techstep

Annual Report 2022

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 culture

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.

Did you know 80% of the world's workforce is deskless?

Techstep's mobile solutions make for better business, happier workers and a greener planet.

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

65 kg
CO2 emission per smartphone[2]

49%
of all e-mails are read on a smartphone[3]

40%
say that smartphones are the company's biggest security risk[4]

[1] Apperian, 2016; Perillion; http://www.perillion.com/blog/mobile-statistics-devices-at-work
[2] Apple: https://www.apple.com/environment/pdf/products/iphone/iPhone_14_Pro_PER_Sept2022.pdf
[3] emailmonday: https://www.emailmonday.com/mobile-email-usage-statistics
[4] Verizon: https://www.verizon.com/business/resources/reports/mobile-security-index/2021/cheat-sheet

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 and 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

Often, organisations recognise the importance of mobile technologies, but lack the strategic and operational expertise needed to succeed. With growing concern for work-life balance due to remote and hybrid work, combined with rapidly evolving technology, there is even more need to manage devices and technologies responsibly, in order to sustain growth.

At Techstep, we enable remote and frontline workers to perform smartly, securely and sustainably. We combine mobile devices, software and services to meet customers' business and ESG goals and our experts proactively ensure that their mobile ecosystem is optimised for success.

We dare to challenge and transform mobile working practices to help customers increase productivity, create a happier workforce and ultimately help them deliver an exceptional customer experience.

SmartDevice

SmartDevice is the complete and sustainable solution to help enterprises integrate and manage all mobile devices from procurement to end of life. Users are empowered to choose, repair and replace mobile devices whilst enterprises have visibility and cost control over their mobile fleet.

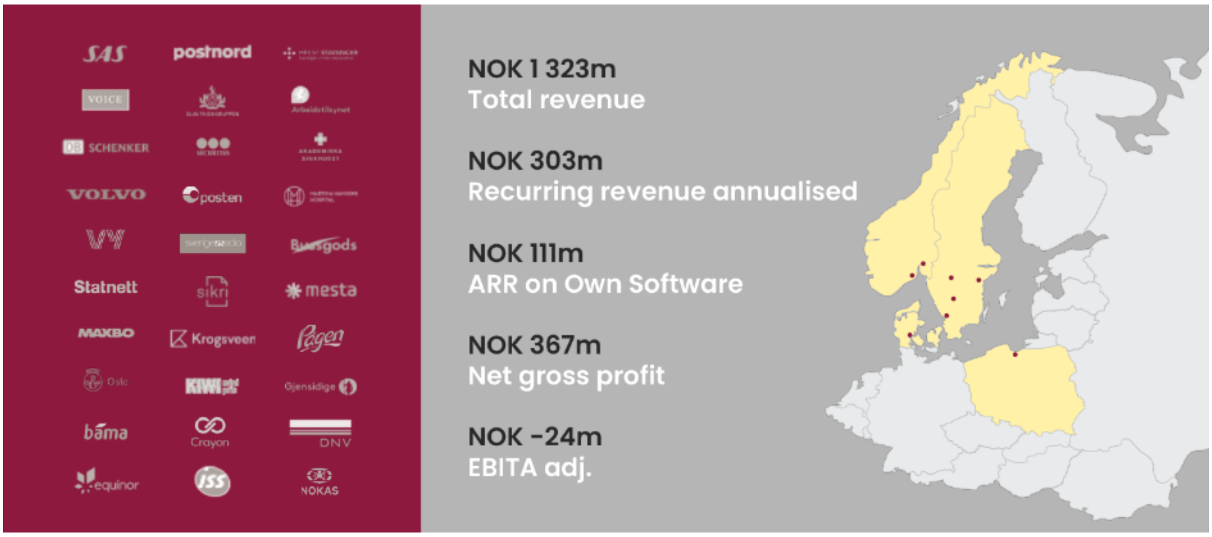
SmartControl

SmartControl experts deliver best practice implementations, support and proactive services. We manage and secure the entire mobile ecosystem of your enterprise, by combining Apple and Google Android knowledge and best in class software. This ensures that your devices and apps are always compliant, secure and up-to-date.

SmartWorks transforms everyday deskless working practices. By combining the right software, hardware and services, we bring power to the fingertips of frontline workers – enhancing usability, productivity and performance whilst reducing the environmental impact.

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. The table below highlights Techstep's financial performance in 2022.



Our strategy

Strategic pillars

Techstep is transforming its business model from transactional revenue to a recurring revenue model. This will enhance financial predictability for Techstep, while at the same time ensuring better value for our customers by providing them with a continuous service rather than one-off transactions. This leads to closer relationships with our customers and greater loyalty.

By redesigning and streamlining the product offering, we will win new customers and secure existing ones by 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.

Key figures

(Amounts in NOK 1 000)	FY 2022	FY 2021
Revenues	1 323 126	1 305 090
Annual Recurring Revenue (ARR) - Own Software	110 800	97 473
Net gross profit[1]	367 279	367 618
EBITDA adjusted[2]	85 466	69 616
EBITA adjusted[2]	(23 756)	(38 613)
EBIT	(52 205)	(110 522)
Net profit (loss) for the period	(68 614)	(102 660)
EBITDA adj. margin (%)	6.5%	5.3%
EBITA adj. margin (%)	(1.8%)	(3.0%)
EBIT margin (%)	(3.9%)	(8.5%)
Net profit (loss) for the period (%)	(5.2%)	(7.9%)
Cash flow from operating activites	123 741	128 930
Cash flow from investment activities	(180 376)	(174 594)
Cash flow from financing activities	67 594	71 244
Cash and cash equivalents	61 119	50 350
Net interest-bearing debt	112 868	121 600
Capex[3]	52 250	48 883
Employees	315	341

Refer to Alternative performance measures for definitions.

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

2) EBITDA adjusted and EBITA adjusted in 2022 excludes non-recurring items such as M&A and restructuring related costs of NOK 10.0 million and structural gains from sale of NOK 40.1 million

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

Letter from the CEO

"2022 was all about getting the fundamentals and right structures in place, setting us up for future success. Now, it is all about execution. We are committed to turning Techstep profitable in 2023, returning value to our patient shareholders and employees."

Børge Astrup, CEO

We are making the world of work smarter and more sustainable

Dear investors and stakeholders,

2022 was a challenging year for Techstep, as balancing growth while transforming the business proved harder than anticipated. The result showed a relatively flat development in both revenue and gross profit for 2022, clearly an outcome we are not satisfied with. At the same time our transformation towards a recurring services business model is materialising, and our 2022 recurring revenue base grew by 14%.

2022 was also the most product launch intensive year on record, providing us with a solid platform for growth. The combination of a new scalable product platform and implementation of a NOK 90-100 million cost optimisation programme, makes me very confident that we will turn Techstep profitable and deliver on our ambitious targets. We believe the turning point will start in 2023.

New product portfolio creating a platform for growth

A very important step in the right direction in 2022 was the transformation of our product offering. During the year we have successfully commercialised and standardised our product portfolio, moving from 47 different products to 7 products and 3 distinct product portfolios. Years of investing in our own software and IP, has resulted in the most launch intensive year on record. The majority of the launches were in the second half of 2022 and there are still a few to come in the first half of 2023.

Naturally, the positive financial effects of these new products have not yet materialised. However, now we have a solid platform for growth and will reap the benefits of these investments in the coming years. We are intensifying our go-to-market strategies and are optimistic when we see a growing customer demand for our solutions, evident in large frame agreements and tenders. Even the current challenging macroeconomic environment might benefit us, as we have compelling cost-efficient solutions to offer the customers, with clear and significant direct and indirect cost savings.

Transformation journey

Techstep has gone through a comprehensive transformation process in recent years, going from a transactional hardware provider to a software-driven mobile technology enabler with a recurring services business model. We will lead with software in our value-based proposition, with a positive tag-along effect on Hardware and Advisory & Services.

To be able to execute and unleash the potential, and deliver great value to our customers and shareholders, we have also restructured and optimised the organisation to become One Techstep. We have moved from a silo-based organisational structure to one integrated company. We have consolidated systems and product portfolios, to extract synergies and enable scalable growth. We have a new management team in place, driving our transformation towards a software driven recurring business model.

2022 was a year of large transformation, and even though we will never be fully done transforming, we now see a more gradual shift towards continuous improvements. Techstep is in the final phase of the transformation, and through this, we have achieved a unique position and product offering that gives us a competitive advantage in the managed mobility market. It is time to reap the benefits of all the hard work, effort and investments that have been put in.

Turning Techstep profitable

2022 was all about getting the fundamentals and right structures in place, setting us up for future success. Now, it is all about execution. We are committed to turning Techstep profitable in 2023, returning value to our patient shareholders and employees. In this phase, we are focusing on optimising the cost base and aligning the company to the simplified product portfolio. This includes extracting synergies from the acquired companies, further automating the business processes and streamlining operations.

This is also why we in 2022 announced and initiated a NOK 90-100 million cost optimisation programme. This was largely effectuated in the latter part of the year, and as such had limited financial effect during 2022.

In September 2022 we raised NOK 103 million in a private placement, to fund the final phase of the transformation process, as well as to strengthen the balance sheet. This, in combination with the cost optimisation programme and new platform for growth, allowed us to raise our ambitions. During 2022 we announced our 2025 ambition to reach more than NOK 150 million in EBITA adjusted, and more than double the size of revenue from our Own Software portfolio, and we believe the turning point will be in 2023.

Clear mission for positive change

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 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. Please dive deeper into our sustainability efforts in the ESG section of this report, to learn more about the progress we are making and initiatives we have taken.

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

Rounding off, I would like to take the opportunity to thank all my colleagues in the company for their invaluable efforts in a tough and transformative year, and our shareholders for their patience through this journey.

Executive Management

From the top, left: Mads Vårdal, Børge Astrup, Fredrik Logenius, David Landerborn, Bartosz Leoszewski and Ellen Solum. From the bottom, left: Ellen Skaarnæs, Anita Huun and Sheena Lim.

Børge Astrup – Chief Executive Officer

Mr Astrup is a business leader committed to creating a winning working environment and a culture that delivers by engaging and embracing diversity. He uses goal-oriented methodologies, technology and commercial models, to drive fast, focused and uncomplicated market delivery. Mr Astrup comes from the position as CEO of Puzzel, a fast-growing cloud contact centre software (CCaaS) company with an industry-leading product platform. Puzzel operates in eight countries, has a global customer base, over 200 employees and annual revenue exceeding USD 40 million. He led Puzzel's demerger from Intelecom Group, a Norwegian telecom, contact centre and mobile services provider, launching Puzzel as a stand-alone company. Prior to the demerger, Mr Astrup was the managing director of Intelecom Group. He has also held various management positions at Visma, the leading European provider of core business software. Mr Astrup has a bachelor's degree in marketing with specialisation in management from BI Norwegian Business School.

Ellen Solum – Chief Financial Officer

Mrs Solum joined Techstep from the role as Partner in Uniconsult AS, and brings extensive experience from all finance functions, such as accounting, tax, controlling, treasury and investor relations and significant experience from change management, turn-around cases and IPO processes. She has worked in both private and publicly listed companies and has previously held positions such as CFO in TeleComputing ASA, Finance Director in Findus AS, as well as several years as management consultant and partner. Mrs Solum holds a bachelor's degree from University of Colorado Boulder, as well as an MBA from the Norwegian School of Economics (NHH).

Anita Huun – Chief Commercial Officer

Ms Huun has a broad background from the IT industry and capital markets in Norway. Ms Huun joined Techstep in 2022, first as CFO before taking on the role as Chief Commercial Officer to lead the transition to a software led recurring revenue business model and capitalise on the growth prospects of the company's new product portfolio. Previous experience includes CFO of Cappelen Damm, CFO at Microsoft Norway, as well as sell side equity analyst for Handelsbanken Capital Markets covering the Norwegian IT sector. Ms Huun is currently a board member of Nordic Semiconductor. She has a MSc from the Norwegian School of Economics (NHH), with specialisation in finance.

Sheena Lim – Chief Marketing Officer

Ms Lim has over 22 years of international brand, marketing and communication experience from the telecom, food & beverage, media, pharmaceutical and tech sectors. Ms Lim has an MBA from BI Norwegian Business School and also a Bachelor of Business in Marketing with Monash University, Australia. She grew up in Malaysia and Singapore, where she started her career with assignments for large, global brands such as IKEA, Carlsberg and Unilever. She then worked for 12 years in Telenor's international operations, where she worked in change and improvement projects across all 12 markets in which Telenor was involved. For the past two years, Ms Lim has been the Marketing and Communications Director at Zalaris, where she has rebranded the company and contributed significantly to the company's sales.

Ellen Skaarnæs – Chief People Officer

As Chief People Officer, Mrs Skaarnæs' key focus is to ensure that Techstep is an attractive workplace with a culture and people focus that our people and great talents want to be part of. Mrs 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.

Bartosz Leoszewski – Chief Technology Officer

Mr 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 - growing the company from just an idea into a recognised player in the enterprise mobility market. Famoc was acquired by Techstep in 2021. Mr Leoszewski holds an MSc 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 Operational Officer

Mr 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 been Managing Director of the Swedish company Optidev AB, which Techstep ASA acquired in 2020, since 2015. Thanks to business achievements with Optidev AB, he was awarded for being 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.

Mads Vårdal – Chief Product Officer

Mr 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.

David Landerborn – Chief Delivery & Advisory Officer

Mr Landerborn is an experienced executive within the information technology area. He has wide experience from several leading roles, but his depth is in the operational part including strategy, agile methodologies, software development and mobile solutions. Mr Landerborn was the Deputy Managing Director and Chief Operating Officer of Optidev AB from 2016, which Techstep ASA acquired in 2020. He is deeply involved in local tech initiatives in Borås to make sure the rising stars in tech choose Techstep as their employer. Current engagements include president of the IT programme at Yrkeshögskolan in Borås, member of the competence board at the University of Borås and he is also leading a local tech networking group that includes many of the leading tech companies in the region. Mr Landerborn holds a bachelor’s degree in computer science from the University of Borås.

Board of Directors

Michael Jacobs – Chairman of the Board

Mr Jacobs is the Executive Vice President of the Nordics at Crayon ASA, a customer-centric innovation and IT services company. He has more than 30 years' experience from extensive management positions from several international technology companies. He previously was the CEO of Fell Tech and before that he was the CEO of Atea Norway, where he improved its business performance and led the transformation to more value-added services. He also served as the Managing Director of Microsoft Norway and the Managing Director for the Nordics at Dell. He also has experience from Oracle and Telenor, both in Norway and internationally. He has a degree from California Lutheran University and continuing education from, among others, Harvard University. Customer focused, technology innovation and building strong diverse teams are areas that Michael is passionate about. Mr Jacobs is a Norwegian citizen, living in Oslo, Norway.

Jens Rugseth – Board member

Mr Rugseth has served on the Board in Techstep since February 2019. In January 2023 he stepped down as chairperson of the Board and remained as an ordinary Board member. Mr Rugseth is a co-founder and Board member of Crayon Group ASA and Link Mobility Group ASA, and other current directorships include Chairman of Karbon Invest AS, Sikri Group ASA, Kastel AS and Rift Labs AS, among others. Over the past 30 years he has founded a number of companies within the IT sector. He has also held the position as chief executive officer in 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. Mr Rugseth is a Norwegian citizen, living in Switzerland.

Ingrid E. Leisner - Board member

Ms Leisner has served on the Board in Techstep since February 2016. Ms Leisner's directorships over the last five years include current board positions in Storage Group ASA, Norwegian Air Shuttle ASA, Maritime, Merchant ASA, Elliptic Labs ASA and Xplora Technologies AS. Ms Leisner has a background as a trader of different oil and gas products in her 15 years in Statoil ASA. Her years of experience and skills within business strategy, M&A, management consulting, change management and audit have been very valuable when serving on the board of several companies listed on Oslo Børs. She holds a Bachelor of Business degree with honours from the University of Texas in Austin. Ms Leisner is a Norwegian citizen, living in Oslo, Norway.

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 that through innovation and services helps companies worldwide leverage the power of technology. Her previous experience include 12 years at Microsoft, leading strategy and business development, and two years in Intel Corporation. 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, living in Oslo, Norway.

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 largest 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. Mr Arnet is a Norwegian citizen, living in Oslo, Norway.

Board of Directors' Report

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

Over the last couple of years, Techstep has invested heavily in a new technology platform, integrated acquired entities and commercialised the product offering. Techstep is at the end of this investment phase, and the key focus going forward is to extract synergies and increase profitability from these investments.

Business activities and strategy

Built on a decade of telecoms and mobile technology expertise, Techstep was established in 2016. Through several acquisitions, Techstep has consolidated and expanded into the Nordics 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.

Techstep is the only mobile technology player in the Nordics that can deliver managed mobility including software, advisory and hardware. People expect easy access to tools and services across devices, both at home and at work. We have solutions for those who work in an office and for those who work out in the field, also known as frontline workers. We have some of the very best consultants in the field of mobile technology in the Nordics and perhaps 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 also in 2022, with the acquisition of Crypho.

Techstep had NOK 1.3 billion in turnover in 2022. The key focus and strategy has been to build and transition toward more predictable recurring revenue streams, by leading with software and managed services, and then adding hardware volumes on top.

Techstep serves more than 2 000 enterprise customers across industries in the Nordics and Europe, both large private and public customers, with large upsell and cross-selling opportunities.

Main developments in 2022

2022 was an intense year marked by the ongoing transformation and reorganisation of the Group. The organisation has taken large steps during the year, with a new product strategy, brand profile and stronger focus on ESG in place, while building commercial momentum. The new One Techstep organisation is taking shape, and it has been necessary to rightsize costs to the new organisation. In second half of the year, additional capital was successfully raised together with the launch of a cost optimisation plan, enabling the last leg of the transformation and mission towards turning Techstep profitable. This puts Techstep in a good position to reap the benefits of investments made in a growing managed mobility services market.

Rebranding

Techstep started the year, by launching the rebranding of the company, and set a new long-term vision of making the world of work smarter and more sustainable. The Techstep rebranding simplifies and encapsulates our brand story in a clear, purposeful and meaningful way.

The new branding shows a more modern mobile technology profile for the company, giving a clearer message, storyline, and position of how Techstep, through our "Smart" product portfolio, bringing more value to the customers through smarter mobile technology for a brighter tomorrow.

Gartner recognised Techstep as the only Challenger in the Magic Quadrant for Managed Mobility Services

In June 2022, Techstep was recognised as the only Challenger and one of very few European players in Gartner's Magic Quadrant for Managed Mobility Services (MMS). Gartner highlighted the following strengths for Techstep:

- Big focus on self-service. Techstep resolves 60%+ of all help desk incidents via self-service portal.

- Techstep targets business outcomes. Techstep is also one of the few providers that includes sustainability considerations in its strategy.

The recognition is a milestone for Techstep, showing that the company is one of the top European vendors within its market. This is a quality stamp for Techstep and its customers. It shows that the strategic position and offering that Techstep has built through the ongoing transformation resonates well in the marketplace. The recognition will help Techstep utilise the market opportunity and drive the managed mobility market.

Simplified product offering

Techstep is focused on evolving and commercialising its product offering, and a huge milestone in 2022 was the launch of the three product portfolios **SmartControl, Smart Works** and **SmartDevice**. This simplified customer offering will solve customer challenges more efficiently and consistently deliver great customer value.

The new smart portfolio concept was launched in March 2022. Throughout the year, new solutions within the three areas have been added, particularly in the latter half of the year and more solutions are on the way moving into 2023. 2022 has been one of the most intensive launch periods on record for the company, and the commercial effect of these launches is expected to materialise in 2023, and drive increased adoption of Techstep's software and services and further build the recurring revenue base.

Capital raise and cost optimisation to lift profitability and increase flexibility

In September 2022, Techstep successfully raised NOK 103 million in capital in a private placement to fund the final phase of the transformation, as well as to strengthen the balance sheet. At the same time, bank facilities and debt were renegotiated, and part of the short-term debt was shifted to long-term debt, creating more flexibility.

At the end of Q3, Techstep also announced a NOK 90-100 million cost optimisation programme, to align the cost base to the simplified portfolio, and extract synergies from acquired companies. During the fourth quarter the programme was executed on, with a plan to reduce overall operating costs by approximately NOK 40-50 million put into place. Techstep will achieve this by rationalising marketing, administrative and IT spending and at the same time reducing external consultant usage.

Unfortunately, the cost optimisation programme also impacted Techstep employees, and during Q4 a right-sizing of the organisation was effectuated. The restructuring reduced the headcount by 45, and Techstep booked a one-time restructuring cost of NOK 8.4 million related to this. The full effect of the reduction in headcount will take place in Q1 2023, but all costs related to the restructuring were booked in Q4 2022. The headcount reduction is expected to have a payroll reduction impact of approximately NOK 40-50 million annualized.

The capital raise, in combination with the cost optimisation programme will create flexibility, and is an important step towards turning Techstep profitable.

Sales activity

Techstep experienced an increase in sales momentum and activity during 2022, aligned with the overall focus of commercialising Techstep. The company continued to see growing demand and interest for Own Software and managed services, driven by the new product portfolio and a clearer value proposition. The company signed new customers, renewed some large contracts, while at the same time increasing the focus on upselling to existing customers.

We signed an important contract with Nortel in 2022, where we offer Mobile Expense Management to all their customers. First part of the delivery went live in December 2022, adding NOK 3 million NOK in ARR from Own Software. We also extended the contract and offering with Volvo AB, Region Norrbotten and Trafikkverket AB in Sweden. In Norway, to mention a few customers, Equinor ASA, Mesta AS and ISS Facility Services AS renewed and extended their agreements with Techstep.

Recurring revenue base

Aligned with Techstep's strategy to transition toward more predictable recurring revenue streams, we were happy to see the total recurring revenue base grow 14% in 2022, landing north of NOK 300 million.

Of the NOK 303 million in total recurring revenue, more than one-third, NOK 111 million in ARR, comes from Techstep's high margin Own Software portfolio. Gross margins in this area are above 90%. Techstep's advisory and managed services solutions also proved to have a compelling value proposition with customers, lifting recurring revenue from these contracts by 18% y/y in 2022.

The market opportunity

Mobile technology is one of the fastest growing technologies and Techstep is well positioned in the MMS market. Research shows strong supporting trends and the expected CAGR is assumed to be in the +20% range over the coming years (Modor Intelligence).

There are many key drivers of the MMS market, but in the short term there are clearly two drivers that stand out, and where Techstep is considered to have a unique value offering: *cost efficiency* and *sustainability*.

The current macroeconomic environment and cost inflation affect many businesses; hence companies will look for cost reductions and efficiencies wherever they can. The prices of mobile phones are increasing, and organisations lack both the competence and solutions to handle and utilise the cost-saving potential. Techstep's software helps the customers gain control of their devices and optimise the corresponding costs. The SmartDevice solution enables customers to order, purchase and manage every step of the process to increase efficiency and lower cost. Data suggests estimated cost savings of NOK 4 000-10 000 per employee over a two-year period, when calculating both direct and indirect costs.

Techstep's SmartDevice solution further supports companies' increasing focus on sustainability and ESG. SmartDevice offers a more sustainable way of managing devices, by applying circular economy principles with repair and return solutions to extend the devices' lifespan and responsibly recycle when devices can no longer be used. SmartDevice also helps customers get control on emissions data for devices procured, for easy climate reporting and insight to support their emissions reduction plan.

Financial review

Techstep prepares consolidated annual accounts in accordance with IFRS and approved by the EU, relevant interpretations, and the Norwegian Accounting Act. A summary of internal controls related to the accounting process can be found in the Corporate Governance section of this Annual Report.

In Q3 2022, Techstep launched new financial targets, with key operating metrics being Net gross profit, EBITA adjusted and ARR on Own Software. These key figures will be incorporated, updated and tracked in the financial review going forward. Please see the Outlook section and the separate chapter on Alternative Performance Measures in this report for further details.

Profit and loss

Techstep generated full-year revenue of NOK 1 323 million in 2022, compared to NOK 1 305 million in 2021. The overall revenue trend was stable during the quarters in 2022, and adjusted for divestments of the Voice and Contact centre business, organic revenue growth was 3% y/y in 2022. The main revenue growth drivers were transactional hardware and a solid improvement in revenue contribution from our Own Software portfolio.

In 2022, Own Software accounted for NOK 92 million (NOK 74 million), corresponding to a revenue growth of 24% y/y. This is in line with Techstep's strategy to lead with Software and build a scalable recurring business model. The Famoc acquisition was included from Q2 2021, so part of the growth was inorganic. Hardware-as-a-Service revenue accounted for NOK 143 million (NOK 134 million). Advisory & Services amounted to NOK 241 million (NOK 254 million), where the decline was mostly related to the divestment of the Voice and Contact centre division. Related commissions were NOK 13 million (NOK 20 million), where the continued downward pressure on operator commissions is as expected. Operator commissions have now reached levels where they are expected to flatten out. Hardware sales (including bonus from vendors) remain the largest revenue generator with NOK 835 million (NOK 821 million), growing 2% organically.

Own Software accounted for 6.9% (5.7%), Advisory & Services accounted for 18.2% (19.5%) and Operating commission accounted for 1.0% (1.5%) of revenue. The remaining relates to Hardware-as-a-Service 10.8% (10.3%), Hardware (including bonus from vendors) for 63.1% (62.9%) and Other 0.0% (0.1%).

Net gross profit for the full year 2022 was NOK 367 (NOK 368 million), which corresponds to a flat development y/y. Pro forma net gross profit, adjusted for divestments, increased by 3%. Gross profit from our Own Software portfolio increased by 21% y/y, with stable overall gross margin of over 90%. The improvement in gross profit from Own Software was offset by a corresponding decline in gross profit from the Advisory and Services division, linked to the abovementioned divestment. The net gross margin was 27.8% in 2022, down from 28.2% in 2021.

Total net operating expenses in 2022 were NOK 1 375 million, compared to NOK 1 416 million in 2021. Salaries and personnel costs decreased by -6% to NOK 265 million, an effect of the measures taken to optimise the cost base. Option costs were NOK 4 million (NOK 5 million). The number of employees was 315 at the end of the fiscal year, compared to 341 at the end of 2021.

Other operational costs were NOK 110 million (NOK 109 million).

Total net operating expenses also include a net positive effect of NOK 30 million from other income, related to the NOK 40 million gain from the sale of the Voice and Contact centre division. Last year the corresponding net effect was negative NOK 17 million (other expenses).

EBITA adjusted amounted to negative NOK 24 million, up from negative NOK 38 million last year. The main reason for the NOK 14 million improvement in EBITA adjusted is related to the decline in salaries and personnel cost, which decreased by NOK 17 million y/y.

Depreciation increased by NOK 1 million from 2021 to 2022 due to an increase in the Hardware-as-a-Service portfolio. Amortisation increased by NOK 4 million from 2021 to 2022, as a consequence of increased investments the last few years into our Own Software portfolio, in line with our growth strategy.

The ordinary operating loss (EBIT) amounted to NOK 52 million in 2022, compared to an operating loss of NOK 111 million in 2021. 2021 was impacted by a large negative one-off (NOK 17 million), while 2022 EBIT was positive impacted by a net positive one-time effect of NOK 30 million. Adjusted for this, underlying EBIT improved by NOK 10 million in 2022, driven by cost optimisation and a 6% decline in personnel cost.

The net financial items amounted to negative NOK 12 million in 2022, compared to negative NOK 8 million in 2021. Interest cost increased due to higher net interest bearing debt and a general increase in interest rates, which are based on floating NIBOR.

The net loss for 2022 was NOK 69 million, compared to a net loss of NOK 103 million in 2021, also positively impacted by the abovementioned one-off effects.

Financial position

As at 31 December 2022, total assets were NOK 1 323 million, compared with NOK 1 315 million as at 31 December 2021.

Intangible assets accounted for NOK 783 million (NOK 776 million). Intangible assets included goodwill of NOK 601 million and customer relations and technology of NOK 182 million.

Total tangible assets were NOK 198 million (NOK 179 million) as at 31 December 2022, including NOK 161 million (NOK 143 million) in hardware leased out to customers, NOK 30 million (30 million) in leased assets, and NOK 8 million (NOK 6 million) in other fixed assets.

Total inventories and receivables were NOK 271 million as at 31 December 2022 (NOK 281 million).

Total equity at the end of 2022 was NOK 572 million (NOK 556 million), corresponding to an equity ratio of 43% (42%). In 2022, Techstep issued 95 501 240 new shares in connection with the employee share purchase programme, private placement and the acquisition of Crypho.

Non-current interest-bearing borrowings of NOK 91 million (NOK 97 million) includes loans related to the Optidev and Famoc acquisition and new long-term borrowing. Other non-current debt of NOK 38 million (NOK 43 million) primarily included leasing commitments of NOK 17 million and a buy-back obligation for leased hardware of NOK 21 million.

Current interest-bearing borrowings amounted to NOK 83 million (NOK 75 million) in 2022. They included net bank overdraft accounts of NOK 28 million, as well as a short-term seller's credit of NOK 28 million and the short-term part of the acquisition loan of NOK 28 million.

Other current liabilities of NOK 269 million (NOK 295 million) as at 31 December 2022 mainly include payables to employees of NOK 40 million, deferred revenue of NOK 152 million, leasing commitments of NOK 15 million and a buy-back obligation for leased hardware of NOK 17 million.

Net interest-bearing debt was NOK 113 million at the end of 2022, compared to NOK 122 million at the end of the preceding year.

Cash flow

The net cash flow generated from operating activities was NOK 124 million in 2022, compared to NOK 129 million in 2021. Profit before tax in 2022 included the sale of the Voice and Contact centre. Operating cash flow in 2022 has a reversal of this transaction, as the cash effect occurred in 2021. Working capital in 2021 was positively affected by large hardware volumes at the end of 2021, as a result of increased backlog from Covid-related delays.

Net cash flow used for investment activities was negative NOK 180 million. This was largely due to capital expenditures related to leased out hardware of NOK 132 million (NOK 141 million). Techstep continued to invest in Own Software and IP portfolio, and 2022 capex related to these projects and other development areas was NOK 52 million (NOK 49 million). The net cash flow used for investment activities in 2021 was NOK 175 million, also related to the acquisition of Famoc and proceeds from the sale of Voice and Contact centre business (NOK 66 million).

Net cash flow from financing activities was NOK 68 million in 2022. This includes proceeds from private placement of NOK 77 million, proceeds from borrowings of NOK 56 million, lease repayments of NOK 15 million and repayment of bank loans of NOK 29 million. The net cash flow from financing activities in 2021 was positive at NOK 71 million, mainly related to proceeds from issuing of shares of NOK 102 million.

Cash and cash equivalents increased by NOK 11 million during 2022 to NOK 61 million at the end of the year. Techstep has approximately NOK 90 million in total credit limits from different overdraft facilities. Please see note 15 for further detail.

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

The loss for the year 2022 attributable to owners of the parent was NOK 69 million, compared to a loss of NOK 103 million for 2021. 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 2022 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.

Subsequent events

On 1 February 2023, Techstep strengthened its executive management team by appointing Ellen Solum as the new CFO and Anita Huun taking on a new role as Chief Commercial

Officer. Together they will help Techstep further sharpen its focus on both commercial growth, cost efficiencies and profitability.

On 15 February 2023, the extraordinary general meeting approved changes to the Board. Jens Rugseth stepped down as Chairperson and will continue as an ordinary Board member. Board member Michael Jacobs was elected as the new Chairperson of the Board.

Risk and risk management

As a mobile technology enabler, Techstep is exposed to risks related to changes in market, operational and financial conditions. Techstep has in 2022 strengthened its risk management framework, including frequent reporting to the management and Board. The goal is to support effective execution and decision-making to reach the company's goals and to ensure compliance with legal and regulatory requirements.

Reference is also made to the prospectus dated 29 November 2022, pages 6-10 for information on potential risk factors. The prospectus is available from the company's website www.techstep.io/investor.

Operational risk

Techstep's operations, revenues and profits are dependent on its ability to generate sales through existing and new customers. Techstep operates in a competitive market segment, and the Group's success depends on its ability to meet changing customer preferences, to anticipate and respond to market and technological changes, and develop effective and competitive relationships with its customers and partners. Techstep continues to focus on improving its product offering, reducing customer implementation time, and becoming a software-led growth business, yielding higher cash flow and profit from operations, and transforming into a recurring revenue business model. The operational risk mainly relates to the ongoing transformation process, including standardisation of the product portfolio and keeping key personnel and necessary competence.

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.

Credit risk

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 evaluation of major private customers, and the credit risk is considered satisfactory.

Liquidity risk

Techstep's liquidity risk is related to a mismatch between cash flows from operations and financial commitments. Techstep is transforming itself from a transactional business model to a software-led recurring revenue model, which leads to postponed cash inflows, negatively affecting the liquidity of the Group. Investments in simplification and standardisation of the company's product portfolio and solutions, new organisational capabilities and acquisitions and integration, have furthermore increased the company's debt over time. Techstep depends upon having access to long-term funding and other loans and debt facilities to the extent its own cash flow from operations is insufficient to fund its operations and capital expenditures, including repayment of the company's current borrowing at maturity. 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.

Foreign exchange risk

Techstep uses Norwegian krone (NOK) as its presentation currency but is exposed to exchange rate fluctuations from operations abroad, mainly the Swedish krona (SEK), Polish Zloty (PLN) and Euro (EUR). The company has exchange rate risks related to the currency translation of profit generated in its foreign subsidiaries. In 2022, around 60% of the Group's revenue was in NOK, with approximately 30% in SEK, and the remaining in PLN and EUR. Techstep does not use any hedging instruments against exchange rate fluctuations, which may have a negative effect on the company's consolidated financial results and financial position if the NOK deteriorates against the relevant currencies.

Macroeconomic and geopolitical risk

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

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

Climate-related risk

Climate risk relates to physical climate risk and transition risk. Physical risk is associated with increased extreme weather and ecosystem changes. For Techstep, this may primarily relate to supply chain disruptions in the form of manufacture or delivery problems, or a lack of raw materials. Transition risk is associated with changes in regulations, technology and the market situation in connection with the transition to a low emission society. For Techstep, this may relate to changes in customer preferences to reduce environmental impact, and reduced access to capital and future talents if the company does not accelerate the sustainability agenda and measures in line with market expectations. Techstep seeks to mitigate this through its Lifecycle solution, which has a great opportunity to help extend devices' lifetime and contribute to the circular economy, and through a clear focus on sustainability and ESG.

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.

On 6 May Techstep entered into an agreement to acquire the entire share capital of Crypho AS. Following the transaction, Karbon Invest AS agreed to sell its 33.50% shareholding in Crypho AS and subscribe for 123 579 new shares in Techstep ASA at a price of NOK 3.25 per share (based on 90-day VWAP). Karbon Invest AS is indirectly controlled by Board member (former Chairman of the Board) Jens Rugseth.

There were no other material transactions with related parties during 2022.

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 on pages 50 to 57. In the company's own assessment, Techstep did not deviate from any sections of the Code as at year-end 2022.

Techstep has Directors and Officers liability insurance for the Group. The insurance covers the Board's and the management's legal personal liability for financial damage caused by the performance of their duties.

Corporate social responsibility (ESG)

Techstep aims to be a responsible company which respects people, society and the environment. The company's mission is to make positive changes to the world of work through mobile technologies; freeing people to work more effectively, securely and sustainably.

As a signatory to UN Global Compact, Techstep is committed to responsible business practices in the areas of human rights, labour, equality, anti-corruption and the environment. During 2022, Techstep has strengthened focus on environmental, social and governance (ESG), including priorities and metrics. Techstep has further improved its EcoVadis sustainability rating performance to silver, placing Techstep among the top 9% of more than 90 000 companies evaluated globally.

Details on Techstep's material ESG activities are included in a separate sustainability chapter of this annual report, which covers what Techstep does to promote, uphold and recognise human rights, labour rights, social issues, working environment, climate and environmental aspects and anti-corruption measures into the business strategy, daily operations and the relationship with stakeholders. The chapter also includes Techstep's reporting pursuant to the Norwegian Transparency Act and the Equality and Anti-Discrimination Act. The sustainability chapter is available on pages 28 to 49 in this annual report.

Shareholder information

As at 31 December 2022, Techstep had 305 131 070 shares outstanding, an increase from 209 629 830 shares one year earlier. The company had 3 345 shareholders. At the end of 2022, Techstep held 1 914 treasury shares. The shares have a par value of NOK 1.0.

The company's largest shareholder, Datum AS, held 19.1% of the shares at year end, with the 20 largest shareholders holding 72.9% of the shares outstanding.

During 2022, Techstep's share price fluctuated between NOK 1.09 and NOK 4.10 per share. The final price at the close of the year was NOK 1.15 per share, down from 3.65 per share in the previous year.

For detailed shareholder information, see note 25 in the consolidated financial statements for 2022.

Outlook

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

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

Techstep is now streamlining its operations and aligning its cost base to the simplified portfolio and extracting synergies from acquired companies. Through standardisation and automation, change of ERP systems and right-sizing the organisation, Techstep expects the NOK 90-100 million cost reduction programme launched in the third quarter of 2022 to materialise during the year. Techstep saw effect of these initiatives already from the fourth quarter 2022.

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

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

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

Sustainability

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

We believe in the power of mobile technology to make employees happier and more productive by freeing them up to work smarter. Our solutions can help them do this in a more sustainable and secure way. This means we will help our customers deliver on their ESG commitments, but also ensure that we are using resources in a way so that they aren't depleted over time. It's about taking care of people and the environment, both today and for the future.

Equally important, responsible business practices are a pre-requisite for long-term successful operations and profitability. We need to be environmentally, socially and economically responsible across our operations to meet the requirements and expectations from our stakeholders. That means that we need to have effective business processes, tools, ways of working, governance and compliance practices in place. As a company, we align our sustainability practices with international standards for human rights, working conditions, environment and anti-corruption.

Techstep supports the UN's 17 sustainable development goals and has pledged to operate in line with the UN Global Compact's 10 principles for responsible business conduct. Our sustainability reporting shows how Techstep as a company impacts and is impacted by changes in the environment, climate and society and how we respond to this.

Reporting standards
This sustainability report has been prepared for the period 1 January 2022 to 31 December 2022, unless stated otherwise. The report covers the entire Techstep Group, and includes relevant disclosures for a range of environmental, social and governance (ESG) topics, as well as reporting principles related to the reporting process. The content is in accordance with the Global Reporting Initiative (GRI) standards and guided by the UN Global Compact and the UN Sustainable Development Goals. Greenhouse gas emissions are reported in accordance with the Greenhouse Gas Protocol and verified by an accredited third party.

Highlights from the year

Material topic	Techstep's goals	What we did in 2022	SDGs
Circularity	Grow number of end-of-life returns	Collected 14 395 devices; avoided emissions ~832 tCO_2	
Energy usage & GHG emissions	Minimum 50% reduction of GHG emissions in scope 1&2 by 2025 100% renewable energy at all Nordic offices	Baseline established in 2022[1], scope 1&2 emissions of 52.2 tCO_2 25% renewable energy	
Diversity & inclusion	Above 30% female employees by 2025	Increased share of female employees to 27% at all levels	
Employee engagement	Engagement score at 8.0 of 10 by end of 2023	Engagement score at 7.1 of 10 at 31.12, average of 7.4 for the year	
Supply chain responsibility	ESG due diligence of all Tier 1, Tier 2 and Tier 3 suppliers in 2023	Established new framework for supplier management and commenced due diligence of main suppliers in line with the Norwegian Transparency Act[2]	
Cybersecurity & data privacy	No leak of customer data Security awareness training of all employees in 2023 ISO 27001 certified by 2023	Strengthened security governance 65% of employees completed security awareness training	
Business ethics & anti-corruption	Zero serious compliance incidents	100% of employees signed code of conduct	
Digital literacy & skills in society	Educate more people on advantages mobile technology offers	Close to 2 500 people attended events hosted by Techstep	

Became a UN Global Compact signatory

EcoVadis score improved to 66/100 points and Silver rating (top 9% of 90,000 organisations globally)

Implemented management practices based on ISO, leading to ISO 14001 and 9001 certifications in Q1 2023

[1] The carbon accounting for 2022 forms the basis for reduction initiatives going forward, as 2021 was an abnormal year due to Covid-19 restrictions and staff working from home. Figures reported in 2021 have been restated due to more accurate data.

[2] The section "Responsible sourcing" in this report also includes Techstep's reporting pursuant to the Norwegian Transparency Act.

Corporate governance and sustainability management

Techstep's ESG policy outlines our overall commitment to responsible business practices with respect to people, environment and society. Sustainability is incorporated into Techstep's strategy, objectives and management systems. The Board of Directors has the overall responsibility for aligning Techstep's strategy and ESG considerations. Operationalising of principles into day-to-day operations lies with the CEO, supported by the executive management group. Each executive is responsible for communicating these to everyone in their respective business units.

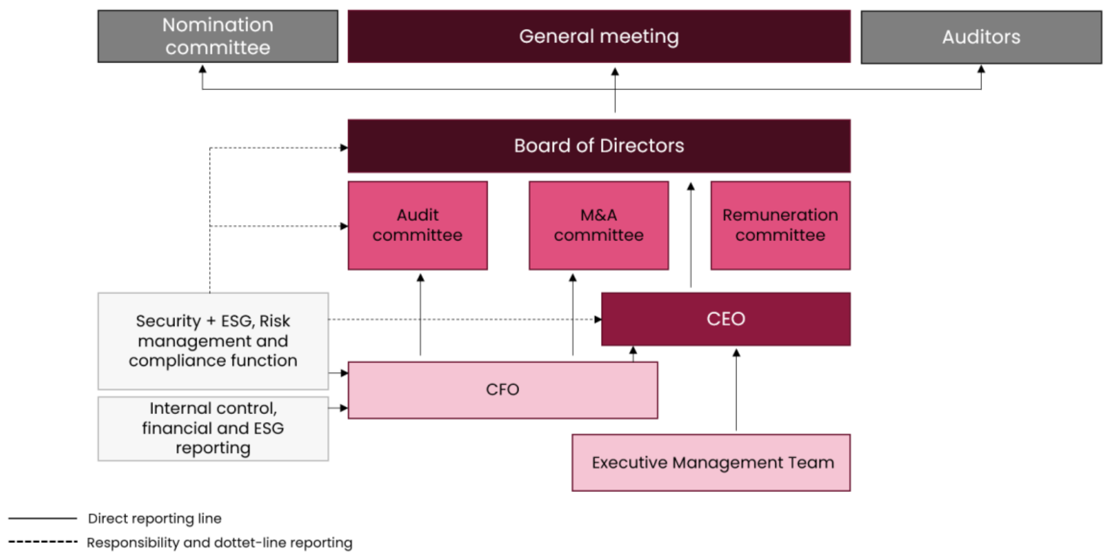
Techstep also has a dedicated function to ensure sufficient focus on driving sustainability and advancing the company's ESG programme across the organisation, as well as ensure compliance with internal and external requirements. The function reports to the CFO, the audit committee and the Board. ESG, risk and compliance are on the agenda at the monthly management meetings, as well as quarterly audit committee meetings, and selected board meetings.

During 2022, Techstep strengthened focus on ESG, risk and compliance with a dedicated unit and stronger team in place. Much effort was spent on developing a unified management system based on the ISO standard, with emphasis on quality, security and environment, to support day-to-day operations and ensure a more systematic approach to improving business processes and ESG performance. Governing policies and procedures have been reviewed and developed to reflect the new organisational structure, including risk management and internal control.

The management system was certified in accordance with ISO 9001 (quality) and 14001 (environment) in Q1 2023. The work with continuous improvement across all business operations will continue in 2023, as well as targeting ISO 27001 certification (information security) by the end of the year.

Techstep adheres to the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NCGB). Techstep's corporate governance practices are included as a separate chapter in this annual report on page 35. Publicly available governing documents are published on the company's website.

Governance bodies in Techstep



Stakeholder dialogue and material topics

Continuous dialogue with our stakeholders is considered crucial for sustainable growth, ensuring valuable insight and opportunities for improvement.

Stakeholder group	How we engage	Central topics
Customers	• Ongoing dialogue • Tender processes • ESG assessments • Customer centre	• Ethical trade (human rights, labour conditions) • Circularity (used devices, end-of-life handling) • Data security and privacy • Environmental management (certifications, transport and packaging) • Quality management
Investors	• Quarterly presentations • Annual general meeting • Investor meetings	• Climate risk (GHG emissions, taxonomy driven, financial risk) • Governance practices • People practices (human capital) • Data security and privacy • Profitability
Employees	• Employee engagement survey tool • Workplace (intranet) • Monthly check-ins • Day-to-day communication	• Employee engagement and well-being (motivation, stress, work-life balance) • Training and education (competence) • Equality, diversity and inclusion • Environmental impact
Partners/ Suppliers	• Partner meetings • Own ESG strategies	• Ethical trade • Governance practices • Environmental impact • Competence/ talent management
Industry	• Partnering in industry coalitions, meetings, seminars	• Circularity • Ethical trade
Regulators	• Ongoing assessment of relevant laws and regulations to ensure compliance. Monitoring developments and new legislation to proactively respond to information requests.	• Climate and environmental management • Human rights and labour rights in supply chain • Workplace health and safety • Diversity and equality • Anti-corruption • Governance practices

Materiality

We conducted a materiality assessment in 2021 to identify the sustainability topics that are most material to our business and to our stakeholders. Topics included in the process were selected based on requirements and information requests especially 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, which was revised at the end of 2022, has helped us identify topics which are considered to have a significant impact on Techstep's long-term business success.

Material topics identified:

- Circularity
- GHG emissions
- Diversity, equality and inclusion
- Employee engagement
- Responsible sourcing
- Cybersecurity and data privacy
- Business ethics
- Digital literacy & skills in society

We consider the prioritisation based on materiality assessments as a dynamic process and will continuously adjust our priorities and actions based on company development, 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, currently expected from 2025. Going forward, Techstep will evaluate current and possible taxonomy-eligible activities and measures required to transit towards taxonomy alignment of the activities in question.

Circularity and responsible use of devices

Mobile devices are excellent work tools, but put a strain on climate, environment and society throughout their lifespan, from production to disposal. Globally, close to 60 million tonnes of electronic waste are generated each year, and the amount is only increasing. Estimates say that less than 20% of the electronic waste is collected and recycled, and around 700 million mobile units are hibernating in people's homes in Europe alone. 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.

The most effective way of counteracting this is to extend devices' lifetime and ensure that devices that can no longer be used are recycled in a responsible manner. By helping customers with life-cycle management, repair and end-of-life handling, more devices can get a prolonged life or a second life in the second-hand market.

Key figures 2022

Mobile devices collected for end-of-life handing	Units recovered for a prolonged life	Avoided emissions[1]
14 395 units	92%	832 tCO_2

End-of-life returns and avoided emissions

Circular economy principles and device lifecycle management are part of Techstep's core offerings. Our Lifecycle solution is designed to digitise and simplify enterprises' mobile device lifecycle management process, including repair, return and recycling until end-of-life. We cooperate with certified partners specialised in wipe, repair and refurbish and resale of used devices, so that well-functioning devices can get a new life in the second-hand market. This way, we help extend devices' lifetime while allowing more people access to mobile technology at an affordable cost. Units that cannot be used any more, are properly handled for recycling.

Through our take-back solution, Techstep collected close to 14 400 mobile devices for end-of-life handling in 2022. Over 90% of the units were securely wiped and refurbished for reuse and sold to the second-hand market. The positive environmental impact (handprint) of this is estimated to be over 830 tonnes[3] of avoided CO_2 emissions. The remaining units were carefully sorted and recycled by appropriate waste operators, in accordance with the WEEE-directive.

Going forward we will grow the number of devices we collect for end-of-life handling to prolong their lifespan and intensify collaboration with manufacturers and strategic partners to improve circularity along the value chain.

[3] Based on calculations from our reseller partners

Climate and environmental impact

In Techstep we are committed to minimising our climate and environmental impact. Our environmental policy describes our approach to environmental management, including measures to reduce our own carbon footprint and helping customers and suppliers to become more efficient in resource usage.

Key figures 2022

52.2 tCO_2
Total emissions scope 1&2

25%
of energy consumption from renewable sources

8.92
emission intensity tCO_2 per NOK million scope 1,2 &3

Main developments

Our first, group wide carbon accounting was established in 2021 to get an overview of our direct and indirect emissions. In 2022, we have worked on improving the data quality of the carbon accounting and continued mapping the organisation's greenhouse gas emissions, including main categories related to our operations. A more complete compilation of data helps us to understand how we can reduce emissions in our own operations and throughout the value chain. During 2022, we have also strengthened environmental management in the organisation, and became ISO 14001 certified in Q1 2023.

Scope 1

Scope 1 emissions of 20.2 tCO_2e are related to the combustion of fuels in company-owned vehicles and represent 39% of the total emissions in scope 1 and 2. The scope 1 emissions increased substantially from 2021, mainly due to 2021 being an abnormal year due to Covid-19 restrictions and with most of the employees working from home. Going forward, we will switch to electric vehicles when company cars are replaced.

Scope 2

Scope 2 emissions of 32.1 tCO_2e account for 61% of the total scope 1 and scope 2 emissions, and 0.3% of total emissions in 2022. These emissions stem from acquired electricity, heat and cooling in the company's offices, as well as electric vehicles. The emissions in 2022 are slightly down from 2021, due to more accurate data and implemented energy efficiency measures at some of the offices. In 2022, 25% of Techstep's electricity consumption was covered by purchase of Guarantees of Origin (GoO's).

Scope 3

Total scope 3 emissions were 11 753.8 tCO_2e, representing over 99% of Techstep's total emissions in 2022. The increase of 22% from 2021 relates to more accurate data, products purchased and increased travel activity. As a reseller of mobile devices and accessories, we do not manufacture any of our 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. Purchased goods mainly represent mobile devices (88%) and accessories (11%) sold to customers, and cloud services related to own software (0.2%). 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, business travel increased due to a normalisation of travel activity after the Covid-19 pandemic and increased air travel after the acquisition of Famoc in Poland in Q3 2021.

Key figures GHG emissions

Figures denoted in tCO2e	2022	2021[4]
Transportation		
Diesel	14.3	1.1
Petrol	5.8	0.3
Scope 1 emissions	**20.2**	**1.3**
Electricity (location based)		
Electric vehicles	1.9	0.8
District heating/cooling	4.4	4.2
Electricity Nordic mix	7	7.8
Electricity Poland	18.7	20
Scope 2 emissions	**32.1**	**32.9**
Business travel	81.4	23.7
Purchased goods and services	11 648.9	9 611.9
Fuel- and energy related activities	16.5	15
Upstream transportation and distribution	3.0	2.5
Waste	3.8	3.4
Total emissions Scope 3	**11 753.8**	**9 656.6**
Total emissions		
Total emissions - scope 1 & 2	52.2	34.2
Total emissions - scope 1, 2 & 3	11 806.0	9 690.8
Emission intensity – tCO2 per NOK million		
Emission intensity – scope 1 & 2	0.04	0.03
Emission intensity – scope 1, 2 & 3	8.92	7.43

Annual market-based GHG emissions

Figures denoted in tCO2e	2022	2021
Electricity total (scope 2) with market-based calculations	**64.9**	**82.9**
Scope 2 total with market-based electricity calculations	71.3	87.9
Scope 1+2+3 total with market-based electricity calculations	11 845.2	9 745.8

All data is disclosed in our carbon footprint report, available from our website. The carbon footprint report is based on the Greenhouse Gas Protocol and is verified by our auditor BDO.

[4] Figures reported in the annual report for 2021 have been restated for scope 2 and 3 due to more accurate data from suppliers.

Main focus going forward

The carbon accounting for 2022 forms the basis for reduction initiatives going forward, and our goal is to reduce scope 1 and 2 CO_2 emissions by minimum 50% by 2025.

Our focus to reduce emissions includes switching company vehicles to electric vehicles when replaced and to use 100% renewable energy in our Nordic offices. We will also explore opportunities for more environmentally friendly energy solutions at our Polish office.

Emissions related to goods and services are expected to increase going forward as Techstep grows its business, which partly will be offset by newer products with lower emissions. To reduce the environmental impact, we will actively help customers choose more eco-friendly products from what is available on the market. We will also work closely with our distributors to improve and optimize logistics solutions such as packaging and emission-free distribution.

We will also continue to expand scope 3 emission data to include more emission sources and improving data quality going forward. This will be critical to track the development of emissions and define meaningful reduction targets for scope 3.

Our people

At Techstep, we 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, and with dignity.

People are central for Techstep to grow and deliver long-term value. 2022 was however a challenging and transformative year for Techstep, with larger organisational changes to become one integrated company with common ways of working across the organisation. In addition, the cost optimisation programme required us to reduce the headcount by about 15%. Turnover for the year was 24%, which is high but expected, considering the transformation and rightsizing of the organisation. At year end, Techstep had 315 employees.

Becoming One Techstep and getting acquainted with common standards on ways of working continues to be our focus going forward.

Diversity, inclusion and equality

At Techstep we embrace diversity and equality, believing that different perspectives, experience and backgrounds foster dynamics, creativity, and innovation. With increased diversity and broad representation of individuals in the company, we will become a better partner to our customers. Techstep has zero tolerance for discrimination and sexual harassments in the workplace. Techstep's HR function is responsible for following up equality and diversity in the Group.

Key figures 2022

SHE Index score

69 of 100

The SHE Index, launched in Norway and Sweden in 2018, encourages companies to focus on diversity and inclusion in leadership, as well as in the wider workforce. It also highlights progress towards equal compensation and a positive work-life balance.

Women at Techstep

27%

The share of women increased at all levels during 2022:

Group total	27%
Executive management	38%
Middle management (direct reports to EMT)	27%
Board of Directors	40%

Employee diversity by age

11% under 30

69% 30-50 years

20% above 50

Operating in what historically has been a male dominated industry, recruiting, retaining and advancing women has been a priority. By promoting gender balance in recruitment processes, 38% of all new hires during the year were women and 27% of management hires or promotions were women. Despite the rightsizing of the organisation, the share of women increased during the year. Techstep uses the SHE Index to track progress, and at the end of 2022 the SHE Index score had improved from 61 to 69 points out of 100. Over time, Techstep aims to reach a SHE Index score of 80.

Compensation and benefits

Techstep seeks to offer competitive remuneration to all employees, reflecting their education, experience and professional qualifications, as well as local industry standards. All employees are included in a collective bonus scheme, and in the same insurance schemes based on country level. Techstep offers additional payment for parental leave for both men and women, based on local arrangements. In 2022, men and women in Techstep typically used the allocated amounts of parental leave in line with the national guidelines.

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. A recent mapping of wage levels across the organisation has been conducted to identify potential wage gaps, increase transparency and improve fairness. Based on our initial analysis, there are no significant gender-related salary differences. Wage gaps identified seem to be more related to length of experience and type of competence, but the mapping will continue going forward.

Figure: Average ratio of women base salary over men's base salary for 2022[5]

Job level	Norway	Sweden	Poland	Denmark
Level 1-2	93 %	109 %	85 %	
Level 3	92 %	125 %	119 %	
Level 4	97 %	97 %	96 %	
Level 5	89 %	121 %	93 %	
Level 6	95 %			
Level 7	83 %			

Executive remuneration is guided by Techstep's remuneration policy, which is prepared by the Board and adopted by the general meeting. The remuneration report is available from the website www.techstep.io.

[5] The data is based on annual base salary for permanent employees. Levels with less than five employees are not reported

Employee 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 mobile technology professionals and support personnel and providing our employees an environment to develop and grow talent.

In 2022, we launched a mandatory leadership training programme for all managers in the organisation. Focus during the year has been on developing a structured framework for training and competence development for our people to grow and the organisation to succeed. We have also launched a new onboarding programme for all newcomers, to increase engagement and confidence from the start, while easing the transition into their new roles.

We have 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. An employee engagement survey tool is applied to seek valuable feedback from all employees on a weekly basis on topics such as personal development and team spirit, to work situation and leadership. The feedback helps us to actively take appropriate actions to continuously maintain a highly engaged organisation and detect challenges including discrimination and imbalanced work/life situations.

The organisation's engagement score picked up during the year, before dropping in connection with the downsizing process of the organisation. At the end of the year, the engagement score was at 7.1, while average score for the year was 7.4. This is a bit down from the year before but reflects a challenging period for the organisation. Focus in 2023 will be on building a unified and strong culture, developing leaders and strengthening employees' capabilities. During Q1 2023, the engagement score has picked up and is trending around 7.5. Techstep targets an engagement score of 8.0 by the end of the year.

Share-based incentive programme

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. 9% of the workforce participated in the share purchase programme in 2022.

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. We also comply with the conventions of the UN Global Compact and the International Labour Organisation.

The Covid-19 pandemic accelerated Techstep's focus on flexible working arrangements to support a healthy work-life balance. In 2022, Techstep implemented a hybrid working solution that facilitates 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 2022, the sick leave was 3.6% of the total working hours in the Group, which is considered a normal level within our industry. There were no work-related illnesses or incidents reported during the year.

Employee data	2022	2021	2020
Total number of employees			
Total number of employees (incl. part time)	315	341	289
Number of employees based in Norway	125	na	na
Number of employees based in Sweden	144	na	na
Number of employees based in Denmark	3	na	na
Number of employees based in Poland	43	na	na
Number of part-time employees (all of which voluntary)	3	6	12
Turnover rate (incl. downsizing in 2022)	24%	13%	na
Employee engagement score at year end	7.1	7.4	na
Diversity and equality			
Share of women – Board of Directors	40%	40%	40%
Share of women – Executive management	38%	13%	0%
Share of women – Management direct reporting to EMT[6]	27%	29%	43%
Share of women - Group total	27%	23%	24%
Share of women – Part-time employees	67%	33%	75%
Share of women - New employees	38%	na	na
Share of women - Promotion/hire to management positions	27%	na	na
SHE Index score	69	61	63
Age breakdown < 30	11%	14%	13%
Age breakdown 30-50	69%	68%	68%
Age breakdown 50+	20%	18%	18%
Average weeks of parental leave - Norway (women/men)[7]	34/17	25/15	na
Average weeks of parental leave - Sweden (women/men)[7]	23/7	2/7	na
Average weeks of parental leave - Poland (women/men)[7]	32/32	46/2	na
Health and safety			
Sick leave	3.6%	3.5%	3.3%
Occupational injuries	0	0	0
Lost time injuries	0	0	0

[6] Due to internal reorganisations the last years, the figures are not directly comparable year over year.

[7] In Norway, parents are entitled to 49 weeks of paid parental leave of which 15 weeks are reserved for each parent. In Sweden, the parental benefit is 480 days (16 months) of paid leave, of which 390 days are sickness benefit qualifying days that can be taken, and each parent has an exclusive right to 90 of those days (18 weeks). In Poland, parental leave is 32 weeks and can be used freely by both parents.

Responsible sourcing and supply chain management

Techstep is committed to respecting and supporting human rights and workers' rights, as reflected in our ESG policy and our commitment to the UN Global Compact. Techstep shall uphold and protect internationally proclaimed human rights and labour rights and treat employees with dignity and respect as understood by the international community. Our goal is that no form of human rights abuses or labour issues, including forced labour, human trafficking or any form of modern slavery, shall occur in our value chain.

Our partners and suppliers are important parts of our value chain, as they provide us with the products and services we need to deliver our solutions to our customers. Our relationship with our third party partners also brings responsibilities, including a shared concern for the environmental impact of our supply chain and potential social and compliance risks such as human rights violations if these factors are not managed appropriately. Even though we do not directly influence working conditions or the climate footprint in the supply chain, we believe in advocating for changes. We do this through responsible sourcing by setting clear expectations to our third parties and challenging them to continuously improve to increase positive and limit negative impacts on people and environment.

In 2022, Techstep purchased goods and services for approximately NOK 970 million, of which close to 80% relates to hardware and related accessories sold to customers. Of some 200 suppliers, 16 of them are manufacturers and only five of them are considered to be Tier 1 and Tier 2 suppliers to Techstep. Our due diligence efforts are hence prioritised accordingly.

Our initial mapping shows that our greatest risks related to human rights violations and labour standards violations relate to the value chains of hardware production. The potential risks specifically identified were child and slave labour, employment conditions, restrictions in the right to organise, discrimination, health and safety.

The Norwegian Transparency Act

The Norwegian Transparency Act entered into force on 1 July 2022, and its introduction has coloured our work with respect to responsible business practices. During 2022, we have improved internal procurement processes as part of the work with strengthened focus on ESG, risk and compliance in the Group. The work relating to the Transparency Act is an integral part of Techstep's general efforts to promote sustainability in the supply chain, with focus on the highest potential risk of human rights violations or poor labour standards, or negative environmental impact. This applies both in terms of risk to others (for example employees in the supply chain) and/or risk of this having a negative impact on Techstep. We also focus on where we can have a positive impact, especially through our work with our strategic suppliers and partners. The reporting requirements subject to the Transparency Act is discussed in the text that follows.

Policy commitment and governance

Our policies and commitments, which build on internationally proclaimed guidelines for human rights and labour standards, are approved by the Board and the executive management team. Techstep's supplier code of conduct sets out our expectations of suppliers, which are based on the principles of the Universal Declaration of Human Rights, the International Labour Organisation (ILO) Core Conventions and UN Global Compact's 10 principles for sustainable development.

Our Sustainable Procurement policy and procedures, which were revised in 2022, set out the principles for supplier selection and follow-up, including the steps we take to investigate, analyse and address potential ESG risks, in accordance with the concepts and principles set forth in the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for responsible business conduct. Our sustainability strategy goes however beyond risk management and intends to leverage our purchasing power to incentivise and promote responsible and sustainable business practices across the supply chain. 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.

Techstep's Risk function is responsible for overseeing supplier due diligence and reporting, and the ESG and Compliance function is responsible for ensuring that Techstep complies with the Norwegian Transparency Act. These functions include supporting holistic work with due diligence assessments and responsible supply chains and subsequent reporting to the executive management, audit committee and Board. The work involves collaboration with representatives from other parts of the organisation such as procurement related to customer deliveries, internal IT operations, and security, depending on relevance. For own operations, regular follow-up of the guidelines for due diligence assessments is included as part of the Group's risk and compliance work.

Supplier due diligence

Techstep uses a third-party risk management tool to keep an overview of and follow-up partners and suppliers. Our suppliers are prioritised based on their strategic importance or the size of volume, as well as context and the supplier's ties to Techstep and how closely we are linked to the supplier or its activities.

All potential, new and existing business partners will be subject to regular risk-based due diligence with respect to environmental, social and governance practices as well as security and economic considerations, depending upon relevance of the product/service provided. Techstep will primarily do this through a mix of supplier assessments and supplier self-assessments. "High-risk" suppliers shall be subject to more in-depth follow-up and assessment, i.e. by obtaining further information from the supplier concerned or gathering documentation from external sources.

We also look to industry news sources, information provided by industry and NGOs and other relevant sources to identify possible allegations that could directly affect Techstep's supply chain and suppliers. Information obtained will be checked for validity with industry schemes and suppliers directly and then acted upon according to OECD Guidelines for Multinational Corporations.

Main findings

An initial mapping of Techstep's key suppliers has been made to identify potential risks and ensure compliance with our standards. By having a clear understanding of our supply chain, we can make informed decisions and take necessary actions to reduce our impact on people and the environment.

Some 20 third party assessments were completed in Q1 2023, by using Techstep's third-party risk management system. The suppliers were assessed on questions related to sustainability, social responsibility, working environment and business conduct. The assessment provides an overall overview of the supplier, as well as which of these have activities in countries/geographical regions that entail a higher risk of violations of human rights, labour standards, environmental requirements or corruption. For suppliers that have a higher "inherent" risk, or where a specific risk is identified, a more thorough assessment is conducted.

The maturity of sustainability work with our suppliers varies with respect to type of product and service offered. When it comes to mobile devices and related electronic products, we prioritise working with suppliers that have a strong commitment to uphold high ethical standards in their operations and supply chain. 80% of the Tier 1 and 2 electronics manufacturers we resell from are members of the Responsible Business Alliance (RBA), as well as the RBA-adjacent Responsible Minerals Initiative and Responsible Labour Initiative, 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.

Of the suppliers assessed, 40% are considered to entail higher inherent risk due to type of products manufactured, geographical location and complexity of their supply chain. Most of these manufacturers are headquartered in European countries or the US, while the manufacturing and assembly processes are mainly located in Asian countries with known social and environmental risks. In addition, mobile devices contain dozens of different elements and materials, each with a different supply chain stemming from mined and/or recycled sources. The mining sector has its share of social and environmental problems, ranging from dangerous working conditions and child labour to poor wages and pollution. The supply chains are normally very long and complex, often with low transparency and traceability.

Even though the manufacturers of products we resell have comprehensive programmes to ensure supply chain responsibility, it appears to be challenging to fully eradicate all risks across the supply chains – especially at the component and raw material stages. As of the date of this report, we are not familiar with any confirmed breaches of human rights and labour standards in our supply chain. At the same time, we recognise that the main risks in the electronics supply chain remains, ranging from risks of excessive working hours, forced labour, child labour, low wages and income, unsafe work practices, lack of worker representation and voice.

The due diligence assessments will continue going forward, with a closer follow-up on main risk suppliers. We further aim to assess all suppliers classified as Tier 1-3 during the year. New suppliers that sign a contract with Techstep will be subject to a risk assessment before any collaboration commences.

Reporting concerns

Techstep's whistleblower channel is open for both employees and external stakeholders to raise concerns without fear of retaliation or reprisal and to provide fair investigation. There were no reported cases during 2022.

Cybersecurity and data privacy

The threat landscape is constantly changing and cyberattacks are getting more and more sophisticated. Mobile devices increase companies' efficiency, but can also expose companies to increased risk, as they are more subject to theft or loss and are often used for both personal and corporate purposes. To reduce the risk, it's important to manage all devices properly and in compliance with applicable laws and regulations.

Information security is an essential part of Techstep's offerings to our customers and with the increased focus on software solutions, information security and privacy are natural parts of Techstep's product development and operational processes.

Techstep is committed to compliance with applicable laws and regulations. We place a high priority on protecting and managing data in accordance with accepted standards and helping our customers utilise our products and services to the same goal.

Over the years, Techstep has established policies, processes, methods, technologies and embraced proven standards to meet our customers security and privacy requirements. Techstep has implemented and maintains appropriate technical and organisational measures intended to protect customer data against unavailability, accidental loss or unauthorised disclosure, access, destruction or alteration.

Techstep is focusing on raising security awareness in the organisation by performing regular training for employees and when onboarding new co-workers. Examples of topics we cover in the training sessions include our security policies, procedures and guidelines, phishing, data protection, incident reporting and current threats. About 65% of the employees completed the training in 2022, as attendance was impacted by the downsizing process which took place during the same period.

All information security incidents are handled according to Techstep's information security incident management procedure and we have not experienced any incidents related to leak of customer data in 2022.

Techstep's Chief Information Security Officer is heading the ongoing process of aligning Techstep's information security management system (ISMS) with the newly released ISO/IEC 27001:2022 standard, and the goal is to get certified by the end of 2023.

Ethical business conduct

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

All employees are required to review the code of conduct and sign that the content has been read and understood. Each employee has an individual responsibility to ensure that business practices adhere to the code of conduct.

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. In 2022, Techstep did not receive any reported concerns.

Techstep takes a zero-tolerance stand to any forms of bribery, money laundering and corruption, as this undermines any legitimate business. Anti-corruption messaging is communicated to employees through the code of conduct and related policy. Internal policies and procedures will be further developed going forward, including a revision of the code of conduct and related training with all employees.

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 and articles, 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 have successfully arranged our annual Mobile Tech Forum in Norway and Sweden and held numerous webinars for new and existing customers. Through Techstep, close to 2 000 people acquired new knowledge that will help them and their organisations on their digitalisation journey.

Summary ESG results	2022	2021 [8]	2020
Climate and environmental impact			
Scope 1 - tCO_2	20.2	1.3	8.3
Scope 2 - tCO_2	32.1	32.9	9.4
Scope 3 - tCO_2	11 754	9 657	9.6
Emission intensity - tCO_2 per NOK million	8.9	7.4	na
Circularity			
Total units received for end-of-life handing	14 395	15 149	5631
% re-sold to second-hand market	92%	88%	na
Avoided emissions tCO_2 [9]	832	1 189	na
Employees and working environment			
Total number of employees	315	341	289
Number of part-time employees	3	6	12
Turnover rate	24%	13%	na
Employee engagement score (of 10)	7.1	7.4	na
Gender equality			
Share of women - Board of Directors	40%	40%	40%
Share of women - Executive management	38%	13%	0%
Share of women - Middle management [10]	27%	29%	43%
Share of women - Group total	27%	23%	21%
SHE index score	69	61	63
Health and safety			
Sick leave	3.6%	3.5%	3.3%
Occupational injuries	-	-	-
Cybersecurity			
Percentage employees completed security training	65%	92%	na
# incidents - leaks of customer data	-	1	na
Compliance			
Percentage employees taught cybersecurity	100%	100%	100%
# incidents - leaks of customer data	-	-	1
Management certifications	ISO 9001 (quality) - from Q1 2023		
	ISO 14001 (environment) - from Q1 2023		

8 Figures reported in the annual report for 2021 have beenn restated for scope 2 and 3 due to more accurate data from suppliers.

9 Based on calculations from our reseller partners.

10 Due to internal reorganisations over the last years, the figures are not directly comparable year over year.

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 along with the day-to-day effors to maintain a healthy corporate culture are both necessary. 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 subject to corporate governance reporting requirements according to the Norwegian Accounting Act section 3-3b, the Oslo Stock Exchange Rule Book II – Issuer Rules, Chapter 4.4, and the latest version of the Norwegian Code of Practice for Corporate Governance (the "Code"), freely available at lovdata.no, oslobors.no and nues.no, respectively.

The principles and implementation of corporate governance are subject to annual reviews and discussions by the company's Board of Directors. This report forms part of the Board of Directors' report and discusses Techstep's main corporate governance policies and practices and how Techstep has complied with the Code of Practice in the preceding year. Application of the Code is based on the "comply and explain" principle, which stipulates that any deviations from the Code are explained.

By the company's own assessment, Techstep did not have any deviations from the Code of Practice in 2022.

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 2022, together with a report on the company's environmental, social and governance measures.

Equity and dividends

As at 31 December 2022, Techstep's total equity was NOK 572 million and total liabilities amounted to NOK 752 million, which corresponds to an equity ratio of 43%, and a debt-to-equity ratio of 132%. 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 goals 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 expansions 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 21 April 2022. Following the private placement, it was considered necessary to replace one of them by a new authorisation in addition to granting a new authorisation related to a subsequent offering. As at 31 December 2022, the Board has the following authorisations:

- 21.10.2022: Authorisation to increase the share capital to NOK 60 945 782 in connection with cash and non-cash contributions, including mergers. Valid until AG 2023, but no later than 30 June 2023.
- 21.10.2022: Authorisation to increase the share capital by NOK 15 000 000 in connection with a possible subsequent offering. Amount utilised was NOK 402 160. Valid until AGM 2023, but no later than June 2023.
- 21.04.2022: Authorisation to increase the share capital to NOK 16 000 000 in connection with the Company's share incentive programme for its leading employees. Amount utilised was NOK 854 940. Valid to AGM 2023, but no later than 30 June 2023.
- 21.04.2022: Authorisation to acquire 10% of the share capital (treasury shares) as of March 2022. Valid to AGM 2023, but no later than June 2023.

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 21 April and 21 October 2022. These are available from www.techstep.io/investor 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 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-emptive 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 2022, Techstep executed a private placement of NOK 103 million, where the shareholders' pre-emption rights were set aside partly by an existing board authorisation. A subsequent repair offering was later carried out towards existing shareholders not allocated shares in the private placement, to ensure the equal treatment of obligations. For details, see the stock exchange releases dated 29 September and 29 November 2022, respectively.

Any transactions in treasury shares, i.e., a share buy-back 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 2022.

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 2022. For further information, refer to 23 - Related party transactions" in the annual report for 2022.

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 are 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 is 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 21 April 2022, Techstep held its annual general meeting with 15.92% of the shares represented. In addition, an extraordinary general meeting was held on 21 October with 35.98% 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 2022 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 one term until the annual general meeting in 2023. Høydalen represents Datum AS, the company's largest shareholder and is a colleague of Board member Harald Arnet. Raknes 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 21 April 2022, Anders Brandt resigned from the Board, and Michael Jacobs was elected as a new Board member.

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 and on page 46.

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 31.12.2022
Jens Rugseth**	Chair	No	13 of 14	11.02.2019	AGM 2023	45 458 104
Ingrid Leisner	Board member	Yes	14 of 14	22.02.2016	AGM 2023	601 562
Melissa Mulholland	Board member	Yes*	13 of 14	22.04.2021	AGM 2023	n.a.
Harald Arnet	Board member	No	13 of 14	22.09.2021	AGM 2023	n.a.
Michael Jacobs**	Board member	Yes	12 of 12	21.04.2022	AGM 2023	n.a.
Anders Brandt	Board member	Yes	1 of 2	26.04.2018	AGM 2022	1 449 690

* Melissa Mulholland is the CEO and Michael Jacbos is the Executive Vice President of the Nordics of Crayon ASA, where Jens Rugseth is a shareholder and member of the Board

** Michael Jacobs was appointed Chairman of the Board at the extraordinary general Meeting 15. February 2023. Jens Rugseth took on the role as Board member. Michael is part of the management group of Crayon.

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 are regulated by the Norwegian Public Limited Liability Companies Act. In addition, the Board has adopted supplementary rules of procedure which provide 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 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 an interest. There was one such case in 2022, in connection with the acquisition of Crypho AS. See also note 23 in this annual report.

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 14 Board meetings in 2022 with 88% 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 audits, risk management and internal control systems, corporate governance matters and the appointment mandate and remuneration of the external auditor. As at 31 December 2022, the audit committee consisted of Board members Ingrid Leisner and Melissa Mulholland, both considered as independent of the company. The audit committee met five times in 2022.

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 2022, the remuneration committee consisted of Board members Jens Rugseth and Ingrid Leisner. The remuneration committee met two times in 2022.

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.

During 2022, Techstep has strengthened its governance, risk and compliance framework, including policy and procedures for systematic risk management and internal control. A management system has been established based on the ISO standard, with emphasis on quality, security and environment, to support day-to-day operations and promote continual improvement in the organisation. A risk- and opportunity-based approach is central in the standard. Risk reviews and reporting are conducted on a quarterly basis to identify current and potential risks that need to be addressed and mitigated. ESG, risk and compliance are also addressed at monthly management meetings and quarterly meetings with the audit committee.

Techstep's financial accounts are prepared in accordance with IFRS. 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 the Oslo stock exchange, which are reviewed by the audit committee prior approval by the Board of directors and subsequent publication. The auditor attends meetings of the audit committee and board meetings related to the presentation of the preliminary annual financial statements.

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 2022.

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.

A total of NOK 1.6 million was paid in directors' fees for 2022. Fees paid to each director are presented in the remuneration report for 2022, available from the company's website www.techstep.io/investor.

The remuneration of the Board was not performance based and the company has not granted share options to any board members. Members of the audit committee are remunerated separately. The company does not provide loans to Board members.

Board members observe general insider regulations for trading in the company's shares. Reference is made to the Remuneration report 2022 for an overview of shares owned by directors.

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 67% of the fixed salary for the CEO and 45% for the other executives 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 2022, 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 conducted a share purchase programme where employees were offered the chance to purchase shares at a discount to the market price.

The executive remuneration guidelines have been presented to, and were adopted by, the annual general meeting on 21 April 2022. Detailed information about the remuneration of the executive management team can be found in the remuneration report for 2022, available from the company's website.

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 based 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 focus on the day-to-day communication and IR activities, while the Chairman focus 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 the Oslo stock exchange's 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 Techstep's auditor since its inception in 2016, and technically for the company 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 at the request off the Board, as well as all audit committee meetings held in connection with the quarterly 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 2022).

Consolidated income statement

(Amounts in NOK 1 000)	Notes	2022	2021
Revenue	23	1 323 115	1 303 192
Other revenue		11	1 898
Total revenue	**2, 3**	**1 323 126**	**1 305 090**
Cost of goods sold	2	(863 007)	(845 305)
Salaries and personnel costs	4, 28	(265 027)	(281 620)
Other operational costs	5, 23, 27	(109 626)	(108 549)
Depreciation	9, 10	(109 222)	(108 229)
Amortisation	11	(58 492)	(54 723)
Other income	6	40 058	22
Other expenses	6	(10 015)	(17 209)
Operating profit (loss)		**(52 205)**	**(110 522)**
Financial income	7	5 601	12 232
Financial expense	7	(17 565)	(20 460)
Profit before tax		**(64 170)**	**(118 750)**
Income tax	8	(4 445)	16 091
Net income		**(68 614)**	**(102 660)**
Net income attributable to			
Non-controlling interests		312	390
Shareholders of Techstep ASA		(68 926)	(103 050)
Earnings per share in NOK:			
Basic	24	(0.25)	(0.55)
Diluted	24	(0.25)	(0.55)

Consolidated statement of comprehensive income

(Amounts in NOK 1 000)	2022	2021
Net income	**(68 614)**	**(102 660)**
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	(25 598)	(21 586)
Income tax related to these items	-	(1 304)
Other comprehensive income	**(25 598)**	**(22 890)**
Total comprehensive income for the period	**(94 212)**	**(125 549)**
Total comprehensive income for the period attributable to		
Non-controlling interests	312	390
Shareholders of Techstep ASA	(94 524)	(125 939)

Consolidated statement of financial position

(Amounts in NOK 1 000)

ASSETS	**Note**	**2022**	**2021**
Non-current assets			
Deferred tax asset	8	6 470	2 149
Goodwill	11, 18, 19, 22	601 083	592 549
Customer relations and technology	11, 18, 19, 22	182 296	183 214
Total intangible assets		**789 849**	**777 912**
Right of use assets	9, 10	29 738	30 267
Property, plant and equipment	10	168 325	148 775
Total tangible assets		**198 064**	**179 043**
Shares and investments	20	608	590
Other non-current assets	20	2 655	1 224
Total financial assets		**3 264**	**1 814**
Total non-current assets		**991 176**	**958 768**
Inventories	12	23 431	19 391
Accounts receivable	13, 20, 23	213 773	230 229
Other receivables	13, 20	33 801	31 435
Total inventories and receivables		**271 005**	**281 055**
Assets classified as held for sale	10, 22	-	24 482
Cash and cash equivalents	14	61 119	50 350
Total current assets		**332 124**	**355 887**
Total assets		**1 323 300**	**1 314 655**
EQUITY AND LIABILITIES	**Note**	**2022**	**2021**
Share capital	25	305 131	209 630
Other equity		266 389	344 682
Total equity attributable to the owners of Techstep ASA		**571 520**	**554 312**
Non-controlling interests	22	-	1 274
Total equity		**571 520**	**555 586**
Deferred tax	8	20 536	14 645
Non-current interest-bearing borrowings	15, 20	90 665	97 402
Other non-current debt	9, 16, 20, 22	37 555	43 305
Total non-current liabilities		148 756	155 353
Current interest-bearing borrowings	15, 20	83 322	74 548
Accounts payable	15, 20, 23	205 797	193 833
Tax payable	15, 20	3 315	653
Public duties	15, 20	41 100	39 577
Other current liabilities	9, 15, 17, 20	269 490	295 106
Total current liabilities		**603 024**	**603 716**
Total liabilities		**751 780**	**759 069**
Total equity and liabilities		**1 323 300**	**1 314 655**

Oslo, 27 April 2023, signatures from the Board of Directors and the CEO of Techstep ASA:

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

Consolidated statement of changes in equity

(Amounts in NOK 1 000)	Note	Share capital	Other paid-in capital	Other equity	Translation reserve	SUM	Non-controlling interest	Total equity capital
Equity as at 1 January		**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 income		-	-	-	(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	22, 25	22 655	75 264	-	-	97 920	-	97 920
Proceeds from issuance of shares net of transaction costs	25	3 679	12 141			15 821		15 821
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**
Equity as at 1 January 2022		**209 630**	**678 767**	**(327 417)**	**(6 668)**	**554 312**	**1 274**	**555 586**
Profit for the period		-	-	(68 926)	-	(68 926)	312	(68 614)
Other comprehensive income		-	-	-	(25 598)	(25 598)	-	(25 598)
Total comprehensive income for the period		**-**	**-**	**(68 926)**	**(25 598)**	**(94 523)**	**312**	**(94 212)**

Transactions with owners in their capacity as owners:								
Transactions with non-controlling interests							(1 585)	(1 585)
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	22, 25	2 014	3 442	-	-	5 456	-	5 456
Proceeds from issuance of shares net of transaction costs	25	93 487	8 698	-	-	102 185	-	102 185
Share-based payments		-	-	4 091	-	4 091	-	4 091
Equity as at 31 December 2022		**305 131**	**690 906**	**(392 252)**	**(32 266)**	**571 520**	**-**	**571 520**

Consolidated statement of cash flow

(Amounts in NOK 1 000)	Note	2022	2021
Profit before tax		(64 170)	(118 750)
Depreciation	10	95 459	94 786
Depreciation right-of-use assets	10	13 763	13 443
Amortisation	11	58 492	54 723
Share-based payments		4 091	3 946
Gain on sale of business reclassified to investment activities	6	(40 119)	-
Gain from sale of PPE reclassified to investment activities		(2 523)	-
Net exchange differences		-	2 136
Taxes paid		(996)	(1 474)
Interest expense (revenue) reclassified to investing/financing activities		12 807	7 880
Changes in net operating working capital core*		24 379	19 782
Changes in net operating working capital		22 558	52 460
Net cash flow from operational activities		**123 741**	**128 930**
Payment for acquisition of subsidiaries net of cash acquired	22	294	(78 759)
Payment for equipment and other fixed assets	10	(132 450)	(141 392)
Payment for intangible assets	11	(52 250)	(48 883)
Proceeds from sale of property, plant and equipment		3 499	27 393
Proceeds from sale of business	22	-	65 678
Interest received		531	1 368
Net cash used on investment activities		**(180 376)**	**(174 594)**
Changes in ownership in Subsidiary	22	(9 000)	-
Proceeds from issuance of shares	25	76 969	101 853
Proceeds from borrowings	15	55 768	35 145
Repayment of borrowings	15	(29 019)	(41 783)
Lease repayments	9	(15 423)	(16 240)
Interest paid		(11 701)	(7 731)
Net cash flow from financing activities		**67 594**	**71 244**
Net change in cash and cash equivalents		**10 959**	**25 580**
Cash and cash equivalents as at 1 January	14	50 350	27 203
Effects of exchange rate changes on cash and cash equivalents**		(191)	(2 433)
Cash and cash equivalents as at 31 December	**14**	**61 119**	**50 350**

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

Notes to the Group accounts

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18. Critical estimates
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Group structure

22. Changes in Group structure and business combinations

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23. Related party transactions
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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 2022 were approved by the Board of Directors on 27 April 2023 and will be presented for approval by the Annual General Meeting on 23 May 2023.

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, except for shares and investments that have been measured at fair value.

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 2022 financial year.

1.3 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. 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

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.

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 Advisory & Service

Revenue from Advisory & Services includes revenues from 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.

Revenue from Advisory & Services also includes sales of 3. party software licenses. 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.

Own Software

The Group develops and sells own software. The customer buys a right to access the software developed by Techstep. The performance obligation is satisfied over time.

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)" respectively. Such items are characterised by being of a non-recurring nature and outside ordinary business of Techstep Group. 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. The measurement period cannot exceed one year from the acquisition date. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period 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. The carrying amount of a trade receivable is written off when the Group has no reasonable expectations of recovering the trade receivable in its entirety or a portion thereof.

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 and liabilities 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 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.

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 are 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.

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, Denmark and Poland, 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.

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 2022 the Group has options outstanding that are in the money. Basic earnings per share and diluted earnings per share therefore differ.

1.29 Government grants

Government grants, including the Norwegian Skattefunn tax incentive scheme, are recognised in the same year as the government grants are received. Grants are recognised as deductions against the costs that they are intended to compensate.

Investment grants are capitalised and recognised systematically over the asset's useful life. Investment grants are recognised either as deferred income or as a deduction of the asset's carrying amount.

1.30 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 comprises Techstep ASA.

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

1) Norway

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

2) Sweden

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

3) Denmark

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

4) Poland

- 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 2022	Norway	Sweden	Denmark	Poland	HQ	Elim-inations	Total
Operating revenues from external customers	**787 272**	**476 582**	**34 794**	**24 478**	**-**	**-**	**1 323 126**
Operating revenues from other segments	32 881	41 588	-	3 448	67 555	(145 473)	-
Operating revenues	**820 153**	**518 170**	**34 794**	**27 926**	**67 555**	**(145 473)**	**1 323 126**
Cost of goods sold	(539 551)	(324 274)	(27 806)	(7 779)	-	36 403	(863 007)
Salaries and personnel costs	(89 565)	(111 032)	(2 356)	(7 831)	(60 936)	6 693	(265 027)
Other operational costs	(97 750)	(55 148)	(1 703)	(7 878)	(46 277)	99 130	(109 626)
Depreciation	(60 761)	(42 142)	(1 166)	(766)	(4 387)	-	(109 222)
Amortisation	(22 054)	(23 685)	-	(8 655)	(4 107)	9	(58 492)
Impairment	-	-	-	-	-	-	-
Other income	19 600	20 047	-	165	246	-	40 058
Other expenses	(4 900)	(2 360)	(76)	(388)	(2 292)	-	(10 015)
Operating profit (loss)	**25 171**	**(20 423)**	**1 687**	**(5 206)**	**(50 197)**	**(3 238)**	**(52 205)**
Financial income	(35 122)	19	0	41	45 127	(4 465)	5 601
Financial expenses	(2 965)	(4 317)	(87)	(109)	(42 914)	32 827	(17 565)
Profit (loss) before tax	**(12 915)**	**(24 721)**	**1 600**	**(5 275)**	**(47 983)**	**25 124**	**(64 170)**

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	(28 792)	12 232
Financial expenses	(4 591)	(3 112)	(106)	(4)	(15 536)	2 890	(20 460)
Profit (loss) before tax	**(12 003)**	**(31 871)**	**2 099**	**(2 155)**	**(24 001)**	**(50 820)**	**(118 750)**

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	2022	2021
Norway	562 482	511 701
Sweden	326 032	348 700
Denmark	1 331	1 388
Poland	101 332	96 979
Total	**991 176**	**958 768**

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.

2022	Norway	Sweden	Denmark	Poland	HQ	Eliminations	Group
Total revenues	**820 154**	**518 170**	**34 794**	**27 926**	**67 555**	**-145 474**	**1 323 126**
Hardware							
Hardware revenues	531 897	252 711	16 372	477	0	-16 313	785 144
Leasing	87 966	54 657	5 587	0	0	-5 185	143 026
Bonus	41 766	7 708	0	0	0	0	49 473
Total	**661 629**	**315 076**	**21 960**	**477**	**0**	**-21 498**	**977 643**
Solutions							
Advisory & Services	69 914	170 988	12 307	306	0	-12 735	240 780
Own Software	44 164	25 247	669	27 143	0	-5 631	91 593
Total	**114 078**	**196 235**	**12 976**	**27 449**	**0**	**-18 366**	**332 372**
Other revenues							
Commission*	13 036	64	0	0	0	0	13 100
Other	31 412	6 796	-142	0	67 555	-105 609	11
Total	**44 448**	**6 859**	**-142**	**0**	**67 555**	**-105 609**	**13 111**

*reclassified from Solutions

2021*	Norway	Sweden	Denmark	Poland	HQ	Eliminations	Group
Total revenues	**789 491**	**456 826**	**41 448**	**17 325**	**58 360**	**-58 360**	**1 305 090**
Hardware							
Hardware revenues	524 718	221 641	24 790	365	0	0	771 513
Leasing	82 947	46 557	4 732	0	0	0	134 237
Bonus	37 044	12 119	0	0	0	0	49 163
Total	**644 709**	**280 317**	**29 522**	**365**	**0**	**0**	**954 912**
Solutions							
Advisory & Services	86 400	155 216	11 255	1 458	0	0	254 329
Own Software	39 090	18 505	689	15 503	0	0	73 787
Total	**125 490**	**173 721**	**11 944**	**16 960**	**0**	**0**	**328 116**
Other revenues							
Commission**	17 791	2 372	0	0	0	0	20 164
Other	1 501	415	-18	0	58 360	-58 360	1 898
Total	**19 292**	**2 788**	**-18**	**0**	**58 360**	**-58 360**	**22 062**

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

**reclassified from Solution

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 at the balance sheet date are therefore immaterial. This also applies to the unfulfilled performance obligations.

Sale of hardware and licenses 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 is specified in note 16 (non-current) and note 17 (current)

Changes in deferred revenue during the year

	2022	**2021**
Opening balance deferred revenue as at 1 January	135 320	78 783
Additions from business combinations	0	0
Net movement	16 800	57 190
Translation differences	(552)	(653)
Closing balance deferred revenue as at 31 December	**151 568**	**135 320**

Of the total deferred revenue as at 31 December 2022, NOK 50.9 million will be recognised in 2024 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 2022, the five largest customers represent approximately 24 % (21 %) of total revenue in 2022, and the ten largest customers represent approximately 31 % (27 %) of total revenue. Figures for 2021 is restated in order to be comparable to 2022 figures.

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 151.6 million of which NOK 100.7 million will be accounted for as revenue in 2023. The remaining balance will be accounted for as revenue in 2024 or later.

The amounts disclosed do 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 the 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

	2022	**2021**
Salaries and holiday pay	200 928	213 848
Social security tax	44 652	45 535
Pension costs including social security tax	14 515	16 512
Other personnel costs	4 932	5 725
Total personnel costs	265 027	**281 621**
Number of employees at year end	315	341

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

	2022	2021
Office rental and operations	6 525	6 143
Human resources	6 469	8 305
Sales and marketing	12 853	15 809
IT expenses	48 073	46 491
Fees for external services*	24 554	21 427
Factoring expenses	0	502
Communication	2 354	1 882
Travel expenses	4 224	1 916
Other costs*	4 573	6 074
Total operating costs	**109 626**	**108 549**

* 2021 figures are restated by a reclassification of NOK 3 million from Other costs to Fees for external services.

Note 6. Other income and other expenses

Other income	**2022**	**2021**
Gain on sale of business	40 058	0
Other non-recurring income	0	22
Total	**40 058**	**22**

2022

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

Other expenses	**2022**	**2021**
Acquisition related costs	(604)	(10 120)
Other non-recurring expenses	(9 411)	(7 088)
Total	**(10 015)**	**(17 209)**

2022

Acquisition-related costs are related to the acquisition of Crypho AS and the remaining 20% of the shares in Techstep Finance AS. Other non-recurring expenses are related to restructuring.

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.

Note 7. Financial income and expenses

	2022	2021
Interest income	979	1 368
Other financial income	4 622	10 864
Total financial income	**5 601**	**12 232**
Interest expenses interest bearing debt	(12 850)	(8 021)
Interest expenses leasing	(1 177)	(1 247)
Other financial expenses	(3 537)	(11 192)
Total financial expenses	**(17 565)**	**(20 460)**

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

Note 8. Tax

Income tax expense	2022	2021
Current tax	(5 426)	(2 770)
Change in deferred tax	981	18 860
Tax expense	**(4 445)**	**16 091**
Reconciliation of relationship between accounting profit and tax expense		
Profit before tax	(64 170)	(118 750)
Tax at the Norwegian tax rate of 22%	14 117	26 125
Tax effect permanent differences	(4 124)	(6 620)
Difference in tax rates	(1 019)	(467)
Deferred tax asset not recognised	(10 435)	-
Other	(2 984)	(2 947)
Income tax expense	**(4 445)**	**16 091**
Effective tax rate	-7%	40%
Amounts recognised directly in equity		
Deferred tax: Share issue cost	(823)	(1 109)
Total	**(823)**	**(1 109)**
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised, see note 18*	(563 406)	(493 774)
Potential tax asset at 22% tax rate	**(123 949)**	**(108 630)**
Deferred tax		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	158 320	111 638
Inventories	(951)	4 784
Trade receivables and other receivables	(721)	(320)
Leasing	(1 748)	(2 309)
Other current liabilities	4 282	(330)
Tax loss carried forward	(86 285)	(49 500)
Carry forward interest	(3 779)	(1 991)
for which no deferred tax asset has been recognised	-	-
Total basis for deferred tax	**69 118**	**61 973**

Tax rate deferred tax	**22%**	**22%**
Net deferred tax with applicable year's tax rate	15 206	13 634
Change in deferred tax due to change in tax rate	-	27
Difference in tax rates	(1 140)	(765)
Adjustment, prior years	-	(401)
Net deferred tax (+)/ deferred tax asset (-)	**14 066**	**12 495**
Net deferred tax related to Norway	(6 412)	(11 295)
Net deferred tax related to Sweden	15 827	17 784
Net deferred tax related to Polen	4 651	6 006
Total deferred tax (+)/ deferred tax asset (-)	**14 066**	**12 495**
Deferred tax asset	(6 470)	(2 149)
Deferred tax liability	20 536	14 645
Total deferred tax (+)/ deferred tax asset (-)	**14 066**	**12 495**

*Unused tax losses 2021 are adjusted according to final tax reporting 2021

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**	**Total**
As at 1 January 2022	25 990	1 329	2 948	30 267
Additions	10 940	611	950	12 500
Additions from business combinations	-	-	-	-
Depreciation	(10 665)	(944)	(2 154)	(13 763)
Variable lease payment adjustment	-	-	-	-
Translation differences	(757)	1 145	346	734
As at 31 December 2022	**25 508**	**2 141**	**2 090**	**29 738**

	Buildings	**Equipment**	**Vehicles**	**Total**
As at 1 January 2021	35 624	1 812	2 796	40 232
Additions	4 963	-	2 444	7 407
Additions from business combinations	845	-	-	845
Depreciation	(10 849)	(483)	(2 111)	(13 443)
Variable lease payment adjustment	528	-	-	528
Translation differences	(5 121)	-	(181)	(5 302)
As at 31 December 2021	**25 990**	**1 329**	**2 948**	**30 267**

Lease liabilities

	Buildings	Equipment	Vehicles	Total
As at 1 January 2022	28 412	1 423	3 001	32 835
Additions	10 911	576	986	12 473
Additions from business combinations	-	-	-	-
Interest expense	909	120	148	1 177
Lease payments	(12 081)	(1 049)	(2 293)	(15 423)
Variable lease payment adjustment	-	-	-	-
Translation differences	(695)	1 189	324	818
As at 31 December 2022	**27 457**	**2 259**	**2 165**	**31 880**

	Buildings	Equipment	Vehicles	Total
As at 1 January 2021	35 775	1 853	2 922	40 550
Additions	4 963	-	2 444	7 407
Additions from business combinations	845	-	-	845
Interest expense	1 025	58	164	1 246
Lease payments	(13 357)	(488)	(2 395)	(16 240)
Variable lease payment adjustment	528	-	-	528
Translation differences	(1 367)	-	(134)	(1 501)
As at 31 December 2021	**28 412**	**1 423**	**3 002**	**32 835**

Lease liabilities	**2022**	**2021**
Non-current	16 738	22 204
Current	15 142	10 631
Total	**31 880**	**32 835**

Maturity analysis nominal payments of lease liabilities 2022

	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease liabilities	15 496	12 258	5 886	0

Maturity analysis nominal payments of lease liabilities 2021

	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease liabilities	13 652	11 841	10 467	0

Amounts recognised in the statement of profit or loss

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

	2022	2021
Depreciation charge		
Buildings	10 665	10 849
Equipment	944	483
Vehicles	2 154	2 111
Licences	0	0
Total	13 763	13 443
Interest charge	**1 177**	**1 247**
Other charges*	**3 006**	**5 282**

*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 and vehicles. 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 using 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 as uncertain whether the extension or termination options will be utilised.

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	Equipment*	Other fixed assets	Total
Accumulated cost as at 1 January 2022	63 881	292 234	31 090	387 205
Additions	12 500	126 507	5 943	144 950
Additions arising from business combinations	0	0	83	83
Disposals	(2 673)	(76 928)	(15 641)	(95 242)
Translation differences	(103)	(4 236)	(11)	(4 350)
Accumulated cost as at 31 December 2022	**73 605**	**337 577**	**21 464**	**432 646**
Accumulated cost as at 1 January 2021	69 045	279 256	35 058	383 359
Additions	7 407	140 212	1 179	148 798
Additions arising from business combinations	845	-	869	1 714
Disposals	(12 152)	(122 605)	(4 979)	(139 736)
Translation differences	(1 264)	(4 629)	(1 037)	(6 930)
Accumulated cost as at 31 December 2021	**63 881**	**292 234**	**31 090**	**387 205**
Accumulated depreciation as at 1 January 2022	(33 613)	(149 468)	(25 081)	(208 163)
Additions arising from business combinations	(0)	(0)	-	(0)
Current year depreciation	(13 763)	(92 840)	(2 620)	(109 222)
Disposals	2 673	64 004	14 082	80 759
Translation differences	837	1 429	(223)	2 043
Accumulated depreciation as at 31 December 2022	**(43 866)**	**(176 874)**	**(13 842)**	**(234 583)**
Accumulated depreciation as at 1 January 2021	(28 813)	(153 906)	(27 018)	(209 737)
Additions arising from business combinations	-	-	(766)	(766)
Depreciation	(13 443)	(92 167)	(2 619)	(108 229)
Disposals	5 386	95 875	4 982	106 242
Translation differences	3 256	731	341	4 327
Accumulated depreciation as at 31 December 2021	**(33 613)**	**(149 468)**	**(25 081)**	**(208 163)**
Book value of assets 31 December 2022	29 738	160 703	7 622	198 064
Book value of assets 31 December 2021	30 267	142 766	6 009	179 043

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 2022	736 389	385 121	148 288	1 269 797
Additions	-	-	52 250	52 250
Additions arising from business combinations	12 367	-	3 566	15 933
Disposals	-	-	(125)	(125)
Translation differences	(10 588)	(2 805)	636	(12 757)
Accumulated cost as at 31 December 2022	738 168	382 316	204 614	1 325 099
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
Disposals			(1 571)	(1 571)
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 amortisation and impairment as at 1 January 2022	(143 840)	(305 171)	(45 024)	(494 034)
Additions arising from business combinations	-	-	(0)	(0)
Current year amortisation	-	(22 964)	(35 528)	(58 492)
Disposals	-	-	62	62
Translation differences	6 755	1 391	2 600	10 747
Accumulated amortisation and impairment as at 31 December 2022	(137 085)	(326 744)	(77 889)	(541 718)
Accumulated amortisation and impairment as at 1 January 2021	(143 840)	(276 577)	(21 577)	(441 993)
Additions arising from business combinations	-	-	(1 666)	(1 666)
Amortisation	(0)	(31 260)	(23 463)	(54 723)
Translation differences	0	2 666	1 681	4 348
Accumulated amortisation and impairment as at 31 December 2021	(143 840)	(305 171)	(45 024)	(494 034)

Book value as at 31 December 2022	601 084	55 572	126 725	783 381
Book value as at 31 December 2021	592 549	79 950	103 264	775 763
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	**2022**	**2021**
Inventories	24 473	20 068
Less write-down of inventories	(1 042)	(678)
Total inventories	**23 431**	**19 391**

Note 13. Trade receivables and other receivables

Trade receivables and other receivables shown at maturity as at 31 December 2022:

		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	215 566	202 105	9 434	2 239	1 558	228
Other current receivables	33 801	33 801	-	-	-	-
Less provision for bad debt	(1 792)	(747)	(185)	(274)	(358)	(228)
Total trade receivables and other short-term receivables	247 575	235 159	9 249	1 965	1 200	-
Expected loss rate	-	0%	2%	12%	23%	100%

The company has reassessed its loss allowance for 2022 and aligned the expected loss rate with historical and expected credit losses.

Trade receivables and other receivables shown at maturity as at 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	169 349	79 461	9 469	2 665	721
Expected loss rate	-	0%	1%	3%	8%	75%

Changes in the provision for bad debt during the year	2022	2021
Opening balance provision for bad debt as at 1 January	(1 877)	(3 416)
Net change in the provision during the year	85	1 539
Closing balance provision for bad debt as at 31 December	**(1 792)**	**(1 877)**

Other short-term receivables	2022	2021
Accrued revenues	9 655	9 230
Prepaid expenses	17 183	10 104
Other current receivables	6 964	12 101
Total	**33 801**	**31 435**

	2022	2021
Actual losses on receivables	**182**	**1 809**

Note 14. Cash and cash equivalents

The Group's cash and cash equivalents consists of	2022	2021
Cash and bank deposits	61 119	50 350
Total	**61 119**	**50 350**
Of which is restricted	5 196	6 196

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	2022	2021
NOK	27 547	27 734
SEK	22 885	12 350
Other	10 687	10 267
total	**61 119**	**50 350**

The Group has a credit facility of NOK 75 million related to the cash pool.

Note 15. Borrowings

The Group's interest-bearing liabilities consist of:

	2022		2021	
	Current	Non-current	Current	Non-current
Seller credits related to business combinations	27 789	0	27 574	31 986
Bank loan	27 771	90 665	25 055	65 416
Bank overdraft	27 762	0	21 919	0
Total interest-bearing debt	**83 322**	**90 665**	**74 548**	**97 402**

*Refer to note 14. Net bank overdraft facility comprises 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*	27 762	27 762	0	0	1-month NIBOR + 2.25%
Bank acquisition loan	66 340	23 167	43 174	0	3-month NIBOR + 2.50%
Bank loan, other	62 249	10 828	39 203	12 218	3-month NIBOR + 2.50%
Seller credits related with business combinations	27 789	27 789	0	0	4,00%
Trade payables	205 797	205 797	0	0	
Tax payable	3 315	3 315	0	0	
Public duties	41 100	41 100	0	0	
Other current liabilities	102 780	102 780	0	0	
Total	**537 132**	**442 538**	**82 377**	12 218	

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

The Group has several overdraft facilities.

The Norwegian overdraft facility has a credit limit of NOK 75 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 4.95 %. The facilities were not utilised as at year-end 2022.

The Polish overdraft facility has a total credit limit of PLN 1.3 million. The facility was not utilised as at year-end 2022.

The Group discontinued its factoring facility in 2021. The factoring facility was replaced by an increased overdraft facility.

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 is as follows:	2022	2021
Trade receivables	215 566	232 106
Inventories	23 431	19 391
Property, plant and equipment	7 622	6 009
Total book value of assets pledged as collateral:	**246 619**	**257 505**

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.

Withdrawal on cash pool/inventory plus accounts receivables ratio shall be maximum 60%.

Reconciliation of interest-bearing debt	2022	2021
Balance as of 1 January	**171 950**	**193 027**
Cash flow from financing activities		
Proceeds from borrowings	55 768	35 145
Payments of borrowings	(29 019)	(41 783)
Net cash flow from financing activities	*26 749*	*(6 638)*
Additions arising from business combinations	2 344	1 384
Non-cash settlements	(25 215)	0
Effects from exchange rate fluctuations	(286)	(1 013)
Other	(1 556)	(14 810)
Balance as of 31 December	**173 987**	**171 950**

Note 16. Other non-current debt

Other non-current debt consists of the following:	note	2022	2021
Lease liabilities	9	16 738	22 204
Residual obligations		20 817	20 207
Deferred revenue		-	894
Total other non-current debt		**37 555**	**43 305**

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. Other current liabilities

Other current liabilities	note	2022	2021
Accrued personnel expenses (bonus, holiday pay etc.)		40 373	37 439
Accrued cost		19 650	16 975
Provision for onerous lease contracts		2 708	-
Deferred revenue	3	151 568	135 320
Prepaid revenue		19 133	15 343
Lease liabilities	9	15 142	10 631
Residual obligations		16 591	9 797
Other current financial and non-financial liabilities	22	4 325	69 600
Total other current liabilities		**269 490**	**295 106**

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 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 2022 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 2022 and 2021 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations. This calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate to calculate present value. Estimated future cash flows are based on financial budgets and forecasts approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates. Details of recognised goodwill are provided in Note 19, including discount rates calculations and sensitivity disclosures.

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, based on management assessments of technical innovations, technical obsolescence of existing products and competitor actions.

Recognition of income tax

The Group is mainly subject to income taxes in 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.

Deferred tax assets are recognized when it is probable the company will have a sufficient taxable profit in subsequent periods to utilize the tax asset. Assessment of future ability to utilise tax positions is based on judgements of the level of taxable profit, the expected timing of utilisation and expected temporary differences.

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, customer relationships and technology acquired through business combinations are allocated to the CGUs as shown in the table below.

	Goodwill		Customer relationships		Technology	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Norway	344 452	243 467	-	284	-	-
Crypho	4 952	-	-	-	-	-
Sweden	189 588	195 445	42 586	63 171	8 923	12 424
Mytos	-	93 570	-	343	-	-
Poland	62 091	60 067	12 986	16 152	11 802	14 680
Total	601 083	592 549	55 572	79 950	20 725	27 104

Cash generating units

Norway: Comprises the companies Techstep Norway AS, Techstep Finance AS and Mytos AS. The cash flows from Mytos have been more integrated with Techstep Norway AS and for the 2022 impairment test Mytos was included in the Norway CGU. 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.

Goodwill allocated to Norway is mainly related to acquisition of Nordialog, Techstep Finance AS and Mytos AS.

Crypho: Crypho AS has an end-to-end encrypted enterprise software as a service (SaaS) messaging and file-sharing application. The company was acquired in June 2022, and during the six months of ownership in 2022 there has not been material changes in the valuation.

Sweden: Comprise the companies Techstep AB, Techstep Finance AB and Optidev ApS. The companies are followed up as Sweden, and are integrated with each other. Similar to Norway, Techstep Finance AB is not considered to be a cash generating unit by itself.

Goodwill allocated to Sweden is mainly related to acquisition of Techstep AB, Optidev AB and eConnectivity.

Poland: Comprise the companies Famoc S.A. and Famoc ltd. Goodwill allocated to Poland is related to the acquisition of Famoc.

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 2022 and 2021 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 three-year period. Cash flows beyond the three-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	Poland
Material factors that affect the cash flow from operations	The cash generating unit provides the customer with the entire managed mobility offering, consisting of Hardware, third party software within the mobility space, consultancy, maintenance and support, and all of the Groups' own software, including Fakturakontroll. All of the products are offered stand-alone or through bundles. The CGU retains cash flows from the traditional hardware business, which is expected to decrease over the next years. All increase in cash flow is primarily expected in own software. The Cash flows are based upon expected future performance using the 2023 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 2023 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 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 being undertaken. The CGU has stable free cash flows. .
	The CGU operates 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 average growth rate in the markets the CGU operates far above	The CGU operates 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 average growth rate in the markets the CGU operates far above	The CGU operates from Poland, however, it has customers in many geographies where both economic and market conditions differ. A strength is that the CGU is diversified, however the risk profiles of the individual customers vary.

	the growth estimates used in the impairment assessment.	the growth estimates used in the impairment assessment.	
	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 2023 is at the same level as results delivered in 2022, 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 an 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 is based on the same underlying value chains as in Norway, where investments related to processes and systems are taken in 2022. The systems, products and processes will be rolled out in Sweden and the group will scale better on new systems. Refer to sensitivity analysis below regarding reductions in free cash flows and impact on impairment.	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. Refer to sensitivity analysis below regarding reductions in free cash flows and impact on impairment.

The calculations of the CGU carrying amount use cash flow projections based on financial budgets and forecasts approved by management covering a three-year period. Cash flow for year four and five were calculated using estimated growth rates. In year six a terminal value is calculated.

Discount rates

The pre-tax discount rate applied for the impairment testing is set between 11.2% - 13.7% depending on the geographic area. 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 post-tax rates are converted to pre-tax rates by using nominal tax rate in the relevant countries.

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 2022 and 2021, these assumptions have been applied consistently across the Group."

	2022	2021
Equity ratio	50%	42%
Growth in terminal value	2.0%	0.5 %
WACC	11.2% - 13.7%	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	Poland
10% decline in free cash flow	No impairment	No impairment	No impairment
1 % increase in WACC	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 management.

The Group's capital consists of net interest-bearing debt (NIBD) and equity:	2022	2021
Non-current interest-bearing borrowings	90 665	97 402
Current interest-bearing borrowings	83 322	74 548
Cash and cash equivalents*	61 119	50 350
NIBD	**112 868**	**121 600**
Group equity	571 520	555 586
Net gearing (NIBD/equity)	20%	22%
Undrawn credit facilities	64 238	72 081

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 be 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.

No single customer represents 10% or more of trade receivables as at 31 December 2022 or as at 31 December 2021. No single customer represents 10% or more of the Group's revenues in 2022 or 2021.

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 2022. 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 arises, the Group has access to multiple funding sources to balance the transformation.

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 is 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, the 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 the line item Exchange differences on translating foreign operations in the consolidated statement of comprehensive income.

E) Interest rate risk

Interest rate changes have an 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.

Interest rate sensitivity	**Increase/ decrease in basis points**	**Increased interest rate effect on profit before tax**	**Decreased interest rate effect on profit before tax**
Based on net interest-bearing items 31.12.2022	+/- 100	-1 230	1 230
Based on net interest-bearing items 31.12.2021	+/- 100	-1 276	1 276

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 of 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 2022:	**Financial assets at fair value through profit or loss**	**Financial assets at amortised cost**	**Total**	**Level in fair value hierarchy**
ASSETS				
Shares and investments	608	0	608	3
Other non-current assets	0	2 655	2 655	
Accounts receivables	0	213 773	213 773	
Other receivables	0	33 801	33 801	
Cash and cash equivalents	0	61 119	61 119	
Total assets	**608**	**311 349**	**311 957**	

	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 borrowings	0	90 665	90 665	
Other non-current debt	0	37 555	37 555	
Current interest-bearing borrowings	0	83 322	83 322	
Accounts payables	0	205 797	205 797	
Current lease liabilities	0	15 142	15 142	
Other current financial liabilities	0	76 614	76 614	
Total liabilities	**0**	**553 510**	**553 510**	

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	

Accounts receivables	0	230 229	230 229	
Other receivables	0	31 435	31 435	
Cash and cash equivalents	0	50 350	50 350	
Total assets	**590**	**313 238**	**313 828**	

	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	
Other non-current debt	0	43 305	43 305	
Current interest-bearing borrowings	0	74 548	74 548	
Accounts payables	0	193 833	193 833	
Current lease liabilities	0	10 631	10 631	
Other current financial liabilities	0	62 215	62 215	
Total liabilities	**0**	**522 164**	**522 164**	

Note 21. Legal disputes and contingencies

The Group has no ongoing legal disputes.

Note 22. Changes in Group structure and business combinations

2022

Acquisition of Crypho AS

On 1 June, Techstep acquired 100% of the share in Crypho AS. The company has an end-to end encrypted enterprise software as a service (SaaS) messaging and file-sharing application. The transaction was partly settled in 368 902 consideration shares in Techstep ASA. At the time of completion, this corresponded to NOK 1.1 million. The earnout (refer to table below) is to be settled in Techstep shares.

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

Consideration and amount recognised	Total
Cash payments	3 673
Consideration shares	1 059
Seller credit	1 818
Total	**6 550**

Consideration and amount recognised	Total
Consideration shares	1 059
Seller credit	1 818
Total	**2 877**
Net assets	**Total**
Intangible assets	3 566
Property plant and equipment	83
Trade and other receivables	28
Cash and cash equivalents	294
Other non-current liabilities	(5 831)
Current liabilities	(217)
Net assets	**(2 076)**
Excess value	**4 953**
Purchase price allocation	**Total**
Goodwill	4 953
Total	**4 953**

*Settlement of shareholder loans: Crypho had shareholder loans of NOK 3.7 million. In conjunction with closing of the transaction, Techstep became the debtor. The shareholder loans were subsequently settled with 1 129 118 shares in Techstep ASA.

Acquisition of last 20% of shares in Techstep Finance AS

On 14 February, the company acquired the remaining 20% of the shares in Techstep Finance AS for NOK 9.0 million. The amount was settled in cash. Goddwill of NOK 7.4 million was recognized. Following the transaction, Techstep owns 100% of the shares in Techstep Finance AS. Techstep Finance AB is a 100%-owned subsidiary of Techstep Finance AS and the ownership in Techstep Finance AB has increased correspondingly.

Divestment of Voice and Contact centre business unit

On 3 January, the divestment of the Voice and Contact center business unit was completed for a total consideration of NOK 65.5 million. The settlement was received in December 2021. The gain of NOK 40.1 million has been recognized in the income statement as Other income in 2022. NOK 24.5 million has been derecognised from Assets held for sale.

2021

Divestment

Techstep divested its Voice & Contact Centre 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 2022 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 are classified as held for sale in the statement of financial position. Assets classified as held for sale are reclassified from Goodwill (NOK 24.1 million) and net other assets (NOK 0.4 million).

In 2022 the Group recognised a gain from the divestment amounting to NOK 40.2 million in the consolidated income statement. The remaining NOK 24.5 million was 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 of 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	**Total**
Cash payments	82 444
Consideration shares	15 821
Seller credit	11 976
Total	**110 240**
Net assets	**Total**
Intangible assets	3 271
Property plant and equipment	106
Right of use assets	845
Other non-current assets	628
Trade and other receivables	7 846
Cash and cash equivalents	8 473
Other non-current liabilities	(2 244)
Current liabilities	(1 779)
Net assets	17 146
Excess value	**93 094**
Purchase price allocation	**Total**
Technology	17 150
Customer relations	18 735
Deferred tax	(6 844)
Goodwill	0
Total	**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.

Note 23. Related party 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 2021 and 2022:

Company	Relationship	Role
Crayon Holding ASA and subsidiaries	Jens Rugseth	Board member (Chairman of the Board until February 2023)
Stobor Invest AB	Åke Fredrik Logenius	Chief operation officer

Consolidated income statement	Revenue from		Expenses to	
	2022	2021	2022	2021
Crayon	2 060	678	3 536	2 534
Stobor Invest AB*	-	-	1 557	2 431

	Receivables		Payables	
Balance as at 31 December	2022	2021	2022	2021
Crayon	172	199	243	247
Stobor Invest AB*	-	-	27 789	43 777

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

On 6 May Techstep entered into an agreement to acquire the entire share capital of Crypho AS. Following the transaction, Karbon Invest AS agreed to sell its 33.50% shareholding in Crypho AS and subscribe for 123,579 new shares in Techstep ASA at a price of NOK 3.25 per share (based on 90-day VWAP). Karbon Invest AS is indirectly controlled by Jens Rugseth.

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

Note 24. Earnings per share

	2022	2021
Weighted average number of shares outstanding	273 101 621	188 677 089
Weighted average number of shares outstanding (Diluted)	273 463 567	191 369 892
Profit attributable to owners of the parent	(68 926)	(103 050)
Earnings per share	(0.25)	(0.55)
Earnings per share (Diluted)	(0.25)	(0.55)

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 2022 and 2021, 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 2022 was NOK 305,131,075 based on 305,131,075 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 2022	209 629 830	1 914	209 629 830
Employee share purchase programme	854 940		854 940
Private placement	92 631 820		92 631 820
Consideration shares	2 014 480		2 014 480
Number of shares 31 December 2022	**305 131 070**	**1 914**	**305 131 070**

Number of shares 1 January 2021	183 295 472	1 914	183 295 472
Employee share purchase programme	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**

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

2022

Techstep has issued consideration shares in relation to the following:

- 854 940 new shares related to employee share purchase programme
- 53 244 140 new shares in relation to private placement
- 2 014 480 new shares related to the Crypho acquisition

2021

Techstep issued consideration 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

As at 30 December 2022, Techstep's 20 largest shareholders were as follows:

Shareholder	Number of shares	Ownership
DATUM AS[1]	58 354 776	19.12%
KARBON INVEST AS[2]	43 718 974	14.33%
Swedbank AB	33 478 881	10.97%
DNB Markets Aksjehandel/-analyse	14 770 000	4.84%
STEENCO AS	8 695 652	2.85%
AS CLIPPER	8 695 652	2.85%
VERDIPAPIRFONDET DNB SMB	6 851 311	2.25%
MIDDELBORG INVEST AS	6 341 228	2.08%
CIPRIANO AS	5 999 158	1.97%
Saxo Bank A/S	5 674 201	1.86%
Tigerstaden AS	4 795 000	1.57%
DNB BANK ASA	4 285 438	1.40%
CAMIKO AS	3 480 151	1.14%
TVENGE	3 000 000	0.98%
TIGERSTADEN MARINE AS	2 500 000	0.82%
SPECTER INVEST AS	2 490 000	0.82%
GIMLE INVEST AS	2 485 987	0.81%

NORDHOLMEN AS	2 462 551	0.81%
PIKA HOLDING AS	2 143 455	0.70%
Carnegie Investment Bank AB	2 072 173	0.68%
Total number owned by top 20	**222 294 588**	**72.85 %**
Total number of shares	**305 131 075**	**100.00%**

1) Datum AS is controlled by deputy Board member Jan Haudemann-Andersen.
2) Karbon Invest AS is owned by Board member Jens Rugseth

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.

At the Annual General Meeting 21 April 2022, 3 170 648 share options (1.4% of existing shares) were granted under the 2022 programme. The granted share options vest 1/3 each year from 21 April 2023 and are fully vested on 21 April 2025. The options must be exercised within 5 years. The exercise price is NOK 3.245. The exercise price will be adjusted for any dividends paid or accrued before exercise. The exercise of share options can be settled in cash, and/or with new or existing treasury shares.

As at 31 December 2022, the total number of outstanding share options was 10 075 764 (3.3%).

Overview of share options held by members of the management group as at 31 December 2022:

Name	Position	Shares	Share Options
Børge Astrup	CEO	1 455 362	4 500 000
Ellen Solum	CFO	0	0
Mads Vårdal	Chief Product Officer	5 019	1 497 374
Anita Huun	Chief Commercial Officer	125 324	838 518
Fredrik Logenius	Chief Operating Officer	23 817 225	570 306
Bartosz Leoszewski	Chief Technology Officer	397 952	340 647
David Landerborn	Chief Delivery & Advisory Officer	294 162	229 659
Ellen Skaarnæs	Chief People Officer	54 209	340 647
Sheena Lim	Chief Marketing Officer	21 331	340 647

Note 26. Group structure

As at 31 December 2022 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	100%
Techstep AB	Karlstad/Borås	Sweden	100%
Techstep Finance AB	Karlstad	Sweden	100%
Techstep ApS	Denmark	Denmark	100%
Optidev ApS	Vejle	Denmark	100%
Techstep Polen S.A	Gdansk	Poland	100%
Techstep Ireland Ltd.	Cork	Poland	100%
Santa Rita Private Venture	Gdansk	Poland	100%

Note 27. Remuneration to auditor

Auditor remuneration

2022

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	**Total**
BDO	2 704	62	-	123	2 889
Other	218	-	41	144	403
Total	**2 922**	**62**	**41**	**267**	**3 292**

2021

	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**

Note 28. Remuneration to the board and executive management

Total remuneration to the Executive Management Team

			Fixed			Variable				
Name of director	Position	year	Base Salary	Fees	Fringe benefits	One-year variable	Option programme	Pension expense	**Total remuneration**	Proportion of fixed and variable remuneration
Børge Astrup	Chief Executive Officer	2022	3 105	-	15	-	2 355	117	5 592	0.6/0.4
		2021	1 250	-	6	417	787	47	2 507	0.5/0.5
Jens Haviken[1]		2022	-	1 300	-	-	-	-	1 300	1/0

	Chief Executive Officer	2021	2 697	1 221	11	-	382	114	4 425	0.9/0.1
Anita Huun[2]	Chief Financial Officer	2022	1 890	-	14	-	240	112	2 256	0.9/0.1
		2021	-	-	-	-	-	-	-	-
Marius Drefvelin[3]	Chief Financial Officer	2022	776	-	8	-	-	29	813	1/0
		2021	2 344	-	57	350	305	111	3 168	0.8/0.2
Mads Vårdal	Chief Product Officer	2022	1 677	-	15	-	548	116	2 356	0.8/0.2
		2021	1 683	-	14	269	685	110	2 762	0.7/0.3
Erik Haugen[4]	Chief Transformation Officer	2022	932	-	9	-	-	89	1 030	1/0
		2021	1 389	-	14	265	685	112	2 466	0.6/0.4
Fredrik Logenius	Chief Operating Officer	2022	912	-	103	-	272	269	1 556	0.8/0.2
		2021	965	-	80	191	183	269	1 688	0.8/0.2
Bartosz Leoszewski[5]	Chief Technology Officer	2022	1 145	-	2	-	98	13	1 258	0.9/0.1
		2021	480	-	-	127	-	-	607	0.8/0.2
Ellen Skarnæs	Chief People Officer	2022	1 087	-	15	-	98	100	1 300	0.9/0.1
		2021	1 062	-	16	117	-	81	1 276	0.9/0.1
Gunnar Aasen[6]	Chief Revenue Officer	2022	1 650	-	15	-	-	119	1 784	1/0
		2021	494	-	4	78	-	39	615	0.9/0.1
Sheena Lim[7]	Chief Marketing Officer	2022	1 167	-	12	-	98	103	1 380	0.9/0.1
		2021	-	-	-	-	-	-	-	-
David Landerborn[8]	Chief Delivery & Advisory	2022	914	-	75	-	175	155	1 319	0.9/0.1
		2021	962	-	81	-	182	151	1 376	0.9/0.1

1. Mr Haviken resigned as CEO 1 July 2021. He received parts of his severance payment in 2022, which is presented under the column "Fees"
2. Ms Huun was appointed CFO 7 February 2022. On 1 February 2023, she took on the role as Chief Commercial Officer, however, Ms Huun will leave Techstep 31 August 2023
3. Mr Drefvelin resigned as CFO 28 February 2022
5. Mr Haugen was appointed Chief Transformation Officer in Q4 2021. Prior to the appointment he served as Chief Commercial Officer. Mr Haugen resigned as Chief Transformation Officer 31 August 2022
6. Mr Aasen will leave Techstep 31 March 2023
7. Ms Lim was appointed Chief Marketing Officer 1 March 2022.
8. Mr Landerborn was appointed Chief Delivery & Advisory Officer 1 December 2022. Prior to the appointment he served as Operations Manager

Total remuneration to the Board of Directors

Name	Position	2022	2021
Jens Rugseth[1]	Chairman	500	500
Michael Jacobs[2]	Member	167	-
Harald Arnet	Member	250	83
Ingrid Leisner	Member, Chairman Of the audit committee	320	300
Anders Brandt	Member	77	250
Melissa Mullholland	Member, Member of the audit committee	300	207
Einar J Greve	Deputy Chairman	-	125
Toril Nag	Member, Member of the audit committee	-	78
Total Remuneration		**1 614**	**1 543**

1. Mr. Rugseth resigned as Chairman of the Board in January 2023
2. Mr. Jacobs as appointed Chairman of the Board in January 2023

For detailed information on remuneration to executive management and the Board of Directors, see the separate remuneration report for 2022 published on the company's website (www.techstep.io/investor). The company has established guidelines for remuneration to executive management which were approved by the company's general meeting on 21 April 2022.

Note 29. Events after the reporting period

On 1 February 2023, Techstep strengthened its executive management team by appointing Ellen Solum as new CFO and Anita Huun taking on a new role as Chief Commercial Officer. Together they will help Techstep further sharpen its focus on both commercial growth, cost efficiencies and profitability.

On 15 February, the extraordinary general meeting approved changes to the Board. Jens Rugseth stepped down as Chairperson and will continue as an ordinary Board member. Board member Michael Jacobs was elected as new Chairperson of the Board

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

Techstep ASA - Income statement

(Amounts in NOK 1 000)	Notes	2022	2021
Other revenue		67 555	37 148
Total revenue		**67 555**	**37 148**
Salaries and personnel costs	2	(60 936)	(24 549)
Other operational costs	2, 3	(46 277)	(87 220)
Depreciation	7	(4 387)	(6)
Amortisation	8	(4 107)	-
Other income	10	246	-
Other expenses	10	(2 292)	(9 716)
Operating profit (loss)		**(50 197)**	**(84 344)**
Financial income	4	16 765	76 543
Financial expense	4	(14 552)	(15 536)
Profit before tax		**(47 983)**	**(23 337)**
Income tax	5	-	1 884
Net income		**(47 983)**	**(21 453)**

Statement of comprehensive income

(Amounts in NOK 1 000)	2022	2021
Net income	**(47 983)**	**(21 453)**
Other comprehensive income	**-**	**-**
Total comprehensive income for the period	**(47 983)**	**(21 453)**

Statement of financial position

(Amounts in NOK 1 000)

ASSETS	Note	31.12.2022	31.12.2021
Non-current assets			
Deferred tax asset	5	3 111	3 111
Technology	8	20 220	7 803
Total intangible assets		**23 332**	**10 914**
Right of use assets	7	8 660	-
Total tangible assets		**8 660**	**-**
Shares and investments	6	761 336	749 459
Non-current receivables from Group companies	9	91 013	103 189
Total financial assets		**852 349**	**852 648**
Total non-current assets		**884 340**	**863 563**
Current receivables from Group companies	9	121 769	131 181
Other receivables		8 614	4 424
Total inventories and receivables		**130 020**	**135 604**
Cash and cash equivalents	12	1 774	808
Total current assets		**131 794**	**134 915**
Total assets		**1 016 134**	**998 478**

EQUITY AND LIABILITIES	Note	31.12.2022	31.12.2021
Share capital		305 131	209 630
Other equity		383 747	443 861
Total equity		**688 878**	**653 491**
Non-current interest-bearing borrowings	11	88 271	90 264
Other non-current debt	7	4 954	-
Total non-current liabilities		**93 225**	**90 264**
Current interest-bearing liabilities	11	79 233	68 491
Trade payables		43 085	44 656
Current liabilities to Group companies	9	100 434	133 107
Other current liabilities	7	11 642	9 964
Total current liabilities		**234 393**	**254 722**
Total liabilities		**327 619**	**344 987**
Total equity and liabilities		**1 016 497**	**998 478**

Oslo, 27 April 2023, signatures from the Board of Directors and the CEO of Techstep ASA:

Michael Grant Jacobs
Chairman

Harald Arnet
Board member

Ingrid Leisner
Board member

Jens Rugseth
Board member

Melissa Ann Mulholland
Board member

Børge Astrup
CEO

Statement of changes in equity

(Amounts in NOK 1 000)	Share capital	Other paid-in capital	Other equity	Total equity
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:				
Contributions of equity net of transaction costs				
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		
Share-based payments			3 946	3 946
Equity as at 31 December 2021	**209 630**	**705 655**	**(261 794)**	**653 491**
Equity as at 1 January 2022	**209 630**	**705 655**	**(261 794)**	**653 491**
Profit for the period			(47 983)	(47 983)
Total comprehensive income for the period	**-**	**-**	**(47 983)**	**(47 983)**
Transactions with owners in their capacity as owners:				
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	2 014	3 442		5 456
Proceeds from issuance of shares net of transaction costs	93 487	8 698		102 185
Change in group contribution previous years			(28 362)	(28 362)

Share-based payments			4 091	4 091
Equity as at 31 December 2022	**305 131**	**717 794**	**(334 048)**	**688 878**

Statement of cash flow

(Amounts in NOK 1 000)	Note	2022	2021
Profit before tax		(47 983)	(24 001)
Depreciation and amortisation	7, 8	8 494	6
Share-based payments		4 091	3 946
Changes in net operating working capital		(63 453)	26 682
Net cash flow from operational activities		**(98 851)**	**6 632**
Payment for acquisition of subsidiaries		-	(87 233)
Payment for intangible assets	8	(16 525)	(7 803)
Repayment of loans from subsidiaries		15 234	17 069
Group contribution received		15 988	6 371
Interest received		1 685	1 774
Net cash used on investment activities		**16 382**	**(69 822)**
Changes in ownership in Subsidiary		(9 000)	-
Proceeds from issuance of shares		76 969	101 853
Proceeds from borrowings		55 768	34 064
Repayment of borrowings		(24 747)	(64 410)
Lease repayments		(5 349)	-
Interest paid		(10 206)	(7 945)
Net cash flow from financing activities		**83 435**	**63 563**
Net change in cash and cash equivalents		**965**	**373**
Cash and cash equivalents at 1 January		808	435
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents as of 31 December*	**11**	**1 774**	**808**
of which is restricted		624	784

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 27 April 2023 and will be proposed to the General Meeting 23 May 2023.

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

	2022	2021
Salary and holiday pay	19 474	21 639
Social security tax	2 382	1 218
Pension costs including social security tax	787	538
Other personnel costs	38 293	1 154
Total salaries and personnel cost	**60 936**	**24 549**
Number of employees at year end	5	5

In 2022 other personnel costs includes personnel expenses from other Group companies. In 2021 those expenses were incurred in Techstep Nordic AS and invoiced to Techstep ASA as management fee (see note 3).

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

2022

	Audit Services	Other attestation services	Tax Advisory Services	Other non-audit services	Total
BDO	1 174	62	0	0	1 236
Totalt	**1 174**	**62**	**0**	**0**	**1 236**

2021

	Audit Services	Other attestation services	Tax Advisory Services	Other non-audit services	Total
BDO	892	0	0	0	924
Totalt	**892**	**0**	**0**	**0**	**924**

Note 3. Other operational costs

	2022	2021
Office rental and operations	2 331	137
Human resources	1 944	2 578
Sales and marketing	13 056	1 585
Computers and software	16 249	1 859
Fees for external services	10 614	13 848
Communication	44	48
Travel expense	397	136
Other costs	1 643	1 225
Management fee	0	65 804
Total operating costs	**46 277**	**87 218**

In 2022 expenses related to sales and marketing and computer and software were incurred in Techstep ASA, while in 2021 those expenses were incurred in Techstep Nordic AS (merged into Techstep Norway AS in December 2021) and invoiced to Techstep ASA as management fee.

Note 4. Finance income and expenses

	2022	2021
Gain on sale of equity instruments	661	25 065
Interest income	4 534	3 800
Group contributions received	8 076	36 606
Other financial income	3 434	11 071
Total financial income	**16 765**	**76 543**
Interest expenses	11 806	8 235
Other financial expenses	2 746	7 301
Total financial expenses	**14 552**	**15 536**

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

Note 5. Income tax

	2022	2021
Change in deferred tax	-	(1 884)
Tax expense	**-**	**(1 884)**
Reconciliation of relationship between accounting profit and tax expense		
Profit before tax	(47 983)	(23 337)
Tax at the Norwegian tax rate of 22 %	10 556	(5 134)
Tax effect permanent differences	(307)	3 250
Deferred tax asset not recognised	(10 249)	-
Income tax expense	**-**	**(1 884)**
Amounts recognised directly in equity		
Deferred tax arising in the reporting period directly debited to equity:		
Deferred tax: Share issue cost	(823)	(1 109)
Total	**(823)**	**(1 109)**
Tax losses	22%	22%
Unused tax losses for which no deferred tax asset has been recognised*	(540 360)	(493 774)
Potential tax asset at 22 % tax rate	**(118 879)**	**(108 630)**
Deferred tax		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	(506)	(636)
Accounting accruals	(3 680)	(196)
Tax loss carried forward	(8 397)	(13 311)
Total basis for deferred tax	**(14 143)**	**(14 143)**
Tax rate deferred tax	**22%**	**22%**
Net deferred tax with applicable year's tax rate	(3 111)	(3 111)
Net deferred tax (+)/ deferred tax asset (-)	**(3 111)**	**(3 111)**

*Unused tax losses 2021 are adjusted according to final tax reporting 2021.

Note 6. Shares in subsidiaries and joint ventures

Shares in subsidiaries 2022	Location	Ownership/ voting rights	Book value	Equity 31.12.2022	Net income 2022
Techstep Norway AS	Oslo	100%	244 078	127 646	16 325
Mytos AS	Oslo	100%	121 530	8 109	(727)
Techstep Finance AS	Oslo	100%	39 916	4 783	2 528
Crypho AS*	Oslo	100%	2 877	(2 923)	(848)
Techstep APS	Denmark	100%	65	(615)	(355)
Techstep AB**	Borås/Karlstad	100%	243 455	(21 430)	(38 287)
Techstep Polen S.A***	Gdansk	75%	109 415	14 830	1 307
Techstep Ireland Ltd***	Cork	75%	-	1 777	773
Santa Rita Private Venture***	Gdansk	100%	-	1 983	(25)
Total			**761 336**	**134 160**	**(19 308)**

* Reported net income relates to the ownership period from 1 June 2022 - 31 December 2022.

** Optidev AB changed its legal name to Techstep AB. During 2022 Techstep Sweden AB, Mytos AB and Techstep Holding AB were merged into Techstep AB.

*** Santa Rita Private Venture owns the remaining 25% of Famoc S.A and Famoc Software Ltd. Famoc S.A. changed its legal name to Techstep Polen and Famoc Software Ltd changed its legal name to Techstep Ireland.

In 2022 equity and net income are presented according to local GAAP, while 2021 figures also includes IFRS adjustments for all subsidiaries.

Shares in subsidiaries 2021	Location	Ownership/ voting rights	Book value	Equity 31.12.2021	Net income 2021
Techstep Norway AS	Oslo	100%	244 078	72 946	(595)
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	(393)	(259)
Optidev AB	Borås/Karlstad	100%	243 455	26 529	6 904
Famoc S.A*	Gdansk	75%	109 415	12 857	1 298
Famoc Software Ltd*	Cork	75%	-	924	(139)
Santa Rita Private Venture*	Gdansk	100%	-	1 939	57
Total			**749 459**	**135 392**	**6 576**

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

2021 figures of equity and net income are restated to exclude purchase price allocation eliminations wrongly included last year.

Note 7. Leases

A rental contract together with relevant equipment was transferred to Techstep ASA from another Group entity during 2022. For more information about leases refer to Note 9 to Group accounts.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings	Equipment	Total
As at 1 January 2022	-	-	-
Additions	11 709	1 336	13 045
Depreciation	(3 903)	(483)	(4 387)
As at 31 December 2022	**7 806**	**853**	**8 660**

Lease liabilities

	Buildings	Equipment	Total
As at 1 January 2022	-	-	-
Additions	13 727	1 390	15 117
Interest expense	409	42	451
Lease payments	(4 820)	(528)	(5 348)
As at 31 December 2022	**9 316**	**904**	**10 219**

Lease liabilities	2022	2021
Non-current	4 954	0
Current	5 265	0
Total	**10 219**	**0**

Maturity analysis nominal payments of lease liabilities 2022

	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease liabilities	5 671	5 537	0	0

Amounts recognised in the statement of profit or loss

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

	2022	2021
Depreciation charge		
Buildings	3 903	0
Equipment	483	0
Total	4 386	0
Interest charge	**451**	**0**
Other charges*	**249**	**0**

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

Note 8. Intangible assets

	Technology	Total
Accumulated cost as at 1 January 2022	7 803	7 803
Additions	16 525	16 525
Accumulated cost as at 31 December 2022	24 328	24 328
Accumulated cost as at 1 January 2021	-	-
Additions	7 803	7 803
Accumulated cost as at 31 December 2021	7 803	7 803
Accumulated amortisation and impairment as at 1 January 2022	-	-
Current year amortisation	(4 107)	(4 107)
Accumulated amortisation and impairment as at 31 December 2022	(4 107)	(4 107)
Accumulated amortisation and impairment as at 1 January 2021	-	-
Amortisation	-	-
Accumulated amortisation and impairment as at 31 December 2021	-	-
Book value as at 31 December 2022	20 220	20 220
Book value as at 31 December 2021	7 803	7 803
Estimated economic lifetime in years	3-5 years	
Depreciation method	linear	

Note 9. Receivables and liabilities to Group companies

	2022	2021
Non-current receivables	91 013	103 189
Non-current receivables from Group companies	**91 013**	**103 189**

	2022	2021
Group contribution received	16 320	36 606
Other current receivables	89 091	94 574
Trade receivables	16 358	0
Current receivables from Group companies	**121 769**	**131 181**

	2022	2021
Other current liabilities	100 434	133 107
Current liabilities to Group companies	**100 434**	**133 107**

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 10. Other income and other expenses

	2022	2021
Derecognition of contingent consideration	246	-
Total	**246**	**-**

In relation to the acquisition of Crypho AS, a contingent consideration was recognised. The contingent consideration was partially reversed in 2022.

	2022	2021
Acquisition related costs	(604)	(9 716)
Other non-recurring expenses	(1 688)	-
Total	**(2 292)**	**(9 716)**

Acquisition related expenses in 2022 are related to the acquisition of Crypho AS and the remaining 20% of the shares in Techstep Finance AS. In 2021 the acquisition-related expenses are related to the acquisition of Famoc. Other non-recurring expenses in 2022 are related to restructuring.

Note 11. Borrowings

	2022		2021	
	Current	Non-current	Current	Non-current
Seller credits related to business combinations	27 789	0	26 348	29 562
Bank loan	23 682	88 271	20 225	60 702
Bank overdraft	27 762	0	21 919	0
Total interest-bearing debt	**79 233**	**88 271**	**68 491**	**90 264**

The company had a bank loan of NOK 112 million as at 31 December 2022 (81 million as at 31 December 2021).

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.

The company 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.

Note 12. Cash and cash equivalents

The Company's cash and cash equivalents consists of:

	2022	2021
Cash and bank deposits	1 774	808
Total	**1 774**	**808**
Of which is restricted	624	784

Note 13. 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.

Net gross profit

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

Gross margin

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

EBITA adjusted

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

EBIT

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

Total net operating expenses

Total net operating expenses 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	**2022**	**2021**
Total revenue	1 323 126	1 305 090
Cost of goods sold	-863 007	-845 305
Gross profit	**460 119**	**459 785**
Gross margin	**35%**	**35%**
Salaries and personnel costs	-265 027	-281 620
Other operational costs	-109 626	-108 549
Other income	40 058	22
Other expenses	-10 015	-17 209
EBITDA	**115 509**	**52 431**
Depreciation	-109 222	-108 229
Impairment	0	0
EBITA	**6 287**	**-55 799**
Amortisation	-58 492	-54 723
EBIT	**-52 205**	**-110 523**

Net gross profit	**2022**	**2021**
Gross profit	460 119	459 785
Depreciation from hardware-as-a-service	-92 840	-92 167
Net gross profit	**367 279**	**367 618**
Net gross margin	**28%**	**28%**

Adjusted EBITDA	**2022**	**2021**
EBITDA	115 509	52 431
Other income	-40 058	-22
Other expense	10 015	17 209
Adjusted EBITDA	**85 466**	**69 616**

Adjusted EBITA	**2022**	**2021**
EBITA	6 287	-55 799
Other income	-40 058	-22
Other expense	10 015	17 209
Adjusted EBITA	**-23 756**	**-38 613**

Total net operating expenses	**2022**	**2021**
Cost of goods sold	-863 007	-845 305
Salaries and personnel costs	-265 027	-281 620
Other operational costs	-109 626	-108 549
Depreciation	-109 222	-108 229
Amortisation	-58 492	-54 723

Impairment	0	0
Other expenses	-10 015	-17 232
Total net operating expenses	**-1 415 389**	**-1 415 657**

Revenue splits	**2022**	**2021**
Revenue	1 323 126	1 305 090
Hardware revenue	977 643	956 810
Solutions revenue	345 483	348 279
Hardware share of revenue	**74%**	**73%**
Solutions share of revenue	**26%**	**27%**

NIBD	**2022**	**2021**
Cash and cash equivalents	61 119	50 350
Non-current interest-bearing borrowings	90 665	97 402
Current interest-bearing borrowings	83 322	74 548
NIBD	**-112 868**	**-121 600**
Equity ratio		
Total equity	571 520	555 586
Total equity and liabilities	1 323 300	1 314 654
Equity ratio	**43%**	**42%**
Debt to equity ratio		
Total liabilities	751 780	759 069
Total equity	571 520	555 586
Debt to equity ratio	**1.32**	**1.37**
ARR		
Number of own software users (1000)	71	66
Average price own software	1 107	1 050
MMS-Related ARR	**78 600**	**69 613**
Number of own software users (1000)	209	183
Average price MEM white label	154	152
White-label ARR	**32 200**	**27 860**
Total ARR from own IPP	**110 800**	**97 473**

Responsibility statement

Oslo, 27 April 2023

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 2022, and the comparative figures presented for the period 1 January to 31 December 2021 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.

Michael Jacobs
Chairman

Harald Arnet
Board member

Ingrid Leisner
Board member

Jens Rugseth
Board member

Melissa Ann Mulholland
Board member

Børge Astrup
CEO

BDO AS
Munkedamsveien 45
PO Box 1704 Vika
0121 Oslo
Norway

Independent Auditor's Report

To the Annual Shareholders meeting of 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 2022, 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 2022, 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 2022, 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 2022, 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 relevant laws and regulations in Norway and the 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 14 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
Goodwill and 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 goodwill and 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 goodwill and intangible assets are allocated. We have also assessed management's assumptions underlying the valuation and taken into consideration 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 impairment indicators 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 management's impairment tests, including the calculation of recoverable amounts. We have also assessed management's 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.

Other information

The Board of Directors and the Managing Director (management) are 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 statutory requirements.

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

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

Management is responsible for the preparation of financial statements that give a true and fair view 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

As part of the audit of the financial statements of Techstep ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name **2022_12_31_Techstep_ASA_EN.zip** have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

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, 27 April 2023
BDO AS

Yngve Gjethammer
State Authorised Public Accountant

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0121 Oslo
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Independent Auditor's Report

To the board of directors of Techstep ASA

We have been engaged by the Management of Techstep ASA to provide limited assurance in respect of the information presented in scope 1, scope 2 and scope 3 in the Greenhouse Gas (GHG) statement included in the Sustainability Report section in the Techstep ASA - Annual Report 2022.

Conclusion

Based on our work, nothing has come to our attention causing us not to believe that the GHG statement is not, in all material respects, prepared in accordance with the Greenhouse Gas (GHG) Protocol Standard.

Management's Responsibilities

Management of Techstep ASA is responsible for the preparation and presentation of the GHG Statement and that it has been prepared in accordance with the reporting criteria described in the Report, including the GHG Protocol Standard. Management is also responsible for establishing such internal control management determine is necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards - IESBA Code, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion on the information presented in the GHG Statement. We conducted our work in accordance with International Standard on Assurance Engagements 3410, *Assurance Engagements on Grenhouse Gas Statements* ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the GHG statement is free from material misstatements.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of Techstep ASA's use of GHG Protocol as the basis for the preparation of the GHG statement, assessing the risks of material misstatements of the GHG statement whether due to fraud or error responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Considering the risk of material misstatement, our procedures included, among others:

- Meetings with management in Techstep and Cemasys to discuss issues, risks, important sustainability topics and procedures for collecting and reporting relevant data
- Analytical review of development and changes from prior reporting periods
- Review of evidence supporting the information in the report on a sample basis

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for a conclusion with a limited level of assurance on the subject matters.

Oslo, 27 April 2023
BDO AS

Yngve Gjethammer
State Authorised Public Accountant

GRI Standard			Reference
Disclosures			
GRI 2:	2-1	Organisational details	Techstep ASA
General disclosures 2021	2-2	Entities included in the organisation's sustainability reporting	p. 7, 153
	2-3	Reporting period, frequency and contact point	1 January to 31 December 2022 (unless stated otherwise). Annual reporting. cathrine.birkenes@techstep.no
	2-4	Restatements of information	See footnotes on p. 49
	2-5	External assurance	The GHG report has been assured by BDO p.148-149
	2-6	Activities, value chain and other business relationships	p. 5-7
	2-7	Employees	p. 42
	2-8	Workers who are not employees	Unavailable/incomplete
	2-9	Governance structure and organisation	p. 30
	2-10	Nomination and selection of the highest governance body	Corporate governance report, p. 52-53
	2-11	Chair of the highest governance body	p. 16 and p. 54
	2-12	Role of the highest governance body in overseeing the management of impacts	p. 30
	2-13	Delegation of responsibility for managing impacts	p. 30
	2-14	Role of the highest governance body in sustainability reporting	p. 30
	2-15	Conflicts of interests	Corporate governance report, p.54
	2-16	Communication of critical concerns	p. 47, Code of conduct
	2-17	Collective knowledge of the highest governance body	p. 30
	2-18	Evaluation of the performance of the highest governance body	p. 30
	2-19	Remuneration policies	Corporate governance report + Remuneration policy
	2-20	Process to determine remuneration	Corporate governance report + Remuneration policy
	2-21	Annual total compensation ratio	The organization's highest paid individual is the CEO. Total compensation ratio (CEO vs employee average): 9.2. Additional information on CEO remuneration can be found in the Remuneration Report 2022.
	2-22	Statement on sustainable development strategy	p. 28-29
	2-23	Policy commitments	p. 30, ESG policy

	2-24	Embedding policy commitments	p. 30, p. 44
	2-25	Process to remediate negative impacts	p. 43-45
	2-26	Mechanisms for seeking advice and raising concerns	p. 47, Code of conduct
	2-27	Compliance with laws and regulations	No non-compliances during the year
	2-28	Membership associations	UN Global Compact, Sustainability Board of Tech Sweden
	2-29	Approach to stakeholder engagement	p. 31
	2-30	Collective bargaining agreements	All employees in Sweden are covered by collective bargaining agreements
Stakeholder engagement			
GRI 3: Material topics 2021	3-1	Process to determine material topics	p. 32
	3-2	List of material topics	p. 32
Material topics			
Ethical business conduct			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 47, Code of conduct
GRI 205: Anti-corruption 2016	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 Code of Conduct for all employees
	205-3	Confirmed incidents of corruption and actions taken	No incidents reported during 2022.
GHG emissions (climate and environmental impact)			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 34
GRI 305: Environment	305-1	Direct (Scope 1) GHG emissions	p. 34-35
	305-2	Energy indirect (Scope 2) GHG emissions	p. 34-35
	305-3	Other indirect (Scope 3) GHG emissions	p. 34-35
	305-4	Emission intensity (Scope 1 & 2 per NOK million revenue)	p. 34-35
	305-5	Reduction of GHG emissions	p. 36
Circularity			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 33
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	p. 34-35

GRI 306: Topic-specific Management approach disclosures	306-2	Management of significant waste-related impacts	p. 33
Techstep-specific disclosure		Number of mobile devices received	p. 33
		Avoided emissions (scope 4)	p. 33
Responsible sourcing and supply chain management			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 43-45
GRI 308: Supplier environmental assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	p. 43-45
GRI 214: Supplier social assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	p. 43-45
Cybersecurity & data privacy			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 46
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer	p. 46
Gender equality			
GRI 3: Material topics 2021	3-3	Management of material topics	p. 38
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	p. 38, 42

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	Brynsalléen 4, NO-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

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