management group as at 31 March 2024:**

Name	Position	Shares	Share options
Morten Meier <sup>1)</sup>	CEO	-	-
Ellen Solum	CFO	15 402	150 000
Ellen Skaarnæs	Chief People Officer	5 422	84 065
Sheena Lim	Chief Marketing Officer	2 134	84 065
David Landerborn <sup>2)</sup>	Chief Operations Officer	32 497	82 966
Bartosz Leoszewski	Chief Technology Officer	41 336	84 065

1) Morten Meier was appointed CEO 26 January 2024.

2) David Landerborn was appointed interim CEO 1 November 2023 and held the position until 26 January 2024.

## Note 5. Property, plant and equipment

(Amounts in NOK 1 000)	Right-of-use assets	Other fixed assets	Total other tangible assets	Equipment <sup>1)</sup>
<b>Carrying amount 1 January 2023</b>	<b>29 737</b>	<b>7 620</b>	<b>37 357</b>	<b>160 706</b>
Additions	7 890	4 133	12 023	108 600
Depreciation	(14 106)	(2 386)	(16 492)	(91 112)
Disposals	(542)	(2 631)	(3 173)	(22 177)
Translation differences	1 266	529	1 795	3 484
<b>Carrying amount 31 December 2023</b>	<b>24 245</b>	<b>7 265</b>	<b>31 510</b>	<b>159 501</b>
<b>Carrying amount 1 January 2024</b>	<b>24 245</b>	<b>7 265</b>	<b>31 510</b>	<b>159 501</b>
Additions	5 396	110	5 507	26 892
Depreciation	(3 202)	(530)	(3 732)	(25 984)
Disposals	(38)	(821)	(858)	(6 312)
Translation differences	106	19	126	92
<b>Carrying amount 31 March 2024</b>	<b>26 507</b>	<b>6 044</b>	<b>32 552</b>	<b>154 189</b>

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

## Note 6. Cash and cash equivalent

(Amounts in NOK 1 000)	Q1 2024	Q1 2023	2023
Cash at bank and in hand,	19 587	34 210	77 459
Of which is restricted	2 623	3 007	3 957

As at 31 March 2024 NOK 30 million of the Group's available credit facilities has been utilised.

## Note 7. Borrowings

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

Overview of outstanding loans and credits:

(Amounts in NOK 1 000)	Q1 2024			Q1 2023			FY 2023		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Seller's credit related to business combinations	-	-	-	14 798	-	14 798	-	-	-
Bank loan	169 768	1 406	171 174	32 237	80 078	112 315	48 750	129 927	178 677
Bank overdraft	-	-	-	59 577	-	59 577	-	-	-
<b>Total</b>	<b>169 768</b>	<b>1 406</b>	<b>171 174</b>	<b>106 612</b>	<b>80 078</b>	<b>186 690</b>	<b>48 750</b>	<b>129 927</b>	<b>178 677</b>

The bank loan consists of a Term Loan A and Term Loan B of NOK 75 million each. The Bank overdraft is short term credit lines consisting of 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 + 285bps
- TLB: NIBOR 3m + 305bps
- Overdraft/seasonal: NIBOR 3m + 250bps

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 a NIBOR base of 4.47% p.a. The duration of the agreement is for 5 years.

The Group was not in compliance with the leverage covenant requirement as at 31 March 2024, but secured a waiver for the breach in addition to new covenant measures with retrospective effect from first quarter this year and going forward. The new leverage covenant measure is based on EBITDA

instead of EBITA. This will ensure that the covenant measure is less sensitive to the volatility in cash position at quarter end dates.

## **Note 8. Subsequent events**

### **Grant of share options**

On 9 April 2024, the Board of Directors of Techstep ASA resolved to grant share options in connection with the company's 2024 share option programme. A total of 1 800 000 share options have been granted, of which 990 00 to primary insiders. The grant is pending approval by the Annual General Meeting on 29 May 2024.

### **Strategic partnerships**

On 22 April 2024, Techstep entered into a strategic partnership with Consafe logistics, where Techstep assumes control of their hardware division specialised in rugged devices. Under the agreement, Techstep assumes responsibility for servicing approximately 130 existing customers and facilitating 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 is effective from 1 May 2024.

Techstep has further signed a partner agreement with a Nordic mobile operator for selling Own software and managed services to their domestic customers. Under the agreement, Techstep will work closely with the mobile operator to adapt their services to an evolving market landscape. The collaboration, which represents a new market segment for Techstep, aims to optimise value chains and tailor solutions for a mutually beneficial product partnership. The agreement is currently in a planning phase on how to commercialise offerings and services through their channel.

## 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 non-recurring income and expenses. The EBITDA adjusted margin presented is defined as EBITDA adjusted divided by total revenue.

### **EBITA**

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

### **EBITA adjusted**

Earnings before interest, tax, amortisation and impairment adjusted for transactions of a non-recurring nature. Such non-recurring transactions include, but are not limited to restructuring costs, gains or losses related to sales of subsidiaries, acquisition-related costs and other non-recurring income and expenses. The EBITA adjusted margin presented is defined as EBITA adjusted divided by total revenue.

## **EBIT**

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

## **Device revenue**

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

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

## **Advisory & Services revenue**

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

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

## **Own Software revenue**

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

Own Software share of revenue is the revenue from Own Software divided by Total revenue.

## **Net interest-bearing debt (NIBD)**

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

## **Equity ratio**

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

## **Capital expenditure (Capex)**

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

## **Annual Recurring Revenue (ARR)**

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

APM's in the income statement	Q1 2024	Q1 2023	FY 2023
Total revenue	256 111	281 365	1 089 491
Cost of goods sold	(143 723)	(166 976)	(644 460)
<b>Gross profit</b>	<b>112 388</b>	<b>114 388</b>	<b>445 031</b>
<b>Gross margin</b>	<b>43,9 %</b>	<b>40,7 %</b>	<b>40,8 %</b>
Salaries and personnel costs	(57 060)	(59 180)	(207 964)
Other operational costs	(24 026)	(22 543)	(99 571)
Other income	140	136	494
Other expenses	-	(1)	(1 970)
<b>EBITDA</b>	<b>31 442</b>	<b>32 801</b>	<b>136 019</b>
Depreciation	(29 717)	(28 609)	(107 603)
<b>EBITA</b>	<b>1 725</b>	<b>4 192</b>	<b>28 416</b>
Amortisation	(16 199)	(15 085)	(64 915)
<b>EBIT</b>	<b>(14 474)</b>	<b>(10 893)</b>	<b>(36 498)</b>
<b>Net gross profit</b>			
Gross profit	112 388	114 388	445 031
Depr. Device-as-a-service	(25 984)	(24 223)	(91 112)
<b>Net gross profit</b>	<b>86 404</b>	<b>90 166</b>	<b>353 919</b>
Net gross margin	33,7 %	32,0 %	32,5 %
<b>EBITDA adjusted</b>			
EBITDA	31 442	32 801	136 019
Other income	(140)	(136)	(494)
Other expense	-	1	1 970
<b>Adjusted EBITDA</b>	<b>31 302</b>	<b>32 665</b>	<b>137 496</b>
<b>EBITA adjusted</b>			
EBITA	1 725	4 192	28 416
Other income	(140)	(136)	(494)
Other expense	-	1	1 970
<b>EBITA adjusted</b>	<b>1 585</b>	<b>4 057</b>	<b>29 892</b>
APM's in the Statement of financial position	Q1 2024	2023	
<b>NIBD</b>			
Cash and cash equivalents	19 587	77 459	
Non-current interest-bearing borrowings	1 406	129 927	
Current interest-bearing borrowings	169 768	48 750	
<b>NIBD</b>	<b>151 588</b>	<b>101 218</b>	
<b>Equity ratio</b>			
Total equity	567 362	573 697	
Total equity and liabilities	1 191 825	1 270 799	
<b>Equity ratio</b>	<b>47,6 %</b>	<b>45,1 %</b>	

APM's in the income statement	Q1 2024	Q1 2023	FY 2023
Total revenue	256 111	281 365	1 089 491
Cost of goods sold	(143 723)	(166 976)	(644 460)
<b>Gross profit</b>	<b>112 388</b>	<b>114 388</b>	<b>445 031</b>
<b>Gross margin</b>	<b>43,9 %</b>	<b>40,7 %</b>	<b>40,8 %</b>



Techstep ASA  
Brynsalléen 4  
0667 Oslo  
+47 915 233 37

[www.techstep.io](http://www.techstep.io)