3stepIT Annual & Sustainability Report 2021

Circular innovation: solving today's business challenges

3stepIT

3stepIT

CEO statement

As we took our first steps into 2021, the world held its breath. Twelve months into the pandemic, there was hope of a recovery. Still, the year remained tumultuous - a highly successful vaccine roll-out, third and fourth waves hitting Europe, and new challenges to be tackled.

Instead of recovering, I like to think we are transforming. At 3stepIT, we relish the challenge to redefine our relevance and refocus on our customers' needs. Together, we are adapting to a world where people work in new ways, purchase habits are shifting, climate change is an operational risk, and a digital revolution is underway.

We exist to help our customers respond to today's business challenges. Alongside the Covid recovery (let's call it the Covid transformation), climate change is now topping the agenda. Global leaders have reaffirmed the target of reaching net zero by 2050, and to achieve this, emissions must be halved by 2030. That's less than a decade from now, a nano-second in the business planning cycle.

Rising pressure from investors and consumers is also incentivising action. Companies rated highly for their sustainability efforts are making the biggest stock market gains and attracting more of today's savvy consumers. Net zero is no longer a nice to have; it has become an organising principle for business strategy and profitable growth.

However, while organisations rush to decarbonise, they are also undergoing one of the most significant digital transformations in history as we continue the transition to hybrid working. Eighty-one per cent of businesses say the pandemic caused them to buy new technology, and employees are now operating more devices than ever before – up 14% on pre-pandemic levels, according to our research.

Technology Lifecycle Management (TLM) supports organisations to manage these competing priorities. Our service ensures business-critical IT is acquired and managed sustainably and then refurbished and resold at the end of its first use, instead of hitting a landfill. By applying the principles of the circular economy in this way, an organisation can transform the efficiency and sustainability of its IT estate and make measurable gains towards net zero.

We're also transforming our own operations as part of our continuous improvement drive. Throughout 2021, we remained focused on delivering our strategic plan, designed to protect and grow our business in this challenging environment. We've seen important progress across projects that will future proof our company for the next stage of its development. We continue full steam ahead in our joint venture with BNP Paribas, opening new markets, growing our customer base and most importantly, increasing our impact. As a result, thousands more businesses

will take the first steps towards more sustainable IT management and will make their own contribution to the net zero transition.

Empowering our customers in this way is by far the biggest contribution we can make to the global decarbonisation drive – in the last year alone, our customers avoided 91,465 tonnes of CO_2 emissions and 1,332 tonnes of electronic waste, a proud record for every one of them and proof that the desire to operate sustainably endures through challenging times.

The pandemic was undoubtedly the cause of unprecedented hardship, but it has also presented an opportunity to transform. We are constantly evolving, redefining our relationship with our people, customers, and partners as we strive to be the best and remain true to company purpose – to take care of the world's technology.

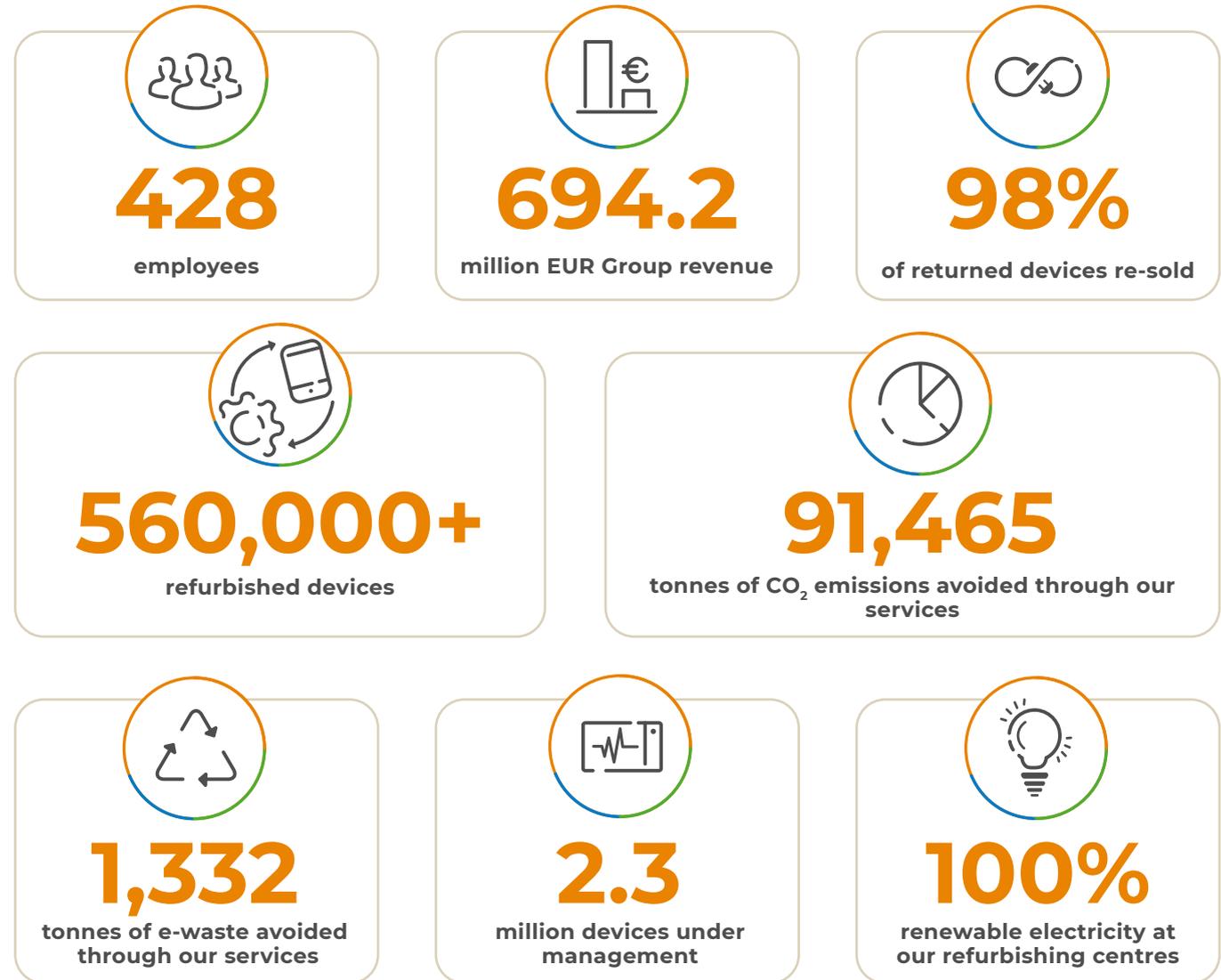**Carmen Ene**
Chief Executive Officer

Our business in 2021

3stepIT is on a mission to tackle today's biggest business challenges – digitalisation, security, and sustainability.

We support our customers – large, corporate, mid-market, and public sector organisations - to access the latest enterprise technology, without the risk and financial burden of cash ownership and without the huge cost to the planet.

Our services include IT strategy and planning, financing, IT deployment, asset management, certified data sanitization and device refurbishment. Through our refurbishing centres, our team of product extension specialists also repairs used devices and gets them ready for re-sale, giving them a second useful life. This process avoids the carbon emissions created during the manufacturing of new devices and eliminates electronic waste.

Based on the principles of the circular economy, our sustainable Technology Lifecycle Management service is a smart, simple way to optimise IT management, in just three steps: acquire, manage and refresh.

428
employees

694.2
million EUR Group revenue

98%
of returned devices re-sold

560,000+
refurbished devices

91,465
tonnes of CO_2 emissions avoided through our services

1,332
tonnes of e-waste avoided through our services

2.3
million devices under management

100%
renewable electricity at our refurbishing centres

3stepIT

Our impact

1 Responsible procurement

- Execute your technology roadmap with simplified, needs-based IT procurement.
- Device acquisition embeds sustainability outcomes from the outset, using circular economy principles.
- Lower price point supported by competitive residual values on end-of-contract devices.
- No upfront costs – simple periodic payments that optimise budgets and improve cash flow, helping to accelerate strategic digital transformation initiatives.
- Digital, secure procurement reduces in-house resource burden.
- Reduced total cost of ownership – economic and environmental.

Technology Lifecycle Management

2 Optimal use

- Powerful IT asset management platform included with our TLM service for sustainable IT management throughout customer-use phase.
- Device register maintained by 3stepIT on your behalf.
- Optimal inventory management, with advanced technical and financial reporting capabilities.
- Centralised dashboard for security and compliance monitoring.
- Simplified budgeting, invoicing, and inventory management.
- Risk of lost and damaged devices avoided – a key component of reducing waste.
- Device renewal planned and executed strategically and easily via the digital platform.

3 Value recovery

- Device return (reverse logistics) and refurbishment included with our TLM service.
- Consistent grading and device repair processes, plus full device audit trail.
- Assets professionally checked and refurbished by our expert product life extension team.
- Secure, ISO-certified device sanitization, using best-in-class data sanitization software.
- Detailed environmental report to accurately measure carbon and e-waste avoidance.
- Device made available on the secondary market via trusted trading partners, reducing demand for new devices and the reliance on natural resource extraction.
- Device reuse extends total lifespan and reduces its CO_2 and e-waste impact.
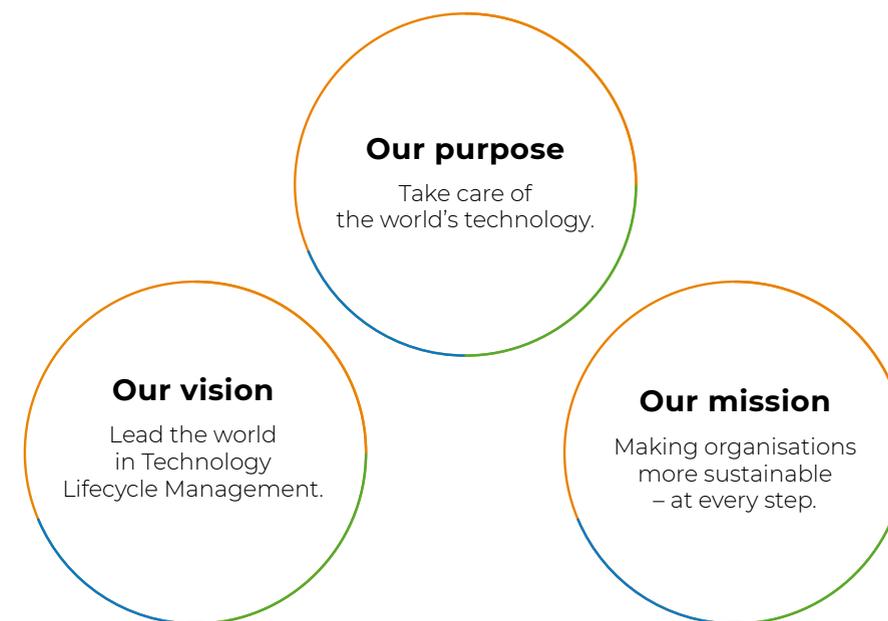
3stepIT

Our purpose and values

> " In challenging and disrupted times, our company purpose and values are the guiding principles that ensure our ongoing success. Our people understand what we are working towards and why we exist. Our customers want to know what we stand for, ensuring they maximise the influence of their purchasing power. Our partners want to work with like-minded organisations that share their values and can work collaboratively towards a common good.
>
> At 3stepIT, our purpose keeps us centred and helps us define our vision: to lead the world in Technology Lifecycle Management. To deliver on our ambitions, everyone must pull together under the same values and ethics. 3steppers are proudly positive, passionate, responsible, curious, and amazing – these values were developed by our people and shape our company culture. Armed with these common qualities and shared beliefs, we are ready to take on any challenge.

Jarkko Veijalainen
Chairman of the Board

Our purpose
Take care of
the world's technology.

Our vision
Lead the world
in Technology
Lifecycle Management.

Our mission
Making organisations
more sustainable
– at every step.

Our values

Positive

We see
opportunities
and help others
see them too.

Passionate

We care about
eliminating
waste wherever
we find it.

Responsible

We take
responsibility
for our actions.

Curious

We always
want to learn
more and
improve.

Amazing

We do great
things for our
customers and
each other.

Financial summary

1

Financial summary

Operating environment

The second year of the COVID-19 pandemic had a significant and far-reaching impact on the global economy. The unprecedented scale and duration of the crisis impacted market behaviour and presented new opportunities and challenges for our sector.

The shift to hybrid working remains a powerful force as organisations implement permanent solutions to allow employees the flexibility to work between home and the office on an ongoing basis. This rapid digitalisation has fuelled demand for our Technology Lifecycle Management services, which provides organisations with access to the latest technology through a sustainable, efficient, and cost-effective model.

In line with this trend, global PC shipments grew 14.8%,[1] with 341 million units shipped in 2021.[2] The surge in demand led to supply issues for manu-facturers, affecting both IT devices and components. Global logistics operators were also hampered by the pandemic, resulting in delays in shipments.

Market demand for refurbished devices saw corresponding growth across the public and private sectors. While undoubtedly driven by the current situation, consistent, long-term growth is expected. The global market for refurbished computers and laptops is projected to grow 11% in the next decade to a value of $USD 8 billion.[3] Permanent changes to procurement strategies support this trajectory, with public bids increasingly including a mandatory percentage of refurbished devices and enterprise organisations beginning to follow.

Against this complex backdrop, the global climate movement continues to accelerate. To meet consumer, shareholder and regulatory pressure, businesses are now implementing net zero strategies on a large scale, requiring all organisations to look closely at the emissions caused by their technology consumption. Our service supports customers to reach their sustainability goals and offers the ability to measure and report on CO_2 and e-waste avoidance.

These powerful global trends - rapid digitalisation and investment in mobile technology, hybrid working and remote learning, and the growing urgency to act on climate change and meet net zero targets – are driving our growth as we remain committed to service excellence and supporting businesses to address these new challenges.

Group financial overview

Despite the challenging global circumstances, we continued our focus on growing our core IT-related portfolio. In 2021, 3stepIT's financial performance remained steady, with Group revenue increasing by 4.8% to 694.2 million euros. Group EBITDA increased 11.8% to 33.7 million euros.

We owe this success to the dedication of our people, the resilience of our business model, and the strong, trusting relationships we have with our customers and strategic partners. In 2021, we were proud to support more than 400 new businesses with our Technology Lifecycle Management service and today we have 2.3 million business-critical assets under management.

While some customers delayed renewal decisions in the current environment, strong remarketing trading performance, with improved margins and tight cost control, led to a YoY increase in operating profit. We financed more than three quarters of a million devices, and end-of-lease revenues also developed as planned.

Production grew 5.6%, with more than 560,000 devices refurbished – marking another record year. We were proud to maintain our market-leading rate, with 98% of devices returned at the end of contract being resold for reuse.

[1] IDC, Personal Computing Devices Market Share, 2021, **https://www.idc.com/getdoc.jsp?containerId=prUS48770422**
[2] Canalys, Global PC Shipments, 2021, **https://www.canalys.com/newsroom/global-pc-market-Q4-2021**
[3] Transparency Market Research, Refurbished Computer and Laptop Market **https://www.transparencymarketresearch.com/refurbished-computers-laptops-market.html**

R&D focused on a refresh of our asset management tool, with the development of a new version, called Asset IQ®, continuing throughout 2021. 2021 R&D costs came to EUR 3,196,191 (EUR 1,842,257 in 2020 and EUR 3,856,590 in 2019); equivalent to 5.2% of operational costs (3.4% in 2020 and 6.9% in 2019).

Outlook

The fundamental shift in working practices, widespread digital transformation and growing support for sustainable IT consumption provide strong momentum for our business. There is an increasing openness among enterprise customers to engage with concepts like the circular economy and technology-as-a service, as organisations seek to make a positive impact throughout their operations.

While public sector procurement has remained strong throughout the pandemic, the private sector is now beginning to display more confidence and is seeking more sustainable operating models, like Technology Lifecycle Management, that protect business resilience.

The uncertainty surrounding COVID-19 remains the main risk factor for our business and others. Despite signs of

a return to business-as-usual, visibility remains short-term. Crucially, our refurbishing centres have remained open, and we have not been impacted by staff shortages. We continue to mandate strict guidelines at all our sites to protect the safety and wellbeing of our people and ensure business continuity.

Supply and logistics challenges are likely to have an ongoing impact on operations throughout 2022. Increasing fragility in the geopolitical environment in Europe is also being monitored.

We actively respond to the evolving nature of these external issues, and how they might impact our operations, financial accounting, and reporting.

The company carries a residual value risk for leased assets. At the end of the fiscal year, the total exposure was EUR 104,201,862. Residual value risk is controlled by the Group leadership team, who monitor the development of market prices for used assets compared with anticipated residual values.

We remain cautiously optimistic about our ability to mitigate the impact of global events and continue our focus on the growth of our core business, and through our associated company BNP Paribas 3 Step IT.
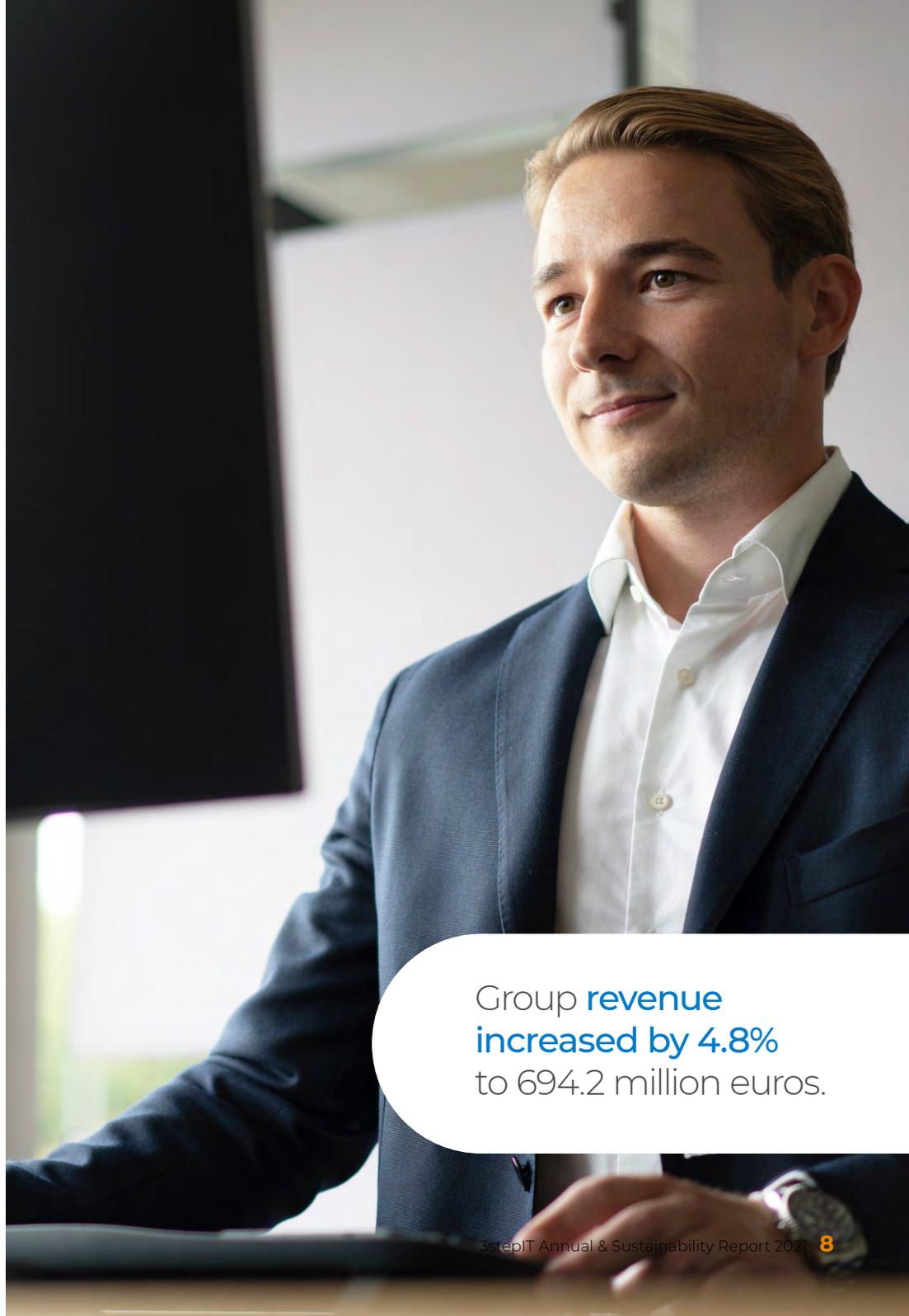
Group **revenue increased by 4.8%** to 694.2 million euros.

![3stepIT]

NET TURNOVER

MEUR
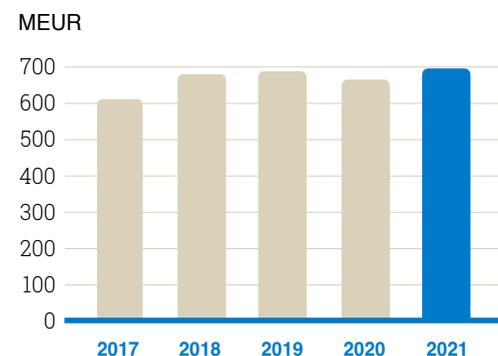
TURNOVER GROWTH

%

EBITDA

MEUR
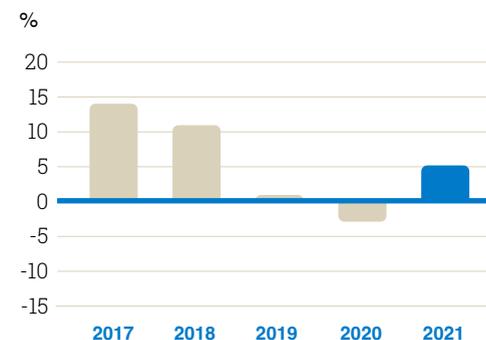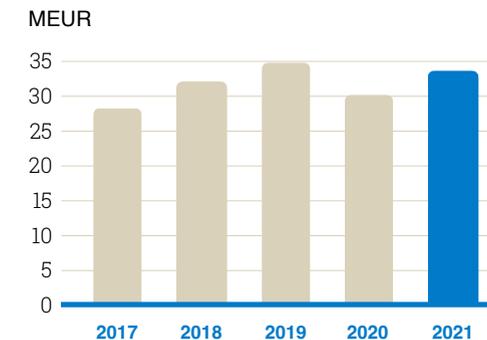
RETURN OF EQUITY (ROE)

%
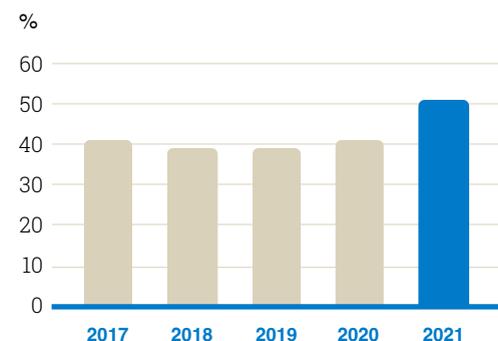
EQUITY RATIO

%
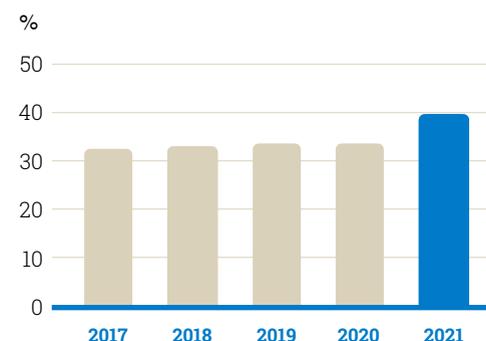
AVERAGE NUMBER OF EMPLOYEES
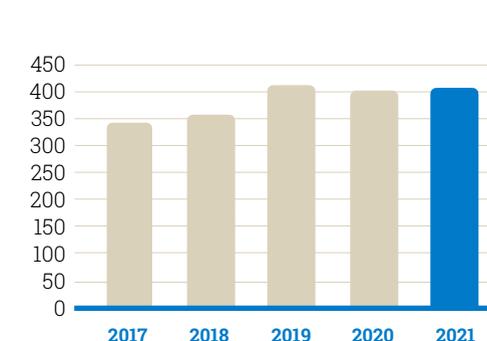
ASSETS MANAGED

OWNERSHIP

%

● **Main shareholders 59%**
(4Lighthouse Oy, Halcon Ab)

● **Institutional investors 32%**
(Elo Mutual Pension Insurance Company, Finnish Industry Investment Ltd, Ilmarinen Mutual Pension Insurance Company)

● **Employee shareholders 9%**
(155 employees)
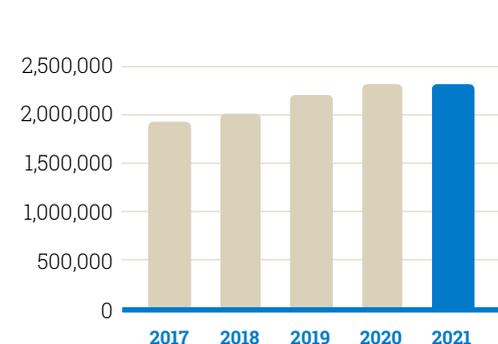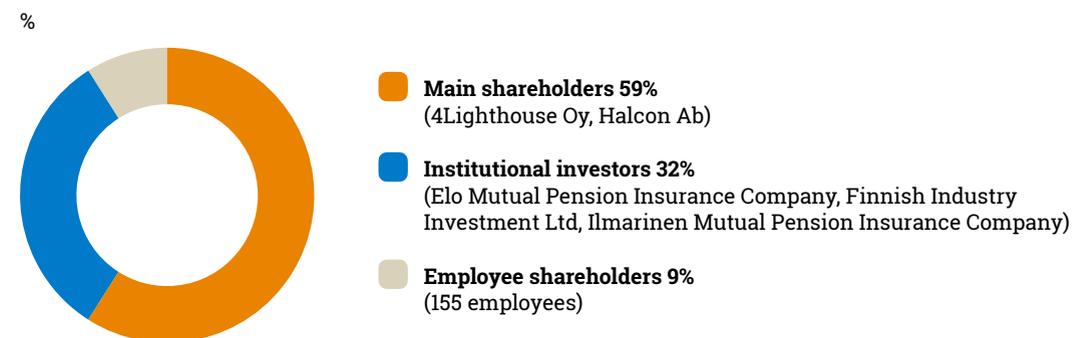
Progress against our strategic priorities

2

Our strategic priorities

LEADING THE WORLD IN TECHNOLOGY LIFECYCLE MANAGEMENT

Customer-driven solutions portfolio

+ New and renewed products and services

+ Market leading end-to-end customer experience

Scalable business and IT platform

+ Develop innovative digital services

+ Maintain and develop core systems

+ Increase remarketing capacity in Europe

Powerful execution in all markets

+ Grow existing markets

+ Deliver partnership plans and international opportunities

Skilful people

+ Prepare the organisation for the future by continuous learning and development

+ Foster 3stepIT's values and entrepreneurial spirit

+ Attract new talent and acquire new, diverse skills

Environmental, Social, Governance

+ Leadership in sustainable technology

+ Committed to Zero Waste

+ Working towards Zero Carbon

+ Growing sustainably

PROGRESS MEASURED BY

Revenue, Gross margins
Assets Managed
EDITBA, Net Profit, EPS

Customer experience and loyalty

Employee satisfaction

Brand image/ESG progress

3stepIT

Customer-driven solutions portfolio

At 3stepIT, our customer always comes first. We design our service offer around real business needs and strive to be responsive, flexible, and innovative. Over the last two years it has been more important than ever to listen and react quickly. We've introduced new services, built bespoke solutions, and refined our excellent customer support, activity which is all based on deep knowledge of our customers and their operating environment.

New and renewed products and services

Sustainable IT report
Through our new reporting service, we provide customer specific emissions data, that can be used to demonstrate how the IT department is contributing to an organisation's net zero strategy. Our customers can now accurately quantify their carbon and e-waste avoidance and will receive a detailed environmental report showing the positive impact of their circular approach to IT management. In line with our ESG strategy, Go Circular, which aims to promote the circular economy to wider audiences, we've made this tool available online to any organisation wanting to quantify the footprint of their current IT estate and use this data to advocate internally for sustainable change. **See page 31**.

REstepIT
REstepIT is our IT asset disposal service, which offers a simple, sustainable, and secure way for organisations to dispose of used IT equipment. We buy used devices at market value, use best-in-class data sanitization methods to securely wipe devices, and then refurbish them for reuse. It's an important sustainability service for our customers, many of whom are dealing with large volumes of obsolete office-based technology, as they transition to a hybrid workforce that relies more heavily on mobile devices.

Building a record two years of growth, nearly 302,000 devices were processed for IT asset disposal customers last year, an increase of close to 37% since 2017. This demonstrates the scale of used business IT currently being managed and also the growing desire in organisations to do so sustainably.

We are supporting businesses to make this shift more easily and have recently introduced the REstepIT portal – a transparent, digital platform that allows customers to conveniently track orders online and access audit trails, transport information, detailed financial / inventory data, erasure logs, and environmental reports.

Market-leading end-to-end customer experience

In our company-wide customer survey, we were proud to achieve an outstanding Net Promoter Score of 51. Hundreds of our customers gave their valuable time to provide us with feedback about our services. We use the detailed feedback from this survey to inform our company strategy and product roadmap, and we continue to talk to our customers regularly and act on their feedback, as they play a crucial role in informing our business planning and progress.

> Our annual survey is an important tool that supports our aim to meet customer needs. By always listening, we constantly find new ways to improve the customer journey, optimise our processes and support our customers in the best way. We're proud of our customer-centric focus - we work together to achieve growth, good business, and satisfaction for all.

Pernilla Löpare
CX Manager

Customer spotlight

Jutlander Bank

The challenge

It was a desire for greater control over the lifecycle of employee mobile devices that led to Jutlander Bank switching from traditional cash purchasing to financing its company mobiles through 3stepIT. Jutlander Bank was keen to minimise routine IT admin tasks for both the HR and IT departments and improve the business technology that was being offered to its team.

The solution

In collaboration with 3stepIT's partner, Mobitel A/S, Jutlander Bank was presented with our Technology Lifecycle Management solution, a flexible financial acquisition model and IT management approach, designed to increase control and reduce administration. Jutlander Bank now has over 300 phones managed via our Technology Lifecycle Management solution. The bank also opted for 3stepIT's All-Risk Insurance on employees' mobile phones, with 24-month coverage and extended warranty.

The results

Jutlander Bank now has an improved administrative setup that optimises oversight of the IT estate for the company's HR department. HR no longer manually manages tasks related to the purchase and return of employees' mobile phones. Our insurance service provides budget predictability and employees can easily and quickly get their phone repaired or replaced in the event of damage. Our customer service is there to support employees throughout the simple claims reporting process.

Claus Johansen, HR Manager of Jutlander Bank, said: "I had the most positive experience because 3stepIT really listened to our needs. During the implementation period, there was a regular and open contact between us, which gave us peace of mind and confidence of a successful result."
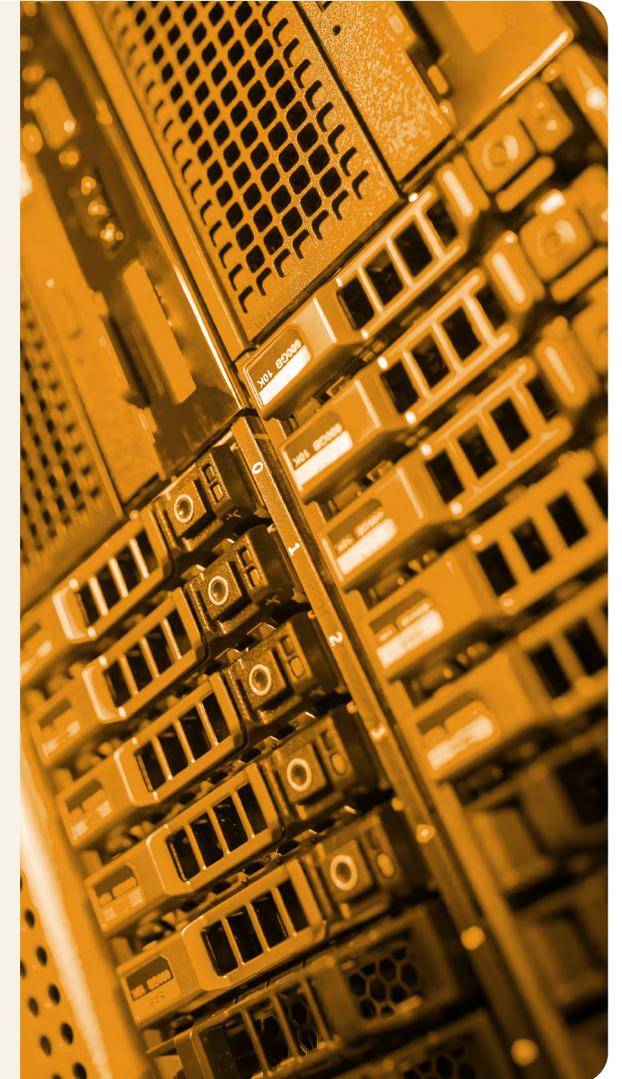
Scalable business and IT platforms

We are building an organisation for the future. We're transforming and scaling our business to become the leader in Technology Lifecycle Management and to reach thousands more organisations across Europe. We need best-in-class infrastructure to help us grow and offer industry-leading digital solutions and remarketing services to our customers.

Develop innovative digital services

Our asset management platform is provided as part of our Technology Lifecycle Management service and it underpins every stage of the device lifecycle, from simplified delivery acceptance to in-life device management and renewal. Customers gain complete control and visibility of all IT devices, simplifying upkeep, budgeting, and renewal and ensuring devices are compliant. A powerful reporting engine provides detailed technical and financial reporting capabilities, organised by cost centre, product group, project, or location.

Throughout 2021 we continued to develop the platform to support our customers, with four major releases. 40% of our customers have been upgraded to an enhanced asset management platform and we have several new releases planned for 2022.

We also welcomed Tiina Kemppinen to our Commercial Product Management Organisation. As the Product Owner for our asset management system, Tiina is responsible for developing and managing the roadmap for our customer-facing services.

> " Acting as the bridge between customer, business and technology, our aim is to keep pace with the rapid rate of development, meet our customers changing needs and lead the industry with new and innovative service offerings that can be quickly adopted and scaled. Our product development work is based on market needs and business priorities, using an agile delivery model to execute our roadmap.

Tiina Kemppinen
Product Owner

3stepIT

Maintain and develop strong core systems

3stepIT has new leadership at the helm of our IT and technology team, appointing Pankaj Saharan to the role of Chief Technology Officer. Pankaj will drive our innovation agenda, with a focus on accelerating the development and deployment of our digital services. He is charged with ensuring that our asset management platform and cloud-based IT solutions continue to meet the evolving needs of our customers, future-proofing the organisation and ensuring our digital operations and infrastructure remain world-class. This includes a vigilant cyber security programme, the expansion of our cloud-based data lake and the further rollout of digital services, like e-signatures, for our customers.

> We are privileged to work with thousands of organisations globally. With 2.3 million business-critical assets under management, we take our duty of care very seriously. These businesses, like us, are under increasing pressure to optimise their IT operations, demonstrate ROI and guarantee world-class data security. Our customers are sophisticated and need the unwavering guarantee of a secure and sustainable asset management service.

Pankaj Saharan
Chief Technology Officer

Our **IT solutions are always evolving to meet the needs of our customers** and the 2.3 million business-critical assets under our management.

Increase remarketing capacity in Europe

New refurbishing centre opens in Sweden

In October 2021 we opened a new state-of-the-art refurbishing centre in Växjö, Sweden. The premises will allow 3stepIT to grow its sustainability impact and expand its services. The facility doubles our refurbishing capacity and will process around 500,000 devices each year. The team had a great start in their new home, breaking all previous records in Q4 2021.

> These new facilities support our growth – sustainably. We have significantly increased our efficiency and are preparing to handle a greater number of product groups. We've already seen a huge increase in our production capacity, which ultimately means we're able to make a bigger contribution towards reducing electronic waste and helping our customers operate sustainably.

Jonas Rosqvist
Chief Remarketing Officer

The new site provided 60 local jobs and was designed to optimise our operations and streamline our processes. We wanted to build a centre of excellence in line with our sustainability values so we found uses for second-hand materials wherever we could; all the shelves and tables in facility are reused and we repurposed the existing security system with only small adjustments to suit our needs. The site is powered using 100% carbon- neutral energy from the City of Växjö.

Växjö is a transport and logistics hub in Sweden. Relocating here has delivered great efficiencies and environmental savings and we are working closely with our logistics partners to further minimise our environmental impact.

Norwegian refurbishing operations powered by solar

We also moved to a new refurbishing centre in Ski, Norway, more than 2.5 times the size of our previous site. As part of a green deal with our landlord, Höegh Eiendom, the new space is designed to grow our refurbishing business in the most sustainable way possible. We aim to significantly reduce our footprint, thanks to the installation of a large solar farm. We have a total of 700m² of solar panels on the walls and roof, with the potential to produce up to 125.000 kW per year.

The Växjö facility doubles our refurbishing capacity and will process around **500,000 devices each year.**

Customer spotlight

Varkaus City's new healthcare campus

The challenge

The City of Varkaus has established a new wellbeing and healthcare campus, bringing together a wide variety of public healthcare services, family and social services under the same roof. The team needed a centralised, cost-efficient solution to manage a huge increase in the volume of IT equipment, guarantee tight budget control and comply with strict legislation regarding financing, sustainability, and data security.

The solution

3stepIT's Technology Lifecycle Management solution was adopted across the entire campus, encompassing IT devices, medical devices, and other assets into our comprehensive asset management platform. As device volumes are projected to increase, it was essential for Varkaus to be able to register all devices right from the beginning in a centralised, digital platform, providing a clear overview of all campus assets. With 3stepIT, the benefits were clear in terms of budgeting and cost management, since monthly costs are available in one simple tool.

Sustainability was another big factor in the decision-making process, swaying the choice towards Technology Lifecycle Management, because with healthcare technology the lifecycle can be extended up to 10 years. The ability to regularly refresh devices would ensure the best health outcomes could be achieved. As devices become obsolete, they will be securely collected and refurbished by 3stepIT, ensuring strict regulatory compliance measures are met.

The results

Today, Varkaus is a leading example on sustainable IT management and data security, and campus employees can access the best technology to take care of patients. 3stepIT's Technology Lifecycle Management service helps meet sustainability targets, comply with regulation and enables investment in better quality technology and equipment.

3stepIT

Powerful execution in all markets

Our presence in local markets is an important strength for our company. It means our customers work with teams with local knowledge, who understand the landscape and are on the ground when support is needed. Through our partnership with BNP Paribas, this presence is set to grow exponentially. And so will our ability to offer our sustainable Technology Lifecycle Management services to organisations operating in Europe and the rest of the world.

Deliver partnership plans and international opportunities

Our partnership with BNP Paribas
In 2021 our joint venture, BNP Paribas 3 Step IT, continued its roll out across Europe, with operations now in France, Germany, Italy, the UK, Belgium, the Netherlands, and most recently Spain.

While this business is still in the early stages of its development compared to the maturity of 3stepIT, our foundations are the same. We are driven by a single purpose – to take care of the world's technology – and we offer our customers flexible, practical solutions to today's business challenges, making sustainable IT a reality while saving money, improving productivity, and increasing efficiency.

We have a clear strategy to grow the joint venture by utilising BNP Paribas' extensive customer network, channels, and strategic partnerships. We are privileged to be working closely with many large, internationally recognised brands, including global tech giants, car manufacturers and international consumer goods companies. As a result, our solution is now in place across Europe and the USA.

Our work with a renowned German car manufacturer has seen 9,000 devices deployed across 18 subsidiaries in seven countries, with widespread access to our Technology Lifecycle Management services now in place across the organisation.

We are proud to have signed a new partnership with CaixaBank to offer the bank's business clients our Technology Lifecycle Management services. CaixaBank is Spain's largest bank, with 20.7 million customers, and through our service, it can now support the sustainability goals of its clients in a new way. This landmark deal will accelerate our growth in Spain, drawing on CaixaBank's network and its strong position in the Spanish market to support thousands of businesses who want to consume technology more sustainably.

The collaboration between global financier and service provider is clearly a powerful model for scaling sustainable solutions to a large enterprise audience. With the corporate world racing to make their contributions to the net zero transition, it is crucial to establish partnerships with organisations that can grow our impact.

Grow existing markets

2021 was another outstanding year for our teams, who acquired 400 new customers supporting their transition to a greener, more efficient approach to IT management. We held nearly 9,000 customer meetings - up 27% from the previous year - a clear demonstration of our solidarity with the businesses we serve as they navigate this challenging period.

> " We are harnessing the incredible results and hard work in the countries, recognising their strengths and sharing best practices across all teams. We have a proud record of growth, and our proposition couldn't be more relevant to the market right now, as organisations are seeking long-term partners to help deliver their sustainability ambitions.

Jason Skidmore
Chief Commercial Officer

Country highlights

+ The Kaikille Kone campaign (Computers for All) donated more than 400 refurbished devices to students who do not have access to IT equipment for their studies. Our team of product life extension experts was responsible for securely processing these devices in our Finnish refurbishing centre, ensuring the students had access to top quality, sustainable IT.

+ We have modernised our Finnish sales organisation to respond to customer needs. The team delivered strong growth momentum, with more than 100 new customers adopting our sustainable IT services. Mika Enberg, Finland Country Manager, said: "I am proud of the team for setting ambitious targets. They thrived in the new environment and delivered great results."

+ We always place the customer at the centre of our decisions and actions. Our customer service teams work closely together to respond quickly and flexibly to customer requests. In our annual customer survey, Finland scored an NPS of 68 - an all-time high for our team!

+ 3stepIT has opened a new facility in Växjö, Sweden, doubling production capacity to 500,000 refurbished devices each year, and providing trading customers with greater sales volumes, even more consistent device grading and improved processes and standards. **See page 16**.

+ Jakob Lagander was appointed as Sweden Country Manager in January 2021, with the clear objective to become the market leader and partner of choice for Swedish enterprises. Jakob Lagander said: "I'm building a world-class team and an organisation that serves our customers' business needs, with a focus on sustainability, innovation and service excellence.

+ 3stepIT Sweden has continued its successful partnership with Hello World!, a non-profit organisation that aims to develop young people's interest in science, technology, innovation, and art. 3stepIT provides refurbished computers for the weekend and summer camps run by Hello World!, improving digital access and teaching attendees about sustainable technology consumption. **See page 37**.

+ 3stepIT is the Technology Lifecycle Management provider for the majority of the top 20 IT resellers in Denmark. In 2021, we were proud to retain our position as Denmark's preferred supplier for the channel.

+ We offer comprehensive all-risk insurance and extended warranty services to our customers in Denmark, providing global coverage against damages, accidents, and theft. Our insurance service grew 14% in 2021, demonstrating the desire of our customers to be better protected against unforeseen costs and risks to their business.

+ 2021 was a record-breaking year for Denmark, with the team exceeding all previous revenue and profit figures. This shows the relevance of our Technology Lifecycle Management model as Danish businesses undergo major digital transformations and seek to meet ambitious sustainability goals.

+ A new sales team has been established in Norway, replicating a successful model deployed across other parts of 3stepIT. The team is charged with growing our Technology Lifecycle Management offer for private sector customers, supporting organisations across the country to consume IT more sustainably.

+ We moved to a new refurbishing centre in Norway, 2.5 times the size of our previous site. The new space is designed to optimise production and grow our business. A solar farm, with a total of 700m^2 of solar panels has been installed, producing up to 125.000 kW per year. **See page 33**.

3stepIT

Customer spotlight

Anticimex

The challenge
Anticimex is an international service company with 300 employees in Norway. In 2018, we carried out a major IT replacement project across 18 locations. The goal was to establish a comprehensive service for operation, support, and maintenance of Anticimex's IT environment, including a refresh of the organisation's IT estate and disposal of obsolete devices.

The solution
To simplify the replacement process, 3stepIT assisted with installing the new units before they were rolled out to the Anticimex team. Anticimex wanted confidence that the old equipment would be handled in accordance with their requirements for both data security and the environment. Devices were collected in specially designed secure cabinets and securely transported to 3stepIT's refurbishing centre, where they underwent an ISO-certified data sanitization process.

Stian Aaserud, CFO of Anticimex, said: "We have never done such a large replacement of equipment and it can be an overwhelming process. 3stepIT financed the devices, freeing up capital and giving better control over the equipment. We also brought all the equipment on to a common platform so that the establishment costs would go down, the user experience would improve, and IT support would be better and easier to access for all employees."

The results
Sustainability and security are of upmost importance to Anticimex, so ensuring old devices are securely managed and given a second life was an important outcome for the company.

Stian Aaserud continued: "Now there are stricter requirements on all companies for deleting data, 3stepIT's secure cabinets, audit trail and deletion certificates gave us peace of mind. It is clear that sustainability is important to both of us and 3stepIT embedded this at all levels, everything from the handling of used IT equipment to how to reduce waste and maximise efficiency."

Skilful people

The pandemic has redefined the world of work and the relationship between employer and employee is changing too. We see this as an opportunity to engage with our people, listen and build a business that meets their needs and expectations. A happy team is a productive, creative, and driven team, which ultimately means better service for our customers.

Prepare the organisation for the future by continuous learning and development

In 2021, we continued our learning and development drive for our team. This year's focus was on business strategy execution and project management, ensuring our people are aligned and able to deliver on our strategic plan. We offered targeted training to our leaders, preparing them to guide our teams through the next stage in the company's growth, and we created the 3stepIT Sales Academy, ensuring we have the best sales force in the industry.

Through our company-wide online training platform, we delivered mandatory courses on business ethics and modules covering our code of conduct, anti-bribery, corruption, quality and environmental management, and data security.
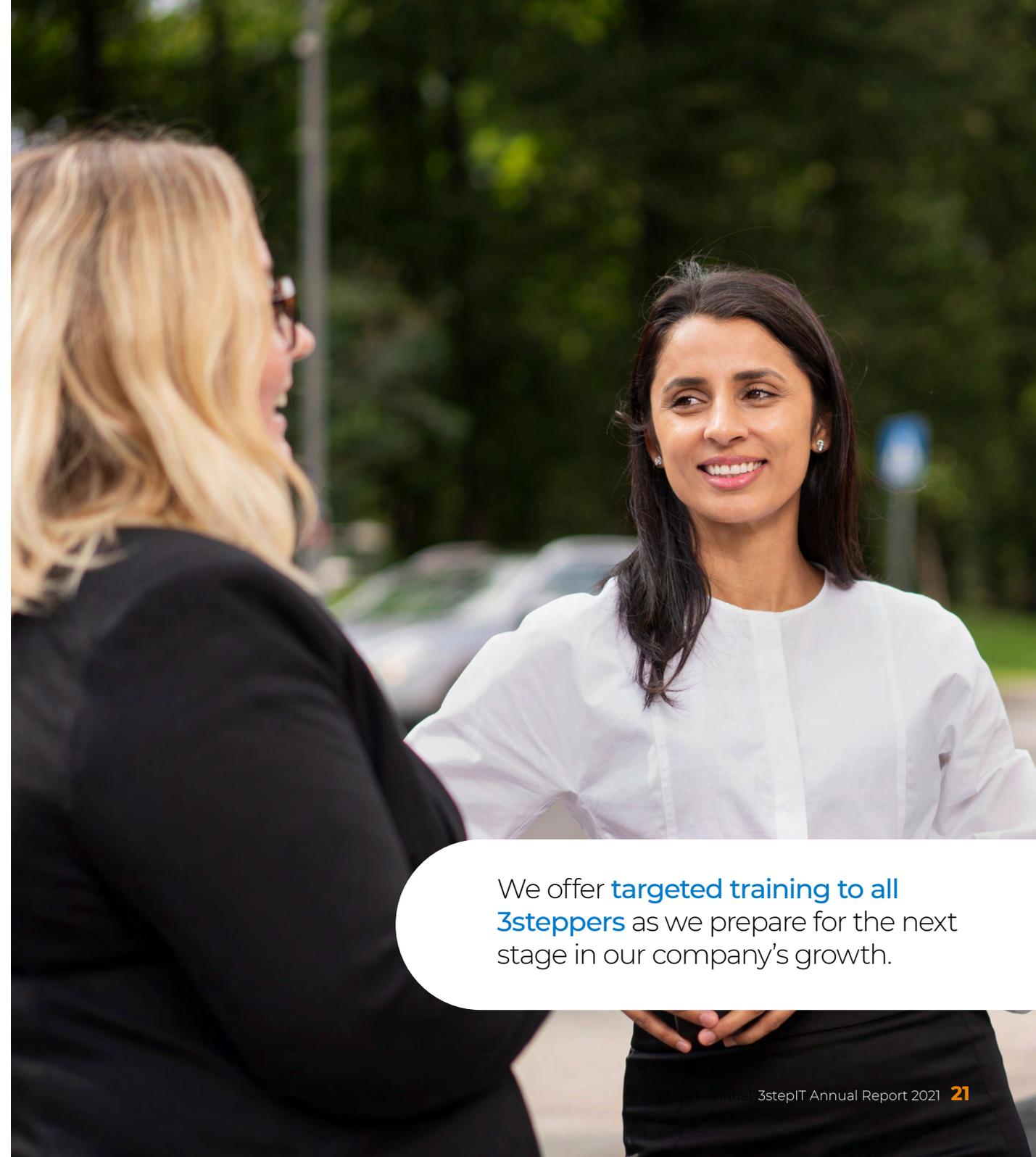
We offer **targeted training to all 3steppers** as we prepare for the next stage in our company's growth.

3stepIT

Our team satisfaction score ranked in the **top 25% of the best performing organisations** in Finland.

Foster 3stepIT´s values and entrepreneurial spirit

Team satisfaction
We measure people engagement and satisfaction through a comprehensive annual survey, conducted and benchmarked by an external company. Our team satisfaction score ranked in the top 25% of the best performing organisations in Finland. We had an impressive response from our team - 97% completed the survey, up from 93% the previous year. We use this data to continually improve the way we run our business. The results are analysed by our leadership group, workshopped by all teams, and then used to build our strategic plan for the year ahead.

4.02
out of 5
Employee Satisfaction rate

A safe, flexible workplace
The health and safety of our people is our top priority. Throughout 2021 we worked closely with our team to make regular updates to our COVID-19 policies and ensure we reacted quickly to changing needs and circumstances. We implemented a remote working policy for our office teams to find a balance between collaboration in the office and the possibility of remote working. We also launched a campaign called "Take Care of Each Other" to support engagement, health, safety, and the quality of remote working.

Attract new talent and acquire new skills

We're building a team for the future, so we also continued to develop our in-house talent acquisition function. Led by our HR specialists, the team is responsible for building our talent pipeline and ensuring the recruitment of key positions across the business. We've updated our recruitment process, so it aligns with our brand values, and we can offer candidates a world-class experience when considering employment with 3stepIT.

EMPLOYEES BY GENDER

- Female: 47%
- Male: 53%
- Other: 0%

NEW EMPLOYEES BY AGE

- Under 30: 29%
- 30-39: 32%
- 40-49: 24%
- 50-59: 15%

EMPLOYEES BY COUNTRY

- Finland: 52.7%
- Sweden: 25.06%
- Norway: 9.7%
- Estonia: 6.68%
- Denmark: 5.59%
- Other: 1.43%
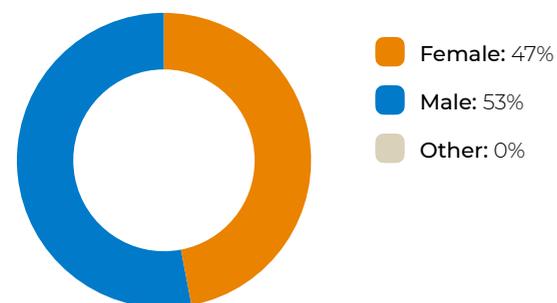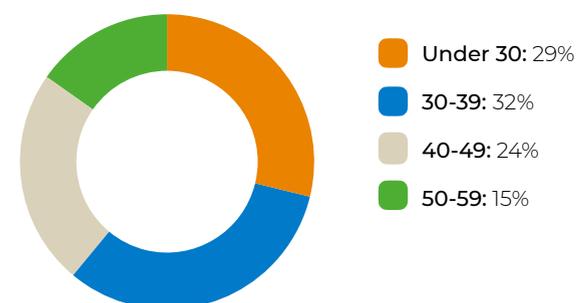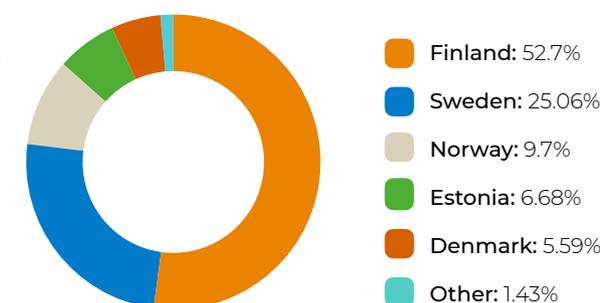
99%
Completion of
mandatory training

10.4%
Employee
turnover rate

NEW EMPLOYEES BY CONTRACT TYPE

	Female	%	Male	%	Total
Permanent contract	12	28	31	72	43
Temporary contract	8	50	8	50	16
Grand Total	**20**	**34**	**39**	**66**	**59**

EMPLOYEES BY RESPONSIBILITY

	Female	%	Male	%	Total
Employee	169	50	168	50	337
Line manager	31	38	50	62	81
Executive	1	10	9	90	10
Grand Total	**201**	**47**	**227**	**53**	**428**

CONTRACT CATEGORY BY GENDER

	Female	%	Male	%	Total
Permanent contract	197	47	221	53	418
Fixed-term conttract	4	40	6	60	10
Grand Total	**201**	**47**	**227**	**53**	**428**

LEADERSHIP TEAM (LT) BY AGE GROUP

40–49	4
50–59	4
Over 60	2
Grand Total	**10**

WORK RELATED INJURIES

	Work-related minor injuries	Work-related serious injuries	Fatalities
Finland	3	0	0
Sweden	3	0	0
Norway	3	0	0
Denmark	5	0	0
Estonia	0	0	0
UK	0	0	0
Grand Total	**13**	**0**	**0**

Customer spotlight

Laptops for Finnish students

In December 2020 the minimum school leaving age in Finland was increased to 18 to give all the students an upper secondary qualification. 60,000 new students start high school or vocational school every year and all receive a free computer for their studies.

At 3stepIT we believe in the importance of lifelong, continuous learning. We were eager to support the government's new initiative that would empower young people with the digital tools they needed for their education.

We released an e-book to help decision-makers gain better understanding of the IT procurement landscape and the benefits of sustainable IT. We also hosted two webinars for education leaders, including one co-organised with Microsoft.

We have a trusted reputation in the public sector and over 21,000 laptops were delivered to Finnish students through our existing customer network. Together with our partner, Opinsys, we also supplied over 5,000 refurbished computers to students, ensuring these devices were given a second life and reducing their environmental impact. Many new customers also adopted our Technology Life-cylcle Management service, which guarantees sustainable end-of-life outcomes for Finland's education technology.

Go Circular

3

Our approach to ESG

Our Go Circular strategy sets out our vision for 2025 and beyond – a world where we all make conscious choices about how we consume technology.

We are working towards a circular future where all resources hold value and nothing is wasted. Our product roadmap offers market-leading, innovative sustainability services that are data-led and meet customer needs. We aim to develop zero carbon and zero waste operations as we grow our business sustainably.

Our offering enables a tangible impact in solving some of the planet's most pressing challenges such as mitigating climate change, reducing electronic waste and narrowing the digital divide.

We believe in continual improvement and that there's always more that can be done to push ourselves, our customers, and our partners further.

Led by our Purpose; "TO TAKE CARE OF THE WORLD'S TECHNOLOGY" we will focus our Environmental, Social and Governance efforts in these four focus areas

| Leadership in sustainable IT | Zero carbon | Zero waste | Growing sustainably |

With a commitment to our four clearly defined goals

| Develop + promote circular economy strategies | Commit to zero carbon by 2030 | Commit to zero waste by 2030 | Pursue excellence in the way we run our business |

This will enable us to have tangible impact in solving some of the planet's most pressing challenges

| Climate change | Electronic waste | Digital divide |

And contribute to the UN Sustainable Development Goals:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
10 REDUCED INEQUALITIES

The challenges that
define this decade

The effects of the climate crisis are now clear. Without action, our ecosystem will be challenged, we face disruption to workforces and operations on an unprecedented scale, and the security and resilience of supply chains is at risk. As the world warms, sustaining current levels of consumption has become increasingly untenable.

At the same time, the demand for technology continues to climb.
This trend has been fuelled by the pandemic, which has sparked a wave of digitalisation and a record number of new PC sales worldwide. The share of digital technologies in global GHG emissions increased by 50% between 2013 and 2018, from 2.5% to 3.7% and this is predicted to double by 2025.[4]

Large quantities of resources are mined and processed to produce IT devices, which is energy-intensive and often polluting. The extraction and processing of material resources results in over 90% of global biodiversity losses and has significant impacts on the world's most vulnerable communities and ecosystems.[5]

Despite the overuse of these valuable materials, far too much IT equipment unnecessarily reaches landfill after its first use. According to the UN Global E-waste Monitor[6], a record 53.6 million tonnes of electronic waste was generated worldwide in 2019, equivalent to producing 14.5 Eiffel Towers of electronic waste every day.

The paradox is that this technology, which carries such a high environmental cost, is also the solution to many of our environmental challenges, building the digital workplace and fuelling sustainable digital innovations. It's crucial we find a more sustainable approach to consuming technology.

[4] The Shift Project, Towards Digital Sobriety, March 2019,
https://theshiftproject.org/wp-content/uploads/2019/03/Lean-ICT-Report_The-Shift-Project_2019.pdf
[5] Oberle et al (2019) Global Resources Outlook. Natural resources for the Future we want. UNEP 2019
[6] The Global E-Waste Monitor 2020, United Nations University, 2020, **http://ewastemonitor.info**
[7] European Environmental Bureau, 'The Climate Cost of Disposable Smartphones', 2019,
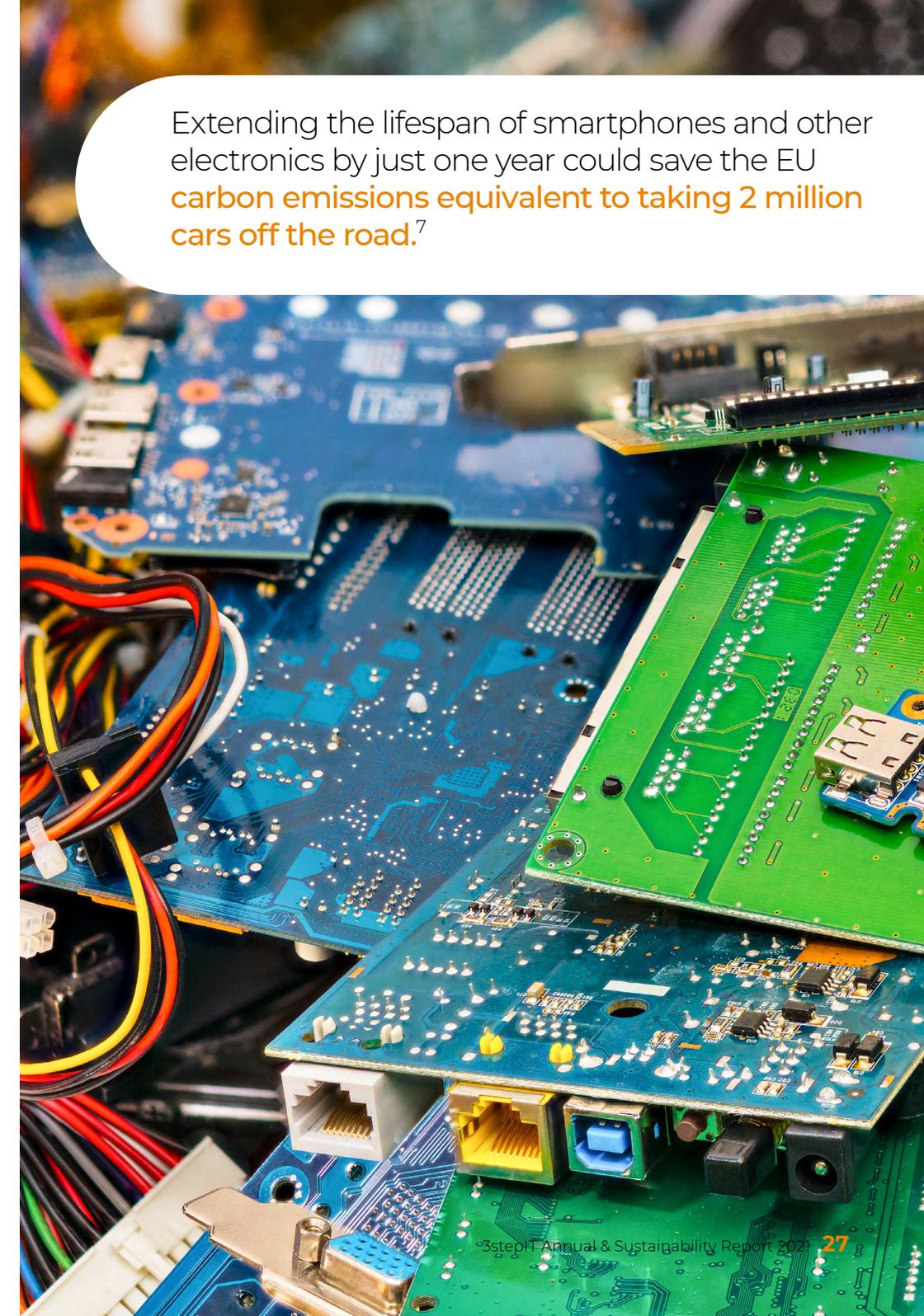**https://eeb.org/revealed-the-climate-cost-of-disposable-smartphones/**

Extending the lifespan of smartphones and other electronics by just one year could save the EU **carbon emissions equivalent to taking 2 million cars off the road.**[7]

Circular innovation

We pioneered the circular Technology Lifecycle Management model over 25 years ago. Today, our mission is to make the circular economy the "new normal" for business technology and support the European Union's plan to achieve a circular economy by 2050.

The circular economy is a powerful tool for businesses, with the potential to unlock $4.5 trillion in economic benefits by 2030[8] and the ability to significantly reduce an organisation's environmental impact. It means switching from consuming products and disposing of them after a single use, to a model where products are designed and managed to enable reuse and material efficiency.
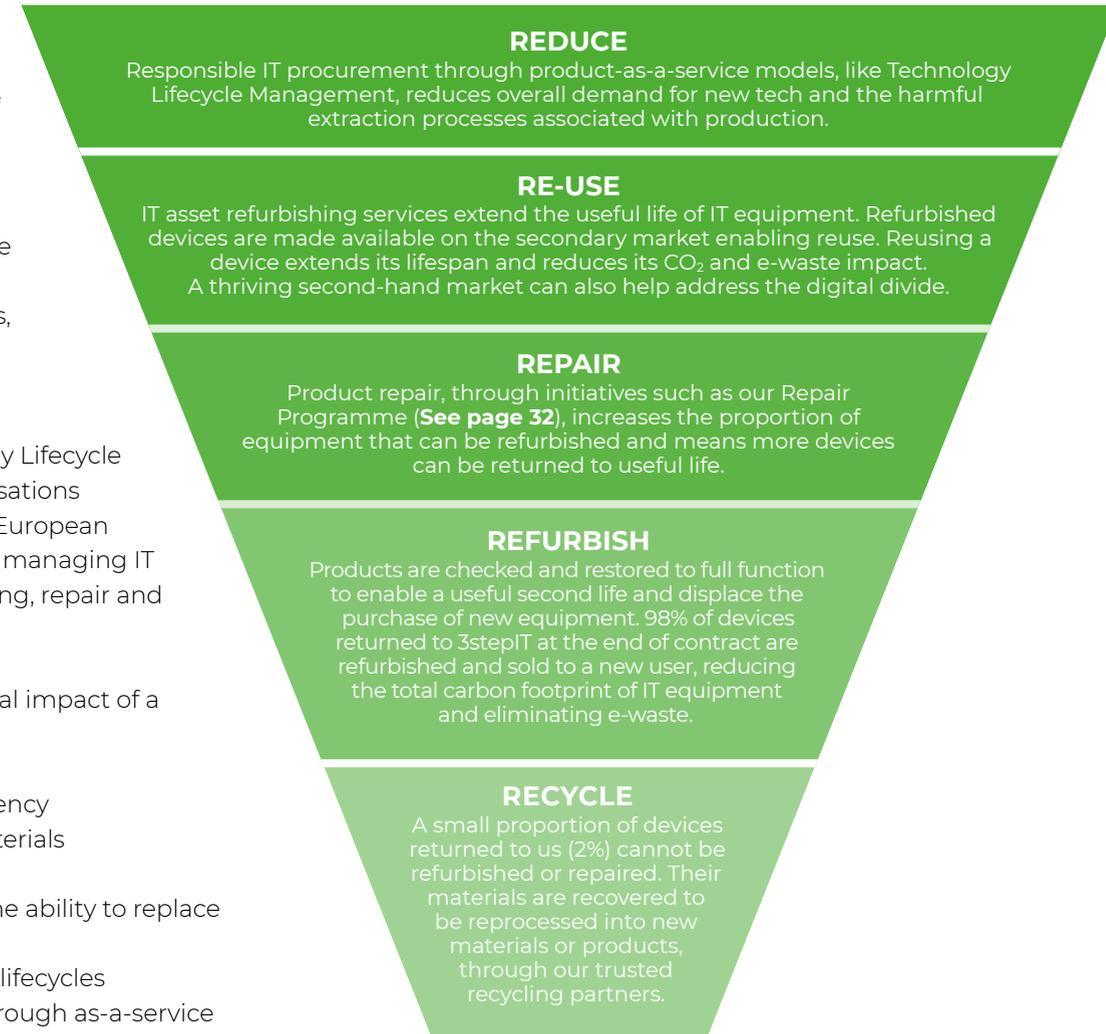
It is particularly important to change the way we consume technology as the design phase of a typical device contributes to around 80% of the environmental footprint over its lifecycle. Improvements to the product design and manufacturing process are happening, but they are slow and incremental.

To reduce the environmental impact of technology, our focus is on managing IT sustainably through product life extension. When a device is reused, it displaces the manufacture of a new one and saves the huge drain on resources required during the production process, reducing CO_2 emissions and electronic waste.

The pyramid shows how our Technology Lifecycle Management solution supports organisations to deliver on the priority actions of the European Union's Circular Economy Hierarchy by managing IT in a sustainable way through refurbishing, repair and reuse.

This thinking reduces the environmental impact of a device by:

· increasing material and energy efficiency
· minimising the use of hazardous materials
· maximising the product use phase
· increasing product modularity and the ability to replace spare parts
· keeping materials in use for multiple lifecycles
· prioritising access over ownership, through as-a-service models
· implementing sustainable end-life treatments
· using recycling only as a last resort

REDUCE
Responsible IT procurement through product-as-a-service models, like Technology Lifecycle Management, reduces overall demand for new tech and the harmful extraction processes associated with production.

RE-USE
IT asset refurbishing services extend the useful life of IT equipment. Refurbished devices are made available on the secondary market enabling reuse. Reusing a device extends its lifespan and reduces its CO_2 and e-waste impact. A thriving second-hand market can also help address the digital divide.

REPAIR
Product repair, through initiatives such as our Repair Programme (**See page 32**), increases the proportion of equipment that can be refurbished and means more devices can be returned to useful life.

REFURBISH
Products are checked and restored to full function to enable a useful second life and displace the purchase of new equipment. 98% of devices returned to 3stepIT at the end of contract are refurbished and sold to a new user, reducing the total carbon footprint of IT equipment and eliminating e-waste.

RECYCLE
A small proportion of devices returned to us (2%) cannot be refurbished or repaired. Their materials are recovered to be reprocessed into new materials or products, through our trusted recycling partners.

[8] Accenture Strategy, 'Waste to Wealth', 2015, **https://newsroom.accenture.com/news/the-circular-economy-could-unlock-4-5-trillion-of-economic-growth-finds-new-book-by-accenture.htm**

Our ESG highlights

| 91,465t CO_2 handprint | 562,067 devices refurbished | 25,947 repaired devices | 1,332t of e-waste avoided | 98% of returned devices resold |

A positive handprint

We refurbished over half a million devices and helped our customers avoid 1,332 tonnes of e-waste and 91,465 tonnes of CO_2 through our Technology Lifecycle Management and REstepIT services. **See page 35**.

Clean, green operations

3stepIT operates 100% of its refurbishing centres using renewable electricity, and in 2021 we opened two new facilities in Sweden and Norway. In Sweden we are now able to process around 500,000 devices each year, doubling previous volumes and growing our positive impact. In Norway, our new facility has 700m^2 of solar panels on the roof with the potential to produce up to 125.000 kW per year.
See page 16.

The Repair Programme

Now in its third year, our Repair Programme continues to go from strength to strength. The team salvages parts from irreparable devices that would have otherwise been recycled. In 2021, we repaired nearly 26,000 devices, reusing 18,000 spare parts. **See page 32**.

Collaborating for success

Building strong partnerships and collaboration is a key component of our Go Circular strategy. In 2021 3stepIT joined the Global Carbon Accelerator Programme, a UN Global Compact initiative to fast-track progress towards the net zero transition using Science Based Targets. We also began a collaboration with Väestöliitto, a Finnish organisation that advocates equality and well-being to drive our diversity, equity and inclusion work further.

New ESG leadership

We welcomed Tiia Katajamäki to the newly created role of Senior Manager for Sustainability. This role is an integral part of delivering on 3stepIT's ambition to be a world leader in sustainability, creating innovative solutions, services, and partnerships for our customers to reduce emissions and increase material efficiency in the value chain.

Our targets and progress

High level material	Go Circular focus areas	Overall goal	3stepIT commitments towards 2025	KPIs	SDG	Progress
Expand TLM benefits Materials in supply chain	Leadership in sustainable technology	To develop and promote circular economy strategies to spread the use of sustainable technology	· Prioritise sustainable product innovation and execution. · Create a company-wide culture of innovation and build competencies for circular thinking. · Introduce new sustainability-driven services to maximise utility and value. · Form strategic partnerships to promote industry-wide progress and champion lifecycle value and intelligence.	Employees completing core trainings (%) Identified actions and features in product and service road map	SDG 9 · SDG 13	On track for 2025 delivery
Materials & resources in operations	Zero waste	Zero waste to landfill across all operations	· Increase total number of repaired devices. · Minimise all waste and maximise material usage. · Reduce packaging waste in logistics. · Enhance resource efficiency through the repair process. · Company-wide waste reduction action plan, for logistics, repair, and office operations.	Devices refurbished (%) Total repaired devices Total CO_2t emissions avoided	SDG 12 · SDG 13	On track for 2025 delivery
Energy in operations Emissions from operations Operational transport & logistics impact	Zero carbon	Zero carbon emissions from direct operations.	· 100% renewable electricity in all refurbishing sites. · Reduce CO_2 emissions at all sites. · Reduce CO_2 emissions in logistics chain. · Reduce business travel impact. · Increase customer CO_2 handprint.	Total CO_2 emissions Energy use per refurbished device (kWh) Sites using renewable energy (%)	SDG 12 · SDG 13	On track for 2025 delivery
Ethical behaviour of staff Employee wellbeing, diversity, skills Supply chain conditions	Growing sustainably	Growing our business in a responsible and ethical way	· Organisation competent and committed to ESG targets at all levels. · Fully inclusive, diverse, and equitable organisation. · Align suppliers and partners with Supplier Code of Conduct and conduct regular, risk-based checks.	Gender split at all levels Devices sold within Europe (%) Partners aligned to Supplier Code of Conduct (%)	SDG 10	On track for 2025 delivery

Leadership in sustainable technology

Our aim is to develop new services, promote the circular economy and maximise the use and impact of sustainable technology, working closely with our people, customers and partners across our industry. In addition to continuously improving our operations, we are focused on service development, new market entries and finding ways to maximise resource efficiency in our value chain. We are building internal capabilities and fostering a culture that supports circular innovation, while also looking beyond our own organisation to form partnerships and collaborate on new solutions.

Sustainable IT report

A milestone in 2021 was the launch of our Sustainable IT report - a new tool that helps businesses calculate the total CO_2e and electronic waste avoidance achieved by adopting a sustainable IT asset management strategy. As companies are increasingly required to prove they are taking concrete actions towards achieving sustainable operations, our customers benefit from a detailed environmental report that shows their positive impact. .

Driving circular innovation

We actively foster a culture that promotes circular innovation and the creation of new, resource-efficient practices and services. In 2021 we organised a sustainable service innovation contest to collect and elaborate on circular thinking inside our organisation. We have identified the top ideas for implementation and prioritised items for long term development. We are actively seeking partnerships to expand our work further. Last year, we were also proud to participate in the CEDIM project led by the University of Applied Sciences, Haaga-Helia Metropolia, which is investigating how to create a circular digital marketplace for used devices.

98%

of devices returned to us at the end of contract are re-sold to new users
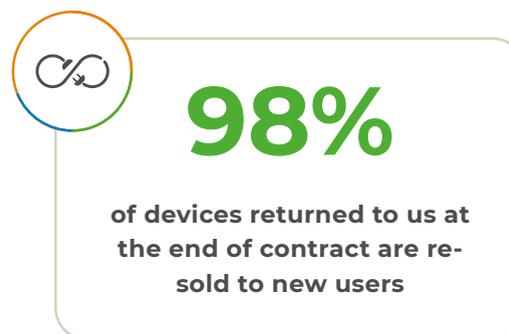
Recognition of our work

Our offering has tremendous potential to support the net zero transition and increase material efficiency in the value chain. Our work has been recognised by:

Ellen MacArthur's Circulytics™ Assessment
3stepIT has been awarded Grade A- by the Ellen MacArthur Foundation's Circulytics™ assessment, which rates the extent of a company's success in adopting circular economy business opportunities, provides a 'snapshot' of the circularity of their service models, and highlights development areas. 3stepIT scored highly for its circular economy business model, which helps businesses use technology more sustainably and ensures that devices at the end of their lifecycle are securely refurbished and reused.

EcoVadis Sustainability Rating
The EcoVadis assessment is a globally recognised sustainability benchmark that supports organisations to monitor progress across four pillars - Environment, Labour & Human Rights, Ethics and Sustainable Procurement. In 2021, we received a 'Silver' sustainability rating and ranked in the 89th percentile of participating companies.

Zero waste

Minimising waste is at the core of our strategy, and we aim to reach zero waste across our operations by 2030. We draw heavily on the principles of the circular economy to optimise our waste strategy and we are also working with our logistics partners on effective waste reduction plans. All our sites are ISO 14001 certified, using an internationally recognised environmental management system, which ensures that we systematically develop our resource management methods.

The Repair Programme

We hate waste and we're always striving to eliminate it from our operations by refining our practices and expanding our capabilities. Three years ago, an idea conceived by one of our people prompted us to go even further in our refurbishing processes by harvesting parts from devices that cannot be repaired and using them to fix others. We call this The Repair Programme, and it's quickly grown from a small pilot programme in Sweden to being rolled out across all our refurbishing centres. In 2021, we repaired nearly 26,000 devices and reused more than 18,000 spare parts.

Reducing packaging waste

To reduce waste and minimise the environmental impact of packaging, we reuse incoming plastic wrapping for the refurbished products leaving our centres.

To further improve shipping densities and save material, 3stepIT has developed smart, secure packaging for IT equipment. This maximises the use of space while protecting equipment during transportation. We educate our customers and logistics partners to work with these methods, increasing efficiency across our operations.

> " The Repair programme is constantly growing and evolving as the repair team develops new techniques and can repair more devices. As part of our Go Circular strategy development process and zero waste goals, we have also started to plan to expand the product categories that the repair team are working with. Our aim is to design waste entirely out of the refurbishing process.
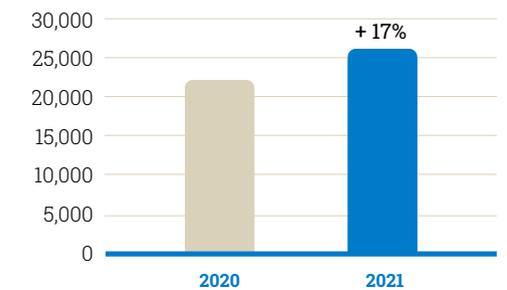
Ann-Jeanette Abrahamsson
Group Production Development Manager

REFURBISHED DEVICES
IN THOUSANDS

- REstepIT total
- End of Lease total

OUR REPAIR PROGRAMME REPAIRED DEVICES

+ 17%

Zero carbon

As part of our net zero carbon ambition, due in 2030, we are focused on three main priorities, designed to drive down our total carbon footprint year on year and contribute to the global net zero transition - energy use in operations, sustainable logistics and business travel.

To reach our ambitious targets, we need to minimise energy consumption, optimise our logistics chain, co-operate closely with our partners, and find means to reduce the environmental impact of business travel. Virtual meetings are here to stay, but we are also promoting the use of public transport and a shift to a greener carpool through our renewed car policy. We've already made great progress, for example, 93% of our company cars in Sweden are electric or hybrid.

Our refurbishing centres operate using 100% renewable electricity. We closely follow energy consumption and continuously look for means to promote energy efficiency. In Norway, our new facility aims to reduce its climate impact significantly, thanks to the installation of a solar farm; a total of 700m² of solar panels will produce up to 125.000 kW per year, covering roughly half of the site's energy use.

Of course, the positive impact we can achieve through enabling thousands of organisations to reduce the CO_2 emissions produced by enterprise IT is huge. In 2021, our customers avoided 91,465 tonnes of CO_2 emissions. Together we are accelerating the net zero transition and making a low carbon economy a reality.

Energy consumption [MWh]	2021
Electricity	1356
Heating	931
Total energy consumption	**2287**

100%

of our refurbishing centres are powered by renewable electricity

Total carbon footprint

In 2021 we estimated the emissions in our value chain. This table summarises our emissions from scope categories from 1 to 3 which covers emissions from Energy, Flights, Logistics and Leased cars. We continue to develop reporting on remaining scope 3 categories to include them in the future.

CO_2-eq./a [tCO_2e]	2021
Scope 1	0
Scope 2	
Electricity (market-based)	7
Electricity (location-based)	0
Heating (market-based)	0
Heating (location-based)	125
Scope 3	
Business travel - Flights	23
Business travel - Leased cars	218
Logistics	114
Total (Scope 2 and 3)	**487**

Growing sustainably

We want to grow our business in a sustainable and responsible way. For us, this means providing a fair and equitable workplace where we celebrate individuality as one of our greatest strengths. We also want to extend our influence across our value chain, industry and into the communities where we operate, addressing issues like supply chain conditions, diversity, and the digital divide. We see it as our duty to look beyond our own backyard and use our knowledge and influence to create wider change.

Sustainable supply chain

Our customers and partners play an important role in ensuring the responsible end-of-life treatment of used devices and embedding best practices across our industry.

Our supply chain is made up of three groups - our own suppliers/vendors (inbound supply), our trading customers (outbound supply) and our recycling partners.

When selecting our recycling partners, we only choose those with high environmental standards. The electronic waste recycling partners we use in Finland, Norway and Sweden are all ISO 14001 and ISO 9001 certified.

We have a Supplier Code of Conduct in place which outlines in detail our expectations for suppliers and partners in our value chain.

We are committed to:
- Only reselling devices to trading customers with responsible sustainability practices and backgrounds we have thoroughly checked. We conduct annual checks to ensure they meet our standards on environmental and waste management, anti-money laundering, anti-corruption, bribery, and modern slavery.
- Conducting regular background checks for our suppliers and recycling partners.
- Actively following up if we think our suppliers need to improve their operations and standards.
- Recycling devices that can no longer be reused through professional partners.

100% of refurbished devices were sold to European destinations.
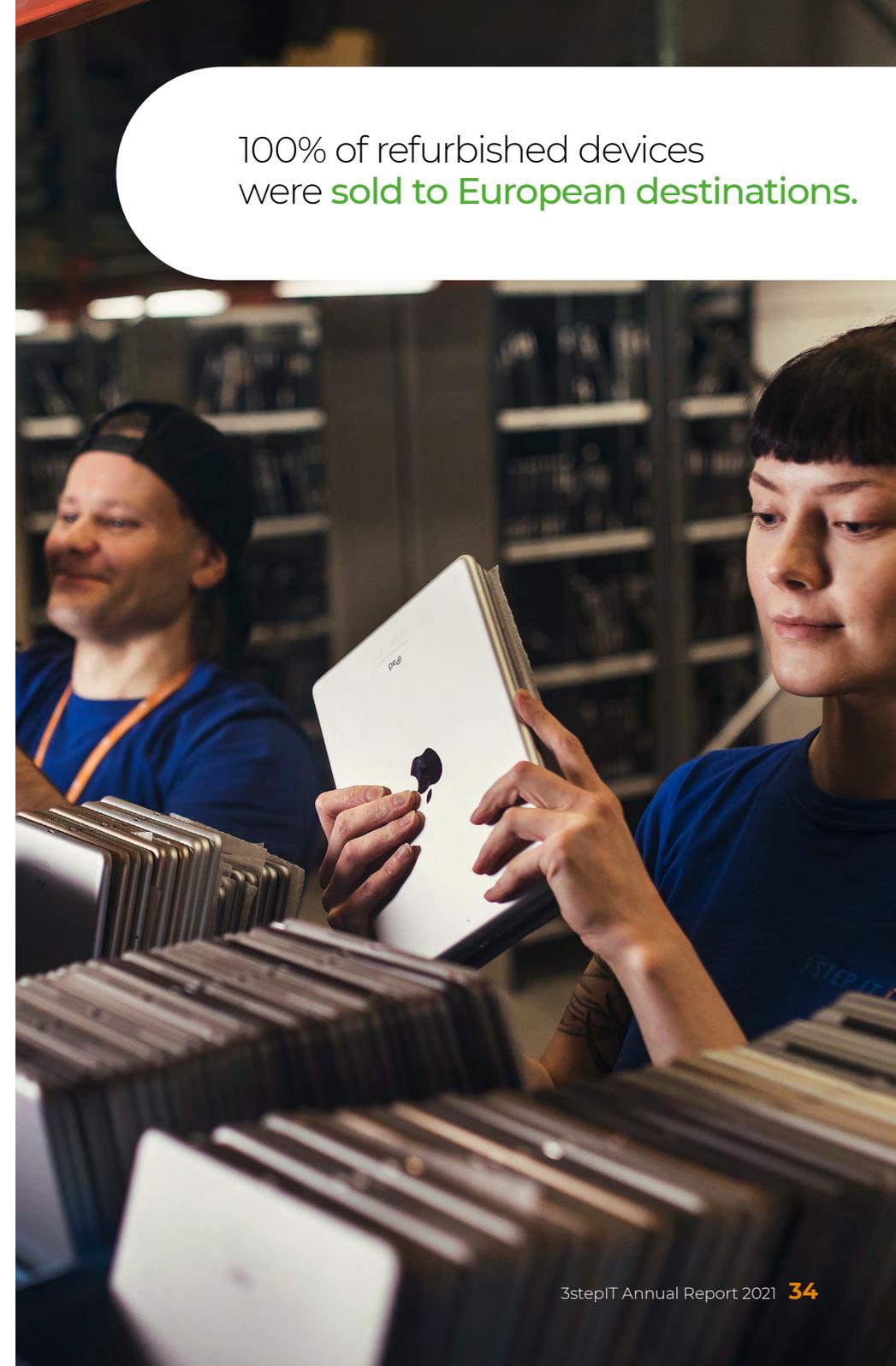
Diversity, Equity & Inclusion

We provide a safe working environment with equal opportunities and fair treatment for all. With people, customers, and partners from all over the world, our workplace brings different cultures and backgrounds together. We promote and celebrate diversity and we have zero-tolerance for any kind of discrimination based on race, colour, religion, gender, gender identity or expression, sexual orientation, national origin, genetics, disability, or age.

As part of our Go Circular strategy development process, we identified Diversity, Equity, and Inclusion as areas where we want to show leadership and push ourselves further. So, in 2021 we began gathering baseline data and working with the Finnish NGO, Väestöliitto, an organisation that advocates equality and wellbeing, to deepen our knowledge and actions in this area.

We also provided training to our HR team, with a focus on diverse recruitment and unconscious bias, as we believe in the importance of recruiting and retaining talent from the widest pool.

Bridging the digital divide

Tech for students
Most students in Sweden have a laptop or tablet, and access to IT forms a crucial part of their digital learning. We're very proud of our work with schools, which provides affordable, sustainable technology to education partners across the country. Our Swedish Front-End Services operation in Enköping has this year beaten an all-time production high, with over 23,500 PCs produced and dispatched to the school sector.

Together with a key partner, we also co-developed a web portal to support students to acquire their school PC for ongoing learning and personal use once the contract with the school has expired. In 2021, nearly 7,928 students used the service and since 2019 more than 22,000 young people have benefited.

> This important initiative narrows the digital divide, by helping young people access affordable technology and ensuring schools are using technology sustainably. It's great to see our education providers giving devices a second life through our service, rather than watch them go to waste.

Charlotte Persson
Business Operation
Renewal Manager

Kaikille Kone (Computers for all)
Our team in Finland works closely with the Kaikille Kone campaign (Computers for All), which ensures students from low-income families have access to the IT equipment they need to complete their studies. 3stepIT has been a member of the campaign since 2015 and in 2021 more than 400 refurbished devices that had been securely processed in our Finnish refurbishing centre were donated to students. The campaign supports students of all ages, including those over 18 years old, who are not eligible for school provided computers. Endorsed by the President of Finland, the campaign aims to bridge the digital divide by targeting students who would otherwise be unable to continue their studies without access to the proper tools.

> Without the laptop from Computers for All, I would not have got my own computer. I had tears in my eyes when I heard that I would receive my own laptop from you. I had been stressed about how I would be able to complete my assignments and homework in time, since without a computer I had to depend on doing this work at the library and on the school's shared computers. A warm thank you for your support!

> The Fujitsu laptop I received enabled me to complete my studies and I was able to finish my degree in a timely manner. A very big thank you for this support!

HelloWorld!
3stepIT Sweden has continued its successful partnership with Hello World!, a non-profit organisation that aims to develop young people's interest in science, technology, innovation, and art. For the digital version of the organisation's annual summer camps in 2021, it was important to find a solution for everyone to be able to attend, regardless of the technology available at home. This was made possible by 3stepIT's refurbished computers that were sent home to families of all participants who didn't have access to their own computers. The partnership allowed everyone to attend this camp, regardless of their socio-economic status or individual circumstances. According to the team at Hello World!, re-using and lending out refurbished computers is a win-win both for the participants and the environment.

> **"** We're so grateful for our long-term partnership with 3stepIT, where we democratise access to technology and educate the next generation of creators in tech. 2021 was a special year where we put a lot of effort into creating inclusive digital events. Thanks to 3stepIT and their amazing team, we could offer a unique solution where computers were sent to participants' homes - enabling great summer camp memories.
>
> **Maria Arneng**
> Secretary General at Hello World!

Basis of our ESG Governance

Company policies

We don't believe in policies as tick-box exercises, we see them as essential frameworks through which our team is empowered to make the right decisions.

We have company-wide processes for quality and sustainability, through which we set targets, educate employees, measure our performance, and communicate to our stakeholders in an open, honest, and timely manner.

These policies are overseen by the Group Ethics & Compliance Officer and are available on our website, including our Quality & Environmental policy and our Information & Security Policy.

Monitoring systems

Our management system is based on implementation of ISO 9001, ISO 14001, and ISO 27001 standards.

These certifications are based on internationally recognised standards and are externally audited every year to ensure ongoing progress.

We follow the anti-money laundering regulation know-your-customer process, which includes sanction controlling and continuous monitoring.

We use best in class data sanitization software for secure device overwriting (NIST 800-88 standard). If a manual shredding process is required, we adhere to DIN66399 standard.

ESG leadership

Our Board of Directors has ultimate oversight on our ESG strategy. They are responsible for monitoring our progress and signing off major developments to our plans.

The Group Leadership Team regularly review the plan and its execution, with oversight from the CEO.

Our Sustainability Change Team has cross-functional representation and reports regularly to Group Leadership.

ESG is one of five strategic focus areas in our strategic plan and is overseen by 3stepIT's Head of Sustainability.

Conduct

Our people are guided by our Code of Conduct, which enshrines our company purpose and values and sets a standard for our behaviour, alongside company policies.

Our Code of Conduct is available on our website and we enroll annual trainings to our people.

All employees are encouraged to report possible misconduct and concerns to their line manager or via our Speak Up line which offers anonymous reporting.

Critical concerns are referred to management for decisions on remedial action.

Supply chain compliance

We choose to partner with suppliers with the highest possible standards, always taking our sustainability goals into account.

We only sell our refurbished devices to countries with effective e-waste regulatory regimes.

100% of devices are sold to European destinations, reducing export-related CO2 emissions.

We only choose recycling partners with high environmental standards. The E-waste recycling partners we use in Finland, Norway and Sweden are all ISO 14001 and ISO 9001 certified.

Transparency

We report annually on our ESG metrics as part of our Annual & Sustainability Report. This document is externally assured by a third-party consultant, who assesses the validity of our data.

We apply the GRI index to our ESG metrics – an internationally recognised approach to sustainability reporting.

We are a signatory to the UN Global Compact. Our strategy goals and commitments are aligned to the UN's Sustainable Development Goals. We report our progress annually.

Consolidated financial statements

4

Profit and loss statement

1,000 EUR	1.1.–31.12.2021	1.1.–31.12.2020
NET TURNOVER	**694,169**	**662,557**
Other operating income	**19**	**398**
Materials and services		
Materials and supplies		
Purchases during the financial period	-611,677	-573,208
Increase (+) or decrease (-) in inventories	15,964	-1,304
External services	-3,616	-3,374
Total materials and services	**-599,329**	**-577,886**
Personnel expenses	-37,096	-35,000
Depreciation and amortization	-3,287	-3,092
Other operating expenses	-24,058	-19,929
OPERATING PROFIT/LOSS	**30,417**	**27,048**
Financial income and expenses		
Share of profit of associated companies	6,272	2,235
Interest income	110	27
Interest expenses	-587	-717
Other financial income and expenses	81	-375
Total financial income and expenses	**5,876**	**1,171**
PROFIT BEFORE TAXES	**36,294**	**28,218**
Income taxes	-6,913	-6,218
Change in deferred taxes	4	14
Minority interest	**-4,018**	**-3,959**
NET PROFIT FOR THE PERIOD	**25,367**	**18,056**

Balance sheet

1,000 EUR	31.12.2021	31.12.2020
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	12,533	15,198
Tangible assets	743	473
Investments	23,365	21,286
Total non-current assets	**36,641**	**36,957**
CURRENT ASSETS		
Inventories	35,152	19,188
Receivables		
Long-term receivables	2,828	4,825
Short-term receivables	51,403	58,528
Cash and cash equivalents	27,998	39,788
Total current assets	**117,381**	**122,328**
TOTAL ASSETS	**154,022**	**159,285**

1,000 EUR	31.12.2021	31.12.2020
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	2,283	2,283
Other equity	46,876	39,668
Total equity	**49,159**	**41,951**
MINORITY INTEREST	**12,142**	**11,741**
LIABILITIES		
Non-current		
Loans from credit institutions	3,000	4,000
Deferred tax liabilities	6	10
Total non-current liabilities	**3,006**	**4,010**
Current		
Loans from credit institutions	2,399	15,525
Trade and other payables	87,316	86,059
Total current liabilities	**89,715**	**101,583**
Total liabilities	**92,721**	**105,593**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**154,022**	**159,285**

Statement of cash flows

1,000 EUR	2021	2020
Cash flow from operations		
Profit (loss) before appropriations and taxes	36,294	28,218
Adjustments	-2,604	1,539
Change in net working capital		
Increase (-) / decrease (+) in current receivables	9,190	4,383
Increase (-) / decrease (+) in inventories	-16,065	1,472
Increase (+) / decrease (-) in current liabilities	1,915	3,623
Interest paid	-595	-682
Interest received	110	27
Other financial items	-181	-123
Taxes paid	-7,695	-5,538
Net cash flow from operations	**20,368**	**32,919**
Cash flow from investments		
Purchase of tangible and intangible assets	-897	-465
Proceeds from sale of tangible and intangible assets	28	1,440
Acquisition of group companies	-	-5,377
Dividens received	4,170	1,781
Net cash flow from investments	**3,300**	**-2,620**
Cash flow from financing activities		
Proceeds from share issue	270	-
Acquisition of own shares	-228	-
Change in short-term loans	-12,956	-9,872
Proceeds from long-term loans	-	4,000
Repayment of long-term loans	-1,000	-
Dividends paid	-21,988	-20,226
Net cash flow from financing activities	**-35,902**	**-26,098**
Increase (+) / decrease (-) in cash and cash equivalents	**-12,234**	**4,202**
Foreign exchange effect on cash	444	-156
Cash and cash equivalents 1.1.	39,788	35,741
Cash and cash equivalents 31.12.	**27,998**	**39,788**

Key ratios

KEY RATIOS

	2021	2020	2019	2018	2017
Net Turnover (MEUR)	694	663	685	676	609
Turnover growth, %	5	-3	1	11	14
EBITDA (MEUR)	33.7	30.1	34.7	32.1	28.0
EBITDA, %	4.9	4.5	5.1	4.8	4.6
Return on equity (ROE), %	51.1	41.3	39.0	39.2	41.1
Return on investment (ROI), %	52.7	38.3	37.6	38.1	35.4
Current ratio	1.3	1.2	1.1	1.2	1.2
Equity ratio, %	39.9	33.8	33.8	33.2	32.6
Gearing, %	-36.9	-37.7	-19.8	-66.9	6.7
Average number of employees	406	401	409	355	341

ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2021	2020
Economic value generated, EUR million	700.6	665.2
Operating costs	-626.7	-600.9
Employee wages & benefits	-37.1	-35.0
Payments to the providers of funds	-26.5	-25.3
Payments to the government	-6.9	-6.2
Economic value distributed	-697.2	-667.4
Economic value retained	3.4	-2.2

CALCULATION OF KEY RATIOS

EBITDA (%)	100 x EBITDA / Turnover
Return on equity (%)	100 x (Net profit for the period + minority interest) / (Total equity annual average + minority interest annual average)
Return on investment (%)	100 x (Profit before taxes + financial expenses) / (Total equity annual average + minority share annual average + interest-bearing debt annual average)
Equity ratio (%)	100 x (Total equity + minority share) / (Total assets - received prepayments)
Gearing (%)	100 x (Interest-bearing liabilities - cash and cash equivalents) / (Total equity + minority interest)

GRI disclosures lists

For each GRI standard used, GRI has been referenced

GRI	Standard	Disclosure	Page	Omissions	Assurance
GRI 102	General Disclosures 2016	102-8 Information on employees and other workers	3, 23		x
GRI 201	Economic Performance 2016	201-1 Direct economic value generated and distributed	43		x
GRI 302	Energy 2016	302-1 Energy consumption within the organisation	33	Other than 302-1 c.i-ii; e	x
GRI 305	Emissions 2016	305-1 Direct (Scope 1) GHG emissions	33		x
GRI 305	Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	33	305-2 c	x
GRI 305	Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	33	305-3 b;c;f	x
GRI 401	Employment 2016	401-1 New employee hires and employee turnover	23	New employees by region	x
GRI 403	Occupational Health and Safety 2018	403-9 Work-related injuries	23	403-9a. v; 403-9b.-g.	x
GRI 405	Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	23	405-1b. iii	x
3stepIT own		Returned devices for reuse	3, 7, 29, 31		x
3stepIT own		Repair program volume	29, 32		x
3stepIT own		Renewable electricity % in ISO certified sites	3, 29, 33		x
3stepIT own		% of devices sold to Europe	34		x
3stepIT own		Employee satisfaction score	22		x
3stepIT own		Completion rate for mandatory training %	23		x
3stepIT own		Avoided CO2 emissions	2, 3, 29, 33		x
3stepIT own		Avoided E-waste	2, 3, 29		x

Independent practitioner's limited assurance report

To the Management of 3 Step IT Group Oy

We have been engaged by the Management of 3 Step IT Group Oy (hereinafter also the "Company") to perform a limited assurance engagement on selected corporate responsibility information for the reporting period 1 January 2021 to 31 December 2021, disclosed as part of the Annual report (hereinafter the Selected sustainability information). **The assured information and its location in the report is indicated in the Company's GRI Content Index 2021.**

Management's responsibility

The Management of 3 Step IT Group Oy is responsible for preparing the Selected sustainability information in accordance with the Reporting criteria as set out in 3 Step IT Group Oy's Sustainability Report part of the Annual Report and the GRI Standards of the Global Reporting Initiative. The Management of 3 Step IT Oy is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence, other ethical requirements and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". The Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other information in the Selected sustainability information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected sustainability information.

Our work consisted of, amongst others, the following procedures:

- Interviewing a representative of senior management of the Company.
- Conducting one online site visit in Sweden
- Interviewing employees responsible for collecting and reporting the selected information on sustainability indicators at the Group level.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Considering the disclosure and presentation of the Selected sustainability information.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that 3 Step IT Group Oy's Selected sustainability information for the reporting period ended 31 December 2021 are not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our limited assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to 3 Step IT Group Oy for our work, for this report, or for the conclusions that we have reached.

Helsinki, 23 May 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Tiina Puukkoniemi
Partner, Authorised Public Accountant (KHT)
Sustainability Assurance and Reporting Lead

Thanks for reading

3stepIT