Annual Report 2021

Making the world of work smarter and more sustainable.

Our ultimate goal

Be the leading European mobile technology enabler for customers that want to work smarter and more sustainably

Vision

Making the world of work smarter and more sustainable

Mission

Through mobile technologies, we're making positive changes to the world of work; freeing people to work more effectively, securely and sustainably

Our corporate values

Always accountable

Our reputation for exceptional customer service really matters to us. We know that trust is the key to successful relationships, built on hard work and dedication. Being accountable to our clients and each other is how we'll create the culture of openness, honesty and integrity we want.

The only way is forward

To stay ahead you have to keep moving forward, always learning, questioning and trying out new ideas. Keeping an open mind and striving for excellence is how we overcome challenges and develop new solutions. Through inspiration, dedication and acquisition we will build a successful future.

Sustainability at our heart

We share a responsibility for our environment and one another. We're committed to thinking and acting sustainably with the future of the planet at the heart of all we do

Commitment to quality & value

We ensure our customers receive the best advice, service and value with every interaction. We use mobile technology, software and security to ensure that their businesses always perform at their very best.

Contents

This is Techstep

Techstep is a complete mobile technology enabler, making positive changes to the world of work; freeing people to work more effectively, securely, and sustainably.

Traditional boundaries of where and when we work are continuously being eroded. However, a lack of digital maturity and legacy technology are still holding many businesses back.

91%
of employees use at least one app at work[1]

49%
of all e-mails are read on a smartphone[2]

80%
of the world's workforce is deskless[3]

75kg
CO_2 per smartphone in pollution[4]

40%
say that smartphones are the company's biggest security risk[5]

24k
malicious mobile apps are blocked daily on mobile app stores[6]

At Techstep we help customers who want to work smarter, while also delivering on their ESG commitments. By bundling mobile devices, software, information security, and expertise, we help customers to realise their organisations' potential through deploying the right mobile work tools to the right employees, ensuring more effective work and more engaged employees. By offering a complete end-to-end device lifecycle handling, we enable full overview and cost control in relation to the procurement, use, and secure second-hand use or recycling of mobile hardware.

Built on a decade of telecoms and mobile technology expertise, Techstep was established in 2016. Through several acquisitions, we have consolidated and expanded into the Nordic and later European markets adding IP, own software, and security expertise to the benefit of our customers. Our goal is to be the leading European mobile technology enabler for customers that want to work smarter and more sustainably.

Our product offering

SmartControl

It's essential that organisations have a complete overview and absolute control of the mobile devices used by their workforce. Settings, software, and information security all need to be configured according to the needs of the organisation and user roles. SmartControl is Techstep's management software that gives organisations the capability to precisely configure their mobile devices so that apps, roles, user groups and policies are optimised for performance and information security.

SmartWorks

Embracing mobile technology is essential for organisations to grow and flourish. And to deliver on their commitment of quality and efficiency, the mobile workforce needs a range of software and hardware solutions that work together, seamlessly. SmartWorks is Techstep's answer for sectors reliant on large-scale mobile, often desk-less, workforces. Our SmartWorks team analyses every aspect of the mobile technology requirements and creates the right software and hardware solutions that future-proof the strategy to ensure that organisations have the mobile technologies that deliver on their promises.

SmartDevice

We understand the need to swiftly procure and manage the lifecycle of hundreds or even thousands of mobile devices. To make the most of the investment, organisations need to be confident that total lifetime costs have been factored into the calculations. And finally, when the time comes, they need the reassurance that devices are reused or recycled responsibly. SmartDevice is Techstep's complete mobile device lifecycle solution. Our end-to-end solution makes purchasing, supporting, and recycling mobile devices secure and easy.

Techstep at a glance

Techstep's headquarters are in Oslo, Norway. Our employees are working from different locations in Norway, Sweden, Denmark, and Poland, serving more than 2,000 enterprise customers throughout Europe.

452m
Gross profit
(NOK, proforma LTM)

266m
Recurring revenue annualised
(NOK, proforma LTM)

13%
EBITDA adj/gross profit
(NOK, proforma LTM)

58m
EBITDA adj.
(NOK, proforma LTM)

350
Employees

~2,000
Customer base (#)

Selected customers

equinor, SAS, Statnett, MENY, mesta, posten, AKER BIOMARINE, VY, NOKAS, AKADEMISKA SJUKHUSET, sikri, Krogsveen, bama, Bussgods, DB SCHENKER, MAXBO, Crayon, DNV, Pågen, DNB, VOLVO, postnord, DHL, Gjensidige, ISS, Securitas, sverigesradio

Our strategy

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 ensure better value for our customers by providing them with a continuous service rather than on-off transactions. This thus, results in closer relationships with our customers and greater loyalty.

By redesigning and streamlining the product offering, we will win new customers and secure existing ones through investing in our own IP, software, and mobility expertise, and continue to pursue M&A opportunities to further add attractive capabilities and expand geographically.

Driven by value-creating services and economies of scale, as the company continues to grow, our goal is to improve gross margins and profitability significantly over the long-term.

Strategic pillars

Grow profitably while transforming towards recurring revenue	Win with a software-led standardised, and scalable product portfolio	Attract, develop, and retain customers by always putting them first	Engage leaders and employees that through trust and common goals drive a high-performance culture

Key figures

(Amounts in NOK 1000)	FY 2021	FY 2020
Revenues	**1 305 090**	1 142 866
Annual Recurring Revenue (ARR) - own software	**97 473**	63 329
Gross profit	**459 785**	378 287
EBITDA adjusted[1]	**69 616**	95 640
EBITDA rep.	**52 430**	104 455
EBITA	**-55 799**	17 122
EBIT	**-110 522**	-10 771
Net profit (loss) for the period	**-102 660**	-23 557
EBITDA adj. margin (%)	**5.3 %**	8.4 %
EBITDA rep. margin (%)	**4.0 %**	9.1 %
EBITA margin (%)	**-4.3 %**	1.5 %
EBIT margin (%)	**-8.5 %**	-0.9 %
Net profit (loss) for the period (%)	**-7.9 %**	-2.1 %
Cash and cash equivalents*	**50 350**	27 203
Net interest-bearing debt	**121 600**	166 838
Capex[2]	**48 883**	21 386
Employees	**341**	289

Refer to Alternative performance measures for definitions.

1) EBITDA adjusted in 2021 excludes non-recurring items such as M&A and restructuring costs. 2020 EBITDA adjusted excludes non-recurring items such as M&A related costs of NOK 9 million, an earn-out reversal (other income) of NOK 4.9 million, carve out-IT gain of NOK 8 million and a gain from the sale of an office building in Sweden of NOK 4.8 million.

2) Capex includes software development and IT-related capex, and not hardware-as-a-service to customers, booked as capex under IFRS 16.

The Optidev acquisition is included in the financial statements from Q4 2020 and the Famoc acquisition is included in the financial statements from Q3 2021.

Letter from the CEO

"2021 has been an important year for Techstep. We are transforming our business model from one-off transactional sales to selling our product offering as a recurring revenue bundle."

Børge Astrup, CEO

We are making the world of work smarter and more sustainable

Dear investors and stakeholders,

2021 has been an important year for Techstep. We are transforming our business model from transactional sales to selling our product offering as a recurring revenue bundle. The market opportunity is growing, and we are sharpening our products and go-to-market strategy to capture it in the best possible way.

Following expansions, we now have ~350 employees across Norway, Sweden, Denmark and Poland, serving more than 2,000 enterprises in industries across the private and public sector. Our market reach now covers both the Nordics and Europe, a market that is expected to see double-digit growth towards 2025.

Clear mission for positive change

Techstep's mission is to make positive changes to the world of work through mobile technologies, freeing people to work more effectively, securely and sustainably.

At Techstep, we continuously improve our products by utilising mobile technology innovations, resulting in user friendly solutions, tools and applications that enable people to work smarter.

Strong offering with new branding

We saw an increased commercial momentum second half of 2021 and signed in total 33 managed mobility service contracts in 2021. With the increased commercial momentum, the pipeline for 2022 has also been strengthened. Based on improved commercial momentum, we are optimistic and looking forward to converting these opportunities into new business for Techstep.

A lot has happened in Techstep during 2021. We have a new management team aligned with our software-led growth strategy and a new product offering. In the beginning of March this year, after efforts throughout 2021, we launched the rebranding of Techstep. The rebranding gives a clearer message, storyline and position of how we support customers through smarter mobile technology for a brighter tomorrow through our "Smart" product portfolio.

With the changes we are making, we are confident that our commercial momentum will continue to improve over time. Through 2021, we have streamlined the organisation towards delivering customer value and strengthened the management team with specialist roles in both marketing and sales. With the restructuring, we are also shifting our investment towards the commercial division and optimising the supporting systems and generation of leads.

We passionately believe that our mobile technology solutions will drive positive change for organisations, while supporting them to deliver on their ESG commitment. Mobile technology makes employees happier and more productive by freeing them up to work smarter. By making our solutions sustainable we're fulfilling our responsibility to future generations. We will translate this into commercial success stories for our customers, and for Techstep.

On a transformation journey

Techstep's financial results are not at the level where we want to see them. While transforming towards recurring revenue it is important to focus on the underlying factors that show that we are on right track like number of leads, sales bookings, implementation, ARR growth, scalability, etc. Our 2021 results reflect ongoing restructuring and transformation but will start to improve. Our recurring revenue business model and higher margin software and value-adding services are increasingly adopted by our customers across our markets. We will need to complete the implementation and optimisation of our ERP and CRM systems, and not least get our new management team in place to accelerate our market penetration.

We have established four strategic pillars to guide change. Techstep will grow profitably while transforming to a recurring revenue business model. We will win new customers with a software-led standardised, scalable product portfolio and attract, develop, and retain customers by always putting them first. Lastly, we will engage leaders and employees through trust and common goals, driving a high-performance culture.

Creating sustainable solutions

We strongly believe in building sustainable solutions for today and for the future to deliver great value for our customers. Our solutions help our customers to work smarter and purchase with a clear conscience software and devices. To be able to succeed with lifecycle management, this needs to be part of an automated system. This helps organisations to reduce the environmental footprint, deliver better value to their employees and save time and money.

Growing market opportunity

With the acquisition of Famoc, Techstep has truly entered the European Managed Mobility Service market, a market that is expected to have an annual growth of 24% in the next five years. Focus areas are data privacy, security and sustainability, which we believe will be a good fit with our new product offering.

The leading mobile technology enabler

Techstep has a goal of being the leading European mobile technology enabler for customers that want to work smarter and more sustainably. This energises Techstep's team of more than 350 dedicated mobile technology experts every day, and we are highly motivated to continue delivering on our growth journey and create stakeholder value in the years to come.

Sustainability

In Techstep, we aim to be a positive agent for change in society by making the world of work smarter and more sustainable.

Sustainability at Techstep is about helping customers deliver on their ESG commitments, but it is also about using resources in a way where they aren't depleted over time. It is about taking care of people and the environment, both today and in the future.

We believe that our mobile technology solutions help customers get the most out of the devices they buy in a way that reduce environmental impacts. We also have a great opportunity to improve people's life by freeing them to work more effectively and securely while we protect company and customer data. At the same time, we consider responsible business practices a prerequisite for long-term successful operations. This means we need to take care of and develop our people and ensure that we are not involved in any activities with adverse impacts on human and labour rights or corruption.

About this report

This report is prepared in alignment with the Global Reporting Initiative (GRI) standards and covers our efforts to identify our most material environmental, social and governance (ESG) issues and articulate our sustainability priorities. It also establishes a baseline from which we will enhance both our performance and disclosure in the years to come and details our efforts in the year that passed. All entities in the group is included in the figures for 2021. Going forward, we will continue to set concrete goals, scale our initiatives, and launch new programmes that will help us, our customers and other stakeholders make the world of work smarter and more sustainable. We will also gather stakeholder feedback to continuously improve and sharpen our focus.

Highlights	Goals 2022	Results 2021	SDGs
Commitment	Signed UN Global Compact in Q1 22, educate organisation on responsible business practices during the year	Embedded sustainability in corporate strategy and strengthened focus on ESG, incl. materiality, priorities & metrics	
Climate action			
Circular economy	Grow # "HW as-a-service" and # "end-of-life returns"	End-of-life returns: 15,149; handprint of ~1,188t CO_2	
Energy usage & GHG emissions	Improve climate accountancy and define measures	Baseline established in 2021, total GHG emissions 11,310 tCO_2	
	Design innovative software solutions helping customers reduce their footprint		
People & society			
Diversity & inclusion	25% female employees by end of 2022. By Q1 2022, EMT had 33% women	23% female employees	
Employee engagement	Employee engagement score at 8.0 of 10	7.4 of 10	
Digital literacy & skills in society	Educate more people on advantages mobile technology offers	Close to 2,500 people attended events hosted by Techstep	
Trusted business partner			
Cybersecurity & data privacy	Systematic risk-based information security management	Commenced ISO 27001 project	
	100% of employees conduct security training	92% completed training	
Supply chain responsibility	Strengthen supply chain management, rollout new Supplier Code of Conduct	Increased focus on transparency and risk in supply chain	
Business ethics & anti-corruption	100% of organisation attend ethics and anti-corruption training in 2022	100% of employees signed CoC	

Corporate governance and sustainability management

During 2021 and early 2022, we initiated an upgrade of our ESG policies and procedures to reflect the new strategic direction and align it better with increased focus on sustainability in the organisation. Our work is to be based on international frameworks such as the UN Global Compact, which we signed in February 2022, the UN Guiding Principles on Business and Human Rights, and the UN Sustainable Development Goals.

The Board of Directors has the overall responsibility for aligning Techstep's strategy and ESG considerations. Converting principles into day-to-day operations lies with the CEO, supported by the executive management group. The executive management sets overall goals and measures for their respective business units, which are anchored at the Board level. Each executive is responsible for communicating these to everyone in their respective business units and ensure compliance with our policies.

Until late 2021, most of the ESG work was managed by the local subsidiaries. With the new organisational structure, this has been moved up to the Group level, and policies and procedures need to be revised and developed to reflect the new strategy and organisation going forward. Techstep has also hired a dedicated resource to support its increased focus on ESG to ensure sufficient focus on driving sustainability and advancing Techstep's ESG programme, as well as to ensure compliance with internal and external requirements.

Our compliance function is responsible for monitoring compliance risk and plays both an advisory and supervisory role. The function reports to the CFO and the audit committee. Among its activities are ongoing monitoring, identification and internal communication of statutory and regulatory changes relevant to Techstep. The compliance function is also responsible for the group's environmental and quality management systems. These will be subject to review in 2022 to align with the new group structure and ensure robust processes for goal attainment. We have also hired a Chief Information Security Officer (CISO) from Q2 2022, who will be responsible for the information security management system.

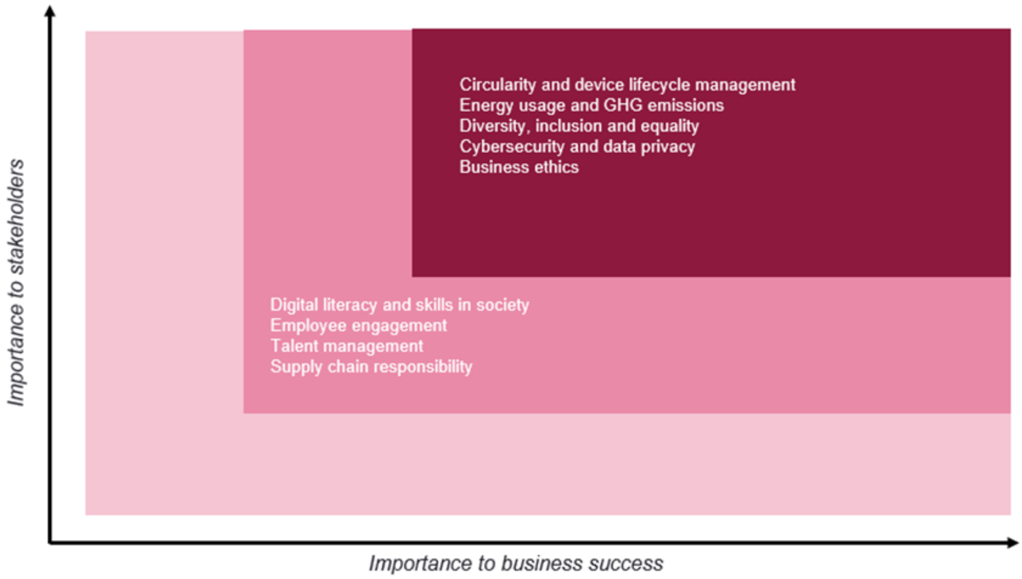
Techstep adheres to the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NCGB). A separate report on Techstep's corporate governance practices is included as a separate chapter in this annual report.

Stakeholder dialogue and material topics

Continuous dialogue with our stakeholders is considered crucial for sustainable growth, ensuring valuable insight and opportunities for improvement. Our main stakeholders are customers, employees, investors, the board, suppliers, and other business partners.

In 2021, we conducted a materiality assessment to identify the sustainability topics that are most material to our business and our stakeholders. The topics included in the process were selected based on requirements and information requests from customers and investors, peer and industry benchmarks, international reporting frameworks and standards such as Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), legal requirements and new sustainability legislation. The materiality assessment has helped us identify topics which are considered to have a significant impact for Techstep's long-term business success.

Material topics identified:



We consider the prioritisation based on materiality assessments a dynamic process and will continuously adjust our priorities and actions based on company developments, changing legislation, stakeholder feedback and developments in sustainability/ESG frameworks.

EU Taxonomy

The EU taxonomy is a classification system with a list of environmentally sustainable economic activities and an important enabler to scale up sustainable investment and implement the European Green Deal. Techstep will be required to disclose to what extent its turnover, investments and operational costs are aligned with the EU taxonomy criteria, which is expected from 2023/24. In 2022, we will assess eligibility of our solutions and prepare for aligning reporting with the EU taxonomy.

UN Sustainable Development Goals (SDGs)

We are committed to a real impact that benefits society, and the Sustainable Development Goals (SDGs) help us chart our sustainability course. We have mapped our business and strategy against the SDGs to establish the most relevant SDGs for Techstep. We have assessed SDG 12 as the most important to prioritise, as our solutions directly relate to responsible consumption of mobile devices. Other SDGs, such as SDGs 5, 8 and 13, are also considered relevant to Techstep. For all SDGs, our guiding principle is to support the achievement of these goals where Techstep has a role to play, either by minimising our negative impact or by maximising our positive impact.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	We have incorporated sustainability in our corporate strategy. One of our key solutions, «SmartDevice» promotes circularity and responsible consumption of mobile devices through life-cycle management and proper end-of-life handling. Educating customers and employees on sustainable consumption is a priority going forward (target 12.1)
13 CLIMATE ACTION	We design innovative solutions helping customers reduce their environmental impact. By establishing a climate accounting baseline, we will identify areas for reducing our climate footprint (target 13.1)
8 DECENT WORK AND ECONOMIC GROWTH	We have initiated a process for assessing and mitigating the environmental impact of products we sell by tracking and reporting resource consumption. Through "SmartDevice", we encourage customers to proper end-of-life handling, and thus contribute to improved resource efficiency and resource security (target 8.4) We set high internal standards and assess suppliers to ensure human and labor relations are protected in our supply chain, which is reflected by our commitment to UN Global Compact (target 8.5)
5 GENDER EQUALITY	We promote diversity, inclusion and equal opportunities in recruitment and employee development, and have established initiatives to attract more women to pursue a career within technology (target 5.1 and 5.5)

Climate impact

We are committed to responsible use of resources and will work actively to prevent risks that can lead to negative environmental impact. All our activities are carried out in compliance with applicable laws, regulations, standards, and other environmental requirements.

Solutions supporting responsible consumption and circularity

Mobile devices represent major environmental concerns, with 85-95% of the carbon emissions occurring in the manufacturing or disposal process. Embedded in the devices are several rare-earth and critical materials such as gold, copper, silver, tungsten, and tin – resources that could be recovered and returned to the production cycle. In addition, global electronic waste represents a substantially growing environmental challenge. Thus, by applying circular economy principles and extending the devices' lifespan, we can effectively contribute to reducing their environmental impact.

Circular principles and lifecycle management are part of Techstep's core offerings. Our "SmartDevice" solution is designed to improve life-cycle management of an organisation's device fleet including updating, upgrading, and repairing until end-of-life. Customers are encouraged to purchase devices "as-a-service", as this ensures the devices are properly returned for reuse or recycling. We cooperate with certified partners specialised in refurbishment and resale of used devices, to redeploy them into the second-hand market. For some niche products, we have developed our own ability to recover spare parts and handle the repair and recycling. By giving units a second life, we extend devices' lifetime, while allowing more people get access to mobile technology at an affordable cost. Devices that cannot be reused any more are properly handled for recycling, in accordance with the Waste Electrical and Electronic Equipment (WEEE) directive.

Going forward, we will increase end-of-life returns and intensify collaboration with manufacturers and strategic partners to improve circularity along the value chain.

Mobile devices handled through take-back solution in 2021

15,149
devices received for end-of-life handling

88%
gained a prolonged life

1,188
avoided tCO2 emissions

Note: Figures include smartphones, tablets and pc laptops. Estimated avoided emissions (handprint) is based on calculations from our reseller partners

Sustainable mobile technology solutions

Responsible consumption is also about optimising the use of mobile devices and using mobile technology to work smarter and more sustainably. Techstep's "SmartWorks" concept help customers reduce their environmental footprint through the design of innovative and tailormade industry solutions.

An example is the development of an application for one of our largest customers regarding route optimisation of "last mileage distribution", which implies a reduced environmental impact thanks to shorter transport routes. Another example is the deployment of an application for a major airline company, where a 20 kg paper manual was digitised and replaced with a tablet. The environmental gains include an annual saving of 1,900 trees and a reduction of 1.2 million litres fuel for the aircraft fleet.

Establishment of climate emissions (GHG) baseline

In 2021, we established a group-wide climate accountancy to get an overview of our direct and indirect emissions and a baseline for reduction initiatives. The accountancy is based on the Greenhouse Gas Protocol, and includes our Scope 1, 2 and 3 emissions[1].

Tonne CO_2-eqv. emissions	**2021**	2020[2]
Scope 1 - Direct emissions		
Direct emissions from owned cars	1.3	8.3
Scope 2 - Indirect emissions from purchased electricity for own use		
Electricity	26.3	8.3
Electric vehicles	0.8	1.1
Scope 3 - Other indirect emissions		
Waste	11.2	-
Business travel	1 612.2	9.6
Fuel- and energy related activities	26.3	-
Purchased goods and services	9 611.9	-
Transportation and distribution (customer deliveries)	20.5	-
Sum	**11 310.5**	
Emission intensity – tonne CO_2 per NOK million		
Emission intensity – scope 1&2	0.02	
Emission intensity – scope 3	8.65	

Note: Calculation factors and assumptions will be improved in the coming years

[1] The Greenhouse Gas (GHG) Protocol is a globally recognised standard for measuring and managing greenhouse gas emissions from companies and their value chains, as well as emission reduction initiatives. It distinguishes between 3 scopes to which emissions can be allocated. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

[2] Input for 2020 is limited to Techstep's headquarters in Oslo and offices in Borås, Sweden.

Total CO_2 emissions for 2021 amounted to 11,310 tonnes CO_2. More than 99% of the emissions are generated in Scope 3, of which 85% is related to products distributed to customers. As a reseller of mobile devices and accessories, we do not manufacture any own products. Distribution is mainly outsourced to logistics partners as a "dropshipping" solution, which is more efficient and more environmentally friendly as the goods are shipped directly to the customer. Emissions related to goods and services are expected to increase going forward as Techstep grows its business, which will be partly offset by newer products with lower emissions. To reduce environmental impact, we will actively help customers choose more energy efficient and eco-friendly products of what is available on the market. We also work closely with our distributors to improve and optimise logistics solutions such as packaging and emission-free distribution. Business travels for 2021 was largely impacted by covid-19 during the year and may increase some with restrictions being removed.

The reduction in scope 1 emissions relates to a transition to electric vehicles. Total energy consumption of 26.3 MWh in scope 2 emissions relates to our rented office premises and electric company vehicles. Energy use related to data storage is not included for 2021, as we need to map and assess this further in 2022. Techstep uses cloud-based data centres such as Microsoft 365 and Azure Compute, which are much more energy efficient than traditional on-premises data centres. In addition, data is stored on different software platforms managed on the providers' hosting infrastructure.

In 2022, we will further develop our climate accountancy and establish emission reduction targets.

Environmental management system and certifications

Techstep's Norwegian operations is Eco-Lighthouse certified, while the Swedish operations are certified by Swedish Environmental Base. Both are recognised environmental management systems but limited to local markets. During 2022, Techstep will align its environmental management systems in line with the new organisational structure and assess the ISO 14001 principle.

Eco-Lighthouse®

SVENSK MILJÖBAS

People and Society

At Techstep, we strongly believe that our success depends on a healthy, engaged, and competent workforce. We strive to provide our employees with a professional, safe and trusted working environment in which all individuals are respected and treated fairly, equally and with dignity. We comply with all applicable employment legislation, including employee pay and working conditions in the countries where we operate.

Organisation and people

People and culture are central for Techstep to grow and deliver long-term value. We want to attract the best candidates to create future-proof products, deliver success for new and existing customers and grow profitably. During 2021 we grew by 58 employees, mainly related to the acquisition of Famoc. Turnover for the year was 12.6%, which is high but expected, as Techstep is undergoing a transformation process.

To succeed with the ongoing transformation of Techstep into a software and value-adding service company, we are streamlining the organisation and aligning the company around our products and the customer journey. The executive management team has been strengthened with specialist roles in R&D, marketing and sales, and the organisation reorganised into a matrix organisation with cross-border teams.

Becoming One Techstep and aligning the organisation around the new corporate strategy continues to be our focus going forward. In Q1 2022, we have introduced a new brand profile and corporate values and will continue to revise and establish one set of common policies, procedures and ways of working for the group.

Diversity, inclusion and equality

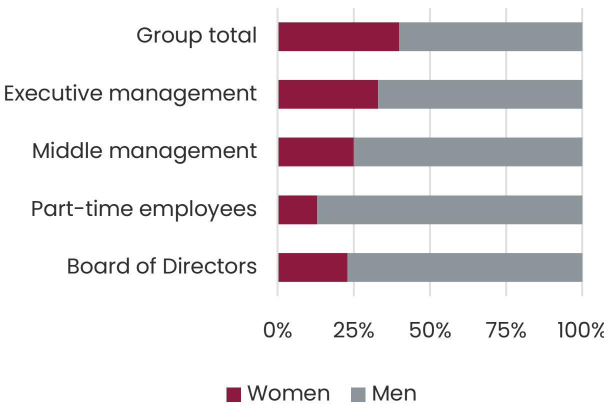
At Techstep we embrace diversity and equality, believing that different perspectives, experience and backgrounds foster dynamics, creativity, and innovation. With a diverse workforce, we will be a better partner to our customers. All employees shall be entitled to equal opportunities for equal work, meaning the same rights, salary and career options in the same position, all other factors being equal.

Operating in what historically has been a male-dominated industry, recruiting, retaining and advancing women and diversity is a priority. In recruitment processes, emphasis is placed on attracting highly qualified employees with diversity in both genders.

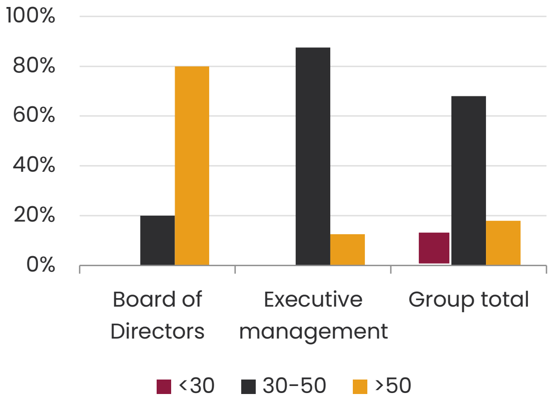
To track progress, Techstep is part of the SHE Index, which measures gender balance and progress on initiatives among Norway's largest companies. At the end of 2021, Techstep's index score declined from 63 to 61, somewhat below the industry average of 67. We have made progress in recent years, but the result for 2021 was impacted by the acquisitions of Optidev and Famoc which had a lower share of women. During the year, the share of women increased from 21% to 23%.

Short-term Techstep aims to reach 25% female representation at all levels, and over time a SHE Index score of 80. At the time of disclosing this report, the executive management group comprises 9 members with 3 women, corresponding to 33%. Techstep's HR function is responsible for following up equality and diversity in the group.

Gender distribution at 31.12.2021



Age distribution at 31.12.2021



Talent management and engagement

A rapidly changing and complex industry requires the ability to have the right competence. Techstep's long-term success is dependent on recruiting skilled IT professionals and support functions and providing our employees an environment to develop and grow their talent.

Techstep's HR strategy, which will be further developed in 2022, provides the foundation for successfully building leadership and talent across the organisation to meet the company's objectives. Several initiatives will be implemented to ensure our new corporate values becomes part of our company DNA.

In 2021, we developed a mandatory leadership training programme for all managers in the organisation. This was launched early in 2022 and will run throughout the year. Focus for the year will be on developing a structured framework for training and competence development, for our people to grow and organisation to succeed. We will also launch a new onboarding programme for all newcomers, to increase engagement and confidence from the start, and ease the transition into their new roles.

We have introduced monthly check-ins and reviews for closer follow-up of all employees, as we believe regular dialogue is key to building engaged and high performing teams. We have also introduced an employee engagement survey tool to seek valuable feedback from all employees on a weekly basis on topics such as personal development and team spirit, work situation and leadership. The feedback will help us to actively take appropriate actions to continuously maintain a highly engaged organisation. At the beginning of 2022, the organisation's engagement score was 7.4 out of 10, which is on average with other organisations. Techstep targets an engagement score of 8.0 by the end of the year.

We believe that employees owning shares in our company promotes value creation through increased engagement, commitment, and loyalty. A provision has therefore been made for employees to buy shares at a discount through a share purchase employee programme. 13.5% of the workforce participated in the share purchase programme in 2021.

Techstep is also actively engaged in promoting and developing new education for IT developers at the University of Borås, Sweden, to attract students to the region and increase opportunities for access to relevant talents. Collaboration with the university includes study visits and internships to discover new talent and potentially future employees.

Compensation and benefits

Techstep seeks to offer competitive remuneration to all employees, reflecting their education, experience and professional qualifications. Executive remuneration is guided by Techstep's remuneration policy, which is prepared by the board and adopted by the general meeting.

We use a global human capital management system for efficient and unified follow-up of all employees. This also allows us to identify and close potential wage gaps that may be due to gender or other diversity factors. A recent mapping of wage levels identified an average 15-18% gender wage gap, primarily related to more men in managerial positions. Consultants are on average paid more than support functions, and there are more men than women working as consultants, whereas the gender distribution is more even on support functions.

Techstep offers additional payment for parental leave for both men and women, based on local arrangements. On average, women took 16 weeks of parental leave in 2021 while men took 8 weeks.

Working environment, health and safety

Working with IT typically includes many hours in front of a computer. Techstep employees have the right to a healthy and safe workplace, including a good workplace environment and ergonomics. Techstep's offices are located in modern facilities, and all employees are offered health services through private health insurance arrangements.

Like everywhere else in the world, the Covid-19 pandemic continued to impact operations during 2021 with periodic home office requirements. The pandemic has accelerated Techstep's focus on flexible working arrangements to support a healthy work-life balance. Going forward, a hybrid working solution will facilitate efficiency and collaboration, combined with employees' personal preferences in terms of their work arrangements.

Techstep targets a sickness absence rate of 3% or less. In 2021, the sick leave was 3.5% of the total working hours (3.3% in 2020), which is considered a normal level within our industry. There were no work-related illnesses or incidents reported during the year.

Digital literacy and skills in society

Mobile technology carries a huge potential to improve people's work lives, and make companies more productive, more profitable and more sustainable, all at the same time.

We believe employees have come to expect the same user experience at work as they enjoy in their personal lives. This is often not possible as many organisations rely on legacy solutions to administer devices or do not even provide employees with a mobile device. Techstep's software solutions preserve and extend the experience, allowing employees to use mobile devices at work as they do in their personal lives, while at the same time retaining their privacy and fulfilling IT's requirements for deployment, access and security.

To win customers' trust, we believe it is important to share knowledge and expertise about the important digitalisation journeys companies must undertake. Through various events, we seek to educate and inspire people on how to embrace mobile technology as a work tool and prepare for the future of work. During the year we introduced Techstep Masterclass, a training platform to deep dive into topics related to digitalisation and mobile technology. We successfully arranged our annual Mobility Forum in Norway and Sweden, and held numerous webinars for new and existing customers. Through Techstep, close to 2,500 people acquired new knowledge that will help them and their organisations on their digitalisation journey.

Trusted business partner

Earning the trust of our customers, employees and other stakeholders is paramount to our operations and a cornerstone of long-term success. We are committed to conducting business ethically and with integrity, and aim to build trust through responsible, transparent and secure business practices.

Cybersecurity and data privacy

Cyberattacks represent an increasing threat for all organisations. For Techstep these threats are theft of information, modification of our customer data or services becoming unavailable. In addition, mobile devices expose companies to increased risk as they are often used for both personal and corporate purposes, and more subject to theft or loss. With the increased focus on software solutions combined with security and privacy challenges, Techstep is strengthening its focus on implementing security capabilities, based on identified risks. Information security is an essential part of Techstep's offerings to our customers and we are striving to be our own best case.

In 2021, Techstep commenced an information security management system (ISMS) project. The goal is to further raise security awareness in the organisation, and ensure that appropriate technical, organisational, and operational information security procedures and controls are in place. The ISMS formally implements a systematic risk-based approach to information security based on the internationally recognised standard ISO/IEC 27001. Additional best practices may be used in cases where these objectives and controls are not sufficient to reduce risks to an acceptable level. Techstep has also hired a Chief Information Security Officer (CISO) from Q2 2022, who will have the overall responsibility for information security going forward.

We work in compliance with national laws of the countries in which we operate, as well as with the EU General Data Protection Regulation (GDPR). In addition, principles from application software security are applied to ensure Techstep designs secure products. Additionally, risk assessments are performed on critical systems and processes. Based on the result, a system or process may receive additional security controls if the risk is deemed unacceptable. One minor incident related to leak of customer data were identified and reported in 2021. The incident was swiftly handled in compliance with internal routines.

Techstep performs annual security awareness training for all employees, as well as during onboarding of new co-workers. Examples of topics covered by this training include our security policies and procedures, phishing, data leaks and reporting of incidents. 92% of the employees completed the training in 2021.

Supply chain responsibility

A robust and resilient supply chain is crucial to maintaining business continuity. Techstep offers mobile devices and accessories from leading international and global brands, where the manufacturing mainly takes place in high-risk countries with respect to human and labour rights and environmental impact. Third-party software is also part of our customer deliveries and in support of our business organisation.

We are committed to conducting business activities in compliance with central UN and ILO principles and conventions for human and labour rights, environmental concern and anti-corruption. However, with a complex and fragmented supply chain, it is challenging to have full control of working conditions, environmental pollution and business ethics. One of the key challenges for electronics is related to the mining of conflict minerals, coupled with underpay and unhealthy working conditions in the assembling and manufacturing process. Human rights and labour conditions within the transport of goods are also a great challenge.

Nevertheless, we remain committed to promote responsible sourcing in our supply chain by assessing suppliers for negative impact in their supply chain. Suppliers shall be selected and monitored on relevant ESG criteria, aligned with Techstep's overall goals and strategy. Over the last years, we have reduced the number of suppliers which allows for closer collaboration and better follow-up of the current suppliers.

We have identified our distribution partners and the Original Equipment Manufacturers (OEMs) as the most important point in our supply chain where we should focus our traceability and due diligence activities. Our largest OEM suppliers are members of the Responsible Business Alliance (RBA), which commits them to support the rights and well-being of workers and communities worldwide that are affected by the global electronics supply chain. It also ensures that they have systematic audits and assessments, grievance mechanisms, corrective action processes and documentation in place.

In the first quarter of 2022, we are revising our guidelines for ethical trade and develop a new Supplier Code of Conduct (supplier code) in line with UN Guiding Principles on Business and Human Rights. The supplier code will be rolled out to all suppliers during 2022, and requirements will be incorporated into supplier agreements and pre-qualification processes going forward. We are also revising our supplier due diligence procedures, to ensure compliance with OECD guidelines for multinational enterprises. Our ambition is to work and collaborate systematically with our suppliers and business partners, and that they share our commitment to conducting business in an ethical manner. Suppliers should be able to document their compliance upon request, and we will assess them according to their commitment in their own operations and supply chain.

Ethical business conduct

Techstep's commitment to business ethics and compliance with international regulations and internal policies is anchored in our code of conduct

Techstep's code of conduct provides the framework for employee's involvement in ensuring the group operates in an ethical, sustainable and socially responsible manner. It specifies the main principles that apply for everyone associated with Techstep and is intended to guide daily business activities and to be integrated into critical processes, practices, activities and decision-making across the group.

The code of conduct has been communicated to all employees and each employee is expected to make a personal commitment to abide by the code of conduct. New employees are required to read through it and make themselves familiar with the content. All employees must annually confirm that the code of conduct has been read and understood. In addition, anti-corruption messaging is communicated to employees.

Techstep takes a zero tolerance stand to any forms of corruption, money laundering and bribes as they undermine any legitimate business. Internal policies and procedures will be developed to ensure ethical and honest conduct. In 2022, we will revise our code of conduct and conduct training with all employees on business ethics and anti-corruption and reporting of concerns during the year.

Whistleblowing function

Techstep's code of conduct includes guidance on how to report any concerns related to illegal or unethical conduct, including a third party operated channel for discrete and confidential handling of any potential reports. Reported compliance concerns are handled and monitored by the compliance function, which ensures that relevant procedures are in place and that the whistleblowing mechanism complies with the requirements of the Norwegian Working Environment Act. In 2021, Techstep did not receive any reported concerns.

Summary ESG results	2021	2020	2019
Environmental impact			
Scope 1 - tonne CO2-eqv.	1.3	8.3	-
Scope 2 - tonne CO2-eqv.	25.1	9.4	-
Scope 3 - tonne CO2-eqv.	11282.1	9.6	-
Emission intensity - tonne CO2 per NOK million	8.7	-	-
Total units received for end-of-life handing	15 149	5 631	7 811
% re-sold to second-hand market	88%	-	-
Avoided emissions tonne CO2	1188.8	-	-
Employees and working environment			
Total number of employees	341	289	211
Number of part-time employees	6	12	-
Turnover rate	12.6%	-	-
Employee engagement score (of 10)	7	-	-
Gender equality			
Share of women - Board of Directors	40%	40%	44%
Share of women - Executive management	13%	0%	0%
Share of women - Middle management	29%	43%	44%
Share of women - Group total	23%	21%	24%
SHE index score	61	63	51
Average number of weeks for parental leave - men*	10	10	-
Average number of weeks for parental leave - women	27	27	-
Health and safety			
Sick leave	3.5%	3.3%	3.6%
Occupational injuries	-	-	-
Trusted business partner			
Percentage employees signing code of conduct	100%	100%	-
Reported incidents (whistleblowing)	-	1	-
Percentage employees taught cybersecurity	92%	-	-
# incidents - leaks of customer data	1	-	-
Management certifications	Quality base	(Sweden)	
	Environmental base	(Sweden)	
	Eco-lighthouse	(Norway)	
	ISO 9001 + 27001	(Poland)	

** In Norway parents are entitled to 46 weeks of paid parental leave, of which each parent is entitled to 15 weeks with flexible leave over the three first years after the birth. In Sweden, parents are entitled to 480 days (16 months) of paid leave, and each parent has an exclusive right to 90 of those days (18 weeks) with flexible leave over the eight first years after the birth. In Poland , parents are entitled to 40 weeks, of which 20 are reserved to the mother and 2 reserved to the father.*

Corporate governance report

Techstep ASA's principles for good corporate governance establish the foundation for long-term value creation to the benefit of all stakeholders and society at large.

The principles should help inspire trust and confidence in the company, render decision-making more effective, and improve communication between management, the Board of Directors and the company's shareholders.

The principles cannot replace the ongoing work to maintain a healthy corporate culture throughout the company but should be considered in this context. Trust and confidence in Techstep are based on the existence of respect, responsibility and equality, both internally and externally.

Implementation and reporting on corporate governance

Techstep is a Norwegian public limited company listed on the Euronext Oslo Børs and bases its corporate governance structure on Norwegian legislation and recommended guidelines.

The company observes the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board, which was most recently revised on 14 October 2021, and referred to in this document as "the Code of Practice." The Code of Practice is available on the website www.nues.no. Application of the Code of Practice is based on the "comply or explain" principle, which stipulates that any deviations from the code should be explained.

The principles and implementation of corporate governance are subject to annual reviews and discussions by the company's Board of Directors. This report discusses Techstep's main corporate governance policies and practices and how Techstep has complied with the Code of Practice in the preceding year.

By the company's own assessment, Techstep did not have any deviations from the Code of Practice in 2021.

Business

Techstep is positioning to become the leading European mobile technology enabler for customers that want to work smarter and more sustainably. The company's operations comply with the business objective set forth in its articles of association, section 3:

"The company's purpose is to engage in business operations within information and communication technology, and to develop and provide solutions and software related to the mobility, digitalisation and consultancy business and everything that belongs thereto, including owning shares and other securities in other companies."

The Board of Directors has defined clear goals and strategies for the company's business activities to create value for its shareholders and to ensure that its resources are utilised in an efficient and responsible manner. This has benefits for all its stakeholders. The board has further adopted policies setting the standard for ethical business conduct as well as responsible business practices with respect to people, environment and society. The company's objectives and strategy, which are reviewed on an annual basis, are described in the annual report for 2021, together with a report on the company's environmental, social and governance measures.

Equity and dividends

As at 31 December 2021, Techstep's total equity was NOK 556 million and total liabilities amounted to NOK 759 million, which corresponds to an equity ratio of 42%, and a debt-to-equity ratio of 137%. The group's liquidity is closely monitored by management and the board of directors, and the group has access to multiple funding sources during the transformation process should the need arise going forward.

Techstep has not established a dividend policy beyond a consensus that the company's goal and strategy are to increase shareholder value and contribute to an attractive market for the company's shares. Techstep has not paid dividends to date and does not expect to pay a dividend in the coming years. Techstep's intention is to retain future earnings to finance operations and expansion of the business. Any future decision to pay a dividend will depend on the company's financial position, operating profit and capital requirements.

Board mandates

Three authorisations were granted to the Board of Directors at the annual general meeting on 22 April 2021. Following the acquisition of Famoc S.A. and the appointment of a new CEO, it was considered necessary to replace two authorisations. As of the extraordinary meeting on 22 September, the board has the following authorisations:

- Authorisation to increase the share capital by up to NOK 35 million, by issuing up to 35 million shares with a par value of NOK 1 per share. The authorisation covers both cash and non-cash considerations, including mergers. As at 31 December 2021, the authorisation has not been used.
- Authorisation to acquire treasury shares, limited to 10% of the share capital as of 31 December 2020. As at 31 December 2021, the authorisation has not been used.
- Authorisation to increase the company's share capital by up to NOK 16 million, by issuing up to 16 million shares in Techstep, with a par value of NOK 1 per share, in connection with the company's incentive plan for its employees and directors. As at 31 December 2021, a total of 8,746,070 million share options have been granted to key employees under the existing authorisation.

All three authorisations are valid until Techstep's annual general meeting in 2022, and no later than 30 June 2022. There was a separate vote on each of the three authorisations. For supplementary information about the authorisations, reference is made to the minutes of the general meetings held on 22 April and 22 September 2021. These are available from www.techstep.io and www.newsweb.no.

Equal treatment of shareholders and transactions with related parties

Techstep ASA has one class of shares. Treasury shares will be traded on the stock exchange or in accordance with guidelines from the Oslo Børs.

According to the Norwegian Public Companies Act, the company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may be set aside, either by the general meeting or by the board based on an authorisation to the board. In the event of a capital increase based on authorisation from the general meeting, where the pre-emption rights of shareholders are set aside, the company will provide the reasons for the practice in the stock exchange notice in which the capital increase is announced.

In 2021, Techstep issued consideration shares as settlement for the acquisition of Famoc S.A., where the pre-emption rights of the shareholders were set aside. The consideration shares were issued under the then, at the time, existing board authorisation to increase the share capital. For details, see the stock exchange releases dated 10 May and 1 July 2021, respectively.

Any transactions in treasury shares, i.e., a share buyback programme, will be carried out either through Oslo Børs or otherwise at stock exchange prevailing prices. If there is limited liquidity in the company's shares, the company will consider other ways to ensure equal treatment of all shareholders. There were no transactions in treasury shares during 2021.

For significant transactions with closely related parties, the company will use valuations and statements from an independent third party if the transaction is not to be considered by the general meeting. There were no such transactions in 2021. For further information, refer to 23 - Related party transactions" in the annual report for 2021.

Freely negotiable shares

The company's shares are freely negotiable on the Oslo Børs. There are no restrictions on owning, trading or voting for shares in the articles of association.

General meetings

The general meeting is the company's highest decision-making body. The general meeting is open to all shareholders, and Techstep encourages shareholders to participate and exercise their rights at the company's general meetings. In order to vote, the shareholder must be registered with the Norwegian Central Securities Depository (VPS) at the time of the general meeting.

Notices of general meetings shall be sent no later than 21 days prior to the date of the general meeting. According to the company's articles of association, there is no requirement to send the documents up for consideration by the general meeting directly to shareholders as long as the documents have been made available on the company's website. The same applies to documents that by law are required to be included in or attached to the notice of the general meeting. A shareholder may nonetheless request that relevant documents concerning business to be transacted at the general meeting be sent to him or her. The registration deadline will be set as close to the meeting as possible, and all the necessary registration information will be provided in the notice.

Shareholders who are unable to attend may vote by proxy. Whenever possible, the company will prepare a proxy form that permits separate votes for each item up for consideration by the general meeting.

The Chairman of the Board normally chairs the general meeting. In the event of disagreements about individual items, where the Chairman belongs to one of the factions or is for other reasons not regarded as impartial, another chairperson will be appointed to ensure impartial treatment of the items up for consideration at the meeting.

On 22 June 2021, Techstep held its annual general meeting with 54.9% of the shares represented. In addition, an extraordinary general meeting was held on 22 September with 34.25% of the shares represented.

Nomination committee

The nomination committee is governed by the articles of association section 6. The general meeting stipulates the guidelines for the duties of the committee and determines the committees' remuneration. The current instructions were approved at the annual general meeting in 2018 and are available from the company's website.

The committee nominates candidates for the board and the nomination committee, as well as proposes the board's remuneration. Grounds for nominations by the nomination committee are provided when nominees are presented to the general meeting. All shareholders are entitled to nominate candidates to the board, and information on how to propose candidates can be found on the company's website.

The current nomination committee was elected at the extraordinary general meeting on 22 September 2021, and consists of two members, Kyrre Høydalen (Chair) and Jonatan Raknes. Both were elected for a term until the annual general meeting in 2023. Høydalen and Raknes represent two of the company's largest shareholders. Høydalen represents Datum AS, the company's largest shareholder, and is a colleague of board member Harald Arnet. Raknes, representing Middelborg Invest AS, is considered independent of the board and the executive management.

Board of Directors, composition and independence

The Board of Directors shall consist of three to seven members as regulated in the articles of association section 5. The board and the chairman are elected by the general meeting for two years and may be re-elected. At the annual general meeting on 22 April 2021, Einar Greve and Torill Nag resigned from the board, and Melissa Mulholland was elected as new board member. Jens Rugseth, Ingrid Leisner and Anders Brandt were re-elected, while Harald Arnet was elected at the extraordinary general meeting on 22 September.

The composition of the board is based on representation of the company's shareholders, as well as the company's need for competence, experience, capacity and ability to form balanced decisions. Information on each director's expertise, background and capabilities can be found on the company's website www.techstep.io.

All board members are regarded as independent in relation to the company's executive management and material business contacts. Three of the five board members are regarded as independent of the company's main shareholders. Board members are encouraged to hold shares in the company.

Name	Role	Independent of main shareholder	Attendance board meetings	Served since	Term expires	Shares in Techstep (direct/indirect) at 31.12.2021
Jens Rugseth	Chair	No	9 of 10	11.02.2019	AGM 2023	21 804 349
Ingrid Leisner	Board member	Yes	10 of 10	22.02.2016	AGM 2023	601 562
Melissa Mulholland	Board member	Yes*	10 of 10	22.04.2021	AGM 2023	0
Anders Brandt	Board member	Yes	10 of 10	26.04.2018	AGM 2023	1 802 801
Harald Arnet	Board member	No	3 of 3	22.09.2021	AGM 2023	0
Einar Greve	Board member	Yes	3 of 3		AGM 2021	n.a.
Torill Nag	Board member	Yes	3 of 3		AGM 2021	n.a.

* Melissa Mulholland is the CEO of Crayon ASA, where Jens Rugseth is a large shareholder and member of the board

The work of the Board of Directors

The Board of Directors is responsible for overseeing and supervising the company's management and operations. The duties and procedures of the Board is regulated by the Norwegian Public Limited Liability Companies Act. In addition, the board has adopted supplementary rules of procedure which provides further regulations on inter alia the duties of the board, the chairman and the CEO, as well as work, responsibilities, authorisations and reporting.

The board is responsible for determining the company's overall goals and strategic direction, principles, risk management, and financial reporting. The board is also responsible for ensuring that the company has a competent management with a clear internal distribution of responsibilities, as well as for continuously evaluating the performance of the CEO.

Techstep treats transactions with shareholders, board members, employees and other related parties with due care. To ensure that these transactions and situations are handled in the best possible manner, the board has set clear guidelines for handling agreements in which a board member, or a party related to a board member, may have interests. There were no such cases in 2021.

The Board of Directors meets as often as necessary to fulfil its duties, and at least six times each financial year. The Board of Directors held 10 board meetings in 2021 with 98 % meeting attendance.

The board conducts a self-assessment of its work periodically.

Board committees

The Board of Directors has established three sub-committees to act as preparatory bodies for the board. Members are elected by and among the board.

The audit committee acts as a preparatory and advisory body to the board with respect to financial reporting and external audit, risk management and internal control system, corporate governance matters, and the appointment mandate and remuneration of the external auditor. As at 31 December 2021, the audit committee consisted of board members Ingrid Leisner and Melissa Mulholland*, both considered as independent of the company.

The M&A committee assists the board with tasks related to screening and evaluating potential M&A candidates and approves investment analysis and term sheets of proposed deals. The M&A committee consists of the board members Jens Rugseth and Harald Arnet.

The remuneration committee assists the board with tasks related to the company's remuneration of executive management. As at 31 December 2021, the remuneration committee consisted of board members Jens Rugseth and Ingrid Leisner.

Risk management and internal control

The board is responsible for ensuring that Techstep has good systems in place for risk management and internal control. The systems and procedures for risk management and internal control shall ensure efficient operations, timely and correct financial reporting, and compliance with relevant laws and regulations. The audit committee meets annually with the auditor, to review the company's internal control routines, including identified weaknesses and areas subject to improvements. The board may engage external expertise if necessary.

Techstep's financial accounts are prepared in accordance with IFRS, which aims to provide a true and fair overview of the company's assets, financial obligations, financial position and operating profit. The board receives monthly management reports on developments and results related to strategy, finance, KPIs, projects, challenges and plans for upcoming periods. In addition, quarterly reports are prepared in accordance with the recommendations of Oslo Børs, which are reviewed by the audit committee prior approval by the board of directors and subsequent publication.

The board has adopted policies and procedures for inside information and disclosure of information, to ensure compliance with applicable rules and regulations.

Techstep's code of conduct and guidelines for ethical trade describe the main principles for ethical behaviour which apply to all employees and suppliers. The code of conduct includes guidance on how to report any concerns related to illegal or unethical conduct, including a third-party operated whistleblowing channel. During 2021/2022, Techstep is strengthening its governance, risk management and compliance framework, including policy and procedures for systematic risk management and internal control.

A summary of the company's main risks is presented in the Board of Directors' report and note 20 Financial risk management in the annual report for 2021.

Remuneration of the Board of Directors

The remuneration of board members is stipulated annually by the annual general meeting based on the nomination committee's recommendation. The remuneration reflects the Board of Directors' responsibilities, competence, time involved, and the complexity of the business.

The remuneration of the board is not performance based and the company does not grant share options to any board members. Members of the audit committee are remunerated separately. The company does not provide loans to board members. Detailed information about the remuneration of the board can be found in note 28 Remuneration to the board and executive management to the accounts in the annual report for 2021.

Remuneration of executive personnel

The main principle of Techstep's executive remuneration policy is that the remuneration should be competitive and motivate to attract and retain executives with the required competence to strengthen and ensure the business strategy, long-term interests, and sustainability of Techstep. The executive remuneration consists of a fixed salary and a variable part linked to the company's and the individual's achievement, and pension schemes. Performance-related remuneration is subject to an absolute limit of 50% of the fixed salary, and assessed on both financial, non-financial and operational criteria including sustainability and equality. The corporate objectives are set by the board and determined for and agreed with the CEO. In 2021, the share option programme for executive management and certain other employees was extended. The programme is linked to value creation to the benefit of shareholders over time. Techstep also has a share purchase programme where employees may purchase shares at a discount to the market price.

The executive remuneration guidelines have been presented to, and were adopted by, the extraordinary general meeting on 22 September 2021 (also see note 28 Remuneration to the board and executive management in the annual report for 2021 as well as the remuneration report to be presented to the 2022 annual general meeting).

Information and communications

Techstep seeks to comply with Euronext Oslo Børs' Investor Relations (IR) recommendation, last revised 1 March 2021.

The board has adopted an IR policy, which sets the basic principles for the company's communication and dialogue with capital markets participants, including roles and responsibilities. The policy is passed on the principles of equal treatment and transparency, to ensure that stakeholders receive factual, relevant, timely and comprehensive information. The policy is available on the company's website.

The responsibility for IR lies with the CEO and the chairman, supported by the IR team. The IR team focuses on the day-to-day communication and IR activities, while the chairman focuses on the shareholders' expectations related to the company's strategic direction and risk preparedness, as well as issues that require resolution by the general meeting.

Interim reports are provided on a quarterly basis, in line with Oslo Børs' recommendations. In connection with the interim reporting, presentations are given to the open public to provide an overview of the operational and financial developments, market outlook and the company's prospects. The presentations are made available on the company's website.

All information is primarily provided in English and is distributed to the company's shareholders through Oslo Børs' www.newsweb.no, and the company's website.

Takeovers

The company's articles of association contain no defence mechanisms against takeover bids, nor have other measures been implemented to specifically hinder the acquisition of shares in the company.

In the event of a takeover process, the board and the executive management shall ensure that the company's shareholders are treated equally, and that the company's activities are not unnecessarily interrupted. The board has a special responsibility to ensure that the shareholders have sufficient information and time to assess the offer.

In addition to complying with relevant legislation and regulations, the board will comply with the recommendations in the Code if the situation so permits. The board has established guiding principles for how it will act in the event of a takeover bid. The main principles include that the board shall not hinder or obstruct any takeover bid, give shareholders or others unreasonable advantages, or protect their personal interests at the expense of others, and that the board shall protect the shareholders' values and interests.

If deemed necessary, the board shall also ensure a valuation from an independent third-party. On this basis, the board will make a recommendation as to whether the shareholders should accept the bid.

Auditor

BDO AS has been the Techstep's auditor since 2009. The auditor is considered independent of Techstep, and the board receives an annual confirmation from the auditor that the requirements regarding independence and objectivity have been satisfied. The audit committee performs an annual evaluation of the auditor's independence.

The auditor prepares an annual plan for the implementation of the audit, which is made known to the audit committee and the board. The auditor participates in the board meeting dealing with the annual accounts. Here the auditor presents their views on accounting matters and principles, risk areas and internal control. The meeting includes an opportunity for a review with the board, without the company's management present. The auditor participates in board meetings on the request from the board, as well as all audit committee meetings held in connection with the financial reporting.

The Board of Directors has prepared separate guidelines for using the auditor for services other than the audit. All non-audit services rendered by the group's auditor are preapproved by the audit committee, either through the guidelines or on a case-by-case basis.

Remuneration to the auditor is presented to and approved by the annual general meeting, including any fees for other specific assignments if relevant (also see note 27 Remuneration to auditor in the annual report for 2021). The annual general meeting makes the final decision to approve the auditor's remuneration. The auditor shall attend the annual general meeting.

Executive Management

Børge Astrup – Chief Executive Officer

Børge Astrup is a business leader committed to creating a winning working environment, and a culture that delivers by engaging and embracing diversity. Børge uses goal-oriented methodologies, technology and commercial models, to drive fast, focused, and uncomplicated market delivery.

Mr Astrup has experience as the CEO of Puzzel, an international fast-growing cloud contact centre software (CCaaS) company, as well as the managing director of Intelecom Group. He has also held various management positions at Visma, the leading European provider of core business software. Børge Astrup holds a bachelor's degree in marketing with specialisation in management from BI Norwegian Business School.

Anita Huun – CFO

Anita Huun is an experienced CFO, with a broad background from the IT industry and capital markets in Norway, but also most recently from the Norwegian publishing industry. She has been active in driving digital and people transformations over the last decade and thrives in driving the financial agenda and impact in these situations.

Ms Huun comes from the position as CFO at Cappelen Damm, Norway's largest publishing house. Prior to this she held the CFO position at Microsoft Norway, where she worked during their early phase of the huge transformation to become the leading cloud provider worldwide. Anita has also been a sell-side equity analyst for Handelsbanken Capital Markets where she covered the Norwegian IT sector, so she has a track record with the Norwegian financial markets and investor community. She is also on the board of Nordic Semiconductor.

Ms Huun has a MSc from the Norwegian School of Economics (NHH), with specialisation in finance.

Sheena Lim – CMO

Sheena Lim has extensive international experience from marketing, branding and communication as well as a technology focus from her background as a consultant in Telenor and McCann, working with major global brands such as IKEA, Carlsberg and Unilever. Sheena's background gives her valuable experience from systems with high demands for collaboration across functions and countries, as well as the ability to modernise methods, processes and tools.

Ms Lim comes from a position as Head of Marketing and Communication in Zalaris, a provider of simplified HR and payroll administration. There, she worked with lead generation and re-branding of the company.

Ms Lim has an executive MBA from BI Norwegian Business School and ESCP European Business School, as well as a bachelor's degree for business (marketing) from University of Monash.

Ellen Skaarnæs – Chief People Officer

Ellen Skaarnæs is an experienced, strategic and business-oriented HR leader with a keen focus on delivering results and adding value to the business. She has a broad background from international organisations at both the strategic and operational level. With her 13 years in Shell holding various positions at all levels (from HR advisor to Managing Director) and 5 years at Coca-Cola Enterprises as Ass. Director, HR Business Partner, she brings extensive experience from performance- and talent management and change management in addition to solid leadership and coaching experience.

Ms Skaarnæs holds a bachelor's degree in management from BI Norwegian Business School.

Gunnar Aasen – Chief Revenue Officer

Gunnar Aasen is a commercial leader with substantial C-level experience at driving international B2B market penetration and commercial change, delivering growth from existing and new customers via direct sales and channels. He has a proven track record within sales & marketing management, enterprise software, telecommunications, and customer relationship management, and experienced in managing diverse teams to exceed targets and delivering commercial change.

Mr Aasen comes from the position as CCO of Puzzel and member of the Executive Board, a fast-growing cloud contact centre software (CCaaS) company. He has also held various management positions at SuperOffice and Loxysoft with experience from management of sales & marketing and customer relationship, enterprise software and telecommunications.

Bartosz Leoszewski – Chief Technology Officer

Bartosz Leoszewski is an experienced IT and software leader and entrepreneur. He is experienced in building software products and their strategy, setting a long-term technology direction with cybersecurity always at the forefront. As a software engineer in 2006 Mr. Leoszewski co-founded Famoc, where he was first responsible for product development and engineering as Chief Technology Officer, and in 2012 transitioned to a CEO role. Famoc was acquired by Techstep in 2021.

Mr Leoszewski holds an M. Sc. in Computer Science from the Technical University of Gdansk and an Executive MBA from Rotterdam School of Management. He is also a member of the Polish chapter of the Entrepreneurs' Organisation.

Fredrik Logenius – Chief Commercial Officer

Fredrik Logenius is a first-mover, entrepreneur and an experienced executive within the information technology and services industry. His skill set is broad and based on entrepreneurship and strategy, agile methodologies, software development and mobile solutions.

Mr Logenius has since 2015 been Managing Director of the Swedish company Optidev AB, which Techstep ASA acquired in 2020. Thanks to business achievements with Optidev AB, he was awarded Entrepreneur of the Year 2020 in his hometown Borås where Optidev AB has its head office. Mr Logenius has also been nominated for the EY Entrepreneur of the Year award, a programme which spans more than 60 countries around the world.

Erik Haugen – Chief Transformation Officer

Erik Haugen is an international business professional, bringing with him broad commercial experience in finance, telecommunications, consumer electronics, the entertainment licencing industry, and IT. Following his business administration studies at BI Norwegian Business School, Mr Haugen spent 12 years in London, working with sales, marketing and business management for companies like Pioneer and Sony Ericsson, before moving into international movie and music licensing, joining The Licensing Agency Ltd. in 2005.

Since returning to Norway in 2009, Mr Haugen first joined Norwegian Air Shuttle ASA to implement their mobile communications initiative. He subsequently moved into finance and professional service sales with Lindorff AS (now Intrum) in 2011, where he was responsible for strategic sales, key account management and business development for a large portfolio of clients within telecoms, utilities, trade, SME and the public sector.

Mads Vårdal – Chief Product Officer

Mads Vårdal is an experienced business developer and executive with a proven track record from previous positions at Nordialog, Smartworks and Teki Solutions. His long experience from the industry covers sales, strategy, business development, M&A processes, product development and executive manager roles.

Mr Vårdal has since 2007 been operating in several central executive roles within sales, business development and daily management with a build and turnaround focus.

Board of Directors

Jens Rugseth – Chairman of the board

Mr Rugseth has served on the board of Techstep since February 2019. Mr. Rugseth is a co-founder and member of the Board of Crayon Group Holding ASA and chairman of the board in Link Mobility Group Holding ASA. He has been a serial founder of several companies within the IT sector over the past 30 years. Mr. Rugseth has also held the position of Chief Executive Officer with some of the largest IT companies in Norway, including ARK ASA, Cinet AS and Skrivervik Data AS. Mr. Rugseth studied business economics at the Norwegian School of Management.

Ingrid E. Leisner - Board member

Ms Leisner has served on the board of Techstep since January 2016. Ms. Leisner's directorships include current board positions for Self Storage Group ASA, Norwegian Air Shuttle ASA, Maritime and Merchant ASA, Xplora Technologies AS and Elliptic Labs ASA. Ms. Leisner has a background as a trader of various oil and gas products in her 15 years with Statoil ASA. Her years of experience of, and expertise in, business strategy, M&A, management consulting and change management have been very valuable when serving on the boards of several companies listed on Oslo Stock Exchange. She holds a Bachelor of Business degree with honours from the University of Texas in Austin.

Anders Brandt - Board member

Mr Brandt has served on the board of Techstep since April 2018. Mr. Brandt has more than 20 years of experience in international entrepreneurship, technology, venture capital and digital services. He is managing partner in the venture capital fund Idekapital, and has co-founded and exited numerous companies, including DinSide, OMG, Viken Fibernett, Mytos, Meshtech and Bubbly Group. Brandt has 14 years of board experience for listed companies on Oslo Stock Exchange and Nasdaq Stockholm, including several tech companies.

Melissa Mulholland - Board member

Ms Mulholland has served on the board in Techstep since April 2021. Ms. Mulholland is Chief Executive Officer of Crayon, a digital transformation expert. Prior to Crayon, Melissa spent 12 years at Microsoft, leading strategy and business development to help businesses be profitable through cloud transformation. Prior to Microsoft, she spent two years at Intel Corporation, driving a cross-company analysis into the effectiveness of using recycled chips for solar technology, to reduce fixed costs. She has authored 12 books focused on how to build a business in the Cloud and is a board advisor for SHE, Europe's largest gender equality conference. Ms. Mulholland holds an MA in Business Administration and Strategic Management from Regis University in Colorado. She is a US national.

Harald Arnet - Board member

Mr Arnet has served on the board in Techstep since September 2021. Mr. Arnet has more than 30 years of experience in national and international finance, industrial and financial investments. He is the CEO of Datum AS, one of the company's larger shareholders, and has held several board positions in listed and non-listed companies, including Kahoot! AS, NRC Group ASA and several companies within the Datum group. He holds a master's degree from University of Denver and London Business School.

Board of Directors' Report

Techstep is on a transformation journey of becoming the leading European mobile technology enabler for customers that want to work smarter and more sustainably. Techstep's growth and acquisition strategy, as well as own IP, software and mobility expertise has created a strong fundament for further transformation. Techstep will continue to transform its business model from transactional sales to having full focus on selling its product offering as a recurring revenue bundle powered by mobile technologies.

Business activities and strategy

People expect easy access to tools and services across devices, both at home and at work. Techstep enables employees to use mobile devices as true work tools through a product offering that seeks to improve productivity, engagement and sustainability.

Techstep has extensive experience as a mobile solutions provider, now serving more than 2,000 enterprise customers across industries in the Nordics and Europe. Since late 2016, Techstep has focused on consolidating the Norwegian and Swedish market. In 2021, the company made its 11th acquisition, when acquiring Famoc in Poland. With this, Techstep is positioning itself to take leadership in an attractive and emerging mobility market in Europe.

Covid-19 impact on Techstep

Techstep has been well equipped to deal with the Covid-19 pandemic and ensure business continuity and efficient operations. Techstep has followed national guidelines and restricts physical meetings and all unnecessary travel when advised.

The majority of Techstep's customers are operating as normal, but some have longer lead times on sales and implementation processes. This is expected to revert to normal with the completion of the vaccination programmes and lifting of all Covid related restrictions. On the supply side, Techstep has experienced some hardware supply shortages due to Covid. The hardware backlog was, however, to a large extent reduced in the last quarter of 2021. See note 20 of this report for a more detailed review of financial risk factors.

Main developments in 2021

In 2021, Techstep has focused on pursuing its software-led growth strategy, the transformation to a recurring business model and becoming a complete mobile technology enabler. Techstep continued to improve and refine its product offering, designed as a recurring services bundle that integrates own IP, software, and mobility expertise to fulfil the needs of the customer and its end users.

In the second half of 2021, Techstep focused on evolving its product offering to the new smart product portfolio consisting of SmartControl, SmartWorks and SmartDevice. The new portfolio launched March 2022. The purpose is to better clarify Techstep's value proposition.

The group has also been transformed from a country-led organisation into a matrix organisation. The reorganisation is a step on the way to align the software-led growth strategy with execution power across all markets, with the additional benefit of standardization. To support the matrix organisation new roles in the management team has been introduced. The new roles include Chief Transformation Officer, Chief Marketing Officer, Chief Revenue Officer, Chief Technology Officer and Chief People Officer.

Techstep has spent substantial resources to build processes for the future, supported by internal IT applications and integrations, as well as own software. This builds a platform for future growth.

The new product portfolio, matrix organisation and investment in processes and tools enable Techstep to deliver on the growth and M&A strategy. The developments will help to consolidate new M&A targets into existing operations more efficiently, making it possible to strengthen Techstep's position in the Nordics and to expand further in Europe.

The acquisition of Famoc was an important development for the company. The acquisition gave Techstep access to a complementary product portfolio, human capital within mobility and R&D, security expertise and strong entry into the European market.

The company has developed a clear go-to-market strategy and increased education about its product offering, both externally and internally. "Techstep Masterclass" is one initiative that seeks to educate the customers and the market about mobile technology and Techstep's product offering. Further, the company has strengthened its development department to improve its own product offering and reduce the dependence on 3rd party software. Of 341 employees, 48 were working on R&D at the end of the year, of which 30 employees in Poland and 18 in Norway and Sweden.

Techstep expects that the effect of the initiatives taken will materialise in both increased sales and a higher recurring revenue share over the medium term.

Mobile technology for a smarter world of work

Techstep is continuously developing its offering to become a leader in the mobile technology market. Over the last years the service stack has been expanded with new value-adding services and software, which has been grouped together to match customer demand. The development resulted in the three product categories SmartControl, SmartWorks and SmartDevice.

Strategic initiatives to become a leading mobile technology enabler in Europe

Techstep has over the past five years acted as a market consolidator in Norway and Sweden, and continuously evaluates potential M&A opportunities. In line with its strategy, Techstep made strategic initiatives to strengthen its core product offering and geographical position in 2021.

Techstep announced the acquisition of software provider Famoc, strengthening Techstep's managed mobility capabilities and unlocking a European expansion opportunity. Techstep successfully raised NOK 100 million in gross proceeds on 20 May to fund the acquisition, closing it on 1 July. The transaction was settled partly in consideration shares in Techstep ASA, cash and seller's credit, corresponding to a total of NOK 110.2 million. See note 22 for more information.

In November 2021, Techstep divested its non-core business units, the Voice & Contact Centre in Norway, and Sweden for a consideration of NOK 65.7 million, closed in the beginning of 2022. This enables Techstep to increase its focus on its core product offering as well as transition to a recurring revenue business model. See note 22 for more information.

Sales activity

Techstep experienced sales improvements towards the end of the year with several large customer wins, secured through demand for own software. The company signed 33 MMS contracts with a total estimated value of NOK 175 million and ~28,000 managed devices. DNB was the largest contract in terms of users and contributed with 9,000 users.

Among the largest contracts signed in 2021 were DNB, Posten Norge, Stockholm Läns Landsting, Pågen Färskbröd, Kiwi, and Kjøpmannshuset Norge. The new MMS-contracts represent upselling to long-term clients as well as some new customer wins. Techstep expects the new product categories to increase customer wins and sales momentum, which again will drive value for Techstep's shareholders.

Recurring revenue base

Techstep's annual recurring revenue base on own software IP (ARR[3]) was NOK 97.5 million, whereof MMS-related ARR was 69.6 million at the end of 2021. ARR at the end of 2020 was NOK 63.3 million. Compared with 2020, this represents a 54% annual growth including the acquisition of Famoc. Organic growth in MMS-related ARR was 8% in 2021. Techstep's ARR had a gross margin of ~87% – sold either as a white-label service through partners or directly by Techstep. The total annualised recurring revenue portfolio was NOK 266 million in 2021. The annualised recurring revenue portfolio includes recurring revenue streams from Own Software, Advisory & Services and Hardware-as-a-Service.

Financial review

Profit and loss

Full-year revenue amounted to NOK 1 305 million for 2021, compared to NOK 1 143 million in 2020. In 2021, Own Software accounted for NOK 74 million (NOK 43 million), whereas Hardware-as-a-Service revenue accounted for NOK 134 million (NOK 105 million). Advisory & Services amounted to NOK 254 million (NOK 201 million) and related commissions were NOK 20 million (NOK 31). Hardware sales (including bonus from vendors) remain the largest revenue generator with NOK 821 million (NOK 758 million).

The acquisition of Famoc contributed with NOK 14.6 million in revenue in 2021, consolidated from the third quarter.

Gross profit was NOK 460 million for the full year 2021 (NOK 378 million). This mainly relates to an increase in the Hardware-as-a-Service portfolio, the full year effect of the Optidev acquisition and the inclusion of the Famoc acquisitions from the third quarter 2021.

Own Software accounted for 5.7 % (3.8 %), advisory, services and third-party software accounted for 19.5 % (17.6 %) and operating commission for 1.5 % (2.7 %) of gross profit. The remaining relates to hardware-as-a-service 10.3 % (9.2 %), Hardware for 62.9 % (66.3 %) and Other 0.1 % (0.3 %).

The gross margin increased to 35.2 % for 2021, up from 33.1 % in 2020.

Total net operating expenses in 2021 were NOK 1 416 million, compared with NOK 1 171 million in 2020. Salaries and personnel costs increased by 35% to NOK 282 million, mainly related to the full year effect of the 2020 acquisitions. Option costs were NOK 5 million (NOK 2 million). Other operational costs were NOK 109 million (NOK 74 million).

EBITDA adjusted for 2021 was NOK 70 million EBITDA (NOK 96 million).

[3]Refer to alternative performance measures

Depreciation increased by NOK 21 million from 2020 to 2021 due to increase in the hardware-as-a-service portfolio. Amortisation increased by NOK 27 million from 2020 to 2021 mainly due to the full-year effect of amortisation of customer relations from the Optidev acquisition.

The ordinary operating loss (EBIT) amounted to NOK 111 million for 2021, compared to an operating loss of NOK 11 million in 2020.

The net financial result amounted to negative NOK 8 million in 2021, compared to negative NOK 6 million in 2020.

The net loss for 2021 was NOK 103 million, compared to a net loss of NOK 24 million in 2020.

Financial position

In 2021, Techstep issued 26,334,343 new shares in connection with the employee share purchase programme, private placement and the acquisition of Famoc.

As at 31 December 2021, total assets were NOK 1 315 million, compared with NOK 1 199 million as at 31 December 2020.

Intangible assets account for NOK 776 million (NOK 733 million). Intangible assets include goodwill of NOK 593 million and customer relations and technology of NOK 183 million.

Total tangible assets were NOK 179 million (NOK 174 million) as at 31 December 2021 including NOK 143 million (NOK 125 million) in hardware leased out to customers and NOK 30 million (40 million) in leased assets.

Total inventories and receivables were NOK 281 million as at 31 December 2021.

Total equity at the end of 2021 was NOK 556 million (NOK 563 million), corresponding to an equity ratio of 42% (47%).

Non-current interest-bearing debt of NOK 97 million (NOK 109 million) includes an acquisition loan of NOK 61 million and seller's credits of NOK 30 million. Other non-current debt of NOK 43 million (NOK 55 million) primarily relates to leasing commitments of NOK 22 million and a buy-back obligation for leased hardware of NOK 20 million.

Current interest-bearing liabilities amounted to NOK 75 million (NOK 86 million) in 2021. This includes net bank overdraft accounts of NOK 22 million, as well as a short-term seller's credit of NOK 28 million and a short-term part of the acquisition loan of NOK 25 million related to acquisitions.

Other current liabilities of NOK 295 million (NOK 166 million) as at 31 December 2021 mainly include payables to employees of NOK 37 million, deferred revenue of NOK 201 million, leasing commitments of NOK 11 million and a buy-back obligation for leased hardware of NOK 10 million.

Net interest-bearing debt was NOK 122 million at the end of 2021, compared to NOK 167 million at the end of the preceding year.

Cash flow

The net cash flow generated from operating activities was NOK 129 million in 2021, compared with NOK 77 million in 2020. In 2021, Techstep had improved cash generation from own operations. A negative change in net working capital from the Optidev acquisition was the main operating cash outflow in 2020.

Net cash flow used for investment activities was a negative NOK 175 million. This is largely due to acquisition expenditure of NOK 79 million net of cash acquired, as well as capital expenditures related to leased out hardware of NOK 141 million. Techstep also invested NOK 49 million in own software and IT development and gained NOK 93 million in proceeds from sale of equipment and the Voice & Contact Centre business unit in the year. The net cash flow used for investment activities in 2020 was NOK 171 million, mainly related to acquisitions, software and IP development investments and payment for hardware leased out through Techstep Finance.

Net cash flow from financing activities was NOK 71 million in 2021. This includes proceeds from borrowings of NOK 35 million, lease repayments of NOK 16 million and repayment of bank loans of NOK 42 million. The net cash flow from financing activities in 2020 was negative at NOK 31 million, relating to repayment of borrowings and lease obligations.

Cash and cash equivalents increased by NOK 26 million during 2021, to NOK 50 million at the end of the year.

Allocation of the profit/loss for the parent company, Techstep ASA

Loss for the year 2021 attributable to owners of the parent was NOK 103 million, compared to a loss of NOK 25 million for 2020. The Board has proposed that the loss be covered by other reserves.

Going concern

Based on the aforementioned comments about Techstep ASA's accounts, the Board of Directors confirms that the annual financial statements for 2021 have been prepared on the basis of a going concern assumption, and that this assumption has been made in accordance with Section 3-3a of the Norwegian Accounting Act.

Financial risk and risk management

Techstep's risk management aims to support effective execution and decision making to reach the company's goals and ensure compliance with legal and regulatory requirements.

Operational risk

In the short and medium term, Techstep will 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.

Techstep's operations, revenues and profits are dependent on its ability to generate sales through existing and new customers. Techstep operates in a competitive market segment, and the group's success depends on its ability to meet changing customer preferences, to anticipate and respond to market and technological changes, and develop effective and competitive relationships with its customers and partners. In the past year Techstep has experienced supply chain disruptions due to global component shortage and Covid-19, resulting in longer delivery times and some increased backlog. Techstep saw however improvements in Q4. The component shortage remains a risk, and Techstep has a running dialogue with key manufacturers to ensure required supply of hardware. In addition, the transformation into a software-led company is expected to mitigate the dependency of transactional sales.

Techstep believes that being an early mover in the Nordic and European mobility market provides a solid fundament to retain and strengthen its market position going forward. The operational risk mainly relates to successfully standardising and scaling the product portfolio. Operational risks are continuously reviewed by the corporate management.

Financial risk

Techstep's activities involve various types of financial risk: credit risk, liquidity risk, currency risk and interest rate risk. The primary focus of the group's capital structure is to ensure sufficient free liquidity, so that the group can service its obligations on an ongoing basis, and at the same time be able to make strategic acquisitions.

The credit risk relates to customers being unable to settle their obligations as they mature. Techstep has a well-diversified customer portfolio, mainly comprising medium-sized and enterprise companies in the private and public sectors. The group has established mitigating procedures including credit rating of major private customers, and the credit risk is considered satisfactory.

Techstep's liquidity risk is related to a mismatch between cash flows from operations and financial commitments. Techstep is transforming from a transactional model to a software-led recurring revenue model, which by definition postpones incoming cash flows, putting a higher strain on the liquidity position of the group. The group's liquidity is closely monitored by management and the board of directors. If the need arises, the group has access to multiple funding sources during the transformation process.

Historically, the group's liquidity has been satisfactory. The consolidated cash flows from operations were positive in 2021, and net change in cash and cash equivalents was positive. The net change in cash and cash equivalent improved in 2021 mostly related to the divestment of the Voice & Contact Centre business unit. Techstep's liquidity is dependent on the company's ability to execute on the strategy to transform its business model driving improved cash conversion.

Techstep experiences fluctuations in currencies and interest rates. As the group's operations are conducted in Norway, Sweden, and Poland, Techstep is affected by currency fluctuations of NOK, SEK, PLN and EUR. There is limited trade between Norway, Sweden, and Poland, and the currency risk is generally considered to be low. Group values related to foreign operations are subject to currency fluctuations. As such, there may be variations in the "exchange differences on translating foreign operations" in the consolidated statement of comprehensive income. Interest rate changes have only a marginal direct effect on consolidated operating income and cash flows from operating activities. Techstep's interest rate risk is related to floating interest rates on bank accounts and deposits, in addition to floating rate debt in borrowings from credit institutions. Techstep does not use any hedging instruments for currency or interest rate fluctuations.

Macroeconomic and geo-political risk

Techstep monitors and evaluates risks related to the current macroeconomic development including the effects from the Covid-19 pandemic.

The Covid-19 pandemic has since the outbreak in March 2020 resulted in somewhat longer lead times on sales and implementation processes. At the time of publication of this annual report, the situation seems to be reverting to normal with the completion of vaccination programmes and lifting of Covid-related restrictions. In case of an escalation of the pandemic again, Techstep is able to operate via decentralised and remote locations with focus on maintaining its client services in a best possible and efficient manner.

In February 2022, Russia invaded Ukraine. Since then, military actions have continued in Ukraine with a significant negative impact on people and the local communities, as well as consequences for the global political and economic environment. The invasion is widely condemned in the international community and sanctions have been imposed on the Russian state, businesses and certain nationals. The war is causing business disruptions, impacting the global economy and commodity prices, and leading to significant short-term volatility in the European and international capital markets. The war and subsequent sanctions might damage European infrastructure and limit trade. However, there is uncertainty regarding the extent and duration of military conflict and how it will affect the global economy, as well as the company's performance over time.

Techstep monitors the consequences of the Russian invasion and subsequent sanctions. Techstep has no activities in or exposure to Russia, Belarus, or Ukraine. Indirect consequences may occur in case suppliers are affected, in which the potential escalation of component shortages represent the largest uncertainty.

Transactions with related parties

Fredrik Logenius, a member of Techstep's executive management team also owns 50% of Stobor Invest AB. Trades between Techstep and all related parties are disclosed in note 23.

There were no other material transactions with related parties during 2021.

Corporate governance

Techstep 's corporate governance structure is based on Norwegian legislation and the Norwegian Corporate Governance Board (NUES/NCGB), last revised 14 October 2021. A statement on Techstep's corporate governance principles and practices is provided in a separate section of this annual report. In the company's own assessment, Techstep did not deviate from any sections of the Code of Practice as at year end 2021.

Corporate social responsibility

Techstep aims to be a responsible company which respects people, society, and the environment. The company plays a central role in workplace digitalisation, and its primary corporate responsibility is to help ensure that modern enterprises can digitalise their operations in a safe and efficient manner.

Techstep's environmental, social and governance (ESG) policy, commits the company to responsible business practices in the areas of human rights, labour, equality, anti-corruption and the environment. Further details on Techstep's ESG activities are included in a separate sustainability chapter of this annual report.

Shareholder information

As at 31 December 2021, Techstep had 209 629 830 shares outstanding, an increase from 183 295 472 shares one year earlier. The company had 3 475 shareholders. At the end of 2021, Techstep held 1 914 treasury shares. The shares have a par value of NOK 1.0.

The company's largest shareholder, Datum AS, held 17.5% of the shares at year end, with the 20 largest shareholders holding 71.7% of the shares outstanding.

During 2021, Techstep's share price fluctuated between NOK 3.54 and NOK 5.65 per share. The final price at the close of the year was NOK 3.65 per share, down from 5.15 per share in the previous year.

For detailed shareholder information, see note 25 in the consolidated financial statements for 2021.

Outlook

Techstep has positioned itself to be the leading European mobile technology enabler for customers that want to work smarter and more sustainably. The company's vision is to make the world of work smarter and more sustainable.

Through its software-led growth strategy, Techstep is serving more than 2 000 customers across industries in both the private and public sector. Going forward, Techstep will continue to transform into a software and value-adding services company targeting strong growth and geographic expansion in the Nordics and in Europe.

As part of its transformation journey, Techstep invests in Own Software and IP and pursues M&A opportunities to further strengthen and expand its Managed Mobility Services (MMS) offering and market position.

In parallel, Techstep is transforming the business model from a transactional to recurring revenue model by redesigning and streamlining its product offering. The company will offer a software-led standardised and scalable product portfolio to attract, develop, and retain customers. The new product offering consists of SmartControl, SmartWorks and SmartDevice, and will launch late in the first quarter of 2022. The new offering is designed to strengthen the value proposition to customers and drive recurring revenues.

Techstep has stated medium-term goals. The ambition is a gross profit growth of 20-25% and a gross profit to EBITDA conversion of 20-25%. In 2021, Techstep entered into 33 MMS contracts with gross profit growth of 21% and a gross profit to EBITDA conversion of 15%. Annual development capex is expected to be NOK 35-40 million, with acquired software bringing it further up. The transformation to a recurring revenue model is expected to support sales growth and profitability. Techstep is targeting to manage 1 million devices by 2025, with a gross profit to EBITDA conversion above 30%.

According to the Global Managed Mobility Service Market (2022-2027) report from Mordor Intelligence the growth of the European managed mobility service market was 21% in 2021. The global market is expected to grow annually 24% from 2022 to 2027.

Important focus areas going forward are data privacy, security and sustainability with careful life-cycle handling of devices.

Techstep also recognises the expectations for cloud migration from on-premises software is increasing as well. This fits perfectly with the product offering of SmartControl, SmartWorks and SmartDevice.

Growth will come from converting existing customers to MMS, onboarding new customers, M&A to acquire new software, IP and market positions and from geographical expansion. To unleash growth, Techstep will increase focus on the customer, the products it brings to market, and the technology and software that power its solutions. Techstep is confident that its MMS offering has a strong value proposition and increasing relevance as it helps enterprises reduce costs, increase productivity, transform employee capabilities, and enhance their engagement, ultimately driving business value and revenue growth, while delivering on ESG goals.

Techstep's long-term ambition is to serve thousands of enterprise customers and millions of end users across the Nordics and Europe. Driven by value creating services and economies of scale, the company continues to grow and significantly improve its gross margin and profitability over the long-term.

Responsibility statement

Oslo, 22 March 2021

From the Board of Directors and CEO of Techstep ASA

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2021, the comparative figures presented for the period 1 January to 31 December 2020 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Jens Rugseth
Chairman

Harald Arnet
Board member

Ingrid Leisner
Board member

Anders Brandt
Board member

Melissa Ann Mulholland
Board member

Børge Astrup
CEO

Consolidated income statement

(Amounts in NOK 1000)	Notes	2021	2020
Revenue		1 303 192	1 138 943
Other revenue		1 898	3 923
Total revenue	**2, 3**	**1 305 090**	**1 142 866**
Cost of goods sold	2	(845 305)	(764 579)
Salaries and personnel costs	5, 28	(281 620)	(208 243)
Other operational costs	6, 27	(108 549)	(74 405)
Depreciation	4, 10	(108 229)	(87 332)
Amortisation	11	(54 723)	(27 892)
Other income	7	22	17 843
Other expenses	7	(17 209)	(9 028)
Operating profit (loss)		**(110 522)**	**(10 770)**
Financial income	8	12 232	5 760
Financial expense	8	(20 460)	(11 822)
Profit before tax		**(118 750)**	**(16 833)**
Income tax	9	16 091	(6 725)
Net income		**(102 660)**	**(23 558)**
Net income attributable to			
Non-controlling interests	22	390	1 188
Shareholders of Techstep ASA		(103 050)	(24 746)
Earnings per share in NOK:			
Basic	24	(0.55)	(0.15)
Diluted	24	(0.55)	(0.15)

Consolidated statement of comprehensive income

(Amounts in NOK 1000)	2021	2020
Net income	**(102 660)**	**(23 558)**
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	(21 586)	22 346
Income tax related to these items	(1 304)	(730)
Other comprehensive income	**(22 890)**	**21 617**
Total comprehensive income for the period	**(125 549)**	**(1 941)**
Total comprehensive income for the period attributable to		
Non-controlling interests	390	1 188
Shareholders of Techstep ASA	(125 939)	(3 130)

Consolidated statement of financial position

(Amounts in NOK 1000)

ASSETS	Note	2021	2020
Non-current assets			
Deferred tax asset		2 149	-
Goodwill	11, 18, 19, 22	592 549	571 372
Customer relations and technology	11, 18, 19, 22	183 214	161 892
Sum intangible assets		**777 912**	**733 263**
Right of use assets	9, 10	30 267	40 233
Property, plant and equipment	10	148 775	133 384
Sum tangible assets		**179 043**	**173 617**
Shares and investments	20	590	44
Other non-current assets	20	1 224	169
Sum financial assets		**1 814**	**213**
Total non-current assets		**958 768**	**907 093**
Inventories	12	19 391	28 158
Accounts receivable	13, 20	230 229	203 083
Other receivables	13, 20	31 435	33 594
Total inventories and receivables		**281 055**	**264 836**
Cash and cash equivalents	14	50 350	27 203
Assets classified as held for sale	10, 22	24 482	-
Total current assets		355 887	292 039
Total assets		**1 314 655**	**1 199 132**

EQUITY AND LIABILITIES	Note	2021	2020
Share capital	25	209 630	183 295
Other equity		344 682	379 272
Total equity attributable to the owners of Techstep ASA		**554 312**	**562 568**
Non-controlling interests	22	1 274	884
Total equity		**555 586**	**563 451**
Deferred tax	9	14 645	27 518
Non-current interest-bearing borrowings	15, 20	97 402	108 539
Other non-current debt	9, 16, 20, 22	43 305	54 629
Total non-current liabilities		155 353	190 686
Current interest-bearing borrowings	14, 15, 20	74 548	85 502
Accounts payable	15, 20	193 833	154 442
Tax payable	15, 20	653	-750
Public duties	15, 20	39 577	39 756
Other current liabilities	9, 15, 17, 20	295 106	166 044
Total current liabilities		**603 716**	**444 994**
Total liabilities		**759 069**	**635 680**
Total equity and liabilities		**1 314 655**	**1 199 132**

Oslo, 22 March 2022, signatures from the Board of Directors and the CEO of Techstep ASA:

Jens Rugseth Chairman	**Harald Arnet** Board member
Ingrid Leisner Board member	**Anders Brandt** Board member
Melissa Ann Mulholland Board member	**Børge Astrup** CEO

Consolidated statement of changes in equity

(Amounts in NOK 1000)	Share capital	Other paid-in capital	Other equity	Translation reserve	SUM	Non-controlling interest	Total equity capital
Equity as at 1 January 2020	**162 795**	**504 273**	**(205 401)**	**(5 394)**	**456 273**	**(304)**	**455 970**
Profit for the period	-	-	(24 746)	-	(24 746)	1 188	(23 558)
Other comprehensive income	-	-	-	21 616	21 616	-	21 616
Total comprehensive income for the period	**-**	**-**	**(24 746)**	**21 616**	**(3 129)**	**1 188**	**(1 942)**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	20 500	87 088	-	-	107 588	-	107 588
Share-based payments	-	-	1 834	-	1 834	-	1 834
Equity as at 31 December 2020	**183 295**	**591 361**	**(228 313)**	**16 222**	**562 566**	**884**	**563 450**
Equity as at 1 January 2021	**183 295**	**591 361**	**(228 313)**	**16 222**	**562 566**	**884**	**563 450**
Profit for the period	-	-	(103 050)	-	(103 050)	390	(102 660)
Other comprehensive	-	-	-	(22 890)	(22 890)	-	(22 890)
Total comprehensive income for the period	**-**	**-**	**(103 050)**	**(22 890)**	**(125 939)**	**390**	**(125 549)**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	3 679	12 141	-	-	15 821	-	15 821
Proceeds from issuance of shares net of transaction costs	22 655	75 264	-	-	97 920	-	97 920
Share-based payments	-	-	3 946	-	3 946	-	3 946
Equity as at 31 December 2021	**209 630**	**678 767**	**(327 417)**	**(6 668)**	**554 312**	**1 274**	**555 586**

Consolidated statement of cash flow

(Amounts in NOK 1000)	Note	2021	2020
Profit before tax		(118 750)	(16 833)
Depreciation and amortisation	10	94 786	72 589
Depreciation right-of-use assets	10	13 443	14 743
Amortisation	11	54 723	27 892
Share-based payments		3 946	1 834
Gain on sale of business reclassified to investment activities	7	-	(8 000)
Gain from sale of PPE reclassified to investment activities	7	-	(4 835)
Remeasurement of contingent liability	7	-	4 859
Net exchange differences		2 136	-
Taxes paid		(1 474)	(5 514)
Interest expense (revenue) reclassified to investing/financing activities		7 880	7 230
Changes in net operating working capital core*		19 782	(30 107)
Changes in net operating working capital		52 460	13 099
Net cash flow from operational activities		**128 930**	**76 957**
Payment for acquisition of subsidiaries net of cash acquired	22	(78 759)	(61 414)
Payment for equipment and other fixed assets	10	(141 392)	(108 650)
Payment for intangible assets	11	(48 883)	(21 386)
Proceeds from sale of property, plant and equipment	10	27 393	13 089
Proceeds from sale of business	22	65 678	8 000
Interest received		1 368	(488)
Net cash used on investment activities		**(174 594)**	**(170 848)**
Proceeds from issuance of shares		101 853	-
Proceeds from borrowings	22	35 145	109 764
Repayment of borrowings		(41 783)	(12 686)
Lease repayments	4	(16 240)	(17 459)
Interest paid		(7 731)	(5 350)
Net cash flow from financing activities		**71 244**	**74 269**
Net change in cash and cash equivalents		**25 580**	**(19 622)**
Cash and cash equivalents as at 1 January	14	27 203	44 588
Effects of exchange rate changes on cash and cash equivalents**		(2 433)	2 236
Cash and cash equivalents as at 31 December	**14**	**50 350**	**27 203**

* comprise changes in accounts receivables, inventories and accounts payables.

** Cash flow has been restated for 2020. Bank overdraft and cash is no longer presented net in the consolidated statement of cash flow.

Notes to the Group accounts

Notes to the consolidated financial statements

Note 1. General information and summary of significant accounting policies

Techstep ASA (the Company or Company) is a public limited liability company domiciled in Norway. The address of its registered office is Brynsalléen 4, NO-0667 Oslo. The shares are listed on the Oslo Stock Exchange under the TECH ticker. The Techstep Group (Group) consists of Techstep ASA and its subsidiaries.

Techstep Group is a Nordic enabler of the mobile workplace, delivering a full range of hardware and services to facilitate mobile workplaces.

The consolidated financial statements for Techstep Group for the year 2021 were approved by the Board of Directors on 22 March 2022 and will be presented for approval by the Annual General Meeting on 22 April 2022.

The Group has changed its consolidation system from Q4 2021 reporting to annual report. There are therefore immaterial changes in the reported numbers. Rounding differences may occur in summations and between the notes and the financial statements.

1.1 Basis for preparation

The consolidated financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements have been prepared on a historical cost basis.

1.2 Change in accounting principles

There are no new or amended accounting standards that required the Group to change its accounting policies for the 2021 financial year

1.3 Functional and presentation currency

The Group presents its accounts in Norwegian Kroner (NOK), which is also Techstep ASA's functional currency. The figures presented in the annual accounts are in NOK thousand unless otherwise stated.

1.4 Consolidation principles and subsidiaries

Subsidiaries

The consolidated financial statements incorporate the financial statements of Techstep ASA (the Company) and entities controlled by the Company (its subsidiaries). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The income and expenses of Group subsidiaries acquired or disposed of during the year, are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intercompany transactions, balances and gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in equity, and the consolidated statement of financial position, respectively.

1.5 Transactions in foreign currencies

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in NOK, which is Techstep ASA's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are converted into the functional currency, using the exchange rates on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the conversion of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement, as financial expenses.

iii) Group companies

The results and financial position of foreign operations that have a functional currency that is different from the presentation currency, are converted into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet.
- income and expenses for the consolidated income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are converted on the dates of the transactions).
- all resulting exchange rate differences are recognised in other comprehensive income.

When consolidated, translation differences arising from the translation of net investment in foreign entities are recognised in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as the assets and liabilities of the foreign operation and converted at the closing rate.

1.6 Revenue recognition

Revenue from contracts with customers is recognised when a performance obligation in the contract is satisfied. The amount recognised reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. For contracts with several performance obligations, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis.

Revenue from hardware sales

A major part of the Group's revenue arises from the sale of hardware to its customers. The delivery of the hardware in question is identified as the performance obligation. The customers obtain control of the hardware when the item is shipped to the customers. Revenue is recognised at the time of shipment as the performance obligations are then satisfied.

The sale of certain items of hardware triggers a right to a bonus from partners and suppliers. Bonuses accounted for as revenue are driven by volumes sold of the underlying item. Bonuses are recognised as revenue when the performance obligations for the sale of hardware are satisfied.

Revenue from licence sales

The Group provides various software licenses to its customers. Management has assessed the customer contracts related to software licenses and have found the sale of software licenses to be distinct performance obligations as software licenses. Customers can benefit from the license on its own and it can be a stand-alone delivery with no other goods or services.

The Group provides both right-to-use licenses and right-to-access licenses.

For right-to-use licenses, the performance obligation is satisfied when the customer gains access to the software license, and revenue from the sale of licenses is thus recognised at the point in time when the software is transferred to the customer.

For right-to-access licences the performance obligation is satisfied over time.

The sale of certain of licenses triggers a right to a commission from partners and suppliers. The commissions accounted for as revenue are driven by volumes sold of the underlying item. Commissions are recognised as revenue when the performance obligations for the sale of the license is satisfied.

Revenue from the sale of services

Techstep offers support and maintenance services to its customers. These services are organised as subscription programmes where the customers have access to support and maintenance for a monthly fee. The performance obligations related to support and maintenance are satisfied on an ongoing basis, and revenue related to the sales of services are thus recognised on a linear basis over time.

The sale of support and maintenance that exceed the subscription programme is recognised as revenue based on time and material.

Bundles

As a part of several product bundles and as a stand-alone product, the Group offers a leasing alternative to customers (Hardware-as-a-service). The Group uses external funding to finance the offering. The Group sells the devices up front to an external funder and receives payment in full. The devices are delivered to the end-users, and the end users are invoiced over the contract period from the funder. The Group has no credit risk related to the end user. The funder is in the following description the customer.

The Group has contracts with customers whereupon the customer can, at the end of the contract period, require that the Group repurchases the devices at a predetermined price. This price is always lower than the original selling price.

When the group enters into contracts containing repurchase-options management assesses whether or not the customer has a significant economic incentive to utilise the option. Where it is determined that the customer has a significant economic incentive to utilise the option, the contract is determined to be a lease and the transaction is accounted for as a lease in accordance with IFRS 16.

Leasing - Lessor accounting

For each leasing contract the Group enters into with customers, management assesses whether the contract shall be classified as an operational or financial lease based on the substance of the transaction. As at the balance sheet date, the Group only has operational lease contracts with customers.

Leasing contracts with repurchase agreements are accounted for as operating leases with rentals payable up front at the inception of the lease. There are no other variable lease payments. The repurchase obligation is fixed at the inception of the lease. At the end of the lease period the Group expects to repurchase the devices from the customer.

Payment received from the customer is accounted for as deferred revenue and recognised as revenue on a straight-line basis over the lease term, less the agreed-upon residual value (repurchase amount).

The respective leased assets are included in the balance sheet based on their nature and depreciated over the lease term to the expected second-hand market value.

1.7 Other income and other expenses

Other income and expenses of a special nature are presented in the separate line items "Other income and other expenses within operating profit (loss)". Such items will be characterised by being of a non-recurring nature and not being reliable indicators of underlying operations. Other income and expenses will include items such as restructuring costs related to executive management, acquisition-related costs, gains or losses on the both sale and remeasurement of assets or liabilities. Acquisition-related costs may include both costs related to acquisitions closed and transactions that were not completed.

1.8 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the Group, liabilities incurred by the Group in relation to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

On the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except for:

- Deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 - Income taxes.
- Liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19 - Employee benefits.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Goodwill is measured as the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any), over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Where settlement of any part of a cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, i.e. the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments, are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (the measurement period cannot exceed one year from the acquisition date), about facts and circumstances that existed on the acquisition date.

Changes in the fair value of contingent consideration not classified as equity that does not qualify as a measurement period adjustment are remeasured at subsequent reporting dates. The corresponding gain or loss is recognised in the consolidated income statement on the line items other income or other expenses as appropriate.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at fair value on the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated income statement. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in other comprehensive income, are reclassified to the consolidated income statement where such treatment would be appropriate.

1.9 Intangible assets

Intangible assets with finite useful lives that are acquired separately, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes on estimates being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately, are carried at cost less accumulated impairment losses.

The costs of intangible assets acquired through acquisitions are recorded at fair value as at the date of acquisition.

Software expenses related to the purchase of new computer programmes are accounted for as an intangible asset if these expenses are not part of hardware acquisition costs. Costs incurred due to updates and general maintenance of the software, are accounted for as running costs over the income statement, unless the changes in the software increase the future economic benefits from the software.

1.10 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of the asset, less its estimated residual value, is depreciated on a straight-line basis over the estimated useful life of the asset. Estimates of residual values are applicable for the Group's leasing offering where assets are sold at the end of the lease. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss that arises on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

1.11 Impairment of intangible assets and property, plant and equipment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets, other than goodwill, that have historically been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

1.12 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO or weighted average method, depending on the nature of the inventories.

1.13 Trade receivables

Trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For trade receivables the loss allowance is measured at the lifetime expected credit loss.

1.14 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise all cash and bank deposits.

1.15 Financial instruments

Financial assets and liabilities include investment in shares, trade receivables, other receivables, borrowings, trade payables, other current and non-current liabilities.

Financial assets and financial liabilities) are recognised initially on the date when the Group becomes a party to the contractual provisions of the instrument.

The Group classifies, at initial recognition, its financial instruments in one of the following categories:

- Financial assets or financial liabilities at fair value through profit or loss,
- Financial asset at amortised cost,
- Financial liabilities at amortised cost

The classification depends on the Group's business model for managing them and the contractual cash-flow characteristics of the instrument.

Financial assets or financial liabilities at fair value through profit or loss are financial assets held for trading and acquired primarily with a view of selling in the near term.

Financial assets at amortised cost are financial assets held to collect the contractual cash flow and where the cash flows are solely payment of principal and interest on the outstanding principal. The category is included in the consolidated statement of financial position financial line items Other non-current assets, Trade receivables, Other receivables and Cash and cash equivalents. Financial assets at amortised cost are recognised initially at fair value plus directly attributable transaction costs. Subsequently, if the asset is non-current it is measured at amortised cost using the effective interest method, reduced by any impairment loss. The carrying amounts of line items classified as current are assumed to be the same as their fair values, due to their short-term nature. Short-term loans and receivables are for practical reasons not amortised unless the effect is material.

The category financial liabilities at amortised cost is included in the consolidated statement of financial position line items Non-current interest-bearing borrowings, Other non-current debt, Current interest-bearing borrowings, Trade payables, Tax payables, Public duties and Other current liabilities. Items in the Other financial liabilities-category are recognised initially at fair value.

Subsequently, if they are non-current, other financial liabilities are measured at amortised cost using the effective interest method. Effective interest is recognised in the income statement as financial expenses. Current items in the category are for practical reasons not amortised unless the effect is material.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire and the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled, or expires. Any rights and obligations created or retained in such a transfer are recognised separately as assets or liabilities. The Group assesses quarterly whether there is objective evidence that a financial asset or Group of financial assets is impaired.

For trade and other receivables, default in payments, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or debt settlement negotiations are considered to be indicators that the Group will not be able to collect all amounts due according to the original terms of the receivables. For trade receivables the loss allowance is measured at the lifetime expected credit loss. The loss is recognised as other operating expenses in the income statement, while impairment of other financial assets is recognised under financial expenses.

The fair value of financial instruments is based on quoted prices as at the balance sheet date in an active market, if such markets exist. If an active market does not exist, fair value is established by using valuation techniques that are expected to provide a reliable estimate of the fair value. The fair value of unlisted securities is based on cash flows discounted using an applicable risk-free market interest rate and a risk premium specific to the unlisted securities.

Financial assets and liabilities measured at fair value are classified according to the valuation method:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Valuation based on inputs for the asset or liability that are unobservable market data.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. Changes in fair value recognised in other comprehensive income is recognised in the line-item Exchange differences on converting foreign operations. Changes in fair value recognised in profit or loss are presented in the line item, Financial expenses and Other income and expenses.

1.16 Accounts payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the balance sheet date which are unpaid. The amounts are unsecured payables and are usually paid within 30 days of recognition. Trade and other payables are presented as trade payables, unless payment is not due within 12 months of the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.17 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

1.18 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences, and for unused tax losses.

i) Tax payable

The current income tax charge is calculated based on the tax laws enacted, or substantively enacted, at the end of the reporting period in Norway, Sweden and Denmark, where subsidiaries generate taxable income. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation. Management establishes provisions where appropriate, based on amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period, and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise the temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.19 Equity

The nominal value of treasury shares is reported in the balance sheet, as a deduction to other equity.

Transaction costs in relation to equity transactions are charged to equity after deducting tax.

1.20 Share-based payments

Share-based payments are part of the remuneration to executive management and other key personnel.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which the vesting conditions are satisfied. At the end of each period, the estimate of the number of options that are expected to vest based on the non-market vesting and service conditions is revised. The revision, if any, of the original estimates is recognised in the income statement, with a corresponding adjustment to equity.

Social security tax is provided for at each balance sheet date based on the intrinsic value of the options.

1.21 Retirement benefit plan

The Group has defined contribution plans. A defined contribution plan is a retirement plan in which the Group pays fixed contributions to a separate legal entity. The Group has no legal or other obligation to pay additional contributions if the entity does not have sufficient assets to pay all employee benefits associated with earnings in present and previous periods. Pre-paid contributions are recorded in the accounts as an asset, to the extent the contribution may be refunded or may reduce future contributions.

1.22 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

1.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, and considers the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

1.24 Cash flow statement

The cash flow statement is presented using the indirect method. The Group's activities are divided into operational, investment and financing activities. Cash investment in new business is classified as payment for the acquisition of subsidiaries, net of cash acquired in the cash flow statement.

1.25 Segment information

The division into operating segments corresponds to the management structure and the internal reporting to the Group's chief operating decision maker (CODM), defined as the CEO. Companies are allocated to a segment based on the geographical location of the company.

1.26 Leasing

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease liabilities:

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease. If the inherent interest rate is not readily determinable, the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will be regulated throughout the lease term. The estimate is based upon management judgement. On initial recognition, the carrying value of the lease liability will include the following if applicable:

- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated based on the termination option being exercised.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets

Right-of-use assets are initially measured at the amount of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease. The remaining term of the lease is for all leases held by the Group assessed to be equal to the economic life of the asset.

Leases of low value assets and short-term leases

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss on the financial statement line item Other operational costs. Short-term leases are leases with a lease term of 12 months or less.

1.27 Use of estimates in the preparation of financial statements

Management has used estimates and assumptions that affect the assets, liabilities, revenues, expenses and information regarding potential liabilities. Future events may lead to the estimates changing. Estimates and underlying assumptions are assessed continuously. Changes in accounting estimates are recognised in the period when the change occurs.

See Note 18 for a description of assets and liabilities subject to significant estimation uncertainty.

1.28 Earnings per share

i) Basic earnings per share

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share, to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

As at year end 2021 the Group has options outstanding that are in the money. Basic earnings per share and diluted earnings per share therefore differ.

1.29 New standards and interpretations not yet effective

The Group has elected not to early-adopt any standards or interpretations that have an effective date after the balance sheet date. Standards and amendments that are issued, but not yet effective, are not expected to have a material effect on the Group's financial statements.

Note 2. Segments

Techstep has four Segments, which are represented by the four geographic locations where the Group's entities are incorporated. The entities are controlled and owned by the Techstep Group. The segment HQ comprise Techstep ASA.

Eliminations comprise intersegment sales. Transactions between operating segments are conducted on normal commercial terms.

1) Norway

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

2) Sweden

- Techstep Sweden AB: The company offers mobile hardware, industry leading cloud-based (UCaaS) PBX solutions, Mobility consultancy services and Enterprise Mobility Management (EMM) services, including Mobile Security, system design, implementation, mobile device management. The company is located in Karlstad, Gothenburg and Stockholm.
- Optidev AB: The company develop and provide enterprise mobility software and solutions, predominantly to customers in the transportation, logistics and public safety sectors in Sweden, Norway and Denmark.
- Techstep Finance AB: Provides financing and remarketing services.

3) Denmark

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

4) Poland

- Famoc S.A.: A Polish software-as-a-services company with mainly recurring revenue. Famoc offers a portfolio of solutions for the mobile device lifecycle management market. The company is located in Gdansk.
- Famoc Software Ltd: An Ireland based company acting as a reseller of Famoc S.A. software to customers outside Poland.

- Santa Maria Private Ventures sp. z.o.o.: A holding company owning shares in Famoc S.A. and Famoc Software sp. z.o.o.

5) Headquarters (HQ)

- Techstep ASA

FY 2021	Norway	Sweden	Denmark	Poland	HQ	Elim-inations	Total
Operating revenues from external customers	**813 205**	**435 838**	**41 441**	**14 607**	**-**	**-**	**1 305 090**
Operating revenues from other segments	72 317	41 404	7	2 718	37 148	(153 593)	-
Operating revenues	**885 522**	**477 241**	**41 448**	**17 325**	**37 148**	**(153 593)**	**1 305 090**
Cost of goods sold	(573 144)	(280 461)	(34 671)	(6 770)	-	49 741	(845 305)
Salaries and personnel costs	(130 854)	(115 246)	(2 981)	(8 540)	(24 549)	550	(281 620)
Other operational costs	(54 309)	(44 341)	(1 121)	3 108	(87 220)	75 334	(108 549)
Depreciation	(69 208)	(38 139)	(473)	(403)	(6)	-	(108 229)
Amortisation	(20 118)	(27 709)	-	(6 896)	-	-	(54 723)
Impairment	(3 815)	-	-	-	-	3 815	-
Other income	-	-	-	22	-	-	22
Other expenses	(6 728)	-	-	(0)	(9 716)	(764)	(17 209)
Operating profit (loss)	**27 346**	**(28 655)**	**2 202**	**(2 155)**	**(84 344)**	**(24 917)**	**(110 522)**
Financial income	(34 758)	(104)	3	4	75 879	(28 793)	12 232
Financial expenses	(4 592)	(3 112)	(106)	(4)	(15 536)	2 890	(20 460)
Profit (loss) before tax	**(12 004)**	**(31 871)**	**2 099**	**(2 155)**	**(24 001)**	**(50 819)**	**(118 750)**

FY 2020	Norway	Sweden	Denmark	Poland	HQ	Elim-inations	Total
Operating revenues from external customers	**761 724**	**358 549**	**21 098**	**-**	**-**	**1 495**	**1 142 866**
Operating revenues from other segments	31 662	26 854	-	-	31 922	(90 438)	-
Operating revenues	**793 386**	**385 403**	**21 098**	**-**	**31 922**	**(88 943)**	**1 142 866**
Cost of goods sold	(511 645)	(262 928)	(21 209)	-	-	31 203	(764 579)
Salaries and personnel costs	(127 781)	(64 650)	(338)	-	(15 457)	(16)	(208 243)
Other operational costs	(45 573)	(24 305)	(178)	-	(35 036)	30 688	(74 405)
Depreciation	(70 205)	(17 029)	(69)	-	(30)	0	(87 332)
Amortisation	(15 952)	(11 931)	-	-	-	(9)	(27 892)
Impairment	-	-	-	-	-	-	-
Other income	-	-	-	-	4 859	-	4 859
Other expenses	7 809	4 835	-	-	(8 687)	-	3 956
Operating profit (loss)	**3 186**	**9 395**	**(696)**	**-**	**(22 429)**	**(225)**	**(10 770)**
Financial income	674	2 418	189	-	20 086	(17 606)	5 760
Financial expenses	(4 563)	(4 635)	(480)	-	(5 697)	3 552	(11 822)
Profit (loss) before tax	**432**	**7 177**	**(987)**	**-**	**(8 040)**	**(15 415)**	**(16 833)**

Note that Techstep has changed its operating segment since reporting in Q4 2021 and annual report 2020. The segments are changed to align with how management follows up the group. The 2020 figures are restated to be comparable.

Operating revenues and non-current assets by geographical area

In the presentation of geographical information, the operating revenues are attributed according to the location of Group companies. There are no significant differences between the attribution of operating revenues based on the locations of the Group companies, and an attribution based on the customers' location. Non-current assets are attributed based on the geographical location of the assets.

Non-current assets	**2021**	**2020**
Norway	511 701	492 283
Sweden	348 700	414 564
Denmark	1 388	246
Poland	96 979	-
Total	**958 768**	**907 093**

Note 3. Revenues from contracts with customers

In the following tables, Total revenue is disaggregated by major revenue streams divided into the reportable segments as shown in Note 2.

Hardware revenue comprises hardware and related bonuses. Bonus are additional revenues related to hardware sales.

Solutions revenue comprises own software, third party licenses, consulting services and related commissions. Commissions are related to services rendered to third party connection providers.

2021	Norway	Sweden	Denmark	Poland	Group
Total revenues	**789 491**	**456 826**	**41 448**	**17 325**	**1 305 090**
Hardware					
Hardware revenues	524 717	221 641	24 790	365	771 513
Leasing	82 948	46 557	4 732	0	134 237
Bonus	37 044	12 119	0	0	49 163
Total	**644 709**	**280 317**	**29 522**	**365**	**954 912**
Solutions					
Advisory & Services	86 400	155 216	11 255	1 458	254 329
Own Software	39 090	18 505	689	15 503	73 787
Commission	17 791	2 372	0	0	20 164
Total	**143 281**	**176 094**	**11 944**	**16 960**	**348 279**
Other revenues					
Other	1 501	415	-18	0	1 898
Total	**1 501**	**415**	**-18**	**0**	**1 898**

2020	Norway	Sweden	Denmark	Poland	Group
Total revenues	**750 877**	**370 891**	**21 098**	**0**	**1 142 866**
Hardware					
Hardware revenues	473 257	234 795	15 898	0	723 950
Leasing	78 678	24 182	2 446	0	105 305
Bonus	31 040	3 138	0	0	34 179
Total	**582 975**	**262 115**	**18 344**	**0**	**863 434**
Solutions					
Advisory & Services	105 176	93 196	2 686	0	201 059
Own Software	38 460	4 764	39	0	43 264
Commission	20 895	10 291	0	0	31 186
Total	**164 532**	**108 251**	**2 726**	**0**	**275 508**
Other revenues					
Other	3 371	524	28	0	3 923
Total	**3 371**	**524**	**28**	**0**	**3 923**

Contract assets and contract liabilities

Most of the Group's solution revenues are annual. The majority of the contracts follows the calendar year. The contract assets and liabilities related to Solutions as per the balance sheet date are therefore immaterial. This also applies to the unfulfilled performance obligations.

Sale of hardware and licences does not lead to material contract assets or liabilities.

Contract assets and liabilities originate from sale of support. Customers are invoiced in advance for monthly or quarterly support subscriptions. The Group also has customers who are invoiced after the services are rendered, monthly or annually. Contracts assets and liabilities vary to an extent throughout the reporting period.

Other arrangements with customers do exist but are deemed immaterial.

Deferred revenue

The Group's revenue from sale of hardware is divided into two streams: The customer purchases the hardware and the performance obligation is settled when the hardware is delivered, or the customer enters into a leasing agreement, where the hardware will be returned at the end of the lease.

The contracts where the Group acts as a lessor last from 18 - 36 months. Revenue is recognised linearly over the contract period as the performance obligation is settled.

At the commencement of the lease agreements the group receives full settlement from the financing partners as described under section 1.6 *Revenue recognition* in the accounting policies. The payment received is split between deferred revenue specified below, and residual obligation (amount to be repaid). The residual obligation in specified in note 16 (non-current) and note 17 (current)

Changes in deferred revenue during the year

	2021	2020
Opening balance deferred revenue as at 1 January	78 783	63 836
Additions from business combinations	0	13 005
Net movement	57 190	743
Translation differences	-653	1 199
Closing balance deferred revenue as at 31 December	**135 320**	**78 783**

2021

Of the total deferred revenue as at 31 December 2021, NOK 44.5 million will be recognised in 2023 or later.

The material amount in deferred revenue is related to contracts with customers where the customer has a return option and management's assessment is that this option will be utilised. Such contracts are accounted for as operational leases, where the Group is the lessor.

Payment terms and customer base

Customers have payment terms varying from 15-90 days.

Of the Group's total customer base as at 31 December 2021, the five largest customers represent approximately 12 % (17 %) of total revenue in 2021, and the ten largest customers represent approximately 23 % (24 %) of total revenue.

Unsatisfied performance obligations

The Group has unsatisfied performance obligations resulting from fixed price long-term contracts such as smart device and Smart works. The unsatisfied performance obligations are satisfied through passage of time. As at the balance sheet date the Group’s unsatisfied performance obligations were NOK 135.3 million og which NOK 131.9 million will be accounted for as revenue in 2022. The remaining balance will be accounted for as revenue in 2023 or later.

The amounts disclosed does not include variable considerations.

The Group’s Annual Recurring Revenue metric, refer to Alternative performance measures, is a part of the unsatisfied performance obligations disclosed above until earliest possible cancellation date for the customer. The disclosed ARR figure and the unsatisfied performance obligations are therefore not directly comparable.

Management assessments

Recognition of revenue from combined customer contracts

Consolidated operating revenues include both sales of hardware and IT-related services, often derived from recognition of multiple elements in the same customer contract. Revenue is recognised when control over the goods and services have been transferred to the customer.

Determining the transaction price for combined contracts

The Group determines the transaction price in respect of each performance obligations within its contracts with customers when the stand-alone selling price for each performance obligation is not readily available by assessing the stand-alone selling prices based on the Group’s customer contracts for comparable products and services. This relates to contracts with customers where third-party licenses are bundled with support and maintenance services. The income related to the third-party license is determined based on the abovementioned stand-alone selling prices. The residual income is allocated to support and maintenance. The revenue recognition is either at a point in time or over time depending on the services rendered.

Variable considerations such as commissions, vendor discounts, rebates and other contractual bonus elements may arise based on contracts with vendors and partners. Variable considerations requiring management assessment are related to achieving certain thresholds in the agreement. In determining the impact of variable considerations, the Group uses the most likely amount prescribed in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Note 4. Payroll

	2021	2020
Salaries and holiday pay	213 438	160 975
Social security tax	45 946	30 718
Pension costs including social security tax	16 512	12 204
Other personnel costs	5 724	4 346
Total personnel costs	281 620	**208 243**
Number of employees at year end	341	289

All companies in the Group have defined contribution pension plans covering all employees.

Regarding remuneration to executive management, please refer to Note 28 Remuneration to management.

Note 5. Other operational costs

	2021	2020
Office rental and operations	6 143	5 312
Human resources	8 305	4 574
Sales and marketing	15 809	7 681
IT expenses	46 491	27 082
Fees for external services	18 587	16 729
Factoring expenses	502	1 611
Communication	1 882	1 732
Travel expenses	1 916	3 772
Other costs	8 914	5 913
Total operating costs	**108 549**	**74 405**

The general increase in costs are driven by the transition in the business model from transactional to recurring. Also contributing is the full year effect of the Optidev acquisition and the Famoc acquisition.

Note 6. Other income and other expenses

	2021	2020
Derecognition of contingent consideration	0	4 859
Gain on sale of business unit (IT)	0	8 000
Gain on sale of office building	0	4 835
Other non-recurring income	22	150
Total	**22**	**17 844**

2020

In relation to the acquisition of Wizor AS (now a part of Techstep Norway AS), a contingent consideration was recognised. The payment of the contingent consideration was dependent on the company reaching an accumulated Gross profit target ending in December 2020. the target was not reached. The contingent consideration is reversed in full in 2020.

Techstep entered into an agreement to transfer its IT Operations and Support business unit to Crayon AS for a total consideration of NOK 8 million. The transaction was structured as an asset purchase and took place 1 April 2020.

Techstep Sweden sold its office building in Karlstad in 2020. The premises were sold for NOK 12.9 million. The book value of the premises was NOK 8.1 million at the transaction date.

Other expenses	2021	2020
Acquisition related costs	(10 120)	(9 028)
Other non-recurring expenses	(7 088)	-
Total	**(17 209)**	**(9 028)**

2021

Acquisition related costs are related to the acquisition of Famoc and other non-recurring expenses are related to severance packages to former CEO and Managing director in Techstep Norway AS.

2020

Acquisition related costs are related to the acquisition of Optidev.

Note 7. Financial income and expenses

	2021	2020
Interest income	1 368	-488
Dividends from equity investments	0	7
Other financial income	10 864	6 240
Total financial income	**12 232**	**5 760**
Interest expenses interest bearing debt	-8 021	-5 350
Interest expenses leasing	-1 247	-1 392
Other financial expenses	-11 192	-5 079
Total financial expenses	**-20 460**	**-11 822**

Other financial income and expenses mainly comprises agio and disagio, respectively.

Note 8. Tax

Income tax expense	**2021**	**2020**
Current tax	-2 770	-11 017
Change in deferred tax	18 860	4 292
Tax expense	**16 091**	**-6 725**
Reconciliation of relationship between accounting profit and tax expense		
Profit before tax	-118 750	-16 832
Tax at the Norwegian tax rate of 22%	26 125	3 716
Tax effect permanent differences	-6 620	-7 593
Difference in tax rates	-467	-254
Other	-2 947	-2 594
Income tax expense	**16 091**	**-6 725**
Effective tax rate	14%	40%
Amounts recognised directly in equity		
Deferred tax: Share issue cost	-1 109	-37
Total	**-1 109**	**-37**
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised, see note 18	-441 901	-442 017
Potential tax asset at 22% tax rate	**-97 218**	**-97 244**
Deferred tax		
The balance comprises temporary differences attributable to: Property, plant and equipment	111 638	134 765
Inventories	4 784	-102
Trade receivables and other receivables	-320	-120
Leasing	-2 309	-69
Other current liabilities	-330	24 644
Tax loss carried forward	-49 500	-33 416
Carry forward interest	-1 991	-3 779
for which no deferred tax asset has been recognised	0	5 053
Total basis for deferred tax	**61 973**	**126 976**
Tax rate deferred tax	**22%**	**22%**
Net deferred tax with applicable year's tax rate	13 634	29 101
Change in deferred tax due to change in tax rate	27	13
Difference in tax rates	-765	-1 596
Adjustment, prior years	-401	0
Net deferred tax (+)/ deferred tax asset (-)	**12 496**	**27 518**
Net deferred tax related to Norway	-6 147	657
Net deferred tax related to Sweden	18 643	26 860
Total deferred tax (+)/ deferred tax asset (-)	**12 496**	**27 517**

Tax on each component of other comprehensive income is as follows

Exchange gains on the translation of foreign operations	**2021**	**2020**
Before tax	5 927	3 320
Tax	-1 304	-730
After tax	**4 623**	**2 590**

Note 9. Leases

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings	Equipment	Vehicles	Licences	Total
As at 1 January 2021	29 471	1 812	2 796	6 153	40 233
Additions	4 963	0	2 444	0	7 407
Additions from business combinations	845	0	0	0	845
Depreciation	-9 391	-483	-2 111	-1 458	-13 443
Variable lease payment adjustment	528	0	0	0	528
Translation differences	-3 696	-294	-423	-890	-5 303
As at 31 December 2021	**22 720**	**1 035**	**2 707**	**3 805**	**30 267**

	Buildings	Equipment	Vehicles	Licences	Total
As at 1 January 2020	26 111	2 296	2 037	5 403	35 847
Additions	3 925	0	1 714	4 819	10 458
Additions from business combinations	7 731	0	1 029	0	8 760
Depreciation	-9 227	-483	-2 257	-4 069	-16 036
Variable lease payment adjustment	855	0	0	0	855
Translation differences	76	0	274	0	350
As at 31 December 2020	**29 471**	**1 813**	**2 796**	**6 153**	**40 233**

Lease liabilities

	Buildings	Equipment	Vehicles	Licences	Total
As at 1 January 2021	31 769	1 853	2 822	4 005	40 450
Additions	4 963	0	2 444	0	7 407
Additions from business combinations	845	0	0	0	845
Interest expense	1 046	58	164	34	1 302
Lease payments	-11 779	-527	-2 395	-1 538	-16 240
Variable lease payment adjustment	528	0	0	0	528
Translation differences	-602	-232	-349	-274	-1 456
As at 31 December 2021	**26 770**	**1 152**	**2 687**	**2 227**	**32 835**

	Buildings	Equipment	Vehicles	Licences	Total
As at 1 January 2020	33 936	2 306	2 582	4 555	43 379
Additions	3 925	0	1 714	4 819	10 458
Additions from business combinations	2 174	0	600	0	2 774
Interest expense	1 213	74	154	162	1 603
Lease payments	-10 414	-527	-2 373	-5 530	-18 844
Variable lease payment adjustment	855	0	0	0	855
Translation differences	80	0	145	0	225
As at 31 December 2020	**31 769**	**1 853**	**2 822**	**4 005**	**40 449**

Lease liabilities	2021	2020
Non-current	22 204	26 278
Current	10 631	14 172
Total	**32 835**	**40 450**

Maturity analysis nominal payments of lease liabilities 2021

	Up to 3 months	Between 3 and 12 months	between 1 and 2 years	between 2 and 5 years	over 5 years
Lease liabilities	3 852	9 800	11 841	10 467	0

Maturity analysis nominal payments of lease liabilities 2020

	Up to 3 months	Between 3 and 12 months	between 1 and 2 years	between 2 and 5 years	over 5 years
Lease liabilities	3 972	11 501	12 742	14 809	0

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020
Depreciation charge		
Buildings	9 391	9 227
Equipment	483	483
Vehicles	2 111	2 257
Licences	1 458	4 069
Total	13 443	16 036
Interest charge	**1 247**	**1 603**
Other charges*	**5 282**	**6 155**

*Other charges comprise office expenses such as electricity, cleaning, security, shared costs and miscellaneous.

Description of the Group's leasing activities

The Group leases offices, equipment, vehicles and licenses. Rental contracts are typically made for fixed periods of 12 months to 5 years but may have extension options.

Incremental borrowing rate:

To determine the incremental borrowing rate, the Group: where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

Extension and termination options

Currently the Group has not included any extension or termination options in the liabilities. The options are most widely used in rental of office buildings. All the Group's contracts have from 1-4 years left of the rental period. The Group assesses that premises with less than 2 years will be vacated at end of lease. For premises with longer contracts it is assessed that whether the extension or termination options will be utilised is uncertain.

The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year such an event has not occurred.

Other information:

The Group companies have not received any rent concessions during the pandemic. The amendment made to IFRS 16 regarding rent concessions is not applicable for the Group.

Note 10. Tangible assets

	Right of use assets	Equip-ment*	Other fixed assets	Total
Accumulated cost as at 1 January 2021	69 045	279 256	35 052	383 353
Additions	10 579	140 212	1 179	151 970
Additions arising from business combinations	845	0	869	1 714
Disposals	-12 152	-122 605	-4 973	-139 730
Translation differences	-4 430	-4 629	-1 037	-10 096
Accumulated cost as at 31 December 2021	**63 881**	**292 234**	**31 097**	**387 211**
Accumulated cost as at 1 January 2020	47 552	105 865	19 966	173 383
Additions	9 287	105 340	3 836	118 462
Additions arising from business combinations	11 877	78 768	10 725	101 369
Disposals	0	-12 395	99	-12 296
Translation differences	330	1 679	425	2 434
Accumulated cost as at 31 December 2020	**69 045**	**279 256**	**35 052**	**383 353**
Accumulated cost as at 1 January 2021	-28 813	-153 906	-27 018	-209 737
Additions arising from business combinations	0	0	-766	-766
Current year depreciation	-13 443	-92 167	-2 619	-108 229
Disposals	5 386	95 875	4 982	106 242
Translation differences	3 244	731	341	4 315
Accumulated depreciation as at 31 December 2021	**-33 625**	**-149 468**	**-25 081**	**-208 175**
Accumulated depreciation as at 1 January	-10 962	-33 871	-16 703	-61 536
Additions arising from business combinations	-3 639	-47 936	-6 969	-58 544
Depreciation	-14 361	-71 560	-1 411	-87 332
Disposals	1	0	-1 971	-1 970
Translation differences	149	-538	35	-353
Accumulated depreciation as at 31 December 2020	**-28 813**	**-153 906**	**-27 018**	**-209 737**
Book value of assets 31 December 2021	30 255	142 766	6 015	179 037
Book value of assets 31 December 2020	40 233	125 350	8 033	173 616

Estimated economic life	2-10 years	2 years	3-5 years
Depreciation method	linear	linear	linear

*Equipment comprise mobile phones, tablets and other equipment where the Group is the lessor.

Note 11. Intangible assets

	Goodwill	Customer relationships	Other intangible assets	Total
Accumulated cost as at 1 January 2021	715 212	376 652	83 394	1 175 257
Additions	-	-	48 883	48 883
Additions arising from business combinations	64 052	18 735	22 087	104 874
Translation differences	(18 821)	(8 902)	(4 504)	(32 227)
Reclassified as held for sale	(24 054)	(1 364)	-	(25 418)
Accumulated cost as at 31 December 2021	736 389	385 121	148 288	1 269 797
Accumulated cost as at 1 January 2020	562 108	288 034	42 084	892 226
Additions	-	-	21 426	21 426
Additions arising from business combinations	143 960	84 693	19 688	248 340
Translation differences	9 144	3 925	196	13 265
Reclassified as held for sale	-	-	-	-
Accumulated cost as at 31 December 2020	715 211	376 652	83 394	1 175 257
Accumulated amortisation and impairment as at 1 January 2021	(143 840)	(276 577)	(21 577)	(411 900)
Additions arising from business combinations	-	-	(1 666)	(1 666)
Current year amortisation	(0)	(31 260)	(23 463)	(54 723)
Current year impairment	-	-	-	-
Translation differences	0	2 666	986	(2 026)
Reclassified as held for sale	-	696		696
Accumulated amortisation and impairment as at 31 December 2021	(143 840)	(305 171)	(45 024)	(441 993)
Accumulated amortisation and impairment as at 1 January 2020	(143 840)	(258 050)	(10 010)	(411 900)
Additions arising from business combinations	-	-	(175)	(175)
Amortisation	-	(16 541)	(11 351)	(27 892)
Impairment	-	-	-	-
Translation differences	(0)	(1 986)	(40)	(2 026)
Reclassified as held for sale	-	-	-	-
Accumulated amortisation and impairment as at 31 December 2020	(143 840)	(276 577)	(21 576)	(441 993)
Book value as at 31 December 2021	592 549	79 950	103 264	775 763
Book value as at 31 December 2020	571 371	100 075	61 818	733 263
Estimated economic lifetime in years	Indefinite	5 years	3-5 years	
Depreciation method	none	linear	linear	

For a description of movement in the categories Goodwill and Customer relationships, refer to Note 19 Impairment of intangible assets and Note 22 Changes in Group structure and Business combinations.

Note 12. Inventories

Book value of inventories	**2021**	**2020**
Inventories	20 068	28 841
Less write-down of inventories	-678	-683
Total inventories	**19 391**	**28 158**

Note 13. Trade receivables and other receivables

Trade receivables and other receivables shown at maturity per 31 December 2021:

		Days outstanding				
	Book Value	**not over-due**	**0-30 days over-due**	**30-60 days over-due**	**60-90 days over-due**	**> 90 days over-due**
Trade receivables	232 106	138 315	79 860	9 757	2 897	1 278
Other current receivables	31 435	31 435	-	-	-	-
Less provision for bad debt	(1 877)	(401)	(399)	(288)	(232)	(557)
Total trade receivables and other short-term receivables	261 664	-	-	-	-	-
Expected loss rate	-	0%	1%	3%	8%	75%

The company has reassessed its loss allowance for 2021 and aligned the expected loss rate with historical and expected credit losses.

Trade receivables and other receivables shown at maturity per 31 December 2020:

		Days outstanding				
	Book Value	**not over-due**	**0-30 days over-due**	**30-60 days over-due**	**60-90 days over-due**	**> 90 days over-due**
Trade receivables	206 500	182 755	20 090	470	76	2 150
Other current receivables	33 594	33 594	-	-	-	-
Less provision for bad debt	(3 416)	(914)	(1 004)	(47)	(15)	(1 622)
Total trade receivables and other short-term receivables	236 678	215 435	19 086	423	61	528
Expected loss rate	-	0%	5%	10%	20%	75%

Changes in the provision for bad debt during the year	**2021**	**2020**
Opening balance provision for bad debt as at 1 January	(3 416)	(1 046)
Net change in the provision during the year	1 539	(2 370)
Closing balance provision for bad debt as at 31 December	**(1 877)**	**(3 416)**

Other short-term receivables	**2021**	**2020**
Accrued revenues	9 230	16 063
Prepaid expenses	10 104	13 399
Other current receivables	12 101	4 133
Total	**31 435**	**33 594**

	2021	**2020**
Actual losses on receivables	**1 809**	**2 613**

Note 14. Cash and cash equivalents

The Group's cash and cash equivalents consists of	**2021**	**2020**
Cash and bank deposits	50 350	27 203
Total	**50 350**	**27 203**
Of which is restricted	6 196	6 356

The Group's cash and cash equivalents consist in their entirety of short-term bank deposits.

The carrying amounts of the Group's cash and cash equivalents by currency	**2021**	**2020**
NOK	27 734	6 849
SEK	12 350	16 373
Other	10 267	3 982
total	**50 350**	**27 203**

The Group has a credit facility of NOK 90 million related to the cash pool.

Note 15. Borrowings

The group's interest-bearing liabilities consist of:

	2021		2020	
	Current	Non-current	Current	Non-current
Seller credits related to business combinations	27 574	31 986	24 141	50 785
Bank loan	25 055	65 416	18 261	57 753
Bank overdraft	21 919	0	43 100	0
Total interest-bearing debt	**74 548**	**97 402**	**85 502**	**108 538**

*refer to note 14. Net bank overdraft facility comprises of Bank overdrafts in cash pool and bank deposits in cash pool.

The table below sets out expected nominal payments on borrowings:

		Due within			
	Total	1 year	1-5 years	over 5 years	Annual interst rate
Bank overdraft facilities*	21 919	21 919	0	0	1-month NIBOR + 2.25%
Bank acquisition loan	85 825	22 256	63 568	0	3-month NIBOR + 2.50%
Bank loan, other	7 773	4 479	3 294	0	1,52 % - 2,76%
Seller credits related with business combinations	62 413	31 606	30 807	0	3,00 % - 4,00%
Trade payables	193 833	193 833	0	0	
Tax payable	-1 169	-1 169	0	0	
Public duties	39 568	39 568	0	0	
Other current liabilities	73 587	73 587	0	0	
Total	**588 954**	**474 769**	**97 670**	0	

*Refer to Note 14. for reconciliation of net cash position

The group discontinued its factoring facility in 2020. The factoring facility was replaced by an increased overdraft facility.

The group has two overdraft facilities.

The Norwegian overdraft facility has a credit limit of NOK 80 million. In addition to interest, a quarterly commission is charged in the amount of NOK 0.1 million (NOK 0.1 million).

The Swedish overdraft facilities have a total credit limit of SEK 14 million. The annual interest rate is 4.5 %. The facilities were not utilised as per year end 2021.

Pledges in relation to the loans to financial institutions

The Group's bank loans, overdraft facilities and factoring facility are secured borrowings.

Book value of assets pledged as collateral are as follows*:	2021	2020
Trade receivables	232 106	187 983
Inventories	19 391	43 258
Property, plant and equipment	6 009	8 033
Total book value of assets pledged as collateral:	**257 505**	**239 275**

The table excludes assets pledged as collateral for the overdraft facility in Sweden as this facility is not utilised.

Covenants

The group's bank loans are subject to the following material covenants:

Equity share shall equal minimum 30 %.

NIBD/EBITDA ratio shall be maximum 2.5.

Note 16. Other non-current liabilites

Other non-current debt consists of the following:	**note**	**2021**	**2020**
Lease liabilities	9	22 204	26 278
Residual obligations		20 207	25 330
Deferred revenue		894	2 880
Total other non-current liabilities		**43 305**	**54 488**

Residual obligations are related to contracts with customers where the contract contains a buyback obligation. The buyback price is fixed at contract inception.

Note 17. Current liabilities

Other current liabilities	**note**	**2021**	**2020**
Accrued personnel expenses (bonus, holiday pay etc.)		37 439	34 101
Accrued cost		16 975	10 113
Provision for onerous lease contracts		-	1 511
Deferred revenue	3	135 320	78 783
Prepaid revenue		15 343	21 672
Lease liabilities	9	10 631	14 172
Residual obligations		9 797	-
Other current liabilities	22	69 600	5 691
Total other current liabilities		**295 106**	**166 044**

Note 18. Critical estimates

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions are changed. Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Management believes the underlying assumptions are appropriate.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Detailed information and judgement about each of these estimates in general and related to Covid-19 specifically is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Impairment of intangible assets

Goodwill and customer relationship are recognised based on the acquisition method used to account for business combinations. Customer relationships acquired in previous periods were recognised at fair value at the acquisition date, have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The recognised values of goodwill and customer relationships are material to the 2021 financial statements as a whole, and it is important that the user of the Group's financial statements understands the existence of an inherent uncertainty pertaining to the recognised values.

Impairment test related to goodwill and customer relationships is further described in Note 19.

Goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2021 and 2020 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 19. These growth rates are consistent with forecasts included in economic outlook reports specific to the area in which each CGU operates.

Customer relationships

The Group estimates the useful life of the customer relationship to be at least 5 years based on the expected future revenue generated from the customer base. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations, technical obsolescence of existing products and competitor actions.

Recognition of income tax

The Group is subject to income taxes in mainly three jurisdictions, and significant estimates are required in determining the provision for income taxes and related tax balances. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

The deferred tax assets recognised as at 31 December 2021 have been based on future profitability assumptions, and the deferred tax assets are recognised to the extent that it is convincing evidence that the tax assets will be realised.

The Group has at the balance sheet date tax losses carried forward which are not included in the basis for the recognised deferred tax asset, as significant uncertainty pertaining to the possible utilisation of these losses has been identified.

Note 19. Impairment of intangible assets

For impairment testing goodwill and customer relationships acquired through business combinations are allocated to the CGUs as shown in the table below.

	Goodwill		Customer relationships		Technology	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Norway	243 467	243 467	284	2 088	16 607	-
Sweden	195 445	234 335	63 171	93 728	14 679	16 853
Mytos	93 570	93 570	343	4 268	-	-
Poland	60 067	-	16 152	-	18 439	-
Total	592 549	571 372	79 950	100 084	49 725	16 853

Uncertainties

Covid-19

At time of release of the 2021 report it seems as if the global pandemic is coming to an end in the geographies the group has operations. The pandemic has had a dual impact on Techstep's business and outlook.

The attention and demand for Group's value proposition has been growing. The markets Techstep operate in have moved in terms of maturity for the Group's offerings. On the same time the Group companies experience longer lead times and implementation processes for some of their customers. Longer lead times has been a growing issue for the group hindering growth.

Liquidity has been impacted by the pandemic, even though the positive effect of the need for the Group's offering balances out some of the negative impacts in the market.

Overall Techstep has had a negative impact by the pandemic. It is managements assumption that the markets boost in maturity caused by the pandemic will give a positive impact for managed mobility in the years to come. Therefore, the impact on future cash flows caused by the pandemic is assessed to be limited.

Cash generating units

Norway: Comprise the companies Techstep Norway AS and Techstep Finance AS. All initial input into Techstep Finance AS is created by Techstep Norway AS, and Techstep Finance AS is therefore not considered to be a Cash generating unit by itself. The same assessment applies to Techstep Sweden AB and Techstep Finance AB.

Sweden: Comprise the companies Techstep Sweden, Techstep Finance and Optidev. The companies are followed up as Sweden, and are in the process of being integrated with each other.

Mytos: The company's offering "fakturakontroll" is a standalone cash generating unit. Mytos is included in the segment "Norway".

Poland: Comprise the companies Famoc S.A. and Famoc ltd.

Monitoring

Goodwill, Customer relationships and Technology are monitored by management at the level defined in the table above. These CGU represent the lowest level within the Group at which the goodwill and other intangible assets are monitored for internal management purposes.

Goodwill is initially recognised at the date of an acquisition of a business combination and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value as at the acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Other intangible assets are recognised at the fair value as at the acquisition date.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Impairment reviews are undertaken by calculating the recoverable amount of the CGU containing goodwill and other intangible assets. The carrying amount of the CGU is then compared to the recoverable amount of the CGU, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

The estimate of the recoverable amount of the CGU is largely based on management's assumption pertaining to the Group's future cash flow projections.

For the 2021 and 2020 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of several key assumptions. The calculations use cash flow projections based on financial budgets and prognoses in the strategic plan approved by the Board of Directors covering a four-year period. Cash flows beyond the four-year period are calculated using the estimated growth rates stated below.

Please refer to the table "Key assumptions for estimating future performance" for further details.

Key assumptions for estimating future performance

	Norway	Sweden	Mytos	Poland

Material actors that affect the cash flow from operations	The cash generating unit provides the customer with the entire managed mobility offering, comprising of Hardware, either transactional or as-a-service, third party software within the mobility space, consultancy, maintenance and support, and all of the groups own software. All of which are offered stand-alone or through bundles. The CGU retain cash flows from the tradition hardware business, all expecting to decrease over the next years. The Cash flows are based upon expected future performance using the 2022 budget as a baseline. Free cash flows are expected to increase in the years to come as the organisation settles and becomes more effective.	The cash generating unit provides the market with a comprehensive service stack comparable to the Norwegian counterpart. The company is moving towards offering a full suite of managed mobility, including the Origo platform adapted to the Swedish market. The Cash flows are based upon expected future performance using the 2022 budget as a baseline. Free cash flows are expected to increase in the years to come as the organisation settles and becomes more effective.	The CGU main product "fakturakontroll" renders a stable recurring cash flow from operations. The cash flow is recycled into the business to build the organisation for supporting the managed mobility offering for all group companies, specifically Origo, a key component of the Group's Smart-offerings. The free cash flow is expected to be stable in the following years.	The cash generating unit is based in Poland and delivers software solutions for mobility management to SMEs and enterprises throughout Europe. The software has a good fit with the groups other offerings and integration of the product into the Nordic offerings is undertaken. The CGU has stable free cash flows. .
	The CGU operate in a stable economy with a high penetration of use of advanced mobile devices. The market related to other service offerings from the CGU is expected to grow in the future. Third party independent agencies have reported an expected compound	The CGU operate in a stable economy with a high penetration of use of advanced mobile devices. The market related to other service offerings from the CGU is expected to grow in the future. Third party independent agencies have reported an	The CGU operate in a stable economy with a high penetration of use of advanced mobile devices where the service offerings for both private and business purposes increase at a high rate. As users utilise their devices both for private and business purposes,	The CGU operates from Poland, however, have customers in many geographies where both economic and market conditions differ. A strength is that the CGU is diversified, however the risk profile of the individual customer varies.

	average growth rate in the markets the CGU operates far above the growth estimates used in the impairment assessment.	expected compound average growth rate in the markets the CGU operates far above the growth estimates used in the impairment assessment.	the offering's from Mytos are highly relevant.	
	Capital expenditure is assumed to be equal to depreciation in the terminal year.	Capital expenditure is assumed to be equal to depreciation in the terminal year.	Capital expenditure is assumed to be equal to depreciation in the terminal year.	Capital expenditure is assumed to be equal to depreciation in the terminal year.
Main budget and long term assumptions	The budget and long term plan is based on the continued transition from old to new revenue streams. The budget for 2022 is at the same level as results delivered in 2021, however there is an underlying shift from old to new revenue streams. There is a risk that there is a lag in the transition and that the result delivered will be lower. The budget is a building block in the long-term strategy plan, which has ambition of an increase in free cash flow. Refer to sensitivity analysis below regarding reductions in free cash flows and impact on impairment.	The budget and long term plan in Sweden underlying is based the same value chains as in Norway, where investments related to processes and systems are taken in 2021. The systems, products and processes will be rolled out in Sweden and the group will scale better on new systems. The planned changes in the CGU will have a positive impact on long term financial performance.	The budget in Mytos is based upon a steady revenue stream from the "fakturakontroll" product and thight cost control. The CGU is assumed to deliver a steady cash flow in the foreseeable future.	The budget and long term plan in the CGU is related to the integration in the group, standardizing the product offering into the smart packaging, and growing sales through direct and partner-sales channels.

The calculations of the CGU carrying amount use cash flow projections are based on financial budgets and forecasts approved by management covering a four-year period. From year five and beyond, a terminal value is calculated.

Discount rates

"The pre-tax discount rate applied for the impairment testing is set at 11.9%. This rate of return is calculated based on the weighted average of required rates of return on the Group's equity and debt (WACC) using the capital asset pricing model (CAPM).

The required rate of return on debt is estimated based on a long-term risk-free interest rate, to which a premium is added to reflect the creditors' risk when lending funds to the Group. The discount rate includes a small business premium (operational risk) and the expected future levels of inflation. For impairment reviews performed at year end 2021 and 2020, these assumptions have been applied consistently across the Group."

	2021	**2020**
Equity ratio	42%	47%
Growth in terminal value	0.5 %	0.5 %
WACC	11.9 %	11.9 %

Sensitivity

A sensitivity analysis would result in the following impairment indications. The sensitivities are applied in all years throughout the forecasting period.

	Impact on impairment			
	Norway	**Sweden**	**Mytos**	**Poland**
10% decline in free cash flow	No impairment	No impairment	No impairment	No impairment
1 % increase in WACC	No impairment	No impairment	No impairment	No impairment

Note 20. Financial risk management

The Group's financial risk is related to credit risk, liquidity risk, currency risk and interest rate risk. The Group's risk management aims to support value creation and ensure a solid financial platform, through transparent and strategic management of both financial and operational risk factors. Operational risk relates mainly to major projects, which are continuously reviewed by corporate management.

The ongoing global pandemic has had a negative, but limited effect on the Group's financial risk.

The Group's capital consists of net interest-bearing debt (NIBD) and equity:	**2021**	**2020**
Non-current interest-bearing borrowings	97 402	108 539
Current interest-bearing borrowings	74 548	85 502
Cash and cash equivalents*	50 350	27 203
NIBD	**121 600**	**166 838**
Group equity	555 586	563 451
Net gearing (NIBD/equity)	22%	30%
Undrawn credit facilities	72 081	25 054

A) Capital management

The Group's capital structure's primary focus is to ensure sufficient free liquidity in the form of cash and cash equivalents along with bank overdraft facilities to ensure that the Group can continually service its obligations and at the same time being able to make strategic acquisitions.

B) Credit risk

Credit risk is the risk that customers are unable to settle their obligations as they mature. Credit risk is considered part of the business risk and is included in ongoing operations. The Group has established procedures for credit rating major private customers, and the risk that customers do not have the financial means to meet their obligations is considered low. Historically, only minor losses have been realised as a result of customers experiencing financial difficulties.

The customer base comprises many medium-sized customers, along with a few larger customers. The customer portfolio is considered to be well diversified across industries, as well as private and public customers. The risk level is considered satisfactory. The bulk of the Group's customers are Norwegian and Swedish, which constitutes a geographic concentration of risk.

The ongoing pandemic has not materially impacted the credit risk of the Group. The exposure to high-risk customers is limited. Relevant customers with a higher risk rating due to the pandemic are followed closely to manage the risk.

No single customer represents 10% or more of trade receivables as at 31 December 2021 or as at 31 December 2020. No single customer represents 10% or more of the Group's revenues in 2021 or 2020.

The maximum credit exposure consists of the carrying value of receivables and cash and cash equivalents. All receivables are due within one year. Normally, payment is 14 days after invoicing.

Provisions for losses on trade receivables are based on portfolio assessment of Trade receivables as disclosed in note 13.

Historically, actual losses on trade receivables have been immaterial, as was also the case in 2021. It is management’s assessment that The Group's overall credit risk is satisfactory. Please also refer to Note 13, Trade receivables and other receivables.

C) Liquidity risk

Liquidity risk is the risk of not being able to pay the Group's financial obligations upon maturity. Liquidity risk arises from a mismatch between cash flows from operations and financial commitments. Liquidity budgets are prepared based on the Group's financial budgets. The budgets are prepared annually and are updated with new forecasts throughout the year. Transforming from a transactional model to a recurring revenue model, which by definition postpones incoming cash flows, puts a higher strain on the liquidity position of the group. The Group's liquidity is closely monitored by management and the board of directors. If the need arise, the Group have access to multiple funding sources to balance the transformation.

The ongoing pandemic has not materially impacted the Group’s ability to pay its financial obligations, nor limited the access to capital.

For details regarding the Group's interest-bearing borrowings refer to Note 15 Borrowings.

D) Currency risk

The material part of the Group's operations are conducted in the Nordics. The Group is thus not materially affected by operational currency fluctuations other than fluctuations between NOK and SEK. The bulk of the Group's goods and services is billed in NOK or SEK as appropriate. To a minor extent, some solutions revenue and expenses are invoiced in PLN, EUR and USD. The Group does not hedge cash flows in foreign currencies. The Group has low cash holdings, trade receivables and trade payables in currencies other than NOK and SEK.

Therefore, consequences on the Group's profit and equity from changes in exchange rates between NOK and foreign currencies, and SEK and foreign currencies is limited and deemed acceptable. There is limited trade between Norway and Sweden and currency risk is considered to be low overall. Group values related to foreign operations are subject to currency fluctuations. As such, there will be variations in the financial statement line item exchange differences on translating foreign operations in the consolidated statement of comprehensive income.

E) Interest rate risk

Interest rate changes have only a marginal direct effect on consolidated operating income and cash flows from operating activities. The Group's interest rate risk is related to floating interest rates on bank accounts and deposits, in addition to floating rate debt in credit institutions. The Group has no fixed-rate deposits or debt, and is therefore not exposed to fair value interest rate risk. The Group assesses its capital structure on an ongoing basis.

F) Categories of financial instruments

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is included in note 1 accounting principles.

The fair value of all financial assets and financial liabilities are assessed to, for all material purposes, be equal to book value. To assess the fair value of shares and investments held by the Group management assesses the underlying values in the companies where the Group holds shares. The change in fair value is accounted for over profit and loss.

The Group has the following categories of financial instruments as at 31 December 2021:	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Level in fair value hierarchy
ASSETS				
Shares and investments	590	0	590	3
Other non-current assets	0	1 224	1 224	
Trade receivables	0	230 229	230 229	
Other receivables	0	21 331	21 331	
Cash and cash equivalents	0	50 350	50 350	
Total assets	**590**	**303 134**	**303 724**	

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total	Level in fair value hierarchy
LIABILITIES				
Non-current interest-bearing debt	0	97 402	97 402	
Non-current lease liabilities	0	22 204	22 204	
Non-current repurchase obligation	0	20 314	20 314	
Other non-current debt	0	787	787	
Current interest-bearing debt	0	74 548	74 548	
Trade payables	0	193 833	193 833	
Tax payable	0	653	653	
Public duties	0	39 577	39 577	
Current lease liabilities	0	10 631	10 631	
Other current liabilities	0	64 211	64 211	
Total liabilities	**0**	**524 160**	**524 160**	

The Group has the following categories of financial instruments as at 31 December 2020:	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Level in fair value hierarchy
ASSETS				
Shares and investments	44	0	44	3
Other non-current assets	0	169	169	
Trade receivables	0	203 083	203 083	
Other receivables	0	20 196	20 196	
Cash and cash equivalents	0	27 203	27 203	
Total assets	**44**	**250 651**	**250 695**	

	Financial liabilities at fair value	Financial liabilities at amortised cost	Total	Level in fair value hierarchy

	through profit or loss		
LIABILITIES			
Non-current interest-bearing debt	0	108 539	108 539
Non-current lease liabilities	0	26 278	26 278
Non-current repurchase obligation	0	25 330	25 330
Other non-current debt	0	2 880	2 880
Current interest-bearing debt	0	85 502	85 502
Trade payables	0	154 442	154 442
Tax payable	0	-750	-750
Public duties	0	39 756	39 756
Current lease liabilities	0	14 172	14 172
Other current liabilities	0	65 648	65 648
Total liabilities	**0**	**521 797**	**521 797**

Note 21. Legal disputes and contingencies

The Group has no ongoing legal disputes.

Note 22. Changes in Group structure and business combinations

2021

Divestment

Techstep divested its Voice & Contact Center business units ("VCC") in Norway and Sweden for a total combined consideration of NOK 65.7 million, settled in cash. The proceeds were received at the end of 2021, while the transaction closed 3 january 2022.

In the 2021 financial accounts, the proceeds of NOK 65.7 million are accounted for as other short term debt (NOK 65.7 million) on the line item Other current liabilities in the statement of financial position. The amount was used to reduce the group's bank overdraft. The bank overdraft is included in the line item Current interest-bearing liabilities. In relation to the transition the group has identified assets and liabilities of the net amount NOK 24.5 million which is classified as held for sale in the statement of financial position. Assets classified as held for sale is reclassified from Goodwill (NOK 24.1 million) and net other assets (NOK 0.4 million).

In 2022 the group will recognise a gain from the divestment amounting to NOK 40.2 million in the consolidated income statement. The remaining NOK 24.5 million will be recognised towards the assets held for sale.

Acquisition

Techstep acquired 100 % of the shares in Famoc S.A, Famoc Software Ltd. And Santa Rita Private Venture 1 July 2021. The transaction was settled partly in 3 679 211 consideration shares in Techstep ASA. At the time completion, this corresponded to NOK 15.8 million.

The tables below summarise the consideration transferred and the amounts recognised for assets acquired and liabilities assumed after the business combinations:

Consideration and amount recognised	Famoc	Total
Cash payments	82 444	82 444
Consideration shares	15 821	15 821
Seller credit	11 976	11 976
Total	**110 240**	**110 240**

Net assets	Famoc	Total
Intangible assets	3 271	3 271
Property plant and equipment	106	106
Right of use assets	845	845
Other non-current assets	628	628
Trade and other receivables	7 846	7 846
Cash and cash equivalents	8 473	8 473
Other non-current liabilities	-2 244	-2 244
Current liabilities	-1 779	-1 779
Net assets	17 146	17 146
Excess value	**93 094**	**93 094**

Purchase price allocation	Famoc	Total
Technology	17 150	17 150

Customer relations	18 735	18 735
Deferred tax	-6 844	-6 844
Goodwill	64 052	0
Total	**93 094**	**93 094**

The goodwill of NOK 64.1 million relates to the know how within the mobility space. The acquired company broadens the Group's product offering. There are synergies with existing Group companies by cross selling of products. None of the goodwill recognised is expected to be deductible for income tax purposes. The business combinations are carried out as part of the Group's growth strategy.

The companies acquired in business combinations completed through purchase of shares have since the acquisition date contributed NOK 14.6 million to operating revenues and NOK 1.2 million to consolidated net profit before tax. If the acquisition date of all business combinations completed through purchase of shares was as at 1 January 2021, the operating revenues of the Group would have increased by NOK 31.5 million and the effect on the consolidated net profit before tax would have been NOK 2.2 million.

2020

In 2020, Techstep invested NOK 73.2 million in cash (net of cash acquired NOK 61.4 million) related to the acquisition of subsidiaries and businesses (business combinations). Furthermore, the Group issued consideration shares amounting to NOK 107.6 million in 2020. In addition, seller credits amounting to NOK 74.0 million have been recognised. All investments have been accounted for as business combinations.

Techstep acquired 100 % of the shares in Optidev AB 1 October 2020. The transaction was settled partly by 19,744,177 consideration shares in Techstep ASA. At the time of completion, this corresponded to NOK 103.7 million.

On 18 December 2020 Techstep acquired 100 % of the shares in eConnectivity AB. The transaction was settled partly in 755,958 consideration shares in Techstep ASA. At the time of completion this corresponded to NOK 3.9 million."

Acquisition-related costs amounting to NOK 7.0 million are recognised in the consolidated income statement in the line item Other expenses.

The tables below summarise the consideration transferred and the amounts recognised for assets acquired and liabilities assumed on the date of respective business combinations:

Consideration and amount recognised	Optidev	eConnectivity	Total
Cash payments	69 706	3 893	73 599
Consideration shares	103 657	3 893	107 550
Seller credit	70 092	3 893	73 985

Total	**243 455**	**11 680**	**255 135**

Net assets	**Optidev**	**eConnectivity**	**Total**
Intangible assets	1 829	0	1 829
Property plant and equipment	43 052	325	43 377
Other non-current assets	38	0	38
Trade and other receivables	50 040	3 772	53 812
Cash and cash equivalents	11 110	299	11 409
Deferred tax liabilities	3 118	0	3 118
Other non-current liabilities	19 949	153	20 101
Current liabilities	69 487	3 664	73 151
Net assets	42 268	580	42 848
Excess value	**201 187**	**11 100**	**212 287**

Purchase price allocation	**Optidev**	**eConnectivity**	**Total**
Technology	17 683	0	17 683
Customer relations	56 379	5 464	61 843
Customer contracts	9 882	0	9 882
Deferred tax	-19 965	-1 126	21 091
Goodwill	137 208	6 761	143 969
Total	**201 187**	**11 100**	**212 287**

The goodwill of NOK 144.0 million relates to the know-how within the mobility space. The acquired companies broaden the Group's scope on Managed mobility in specific verticals. There are synergies with existing Group companies by cross selling of products. None of the goodwill recognised is expected to be deductible for income tax purposes. The business combinations are carried out as part of the Group's growth strategy.

The companies acquired in business combinations completed through purchase of shares have since the acquisition dates contributed NOK 70.8 million to operating revenues and NOK 4.9 million to consolidated net profit. If the acquisition date of all business combinations completed through purchase of shares was as at 1 January 2020, the operating revenues of the Group would have increased by NOK 184.0 million and the effect on the consolidated net profit would have been positive NOK 21.0 million.

Note 23. Related parties transactions

The following are considered related parties to the Group:

All the members of the Board of Directors and Group management, including close family members, as defined by the Norwegian Accounting Act and associated regulations.

The following companies are considered as related parties to the Group during 2020 and 2021:

Company	Relationship	Role
Crayon Holding ASA and subsidiaries	Jens Rugseth	Board member (Chairman of the board until may 2021)
Stobor Invest AB	Åke Fredrik Logenius	Chief operation officer

The Group has recognised a gain of NOK 8.0 million related to the sale of the IT division to Crayon in 2020. Refer to note 6 for details.

Consolidated income statement	Revenue from		Expenses to	
	2021	2020	2021	2020
Crayon	678	2 641	2 534	6 823
Stobor Invest AB*	-	-	2 431	608

	Receivables		Payables	
Balance as at 31 December	2021	2020	2021	2020
Crayon	199	-	247	208
Stobor Invest AB*	-	-	43 777	-

*Stobor Invest AB is 50% owned by COO Åke Fredrik Logenius. Payables to Stobor Invest AB is related to settlement for Techstep's acquisition of Optidev AB in 2020.

All transactions with related parties are carried out at the arm's length principle.

Note 24. Earnings per share

	2021	2020
Weighted average number of shares outstanding	188 677 089	182 646 564
Weighted average number of shares outstanding (Diluted)	191 369 892	185 986 434
Profit attributable to owners of the parent	(103 050)	(24 746)
Earnings per share	(0.55)	(0.15)
Earnings per share (Diluted)	(0.55)	(0.15)

The Group has issued stock options to some members of the executive management Group and other key employees, refer to note 28 Remuneration to the board and executive management for details.

For details regarding the issuance of shares in 2021 and 2020, refer to note 25 Shares, capital structure and shareholders.

Note 25. Shares, capital structure and shareholders

Share capital

The company's share capital as at 31 December 2021 was NOK 209,629,830 based on 209,629,830 ordinary shares with a par value of NOK 1.00.

Each share gives the right to one vote at the company's general meeting. At the date of this report, Techstep holds 1,914 treasury shares.

The development in share capital and other paid-in equity is set out in the consolidated statement of changes in equity.

Development in the number of issued and outstanding shares:

	Shares outstanding	Treasury shares*	Issued
Number of shares 1 January 2021	183 295 472	1 914	183 295 472
Employee share purchase program	432 925		432 925
Private placement	22 222 222		22 222 222
Consideration shares	3 679 211		3 679 211
Number of shares 31 December 2021	**209 629 830**	**1 914**	**209 629 830**
Number of shares 1 January 2020	162 795 337	1 914	162 795 337
Consideration shares	20 500 135		20 500 135
Number of shares 31 December 2020	**183 295 472**	**1 914**	**183 295 472**

*Treasury shares are included in the column Other equity in the statement of changes in equity.

2021

Techstep has issued considerations shares in relation to the following:

- 432 925 new shares related to employee share purchase programme
- 22 222 222 new shares in relation to private placement
- 3 679 211 new shares related to the Famoc acquisition

2020

Techstep issued considerations shares in relation to the following:

- 19 744 177 new shares related to the Optidev acquisition
- 755 958 new shares related to the eConnectivity acquisition.

As at 30 December 2021, Techstep's 20 largest shareholders were as follows:

Shareholder	Number of shares	Ownership
DATUM AS[1]	36 615 646	17.5%
KARBON INVEST AS[2]	21 804 349	10.4%
MIDDELBORT INVEST AS	20 414 507	9.7%
SWEDBANK AB	18 965 827	9.0%
DNB NOR BANK ASA	9 287 800	4.4%
VERDIPAPIRFONDET DNB SMB	7 549 773	3.6%
CIPRIANO AS	4 538 498	2.2%
ALUNDO INVEST AS	4 000 000	1.9%
SAXO BANK A/S	3 047 315	1.5%
TORSTEIN TVENGE	3 000 000	1.4%
TIGERSTADEN AS	3 000 000	1.4%
BRIDGE CAPITAL AS	2 513 317	1.2%
NORDHOLMEN AS	2 075 608	1.0%
ADRIAN AS	2 038 851	1.0%
GIMLE INVEST AS	2 020 077	1.0%
UNIFIED AS	1 969 264	0.9%
PIKA HOLDING AS	1 956 512	0.9%
NORDIALOG ENSJØ AS	1 946 253	0.9%
SABINUM AS	1 802 813	0.9%
ZONO HOLDING AS[3]	1 801 938	0.9%
Total number owned by top 20	**150 318 348**	**71.7 %**
Total number of shares	**209 629 830**	**100.0 %**

1) Datum AS is controlled by deputy board member Jan Haudemann-Andersen. Board member Harald Arnet is the CEO and board member in Datum AS.
2) Karbon Invest AS is owned by chairman of the board Jens Rugseth
3) Zono Holding AS is owned by Duo Jag AS 0.93%.

Idekapital AS, which is controlled by board member Anders Brandt, owns 1,802,801 shares in Techstep ASA.

Duo Jag AS, which is partly owned by board member Ingrid Leisner, owns 601.562 shares in Techstep ASA.

Share option grant

At the Annual General meeting 22 June 2020, 4,269.883 share options (2.5% of existing shares) were granted under the 2020 programme. The share options became exercisable (vested) on 22 June 2021 and must be exercised by 22 June 2024. The exercise price is NOK 3.00.

At the Annual General Meeting 22 April 2021, 4,593,307 share options (2.5% of existing shares) were granted under the 2021 programme. The share options vest 1/3 each year from 22 April 2022 and are fully vested on 22 April 2024. The options must be exercised by 22 April 2026. The exercise price is NOK 5.80.

The exercise price will be adjusted for any dividends paid or accrued before exercise. Each option holder's aggregated gross profit from exercising the options shall be limited to the amount equal to 3 years' gross base salary at the time of exercising the options. The exercise of share options can be settled in cash, and/or with new or existing treasury shares.

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

The Board intends to propose the adoption of a similar option program in 2022. In such case, the number of share options to be granted may be up to 2.5% of shares outstanding, with the options granted to the CEO in September 2021 being included.

As at 31 December 2021, the total number of outstanding share options was 8,746,070 (4.2%).

Overview of share options held by members of the management group as at 31 December 2021:

Name	Position	Shares	Share Options
Børge Astrup	CEO	178 396	4 500 000
Marius Drefvelin	CFO	63 364	813 976
Mads Vårdal	Chief Product Officer	5 019	1 156 726
Erik Haugen	Chief Transformation Officer	4 672	1 156 726
Fredrik Logenius	Chief Product Officer	9 469 399	229 660
Bartosz Leoszewski	Chief Technology Officer	312 628	
Gunnar Aasen	Chief Revenue Officer	-	
Ellen Skaarnæs	Chief People Officer	41 411	

Note 26. Group structure

As at 31 December 2021 the Group consisted of the following companies:

Company	Location	Segment	Ownership
Techstep ASA	Oslo	Headquarters	100%
Techstep Norway AS	Oslo	Norway	100%
Mytos AS	Oslo	Norway	100%
Techstep Finance AS	Oslo	Norway	80%
Techstep Holding AB	Karlstad	Sweden	100%
Techstep Sweden AB	Karlstad	Sweden	100%
Techstep Finance AB	Karlstad	Sweden	80%
Mytos AB	Stockholm	Sweden	100%
Optidev AB	Borås	Sweden	100%
Techstep APS	Denmark	Denmark	100%
Optidev APS	Vejle	Denmark	100%
Famoc S.A	Gdansk	Poland	100%
Famoc Software Ltd.	Cork	Poland	100%
Santa Rita Private Venture	Gdansk	Poland	100%

Note 27. Remuneration to auditor

Auditor remuneration

(amounts in NOK 1000)

2021

(Amounts in NOK 1000)	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
BDO	2 017	335	-	-	2 352
Other	554	-	-	-	554
Total	**2 571**	**335**	**-**	**-**	**2 906**

2020

(Amounts in NOK 1000)	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
BDO	1 667	109	-	-	1 776
Other	279	-	-	-	279
Total	**1 946**	**109**	**-**	**-**	**2 055**

Note 28. Remuneration to the board and executive management

Total remuneration to the Board of Directors

Name	Position	2021	2020
Jens Rugseth	Chairman	500	500
Harald Arnet	Member	83	-
Ingrid Leisner	Member, Chairman Of the audit committee	300	300
Anders Brandt	Member	250	250
Melissa Mullholland	Member, Member of the audit committee	207	-
Einar J Greve	Deputy Chairman	125	400
Toril Nag	Member, Member of the audit committee	78	285
Total Remuneration		**1 543**	**1 735**

Total remuneration to executive management

			Fixed remuneration			Variable remuneration				
Name of director	Position	year	Base Salary	Fees	Fringe benefits	One-year variable	Options program*	Pension expense	**Total remuneration**	Proportion of fixed and variable remuneration
Børge Astrup[1]	Chief Executive Officer	2021	1 250	-	6	417	787	47	2 507	0.5/0.5
Jens Haviken[2]	Chief Executive Officer	2021	2 697	1 221	11	-	382	114	4 425	0.9/0.1
Jens Haviken	Chief Executive Officer	2020	2 700	-	-	459	620	115	3 894	0.7/0.3
Marius Drefvelin	Chief Financial Officer	2021	2 344	-	57	315	305	111	3 133	0.8/0.2
Marius Drefvelin	Chief Financial Officer	2020	2 233	-		460	395	128	3 216	0.7/0.3
Mads Vårdal	Chief Product Officer	2021	1 683	-	14	269	685	110	2 762	0.6/0.4

Mads Vårdal	Chief Product Officer	2020	1 625	-		315	288	108	2 336	0.7/0.3
Erik Haugen[3]	Chief Transformation Officer	2021	1 389	-	14	265	685	112	2 466	0.6/0.4
Erik Haugen	Chief Commercial Officer	2020	1 291	-		300	268	112	1 971	0.7/0.3
Fredrik Logenius[4]	Chief Operating Officer	2021	965	-	80	191	183	24	1 443	0.7/0.3
Fredrik Logenius	Managing director Sweden	2020	226	-	80	-	-	-	306	1/0
Bartosz Leoszewski[5]	Chief Technology Officer	2021	480	-	-	127	-	-	607	0.8/0.2
Ellen Skarnæs[6]	Chief People Officer	2021	1 062	-	16	117	-	81	1 276	0.8/0.2
Gunnar Aasen[7]	Chief Revenue Officer	2021	494	-	4	78	-	39	615	0.8/0.2
Inge Paulsen[8]	Managing director Norway	2021	1 821	1 312	7	-	210	63	3 414	0.9/0.1
Inge Paulsen	Managing director Norway	2020	1 735	-	-	245	268	43	2 291	0.8/0.2
Bartek Regerqvist	Managing director Sweden	2020	1 052	-	-	-	38	299	1 389	0.8/0.2

[1] Mr. Astrup was appointed as CEO 1 July 2021.

[2] Mr. Haviken resigned as CEO 1 July 2021. He is entitled to a severance payment equivalent to 6 months' salary in addition to pay during the six-month notice period. The severance package is not reimbursed at full as at the balance sheet date.

[3] Mr. Haugen was appointed as Chief Transformation Officer in Q4 2021. Prior to the appointment he served as Chief Commercial Officer.

[4] Mr. Logenius was appointed as Chief Operations Officer in Q4 2021. Prior to the appointment he served as Managing Director for Optidev AB and Techstep Sweden AB.

[5] Mr. Leoszewski was appointed Chief Technology officer in Q4 2021. Prior to the appointment he served as Managing Director in Famoc (Poland). The remuneration presented in the table above represents Mr. Leoszewksi's remuneration in the Techstep ownership period.

[6] Ms. Skarnæs was appointed Chief People Officer in Q4 2021. Prior to the appointment she served as Head of Human Resources.

[7] Mr. Gunnar Aasen was employed as Chief Revenue Officer in Q4 2021.

[8] Mr. Paulsen resigned as Managing Director for Norway in September 2021. His severance package is presented under the column "Fees".

Criteria for bonus to management are based on group and individual performance.

*Accounted for as cost in the consolidated income statement, not gain on options for the beneficiary.

Shares and Share options 2021 program

<table>
<tr><td colspan="2" rowspan="2"></td><td>Name</td><td colspan="3">Børge Astrup</td></tr>
<tr><td>Position</td><td colspan="3">Chief Executive Officer</td></tr>
<tr><td colspan="2" rowspan="10">The main conditions of share option plans</td><td>Plan</td><td colspan="3">2021</td></tr>
<tr><td>Specification of plan</td><td>1</td><td>1</td><td>1</td></tr>
<tr><td>Performance period</td><td>01.09.2021 - 01.09.2024</td><td>01.09.2021 - 01.09.2025</td><td>01.09.2021 - 01.09.2026</td></tr>
<tr><td>Award date</td><td>01.09.2021</td><td>01.09.2021</td><td>01.09.2021</td></tr>
<tr><td>Vesting date</td><td>01.09.2024</td><td>01.09.2025</td><td>01.09.2026</td></tr>
<tr><td>End of holding period</td><td>01.09.2026</td><td>01.09.2027</td><td>01.09.2028</td></tr>
<tr><td>Exercise period</td><td>01.09.2024 - 01.09.2026</td><td>01.09.2025 - 01.09.2027</td><td>01.09.2026 - 01.09.2028</td></tr>
<tr><td>Strike price of the share</td><td>4.75</td><td>5.75</td><td>6.75</td></tr>
<tr><td>Fair value</td><td>1.79</td><td>1.86</td><td>2.53</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="6">Information regarding the reported financial year</td><td>Opening balance</td><td>Share options awarded at the beginning of the year</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">During the year</td><td>Share options awarded</td><td>1 500 000</td><td>1 500 000</td><td>1 500 000</td></tr>
<tr><td>Share options vested</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Closing balance</td><td>Share options subject to performance condition</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Share options awarded and unvested</td><td>1 500 000</td><td>1 500 000</td><td>1 500 000</td></tr>
<tr><td>Share options subject to a holding period</td><td>-</td><td>-</td><td>-</td></tr>
</table>

		Name	Jens Haviken			
		Position	**Chief Executive Officer**			
The main conditions of share option plans		Plan	2021			2020
		Specification of plan	2	2	2	2
		Performance period	22.04.2021 - 22.04.2022	22.04.2021 - 22.04.2023	22.04.2021 - 22.04.2024	02.06.2020 - 22.06.2021
		Award date	22.04.2021	22.04.2021	22.04.2021	02.06.2020
		Vesting date	22.04.2022	22.04.2023	22.04.2024	22.06.2021
		End of holding period	22.04.2024	22.04.2025	22.04.2026	22.06.2024
		Exercise period	22.04.2022 - 22.04.2024	22.04.2023 - 22.04.2025	22.04.2024 - 22.04.2026	22.06.2021 - 22.06.2024
		Strike price of the share	5.80	5.80	5.80	3.00
		Fair value	0.79	1.67	2.01	2.30
Information regarding the reported financial year	Opening balance	Share options awarded at the beginning of the year	-	-	-	1 017 471
	During the year	Share options awarded	344 490	344 491	344 491	-
		Share options vested	-	-	-	1 017 471
	Closing balance	Share options subject to performance condition	-	-	-	-
		Share options awarded and unvested	-	-	-	-
		Share options subject to a holding period	-	-	-	-

	Name	Marius Drefvelin			
	Position	**Chief Financial Officer**			
The main conditions of share option plans	Plan	2021			2020
	Specification of plan	2	2	2	2
	Performance period	22.04.2021 - 22.04.2022	22.04.2021 - 22.04.2023	22.04.2021 - 22.04.2024	02.06.2020 - 22.06.2021

		Award date	22.04.2021	22.04.2021	22.04.2021	02.06.2020
		Vesting date	22.04.2022	22.04.2023	22.04.2024	22.06.2021
		End of holding period	22.04.2024	22.04.2025	22.04.2026	22.06.2024
		Exercise period	22.04.2022 - 22.04.2024	22.04.2023 - 22.04.2025	22.04.2024 - 22.04.2026	22.06.2021 - 22.06.2024
		Strike price of the share	5.80	5.80	5.80	3.00
		Fair value	0.79	1.67	2.01	2.30
Information regarding the reported financial year	Opening balance	Share options awarded at the beginning of the year	-	-	-	813 976
	During the year	Share options awarded	283 247	283 248	283 248	-
		Share options vested	-	-	-	813 976
	Closing balance	Share options subject to performance condition	-	-	-	-
		Share options awarded and unvested	-	-	-	-
		Share options subject to a holding period	-	-	-	813 976

	Name	Mads Vårdal			
	Position	**Chief Product Officer**			
The main conditions of share option plans	Plan	2021			2020
	Specification of plan	2	2	2	2
	Performance period	22.04.2021 - 22.04.2022	22.04.2021 - 22.04.2023	22.04.2021 - 22.04.2024	02.06.2020 - 22.06.2021
	Award date	22.04.2021	22.04.2021	22.04.2021	02.06.2020
	Vesting date	22.04.2022	22.04.2023	22.04.2024	22.06.2021
	End of holding period	22.04.2024	22.04.2025	22.04.2026	22.06.2024
	Exercise period	22.04.2022 - 22.04.2024	22.04.2023 - 22.04.2025	22.04.2024 - 22.04.2026	22.06.2021 - 22.06.2024
	Strike price of the share	5.80	5.80	5.80	3.00
	Fair value	0.79	1.67	2.01	2.30

Information regarding the reported financial year	Opening balance	Share options awarded at the beginning of the year	-	-	-	559 609
	During the year	Share options awarded	199 039	199 039	199 039	-
		Share options vested	-	-	-	559 609
	Closing balance	Share options subject to performance condition	-	-	-	-
		Share options awarded and unvested	199 039	199 039	199 039	-
		Share options subject to a holding period	-	-	-	559 609

		Name	Erik Haugen			
		Position	**Chief Transformation Officer**			
The main conditions of share option plans		Plan	2021			2020
		Specification of plan	2	2	2	2
		Performance period	22.04.2021 - 22.04.2022	22.04.2021 - 22.04.2023	22.04.2021 - 22.04.2024	02.06.2020 - 22.06.2021
		Award date	22.04.2021	22.04.2021	22.04.2021	02.06.2020
		Vesting date	22.04.2022	22.04.2023	22.04.2024	22.06.2021
		End of holding period	22.04.2024	22.04.2025	22.04.2026	22.06.2024
		Exercise period	22.04.2022 - 22.04.2024	22.04.2023 - 22.04.2025	22.04.2024 - 22.04.2026	22.06.2021 - 22.06.2024
		Strike price of the share	5.80	5.80	5.80	3.00
		Fair value	0.79	1.67	2.01	2.30
Information regarding the reported financial year	Opening balance	Share options awarded at the beginning of the year	-	-	-	559 609
	During the year	Share options awarded	199 039	199 039	199 039	-
		Share options vested	-	-	-	559 609
	Closing balance	Share options subject to performance condition	-	-	-	-

		Share options awarded and unvested	199 039	199 039	199 039	-
		Share options subject to a holding period	-	-	-	559 609

		Name	Fredrik Logenius		
		Position	**Chief Operations Officer**		
The main conditions of share option plans		Plan	2021		
		Specification of plan	2	2	2
		Performance period	22.04.2021 - 22.04.2022	22.04.2021 - 22.04.2023	22.04.2021 - 22.04.2024
		Award date	22.04.2021	22.04.2021	22.04.2021
		Vesting date	22.04.2022	22.04.2023	22.04.2024
		End of holding period	22.04.2024	22.04.2025	22.04.2026
		Exercise period	22.04.2022 - 22.04.2024	22.04.2023 - 22.04.2025	22.04.2024 - 22.04.2026
		Strike price of the share	5.80	5.80	5.80
		Fair value	0.79	1.67	2.01
Information regarding the reported financial year	Opening balance	Share options awarded at the beginning of the year	-	-	-
	During the year	Share options awarded	76 553	76 553	76 554
		Share options vested	-	-	-
	Closing balance	Share options subject to performance condition	-	-	-
		Share options awarded and unvested	76 553	76 553	76 554
		Share options subject to a holding period	-	-	-

		Name	Inge Paulsen			
		Position	**Managing Director Norway**			
The main conditions of share option plans		Plan	2021			2020
		Specification of plan	2	2	2	2
		Performance period	22.04.2021 - 22.04.2022	22.04.2021 - 22.04.2023	22.04.2021 - 22.04.2024	02.06.2020 - 22.06.2021
		Award date	22.04.2021	22.04.2021	22.04.2021	02.06.2020
		Vesting date	22.04.2022	22.04.2023	22.04.2024	22.06.2021
		End of holding period	22.04.2024	22.04.2025	22.04.2026	22.06.2024
		Exercise period	22.04.2022 - 22.04.2024	22.04.2023 - 22.04.2025	22.04.2024 - 22.04.2026	22.06.2021 - 22.06.2024
		Strike price of the share	5.80	5.80	5.80	3.00
		Fair value	0.79	1.67	2.01	2.30
Information regarding the reported financial year	Opening balance	Share options awarded at the beginning of the year	-	-	-	559 609
	During the year	Share options awarded	199 039	199 039	199 039	-
		Share options vested	-	-	-	559 609
	Closing balance	Share options subject to performance condition	-	-	-	-
		Share options awarded and unvested	-	-	-	-
		Share options subject to a holding period	-	-	-	-

Specification of plan 1:

If at any time the average, weighted share price for the previous 7 calendar days of the exceeds NOK 30 per share, the Company may force-call all the Options. If the call option is used the plan holder shall be obliged to pay the Strike Prices, or may choose to forfeit the Options (fully or partially) without any compensation, rather than exercising them.

All options are granted for no consideration.

Specification of plan 2:

Each option holder's aggregated gross profit from exercising the options shall be limited to the amount equal to three years' gross base salary at the time of exercising the options. The company is entitled to settle the exercise of share options in cash, and/or with new or existing treasury shares.

All options are granted for no consideration.

There are 0.9 million share options granted to key personnel under plan 2 who are not a part of executive management. The Vesting dates and exercise prices are equal to the executive management's options.

Fair value of options granted

The fair value at grant date is independently determined per tranche using the Black Scholes Model.

"As option gains are taxed with personal income tax (higher) and gains on ordinary shares are taxed with capital gains tax (lower), the assessment is that the participants will exercise early. Hence, exercise is assessed to occur before full lifetime has lapsed. The options are "non-transferable" it is also likely that participants will tend to realise the gain on the options by exercising early as soon as exercise is possible.

Due to the arguments above, it is management's best estimate that using the term from the grant date until 1 years after vesting date as estimated lifetime on the options is a fair assumption".

The expected volatility of the company's share price is 64 %. To estimate the volatility of the Techstep share, the Company's historic volatility over the expected lifetime of the options has been used.

The risk-free interest rate used in the B&S model is the zero-coupon government bond issues of the country in whose currency the exercise price is expressed, with the term equal to the expected term of the option being valued. Since the exercise price is expressed in Norwegian Krone, the "Norges Bank Statskasseveksler" and

"Obligasjoner"-rate is used as input. The interest rates used for the options with term structures outside of the quoted terms of Norges Banks Interest rates are calculated with the use of a linear interpolation between the two closest quoted rates.

Comparative information on the change of remuneration and company performance

Annual Change	RFY-4 vs RFY-5	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1	Information regarding the RFY
Director's remuneration						
Børge Astrup, CEO	-	-	-	-	3 804	Appointed CEO 1 July 2021
Jens Haviken, CEO	-	4 378	(429)	(55)	-	Resigned as CEO 1 July 2021
Gaute Engbakk, CEO	858	(16)		-	-	
Marius Drefvelin, CFO	2 859	412	140	(195)	(83)	
Mads Vårdal, Chief Product Officer	1 921	(466)	(172)	(257)	426	
Erik Haugen, Chief Transformation Officer	2 724	(586)	(260)	93	495	
Fredrik Logenius, Chief Operations Officer	-	-	-	904	539	
Bartosz Leoszewski, Chief Technology Officer	-	-	-	-	1 214	
Ellen Skarnæs, Chief People Officer	-	-	-	-	1 276	
Gunnar Aasen, Chief Revenue Officer	-	-	-	-	2 107	
Inge Paulsen, MD Norway	1 843	415	71	(38)	1 123	Resigned in September 2021
Bartek Regerqvist, MD Norway	-	1 669	235	(392)		
Company performance						
Net profit	(2 977)	69 006	(85 658)	40 772	(75 963)	
Average remuneration on a full-time equivalent of employees						
Employees of the company*	1 049	475	(183)	(279)	304	
Employees of the group	(197)	190	13	(154)	96	

*The employees of the company represents the executive management team.

The change in RFY-4 vs RFY-5 is related to an increase in the headcount in the executive management team.

All remuneration is annualized if the executive was not emplyeed the whole year.

The position is the current or last position held by the executive.

The remuneration includes options accounted for as cost in the consolidated income statement, not gain on options for the beneficiary.

Note 29. Events after the reporting period

On 3 January 2022 Techstep closed the divestment of the Voice and Contact Center, refer to note 22 for details.

On 9 February 2022 Techstep ASA entered and completed an agreement to acquire the remaining 20% of the shares in Techstep Finance AS from Bridge Capital AS for a cash purchase price of NOK 9 million. Following the completion, Techstep owns 100% of the shares in Techstep Finance AS.

In February 2022, Russia invaded Ukraine. Techstep monitors the consequences of the Russian invasion and subsequent sanctions. Techstep has no activities in or exposure to Russia, Belarus, or Ukraine. Indirect consequences may occur in case suppliers are affected, in which the potential escalation of component shortages represent the largest uncertainty.

There are no other subsequent events to report after the reporting period.

Techstep ASA - Income statement

(Amounts in NOK 1000)	Notes	2021	2020
Other revenue		37 148	6 069
Total revenue		**37 148**	**6 069**
Salaries and personnel costs	2	-24 549	-15 457
Other operational costs	2, 3	-87 220	-9 183
Depreciation		-6	-30
Other income	8	-	4 859
Other expenses	8	-9 716	-8 687
Operating profit (loss)		**-84 344**	**-22 428**
Financial income	4	76 543	23 245
Financial expense	4	-15 536	-5 697
Profit before tax		**-23 337**	**-4 881**
Income tax	5	1 884	-1 016
Net income		**-21 453**	**-5 897**

Consolidated statement of comprehensive income

(Amounts in NOK 1000)	2021	2020
Net income	**-21 453**	**-10 825**
Other comprehensive income	**-**	**-**
Total comprehensive income for the period	**(21 453)**	**(10 825)**

Statement of financial position

(Amounts in NOK 1000)

ASSETS	Note	31.12.2021	31.12.2020
Non-current assets			
Deferred tax asset	5	3 299	305
Technology		7 803	-
Sum intangible assets		**10 914**	**305**
Property, plant and equipment		-	6
Sum tangible assets		**-**	**6**
Shares and investments	6	749 459	635 794
Other non-current assets	7	103 189	119 801
Sum financial assets		**852 648**	**755 595**
Total non-current assets		**863 562**	**755 907**
Receivables from Group companies	7	131 181	71 662
Trade receivables		-	1 943
Other receivables		2 928	210
Total inventories and receivables		**134 108**	**73 815**
Cash and cash equivalents	10	808	435
Total current assets		**134 916**	**74 250**
Total assets		**998 478**	**830 157**

EQUITY AND LIABILITIES	Note	31.12.2021	31.12.2020
Share capital		209 630	183 295
Other equity		443 861	373 963
Total equity		**653 491**	**557 258**
Other non-current debt		90 264	96 934
Total non-current liabilities		**90 264**	**96 934**
Current interest-bearing liabilities	9	68 491	106 985
Trade payables		44 656	2 517
Current liabilities to Group companies	7	133 107	62 666
Public duties		(1 496)	760
Other current liabilities		9 964	3 037
Total current liabilities		**254 722**	**175 965**
Total liabilities		**344 987**	**272 899**
Total equity and liabilities		**998 478**	**830 157**

Oslo, 22 March 2022, signatures from the Board of Directors and the CEO of Techstep ASA:

Jens Rugseth Chairman	**Harald Arnet** Board member
Ingrid Leisner Board member	**Anders Brandt** Board member
Melissa Ann Mulholland Board member	**Børge Astrup** CEO

Statement of changes in equity

(Amounts in NOK 1000)	Share capital	Other paid-in capital	Other equity	Reva. Reserve	Total equity
Equity as at 1 January 2020	**162 795**	**531 161**	**(240 091)**	**-**	**453 865**
Profit for the period			(5 897)		(5 897)
Total comprehensive income for the period	**-**	**-**	**(5 897)**	**-**	**(5 897)**
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs					
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	20 500	87 088	(133)		107 455
Share-based payments			1 834		1 834
Equity as at 31 December 2020	**183 295**	**618 249**	**(244 286)**	**-**	**557 258**
Equity as at 1 January 2021	**183 295**	**618 249**	**(244 286)**	**-**	**557 258**
Profit for the period			(21 453)		(21 453)
Total comprehensive income for the period	**-**	**-**	**(21 453)**	**-**	**(21 453)**
Transactions with owners in their capacity as owners:					
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	3 679	12 141	-		15 821
Proceeds from issuance of shares net of transaction costs	22 655	75 264	-		97 920
Share-based payments			3 946		3 946
Equity as at 31 December 2021	**209 630**	**705 655**	**(261 794)**	**-**	**653 491**

Statement of cash flow

(Amounts in NOK 1000)	Note	2021	2020
Profit before tax		(24 001)	(8 040)
Share-based payments		3 946	1 834
Remeasurement of contingent liability	8	-	4 859
Depreciation and amortisation		6	30
Changes in net operating working capital		43 952	(63 112)
Net cash flow from operational activities		**23 902**	**(64 430)**
Payment for acquisition of subsidiaries		(87 233)	(69 202)
Payment for intangible assets		(7 803)	-
Net cash used on investment activities		**(95 036)**	**(69 202)**
Repayment of borrowings		(64 410)	(3 826)
Proceeds from issuance of shares		101 853	-
Proceeds from borrowings		34 064	136 220
Net cash flow from financing activities		**71 507**	**132 394**
Net change in cash and cash equivalents		**373**	**(1 239)**
Cash and cash equivalents at 1 January		435	1 674
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents as of 31 December*	**11**	**808**	**435**
of which is restricted		784	425

* Cash flow has been restated for 2020. Bank overdraft and cash is no longer presented net in the consolidated statement of cash flow.

Techstep ASA – Notes to the annual accounts

Note 1. General information, basis for preparation

Techstep ASA is a public limited company incorporated and domiciled in Norway. The address of its registered office is Brynsalléen 4, 0667 Oslo, Norway. The shares of Techstep ASA are listed on the Oslo Stock Exchange under ticker TECH.

Techstep ASA is the parent company of the Techstep Group, with business in Norway, Sweden and Denmark. For more information see the consolidated financial statements.

The financial statements were approved by the Board of Directors on 22 March 2022 and will be proposed to the General Meeting 22 April 2022.

The financial statements for the company Techstep ASA have been prepared and presented in accordance with simplified IFRS pursuant to § 3-9 in the Norwegian Accounting Act.

For the accounting principles used to prepare and present the financial statements refer to note 1 General information and summary of significant accounting policies in the Group financial statement.

Accounting principles applicable to the company not presented in the Group financial statements:

Shares in subsidiaries and joint ventures

Subsidiaries are all entities controlled, either directly or indirectly, by Techstep ASA. Techstep ASA controls an entity when it is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through power over the entity. Power over an entity exists when Techstep has power to direct the activities in which significantly affect the entity's returns. Generally, there is a presumption that a majority of voting rights results in control. Techstep considers all relevant facts and circumstances in assessing whether control exist, including contractual arrangements and other potential voting rights to the extent that these are substantive.

Shares are classified as investment in subsidiaries from the date Techstep ASA effectively obtains control of the subsidiary (acquisition date).

A joint venture is an entity over which Techstep ASA directly, or indirectly through subsidiaries, has joint control. Joint control is normally presumed to exist when Techstep controls 50% of the voting power of the investee.

Shares are measured at cost, and impairment loss is recognised if the carrying amount exceeds the recoverable amount. The impairment is reversed if the basis for the write-down is no longer present.

Group contributions received are included in financial income provided that they do not represent a repayment of capital invested. Group contributions that represent a repayment of capital are accounted for as a reduction in the cost of investments. Net Group contributions payable (gross Group contributions less tax effect) are accounted for as cost of investments in subsidiaries.

Dividends from subsidiaries and associates are included in financial income.

Note 2. Salaries and personnel cost

	2021	2020
Salary and holiday pay	21 639	12 690
Social security tax	1 722	1 756
Pension costs including social security tax	538	450
Other personnel costs	99	561
Total salaries and personnel cost	**24 549**	**15 457**
Number of employees at year end	5	4

The Company's pension plans meet the requirements of the Act on Mandatory occupational pensions (OTP).

Please refer to note 28 Remuneration to management in the consolidated Group financial statements for details regarding executive management remuneration and note 25 Share, capital structure and shareholders in the consolidated Group financial statements for information about share option grant.

Auditor remuneration

			2021		
	Audit Services	**Other attestation services**	**Tax Advisory Services**	**Other non-audit services**	**Total**
BDO	884	84	0	0	968
Totalt	**884**	**84**	**0**	**0**	**968**

			2020		
	Audit Services	**Other attestation services**	**Tax Advisory Services**	**Other non-audit services**	**Total**
BDO	892	0	0	0	892
Totalt	**892**	**0**	**0**	**0**	**892**

Note 3. Other operational costs

	2021	2020
Office rental and operations	137	9
Human resources	2 578	0
Sales and marketing	1 585	17
Computers and software	1 859	269
Fees for external services	13 848	6 814
Communication	48	31
Travel expense	136	40
Other costs	1 225	2 004
Management fee*	65 804	0
Total operating costs	**87 220**	**9 183**

*The group has reorganised its management fee structure in 2021. In 2020 management fee to group companies originated in Techstep Nordic AS (Merged into Techstep Norway in 2021) and Techstep ASA. The management fee from Techstep Nordic AS was channeled through Techstep ASA and accounted for net of revenues. The amount channeled through Techstep ASA was NOK 26.9 million in 2020.

After the reorganisation all management fee is invoiced to ASA and presented gross as revenue and other operational costs.

Note 4. Finance income and expenses

	2021	2020
Gain on sale of equity instruments	25 065	0
Interest income	3 800	2 371
Group contributions received	36 606	15 136
Other financial income	10 407	2 578
Total financial income	**75 879**	**20 086**
Interest expenses	8 235	2 785
Other financial expenses	7 301	2 912
Total financial expenses	**15 536**	**5 697**

Gain on sale of equity instruments in 2021 refers to an group internal sale of the shares in Techstep Holding AB to Optidev AB.

Note 5. Income tax

	2021	2020
Change in deferred tax	-1 884	1 016
Tax expense	**-1 884**	**1 016**
Reconciliation of relationship between accounting profit and tax expense		
Profit before tax	-24 001	-4 881
Tax at the Norwegian tax rate of 22 % (2020 - 22%)	-5 280	-1 074
Tax effect permanent differences	3 396	2 242
Other	-	-152
Income tax expense	**-1 884**	**1 016**
Amounts recognised directly in equity		
Deferred tax arising in the reporting period directly debited to equity:		
Deferred tax: Share issue cost	-1 109	-37
Total	**-1 109**	**-37**
Tax losses	22%	22%
Unused tax losses for which no deferred tax asset has been recognised	-441 901	-441 901
Potential tax asset at 22 % tax rate	**-97 218**	**-97 218**
Deferred tax		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	-636	-796
Accounting accruals	-196	-592
Tax loss carried forward	-14 163	-
Total basis for deferred tax	**-14 995**	**-1 387**
Tax rate deferred tax	**22%**	**22%**
Net deferred tax with applicable year's tax rate	-3 299	-305
Net deferred tax (+)/ deferred tax asset (-)	**-3 299**	**-305**

Note 6. Shares in subsidiaries and Joint ventures

Shares in subsidiaries 2021	Location	Ownership/ voting rights	Book value	Equity 31.12.2021	Net income 2021
Techstep Norway AS	Oslo	100%	244 078	-49 631	-2 343
Mytos AS	Oslo	100%	121 530	9 983	-5 069
Techstep Finance AS**	Oslo	80%	30 916	10 608	4 380
Techstep APS	Denmark	100%	65	-458	-259
Optidev AB	Borås	100%	243 455	26 529	6 904
Famoc S.A*	Gdansk	75%	109 415	-13 148	-1 546
Famoc Software Ltd.*	Cork	75%	0	924	-139
Santa Rita Private Venture*	Gdansk	100%	0	1 939	57
Total			**749 459**	**-13 255**	**1 984**

*Reported net income relates to the ownership period from 1. July 2021 - 31. December 2021.

*Santa Rita Private Venture owns the remaining 25% of Famoc S.A and Famoc Software Ltd.

**The remaining 20% of Techstep Finance AS was purchased in 2022. Refer to note 29 in the Group financial statement for details.

Shares in subsidiaries 2020	Location	Ownership/ voting rights	Book value	Equity 31.12.2020	Net income 2020
Techstep Nordic AS	Oslo	100%	35 000	30 604	-13 775
Techstep Holding AB	Karlstad	100%	49	29 937	-1 375
Techstep Norway AS	Oslo	100%	204 780	79 557	19 687
Mytos AS	Oslo	100%	121 530	15 122	-300
Techstep Finance AS	Oslo	80%	30 916	4 856	6 072
Techstep APS	Denmark	100%	65	193	-120
Optidev AB*	Borås	100%	243 455	17 286	4 547
Total			**635 794**	**177 555**	**14 736**

*Reported net income relates to ownership period from 1. October 2020 – 31. December 2020

Note 7. Receivables and liabilities to Group companies

	2021	2020
Non-current receivables	103 189	119 801
Total non-current receivables	**103 189**	**119 801**

	2021	2020
Group contribution received	36 606	15 136
Other current receivables	94 574	56 526
Trade receivables	0	1 943
Total current receivables	**131 181**	**73 605**

	2021	2020
Other current liabilities	133 107	62 666
Total current liabilities	**133 107**	**62 666**

Non-Current receivables are related to investments in the Swedish operations. The receivable is interest bearing and considered a part of the Group's net investment in Sweden.

Note 8. Other income and other expenses

	2021	2020
Derecognition of contingent consideration	0	4 859
Total	**0**	**4 859**

In relation to the acquisition of Wizor AS (now a part of Techstep Norway AS), a contingent consideration was recognised. The payment of the contingent consideration was dependent on the company reaching an accumulated Gross profit target ending in December 2020. the target was not reached. The contingent consideration is reversed in full in 2020

	2021	2020
Acquisition related costs	-9 716	-8 687
Total	**-9 716**	**-8 687**

Acquisition related expenses in 2020 are related to the acquisition of Optidev and eConnectivity. In 2021 the expenses are related to the acquisition of Famoc.

Note 9. Borrowings

The company has acquired Famoc S.A, Famoc Software Ltd and Santa Rita Private Venture in 2021. The transaction was partly financed by borrowings. Refer to Note 15 in the Group financial statements regarding borrowings and note 22 in the Group financial statements regarding the acquisition of Famoc S.A, Famoc Software Ltd and Santa Rita Private Venture.

The company has acquired Optidev AB in 2020. The transaction was partly financed by borrowings. Refer to Note 15 in the Group financial statements regarding borrowings and note 22 in the Group financial statements regarding the acquisition of Optidev AB.

The company entered as the head of a cash pool for the Group companies in 2020. The cash pool includes a credit facility presented net with cash deposits as current interest-bearing liabilities. Refer to note 15 in the Group financial statement for details.

Note 10. Cash and cash equivalents

The Company's cash and cash equivalents consists of:

	2021	2020
Cash and bank deposits	808	435
Total	**808**	**435**
Of which is restricted	784	435

Note 11. Events after the reporting period

Please refer to note 29 Events after the reporting period in the consolidated Group financial statements.

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.

Gross margin

Gross margin is defined as Total revenue less Cost of goods sold divided by Total revenue.

EBITDA

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

Adjusted EBITDA

Adjusted Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) is based on EBITDA but adjusted for transactions of a non-recurring nature. Such non-recurring transactions include, but are not limited to restructuring costs, gains or losses related to sale of subsidiaries, acquisition-related costs and other nonrecurring income and expenses.

EBITA

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

EBIT

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

Total net operating expenses

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

Hardware revenue

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

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

Solutions revenue

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

Net interest-bearing debt (NIBD)

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

Equity ratio

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

Capital Expenditure (Capex)

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

Annual on own software

ARR is calculated as the revenue the following 12 months from own software as at the balance sheet date. The ARR is calculated by multiplying the number of users of own software with the price per product and in turn annualized.

Recurring revenue

The recurring revenue portfolio includes Own Software, Advisory & Services and Hardware-as-a-Service on contracts of 24 months or more excluding mobile expenses management (MEM) white label (with three months' notice before year-end). Calculated as the recognized recurring revenue each quarter, annualized.

LTM

Last Twelve Months. Sum of each month for the historical period of the previous 12 months. Used for gross profit and EBITDA adjusted.

APM's in the income statement	**2021**	**2020**
Total revenue	1 305 090	1 142 866
Cost of goods sold	-845 305	-764 579
Gross profit	**459 785**	**378 287**
Gross margin	**35%**	**33%**
Salaries and personnel costs	-281 620	-208 243
Other operational costs	-108 549	-74 405
Other income	22	17 843
Other expenses	-17 209	-9 028
EBITDA	**52 430**	**104 455**
Depreciation	-108 229	-87 332
Impairment	0	0
EBITA	**-55 799**	**17 122**
Amortisation	-54 723	-27 892
EBIT	**-110 522**	**-10 771**

Adjusted EBITDA	**2021**	**2020**
EBITDA	52 430	104 455
Other income	22	17 843
Other expense	-17 209	-9 028
Adjusted EBITDA	**69 616**	**95 640**

Total net operating expenses		
Cost of goods sold	-845 305	-764 579
Salaries and personnel costs	-281 620	-208 243
Other operational costs	-108 549	-74 405
Depreciation	-108 229	-87 332
Amortisation	-54 723	-27 892
Impairment	0	0
Other expenses	-17 209	-9 028
Total net operating expenses	**-1 415 634**	**-1 171 479**

Revenue splits		
Revenue	1 305 090	1 142 866
Hardware revenue	956 811	867 244
Solutions revenue	348 279	275 622
Hardware share of revenue	**73%**	**76%**
Solutions share of revenue	**27%**	**24%**

NIBD	**2021**	**2020**
Cash and cash equivalents	50 350	27 203
Non-current interest-bearing borrowings	97 402	108 539
Current interest-bearing borrowings	74 548	85 502
NIBD	**-121 600**	**-166 838**
Equity ratio		
Total equity	555 586	563 451
Total equity and liabilities	1 314 655	1 199 131
Equity ratio	**42%**	**47%**
Debt to equity ratio		
Total liabilities	759 069	635 680
Total equity	555 586	563 451
Debt to equity ratio	**1.37**	**1.13**
ARR		
Number of own software users (1000)	66	61
Average price own software	1 050	543
MMS-Related ARR	**69 613**	**32 951**
Number of own software users (1000)	183	188
Average price MEM white label	152	161
White-label ARR	**27 860**	**30 378**
Total ARR from own IPP	**97 473**	**63 329**

BDO AS
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

Independent Auditor's Report

To the General Meeting in Techstep ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Techstep ASA.

The financial statements comprise:	In our opinion:
• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2021, income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and • The financial statements of the group, which comprise the balance sheet as at 31 December 2021, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	• The financial statements comply with applicable statutory requirements, • The accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act. • The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU. Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Techstep ASA for 13 years from the election by the general meeting of the shareholders on 14 May 2009 for the accounting year 2009.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How the key audit matter was addressed in the audit
Intangible assets Under IFRS, the Group is required to perform an annual impairment test of goodwill and intangible assets with an indefinite useful life. Impairment testing of intangible assets is a key aspect of our audit due to the complexity of the assessments and the significance of assumptions related to future market and/or economic conditions that underlie the assessment.	Our audit procedures have included a detailed review of management's impairment test for each business unit to which intangible assets are allocated. We have also assessed management's assumptions underlying the valuation and taken into account management's historical accuracy in determining the estimates. Internal specialists have assisted us in this process. We have also considered the assumptions described in note 19 and assessed the adequacy of the information provided in the notes against the requirements of IAS 36
Investments in subsidiaries The company has significant investments in subsidiaries that are measured at cost. Investments in subsidiaries are tested for impairment if indications of impairment are present. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. The significant amounts involved, and the complexity of the valuation of the assets, lead us to classify the valuation of investments in subsidiaries as a key audit matter.	Our audit procedures included a detailed review, testing, and assessment of managements impairment tests, including the calculation of recoverable amounts. We have also assessed managements assumptions underlying the valuation and taken into consideration the historical accuracy in determining the estimates. Internal specialists have assisted us in this process. We have also considered the assumptions described in note 19.

Acquisition of Famoc S.A.	Our audit procedures included an evaluation of the key assumptions applied in the valuation model, such as revenue growth, EBITDA margin, churn rate and remaining useful life. We involved our internal valuation specialists to assist us with our assessment of the discount rates, expected inflation rates, and the appropriateness of the methodology and valuation model used. In addition, we performed the following audit procedures:
On 1 July 2021, the Group acquired a 100 % interest in Famoc S.A., Famoc Software Limited and Santa Rita Private Venture for a purchase price of NOK 110,2 million on an enterprise value basis. Acquisitions of subsidiaries are accounted for using the The acquisition method. Hence, identifiable assets acquired, and liabilities assumed are initially measured at fair value at the transaction date. Any consideration in excess of the net identifiable assets, is recorded as goodwill. In relation to the acquisitions, the Group has prepared provisional purchase price allocations. The purchase price allocation requires the application of significant judgment by management, in particular with respect to identification and valuation of intangible assets such as customer relations and technology. Due to the materiality, complexity and estimation uncertainty, we considered accounting for business combinations to constitute a key audit matter in the audit of the group. The Group's accounting policy regarding acquisitions is disclosed in note 22 to the consolidated financial statements.	• we compared the Sale and Purchase Agreement (SPA) and the Purchase Price Allocation (PPA) with respect to consideration amounts • we reviewed the opening balances and evaluated the related fair value adjustments. • we tested the mathematical accuracy of the calculations derived from the forecast mode Furthermore, we have evaluated the adequacy of the disclosures provided in the notes covering business combinations.

Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Director's report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Governance, Corporate Social Responsibility.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Board of Directors and the Managing Director (management) are responsible for the preparation of financial statements that give a true and fair view, for in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007_Techstep_ASA_2021_12_31_EN.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 29 March 2022
BDO AS

Yngve Gjethammer
State Authorised Public Accountant
(This document is signed electronically)

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"By my signature I confirm all dates and content in this document."

Yngve Gjethammer
Partner
On behalf of: BDO AS
Serial number: 9578-5998-4-785509
IP: 188.95.xxx.xxx
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List of Signatures

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Techstep Annual accounts 2021 execution version.pdf

Name	Method	Signed at
Mulholland, Melissa Ann	BANKID_MOBILE	2022-03-29 15:15 GMT+02
Leisner, Ingrid Elvira	BANKID_MOBILE	2022-03-29 12:32 GMT+02
Rugseth, Jens Ragnar	BANKID	2022-03-29 12:32 GMT+02
Arnet, Harald	BANKID_MOBILE	2022-03-29 12:30 GMT+02
Astrup, Børge	BANKID_MOBILE	2022-03-29 12:30 GMT+02
Brandt, Anders	BANKID_MOBILE	2022-03-29 15:22 GMT+02

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GRI Standard 2016			Reference
General disclosures			
GRI 102: General disclosures	102-1	Name of the organization	Techstep ASA
	102-2	Activities, brands, products, and services	p. 5-7, 149
	102-3	Location of headquarter	p. 7, 149
	102-4	Location of operations	p. 7, 149
	102-5	Ownership and legal form	p. 108-109, 149
	102-6	Markets served	p. 7, 70-71
	102-7	Scale of the organization	p. 7, 20
	102-8	Information on employees and other workers	p. 20-22
	102-9	Supply chain	p. 25
	102-10	Significant changes to the organization and its supply chain	No significant changes in 2021. Number of suppliers has been reduced by approx. 30% over the last two years.
	102-11	Precautionary Principle or approach	Techstep seeks to apply the precautionary principle in its day-to-day decision making
	102-12	External initiatives	Signatory UN Global Compact (22.02.2022) Signed the Norwegian Guide against Greenwashing
	102-13	Membership of associations	None
	102-14	Statement from senior decision-maker	p. 9-11
	102-15	Key impacts, risks, and opportunities	p. 44-46, 97-99, 16-17
	102-16	Values, principles, standards, and norms of behavior	p. 2-3
	102-17	Mechanisms for advice and concerns about ethics	p. 25, Code of conduct
	102-18	Governance structure	p. 14
	102-40	List of stakeholder groups	p. 15
	102-41	Collective bargaining agreements	All employees in Sweden are covered by collective bargaining agreements.
	102-42	Identifying and selecting stakeholders	p. 15
	102-43	Approach to stakeholder engagement	p. 15
	102-44	Key topics and concerns raised	p. 15
	102-45	Entities included in the consolidated financial statements	p. 70-71
	102-46	Defining report content and topic Boundaries	p. 12
	102-47	List of material topics	p. 15
	102-48	Restatements of information	None
	102-49	Changes in reporting	None - inagural report
	102-50	Reporting period	01.01.2021 - 31.12.2021
	102-51	Date of most recent report	2021-12-31

	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Cathrine Birkenes, Head of Sustainability and Compliance: cathrine.birkenes@techstep.no
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
	102-55	GRI content index	p. 146
	102-56	External assurance	None
Material topics			
Ethical business conduct			
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	p. 26, Code of conduct
	103-2	The management approach and its components	p. 26, Code of conduct
	103-3	Evaluation of the management approach	p. 26, Code of conduct
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	All business areas in the group
	205-2	Communication and training about anti-corruption policies and procedures	Mandatory signature on CoC for all employees
	205-3	Confirmed incidents of corruption and actions taken	No incidents reported during 2021.
Climate action			
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	p. 18-19
	103-2	The management approach and its components	p. 18-19
	103-3	Evaluation of the management approach	p. 18-19
GRI 305: Environment	305-1	Direct (Scope 1) GHG emissions	p. 18-19
	305-2	Energy indirect (Scope 2) GHG emissions	p. 18-19
	305-3	Other indirect (Scope 3) GHG emissions	p. 18-19
	305-4	Emission intensity (Scope 1 & 2 per NOK million revenue)	p. 18-19
	305-5	Reduction of GHG emissions	p. 18-19
Circularity			
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	p. 17-18
	103-2	The management approach and its components	p. 17-18
	103-3	Evaluation of the management approach	p. 17-18
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	p. 17-18
GRI 306: Topic-specific Management approach disclosures	306-2	Management of significant waste-related impacts	p. 17-18
Techstep-specific disclosure		Number of mobile devices received	p. 17-18
		Avoided emissions (scope 4)	p. 17-18

Responsible supply chain			
GRI 103: Management approach	103: 1-3	Explanation of the material topic and its Boundary	p. 25
	103-2	The management approach and its components	p. 25
	103-3	Evaluation of the management approach	p. 25
GRI 308: Supplier environmental assessment	308-2	Negative environmental impacts in the supply chain and actions taken	p. 25
GRI 214: Supplier social assessment	414-2	Negative social impacts in the supply chain and actions taken	p. 25
Information security & data privacy			
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	p. 24
	103-2	The management approach and its components	p. 24
	103-3	Evaluation of the management approach	p. 24
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer	p. 24
Gender equality			
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	p. 20-21
	103-2	The management approach and its components	p. 20-21
	103-3	Evaluation of the management approach	p. 20-21
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	p. 20-21

Mandatory concepts

Name of reporting entity or other means of identification	Techstep ASA
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	NA
Domicile of entity	Norway
Legal form of entity	ASA
Country of incorporation	Norway
Address of entity's registered office	Brynsalleen 4, 0667 Oslo
Principal place of business	Norway, Sweden, Poland
Description of nature of entity's operations and principal activities	Business within managed mobility services, hereunder sale of hardware, software and consultancy.
Name of parent entity	Techstep ASA
Name of ultimate parent of group	Techstep ASA

Techstep ASA
Brynsalléen 4
0667 Oslo
+47 915 233 37

www.techstep.io