



# Q3 2022 Report

**Making the world of work smarter  
and more sustainable**



## **Techstep at a glance**

A mobile technology company enabling organisations to utilise software & hardware to strengthen your performance

- We enable remote and frontline workers to perform smartly, securely, and sustainably
- We combine software, mobile devices, and services to meet your business and ESG goals
- Our experts proactively ensure that your mobile ecosystem is optimised for success

# Highlights Q3 2022

## **Stable commercial momentum in Q3, launch of new standardised product portfolio will secure scale and growth going forward**

- Flat development of total revenue, while recurring revenue annualised grew 5% q/q to NOK 295 million, in line with the strategy of converting the business model to recurring revenue
- Launched Techstep Lifecycle and Techstep Managed, parts of the new simplified product portfolio which is designed to solve customer challenges and improve scalability and growth

## **Profitability improving as cost optimisation filters through**

- Improved profitability, with EBITA adj. up NOK 10 million from Q3 2021
- Cost optimisation efforts are filtering through, with salaries and personnel cost declining 14% y/y in the quarter

## **New financial targets launched – goal to double ARR on Own Software by 2025**

- New financial targets launched in Q3, with ambition to double ARR on Own Software to at least NOK 225 million by 2025
- NOK 90-100 million in annualised cost optimisation announced, helping to secure profitable development medium and long term
- Targeting an EBITA adj. of NOK 50 million in 2023, set to triple and reach at least NOK 150 million by 2025 as scalability and synergies have full effect

## **Successfully raised NOK 103 million in private placement**

- In Q3, with financial effect in Q4, NOK 103 million was raised to fund the final phase of the transformation process, as well as to strengthen the balance sheet
- NOK 25 million in sellers' credit converted to shares (included in the NOK 103 million) and bank loans renegotiated, significantly improving debt and liquidity position

# About Techstep

Techstep is a complete mobile technology enabler, making positive changes to the world of work; freeing people to work more effectively, securely, and sustainably. We help customers who want to work smarter, while also delivering on their ESG commitments. With around 300 employees based in Norway, Sweden, Denmark, and Poland, we serve more than 2 000 enterprise customers in Europe. Techstep had NOK 1.3 billion in full year 2021 revenues, and is listed on the Oslo Stock Exchange under the ticker TECH. To learn more, please visit [www.techstep.io/investor](http://www.techstep.io/investor)

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## CEO comment

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

To succeed with the transformation and accelerate growth, Techstep has acquired and combined multiple companies, as well as developed new mobile technology solutions. These acquisitions resulted in a silo-based organisational structure with several internal organisations, many products and solutions, and limited focus on integration and synergies. As part of the transformation process, we are simplifying and standardising Techstep's product offering, making it easier for customers to understand which challenges Techstep can help solve. It also makes it easier for our sales team to deliver great customer value more efficiently and consistently, ultimately driving growth and profitability for Techstep.

We have changed our business model from transactional to scalable recurring revenue. We will lead with software in our value-based proposition, with a positive tag-along effect on Hardware and Advisory & Services. To be able to execute and unleash the potential, and deliver great value to our customers and shareholders, we have also restructured and optimised the organisation to become One Techstep. Through this, we have achieved a unique position and product offering that gives us a competitive advantage in the managed mobility market.

The transformation has been lengthy and costly, and we are now in the final phase of the process. In this phase, we are focusing on optimising the cost base and aligning the company to the simplified product portfolio. This includes extracting synergies from the acquired companies, further automating the business processes, ensuring that we have the right capabilities and adjusted cost base. This is possible because we have come to the end of a long investment cycle, with investments in new products, the organisation and in people, as well as standardisation of both processes and technology.

With funds from the private placement, we will complete the transformation process and ensure that our organisation has the right expertise and size to capitalise on the growth prospects of our new product portfolio. Together with the cost initiatives that we have announced, Techstep is on the path to become profitable and scalable. We have set new financial targets, aligned with the transition from a transactional to a recurring business model. Through further optimisation of our business, our ambition for 2025 is an ARR on Own Software of NOK 225 million, net gross profit above NOK 540 million, and an EBITA adj. of NOK 150 million.

Overall, the main goal remains clear – *To be the leading European mobile technology enabler for customers that want to work smarter and more sustainably.*

Børge Astrup, CEO – Techstep ASA

## Key figures

(Amounts in NOK 1000)	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Revenues	289 856	290 122	953 281	920 790	1 305 090
Annual recurring revenue (ARR) - Own Software	103 564	95 912	103 564	95 912	97 423
Net gross profit <sup>1)</sup>	82 089	87 076	260 080	276 482	377 277
EBITDA adjusted <sup>2)</sup>	24 988	17 311	51 261	43 930	69 616
EBITA adjusted <sup>2)</sup>	(770)	(10 628)	(26 135)	(35 251)	(38 613)
EBIT	(15 442)	(30 618)	(31 528)	(86 680)	(110 522)
Net profit (loss) for the period	(17 813)	(25 057)	(36 796)	(72 766)	(102 660)
EBITDA adj. margin (%)	8.6%	6.0%	5.4%	4.8%	5.3%
EBITA adj. margin (%)	(0.3%)	(3.7%)	(2.7%)	(3.8%)	(3.0%)
EBIT margin (%)	(5.3%)	(10.6%)	(3.3%)	(9.4%)	(8.5%)
Net profit (loss) for the period (%)	(6.1%)	(8.6%)	(3.9%)	(7.9%)	(7.9%)
Cash	29 189	59 164	29 189	59 164	50 350
Net interest-bearing debt	224 478	182 166	224 478	182 166	121 600
Capex <sup>3)</sup>	(8 928)	(9 492)	(44 538)	(26 664)	(48 883)
Employees	329	354	329	354	341

1) Net gross profit is defined as Total revenue less Cost of goods sold and depreciation from hardware-as-a-service.

2) EBITDA adjusted and EBITA adjusted YTD 2022 exclude non-recurring items such as M&A and restructuring related costs of NOK 1.6 million and structural gains from sales of NOK 40.5 million.

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

# Operational review

## Main developments

In the third quarter of 2022, Techstep continued the transformation into a software-driven mobile technology enabler with a recurring services business model.

Over the last year, Techstep has integrated seven acquired companies, and simplified and standardised its product portfolio and solutions to drive profitable growth. At the end of the quarter, a cost optimisation programme of NOK 90-100 million was announced, to align the cost base to the new organisation and the simplified offering.

## Launch of new product solutions

When talking to existing and potential customers, they face three main challenges regarding their mobile technology: 1) optimal lifecycle management of mobiles, 2) efficient management of the mobile ecosystem and security, and 3) efficient mobile usage for deskless workers.

Techstep's simplified customer offering now consists of the three product portfolios

**SmartControl**, **Smart Works** and **SmartDevice**, with seven solutions in total. All three portfolios are provided as-a-service. In addition, customers who wish to purchase SmartDevice transactionally may do so. Techstep's standardised offering is expected to efficiently solve the challenges that our customers face, and more consistently deliver great customer value.

Techstep is in a launch-intensive period, where new products are brought to the market. In Q3, **Techstep Implement** (part of **Techstep Lifecycle**) and **Techstep Managed** were launched, both products designed to drive demand and deliver great customer value.

**Techstep Implement** is part of the **SmartDevice** portfolio, and a typical entry

product for many customers. Techstep Implement empowers employees to choose their own device through a secure self-serve portal, within a defined timeframe set by the organisation. The solution also has additional options such as mobile subscriptions and management.

**Techstep Managed** is a solution in the **SmartControl** portfolio, where Techstep proactively manages the customer's mobile ecosystem including device setup, security, and software updates.

## Sales development

In Q3, sales momentum picked up after a slower Q2 and are back at the expected level after summer. During the quarter, Techstep closed contract renewals and wins with both existing and new customers. The company continued to see a growing demand for Own Software and managed services from both new and existing customers and reached sales bookings of NOK 10 million in recurring revenue annualised, including Own Software, Advisory & Services and Hardware-as-a-Service. These contracts are expected to be delivered in the coming quarters.

In Q3, Techstep's total recurring revenue annualised was NOK 295 million, up from NOK 281 million in the previous quarter, of which Own Software ARR was NOK 104 million at the end of the quarter. Compared to Q3 2021, total recurring revenue annualised and Own Software ARR had a year-over-year growth of 14% and 8%, respectively. Techstep's ARR has a gross margin of ~90%, sold either as a white-label service through channel partners or directly by Techstep. The recurring revenue annualised portfolio includes recurring revenue streams from Own Software, Advisory & Services and Hardware-as-a-Service.

## Cost optimisation programme

At the end of Q3, Techstep announced a cost reduction programme to align the cost base to

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the simplified portfolio and extract synergies from acquired companies. By reducing the headcount, trimming consultancy usage and overall reducing costs, Techstep expects to achieve a cost optimization of NOK 90-100 million. This, together with the funds from the private placement, will support the final phase of the transformation process and help secure profitable development going forward.

## Sustainability

Techstep's mission is to make positive changes to the world of work through mobile technologies; freeing people to work more effectively, securely, and sustainably. During the past year, Techstep has strengthened its focus on ESG, including materiality, priorities, and metrics, and became a member of UN Global Compact. Techstep has also improved its Ecovadis' rating to silver in environmental and social performance, placing Techstep among the top 9% of more than 90 000 companies evaluated globally. Techstep's latest sustainability report was published in March 2022 (in the annual report for 2021).

## The market opportunity

In Q2 2022, Techstep was recognised as a global challenger by Gartner in a market with double digit growth. The recognition of Techstep as the only Challenger, and one of very few European players in the global Magic Quadrant for Managed Mobility Services, shows that the strategic position and offering that Techstep has built through the ongoing transformation resonates well in the marketplace. The recognition will help Techstep utilise the market opportunity and drive the managed mobility market. The market opportunity for Techstep can be divided into two main areas: enterprises and mobile technology for frontline workers.

Techstep is seen as a challenger in the Managed Mobility Services market, because of the company's combined software and

hardware offering built over the past five years via M&A and market consolidation.

Frontline workers make up the largest portion of the workforce, estimated at 2.8 billion workers on a global basis, and Gartner predicts that up to 70% of new mobile technology investments over the next five years will be for frontline workers. There has been an increased focus on supporting frontline workers to deliver higher quality and to ensure they're safe and productive.

## Financial review

*The interim financial information has not been subject to audit. Figures in brackets refer to the corresponding quarter in 2021.*

*In Q3, Techstep launched new financial targets, with key operating metrics being net gross profit, EBITA adjusted and ARR on Own Software. These key figures will be incorporated, updated and tracked in the Q3 financial review going forward.*

### Profit and loss third quarter 2022

Techstep generated total revenue of NOK 289.9 million in the third quarter of 2022, the same level as in the corresponding quarter last year of 290.1 million. The flat development in revenue is driven by a decline in revenue in the Advisory & Services business, due to the Q1 2022 divestment of the Voice and Contact centre business. On an organic basis, revenue in Q3 grew 3% y/y, and despite the macroeconomic environment, hardware sales and sales in general was stable.

Techstep's Own Software accounted for NOK 20.5 million (NOK 20.4 million). Hardware-as-a-Service revenue rose to NOK 36.6 million (NOK 33.4 million). Advisory & Services amounted to NOK 44.9 million (NOK 52.7 million) and related commissions were NOK 3.5 million in the quarter (NOK 5.1 million). Hardware revenue (excluding Hardware-as-a-Service) was NOK 184.7 million (NOK 178,4 million) in the quarter.

Net gross profit decreased by -5.7% year-over-year to NOK 82.1 million (NOK 87.1 million). The decline in net gross profit is explained by the above-mentioned divestment of the voice and contact centre impacting Advisory & Services revenue. Excluding this effect, net gross profit for the quarter was on par with last year. Net gross margin for the quarter was 28% (30%), as the share of hardware revenue was up vs last year.

Salaries and personnel costs decreased by -14% compared with the same quarter last year to NOK 53.8 million. The number of employees was 329 at the end of the quarter compared with 354 at end of same quarter last year. NOK 4.4 million of personnel cost from R&D is capitalised as development cost (NOK 1.7 million). Options costs in the quarter were NOK 0.7 million (NOK 2.2 million). Other operational costs were NOK 29.3 million (NOK 28.6 million). As announced during Q3, Techstep is currently working to optimise the cost base, by extracting synergies from acquisitions and by streamlining operations. The target is to reduce the cost base by NOK 90-100 million annualised, by the end of 2023. The cost optimisation is starting to filter through already this quarter, with a decline in overall cost base.

EBITA adjusted amounted to NOK -0.7 million in the third quarter of 2022. EBITA adjusted in the corresponding quarter last year was NOK -10.7 million and the improvement of NOK 10 million was driven by the above-mentioned cost reductions in salaries and personnel costs.

### Financial position

As at 30 September 2022, total assets were NOK 1 242 million, compared with NOK 1 315 million as at 31 December 2021.

Intangible assets accounted for NOK 797.5 million (NOK 777.9 million). They included a deferred tax asset of NOK 4.9 million (NOK 2.1 million), goodwill of NOK 604.5 million (NOK 592.5 million) and customer relations of NOK 58.8 (NOK 80.0 million) and technology of NOK 129.3 million (NOK 103.3 million).

Total tangible assets were NOK 199.3 million (NOK 179.0 million) as at 30 September 2022 including NOK 161.4 million (NOK 142.8 million) in Hardware-as-a-Service to customers and NOK

31.7 million (NOK 30.3 million) in right-of-use assets such as premises and other.

Total inventories and receivables were NOK 212.6 million (NOK 281.1 million) as at 30 September 2022. The decrease in accounts receivable of NOK -40.6 million from the preceding quarter is mainly related to a normalisation from a high level in Q2.

Total equity at 30 September 2022 was NOK 505.4 million (NOK 555.6 million), corresponding to an equity ratio of 41% (42%).

Non-current interest-bearing debt of NOK 96.8 million (NOK 97.4 million) includes acquisition loans of NOK 67.2 million (NOK 65.4 million) related to the Optidev and Famoc acquisitions and sellers' credit of NOK 29.6 million (NOK 27.6 million). Other non-current debt of NOK 39.7 million (NOK 43.3 million) mostly relates to leasing commitments of NOK 19.3 million (NOK 22.2 million) and a buy-back obligation for Hardware-as-a-Service of NOK 20.4 million (NOK 20.3 million).

Current interest-bearing borrowings amounted to NOK 156.9 million (NOK 74.5 million). They include net bank overdraft accounts of NOK 125.9 million (NOK 21.9 million).

Other current liabilities of NOK 243.6 million (NOK 295.1 million) mainly include payables to employees of NOK 31.3 million (NOK 37.4 million) and deferred revenue of NOK 151.3 million (NOK 200.9 million). The decrease in deferred revenue is partly explained by the recognition of the proceeds received in advance from the sale of the voice and contact centre. Other current liabilities include leasing commitments of NOK 14.8 million (NOK 10.6 million) and a buy-back obligation for Hardware-as-a-Service of NOK 16.6 million (NOK 9.8 million).

Net interest-bearing debt was NOK 224.5 million at 30 September 2022, compared to NOK 121.6 million at the start of the year. The

increase is mainly related to the utilisation of the bank overdraft to support the transformation of Techstep and investment in the technology platform.

## Cash flow third quarter 2022

Net cash inflow from operating activities was NOK 55.9 million in the quarter compared with inflow of NOK 2.7 million in the same quarter last year. The higher cash flow from operational activities is driven by underlying improvement in results, combined with positive changes in working capital.

Net cash flow outflow from investment activities was NOK 40.5 million (NOK 98.8 million). This is due to capital expenditures for equipment related to Hardware-as-a-Service of NOK 30.4 million (NOK 34.7 million) and Own Software and IT of NOK 8.9 million (NOK 1.1 million). The cash outflow related to Own Software and IT is in line with expectations and relates to building scalable solutions on both the product side and operations side in line with the group's strategy. As Techstep is approaching the end of a longer investment cycle, to drive the transformation and build scalable solutions, capex is expected to decrease going forward.

Net cash outflow from financing activities was NOK (15.9) million (positive at NOK 1.7 million) in the quarter. This is largely due to the repayment of borrowings.

Cash and cash equivalents decreased by NOK 0.6 million from NOK 29.9 million in the previous quarter to NOK 29.2 million at the end of the quarter.

## Corporate actions

On 29 September 2022, Techstep successfully completed a private placement of NOK 103 million at NOK 1.15 per share. The net proceeds from the private placement will be used to fund the final phase of the transformation process, restructuring, strengthen the balance sheet and for general corporate purposes. The

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net proceeds will have financial effect from Q4 2022. For more information, please see stock exchange announcements of 28. September and 29 September 2022.

## Risk and uncertainties

As described in the Annual Report for 2021, Techstep's business activities entail exposure to changes in market conditions, operational and financial development. Techstep strives to take an active approach to risk management through monitoring and mitigation initiatives of identified risks. Below is a summary of the main risks identified for Techstep in the next three to six months.

The outbreak of war in Ukraine, combined with the increased tension between China and Taiwan and the US' sanctions on China, have led to increased uncertainty regarding the development of the global economy. The evolving conflicts does not impact Techstep directly, and Techstep has no operating presence in the affected areas. Indirect effects however, such as financial market volatility and general economic market conditions, might have an impact on financial results. The high inflation and energy prices may further weaken the economic outlook. Techstep has a large base of public sector and large corporate customers, which are less vulnerable to volatile market conditions.

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

Techstep's operations, revenues and profits are dependent on its ability to generate sales through existing and new customers. Techstep operates in a competitive market segment, and the group's success depends on its ability

to meet changing customer preferences, to anticipate and respond to market and technological changes, and develop effective and competitive relationships with its customers and partners. Techstep continues to focus on improving its product offering, reducing customer implementation time, and becoming a software-led growth business, yielding higher cash flow and profit from operations, and transforming into a recurring revenue business model. The operational risk mainly relates to the ongoing transformation process, including standardisation of the product portfolio 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 position 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. 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 2021.

## Outlook

Techstep is positioned as a leading Nordic provider of managed mobility services and recognized by Gartner as the only challenger in the Magic Quadrant for Managed Mobility Services. The goal is to become the leading European mobile technology enabler for customers that want to work smarter and more sustainably.

Techstep is serving more than 2 000 customers across industries in both the private and public sector in Europe. The company is on a transformational journey, from a hardware and transactional business model to a software-led recurring revenue model. After integrating seven different companies into One Techstep, the product offering has been streamlined from 47 to 7 products to a new, simplified and scalable product portfolio that enables increased software sales to existing and new customers.

Techstep is now streamlining its operations and aligning its cost base to the simplified portfolio and extracting synergies from acquired companies. Through standardisation and automation, change of ERP systems, and right-sizing the organisation, Techstep expects to reduce its external capex and opex cost base by NOK 90-100 million over the next 6-18 months. Techstep expects to see effect of these initiatives already from the fourth quarter 2022, while keeping commercial momentum.

In Q4 2022, Techstep expects to book one-off restructuring costs, related to the ongoing cost optimisation and rightsizing of the organisation.

Techstep has stated new and clear medium and longer-term financial goals. In 2023, the ambition is an ARR on Own Software of NOK 140 million, net gross profit of 420 million and EBITA adj. of NOK 50 million. By 2025, Techstep targets an ARR on Own Software above NOK 225 million, net gross profit above NOK 540 million and EBITA adj. of NOK 150 million.

Moving forward, growth will be driven by the new product portfolio, the refocused sales strategy, and converting existing customers to MMS contracts. This is expected to have a positive tailwind on Advisory & Services as well as Hardware revenues.

Techstep is confident that its MMS offering has a strong value proposition and increasing relevance as it helps enterprises reduce costs, increase productivity, transform employee capabilities and enhance their engagement, ultimately driving business value and revenue growth, while delivering on ESG goals.

## Consolidated income statement

(Amounts in NOK 1 000)	Note	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Revenue	2, 3	289 856	289 986	953 281	919 304	1 303 192
Other revenue		-	136	-	1 485	1 898
<b>Total revenues</b>		<b>289 856</b>	<b>290 122</b>	<b>953 281</b>	<b>920 790</b>	<b>1 305 090</b>
Cost of goods sold		(181 810)	(181 458)	(619 733)	(584 214)	(845 305)
Salaries and personnel costs		(53 757)	(62 739)	(196 958)	(208 986)	(281 620)
Other operational costs		(29 300)	(28 615)	(85 328)	(83 659)	(108 549)
Depreciation	5	(25 758)	(27 939)	(77 396)	(79 181)	(108 229)
Amortisation		(14 223)	(13 177)	(44 307)	(36 105)	(54 723)
Other income		74	11	40 518	11	22
Other expenses		(523)	(6 824)	(1 605)	(15 335)	(17 209)
<b>Operating profit (loss)</b>		<b>(15 442)</b>	<b>(30 618)</b>	<b>(31 528)</b>	<b>(86 680)</b>	<b>(110 522)</b>
Financial income		1 418	1 453	2 982	7 171	12 232
Financial expense		(5 011)	(3 565)	(11 863)	(13 172)	(20 460)
<b>Profit before taxes</b>		<b>(19 035)</b>	<b>(32 730)</b>	<b>(40 409)</b>	<b>(92 681)</b>	<b>(118 750)</b>
Income taxes		1 222	7 673	3 613	19 914	16 091
<b>Net profit (loss) for the period</b>		<b>(17 813)</b>	<b>(25 057)</b>	<b>(36 796)</b>	<b>(72 766)</b>	<b>(102 660)</b>
<b>Net income attributable to</b>						
Non-controlling interests		-	224	(312)	435	(390)
Shareholders of Techstep ASA		(17 813)	(25 281)	(37 108)	(73 201)	(103 050)
<b>Earnings per share in NOK:</b>						
Basic		(0.08)	(0.13)	(0.18)	(0.39)	(0.55)
Diluted		(0.08)	(0.13)	(0.18)	(0.38)	(0.55)

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

## Consolidated statement of comprehensive income

(Amounts in NOK 1 000)	Note	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
<b>Net profit (loss) for the period</b>		<b>(17 813)</b>	<b>(25 057)</b>	<b>(36 796)</b>	<b>(72 766)</b>	<b>(102 660)</b>
<b>Items that may be reclassified to profit and loss</b>						
Exchange differences on translating foreign operations		(9 404)	(3 265)	(22 394)	(17 026)	(21 586)
Income tax related to these		249	(124)	57	(807)	(1 304)
<b>Other comprehensive income</b>		<b>(9 155)</b>	<b>(3 389)</b>	<b>(22 337)</b>	<b>(17 833)</b>	<b>(22 890)</b>
<b>Total comprehensive income</b>		<b>(26 968)</b>	<b>(28 445)</b>	<b>(59 445)</b>	<b>(90 599)</b>	<b>(125 549)</b>
<b>Total comprehensive income attributable</b>						
Non-controlling interests		-	224	(312)	435	390
Shareholders of Techstep ASA		(26 968)	(28 670)	(59 133)	(91 034)	(125 939)

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

# Consolidated statement of financial position

(Amounts in NOK 1 000)

ASSETS	Note	Q3 2022	2021
<b>Non-current assets</b>			
Deferred tax asset		4 933	2 149
Goodwill		604 511	592 549
Customer relations and technology		188 101	183 214
<b>Sum intangible assets</b>		<b>797 544</b>	<b>777 912</b>
Right of use assets		31 734	30 267
Property, plant and equipment	5	167 517	148 775
<b>Sum tangible assets</b>		<b>199 251</b>	<b>179 043</b>
Shares and investments		592	590
Other non-current assets		2 455	1 224
<b>Sum financial assets</b>		<b>3 048</b>	<b>1 814</b>
<b>Total non-current assets</b>		<b>999 843</b>	<b>958 768</b>
Inventories		24 710	19 391
Accounts receivable		152 175	230 229
Other receivables		35 739	31 435
<b>Total inventories and receivables</b>		<b>212 624</b>	<b>281 055</b>
Cash and cash equivalents	6	29 189	50 350
Assets classified as held for sale		–	24 482
<b>Total current assets</b>		<b>241 813</b>	<b>355 887</b>
<b>Total assets</b>		<b>1 241 656</b>	<b>1 314 655</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	4	212 499	209 630
Other equity		292 897	344 682
<b>Total equity attributable to the owners of Techstep ASA</b>	4	<b>505 397</b>	<b>554 312</b>
Non-controlling interests		–	1 274
<b>Total equity</b>		<b>505 397</b>	<b>555 586</b>
Deferred tax		21 251	14 645
Non-current interest-bearing borrowings		96 801	97 402
Other non-current debt		39 692	43 305
<b>Total non-current liabilities</b>		<b>157 744</b>	<b>155 353</b>
Current interest-bearing borrowings		156 866	74 548
Accounts payable		143 311	193 833
Tax payable		2 801	653
Public duties		31 977	39 577
Other current liabilities	5,	243 560	295 106
<b>Total current liabilities</b>		<b>578 515</b>	<b>603 716</b>
<b>Total liabilities</b>		<b>736 259</b>	<b>759 069</b>
<b>Total equity and liabilities</b>		<b>1 241 656</b>	<b>1 314 655</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	SUM	Minority interest	Total equity capital
<b>Equity as at start of 2021</b>	<b>183 295</b>	<b>591 361</b>	<b>(228 313)</b>	<b>16 222</b>	<b>562 566</b>	<b>884</b>	<b>563 450</b>
Profit for the period	-	-	(103 050)	-	(103 050)	390	(102 660)
Other comprehensive income	-	-	-	(22 890)	(22 890)	-	(22 890)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(103 050)</b>	<b>(22 890)</b>	<b>(125 939)</b>	<b>390</b>	<b>(125 549)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	22 655	75 264	-	-	97 920	-	97 920
Proceeds from issuance of shares net of transaction costs	3 679	12 141	-	-	15 821	-	15 821
Share-based payments	-	-	3 946	-	3 946	-	3 946
<b>Equity as at end of 2021</b>	<b>209 630</b>	<b>678 767</b>	<b>(327 417)</b>	<b>(6 668)</b>	<b>554 312</b>	<b>1274</b>	<b>555 586</b>
<b>Equity as at start of 2022</b>	<b>209 630</b>	<b>678 767</b>	<b>(327 417)</b>	<b>(6 667)</b>	<b>554 312</b>	<b>1274</b>	<b>555 586</b>
Profit for the period	-	-	(37 108)	-	(37 108)	312	(36 796)
Other comprehensive income	-	-	-	(22 337)	(22 337)	-	(22 337)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(37 108)</b>	<b>(22 337)</b>	<b>(59 445)</b>	<b>312</b>	<b>(59 134)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Transactions with non-controlling interests	-	-	-	-	-	(1 585)	(1 585)
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	2 014	3 442	-	-	5 456	-	5 456
Proceeds from issuance of shares net of transaction costs	855	1 149	-	-	2 004	-	2 004
Share-based payments	-	-	3 070	-	3 070	-	3 070
<b>Equity as at end of Q3 2022</b>	<b>212 499</b>	<b>683 357</b>	<b>(361 455)</b>	<b>(29 004)</b>	<b>505 397</b>	<b>-</b>	<b>505 397</b>

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

## Consolidated statement of cash flow

(Amounts in NOK 1 000)	Note	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Profit before tax		(19 035)	(32 730)	(40 409)	(92 681)	(118 750)
Depreciation equipment and other fixed assets	5	23 024	24 584	68 792	69 111	94 786
Depreciation right-of-use assets	5	2 734	3 355	8 604	10 070	13 443
Amortisation		14 223	13 177	44 307	36 105	54 723
Share-based payments		-	1 014	-	3 473	3 946
Gain from sale of business units		36	-	(40 126)	-	-
Gain from sale of property plant and equipment reclassified to investment activities	5	(1 206)	-	(1 206)	-	0
Net exchange differences		-	834	-	1 169	2 136
Taxes paid		1 793	(209)	(187)	(1 630)	(1 474)
Interest expense (revenue) reclassified to investing/financing activities		3 699	-	8 649	-	7 880
Changes in net operating working capital		30 607	(7 353)	9 025	89 993	72 242
<b>Net cash flow from operational activities</b>		<b>55 875</b>	<b>2 673</b>	<b>57 448</b>	<b>115 610</b>	<b>128 930</b>
Payment for acquisition of subsidiaries net of cash acquired		-	(78 978)	294	(78 978)	(78 759)
Payment for equipment and other fixed assets	5	(30 371)	(34 656)	(95 262)	(132 286)	(141 392)
Payment for intangible assets		(8 928)	(1 097)	(44 538)	(24 969)	(48 883)
Proceeds from sale of property, plant and equipment		(1 378)	15 925	1 206	24 014	27 393
Proceeds from sale of business		-	-	-	-	65 678
Interest received				229	-	1 368
<b>Net cash used on investment activities</b>		<b>(40 536)</b>	<b>(98 806)</b>	<b>(138 070)</b>	<b>(212 219)</b>	<b>(174 594)</b>
Changes in ownership in Subsidiary				(9 000)		
Proceeds from issuance of shares		-	-	3 161	101 853	101 853
Proceeds from borrowings		-	11 701	104 058	55 192	35 145
Repayment of borrowings		(9 870)	(6 932)	(21 082)	(14 126)	(41 783)
Lease repayments		(2 829)	(3 088)	(9 500)	(12 514)	(16 240)
Interest paid		(3 241)	-	(7 992)	-	(7 731)
<b>Net cash flow from financing activities</b>		<b>(15 940)</b>	<b>1 681</b>	<b>59 645</b>	<b>130 405</b>	<b>71 244</b>
<b>Net change in cash and cash equivalents</b>		<b>(601)</b>	<b>(94 452)</b>	<b>(20 978)</b>	<b>33 796</b>	<b>25 580</b>
Cash and cash equivalents at beginning of period		29 922	154 036	50 350	27 203	27 203
Effects of exchange rate changes on cash and cash equivalents		(132)	(421)	(184)	(1 835)	(2 433)
<b>Cash and cash equivalents at end of period</b>	6	<b>29 189</b>	<b>59 164</b>	<b>29 189</b>	<b>59 164</b>	<b>50 350</b>

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

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# 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 2021. 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 2021. This report has not been audited.

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## **Note 2. Business segments**

Techstep has four segments, which are represented by the four geographic locations where the Group's entities are incorporated. The entities are controlled and owned by the Techstep Group. The segment HQ comprises Techstep ASA. Eliminations comprise intersegment sales. Transactions between operating segments are conducted on normal commercial terms.

### **1) Norway**

- Techstep Norway AS: The offerings of the company are mobile hardware, servicing, support and mobility consultancy services. The company is located in Oslo and Sandefjord.
- Mytos AS: A Norwegian-based software as a services company with mainly recurring revenue. Mytos offers a full range of mobile expense management (TEM) modules, all with proprietary software and highly user-friendly implementation and operation. The company is located in Oslo.
- Techstep Finance AS: Provides financing and remarketing services.

### **2) Sweden**

- Techstep AB (formerly Techstep Sweden AB and Optidev AB): The company's offerings include mobile hardware, mobility consultancy services and Enterprise Mobility Management (EMM) services, including mobile security, system design, implementation, mobile device management. The company also develop and provide enterprise mobility software and solutions, predominantly to customers in the transportation, logistics and public safety sectors in Sweden, Norway and Denmark. The company is located in Karlstad, Borås, Gothenburg and Stockholm.
- Techstep Finance AB: Provides financing and remarketing services.

### **3) Denmark**

- Techstep Denmark ApS: Established to invoice Danish customers. The company is fully supported from Norway and does not have any employees.
- Optidev ApS: Established as a sales office for Techstep AB (formerly Optidev AB).

### **4) Poland**

- Techstep Poland S.A. (formerly Famoc S.A.): A Polish software-as-a-services company with mainly recurring revenue. The company offers a portfolio of solutions for the mobile device lifecycle management market. The company is located in Gdańsk.
- Famoc Ltd: A company based in Ireland acting as a reseller of Techstep Poland S.A. software to customers outside Poland.
- Santa Maria Private Ventures sp. z.o.o.: A holding company owning shares in Famoc S.A. and Famoc Software sp. z.o.o.

### **5) Headquarters (HQ)**

- Techstep ASA

<b>Q3 2022</b>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Elim- inations</b>	<b>Total</b>
<b>Operating revenues from external customers</b>	<b>193 417</b>	<b>77 639</b>	<b>14 621</b>	<b>4 179</b>			<b>289 856</b>
Operating revenues from other segments	9 288	15 330	-	2 513	17 054	(44 185)	-
<b>Operating revenues</b>	<b>202 705</b>	<b>92 969</b>	<b>14 621</b>	<b>6 692</b>	<b>17 054</b>	<b>(44 185)</b>	<b>289 856</b>
Cost of goods sold	(133 643)	(49 152)	(12 184)	(2 127)	-	15 296	(181 810)
Salaries and personnel costs	(17 498)	(25 770)	(425)	2 563	(14 310)	1 683	(53 757)
Other operational costs	(25 163)	(14 417)	(659)	(5 378)	(10 078)	26 395	(29 300)
Share of profit (loss) of joint venture	-	-	-	-	-	-	-
Depreciation	(11 569)	(10 858)	(204)	(220)	(2 908)	-	(25 758)
Amortisation	(6 407)	(5 571)	-	(1 105)	(1 140)	-	(14 223)
Impairment	-	-	-	-	-	-	-
Other income	-	(36)	-	110	-	-	74
Other expenses	-	-	-	(1)	(522)	(0)	(523)
<b>Operating profit (loss)</b>	<b>8 425</b>	<b>(12 835)</b>	<b>1149</b>	<b>534</b>	<b>(11 903)</b>	<b>(812)</b>	<b>(15 442)</b>
<b>Employees 30 September 2022</b>	<b>125</b>	<b>151</b>	<b>3</b>	<b>44</b>	<b>6</b>	-	<b>329</b>

<b>Q3 2021*</b>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Elim- inations</b>	<b>Total</b>
<b>Operating revenues from external customers</b>	<b>191 330</b>	<b>84 309</b>	<b>8 431</b>	<b>6 055</b>			<b>290 124</b>
Operating revenues from other segments	9 218	13 275	-	-	9 060	(31 553)	-
<b>Operating revenues</b>	<b>200 547</b>	<b>97 585</b>	<b>8 431</b>	<b>6 055</b>	<b>9 060</b>	<b>(31 553)</b>	<b>290 122</b>
Cost of goods sold	(134 333)	(57 071)	(6 996)	(1 095)	-	18 038	(181 458)
Salaries and personnel costs	(30 600)	(24 839)	(914)	(3 354)	(3 431)	400	(62 739)
Other operational costs	(22 361)	(10 152)	(358)	15	(12 864)	17 105	(28 615)
Share of profit (loss) of joint venture	-	-	-	-	-	-	-
Depreciation	(17 567)	(10 009)	(158)	(204)	(1)	-	(27 939)
Amortisation	(4 752)	(7 020)	-	(1 405)	-	-	(13 177)
Impairment	-	-	-	-	-	-	-
Other income	-	-	-	11	-	-	11
Other expenses	-	-	-	-	(6 824)	-	(6 824)
<b>Operating profit (loss)</b>	<b>(9 065)</b>	<b>(11 507)</b>	<b>4</b>	<b>22</b>	<b>(14 060)</b>	<b>3 990</b>	<b>(30 616)</b>
<b>Employees 30 September 2021*</b>	<b>133</b>	<b>161</b>	<b>4</b>	<b>51</b>	<b>5</b>	-	<b>354</b>

\*The above table is restated in accordance with new segment reporting

YTD 2022	Norway	Sweden	Denmark	Poland	HQ	Eliminations	Total
<b>Operating revenues from external customers</b>	<b>602 378</b>	<b>306 832</b>	<b>27 180</b>	<b>16 892</b>	-	-	<b>953 281</b>
Operating revenues from other segments	26 163	30 661	-	3 411	53 605	(113 840)	-
<b>Operating revenues</b>	<b>628 540</b>	<b>337 492</b>	<b>27 180</b>	<b>20 303</b>	<b>53 605</b>	<b>(113 840)</b>	<b>953 281</b>
Cost of goods sold	(420 620)	(199 828)	(22 008)	(5 915)	-	28 638	(619 733)
Salaries and personnel costs	(64 989)	(83 587)	(1 770)	(5 034)	(46 601)	5 022	(196 958)
Other operational costs	(74 177)	(43 369)	(1 982)	(8 283)	(35 261)	77 745	(85 328)
Share of profit (loss) of joint venture	-	-	-	-	-	-	-
Depreciation	(43 696)	(29 455)	(767)	(569)	(2 909)	-	(77 396)
Amortisation	(16 865)	(19 398)	-	(6 343)	(1 710)	9	(44 307)
Impairment	-	-	-	-	-	-	-
Other income	19 600	20 526	-	146	246	-	40 518
Other expenses	(500)	-	-	(1)	(1 104)	(0)	(1 605)
<b>Operating profit (loss)</b>	<b>27 294</b>	<b>(17 619)</b>	<b>653</b>	<b>(5 697)</b>	<b>(33 733)</b>	<b>(2 426)</b>	<b>(31 528)</b>

YTD 2021*	Norway	Sweden	Denmark	Poland	HQ	Eliminations	Total
<b>Operating revenues from external customers</b>	<b>584 868</b>	<b>302 099</b>	<b>27 771</b>	<b>6 055</b>	-	-	<b>920 790</b>
Operating revenues from other segments	30 553	27 397	5	-	27 179	(85 135)	-
<b>Operating revenues</b>	<b>615 421</b>	<b>329 496</b>	<b>27 776</b>	<b>6 055</b>	<b>27 179</b>	<b>(85 135)</b>	<b>920 790</b>
Cost of goods sold	(407 188)	(184 523)	(23 482)	(1 095)	-	32 074	(584 214)
Salaries and personnel costs	(104 829)	(85 709)	(2 020)	(3 354)	(14 824)	1 750	(208 986)
Other operational costs	(63 713)	(32 235)	(852)	15	(38 078)	51 204	(83 659)
Share of profit (loss) of joint venture	-	-	-	-	-	-	-
Depreciation	(50 394)	(28 284)	(295)	(204)	(5)	-	(79 181)
Amortisation	(13 812)	(20 888)	-	(1 405)	-	-	(36 105)
Impairment	-	-	-	-	-	-	-
Other income	-	-	-	11	-	-	11
Other expenses	-	-	-	-	(15 335)	-	(15 335)
<b>Operating profit (loss)</b>	<b>(24 515)</b>	<b>(22 143)</b>	<b>1127</b>	<b>22</b>	<b>(41 063)</b>	<b>(107)</b>	<b>(86 680)</b>

\*The above table is restated in accordance with new segment reporting

FY 2021	Norway	Sweden	Denmark	Poland	HQ	Eliminations	Total
<b>Operating revenues from external customers</b>	<b>813 205</b>	<b>435 838</b>	<b>41 441</b>	<b>14 607</b>	-	-	<b>1 305 090</b>
Operating revenues from other segments	72 317	41 404	7	2 718	37 148	(153 593)	-
<b>Operating revenues</b>	<b>885 522</b>	<b>477 242</b>	<b>41 448</b>	<b>17 325</b>	<b>37 148</b>	<b>(153 593)</b>	<b>1 305 090</b>
Cost of goods sold	(573 144)	(280 461)	(34 671)	(6 770)	-	49 741	(845 305)
Salaries and personnel costs	(130 854)	(115 246)	(2 981)	(8 540)	(24 549)	550	(281 620)
Other operational costs	(54 309)	(44 341)	(1 121)	3 108	(87 220)	75 334	(108 549)
Share of profit (loss) of joint venture	-	-	-	-	-	-	-
Depreciation	(69 208)	(38 139)	(473)	(403)	(6)	-	(108 229)
Amortisation	(20 118)	(27 709)	-	(6 896)	-	-	(54 723)
Impairment	(3 815)	-	-	-	-	3 815	-
Other income	-	-	-	22	-	-	22
Other expenses	(6 728)	-	-	-	(9 716)	(764)	(17 208)
<b>Operating profit (loss)</b>	<b>27 346</b>	<b>(28 654)</b>	<b>2 202</b>	<b>(2 155)</b>	<b>(84 343)</b>	<b>(24 917)</b>	<b>(110 522)</b>
<b>Employees year end 2021*</b>	<b>129</b>	<b>154</b>	<b>4</b>	<b>48</b>	<b>6</b>	<b>-</b>	<b>341</b>

\*Restated in accordance with new segment reporting

### Note 3. Disaggregation of revenues

In the following tables, total revenue is disaggregated by major revenue streams divided into the reportable segments as shown in note 2:

Q3 2022	Norway	Sweden	Denmark	Poland	HQ	Eliminations	Group
<b>Total revenues</b>	<b>202 705</b>	<b>92 969</b>	<b>14 621</b>	<b>6 692</b>	<b>17 054</b>	<b>(44 185)</b>	<b>289 856</b>
<b>Hardware</b>							
Hardware	128 174	42 016	8 830	(2)	-	(7 148)	171 869
Hardware-as-a-Service	22 571	14 086	1 370	-	-	(1 397)	36 630
Bonus	11 486	1 387	-	-	-	-	12 873
<b>Total</b>	<b>162 230</b>	<b>57 490</b>	<b>10 200</b>	<b>(2)</b>	<b>-</b>	<b>(8 546)</b>	<b>221 372</b>
<b>Solutions</b>							
Advisory & Services	17 409	26 626	4 199	897	-	(4 280)	44 851
Own Software	11 491	6 051	267	5 797	-	(3 057)	20 548
<b>Total</b>	<b>28 899</b>	<b>32 677</b>	<b>4 466</b>	<b>6 694</b>	<b>-</b>	<b>(7 337)</b>	<b>65 399</b>
<b>Other revenues</b>							
Commission*	3 548	(0)	-	-	-	-	3 548
Other	8 028	2 802	(45)	-	17 054	(28 302)	(463)
<b>Total</b>	<b>11 576</b>	<b>2 802</b>	<b>(45)</b>	<b>-</b>	<b>17 054</b>	<b>(28 302)</b>	<b>3 084</b>

\*reclassified from Solutions

<b>Q3 2021*</b>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Eliminations</b>	<b>Group</b>
<b>Total revenues</b>	<b>200 550</b>	<b>97 585</b>	<b>8 431</b>	<b>6 054</b>	<b>9 060</b>	<b>(31 555)</b>	<b>290 122</b>
<b>Hardware</b>							
Hardware	124 391	46 937	4 322	-	-	(9 212)	166 438
Hardware-as-a-Service	22 470	10 998	1 230	-	-	(1 250)	33 449
Bonus	9 615	2 314	-	-	-	-	11 929
<b>Total</b>	<b>156 477</b>	<b>60 249</b>	<b>5 552</b>	<b>-</b>	<b>-</b>	<b>(10 462)</b>	<b>211 816</b>
<b>Solutions</b>							
Advisory & Services	20 759	31 605	2 688	575	-	(2 940)	52 688
Own Software	9 754	5 564	187	5 479	-	(611)	20 373
<b>Total</b>	<b>30 513</b>	<b>37 169</b>	<b>2 875</b>	<b>6 054</b>	<b>-</b>	<b>(3 551)</b>	<b>73 060</b>
<b>Other revenues</b>							
Commission**	5 024	89	-	-	-	0	5 113
Other	8 536	78	4	-	9 060	(17 541)	136
<b>Total</b>	<b>13 560</b>	<b>167</b>	<b>4</b>	<b>-</b>	<b>9 060</b>	<b>(17 541)</b>	<b>5 250</b>

\*The above table is restated in accordance with new segment reporting

\*\*reclassified from Solutions

<b>YTD 2022</b>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Eliminations</b>	<b>Group</b>
<b>Total revenues</b>	<b>609 514</b>	<b>337 492</b>	<b>27 180</b>	<b>20 303</b>	<b>53 605</b>	<b>(94 814)</b>	<b>953 281</b>
<b>Hardware</b>							
Hardware	415 075	175 845	14 410	319	-	(13 891)	591 758
Hardware-as-a-Service	63 385	39 701	4 220	-	-	(3 967)	103 339
Bonus	31 555	6 061	-	-	-	-	37 616
<b>Total</b>	<b>510 016</b>	<b>221 606</b>	<b>18 630</b>	<b>319</b>	<b>-</b>	<b>(17 858)</b>	<b>732 713</b>
<b>Solutions</b>							
Advisory & Services	49 501	92 714	8 172	1 679	-	(7 821)	144 245
Own Software	32 877	18 370	470	18 305	-	(5 049)	64 972
<b>Total</b>	<b>82 377</b>	<b>111 084</b>	<b>8 642</b>	<b>19 984</b>	<b>-</b>	<b>(12 870)</b>	<b>209 218</b>
<b>Other revenues</b>							
Commission*	11 432	64	-	-	-	-	11 495
Other	5 689	4 739	(92)	-	53 605	(64 086)	(145)
<b>Total</b>	<b>17 121</b>	<b>4 802</b>	<b>(92)</b>	<b>-</b>	<b>53 605</b>	<b>(64 086)</b>	<b>11 351</b>

\*reclassified from Solutions

YTD 2021*	Norway	Sweden	Denmark	Poland	HQ	Eliminations	Group
<b>Total revenues</b>	<b>615 420</b>	<b>329 496</b>	<b>27 776</b>	<b>6 055</b>	<b>27 179</b>	<b>(85 136)</b>	<b>920 790</b>
<b>Hardware</b>							
Hardware	391 659	152 912	16 046	-	-	(15 964)	544 653
Hardware-as-a-Service	63 464	33 938	3 492	-	-	(3 982)	96 911
Bonus	27 004	9 246	-	-	-	-	36 249
<b>Total</b>	<b>482 127</b>	<b>196 096</b>	<b>19 537</b>	<b>-</b>	<b>-</b>	<b>(19 946)</b>	<b>677 812</b>
<b>Solutions</b>							
Advisory & Services	63 827	113 407	7 705	575	-	(10 419)	175 095
Own Software	29 292	17 647	516	5 479	-	(1 766)	51 169
<b>Total</b>	<b>93 119</b>	<b>131 054</b>	<b>8 220</b>	<b>6 054</b>	<b>-</b>	<b>(12 185)</b>	<b>226 265</b>
<b>Other revenues</b>							
Commission**	13 223	2 004	-	-	-	0	15 227
Other	26 951	343	18	-	27 179	(53 005)	1 485
<b>Total</b>	<b>13 223</b>	<b>2 004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>15 227</b>

\*The above table is restated in accordance with new segment reporting

\*\*reclassified from Solutions

FY 2021	Norway	Sweden	Denmark	Poland	HQ	Eliminations	Group
<b>Total revenues</b>	<b>789 491</b>	<b>456 826</b>	<b>41 448</b>	<b>17 325</b>	<b>58 360</b>	<b>(58 360)</b>	<b>1305 090</b>
<b>Hardware</b>							
Hardware	524 717	221 641	24 790	365	-	-	771 513
Hardware-as-a-Service	82 948	46 557	4 732	-	-	-	134 237
Bonus	37 044	12 119	-	-	-	-	49 163
<b>Total</b>	<b>644 709</b>	<b>280 317</b>	<b>29 522</b>	<b>365</b>	<b>-</b>	<b>-</b>	<b>954 912</b>
<b>Solutions</b>							
Advisory & Services	86 400	155 216	11 255	1 458	-	-	254 329
Own Software	39 090	18 505	689	15 503	-	-	73 787
<b>Total</b>	<b>125 490</b>	<b>173 722</b>	<b>11 944</b>	<b>16 960</b>	<b>-</b>	<b>-</b>	<b>328 116</b>
<b>Other revenues</b>							
Commission*	17 791	2 372	-	-	-	-	20 164
Other	1 501	415	(18)	-	58 360	(58 360)	1 898
<b>Total</b>	<b>19 292</b>	<b>2 788</b>	<b>(18)</b>	<b>-</b>	<b>58 360</b>	<b>(58 360)</b>	<b>22 062</b>

\*reclassified from Solutions

## Note 4. Share capital and shareholders

The company's share capital as at 30 September 2022 was NOK 212 499 295 consisting of 212 499 295 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 1,914 treasury shares.

**Techstep's 20 largest shareholders at 30 September 2022 were as follows:**

Shareholder	# of shares	Ownership %
DATUM AS <sup>1</sup>	36 615 646	17.23%
KARBON INVEST AS <sup>2</sup>	22 526 807	10.60%
MIDDELborg INVEST AS	21 979 844	10.34%
Swedbank AB	18 974 913	8.93%
VERDIPAPIRFONDET DNB SMB	6 851 311	3.22%
DnB NOR Bank ASA	5 335 270	2.51%
ALUNDO INVEST AS	4 590 000	2.16%
TIGERSTADEN AS	4 538 498	2.14%
CIPRIANO AS	3 062 119	1.44%
Saxo Bank A/S	3 000 000	1.41%
TVENGE	2 725 238	1.28%
ZONO HOLDING AS <sup>3</sup>	2 500 000	1.18%
BRIDGE CAPITAL AS	2 500 000	1.18%
GIMLE INVEST AS	2 485 987	1.17%
NORDHOLMEN AS	2 482 597	1.17%
CAMIKO AS	2 262 551	1.06%
PIKA HOLDING AS	2 143 455	1.01%
ADRIAN AS	2 038 851	0.96%
UNIFIED AS	1 969 264	0.93%
IDEKAPITAL AS	1 946 253	0.92%
Total number owned by top 20	150 528 604	78.67%
Total number of shares	212 499 250	100.00%

1) Datum AS is controlled by deputy board member Jan Haudemann-Andersen

2) Karbon Invest AS is owned by chairman of the board Jens Rugseth

Duo Jag AS, which is partly owned by board member Ingrid Leisner, owns 601,562 shares in Techstep ASA.

### Private placement

On 29 September 2022, Techstep successfully completed a private placement of NOK 103 million at NOK 1.15 per share. Datum AS and Karbon Invest AS, as well as CEO Børge Astrup, were allocated shares in the private placement. Following registration of the share capital increase pertaining to both tranches of the private placement, the issued share capital of Techstep ASA is NOK 304,728,910 consisting of 304,728,910 shares, each with a nominal value of NOK 1. The new share capital was registered on 29 October 2022. For more information, please see stock exchange announcements of 28 September and 29 September 2022.

## Share option grant

At the Annual General meeting 22 June 2020, 4 069 883 share options (2.5% of existing shares) were granted under the 2020 programme. The share options will become exercisable (vest) on 22 June 2021 and must be exercised by 22 June 2024. The exercise price is NOK 3.00.

At the Annual General meeting 22 April 2021, 4 593 307 share options (2.5% of existing shares) were granted under the 2021 programme. The share options vest 1/3 each year from 22 April 2022 and are fully vested on 22 April 2024. The options must be exercised by 22 April 2026. The exercise price is NOK 5.80. The exercise price will be adjusted for any dividends paid or accrued before exercise. Each option holder's aggregated gross profit from exercising the options shall be limited to the amount equal to 3 years' gross base salary at the time of exercising the options. The exercise of share options can be settled in cash, and/or with new or existing treasury shares.

CEO Børge Astrup was awarded 4,500,000 share options at an extraordinary general meeting held 22 September 2021. The options vest in three tranches with 1/3 per tranche, on 1 September 2024, 2025, and 2026. The exercise period is two years from the applicable vesting date. The strike price is NOK 4.75, NOK 5.75 and NOK 6.75 for the respective tranches. If the average, weighted Techstep share price for seven calendar days exceeds NOK 30 per share, then the Company may require that all vested options are exercised by Børge Astrup.

At the Annual General Meeting 21 April 2022, share options (1.4% of existing shares) were granted under the 2022 programme. The granted share options vest 1/3 each year from 21 April 2023 and are fully vested on 21 April 2025. The options must be exercised within 5 years. The exercise price is NOK 3.245. The exercise price will be adjusted for any dividends paid or accrued before exercise. The exercise of share options can be settled in cash, and/or with new or existing treasury shares.

As at 30 September 2022, the total number of outstanding share options was 10 416 411 (4.5%).

## Overview of shares and share options held by members of the management group as at 30 September 2022:

Name	Position	Shares	Share options
Børge Astrup	CEO	1 367 406	4 500 000
Anita Huun	CFO	125 324	838 519
Ellen Skaarnæs	Chief People Officer	54 209	340 648
Sheena Lim	Chief Marketing Officer	21 331	340 648
Mads Vårdal	Chief Product Officer	5 019	1 497 374
Fredrik Logenius	Chief Operating Officer	9 469 399	570 307
Bartosz Leoszewski	Chief Technology Officer	397 952	340 648
Gunnar Aasen	Chief Revenue Officer	-	340 648

*Note: The number of shares held by members of the management group at 30 June 2022 in the Q2 2022 report was not updated with shares purchased through the ESPP program in May 2022.*

## Note 5. Property, plant and equipment

	Right-of-use assets	Equipment <sup>1)</sup>	Other fixed assets	Total
Accumulated cost as at 1 January 2022	63 881	292 234	31 090	387 211
Additions	8 100	90 277	3 083	101 460
Additions arising from business combinations	0	0	83	83
Disposals	(312)	(45 591)	(14 735)	(60 639)
Translation differences	1 161	3 354	215	4 729
Reclassified to asset classified as held for sale	-	-	-	-
<b>Accumulated cost 30 September 2022</b>	<b>72 830</b>	<b>340 274</b>	<b>19 736</b>	<b>432 845</b>
Accumulated cost as at 1 January 2021	65 953	282 727	35 210	383 891
Additions	11 424	140 212	1 179	152 815
Additions arising from business combinations	-	-	869	869
Disposals	(12 152)	(122 605)	(4 979)	(139 736)
Translation differences	(1 344)	(8 101)	(1 190)	(10 634)
Reclassified to asset classified as held for sale	-	-	-	-
<b>Accumulated cost 31 December 2021</b>	<b>63 881</b>	<b>292 234</b>	<b>31 090</b>	<b>387 205</b>
Accumulated depreciation as at 1 January	(33 613)	(149 468)	(25 081)	(208 163)
Additions arising from business combinations	(0)	(0)	-	(0)
Current year depreciation	(8 604)	(66 712)	(2 080)	(77 396)
Disposals	344	39 966	13 971	54 281
Translation differences	778	(2 628)	(460)	(2 310)
Reclassified to asset classified as held for sale	-	-	-	-
<b>Accumulated depreciation 30 September</b>	<b>(41 096)</b>	<b>(178 842)</b>	<b>(13 650)</b>	<b>(233 588)</b>
Accumulated depreciation as at 1 January 2021	(26 341)	(157 897)	(27 485)	(211 723)
Additions arising from business combinations	-	-	(766)	(766)
Current year depreciation	(13 443)	(92 167)	(2 619)	(108 229)
Disposals	5 386	95 875	4 982	106 242
Translation differences	784	4 722	807	6 313
Reclassified to asset classified as held for sale	-	-	-	-
<b>Accumulated depreciation 31 December 2021</b>	<b>(33 613)</b>	<b>(149 468)</b>	<b>(25 081)</b>	<b>(208 163)</b>
Book value of assets 30 September 2022	31 734	161 432	6 086	199 252
Book value of assets 31 December 2021	30 267	142 766	6 009	179 043

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

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## Note 6. Cash and cash equivalents

<b>Current assets</b>	<b>Q3 2022</b>	<b>FY 2021</b>
Cash at bank and in hand, not included in cash pool	29 189	50 350
of which is restricted	6 233	6 196

The Group has a credit facility of NOK 140 million related to the cash pool. As at 30 September 2022 NOK 125.9 million of the facility has been utilised.

# Alternative performance measures

Techstep Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, it is management's intention to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Techstep's performance, but not instead of the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. The principles for measuring the alternative performance measures are in accordance with the principles used both for segment reporting in Note 2 and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources.

## **Gross profit**

Gross profit is defined as Total revenue less Cost of goods sold.

## **Net gross profit**

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

## **Gross margin**

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

## **EBITDA**

Earnings before interest, tax, depreciation (excluding depreciation from Hardware-as-a-Service), amortisation and impairment (EBITDA) is a key financial parameter for Techstep. This measure is useful to users of Techstep's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciation and amortisation expense related primarily to leases, capital expenditures and acquisitions that occurred in the past. The EBITDA margin presented is defined as EBITDA divided by total revenues.

## **EBITDA adjusted**

Adjusted earnings before interest, tax, depreciation (excluding depreciation from Hardware-as-a-Service), amortisation and impairment (EBITDA) is based on EBITDA but 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 sale of subsidiaries, acquisition-related costs and other non-recurring income and expenses.

## **EBITA**

Earnings before interest, tax and amortisation (EBITA) is a key financial parameter for Techstep. This measure is useful to users of Techstep's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciation related primarily to leases and capital expenditures and acquisitions that occurred in the past. The EBITA margin presented is defined as EBITA divided by total revenue.

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## **EBITA adjusted**

Adjusted earnings before interest, tax, amortisation and impairment (EBITA) is based on EBITA but 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 sale of subsidiaries, acquisition-related costs and other non-recurring income and expenses.

## **EBIT**

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

## **Total net operating expenses**

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

## **Hardware revenue**

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

Hardware share of revenue is the hardware revenue divided by total revenues.

## **Solutions revenue**

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

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

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

## **Equity ratio**

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

## **Capital Expenditure (Capex)**

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

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

ARR is defined as Annual Recurring Revenue from Techsteps own software portfolio and is calculated by multiplying the monthly recurring revenue with twelve. Techstep only includes contracts where invoicing to customers has started.

## **Recurring Revenue Annualised**

Recurring revenue includes contracts of 24 months or more, excluding mobile expense management (MEM) white label (with three months notice before year-end). The figures are based on the recognised recurring revenue isolated each quarter, annualised.

<b>APM's in the income statement</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
Total revenue	289 856	290 122	953 281	920 790	1 305 090
Cost of goods sold	(181 810)	(181 458)	(619 733)	(584 214)	(845 305)
<b>Gross profit</b>	<b>108 045</b>	<b>108 664</b>	<b>333 548</b>	<b>336 575</b>	<b>459 785</b>
<b>Gross margin</b>	<b>37%</b>	<b>37%</b>	<b>35%</b>	<b>37%</b>	<b>35%</b>
Salaries and personnel costs	(53 757)	(62 739)	(196 958)	(208 986)	(281 620)
Other operational costs	(29 300)	(28 615)	(85 328)	(83 659)	(108 549)
Other income	74	11	40 518	11	22
Other expenses	(523)	(6 824)	(1 605)	(15 335)	(17 209)
<b>EBITDA</b>	<b>24 540</b>	<b>10 497</b>	<b>90 174</b>	<b>28 606</b>	<b>52 430</b>
Depreciation	(25 758)	(27 939)	(77 396)	(79 181)	(108 229)
<b>EBITA</b>	<b>(1 218)</b>	<b>(17 442)</b>	<b>12 778</b>	<b>(50 575)</b>	<b>(55 799)</b>
Amortisation	(14 223)	(13 177)	(44 307)	(36 105)	(54 723)
<b>EBIT</b>	<b>(15 442)</b>	<b>(30 619)</b>	<b>(31 528)</b>	<b>(86 680)</b>	<b>(110 522)</b>

<b>Net gross profit</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
Gross profit	108 045	108 664	333 548	336 575	459 785
Depreciation from hardware-as-a-service	(25 956)	(21 589)	(73 468)	(60 093)	(82 508)
<b>Net gross profit</b>	<b>82 089</b>	<b>87 075</b>	<b>260 080</b>	<b>276 482</b>	<b>377 277</b>

<b>Adjusted EBITDA</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
EBITDA	24 540	10 497	90 174	28 606	52 430
Other income	(74)	(11)	(40 518)	(11)	(22)
Other expense	523	6 824	1 605	15 335	17 209
<b>Adjusted EBITDA</b>	<b>24 988</b>	<b>17 309</b>	<b>51 261</b>	<b>43 930</b>	<b>69 617</b>
<b>Adjusted EBITA</b>					
EBITA	(1 218)	(17 442)	12 778	(50 575)	(55 799)
Other income	(74)	(11)	(40 518)	(11)	(22)
Other expense	523	6 824	1 605	15 335	17 209
<b>Adjusted EBITA</b>	<b>(770)</b>	<b>(10 628)</b>	<b>(26 135)</b>	<b>(35 251)</b>	<b>(38 613)</b>
<b>Total net operating expenses</b>					
Cost of goods sold	(181 810)	(181 458)	(619 733)	(584 214)	(845 305)
Salaries and personnel costs	(53 757)	(62 739)	(196 958)	(208 986)	(281 620)
Other operational costs	(29 300)	(28 615)	(85 328)	(83 659)	(108 549)
Depreciation	(25 758)	(27 939)	(77 396)	(79 181)	(108 229)
Amortisation	(14 223)	(13 177)	(44 307)	(36 105)	(54 723)
Other expenses	(523)	(6 824)	(1 605)	(15 335)	(17 232)
<b>Total net operating expenses</b>	<b>(305 372)</b>	<b>(320 751)</b>	<b>(1 025 327)</b>	<b>(1 007 480)</b>	<b>(1 415 658)</b>
<b>Revenue splits</b>					
Revenue	289 856	290 122	953 281	920 790	1 305 090
Hardware revenue	220 909	211 952	732 568	679 299	956 811
Solutions revenue	68 947	78 171	220 713	241 491	348 279
<b>Hardware share of revenue</b>	<b>76%</b>	<b>73%</b>	<b>77%</b>	<b>74%</b>	<b>73%</b>
<b>Solutions share of revenue</b>	<b>24%</b>	<b>27%</b>	<b>23%</b>	<b>26%</b>	<b>27%</b>
<b>NIBD</b>				<b>Q3 2022</b>	<b>2021</b>
Cash and cash equivalents				29 189	50 350
Non-current interest-bearing				96 801	97 402
Current interest-bearing borrowings				156 866	74 548
<b>NIBD</b>				<b>(224 478)</b>	<b>(121 600)</b>
<b>Equity ratio</b>					
Total equity				505 397	555 586
Total equity and liabilities				1 241 656	1 314 655
<b>Equity ratio</b>				<b>41%</b>	<b>42%</b>

<b>ARR</b>	<b>Q3 2022</b>	<b>2021</b>
Number of own software users (1 000)	71	66
Average price own software	1 064	1 050
<b>MMS-Related ARR (1 000)</b>	<b>76 000</b>	<b>69 613</b>
Number of own software users (1 000)	182	183
Average price MEM white label	151	152
<b>White-label ARR</b>	<b>27 564</b>	<b>27 860</b>
<b>Total ARR from own IP</b>	<b>103 564</b>	<b>97 473</b>

### **Note 7. Subsequent events**

Techstep has completed a private placement of NOK 103 million to fund the final phase of the transformation process and strengthen the balance sheet. The placement will have financial effect in Q4.

Techstep has refinanced debt, of which NOK 50 million of the overdraft facility is converted to long-term debt.

Techstep has announced a cost optimization program to reduce its capex and opex cost base by NOK 90–100 million. This implies a down-sizing the organization, where we expect to book one-off restructuring cost in Q4.



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