



Interim Report Q4 2023



Highlights Q4 2023

Profitability still improving, EBITA adj. of NOK 11 million in Q4 and NOK 30 million for the year

- Positive EBITA adj. for the fifth consecutive quarter
- Net gross profit impacted by lower device volumes, margin up from 28% to 30% y/y due to positive momentum in software sales
- Successfully delivered on the cost optimisation plan

Commercial momentum accelerated towards year-end, recurring revenue base up 5% y/y

- Signed frame agreement with the public sector purchasing agency Kammarkollegiet in Sweden, as one of six suppliers. The total frame agreement has a value of SEK 1.25 billion over a 48-month contract period
- Growth in recurring revenue driven by 9% growth in ARR from Own Software to NOK 115 million

Subsequent events

Refocused commercial strategy, increasing focus on partner sales

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

Morten Meier appointed new Group CEO

- Over 25 years' experience from the software and technology industry
- Held several senior leadership positions at Microsoft Norway, IBM and Hewlett Packard

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

I strongly believe we are in a great position to create history and become the market leading mobile tech company in Europe, combining our own software, world-class expertise and managed services, with market-leading devices for office and frontline workers. Going forward, I'll deepen my understanding of the organisation, identify growth opportunities, and collaborate closely with customers and partners to deliver value. I'm excited for the journey ahead, as our value proposition and solutions resonate so well with customers need and market demand", says Morten Meier, new CEO of Techstep

About Techstep

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

Key Figures

(Amounts in NOK 1 000)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenues ¹⁾	299 860	357 988	1 089 491	1 273 652
Recurring Revenue Annualised ²⁾	312 142	298 101	312 142	298 101
ARR Own Software	115 348	106 101	115 348	106 101
Net gross profit ³⁾	89 658	100 444	353 919	367 279
Net gross profit margin ⁴⁾	29.9 %	28.1 %	32.5 %	28.8 %
EBITDA adjusted ⁵⁾	37 186	34 205	137 496	85 466
EBITA adjusted ⁵⁾	10 664	2 379	29 892	(23 756)
EBIT	(8 018)	(20 677)	(36 498)	(52 205)
Net profit (loss) for the period	(5 298)	(31 818)	(44 546)	(68 614)
EBITDA adj. margin (%)	12.4 %	9.6 %	12.6 %	6.7 %
EBITA adj. margin (%)	3.6 %	0.7 %	2.7 %	(1.9 %)
EBIT margin (%)	(2.7 %)	(5.8 %)	(3.4 %)	(4.1 %)
Net profit (loss) for the period (%)	(1.8 %)	(8.9 %)	(4.1 %)	(5.4 %)
Cash flow from operating activities	75 498	66 293	155 560	123 741
Cash flow from investment activities	(33 831)	(42 305)	(128 514)	(180 376)
Cash flow from financing activities	(33 029)	7 950	(12 730)	67 594
Cash	77 459	61 119	77 459	61 119
Net interest-bearing debt	101 218	112 868	101 218	112 868
Capex ⁴⁾	(8 667)	(7 712)	(33 920)	(52 250)
Employees	267	315	267	315

¹⁾ Revenues for 2022 and 2023 have been restated due to a reclassification of kick-back and commissions from mobile device purchases from revenues to cost of goods sold.

²⁾ Annualised recurring revenues includes revenues from Own Software, Device-as-a-service and Advisory and Services. Reported annualised recurring revenues are based on contracts for 12 or more months and calculated as invoiced contractual revenues the last month times 12.

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

⁴⁾ Net gross profit margin is net gross profit of revenues.

⁵⁾ EBITDA adj. and EBITA adj. YTD 2022 exclude non-recurring items such as M&A and restructuring related costs of NOK 1.6 million and structural gains from sale of business of NOK 40.5 million.

Operational review

Main developments

Techstep continued its positive development towards profitability in the fourth quarter of 2023, despite a continued decline in sales of mobile devices. The focus on transferring customers to a recurring revenue business model and high margin products and services continues to yield results, and the net gross profit margin increased two percentage points from the corresponding quarter last year.

2023 has been about streamlining business operations and optimising Techstep's cost base while maintaining commercial momentum, to make the company profitable. The cost optimisation plan initiated in Q4 2022 has been successful and resulted in a substantial lower cost base in Q4 2023 compared to last year, both related to operating expenses as well as investments in internal IT infrastructure. The work with optimising Techstep's cost base and IT infrastructure continues in 2024.

On the commercial side, Q4 was slower than anticipated, but momentum accelerated towards the end of the year. A key win this quarter was the award of a frame agreement with the public sector purchasing agency Kammarkollegiet in Sweden; for the delivery of mobile devices and mobile technology solutions. Techstep is one of six suppliers on the agreement, which gives Techstep a right to participate in public procurement of mobile devices and related software service and consultancy. Techstep has previously had a corresponding agreement for mobile devices and clients, whereas this new agreement is better adapted to Techstep's complete offering. The frame agreement has an estimated contract value of up to SEK 1.25 billion over a four-year period.

In addition, Techstep has won several public sector agreements during the year, both in

Norway and Sweden, which represent a good potential for upselling of products and services. Conversion to revenues is taking time, but maturity and momentum are progressing positively. An example is the significant contract entered into with all health-regions in Norway under the Sykehusinnkjøp agreement in 2023, where the ambition is to equip different roles at the hospitals with new devices, both for clinical and office use. As a prolongment to this agreement, Techstep has recently signed a Letter of Intent with Sykehuspartner for a pilot of delivering a complete managed mobility service, including Lifecycle and security for the entire device estate. The intention is to deliver a complete end-to-end mobile outsourcing service to frontline workers in the specialist care, called Managed Health, making Techstep the trusted partner for the mobile environment in Health-Region South-East. Techstep aims to finalise the full scope of deliveries and service agreement, to roll-out and fully manage mission critical devices serving their 82 000 users in the health region.

Moving into 2024, Techstep launched a refocused commercial strategy with a new go-to-market strategy and increasing focus on partner sales. Part of this includes a revised indirect business model, where partner sales is an important channel for highly scalable solutions such as Own Software and managed services.

On 28 February, Techstep signed its first strategic partnership agreement with devicenow, a global provider of subscription-based IT devices, to introduce Lifecycle Portal to a wider customer base worldwide. Devicenow, a German-based company and part of the CHG-MERIDIAN Group, has a global reach across 190 countries and serves several major global customers. Devicenow's vision is to become the leading player in the global DaaS marketplace with environmentally conscious IT device subscription, a market that is expected to grow from about USD 30 billion at the beginning of the

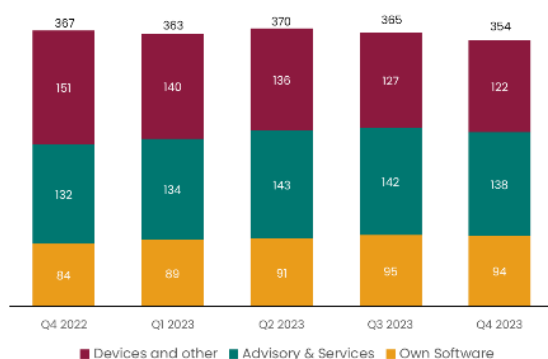
decade to almost USD 500 billion in five years' time. This partnership allows Techstep increases its global reach whilst devicenow can add further great value to their offering through the Lifecycle Portal. Furthermore, the agreement presents opportunities to incorporate Techstep's managed services into devicenow's portfolio. In addition, Techstep is actively pursuing other significant partnerships and opportunities, with expectations to finalise agreements in the upcoming months.

Revenue streams

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

The share of revenues from Advisory & Services and Own Software decreased from 35% in Q4 2022 to 26% of total revenues in Q4 this year, but the decline relates primarily to a larger one-time third party software transaction in Q4 2022, with low margin. Net gross profit in Q4 2023 was NOK 90 million, vs. NOK 100 million last year, constituting a margin of 30% vs. 28% last year.

Net gross profit per revenue stream LTM¹



¹ ARR for Q2 2022–Q1 2023 has been restated, due to a re-classification of revenue contracts and product register

Mobile Devices & Other

The global smartphone market picked up in the fourth quarter of 2023, indicating signs of stabilisation and recovery.² For Techstep, the fourth quarter started off rather slowly, but mobile device sales picked up both in Norway and Sweden towards the end of the year.

Techstep's total Mobile Devices & Other revenue in Q4 came to NOK 221 million, a decline of 5% y/y but up 32% from the previous quarter. For the full year, mobile device sales declined 16% from 2022. The net gross profit margin was 15% versus 16% in the corresponding quarter last year. The decrease relates to a declining share of Device-as-a-Service versus transactional revenues y/y.

Advisory & Services

Revenue from Advisory & Services grew by 26% from the previous quarter, mainly driven by higher consulting and after market activities.

Total revenue from Advisory & Services came to NOK 51.9 million in Q4 with a margin of 65%, compared to NOK 98 million and a margin of 40% in the same period last year. The decline of 47% in revenues year-over-year relates to a larger one-off third party software transaction in Q4 2022. Included in Advisory & Services is third party software, and q/q revenues and margins will naturally fluctuate, as revenues consist of both transactional and recurring revenue items.

Own Software

Revenue from Own Software was NOK 27 million for the quarter, in line with third quarter and the corresponding quarter last year. The number of users and contracts has increased y/y, but the quarterly revenues have been negatively affected by corrections from previous periods.

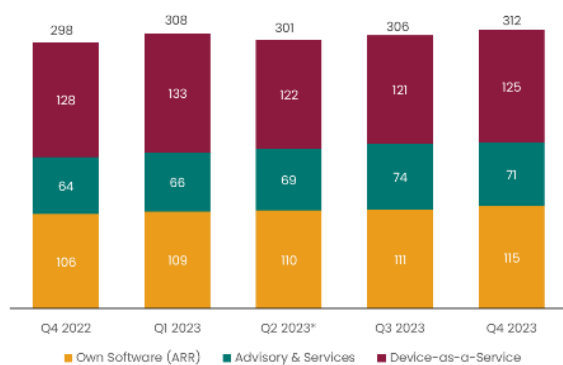
² According to Canalys.com

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.

Recurring revenue - annualised³



As reported in Q2 2023, a revision of contracts, product classification and contract reporting from subsidiaries was conducted. Based on new information and classification, Techstep restated previously quarterly reported ARR from Own Software in order to show comparable amounts to current reporting. ARR was reduced by approx. NOK 5 million from Q1 2022, with consequential impact in the subsequent quarters.

In Q3 2023, a restatement of reported Device-as-a-Service for Q2 2023 was made, as the previously reported figure included one-time revenues into the calculation. The correct amount for recurring revenue from Device-as-a-Service for Q2 2023 is NOK 122 million. The restatement had no effect on the financial figures. Starting in Q4, Hardware-as-a-Service has been renamed Device-as-a-Service.

In Q4, recurring revenues annualised grew by 5% y/y to NOK 312 million, driven by 9% growth in Own Software and 12% in Advisory & Services. Sequentially, recurring revenues increased by 2% from NOK 306 million in the previous quarter. The growth in recurring revenues over the last year has been impacted by a reduction in Device-as-a-Service, which may be explained by the general decline in the global device market.

³ ARR for Q2 2022-Q1 2023 has been restated due to a re-classification of revenue contracts and product register. DaaS for Q2 2023 has been corrected due to error in reported figures that quarter. This has no effect on the financial figures.

Financial review

The interim financial information has not been subject to audit. Figures in brackets refer to the corresponding quarter in 2022 for profit and loss items, and year-end 2022 figures for balance sheet items.

Profit and loss

Techstep had total revenue of NOK 299.9 million in the fourth quarter of 2023, a decrease of 16% from the corresponding quarter last year. The decline relates to reduced sales of mobile devices, and two larger one-off third party software and aftermarket transactions totalling above NOK 50 million in the fourth quarter of 2022. Excluding these one-time effects the fourth quarter in 2023 is in line y/y, which is a positive development considering the previous quarters in 2023 have shown a considerable decline from 2022, in particular within the device revenue stream.

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

Due to the cost optimisation efforts in 2023, the fourth quarter generated positive results from operations. EBITA adjusted in the quarter was NOK 10.7 million, an increase of NOK 8.3 million from the corresponding period last year. Total expenses excluding depreciation and amortisation decreased by 19% primarily due to the cost optimisation effects. Some of the cost reduction initiatives were effectuated in the fourth quarter of 2022, and thus, the decline in cost y/y is relatively less in the fourth quarter

compared to previous periods in 2023. Additionally, the investment in technical infrastructure continues, but compared to last year, the capitalisation rate has decreased as investments are increasing in SaaS solutions vs. own developed software, which is not eligible for capitalisation under IFRS. As such, a higher rate of the expenditure in IT development is expensed rather than capitalised in the balance sheet. Operating loss in the period was NOK 8.0 million, which is an improvement of NOK 12.7 million from the same period in 2022.

Net financial items were negative at NOK 7.8 million (NOK -3.1 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 -4.1 million in the fourth quarter of 2023.

Net loss in the period was NOK 5.3 million (NOK -31.8 million).

Financial position

As at 31 December 2023, total assets were NOK 1 271 million, compared to NOK 1 323 million as at 31 December 2022.

Intangible assets include deferred tax assets, goodwill and customer relations and technology, and accounted for NOK 798.3 million (NOK 789.8 million). The increase from last year is due to currency translation effects on goodwill, offset by amortisation of customer relations and technology, both purchased and developed. Goodwill constitutes NOK 624.2 million of total intangible assets.

Total tangible assets were NOK 191.0 million (NOK 198.1 million) including NOK 159.5 million (NOK 160.7 million) in capitalised devices under Device-as-a-Service to customers and NOK 31.5 million (NOK 37.4 million) in other tangible

assets, which include right-of-use assets such as premises and other capitalised equipment.

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

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

Total non-current liabilities were NOK 183.9 million at the end of the fourth quarter, vs. NOK 148.8 million at the end of 2022. The increase relates to the refinancing of bank borrowings executed in September 2023. The refinancing secured an increase of NOK 25 million in total loans and credit facilities, and NOK 50 million constituted increased long-term loans vs. previous financing agreements.

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

Net interest-bearing debt at the end of Q4 2023 was NOK 101.2 million, a decrease of NOK 11.7 million since the end of 2022.

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

liabilities of NOK 98.9 million (NOK 145.8 million) include public duties and general cost accruals.

Cash flow

Net cash flow from operating activities was NOK 75.5 million in the quarter (NOK 66.3 million). 2023 cash flow was NOK 155.6 million (NOK 123.7 million). Change in net working capital was positive NOK 44.0 million in the fourth quarter of 2023, vs. NOK 37.9 million in 2022. The positive cash flow from operations is due to increased EBITDA and improved working capital changes in 2023.

Net cash outflow from investment activities in Q4 was NOK 33.8 million (NOK 42.3 million) and consists of capital expenditures for equipment related to Device-as-a-Service of NOK 28.4 million (NOK 37.2 million) and investments in Own Software and IT of NOK 8.7 million (NOK 7.7 million). The investment pace in own IT and Software was significantly reduced starting in the last quarter in 2022 after the company launched the cost savings programme.

Net cash flow from financing activities was NOK -33.0 million (NOK 8.0 million) in the quarter and consists primarily of repayment of borrowings of NOK 24.3 million (NOK 106.2 million) interest and lease repayments. In the last quarter of 2022, the company raised NOK 73.8 million in capital by issuing new shares, in addition to increasing loans and drawdowns on credit facilities in the amount of NOK 49.9 million.

Net change in cash and cash equivalents in the fourth quarter of 2023 was NOK 8.7 million, from NOK 67.8 million in the previous quarter to NOK 77.5 million at the end of the quarter. Cash at the end of 2022 was NOK 61.1 million. The positive cash development relates to the improved results. Techstep also has additional liquidity available through new bank facilities.

Related parties

There were no material transactions with related parties during the fourth quarter of 2023.

Corporate actions

On 7 December 2023, Techstep's share capital increased by NOK 63,146 in connection with the company's annual employee share purchase programme. The new share capital is NOK 31,629,381 divided by 31,629,381 shares, each with a nominal value of NOK 1.00.

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 in 2023, with slowing growth and higher inflation in Techstep's key markets. Techstep has a large base of public sector and large corporate customers, which are less vulnerable to volatile market conditions.

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

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

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

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

For more information on Techstep's risk factors and risk management, reference is made to the Board of Directors report in the Annual Report for 2022 and the prospectus from 29 December 2022, both available from 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 provider of Managed Mobility Services in Europe for customers that want to work smarter and more sustainably.

Techstep believes that the market for managed mobility services will continue to increase due to growing complexity and the rapidly evolving security threat landscape. The company considers itself well positioned as enterprises and public sector organisations need help to manage their mobile device portfolio and keep their mobile ecosystem up to date.

Techstep signed several frame agreements with public sector organisations during 2023, with good opportunities for upselling products and services. There are indications that the customers' readiness is slower than anticipated, and upsell on these agreements will be a key focus area in 2024 together with the revised partner strategy.

The cost optimisation program announced in late 2022 was successfully implemented during the previous year, even as inflation came in above expectations. In the program, Techstep's organisation and cost base was aligned with a

more simplified portfolio and synergies from acquired companies were extracted.

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

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

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

Business overview

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

Background

Built on a decade of telecoms and mobile technology expertise, Techstep was established in 2016. Through several acquisitions, Techstep has consolidated and expanded in Scandinavia and later in European markets, adding IP, own software and security expertise to the benefit of its customers. The goal is to be the leading mobile technology company in Europe.

The market opportunity

Mobile technology is one of the fastest growing technologies in the world, as people expect easy access to tools and services across devices, both at home and at work. Techstep is well positioned in the Managed Mobility Services (MMS) market, which is defined by Gartner as a concept in which mobile devices, software and services are merged together and delivered as a single service (running capabilities).⁴ Techstep extend the traditional MMS market definition to include strategic advisory and software development services, using mobile technology to transform how organisations operate (changing capabilities).

Techstep is recognised as a global challenger by Gartner in the MMS market,⁵ due to its strategic position and the combined software and Device offering built over the past seven years via M&A and market consolidation. With more than 2 200 research and advisory experts doing rigorous analysis for clients in nearly 90 countries worldwide, Gartner is an established and highly trusted authority in the IT sector. The

recognition reflects Techstep's ongoing progress of changing the world of work and is a continued validation towards the European market.

There are many key drivers of the mobile technology market, and Techstep has identified some main challenges that organisations have with mobile technology:

1. Lack of standardised processes, resources and competence for handling mobile tech infrastructure
2. Push for cost reductions due to global macroeconomic uncertainties
3. Environmental focus and lifecycle management due to regulatory compliance and brand governance
4. Increased threat level, security and privacy concerns for mobile and unmanaged endpoints

Research shows strong supporting trends, and according to Gartner, the MMS market is expected to grow by an annual 3% in Europe and 7-9% in Norway and Sweden over the next four years⁶.

Business activities and strategy

Techstep's business strategy is to act as a mobile technology company that helps customers utilise mobile devices combined with software and expertise to strengthen performance – and manage the increasing complexity of their mobile device environment.

Techstep has solutions for office workers and for frontline workers. With some of the very best consultants in the field of mobile technology, Techstep is the only mobile technology player in Scandinavia that can deliver managed

⁴ Gartner's full definition of MMS is "IT and process management services required to plan, procure, provision, activate, ship, manage, secure and support mobile devices, related accessories, network services, mobile management systems and mobile applications".

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

⁵ Gartner 2022 and 2023 Magic Quadrant for MMS

⁶ Gartner IT Services Forecast Q3 2023

mobility including software, advisory and mobile device.

Product offering

Techstep's product offering is designed to solve customers' challenges and needs, available in pieces or as a total solution depending on customers' needs. All products can be offered as-a-service at a price per month and device or paid up-front as a transactional agreement.

"Running capabilities" provides customers with the mobile tech foundation they need to transform work and support ongoing digital initiatives, such as *Mobile Devices & Accessories*, *Device Lifecycle Management* and *Managed Services*.

"Advisory" is mobile technology expert advice offered as strategic or technical advisory. Techstep has the biggest cluster of mobile tech expertise in Scandinavia strategising, planning, developing and implementing new mobile ways of working.

"Own Software" is Techstep's own IP including four proprietary software; *Lifecycle Portal* is automated device lifecycle management; *Expense* is simplified management of mobile subscription costs; *Essentials MDM* is an affordable and straightforward mobile device management tool and *Amplify* which is custom apps for mobile data capture and workflows.

In addition, Techstep has a number of **mobile tech partnerships** representing strategic relations and certifications with mobile device manufacturer, unified endpoint management and mobile threat defence software developers.

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's three main revenue streams are as follows:

"Mobile Devices & Other"

This includes revenue from the sale of mobile devices and accessories. Sales generate low profit margins but are often the entry point for selling additional products and solutions. The devices may be sold as transactional sales (one-time sales) or "as-a-service" with recurring revenues committed for 24 months or more.

"Advisory & Services"

This is revenue from specialised advisory and support and maintenance services within mobile technology. Sold as one-time projects based on fixed hourly rates or "as-a-service" with a minimum 12-month recurring revenue commitment. The gross margin contribution is medium to high (~70-85%). Revenue from sale of third-party software licences including related commission is also included here.

"Own Software"

High margin revenue (~90%) from Own-developed software products sold as recurring contracts with a minimum of a 12-month commitment. The current portfolio consists of four software products.

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.

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

in Q1 2023. In addition, an ongoing process is expected to achieve ISO 27001 (information security) certification in H1 2024. Techstep has further improved its EcoVadis sustainability rating performance to silver, placing Techstep among the top 8% of more than 90 000 companies evaluated globally.

More information can be found in Techstep's latest Sustainability Report, published in April 2023 as part of Techstep's Annual Report, available from www.techstep.io.

Consolidated Income statement

(Amounts in NOK 1000)	Note	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue ¹⁾	2, 3	299 863	357 988	1 088 970	1 273 652
Other revenue		(3)	-	521	0
Total revenues		299 860	357 988	1 089 491	1 273 652
Cost of goods sold ¹⁾		(187 834)	(231 417)	(644 460)	(813 534)
Salaries and personnel costs		(49 641)	(68 069)	(207 964)	(265 027)
Other operational costs		(25 199)	(24 297)	(99 571)	(109 626)
Depreciation	5	(26 522)	(31 826)	(107 603)	(109 222)
Amortisation		(16 811)	(14 185)	(64 915)	(58 492)
Other income and expenses		(1 871)	(8 870)	(1 476)	30 043
Operating profit (loss)		(8 018)	(20 677)	(36 498)	(52 205)
Financial income		762	2 619	10 456	5 601
Financial expense		(8 592)	(5 702)	(33 509)	(17 565)
Profit before taxes		(15 848)	(23 761)	(59 552)	(64 170)
Income taxes		10 551	(8 057)	15 006	(4 445)
Net profit (loss) for the period		(5 298)	(31 818)	(44 546)	(68 614)
Net income attributable to					
Non-controlling interests		-	-	-	312
Shareholders of Techstep ASA		(5 298)	(31 818)	(44 546)	(68 926)
Earnings per share in NOK:					
Basic		(0.17)	(1.16)	(1.43)	(3.02)
Diluted		(0.17)	(1.16)	(1.43)	(3.02)

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

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

Consolidated statement of comprehensive income

(Amounts in NOK 1 000)	Note	Q4 2023	Q4 2022	FY 2023	FY 2022
Net profit (loss) for the period		(5 298)	(31 818)	(44 546)	(68 614)
Items that may be reclassified to profit and loss					
Exchange differences on translating foreign operations		16 004	(12 606)	32 899	(25 596)
Income tax related to these items		-	-	-	-
Other comprehensive income		16 004	(12 606)	32 899	(25 596)
Total comprehensive income		10 707	(44 424)	(11 647)	(94 522)
Total comprehensive income attributable to					
Non-controlling interests			-		(312)
Shareholders of Techstep ASA		10 707	(44 424)	(11 647)	(94 211)

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

Consolidated statement of financial position

ASSETS	Note	FY 2023	FY 2022
Non-current assets			
Deferred tax asset		13 092	6 470
Goodwill		624 173	601 083
Customer relations and technology		160 991	182 296
Sum intangible assets		798 256	789 849
Assets related to Device-as-a-Service	5	159 501	160 703
Other tangible assets	5	31 511	37 361
Sum tangible assets		191 012	198 064
Sum financial assets		3 917	3 264
Total non-current assets		993 185	991 176
Inventories		10 502	23 431
Accounts receivable		159 067	213 773
Other receivables		30 586	33 801
Total inventories and receivables		200 155	271 005
Cash and cash equivalents	6	77 459	61 119
Total current assets		277 614	332 124
Total assets		1 270 799	1 323 300
EQUITY AND LIABILITIES			
	Note	FY 2023	FY 2022
Share capital	4	31 629	305 131
Other equity		542 067	266 389
Total equity		573 697	571 520
Deferred tax		14 674	20 536
Non-current interest-bearing borrowings	7	129 927	90 665
Financial derivatives		4 092	-
Non-current liabilities related to Device-as-a-Service		19 316	20 848
Other non-current debt		15 916	16 707
Total non-current liabilities		183 924	148 756
Current interest-bearing borrowings	7	48 750	83 322
Accounts payable		198 353	205 797
Current liabilities related to Device-as-a-Service		167 231	168 160
Other current liabilities		98 845	145 745
Total current liabilities		513 179	603 024
Total liabilities		697 103	751 780
Total equity and liabilities		1 270 799	1 323 300

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	Minority interest	Total equity capital
Equity as at start of 2022	209 630	678 767	(327 417)	(6 667)	554 312	1 274	555 586
Profit for the period	-	-	(68 926)	-	(68 926)	312	(68 614)
Other comprehensive income	-	-	-	(25 598)	(25 598)	-	(25 598)
Total comprehensive income for the period	-	-	(68 926)	(25 598)	(94 523)	312	(94 212)
Transactions with owners in their capacity as owners:							
Transactions with non-controlling interests					-	(1 585)	(1 585)
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	2 014	3 442	-	-	5 456	-	5 456
Proceeds from issuance of shares net of transaction costs	93 487	8 698	-	-	102 185	-	102 185
Share-based payments	-	-	4 091	-	4 091	-	4 091
Equity as at end of 2022	305 131	690 906	(392 252)	(32 266)	571 520	-	571 520
Equity as at start of 2023	305 131	690 906	(392 252)	(32 266)	571 520		571 520
Profit for the period	-	-	(44 546)	-	(44 546)		(44 546)
Other comprehensive income	-	-	-	32 899	32 899	-	32 899
Total comprehensive income for the period	-	-	(44 546)	32 899	(11 647)	-	(11 647)
Transactions with owners in their capacity as owners:							
Proceeds from issuance of shares net of transaction costs	1 116	13 722	-	-	14 838	-	14 838
Reverse share split	(274 618)	274 618					
Share-based payments	-	-	(1 014)	-	(1 014)	-	(1 014)
Equity as at end of 2023	31 629	979 246	(437 812)	633	573 697		573 697

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

Consolidated statement of cash flow

(Amounts in NOK 1 000)	Note	Q4 2023	Q4 2022	FY 2023	FY 2022
Profit before tax		(15 848)	(23 761)	(59 552)	(64 170)
Depreciation equipment and other fixed assets	5	22 976	26 668	93 498	95 459
Depreciation right-of-use assets	5	3 546	5 159	14 106	13 763
Amortisation		16 811	14 185	64 915	58 492
Share-based payments		(2 705)	4 091	(1 014)	4 091
Dividend and other reclassified to investment activities		4 204	(719)	4 204	(690)
Gain from sale of business units		-	-	-	(40 122)
Gain from sale of PPE reclassified to investment activities	5	(903)	(1 317)	(9 269)	(2 523)
Net exchange differences		-	-	4 252	-
Taxes paid		(805)	(809)	(2 386)	(996)
Interest expense (revenue) reclassified to investing/financing activities		4 183	4 877	13 584	13 497
Changes in net operating working capital		44 039	37 915	33 225	46 940
Net cash flow from operational activities		75 498	66 293	155 560	123 741
Payment for acquisition of subsidiaries net of cash acquired		-	-	-	294
Payment for equipment and other fixed assets	5	(28 376)	(37 188)	(112 733)	(132 450)
Payment for intangible assets		(8 667)	(7 712)	(33 920)	(52 250)
Proceeds from sale of property, plant and equipment		3 002	2 292	17 071	3 499
Interest received		211	302	1 068	531
Net cash used on investment activities		(33 831)	(42 305)	(128 514)	(180 376)
Changes in ownership in subsidiary		-	-	-	(9 000)
Proceeds from issuance of shares		230	73 808	230	76 969
Proceeds from borrowings	7	-	49 925	178 313	55 768
Repayment of borrowings		(24 314)	(106 151)	(161 075)	(29 019)
Lease repayments		(2 989)	(5 923)	(15 263)	(15 423)
Interest paid		(5 956)	(3 709)	(14 935)	(11 701)
Net cash flow from financing activities		(33 029)	7 950	(12 730)	67 594
Net change in cash and cash equivalents		8 638	31 937	14 316	10 959
Cash and cash equivalents at beginning of period		67 832	29 188	61 119	50 350
Effects of exchange rate changes on cash and cash equivalents		989	(6)	2 024	(191)
Cash and cash equivalents at end of period	6	77 459	61 119	77 459	61 119

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 2022. 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 2022. This report has not been audited.

Note 2. Segments

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

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

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

Note 3. Disaggregation of revenues

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

Q4 2023	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
Devices	148 989	18 065	74 327	14 435	-	(0)	(2 128)	565	221 188	33 065
Advisory & Services*	19 909	13 380	33 262	16 324	53	53	(1 328)	3 742	51 896	33 499
Own Software	11 499	10 628	6 558	5 309	8 915	6 646	(193)	514	26 779	23 097
Other revenues	149	149	548	548	-	-	(700)	(700)	(3)	(3)
Total	180 545	42 222	114 695	36 616	8 968	6 699	(4 348)	4 121	299 860	89 658

Q4 2022	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
Devices	141 403	25 497	92 891	9 816	157	157	(1 378)	1 387	233 073	36 857
Advisory & Services*	22 017	12 867	79 891	26 207	(1 373)	(1 373)	(2 396)	1 951	98 138	39 652
Own Software	11 287	11 160	6 711	5 212	8 839	7 197	(216)	432	26 620	24 000
Other revenues	6 695	6 687	1 373	1 306	-	(141)	(7 912)	(7 918)	156	(66)
Total	181 403	56 211	180 865	42 540	7 623	5 840	(11 903)	(4 147)	357 988	100 443

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	775 820	121 604
Advisory & Services*	79 155	55 926	129 744	77 820	338	338	(3 572)	3 527	205 667	137 612
Own Software	48 251	45 568	27 168	21 491	32 819	25 588	(755)	1 536	107 483	94 182
Other revenues	388	388	868	868	-	-	(735)	(735)	521	521
Total	678 873	181 424	389 660	136 046	33 158	25 920	(12 199)	10 528	1 089 491	353 919

FY 2022	Norway		Sweden/ Denmark		Poland		Eliminations		Group	
	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP	Revenue	NGP
Devices	619 863	90 198	315 918	37 366	477	471	(8 088)	11 386	928 169	139 421
Advisory & Services*	82 950	57 029	176 875	82 583	306	306	(6 251)	4 982	253 879	144 900
Own Software	44 164	43 465	24 454	18 609	27 143	19 370	(4 169)	1 504	91 593	82 947
Other revenues	31 411	31 365	5 998	5 672	-	(406)	(37 398)	(36 620)	11	11
Total	778 388	222 058	523 245	144 230	27 926	19 741	(55 906)	(18 749)	1 273 652	367 279

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

Note 4. Share capital and shareholders

The company's share capital as at 31 December 2023 was NOK 31 629 381, divided into 31 629 381 ordinary shares with a par value of NOK 1.00.

Each share gives the right to one vote at the company's annual general meeting. At the time of this report, Techstep holds 192 treasury shares.

Techstep's 20 largest shareholders at 31 December 2023 were as follows:

Shareholder	# of shares	Ownership %
DATUM AS	5 835 198	18.45 %
KARBON INVEST AS 1)	4 371 619	13.82 %
Swedbank AB	3 960 757	12.52 %
STEENCO AS	869 566	2.75 %
AS CLIPPER	869 566	2.75 %
CAMIKO AS	803 300	2.54 %
VERDIPAPIRFONDET DNB SMB	662 894	2.10 %
CIPRIANO AS	599 916	1.90 %
Saxo Bank A/S	577 202	1.82 %
SPECTER INVEST AS	436 200	1.38 %
GIMLE INVEST AS	413 234	1.31 %
TIGERSTADEN AS	411 423	1.30 %
Sbakkejord AS	400 000	1.26 %
DNB Markets Aksjehandel/-analyse	330 282	1.04 %
TVENGE	300 000	0.95 %
TIGERSTADEN MARINE AS	250 000	0.79 %
NORDHOLMEN AS	238 372	0.75 %
HINVEST AS	215 699	0.68 %
PIKA HOLDING AS	214 346	0.68 %
ADRIAN AS	203 886	0.64 %
Total number owned by top 20	21 963 460	69.44 %
Total number of shares	31 629 381	100.00 %

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

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

Share option grant

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

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

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

At 31 December 2023, the total number of outstanding share options was 1 038 723.

For information on the share option programme for previous years please see the Annual Report 2022 which is available from the website www.techstep.io/investor.

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

Name	Position	Shares	Share options
Morten Meier ¹⁾	CEO	-	-
Ellen Solum	CFO	15 402	150 000
Ellen Skaarnæs	Chief People Officer	5 422	84 065
Sheena Lim	Chief Marketing Officer	2 134	84 065
Mads Vårdal	Chief Product Officer	502	199 738
David Landerborn ²⁾	Chief Operations Officer	29 417	82 965
Bartosz Leoszewski	Chief Technology Officer	39 796	84 065

1) Morten Meier was appointed CEO 26 January 2024.

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

Note 5. Property, plant and equipment

(Amounts in NOK 1 000)	Right-of-use assets	Other fixed assets	Total other tangible assets	Equipment ¹⁾
Accumulated cost as at 1 January 2022	63 881	31 090	94 971	292 234
Additions	12 500	5 943	18 443	126 507
Additions arising from business combinations	-	83	83	-
Disposals	(2 673)	(15 641)	(18 314)	(76 928)
Translation differences	(103)	(11)	(114)	(4 236)
Accumulated cost 31 December 2022	73 605	21 464	95 069	337 577
Accumulated cost as at 1 January 2023	73 605	21 498	95 103	337 775
Additions	7 890	4 133	12 023	108 600
Disposals	(10 026)	(5 956)	(15 983)	(132 697)
Translation differences	2 731	1 384	4 115	9 719
Accumulated cost 31 December 2023	74 200	21 058	95 258	323 398
Accumulated depreciation as at 1 January 2022	(33 613)	(25 081)	(58 695)	(149 468)
Current year depreciation	(13 763)	(2 620)	(16 382)	(92 840)
Disposals	2 673	14 082	16 755	64 004
Translation differences	837	(223)	614	1 429
Accumulated depreciation 31 December 2022	(43 866)	(13 842)	(57 708)	(176 874)
Accumulated depreciation as at 1 January 2023	(43 868)	(13 878)	(57 745)	(177 069)
Current year depreciation	(14 106)	(2 386)	(16 492)	(91 112)
Disposals	9 484	3 326	12 810	110 520
Translation differences	(1 466)	(855)	(2 321)	(6 235)
Accumulated depreciation 31 December 2023	(49 954)	(13 793)	(63 748)	(163 897)
Book value of assets 31 December 2022	29 738	7 622	37 361	160 703
Book value of assets 31 December 2023	24 245	7 265	31 511	159 501

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)

Current assets	FY 2023	FY 2022
Cash at bank and in hand, not included in cash pool	77 459	61 119
Of which is restricted	3 957	5 196

As at 31 December 2023 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 as at 31 December:

(Amounts in NOK 1 000)	Current	Non-current	Total 2023	Current	Non-current	Total 2022
Sellers credit related to business combinations	-	-	-	27 789	-	27 789
Bank loan	48 750	129 927	178 677	27 771	90 871	118 642
Bank overdraft	-	-	-	27 792	-	27 762

The new financing consists of a Term Loan A and Term Loan B of NOK 75 million each, a Revolving Credit Facility of NOK 30 million, an overdraft facility of NOK 25 million and a seasonal facility of NOK 20 million.

The Term Loan A matures over 5 years, with quarterly straight line amortisations, while the Term Loan B matures in 5 years.

The annual interest rates are:

- TL A/RCF: NIBOR 3m + 260bps
- TL B: NIBOR 3m + 280bps
- Overdraft/seasonal: NIBOR 3m + 225bps

In connection with the refinancing, Techstep ASA entered into an interest rate hedge agreement, where interest payments for 75% of the long-term borrowings are secured at 4.77% p.a. The duration of the agreement is for 5 years.

The financial covenants related to the new financing are:

- NIBD/EBITA adj.: under 4.0x to 2.75x over the next four quarters
- EBITA adj./net finance charges: over 2.25x to 3.5x over the next four quarters
- Equity ratio: above 30%
- First testing date of financial covenants is 31 December 2023

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

Note 8. Changes in Group structure and business combinations

2022

Acquisition of Crypho AS

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

Divestment of Voice and Contact centre business unit

On 3 January 2022, the divestment of the Voice and contact centre business unit was completed for a total consideration of NOK 65.5 million. The settlement was received in December 2021. The gain of NOK 40.1 million has been recognised in the income statement on the line item other income in Q1 2022. NOK 24.5 million has been derecognised from the statement of financial position's line item assets held for sale.

Acquisition of last 20% of shares in Techstep Finance AS

On 14 February 2022, Techstep acquired the remaining 20% of the shares in Techstep Finance AS for NOK 9 million. The amount was settled in cash. Following the transaction Techstep owns 100% of the shares in Techstep Finance AS.

Note 9. Subsequent events

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

Alternative performance measures

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

Gross profit

Gross profit is defined as total revenue less cost of goods sold.

Net gross profit

Net gross profit is defined as total revenue less cost of goods sold and depreciation from Device-as-a-Service.

Gross margin

Gross margin is defined as total revenue less cost of goods sold and depreciation from Device-as-a-Service, divided by total revenue.

EBITDA

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

EBITDA adjusted

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

EBITA

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

EBITA adjusted

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

EBIT

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

Device revenue

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

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

Advisory & Services revenue

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

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

Own Software revenue

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

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

Net interest-bearing debt (NIBD)

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

Equity ratio

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

Capital expenditure (Capex)

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

Annual Recurring Revenue (ARR)

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

APM's in the income statement	Q4 2023	Q4 2022	FY 2023	FY 2022
Total revenue	299 860	357 988	1 089 491	1 273 652
Cost of goods sold	(187 834)	(231 417)	(644 460)	(813 534)
Gross profit	112 026	126 571	445 031	460 119
Gross margin	37.4 %	35.4 %	40.8 %	36.1 %
Salaries and personnel costs	(49 641)	(68 069)	(207 964)	(265 027)
Other operational costs	(25 199)	(24 297)	(99 571)	(109 626)
Other income	99	(460)	494	40 058
Other expenses	(1 970)	(8 410)	(1 970)	(10 015)
EBITDA	35 315	25 335	136 019	115 509
Depreciation	(26 522)	(31 826)	(107 603)	(109 222)
EBITA	8 794	(6 491)	28 416	6 287
Amortisation	(16 811)	(14 185)	(64 915)	(58 492)
EBIT	(8 018)	(20 677)	(36 498)	(52 205)
Net gross profit				
Gross profit	112 026	126 571	445 031	460 119
Depr. Device-as-a-service	(22 368)	(26 128)	(91 112)	(92 840)
Net gross profit	89 658	100 444	353 919	367 279
Net gross margin	29.9 %	28.1 %	32.5 %	28.8 %
EBITDA adjusted				
EBITDA	35 315	25 335	136 019	115 509
Other income	(99)	460	(494)	(40 058)
Other expense	1 970	8 410	1 970	10 015
Adjusted EBITDA	37 186	34 205	137 496	85 466
EBITA adjusted				
EBITA	8 794	(6 491)	28 416	6 287
Other income	(99)	460	(494)	(40 058)
Other expense	1 970	8 410	1 970	10 015
EBITA adjusted	10 664	2 379	29 892	(23 756)
APM's in the Statement of financial position			FY 2023	FY 2022
NIBD				
Cash and cash equivalents			77 459	61 119
Non-current interest-bearing borrowings			129 927	90 665
Current interest-bearing borrowings			48 750	83 322
NIBD			101 218	112 868
Equity ratio				
Total equity			573 697	571 520
Total equity and liabilities			1 270 799	1 323 300
Equity ratio			45.1 %	43.2 %

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

tech&step

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