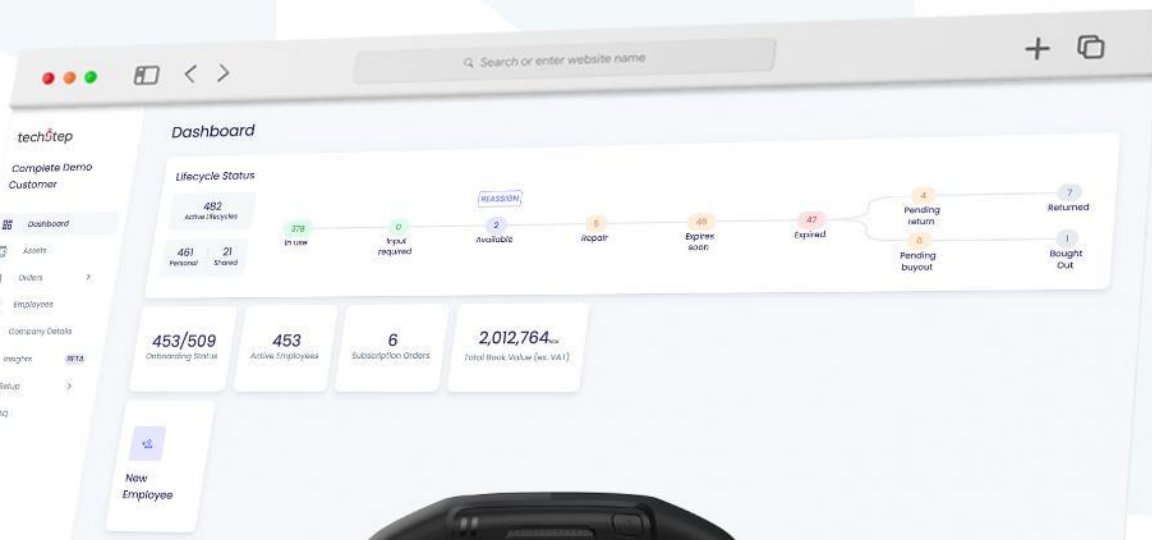


# Q3 Report

Making the world of work smarter and more sustainable



## Highlights Q3 2024

### **Profitability improving y/y, growth in both revenue and net gross profit for the first time in two years**

- Recurring revenue annualised up 6% y/y, driven by 12% in Own Software
- Net gross profit margin remains steady at 35%, in line with the same quarter last year
- Positive cash flow from operations
- Positive EBITA adj. for the eight consecutive quarter, up 11% y/y

### **Commercial momentum picking up, several new signings and renewed contracts**

- Frame agreement secured with the Norwegian procurement agency Tradebroker, total contract value estimated to exceed NOK 600 million
- First new Tradebroker customers already signed and onboarded
- Improving market conditions across all three markets, with strong comeback in Sweden and continued acceleration in Poland and Europe

### **Strategic partnerships progressing according to plan**

- First devicenow customer successfully onboarded to Lifecycle platform
- Formalised commercial agreement with the Norwegian mobile operator ICE covering Lifecycle platform and managed services (Early October)

*“Over the past few months, Techstep has achieved several key milestones. Our profitability keeps improving, and for the first time in two years, we are witnessing growth in both revenues and net gross profit. We are very proud of the growth in recurring revenue and particularly our own software, which is record high as we move into the fourth quarter. Momentum in our business is building, both in our partner channel and with key customers. We have several new signings and renewed contracts, and our strategic partnerships are progressing as planned. We are very satisfied with the progress, and optimistic about our development towards becoming the leading mobile and circular technology company in Europe”,* comments 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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Revenues <sup>1)</sup>	237 609	226 719	760 030	789 631	1 089 491
Recurring Revenue Annualised <sup>2)</sup>	325 725	305 713	325 725	305 713	312 142
ARR Own Software <sup>2)</sup>	125 045	111 337	125 045	111 337	115 348
Net gross profit <sup>3)</sup>	81 877	78 717	252 285	264 261	353 919
Net gross profit margin <sup>4)</sup>	34.5 %	34.7 %	33.2 %	33.5 %	32.5 %
EBITDA adjusted	41 913	38 449	104 170	100 310	137 496
EBITA adjusted	14 200	12 824	18 408	19 228	29 892
EBIT	(3 451)	(3 403)	(34 921)	(28 481)	(36 498)
Net profit (loss) for the period	(6 090)	(4 335)	(33 617)	(39 248)	(44 546)
EBITDA adj. margin (%)	17.6 %	17.0 %	13.7 %	12.7 %	12.6 %
EBITA adj. margin (%)	6.0 %	5.7 %	2.4 %	2.4 %	2.7 %
EBIT margin (%)	(1.5 %)	(1.5 %)	(4.6 %)	(3.6 %)	(3.4 %)
Net profit (loss) for the period (%)	(2.6 %)	(1.9 %)	(4.4 %)	(5.0 %)	(4.1 %)
Cash flow from operating activities	48 157	53 353	65 159	80 062	155 560
Cash flow from investment activities	(36 362)	(20 155)	(88 437)	(94 683)	(128 514)
Cash flow from financing activities	(11 408)	24 388	(38 352)	20 299	(12 730)
Cash	15 660	67 832	15 660	67 832	77 459
Net interest-bearing debt	147 391	136 528	147 391	136 528	101 218
Capex	(6 242)	(6 358)	(19 494)	(25 252)	(33 920)
Employees	256	268	256	268	267

<sup>1)</sup> Revenues for Q3 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.

<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 third 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 own software and managed services; and to continue to optimise the organisation and reduce the cost base. Recurring revenues annualised for the quarter grew by 6% year over year, the strategic partnership agreements announced earlier this year are progressing according to plan, and the profitability is continuously improving.

On the commercial side, the sales activity picked up in all markets (Norway, Sweden, Poland and Europe) compared to previous periods, in line with the global device market<sup>1</sup>. Total revenues increased with 5% year over year for the quarter, after several periods with declining revenues.

Both in Norway and Sweden, Device sales and Services showed positive development in the third quarter, with substantial growth for the first time in several years. In Sweden, revenues for the quarter grew by 32% compared to last year, driven by growth in Device sales and Advisory & Services.

The Polish market continued the positive trend from previous quarters with 39% growth in revenues y/y from upsell on existing partner relations and new customer agreements.

### Refocused commercial strategy and sales activity

Entering 2024, Techstep launched a refocused commercial strategy and go-to-market model focusing 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 experiences 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 September 2024, Techstep successfully onboarded the first devicenow customer to the Lifecycle platform, according to plan. This milestone follows the strategic partnership agreement entered in Q1 2024 with devicenow, a global provider of subscription-based IT devices, aimed at introducing Techstep's Lifecycle management platform 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 platform. Additionally, the partnership includes opportunities for incorporating Techstep's managed services into devicenow's portfolio. Techstep anticipates onboarding additional customers to the Lifecycle platform during Q4 2024.

In Q2, Techstep further signed a partner agreement with the Norwegian mobile operator ICE, for introducing Techstep's Own software and managed services to their B2B customers. In Q3, the two parties have worked closely on how to commercialise offerings and services. The formalisation of the strategic partnership was signed early in October 2024, and ICE will launch their device lifecycle services to the market in Q4 this year.

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

## 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.

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 the frame agreement with the Norwegian procurement agency Tradebroker. The contract covers the delivery of mobile devices, accessories and related mobile and circular technology services to their member organisations. Tradebroker currently represents 83 large and medium-sized Norwegian companies with close to 200,000 employees in public and private sector. Of these, 41 companies have pre-committed to procuring under the new frame agreement. The volume of procurement will vary based on the individual calls made by these members throughout the contract's duration. This new frame agreement replaces a prior frame agreement Techstep has shared with another supplier. The estimated annual contract value is NOK 120 - 150 million, representing a 20-50% increase from the previous agreement, as Techstep is the sole supplier on this new agreement. The agreement also offers good opportunities for adding additional member

organisations and upselling a broader range of services and solutions from Techstep's product portfolio. The contract will initially run for three years, with an option to extend for an additional two 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. Since the initial NOK 90-100 million cost optimisation plan was launched in Q4 2022, Techstep has successfully reduced costs with above NOK 130 million due to reductions in full-time employees, less use of external consultants and streamlining of internal IT costs. In parallel, Techstep continues with optimising processes and streamlining workflows under a unified management system and ERP system and raise standards by integrating sustainability in policies and processes.

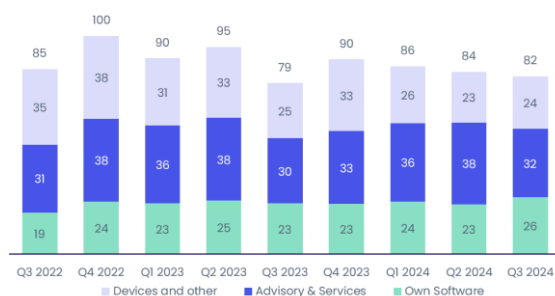
## Revenue streams

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

Total revenues in the third quarter this year was NOK 238 million, an increase of 5% year over year, a significant milestone for Techstep, as this is the first quarter in two years with growth in both revenues and net gross profit y/y. Concurrently, the share of revenues from Advisory & Services and Own Software increased from 30% in Q3 2023 to 32% of total revenues in Q3 this year.

Net gross profit in Q3 2024 was NOK 82 million, vs. NOK 79 million last year, constituting a margin of 34.5% vs. 34.7% last year.

## Net gross profit per revenue stream



### Devices & Other

Revenue from Devices & Other, both transactional and as-a-service, grew by 2% y/y to NOK 161 million for the quarter. The growth in revenues is a result of a substantial rebound in Sweden, where device sales increased with 36% y/y. In Norway, total sales of devices increased with 5% y/y, but revenues from transactional device sales declined with 7%, as a larger share of device sales was Device-as-a-service in the quarter compared to last year. Increasing the share of Device-as-a-service will temporarily decrease the device revenues recognized in the period, but will generate recurring revenues in the next 24–36 months, in line with the strategy of transitioning to an as-a-service mobile technology provider.

The net gross profit margin was 15%, down from 16% the year before, due to a decline in end-of-lease gains from Device-as-a-service in the period.

### Advisory & Services

Revenue from Advisory & Services was NOK 46 million for the quarter, up 12% from the corresponding quarter last year. The growth is driven by good development in both recurring services and consulting revenues, partly offset by a slight decline in 3<sup>rd</sup> party software revenues which is highly fluctuating between financial periods.

Total gross profit for the period was NOK 32 million, a growth of NOK 2 million from last year. The gross margin decreased from 73% to 68%, due to the mix between managed services and consulting, with generally high margins, and aftermarket services, with somewhat lower margins.

### Own Software

Revenue from Own Software was NOK 30 million for the quarter, an increase of 13% since Q3 last year, and up 10% from the previous quarter. All four Own software has shown positive growth in the quarter, but Essentials MDM performed particularly well with a 36% growth y/y. The growth in the quarter does not include any revenues from the previously announced partner channel/ sales agreements, as it is expected that these revenues will be realised from around the turn of the year.

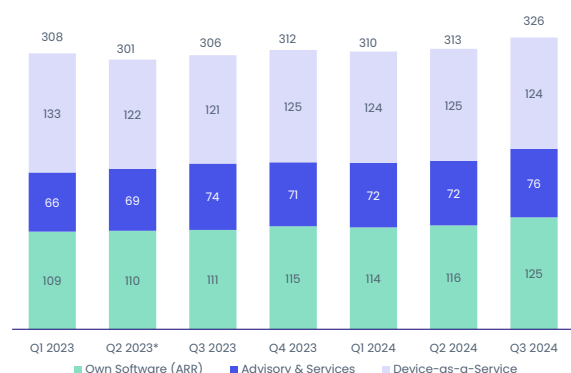
### Recurring revenue

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.

In Q3, recurring revenues annualised grew by 6% year over year to NOK 326 million. Contracts for Own Software increased by 12% while Advisory & Services and contracts for Device-as-a-service both grew with 3%.

## Recurring revenue - annualised



## 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 third quarter

Techstep had total revenue of NOK 237.6 million in the third quarter of 2024, an increase of 5% from the corresponding quarter last year. The growth marks the first quarter in two years where revenues has increased quarter over quarter. All three revenue streams experienced growth in the quarter.

Net gross profit in the quarter was NOK 81.9 million, up from NOK 78.7 million last year, corresponding to a net gross margin at 34.5% which is in line with the same period last year. Total operating costs, including personnel costs, increased with 4% y/y to NOK 64.4 million. The increase is a result of the general price increases and salary adjustments in 2024, partly offset by continued cost optimisation effects and the reduction in headcount. In 2024, Techstep has initiated further investments in IT infrastructure, hereunder transition to a state-of-the-art cloud ERP platform for the entire group companies, to be able to further optimise and streamline the organization. These investments are expensed on a running basis,

but can yield considerable efficiency gains in the future. EBITA adjusted in the quarter was NOK 14.2 million, an increase of 11% from the corresponding period last year. Depreciation and amortisation increased by 6% to NOK 44.4 million.

Adjustment items excluded from EBITA adjusted of NOK 1.0 million in the quarter, are included in other income and expenses and consist of restructuring costs related to the cost reduction efforts.

Operating loss in the period was NOK 3.5 million, vs NOK 3.4 million in the same period in 2023.

Net financial items were negative at NOK 5.4 million (NOK -2 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 1.3 million in the third quarter of 2024.

Net loss in the period was NOK 6.1 million (NOK -4.3 million).

## Financial position

At the end of the third quarter of 2024, total assets were NOK 1 135 million, compared to NOK 1 270 million as at 31 December 2023.

Intangible assets include deferred tax assets, goodwill and customer relations and technology, and accounted for NOK 790.2 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 634.2 million of total intangible assets.

Total tangible assets were NOK 175.4 million (NOK 191.0 million) including NOK 146.2 million (NOK 159.5 million) in capitalised devices under Device-as-a-Service to customers and NOK 29.2 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 150.9 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 the rest of the year.

Total equity at the end of Q3 was NOK 555.4 million (NOK 573.7 million), corresponding to an equity ratio of 49% (45%).

Total non-current liabilities were NOK 164.2 million at the end of the quarter, vs. NOK 183.9 million at the end of 2023. The reduction relates to repayment of debt and reduction in deferred taxes. Total borrowings per the end of Q3 was NOK 163.1 million, vs. NOK 178.7 million at the end of 2023.

Net interest-bearing debt was NOK 147.4 million, an increase of NOK 46.2 million since the end of 2023, caused by the working capital effects on cash in 2024 which relates to seasonality as device revenues normally increase

substantially towards end of the year compared to the rest of the year.

Total current liabilities were NOK 415.7 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 154.9 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 86.9 million (NOK 98.9 million) include public duties and general cost accruals.

## Cash flow third quarter 2024

Net cash flow from operating activities was NOK 48.2 million in the quarter (NOK 53.4 million). Change in net working capital was NOK 10.2 million, vs. NOK 15.8 million in 2023.

Net cash outflow from investment activities in Q3 was NOK 36.4 million (NOK 20.2 million) and consists of capital expenditures for equipment related to Device-as-a-Service of NOK 32.3 million (NOK 20.9 million) and investments in Own Software and IT of NOK 6.2 million (NOK 6.4 million).

Net cash flow from financing activities was NOK -11.4 million (NOK 24.4 million) in the quarter and consists primarily of repayment of borrowings of NOK 4.0 million, interest and lease repayments. In the third quarter last year, net proceeds and repayment of borrowings in the quarter was NOK 31.4 million in cash inflow, as the refinancing of the Group's borrowings was completed in the third quarter last year.

Cash and cash equivalents grew by NOK 0.4 million in the third quarter, up from NOK 15.4 million in the previous quarter to NOK 15.7 million. Techstep also has additional liquidity of



NOK 45 million available through the bank facilities.

In October 2024, Techstep raised additional NOK 30 million in funds through a private placement share issue, further strengthening liquidity. See more information in note 8; Subsequent events.

## Related parties

There were no material transactions with related parties during Q3 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 i.e. due to political or economic instability, climate change or shortage of raw materials. In case of new supply chain disruptions, Techstep may experience delays in device deliveries which may negatively impact sales of other products and solutions. 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 and strategic partnerships. 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 and scale its product offering, reducing customer implementation time, and becoming a software and solution-driven 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 private placement completed in October 2024 has given Techstep proceeds to fund and accelerate the scalable business and strengthened the company's liquidity buffer. 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 investor presentation from 9 October 2024, 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, securely 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 2024, Techstep has signed several strategic partnership agreements to boost sales and scalability of Techstep's own software. These agreements represent opportunities for significant growth in a steeply growing market. Moving into the end 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. By aligning Techstep's organisation and cost base with a more simplified portfolio and extracting synergies from acquired companies, cost reductions of more than 30% have been effectuated since Q4 2022. The focus on cost optimisation of Techstep's underlying cost base continues into 2025. 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 through the remainder of the year and into 2025.

Although the first half of 2024 was highly affected by the decline in device sales, third quarter saw a more positive development in device sales compared to last year. Moving into fourth quarter recurring revenue contracts is record high. Going forward, profitable growth will be driven through increased margins by upselling more value-adding products and services in the Scandinavian market, as well as expanding the European reach through new and existing partner channels. Considering the time to ramp up and accelerate the scalable business with key partners and customers, Techstep has revised its financial ambitions for 2024 and 2025. The updated ambitions for 2024 are to grow recurring revenues annualised y/y by 5-15% and growing net gross profit by 0-5% with an expected EBITA adj. conversion of 10-14%.

For 2025, the ambition is to grow recurring revenues annualised y/y by +30%, net gross profit growth of 20-30% and an EBITA adj. conversion of above 20%.

## 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>2</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>3</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 Global MMS market is

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

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

<sup>3</sup> Gartner 2022 and 2023 Magic Quadrant for MMS

<sup>2</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 5% and 6-7% in Norway and Sweden over the next four years<sup>4</sup>. In addition, Gartner expects circularity to disrupt the industry due to 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 own software with managed services and expert advisory, Techstep delivers best-practice outsourced mobile technology solutions. Techstep has a big cluster of mobile and circular technology 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 solutions, 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 own-developed software platforms sold as recurring contracts with a minimum of a 12-month commitment. The current portfolio consists of four software products; Lifecycle management platform for 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 Business critical mobility which is custom apps for mobile data capture and workflows.

<sup>4</sup> Gartner IT Services Forecast Q1 2024

## 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), 14001 (environment) and 27001 (information security) certifications. 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).

## Consolidated Income statement

(Amounts in NOK 1000)	Note	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Revenue <sup>1)</sup>	2, 3	237 152	226 450	759 236	789 107	1 088 970
Other revenue		457	269	795	524	521
<b>Total revenues</b>		<b>237 609</b>	<b>226 719</b>	<b>760 030</b>	<b>789 631</b>	<b>1 089 491</b>
Cost of goods sold <sup>1)</sup>		(131 314)	(126 104)	(432 414)	(456 626)	(644 460)
Salaries and personnel costs		(43 300)	(40 151)	(156 873)	(158 322)	(207 964)
Other operational costs		(21 081)	(22 015)	(66 574)	(74 372)	(99 571)
Depreciation	5	(27 714)	(25 625)	(85 762)	(81 082)	(107 603)
Amortisation		(16 677)	(16 367)	(49 555)	(48 103)	(64 915)
Other income and expenses		(974)	141	(3 774)	395	(1 476)
<b>Operating profit (loss)</b>		<b>(3 451)</b>	<b>(3 403)</b>	<b>(34 921)</b>	<b>(28 481)</b>	<b>(36 498)</b>
Financial income		1 474	3 459	3 978	9 694	10 456
Financial expense		(6 918)	(5 456)	(14 752)	(24 917)	(33 509)
<b>Profit before taxes</b>		<b>(8 895)</b>	<b>(5 400)</b>	<b>(45 696)</b>	<b>(43 704)</b>	<b>(59 552)</b>
Income taxes		2 805	1 065	12 078	4 456	15 006
<b>Net profit (loss) for the period</b>		<b>(6 090)</b>	<b>(4 335)</b>	<b>(33 617)</b>	<b>(39 248)</b>	<b>(44 546)</b>
<b>Net income attributable to</b>						
Non-controlling interests		-	-	-	-	-
Shareholders of Techstep ASA		(6 090)	(4 335)	(33 617)	(39 248)	(44 546)
<b>Earnings per share in NOK:</b>						
Basic		(0.19)	(0.14)	(1.06)	(1.27)	(1.43)
Diluted		(0.19)	(0.14)	(1.06)	(1.27)	(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 9 million in Q3 2023.

## Consolidated statement of comprehensive income

(Amounts in NOK 1 000)	Note	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
<b>Net profit (loss) for the period</b>		<b>(6 090)</b>	<b>(4 335)</b>	<b>(33 617)</b>	<b>(39 248)</b>	<b>(44 546)</b>
<b>Items that may be reclassified to profit and loss</b>						
Exchange differences on translating foreign operations		13 510	(13 706)	12 618	16 895	32 899
Income tax related to these items		-	-	-	-	-
<b>Other comprehensive income</b>		<b>13 510</b>	<b>(13 706)</b>	<b>12 618</b>	<b>16 895</b>	<b>32 899</b>
<b>Total comprehensive income</b>		<b>7 420</b>	<b>(18 041)</b>	<b>(21 000)</b>	<b>(22 353)</b>	<b>(11 647)</b>
<b>Total comprehensive income attributable to</b>						
Non-controlling interests			-		-	-
Shareholders of Techstep ASA		7 420	(18 041)	(21 000)	(22 353)	(11 647)

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



## Consolidated statement of financial position

ASSETS	Note	Q3 2024	Q3 2023	2023
<b>Non-current assets</b>				
Deferred tax asset		21 564	5 312	13 092
Goodwill		634 209	612 322	624 173
Customer relations and technology		134 387	164 640	160 991
<b>Sum intangible assets</b>		<b>790 160</b>	<b>782 274</b>	<b>798 256</b>
Assets related to Device-as-a-Service	5	146 172	157 834	159 501
Other tangible assets	5	29 192	38 001	31 511
<b>Sum tangible assets</b>		<b>175 364</b>	<b>195 835</b>	<b>191 012</b>
<b>Sum financial assets</b>		<b>3 198</b>	<b>855</b>	<b>3 917</b>
<b>Total non-current assets</b>		<b>968 723</b>	<b>978 965</b>	<b>993 185</b>
Inventories		3 997	9 403	10 502
Trade receivable		108 269	126 715	159 067
Other receivables		38 628	29 319	30 586
<b>Total inventories and receivables</b>		<b>150 895</b>	<b>165 437</b>	<b>200 155</b>
Cash and cash equivalents	6	15 660	67 832	77 459
<b>Total current assets</b>		<b>166 555</b>	<b>233 269</b>	<b>277 614</b>
<b>Total assets</b>		<b>1 135 278</b>	<b>1 212 234</b>	<b>1 270 799</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	4	31 629	31 566	31 629
Other equity		523 775	533 719	542 067
<b>Total equity</b>		<b>555 405</b>	<b>565 285</b>	<b>573 697</b>
Deferred tax		10 846	16 512	14 674
Non-current interest-bearing borrowings	7	118 027	135 101	129 927
Financial derivatives		2 966	0	4 092
Non-current liabilities related to Device-as-a-Service		17 299	19 362	19 316
Other non-current debt		15 054	18 295	15 916
<b>Total non-current liabilities</b>		<b>164 191</b>	<b>189 270</b>	<b>183 924</b>
Current interest-bearing borrowings	7	45 024	69 259	48 750
Trade payable		128 883	125 163	198 353
Current liabilities related to Device-as-a-Service		154 894	170 911	167 231
Other current liabilities		86 881	92 346	98 845
<b>Total current liabilities</b>		<b>415 682</b>	<b>457 679</b>	<b>513 179</b>
<b>Total liabilities</b>		<b>579 873</b>	<b>646 949</b>	<b>697 103</b>
<b>Total equity and liabilities</b>		<b>1 135 278</b>	<b>1 212 234</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	-	-	(33 617)	-	(33 617)
Other comprehensive income	-	-	-	12 618	12 618
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(33 617)</b>	<b>12 618</b>	<b>(21 000)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share-based payments	-	-	2 708	-	2 708
<b>Equity as at 30 September 2024</b>	<b>31 629</b>	<b>979 246</b>	<b>(468 721)</b>	<b>13 251</b>	<b>555 405</b>

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

## Consolidated statement of cash flow

(Amounts in NOK 1000)	Note	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Profit before tax		(8 895)	(5 400)	(45 696)	(43 704)	(59 552)
Depreciation equipment and other fixed assets	5	24 926	22 499	76 879	70 522	93 498
Depreciation right-of-use assets	5	2 787	3 126	8 883	10 560	14 106
Amortisation		16 677	16 367	49 555	48 103	64 915
Share-based payments		759	(193)	2 708	1 691	(1 014)
Financial Instruments and other		1 957	0	89	0	4 204
Gain from sale of PPE reclassified to investment activities		(1 555)	(2 649)	(5 649)	(8 366)	(9 269)
Net exchange differences	5	(2 531)	(1 002)	(1 711)	4 252	4 252
Taxes paid		0	2 288	(961)	(1 581)	(2 386)
Interest expense (revenue) reclassified to investing/financing activities		3 859	2 540	10 646	9 401	13 584
Changes in net operating working capital		10 173	15 777	(29 585)	(10 815)	33 225
<b>Net cash flow from operational activities</b>		<b>48 157</b>	<b>53 353</b>	<b>65 159</b>	<b>80 062</b>	<b>155 560</b>
Payment for acquisition of subsidiaries net of cash acquired		-	-	-	-	-
Payment for equipment and other fixed assets	5	(32 267)	(20 922)	(78 596)	(84 357)	(112 733)
Payment for intangible assets		(6 242)	(6 358)	(19 494)	(25 252)	(33 920)
Proceeds from sale of property, plant and equipment		2 070	6 563	8 843	14 069	17 071
Interest received		77	562	810	858	1 068
<b>Net cash used on investment activities</b>		<b>(36 362)</b>	<b>(20 155)</b>	<b>(88 437)</b>	<b>(94 683)</b>	<b>(128 514)</b>
Changes in ownership in Subsidiary		-	-	-	-	-
Proceeds from issuance of shares		-	-	-	-	230
Proceeds from borrowings		-	140 730	-	178 313	178 313
Repayment of borrowings		(3 996)	(109 350)	(16 149)	(136 761)	(161 075)
Lease repayments		(3 478)	(4 021)	(10 748)	(12 274)	(15 263)
Interest paid		(3 935)	(2 971)	(11 456)	(8 979)	(14 935)
<b>Net cash flow from financing activities</b>		<b>(11 408)</b>	<b>24 388</b>	<b>(38 352)</b>	<b>20 299</b>	<b>(12 730)</b>
<b>Net change in cash and cash equivalents</b>		<b>386</b>	<b>57 586</b>	<b>(61 631)</b>	<b>5 679</b>	<b>14 316</b>
Cash and cash equivalents at beginning of period		15 362	11 576	77 459	61 119	61 119
Effects of exchange rate changes on cash and cash equivalents		(88)	(1 330)	(168)	1 035	2 024
<b>Cash and cash equivalents at end of period</b>	6	<b>15 660</b>	<b>67 832</b>	<b>15 660</b>	<b>67 832</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.

Q3 2024	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
Devices	117 425	16 774	43 753	6 186	-	0	(377)	791	<b>160 800</b>	<b>23 752</b>
Advisory & Services*	19 150	13 415	27 717	17 922	129	129	(892)	82	<b>46 103</b>	<b>31 547</b>
Own Software	11 673	10 868	7 526	6 234	11 245	8 663	(195)	391	<b>30 249</b>	<b>26 156</b>
Other revenues	2	2	191	148	278	278	(14)	(6)	<b>457</b>	<b>422</b>
<b>Total</b>	<b>148 250</b>	<b>41 059</b>	<b>79 186</b>	<b>30 490</b>	<b>11 652</b>	<b>9 070</b>	<b>(1 479)</b>	<b>1 258</b>	<b>237 609</b>	<b>81 877</b>

	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
<b>Q3 2023</b>										
Devices	127 007	18 036	32 074	6 693	-	(6)	(718)	396	<b>158 365</b>	<b>25 120</b>
Advisory & Services*	20 455	14 583	21 319	14 938	40	40	(475)	475	<b>41 339</b>	<b>30 036</b>
Own Software	11 990	11 446	6 569	5 268	8 371	6 303	(183)	308	<b>26 746</b>	<b>23 326</b>
Other revenues	132	129	144	112	-	-	(10)	(7)	<b>269</b>	<b>235</b>
<b>Total</b>	<b>159 585</b>	<b>44 195</b>	<b>60 107</b>	<b>27 012</b>	<b>8 410</b>	<b>6 337</b>	<b>(1 383)</b>	<b>1 173</b>	<b>226 719</b>	<b>78 717</b>

	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
<b>YTD 2024</b>										
Devices	386 305	48 134	133 929	22 997	-	0	(1 260)	1 890	<b>518 974</b>	<b>73 021</b>
Advisory & Services*	64 297	46 896	93 840	57 307	302	302	(3 272)	818	<b>155 167</b>	<b>105 324</b>
Own Software	34 069	31 456	21 813	17 708	29 789	22 929	(577)	1 168	<b>85 094</b>	<b>73 261</b>
Other revenues	159	159	392	263	278	278	(35)	(22)	<b>795</b>	<b>679</b>
<b>Total</b>	<b>484 830</b>	<b>126 645</b>	<b>249 975</b>	<b>98 275</b>	<b>30 370</b>	<b>23 510</b>	<b>(5 144)</b>	<b>3 855</b>	<b>760 030</b>	<b>252 285</b>

	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
<b>YTD 2023</b>										
Devices	402 090	61 478	157 553	21 432	-	(6)	(5 010)	5 635	<b>554 633</b>	<b>88 539</b>
Advisory & Services*	59 247	42 546	96 482	61 496	285	285	(2 244)	(215)	<b>153 770</b>	<b>104 113</b>
Own Software	36 752	34 952	20 610	16 282	23 905	18 941	(563)	1 022	<b>80 704</b>	<b>71 197</b>
Other revenues	238	225	318	216	-	-	(33)	(29)	<b>524</b>	<b>412</b>
<b>Total</b>	<b>498 326</b>	<b>139 201</b>	<b>274 964</b>	<b>99 425</b>	<b>24 190</b>	<b>19 221</b>	<b>(7 849)</b>	<b>6 414</b>	<b>789 631</b>	<b>264 261</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>	<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 30 September 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 September 2024 were as follows:

Shareholder	# of shares	Ownership %
DATUM AS	5 835 198	18.4 %
KARBON INVEST AS <sup>1</sup>	4 371 619	13.8 %
Swedbank AB	2 524 685	8.0 %
VALSET INVEST AS	1 426 810	4.5 %
CAMIKO AS	886 260	2.8 %
AS CLIPPER	869 566	2.7 %
STEENCO AS	869 566	2.7 %
SPECTER INVEST AS	625 900	2.0 %
VERDIPAPIRFONDET DNB SMB	604 079	1.9 %
CIPRIANO AS	599 916	1.9 %
Saxo Bank A/S	572 861	1.8 %
GIMLE INVEST AS	407 096	1.3 %
Sbakkejord AS	333 134	1.1 %
TORSTEIN INGVALD TVENGE	300 000	0.9 %
TIGERSTADEN AS	275 000	0.9 %
TIGERSTADEN MARINE AS	250 000	0.8 %
NILS GABRIEL ANDRESEN	249 890	0.8 %
NORDHOLMEN AS	238 372	0.8 %
HINVEST AS	225 261	0.7 %
PIKA HOLDING AS	214 346	0.7 %
Total number owned by top 20	21 679 559	68.5 %
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 September 2024, the total number of outstanding share options was 2 405 445.



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 September 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

**Overview of shares held by members of the Board of Directors as at 30 September 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: On 9 October 2024, Techstep successfully completed a private placement of NOK 30 million by issuing 2,777,777 new ordinary shares at NOK 10.80 per share. See note 8 Subsequent events for further information.*

## 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	8 179	1 463	9 642	77 133
Depreciation	(8 883)	(1 548)	(10 430)	(75 332)
Disposals	(319)	(1 738)	(2 057)	(16 417)
Translation differences	366	160	526	1 286
<b>Carrying amount 30 September 2024</b>	<b>23 589</b>	<b>5 603</b>	<b>29 192</b>	<b>146 172</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)	Q3 2024	Q3 2023	2023
Cash at bank and in hand,	15 660	67 832	77 459
Of which is restricted	3 119	2 832	3 957

As at 30 September 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)	Q3 2024			Q3 2023			FY 2023		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Seller's credit related to business combinations	-	-	-	-	-	-	-	-	-
Bank loan	45 000	118 027	163 027	45 000	135 101	180 101	48 750	129 927	178 677
Bank overdraft	24	-	24	24 259	-	24 259	-	-	-
<b>Total</b>	<b>45 024</b>	<b>118 027</b>	<b>163 051</b>	<b>69 259</b>	<b>135 101</b>	<b>204 361</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 September 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**

### **Private placement**

On 9 October 2024, Techstep successfully completed a private placement of NOK 30 million by issuing 2,777,777 new ordinary shares at NOK 10.80 per share. The following primary insiders and close associates of primary insiders were allocated shares:

- Datum AS and Datum Vekst AS, close associates of board member Harald Arnet, were allocated 461,217 shares and 51,246 shares, respectively
- Karbon Invest AS, a close associate of board member Jens Rugseth, was allocated 383,927 shares
- Michael Jacobs, chairman of the Board, was allocated 20,000 shares
- Mia Unhjem Meier, a close associate of CEO Morten Meier, was allocated 50,000 shares

Following registration of the share capital increase pertaining to the private placement, the issued share capital of Techstep ASA is NOK 34,407,158 consisting of 34,407,158 shares, each with a nominal value of NOK 1. The new share capital was registered on 16 October 2024. For more information, see stock exchange announcements of 9 October and 16 October 2024.

### **Formalised commercial agreement with a Nordic mobile operator**

Following the initial partner agreement disclosed on 15 May 2024, Techstep announced on 9 October 2024 the formalisation of a strategic partnership with the Norwegian mobile operator ICE. The strategic partnership will introduce Techstep's own software and managed services to Ice's B2B customer base, featuring the Device Lifecycle Management platform as well as managed services and security capabilities. ICE will launch their device lifecycle services to the market in the fourth quarter 2024. The commercial terms include a licence price per user/device model and financial effect for Techstep is expected to ramp up from the second half of 2025.

## 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.

**Recurring Revenue Annualised**

Reported Recurring revenue annualised represents future contractual annual revenue from Own Software, Advisory & Services and Device-as-a-Service. Revenues are based on contracts for 12 or more months and calculated as last months invoiced contractual revenues times 12 months. 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>Q3 2024</b>	<b>Q3 2023</b>	<b>YTD 2024</b>	<b>YTD 2023</b>	<b>FY 2023</b>
Total revenue	237 609	226 719	760 030	789 631	1 089 491
Cost of goods sold	(131 314)	(126 104)	(432 414)	(456 626)	(644 460)
<b>Gross profit</b>	<b>106 295</b>	<b>100 615</b>	<b>327 617</b>	<b>333 005</b>	<b>445 031</b>
<b>Gross margin</b>	<b>44.7 %</b>	<b>44.4 %</b>	<b>43.1 %</b>	<b>42.2 %</b>	<b>40.8 %</b>
Salaries and personnel costs	(43 300)	(40 151)	(156 873)	(158 322)	(207 964)
Other operational costs	(21 081)	(22 015)	(66 574)	(74 372)	(99 571)
Other income	215	140	794	395	494
Other expenses	(1 189)	1	(4 568)	-	(1 970)
<b>EBITDA</b>	<b>40 940</b>	<b>38 589</b>	<b>100 396</b>	<b>100 704</b>	<b>136 019</b>
Depreciation	(27 714)	(25 625)	(85 762)	(81 082)	(107 603)
<b>EBITA</b>	<b>13 226</b>	<b>12 964</b>	<b>14 634</b>	<b>19 623</b>	<b>28 416</b>
Amortisation	(16 677)	(16 367)	(49 555)	(48 103)	(64 915)
<b>EBIT</b>	<b>(3 451)</b>	<b>(3 403)</b>	<b>(34 921)</b>	<b>(28 481)</b>	<b>(36 498)</b>
<b>Net gross profit</b>					
Gross profit	106 295	100 615	327 617	333 005	445 031
Depr. Device-as-a-service	(24 418)	(21 898)	(75 332)	(68 744)	(91 112)
<b>Net gross profit</b>	<b>81 877</b>	<b>78 717</b>	<b>252 285</b>	<b>264 261</b>	<b>353 919</b>
Net gross margin	34.5 %	34.7 %	33.2 %	33.5 %	32.5 %
<b>EBITDA adjusted</b>					
EBITDA	40 940	38 589	100 396	100 704	136 019
Other income	(215)	(140)	(794)	(395)	(494)
Other expense	1 189	(1)	4 568	-	1 970
<b>Adjusted EBITDA</b>	<b>41 913</b>	<b>38 449</b>	<b>104 170</b>	<b>100 310</b>	<b>137 496</b>
<b>EBITA adjusted</b>					
EBITA	13 226	12 964	14 634	19 623	28 416
Other income	(215)	(140)	(794)	(395)	(494)
Other expense	1 189	(1)	4 568	-	1 970
<b>EBITA adjusted</b>	<b>14 200</b>	<b>12 824</b>	<b>18 408</b>	<b>19 228</b>	<b>29 892</b>
<b>APM's in the Statement of financial position</b>			<b>YTD 2024</b>	<b>YTD 2023</b>	<b>2023</b>
<b>NIBD</b>					
Cash and cash equivalents			15 660	67 832	77 459
Non-current interest-bearing borrowings			118 027	135 101	129 927
Current interest-bearing borrowings			45 024	69 259	48 750
<b>NIBD</b>			<b>147 391</b>	<b>136 528</b>	<b>101 218</b>
<b>Equity ratio</b>					
Total equity			555 405	565 285	573 697
Total equity and liabilities			1 135 278	1 212 234	1 270 799
<b>Equity ratio</b>			<b>48.9 %</b>	<b>46.6 %</b>	<b>45.1 %</b>

The logo for Techstep, featuring the word "tech" in black, a red ampersand symbol, and "step" in black.

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