

tech&step

# Q2 & H1 2024 Report



## Highlights Q2 2024

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

- Recurring revenue annualised slightly up from previous quarter and up 4%/y
- Net gross profit impacted by lower device volumes and revenue mix
- Continually delivering on cost optimisation

### **Strengthened indirect and direct sales channels through strategic partner agreements**

- Several new signings and renewed contracts with key customers and strategic partners
- Improving conditions in Norway and Poland, challenging trend in Swedish markets
- Expanding rugged device and services business through strategic partnership with Consafe Logistics
- Signed agreement with a Nordic Mobile Operator covering Own Software and managed services

### **Continuous improvement of business operations and ESG performance**

- Achieved ISO-certification for information security management (ISO 27001)
- Upgraded to Gold in EcoVadis' annual sustainability performance rating

*"The profitability keeps moving in the right direction and for the seventh consecutive quarter Techstep delivered a positive EBITA adj. We are satisfied with the progress, considering the ongoing turnaround and re-positioning of resources and priorities.*

*Over the past months, we have strengthened Techstep's indirect and direct sales channels through strategic agreements. The commercial initiatives are starting to show results and we expect them to materialise by the end of this year and into next year. With increased focus on sustainability and circular technology solutions, alongside acceleration of customers' digital transformation, we see great momentum in both our home market and among European mobile and IT service providers. We are steadily progressing towards our ambition of becoming the leading mobile and circular technology company in Europe", says Morten Meier, CEO of Techstep.*

## About Techstep

Techstep is a mobile & circular technology company, enabling organisations to perform smartly, securely, and sustainably by combining 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)	Q2 2024	Q2 2023	H1 2024	H12023	FY 2023
Revenues <sup>1)</sup>	266 310	281 547	522 421	562 911	1 089 491
Recurring Revenue Annualised <sup>2)</sup>	312 959	301 080	312 959	301 080	312 142
ARR Own Software <sup>2)</sup>	116 359	110 150	116 359	110 150	115 348
Net gross profit <sup>3)</sup>	84 004	95 378	170 408	185 544	353 919
Net gross profit margin <sup>4)</sup>	31.5 %	33.9 %	32.6 %	33.0 %	32.5 %
EBITDA adjusted	30 954	29 196	62 256	61 861	137 496
EBITA adjusted	2 623	2 348	4 208	6 404	29 892
EBIT	(16 997)	(14 185)	(31 471)	(25 077)	(36 498)
Net profit (loss) for the period	(15 004)	(17 605)	(27 528)	(34 914)	(44 546)
EBITDA adj. margin (%)	11.6 %	10.4 %	11.9 %	11.0 %	12.6 %
EBITA adj. margin (%)	1.0 %	0.8 %	0.8 %	1.1 %	2.7 %
EBIT margin (%)	(6.4 %)	(5.0 %)	(6.0 %)	(4.5 %)	(3.4 %)
Net profit (loss) for the period (%)	(5.6 %)	(6.3 %)	(5.3 %)	(6.2 %)	(4.1 %)
Cash flow from operating activities	30 450	29 420	17 002	26 709	155 560
Cash flow from investment activities	(22 277)	(47 671)	(52 075)	(74 528)	(128 514)
Cash flow from financing activities	(11 949)	(4 578)	(26 944)	(4 089)	(12 730)
Cash	15 362	11 576	15 362	11 576	77 459
Net interest-bearing debt	151 490	178 963	151 490	178 963	101 218
Capex	(6 250)	(8 186)	(13 252)	(18 894)	(33 920)
Employees	265	275	265	275	267

<sup>1)</sup> Revenues for Q2 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

During the second quarter, Techstep continued to deliver on the strategic turnaround towards profitability. The focus is primarily on three elements: to transfer customers to a recurring revenue business model and high margin products and services; to develop the partner channel for our software and managed services; and to continue to optimise the organisation and reduce the cost base. Recurring revenues annualised for the quarter grew by 4% year over year, the strategic partnership agreements announced earlier this year are progressing well, and the operating costs are reduced with 12% year over year.

On the commercial side, the Nordic markets remained challenging, especially in Sweden. Revenues declined by 5% compared to second quarter last year, although the Norwegian and Polish market segment experienced a 5% and 10% growth, respectively. The global device market is expected to gradually improve during 2024<sup>1</sup>, which is likely to have a positive impact on demand as market strengthens.

In Norway, both Device sales and Services show a positive development compared to last year. However, the margins on the Device revenues in the second quarter this year has been reduced because of the customer mix in the period.

The Polish market continued the positive trend from previous quarters, with upsell on several existing customers.

In Sweden, year-over-year revenues declined by 25%, however, the net gross profit was stable, due to changes in the product and customer mix. Customers appears to be more price sensitive, and the competition intensified, in addition to less maturity compared to the

Norwegian market when it comes to demand for higher value adding services. The Swedish sales organisation is further undergoing some organisational changes, which is expected to improve performance going forward.

### Refocused commercial strategy and sales activity

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. With new and stricter legislation and stakeholder pressure for sustainable and circular tech solutions, Techstep experience a growing interest in its Device Lifecycle Management platform as IT service providers are looking for more sustainable and cost-efficient ways to manage their customers' large device estates.

### Partner sales

In 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, which has a global reach across 190 countries, serves several major global customers. This partnership allows Techstep to increase its global reach whilst devicenow can add further great value to their offering through the Lifecycle Portal, in addition to opportunities of incorporating Techstep's managed services into devicenow's portfolio. The preliminary preparations are progressing according to plan, and the first customer is expected to be onboarded in Q3 with additional customers by the end of 2024.

<sup>1</sup> According to recent analyses from Canalys and IDC

In Q2, Techstep 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 preparatory work on how to commercialise offerings and services through their channel is expected to be finalised and signed in Q3 with subsequent onboarding of the first customers in Q4 this year.

### Direct sales

Techstep's direct sales involves sales of its entire portfolio through direct sales and partnerships to private enterprises and public sector in the Scandinavian home markets.

In April, Techstep entered into a strategic partnership with Consafe Logistics, where Techstep assumes control of their hardware division specialised in rugged devices. The agreement includes responsibility for servicing approximately 130 existing customers with 10 000 active devices and 2 200 service agreements, as well as facilitating new device sales previously managed by Consafe Logistics. The hardware and services business, which represents an average yearly revenue of SEK 45–55 million the last three years, offers 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 transfer of service agreements and customers will be done gradually on a monthly basis from 1 May 2024 and is progressing according to plan.

The revised commercial strategy includes increased focus on public sector, both through upselling on existing agreements and by

winning new tenders. The previously announced pilot with Sykehuspartner, a prolongment of the Sykehusinnkjøp agreement, is steadily progressing forward. The ambition is to deliver a completely managed mobility service, including devices. Lifecycle management and managed services for all office and clinical devices. Several pilots have been rolled out to hospitals and departments, and Techstep aims to finalise the full scope of deliveries to fully manage business critical devices serving their 82 000 users in the region. The comprehensive service is expected to be launched at the turn of the year, with a phased roll out over the next years.

Among key wins in the quarter, was two new public sector agreements in Norway for delivering mobile devices, accessories and related mobile technology services to frontline and office workers in seven municipalities in the Vestfold region and Nordre Follo. The frame agreements, which was signed in July, have an estimated total value of NOK 55 million over four years.

### Optimising the organisation and cost base

Techstep is in the middle of a strategic transformation, and the past years have been marked by streamlining business operations and optimising the company's cost base. Techstep has successfully delivered on the initial NOK 90–100 million cost optimisation plan which was launched in Q4 2022, and the efforts continue in 2024. Total operating costs in the second quarter has been reduced by 12% compared to the same quarter last year, due to continued reductions in full-time employees, less use of external consultants and streamlining of internal IT costs.

Over the past years, Techstep has also worked with optimising processes and streamlining workflows under a unified management system and raise standards by integrating sustainability in policies and processes. This has

successfully been validated by relevant ISO certifications, latest including the ISO 27001 certification for information security obtained in June according to plan. Consequently, Techstep has upgraded to Gold in EcoVadis sustainability rating, placing Techstep among the top 5% of more than 130,000 companies evaluated globally.

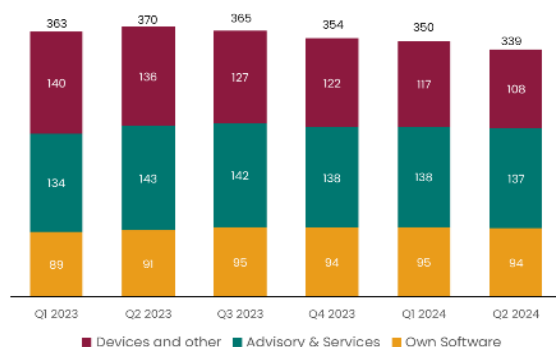
## Revenue streams

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 decreased from 32% in Q2 2023 to 30% of total revenues in Q2 this year. The change is due to a substantial reduction in 3<sup>rd</sup> party software revenues included in Advisory & Services revenue this year compared to last year. 3<sup>rd</sup> party Software revenues is transactional and will naturally fluctuate over time, as the licence periods are from 12 to 36 months. Revenues from own services increased slightly year over year.

Net gross profit in Q2 2024 was NOK 84 million, vs. NOK 95 million last year, constituting a margin of 32% vs. 34% last year.

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



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

## Mobile Devices & Other

Revenues from Mobile Devices & Other revenue, both transactional and Device-as-a-service, came to NOK 186 million in the quarter, down from NOK 192 million in Q2 2023. The net gross profit margin was 13%, down from 17% last year. The decline in revenues is primarily related to the challenging market in Sweden, where device sales decreased with 29% year over year. In Norway, revenues grew with 5%, but due to a change in the customer mix in the period, the net profit margin decreased.

## Advisory & Services

Revenue from Advisory & Services was NOK 53 million in Q2 this year, a decline of 14% from the same quarter last year, mainly driven by 35% reduction in 3<sup>rd</sup> party software revenues which is highly fluctuating between financial periods.

Despite the decline in revenues, total gross profit was NOK 38 million, in line with last year. The gross margin increased from 62% to 71%, as the margin on 3<sup>rd</sup> party software is generally substantial lower than on revenues from advisory and services.

## Own Software

Revenue from Own Software was NOK 28 million for the quarter, in line with Q2 last year, and up 1% from the previous quarter.

## Recurring revenue

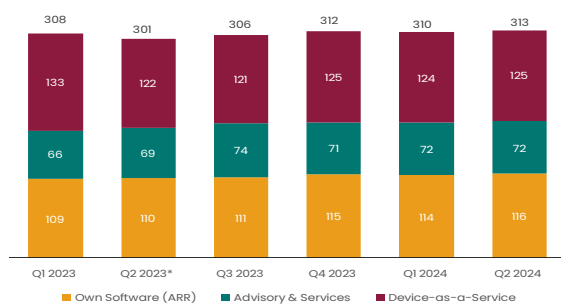
Total recurring revenue consists of contractually recurring revenue within the revenue segments Own Software, Advisory & Services and Device-as-a-Service.

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.

In Q2, recurring revenues annualised grew by 4 % year over year to NOK 313 million. Contracts for Own Software increased by 6% while Advisory & Services and Device-as-a-service increased with 4% and 2%, respectively.

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



<sup>3</sup> ARR for Q2 2022-Q1 2023 has been restated due to a re-classification 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 second quarter

Techstep had total revenue of NOK 266.3 million in the second quarter of 2024, a decrease of 5% from the corresponding quarter last year. The decline relates to challenging market conditions in Sweden, where all three revenue streams declined compared to the same quarter last year.

Net gross profit in the second quarter was NOK 84.0 million, down from NOK 95.3 million last year. Net gross margin decreased with two percentage points to 32%, due to lower margins on device revenues reflecting the customer, product and market mix in the period. Due to the continued cost optimisation efforts, the second quarter generated positive results from operations, despite the decline in revenues. EBITA adjusted in the quarter was NOK 2.6 million, an increase of 12% from the corresponding period last year. Total expenses excluding depreciation and amortisation decreased by 12% 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.

Adjustment items excluded from EBITA adjusted are included in other income and expenses and consist of restructuring costs related to the cost reduction programme.

Operating loss in the period was NOK 17.0 million, vs NOK 14.2 million in the same period in 2023.

Net financial items were negative at NOK 3.0 million (NOK -4.8 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 0.1 million in the second quarter of 2024.

Net loss in the period was NOK 15.0 million (NOK -17.6 million).

### Profit and loss first half of 2024

Total revenue for the first half of 2024 came to NOK 522.4 million, representing a decrease of 7% year over year. The decrease relates to a decline in device sales, particularly in Sweden, where the market has been challenging throughout the year. Cost optimisation efforts resulted in 7% decrease in operating costs including personnel costs partly offsetting the decline in revenues, resulting in an adjusted EBITA of NOK 4.2 million in the first half of 2024 vs. NOK 6.4 million in 2023.

Net financial items were negative at NOK 5.3 million (NOK -13.2 million) for the first half year. The change is due to the currency effects from the fluctuation of NOK vs. other currencies.

Net loss for the first half year was NOK 27.6 million (NOK -34.9 million)

### Financial position

As at 30 June 2024, total assets were NOK 1 149 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 785.3 million (NOK 798.3 million). The decrease 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 623.7 million of total intangible assets.

Total tangible assets were NOK 172.8 million (NOK 191.0 million) including NOK 142.6 million (NOK 159.5 million) in capitalised devices under Device-as-a-Service to customers and NOK 30.3 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 172.0 million (NOK 200.2 million) at the end of the quarter. The decrease was due to seasonality as device revenues normally increase substantially towards end of the year compared to summer.

Total equity at the end of the first half year was NOK 547.2 million (NOK 573.7 million), corresponding to an equity ratio of 48% (45%).

Total non-current liabilities were NOK 167.7 million at the end of the first half year, vs. NOK 183.9 million at the end of 2023. The reduction relates to repayment of debt and reduction in deferred taxes.

Net interest-bearing debt at the end of the first half of 2024 was NOK 151.5 million, an increase of NOK 50.3 million since the end of 2023, caused by the working capital effects on cash during the first half year. Compared to the same quarter last year, net interest-bearing debt has been reduced by 27.5 million.

Total current liabilities were NOK 433.8 million (NOK 513.2 million). The decrease was primarily caused by the movement in trade payables 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 152.8 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 93.0 million (NOK 98.9

million) include public duties and general cost accruals.

### Cash flow second quarter 2024

Net cash flow from operating activities was NOK 30.4 million in the quarter (NOK 29.4 million). Change in net working capital was NOK 2.6 million, vs. NOK 5.4 million in 2023.

Net cash outflow from investment activities in Q2 was NOK 22.3 million (NOK 47.7 million) and consists of capital expenditures for equipment related to Device-as-a-Service of NOK 19.3 million (NOK 42.9 million) and investments in Own Software and IT of NOK 6.3 million (NOK 8.2 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 -11.9 million (NOK -4.6 million) in the quarter and consists primarily of repayment of borrowings of NOK 4.5 million interest and lease repayments. In the second quarter last year, net proceeds and repayment of borrowings in the quarter was NOK 2.8 million in cash inflow.

Net change in cash and cash equivalents in the second quarter of 2024 was NOK -3.8 million, from NOK 19.6 million in the previous quarter to NOK 15.4 million at the end of the current quarter. Techstep also has additional liquidity available through the bank facilities.

### Cash flow first half year 2024

Net cash flow from operating activities year to date was NOK 17.0 million (NOK 26.7 million). Change in net working capital was negative NOK 39.8 million, vs. NOK -26.6 million in 2023. The change from last year is primarily driven by a negative change in the working capital during the first half year of 2024, compared to last year.

Net cash outflow from investment activities in the first half year of 2024 was NOK 52.1 million (NOK 74.5 million) and consists of capital expenditures for equipment related to Device-

as-a-Service of NOK 46.3 million (NOK 63.4 million) and investments in Own Software and IT of NOK 13.3 million (NOK 18.9 million).

Net cash flow from financing activities was NOK -26.9 million (NOK -4.1 million) in the first half year and consists primarily of repayment of borrowings of NOK 12.2 million (net proceeds of NOK 10.2 million) interest and lease repayments.

Net change in cash and cash equivalents in the first half year of 2024 was NOK -62.0 million, from NOK 77.5 million in the previous quarter to

NOK 15.4 million at the end of the current quarter.

## Related parties

There were no material transactions with related parties during the first half year 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 years, 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.

Mobile devices have a complex, multifaceted supply chain with increased risk of disruptions such as component shortage, various production, logistics and transportation challenges occurring along the value chain. 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 turnaround and transformation process, including commercialisation 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 & circular technology company in Europe for customers that want to work smarter and more sustainably.

Techstep believes that the market for mobile and circular technology solutions and services will continue to increase due to digitalisation, stricter regulation and growing complexity alongside a 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 in a sustainable way and keep their mobile ecosystem up to date.

Techstep signed several frame agreements with public sector organisations during 2023, with opportunities for upselling products and services. There are indications that the customers' readiness is slower than anticipated and upsell on these agreements and new public sector agreements is a focus area in 2024 together with the revised partner strategy. During the first half of 2024, Techstep signed several strategic partnership agreements to boost sales and scalability of Techstep's proprietary software. These agreements represent opportunities for significant growth in a steeply growing market. Moving into the second half of 2024, the partnerships are developing according to plan, and is expected to materialise during the next year.

Techstep has successfully delivered on the cost optimisation programme announced in late 2022, 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. The focus on cost optimisation of Techstep's underlying cost base continues in 2024. 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 the second half of 2024.

Although the first half of 2024 was highly affected by the decline in device sales, the second quarter saw a positive development in Norway and Poland compared to previous months. The expectation is an acceleration in the second half of 2024 and into 2025. Growth will be driven by the refocused commercial strategy through upselling more value-adding products and services, as well as increasing sales of scalable products through new and existing partner channels. In view of the challenging market conditions in Sweden and time to ramp up existing partner agreements, Techstep has revised its outlook for 2024. The updated ambitions for 2024 are to grow recurring revenues annualised y/y by 20-30% and growing net gross profit by 0-5% with an expected EBITA adj. conversion of 12-16%.

Techstep's ambitions for 2025 remains unchanged, with an ambition of growing recurring revenues annualised y/y by +30%, net gross profit growth of 30-40% 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 and a circular tech enabler, 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 & circular 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, 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.

Gartner's 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>. In addition, Gartner expects circularity to disrupt the industry as a consequence of new and stricter legislation and stakeholder pressure for sustainable business conduct.

## Product offering

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

Central to its offering, are strategic partnerships with top-tier 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 and circular tech expertise in Scandinavia strategizing, planning, developing, and implementing new 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 improving

circularity and 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 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.

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

## Sustainability

Techstep's mission is to make positive changes to the world of work; freeing people to work more effectively, securely and sustainably. The company's sustainability agenda is an essential part of the company's mission, underscored by its commitment to UN Global Compact and Science Based Targets.

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 June 2024, Techstep also achieved certification in accordance with ISO 27001 (information security). Subsequently, Techstep has further improved its EcoVadis sustainability rating performance to Gold-level, placing Techstep among the top 5% of more than 130 000 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).

## Responsibility statement

Oslo, 14 August 2024

From the Board of Directors and CEO of Techstep ASA

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2024 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the group’s assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related party transactions.

**Michael Jacobs**

Chairman

**Ingrid Leisner**

Board Member

**Harald Arnet**

Board Member

**Melissa Mulholland**

Board Member

**Jens Rugseth**

Board Member

**Morten Meier**

CEO



## Consolidated Income statement

(Amounts in NOK 1000)	Note	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Revenue <sup>1)</sup>	2, 3	266 260	281 312	522 083	562 657	1 088 970
Other revenue		51	234	338	255	521
<b>Total revenues</b>		<b>266 310</b>	<b>281 547</b>	<b>522 421</b>	<b>562 911</b>	<b>1 089 491</b>
Cost of goods sold <sup>1)</sup>		(157 377)	(163 545)	(301 099)	(330 522)	(644 460)
Salaries and personnel costs		(56 512)	(58 991)	(113 572)	(118 171)	(207 964)
Other operational costs		(21 467)	(29 814)	(45 493)	(52 358)	(99 571)
Depreciation	5	(28 331)	(26 848)	(58 048)	(55 457)	(107 603)
Amortisation		(16 679)	(16 651)	(32 879)	(31 736)	(64 915)
Other income and expenses		(2 941)	119	(2 800)	254	(1 476)
<b>Operating profit (loss)</b>		<b>(16 997)</b>	<b>(14 185)</b>	<b>(31 471)</b>	<b>(25 077)</b>	<b>(36 498)</b>
Financial income		1 794	3 505	2 504	6 235	10 456
Financial expense		(4 798)	(8 306)	(7 834)	(19 462)	(33 509)
<b>Profit before taxes</b>		<b>(20 002)</b>	<b>(18 986)</b>	<b>(36 801)</b>	<b>(38 304)</b>	<b>(59 552)</b>
Income taxes		4 998	1 380	9 273	3 390	15 006
<b>Net profit (loss) for the period</b>		<b>(15 004)</b>	<b>(17 605)</b>	<b>(27 528)</b>	<b>(34 914)</b>	<b>(44 546)</b>
<b>Net income attributable to</b>						
Non-controlling interests		-	-	-	-	-
Shareholders of Techstep ASA		(15 004)	(17 605)	(27 528)	(34 914)	(44 546)
<b>Earnings per share in NOK:</b>						
Basic		(0,47)	(0,58)	(0,87)	(1,14)	(1,43)
Diluted		(0,47)	(0,58)	(0,87)	(1,14)	(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 Q2 2023.

## Consolidated statement of comprehensive income

(Amounts in NOK 1 000)	Note	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
<b>Net profit (loss) for the period</b>		<b>(15 004)</b>	<b>(17 605)</b>	<b>(27 528)</b>	<b>(34 914)</b>	<b>(44 546)</b>
<b>Items that may be reclassified to profit and loss</b>						
Exchange differences on translating foreign operations		(6 340)	4 047	(892)	30 601	32 899
Income tax related to these items		-	-	-	-	-
<b>Other comprehensive income</b>		<b>(6 340)</b>	<b>4 047</b>	<b>(892)</b>	<b>30 601</b>	<b>32 899</b>
<b>Total comprehensive income</b>		<b>(21 344)</b>	<b>(13 558)</b>	<b>(28 420)</b>	<b>(4 313)</b>	<b>(11 647)</b>
<b>Total comprehensive income attributable to</b>						
Non-controlling interests		-	-	-	-	-
Shareholders of Techstep ASA		(21 344)	(13 558)	(28 420)	(4 313)	(11 647)

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

## Consolidated statement of financial position

ASSETS	Note	Q2 2024	Q2 2023	2023
<b>Non-current assets</b>				
Deferred tax asset		19 837	5 581	13 092
Goodwill		623 734	621 123	624 173
Customer relations and technology		141 772	178 874	160 991
<b>Sum intangible assets</b>		<b>785 343</b>	<b>805 578</b>	<b>798 256</b>
Assets related to Device-as-a-Service	5	142 566	163 174	159 501
Other tangible assets	5	30 274	32 499	31 511
<b>Sum tangible assets</b>		<b>172 840</b>	<b>195 674</b>	<b>191 012</b>
<b>Sum financial assets</b>		<b>3 189</b>	<b>921</b>	<b>3 917</b>
<b>Total non-current assets</b>		<b>961 371</b>	<b>1 002 173</b>	<b>993 185</b>
Inventories		7 292	17 338	10 502
Trade receivable		125 538	163 143	159 067
Other receivables		39 170	38 051	30 586
<b>Total inventories and receivables</b>		<b>172 000</b>	<b>218 532</b>	<b>200 155</b>
Cash and cash equivalents	6	15 362	11 576	77 459
<b>Total current assets</b>		<b>187 362</b>	<b>230 108</b>	<b>277 614</b>
<b>Total assets</b>		<b>1 148 733</b>	<b>1 232 281</b>	<b>1 270 799</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	4	31 629	305 131	31 629
Other equity		515 597	263 958	542 067
<b>Total equity</b>		<b>547 226</b>	<b>569 089</b>	<b>573 697</b>
Deferred tax		11 860	18 450	14 674
Non-current interest-bearing borrowings	7	121 852	1 941	129 927
Financial derivatives		1 892	0	4 092
Non-current liabilities related to Device-as-a-Service		16 905	21 178	19 316
Other non-current debt		15 232	11 329	15 916
<b>Total non-current liabilities</b>		<b>167 741</b>	<b>52 899</b>	<b>183 924</b>
Current interest-bearing borrowings	7	45 000	188 599	48 750
Trade payable		142 954	146 339	198 353
Current liabilities related to Device-as-a-Service		152 811	177 846	167 231
Other current liabilities		93 001	97 448	98 845
<b>Total current liabilities</b>		<b>433 767</b>	<b>610 232</b>	<b>513 179</b>
<b>Total liabilities</b>		<b>601 507</b>	<b>663 192</b>	<b>697 103</b>
<b>Total equity and liabilities</b>		<b>1 148 733</b>	<b>1 232 281</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	-	-	(27 528)	-	(27 528)
Other comprehensive income	-	-	-	(892)	(892)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(27 528)</b>	<b>(892)</b>	<b>(28 420)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share-based payments	-	-	1 949	-	1 949
<b>Equity as at 30 June 2024</b>	<b>31 629</b>	<b>979 246</b>	<b>(463 390)</b>	<b>(259)</b>	<b>547 226</b>

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

## Consolidated statement of cash flow

(Amounts in NOK 1000)	Note	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Profit before tax		(20 002)	(18 986)	(36 801)	(38 304)	(59 552)
Depreciation equipment and other fixed assets	5	25 438	23 146	51 953	48 024	93 498
Depreciation right-of-use assets	5	2 893	3 701	6 095	7 433	14 106
Amortisation		16 679	16 651	32 879	31 736	64 915
Share-based payments		1 207	984	1 949	1 884	(1 014)
Financial Instruments and other		(275)	(39)	(1 868)	(40)	4 204
Gain from sale of PPE reclassified to investment activities		(1 564)	(2 588)	(4 093)	(5 717)	(9 269)
Net exchange differences	5	1 435	(678)	821	5 253	4 252
Taxes paid		(961)	(1 810)	(961)	(3 869)	(2 386)
Interest expense (revenue) reclassified to investing/financing activities		2 975	3 587	6 787	6 861	13 584
Changes in net operating working capital		2 624	5 450	(39 759)	(26 552)	33 225
<b>Net cash flow from operational activities</b>		<b>30 450</b>	<b>29 420</b>	<b>17 002</b>	<b>26 709</b>	<b>155 560</b>
Payment for acquisition of subsidiaries net of cash acquired		-	-	-	-	-
Payment for equipment and other fixed assets	5	(19 327)	(42 897)	(46 329)	(63 435)	(112 733)
Payment for intangible assets		(6 250)	(8 186)	(13 252)	(18 894)	(33 920)
Proceeds from sale of property, plant and equipment		2 849	3 182	6 773	7 506	17 071
Interest received		450	230	733	296	1 068
<b>Net cash used on investment activities</b>		<b>(22 277)</b>	<b>(47 671)</b>	<b>(52 075)</b>	<b>(74 528)</b>	<b>(128 514)</b>
Changes in ownership in Subsidiary		-	-	-	-	-
Proceeds from issuance of shares		-	-	-	(0)	230
Proceeds from borrowings		0	9 588	0	37 583	178 313
Repayment of borrowings		(4 497)	(6 785)	(12 153)	(27 412)	(161 075)
Lease repayments		(3 560)	(4 127)	(7 270)	(8 253)	(15 263)
Interest paid		(3 892)	(3 255)	(7 521)	(6 007)	(14 935)
<b>Net cash flow from financing activities</b>		<b>(11 949)</b>	<b>(4 578)</b>	<b>(26 944)</b>	<b>(4 089)</b>	<b>(12 730)</b>
<b>Net change in cash and cash equivalents</b>		<b>(3 775)</b>	<b>(22 830)</b>	<b>(62 017)</b>	<b>(51 908)</b>	<b>14 316</b>
Cash and cash equivalents at beginning of period		19 587	34 210	77 459	61 119	61 119
Effects of exchange rate changes on cash and cash equivalents		(450)	196	(80)	2 365	2 024
<b>Cash and cash equivalents at end of period</b>	6	<b>15 362</b>	<b>11 576</b>	<b>15 362</b>	<b>11 576</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.

Q2 2024	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
Devices	143 479	16 270	42 944	6 962	-	-	(843)	232	<b>185 579</b>	<b>23 464</b>
Advisory & Services*	22 147	16 215	31 650	20 896	127	127	(757)	348	<b>53 167</b>	<b>37 587</b>
Own Software	11 162	10 235	7 117	5 302	9 425	6 999	(190)	388	<b>27 513</b>	<b>22 924</b>
Other revenues	0	0	61	38	-	-	(11)	(9)	<b>51</b>	<b>30</b>
<b>Total</b>	<b>176 787</b>	<b>42 720</b>	<b>81 772</b>	<b>33 198</b>	<b>9 552</b>	<b>7 126</b>	<b>(1 801)</b>	<b>959</b>	<b>266 310</b>	<b>84 004</b>

Q2 2023	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
Devices	134 969	22 928	60 369	6 326	-	-	(3 472)	3 181	<b>191 866</b>	<b>32 436</b>
Advisory & Services*	20 772	14 665	41 532	22 539	209	209	(906)	746	<b>61 607</b>	<b>38 158</b>
Own Software	12 408	11 762	7 105	5 566	8 506	6 915	(180)	345	<b>27 839</b>	<b>24 587</b>
Other revenues	230	225	23	(12)	-	-	(19)	(17)	<b>234</b>	<b>196</b>
<b>Total</b>	<b>168 380</b>	<b>49 579</b>	<b>109 029</b>	<b>34 419</b>	<b>8 715</b>	<b>7 123</b>	<b>(4 577)</b>	<b>4 255</b>	<b>281 547</b>	<b>95 377</b>

H1 2024	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
	Devices	268 880	31 360	90 177	16 810	-	-	(883)	1 099	<b>358 174</b>
Advisory & Services*	45 147	33 481	66 122	39 385	174	174	(2 380)	737	<b>109 064</b>	<b>73 777</b>
Own Software	22 396	20 588	14 288	11 474	18 544	14 266	(383)	777	<b>54 846</b>	<b>47 106</b>
Other revenues	157	157	201	115	-	-	(21)	(16)	<b>338</b>	<b>257</b>
<b>Total</b>	<b>336 581</b>	<b>85 586</b>	<b>170 788</b>	<b>67 784</b>	<b>18 718</b>	<b>14 440</b>	<b>(3 666)</b>	<b>2 597</b>	<b>522 421</b>	<b>170 408</b>

H1 2023	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
	Devices	275 083	43 442	125 478	14 739	-	-	(4 294)	5 239	<b>396 268</b>
Advisory & Services*	38 791	27 963	75 164	46 557	246	246	(1 770)	(690)	<b>112 431</b>	<b>74 077</b>
Own Software	24 762	23 497	14 041	11 022	15 534	12 638	(379)	713	<b>53 958</b>	<b>47 870</b>
Other revenues	106	97	174	104	-	-	(24)	(23)	<b>255</b>	<b>177</b>
<b>Total</b>	<b>338 742</b>	<b>94 999</b>	<b>214 857</b>	<b>72 422</b>	<b>15 780</b>	<b>12 884</b>	<b>(6 467)</b>	<b>5 239</b>	<b>562 911</b>	<b>185 544</b>

FY 2023	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	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>
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 30 June 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 30 June 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	2 524 675	7.98 %
VALSET INVEST AS	1 166 136	3.69 %
AS CLIPPER	869 566	2.75 %
STEENCO AS	869 566	2.75 %
CAMIKO AS	820 683	2.59 %
VERDIPAPIRFONDET DNB SMB	649 079	2.05 %
CIPRIANO AS	599 916	1.90 %
Saxo Bank A/S	581 398	1.84 %
SPECTER INVEST AS	578 000	1.83 %
Sbakkejord AS	415 000	1.31 %
GIMLE INVEST AS	407 096	1.29 %
TIGERSTADEN AS	325 000	1.03 %
TORSTEIN INGVALD TVENGE	300 000	0.95 %
DNB Markets Aksjehandel/-analyse	273 267	0.86 %
TIGERSTADEN MARINE AS	250 000	0.79 %
NILS GABRIEL ANDRESEN	245 390	0.78 %
NORDHOLMEN AS	238 372	0.75 %
PIKA HOLDING AS	214 346	0.68 %
Total number owned by top 20	21 534 307	68.08 %
Total number of shares	31 629 381	100 %

1) Karbon Invest AS is owned by the Board member Jens Rugseth

#### Share option grant

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 were granted, of which 910 000 to primary insiders. The grant was approved by the Annual General Meeting on 29 May 2024.

The granted options vest 1/3 each year from 9 April 2024, and are fully vested on 9 April 2027. The options must be exercised within 5 years. The exercise price per share is NOK 8.75 (year 1), NOK 10.90 (year 2) and NOK 13.60 (year 3), respectively. 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.

At 30 June 2024, the total number of outstanding share options was 2 568 723.

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 30 June 2024:**

<b>Name</b>	<b>Position</b>	<b>Shares</b>	<b>Share options</b>
Morten Meier	CEO	50 000	350 000
Ellen Solum	CFO	15 402	350 000
David Landerborn	Chief Operations Officer	32 497	282 966
Bartosz Leoszewski	Chief Technology Officer	41 336	164 065
Sheena Lim	Chief Marketing Officer	2 134	164 065
Ellen Skaarnæs	Chief People Officer	5 422	84 065

**Overview of shares held by members of the Board of Directors as at 30 June 2024:**

<b>Name</b>	<b>Position</b>	<b>Shares (direct/indirect)</b>
Michael Jacobs	Chairman	30 000
Ingrid Leisner	Board member	60 157
Harald Arnet	Board member	63 439
Jens Rugseth	Board member	4 545 532
Melissa Mulholland	Board member	0

## 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>31 511</b>	<b>159 501</b>
<b>Carrying amount 1 January 2024</b>	<b>24 245</b>	<b>7 265</b>	<b>31 511</b>	<b>159 501</b>
Additions	6 855	1 246	8 101	45 083
Depreciation	(6 095)	(1 032)	(7 127)	(50 914)
Disposals	(343)	(1 722)	(2 065)	(10 543)
Translation differences	(98)	(48)	(146)	(562)
<b>Carrying amount 30 June 2024</b>	<b>24 564</b>	<b>5 710</b>	<b>30 274</b>	<b>142 566</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)	Q2 2024	Q2 2023	2023
Cash at bank and in hand,	15 362	11 576	77 459
Of which is restricted	2 917	3 214	3 957

As at 30 June 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)	Q2 2024			Q2 2023			FY 2023		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Seller's credit related to business combinations	-	-	-	14 519	-	14 519	-	-	-
Bank loan	45 000	121 852	166 852	101 901	1 941	103 842	48 750	129 927	178 677
Bank overdraft	-	-	-	72 179	-	72 179	-	-	-
<b>Total</b>	<b>45 000</b>	<b>121 852</b>	<b>166 852</b>	<b>188 599</b>	<b>1 941</b>	<b>190 540</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 and a Revolving Credit Facility of NOK 30 million. The Bank overdraft is short term credit lines that consists of 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 in compliance with the loan covenant requirements as at 30 June 2024.

### Sustainability Linked Loan

In July 2024, Techstep added Sustainability features to the loan terms connected to three KPIs, which may give a discount of up to 5 bps on margin if the three KPIs are reached, or penalty of up to 5 bps if the KPIs are not reached. The KPI performance, which relates to reduction of greenhouse gas emissions (scope 1 and 2), supplier due diligence and cybersecurity training, will be evaluated on an annual basis. The two latter KPIs will be replaced by new KPIs for the last two years of the loan period.

**Note 8. Subsequent events**

There has been no material subsequent events after the balance sheet date.

## 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.

<b>APM's in the income statement</b>	<b>Q2 2024</b>	<b>Q2 2023</b>	<b>HI 2024</b>	<b>HI 2023</b>	<b>FY 2023</b>
Total revenue	266 310	281 547	522 421	562 911	1 089 491
Cost of goods sold	(157 377)	(163 545)	(301 099)	(330 522)	(644 460)
<b>Gross profit</b>	<b>108 933</b>	<b>118 001</b>	<b>221 322</b>	<b>232 390</b>	<b>445 031</b>
<b>Gross margin</b>	<b>40,9 %</b>	<b>41,9 %</b>	<b>42,4 %</b>	<b>41,3 %</b>	<b>40,8 %</b>
Salaries and personnel costs	(56 512)	(58 991)	(113 572)	(118 171)	(207 964)
Other operational costs	(21 467)	(29 814)	(45 493)	(52 358)	(99 571)
Other income	439	119	579	255	494
Other expenses	(3 379)	(0)	(3 379)	(1)	(1 970)
<b>EBITDA</b>	<b>28 014</b>	<b>29 314</b>	<b>59 456</b>	<b>62 115</b>	<b>136 019</b>
Depreciation	(28 331)	(26 848)	(58 048)	(55 457)	(107 603)
<b>EBITA</b>	<b>(318)</b>	<b>2 467</b>	<b>1 408</b>	<b>6 658</b>	<b>28 416</b>
Amortisation	(16 679)	(16 651)	(32 879)	(31 736)	(64 915)
<b>EBIT</b>	<b>(16 997)</b>	<b>(14 185)</b>	<b>(31 471)</b>	<b>(25 077)</b>	<b>(36 498)</b>
<b>Net gross profit</b>					
Gross profit	108 933	118 001	221 322	232 390	445 031
Depr. Device-as-a-service	(24 929)	(22 623)	(50 914)	(46 845)	(91 112)
<b>Net gross profit</b>	<b>84 004</b>	<b>95 378</b>	<b>170 408</b>	<b>185 544</b>	<b>353 919</b>
Net gross margin	31,5 %	33,9 %	32,6 %	33,0 %	32,5 %
<b>EBITDA adjusted</b>					
EBITDA	28 014	29 314	59 456	62 115	136 019
Other income	(439)	(119)	(579)	(255)	(494)
Other expense	3 379	0	3 379	1	1 970
<b>Adjusted EBITDA</b>	<b>30 954</b>	<b>29 196</b>	<b>62 256</b>	<b>61 861</b>	<b>137 496</b>
<b>EBITA adjusted</b>					
EBITA	(318)	2 467	1 408	6 658	28 416
Other income	(439)	(119)	(579)	(255)	(494)
Other expense	3 379	0	3 379	1	1 970
<b>EBITA adjusted</b>	<b>2 623</b>	<b>2 348</b>	<b>4 208</b>	<b>6 404</b>	<b>29 892</b>
<b>APM's in the Statement of financial position</b>					
			<b>HI 2024</b>	<b>HI 2023</b>	<b>2023</b>
<b>NIBD</b>					
Cash and cash equivalents			15 362	11 576	77 459
Non-current interest-bearing borrowings			121 852	1 941	129 927
Current interest-bearing borrowings			45 000	188 599	48 750
<b>NIBD</b>			<b>151 490</b>	<b>178 963</b>	<b>101 218</b>
<b>Equity ratio</b>					
Total equity			547 226	569 089	573 697
Total equity and liabilities			1 148 733	1 232 281	1 270 799
<b>Equity ratio</b>			<b>47,6 %</b>	<b>46,2 %</b>	<b>45,1 %</b>



The logo for Techstep, featuring the word "tech" in a dark blue sans-serif font, followed by a red ampersand symbol, and the word "step" in the same dark blue font.

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