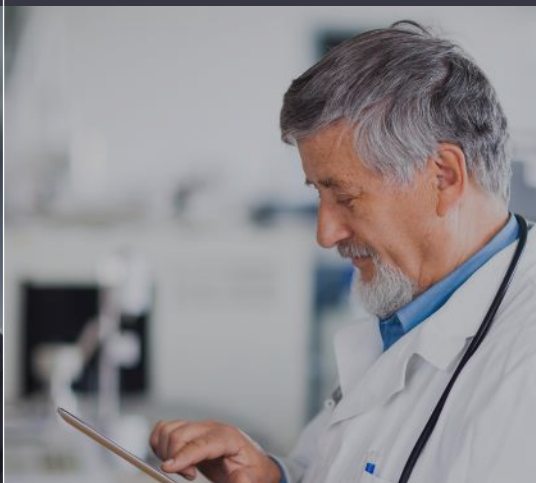
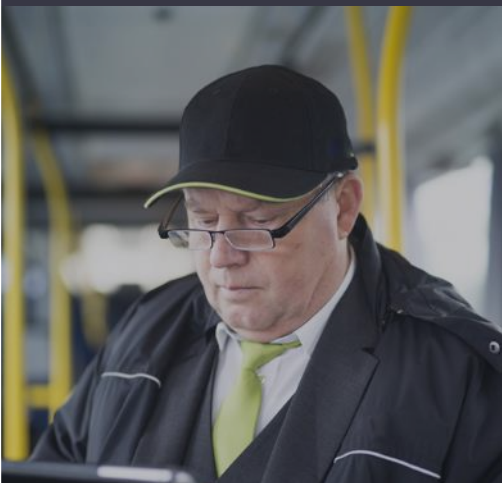


TECHSTEP

Annual report 2020

Making work mobile



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This is Techstep

TECHSTEP is building to become a Nordic leader in Managed Mobility Services that benefits **WORKERS, ENTERPRISES, SOCIETY AND THE PLANET**

More and more private and public enterprise companies are seizing the opportunity of making mobile work tools and data available to employees on all types of devices and in every possible location. They do so in order to improve productivity and operational efficiency, as well as to enhance employee engagement and satisfaction. Techstep enables this transformation by combining robust, safe and smart tools to make work mobile at lower total costs of ownership, and with focus on sustainability. Techstep is purpose-built to service mobility needs through Managed Mobility Services (MMS). The time has come to let Nordic enterprises and their workforce truly enjoy the value of mobility.

MAKING WORK MOBILE



Tasks can be done across mobile devices and locations



Work gets done more efficiently when needed, with more time for core business - less admin



Mobile-first solutions enable new levels of employee productivity



The employee-focused enterprise can personalise mobility solutions



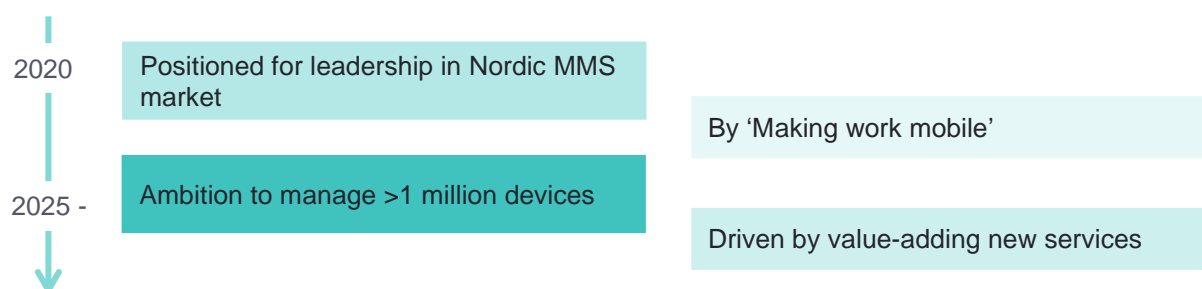
Enterprises can realise the benefits mobile technology offers via the cloud

TECHSTEP'S JOURNEY

Built on a decade of telecoms, communications and security experience, Techstep is at the forefront of the digital workplace. Techstep supplies the devices you love, the software you want, and the security you need, whilst giving you full control, support and overview, wherever and whenever you need it.

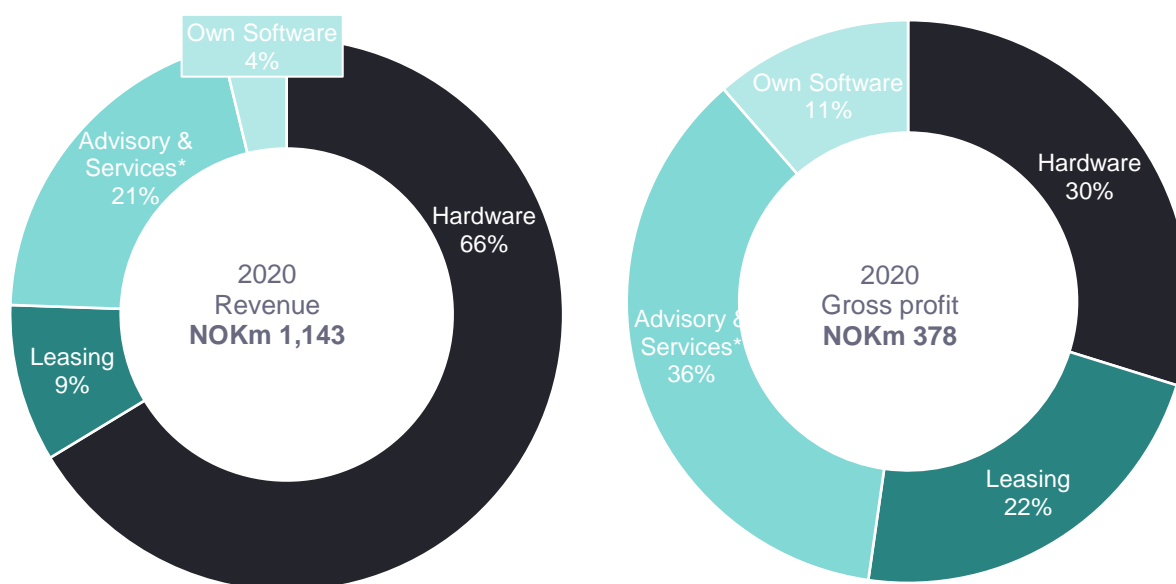
Techstep is on a journey fundamentally transforming itself into a software and solution-driven mobility provider. Techstep's own IP, software and mobility expertise, in addition to its growth and acquisitions strategy, has enabled the company to develop and acquire the building blocks necessary to build a leading MMS provider in the Nordic region.





TECHSTEP AT A GLANCE

Techstep has approximately 300 employees based in Norway, Sweden and Denmark, serving some 550+ enterprise customers and over 200,000 managed devices across numerous industries in the private and public sector. The company recorded revenue of NOK 1,142 million in 2020 and generated a gross profit of NOK 378 million. The shares are listed on the Oslo Stock Exchange under the ticker "TECH".



*Advisory & Services includes Operating commission and Other revenue

TECHSTEP IS PURPOSE-BUILT TO SERVICE MOBILITY NEEDS

Techstep combines device management, software, hardware and connectivity into managed services. Although hardware sales have historically been the largest revenue contributor, Techstep is growing its sales of high-margin service stack bundles by combining market leading IP, software and mobility expertise. The company will continue to invest in its own proprietary software as well as pursue M&A opportunities to further expand its Nordic position and its MMS offering.

Going forward, Techstep has an ambition to manage more than 1 million devices by 2025, as well as increase gross profit per managed device to more than NOK 1 200, and to increase EBITDA to gross profit conversion to more than 30%. The company will achieve this by streamlining operations, converting existing customers to MMS contracts, and by onboarding new customers through investing in own IP, software and mobility expertise. In addition, Techstep will continue to pursue M&A opportunities and to expand geographically.

Key Figures

(amounts in NOK 1,000)	FY 2020	FY 2019
Revenues	1 142 866	1 132 059
Annual Recurring Revenue (ARR)	63 329	36 632
Gross profit	378 287	279 338
EBITDA adj.	95 640	29 007
EBITDA rep.	104 455	27 040
EBITA	17 122	(58 174)
EBIT	(10 770)	(80 192)
Net profit (loss) for the period	(23 557)	(64 329)
EBITDA adj. margin (%)	8.4 %	2.6 %
EBITDA rep. margin (%)	9.1 %	2.4 %
EBITA margin (%)	1.5 %	(5.1 %)
EBIT margin (%)	(0.9 %)	(7.1 %)
Net profit (loss) for the period (%)	(2.1 %)	(5.7 %)
Cash and cash equivalents*	27 203	44 588
Net interest-bearing debt	166 838	1 996
Capex	130 036	33 611
Employees	289	211

Refer to Alternative performance measures for definitions.

The 2019 EBITDA adjusted excludes one-off costs related to M&A activities of NOK 2 million.

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

The 2020 financial statements include the full year effect of the leasing portfolio from Techstep Finance and the Optidev acquisition. The effect in FY 2020 of Techstep Finance is an increase of NOK 87 million on revenue, an increase of NOK 73.9 million on gross profit and EBITDA and an increase of NOK 67.9 million in depreciation. The effect of Optidev in 2020, consolidated from 1 October 2020, is NOK 70.8 million in revenue, NOK 36.0 million in gross profit and 16.0 million in EBITDA.

Letter from the CEO

We make work mobile

Dear investors, supporters and stakeholders,

2020 was both transformative and a strong year for Techstep, despite the challenges the pandemic presented to us all. We delivered on our growth strategy with sharp focus on helping customers adopt our Managed Mobility Services (MMS) offering, as well as acquisitions and Nordic expansion.

With ~300 employees and mobility experts based in Norway, Sweden and Denmark, serving more than 550 enterprise customers and 200,000 managed devices across industries in the private and public sector, we have strengthened our leadership in the Nordic MMS market.

Clear purpose

Techstep is purpose-built to help enterprises and their employees to harvest the benefits from using mobile technologies in their everyday work. We are specialized in utilizing the constant innovations within the mobility universe by transforming them into useful solutions, tools and applications. In short, through this we help people do a better job.

Strong offering

Techstep has clear and very strong value propositions to our customers: Helping enterprises reduce cost, increase productivity, as well as transforming employee capabilities and enhancing their engagement. This way we help driving business value and revenue growth, while at the same time assist our customers delivering on their ESG goals.

A highly competent team of engineers, advisers and industry experts, combined with the leading vendors in the industry and a strong customer base, make us confident that our MMS-solutions will be increasingly adopted across the Nordics.

Since 2016 we have worked hard to harness our collective knowledge and experience and

transforming it into a digitalised process that handles the underlying complexity of mobility.

Our MMS-offering is a selection of software, hardware and services that enables enterprises to roll out mobile technology at scale in a cost efficient and secure manner. Thus, it provides the foundation for any company that wants to realize the benefits of mobile technology without handling the adjourning complexity themselves.

Emerging opportunity

We are in the Managed Mobility Services (MMS) business. It is a young and rapidly growing market, and we are determined to be the leading player in the Nordics.

The time that has passed since the pandemic broke out has indeed shown us what a workforce can achieve even when outside the normal office environment. But it has also shown us what is possible to achieve with mobile technology for that significant part of the Nordic workforce that don't have an office - the *deskless worker*. Techstep is purpose-built to service the mobility needs of enterprises and their workforce, regardless of how, where and when their employees work.

At the same time, since the MMS market is in its early stages, we continuously need to educate our customers and the market, as well as relentlessly making sure that our solutions deliver great customer, employee and end-user experiences. In short, we need to ensure that our solutions are easy to use and delivers clarity in an otherwise complex digital reality.

Firm ambitions

We want to help enterprises and the Nordic workforce experience great MMS-solutions, and our ambition is to manage more than 1 million devices by 2025. With more devices under management, we can drive our value creation by adding further

services and solutions. Techstep's MMS-offering is based on a service stack that can be combined into bundled solutions, and we will grow gross profit by ensuring that existing, and new customers, adopt this MMS-offering. In addition, we aim to add further customer value through the sale of new future services.

Positive outlook

Delivering Managed Mobility Services that benefit workers, enterprises, society and our planet, energizes Techstep's team of 300 dedicated mobility experts every day, and we are highly motivated to continue delivering on our growth journey and create stakeholder value in the years to come.

Environmental, Social and Governance (ESG) at Techstep

Techstep's MMS solutions are focused on helping enterprises reduce cost, increase productivity, transform employee capabilities and enhance their engagement – in order to drive business value and revenue growth, while also improving the enterprises' ESG performance.

Techstep's mission is *Making Work Mobile*. In order to provide Managed Mobility Services (MMS) solutions that benefit workers, enterprises, society and the planet, the company depends on its dedicated team to continue delivering on its growth journey and create stakeholder value. Techstep's organisation and culture is built on five core values, which guide its daily work:

- Team player
- Respect
- Accountable
- Open-minded
- Challenger

The values are further anchored in Techstep's guiding principles for mutual expectations of behaviour and the company's code of conduct.

Techstep has adopted a policy for corporate social responsibility (CSR), committing the company to responsible business practices, including environmental, social and governance. An account is given below of how Techstep ensures that corporate responsibility forms an integral part of its operations and long-term value creation.

The Board of Directors has the overall responsibility for aligning Techstep's strategy and environmental, social and governance (ESG) considerations, while the day-to-day responsibility lies with the CEO, supported by Group Management. Techstep is in the process of hiring a Head of Compliance which will strengthen focus and capacity on ESG and compliance in the organisation.

How Techstep adheres to the UN Sustainable Development Goals

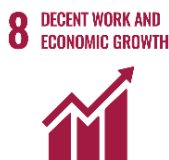
The UN Sustainable Development Goals (SDGs) were agreed by all 193 UN member states in 2015, and guide governments, civil society and the private sector in a collaborative effort for change towards sustainable development. Techstep supports the SDGs, and below is the description of the goals considered to be the most material for Techstep and where Techstep can have the greatest impact. The choice of SDGs is based on an assessment of the underlying targets for each SDG.



Techstep's lifecycle management solutions extend the lifespan of mobile devices through support, maintenance, and repair, and give them a second life through either resale or environmentally friendly recycling (target 12.5)



Techstep's MMS solutions promote resource efficiency for customers by optimising work streams and harvesting the benefits from mobile devices. By promoting remote work over travel, it lowers the environmental cost of communication (target 13.2)



Techstep's MMS solutions enable enterprises and their employees to increase workplace efficiency and harvest the benefits mobile technology offers. Employee empowerment increases job satisfaction which in turn contributes to drive profitable growth (target 8.2)



Techstep works actively towards equal opportunities and gender balance in work and economic life, and has established initiatives to attract more women to pursue a career within technology (target 5.5)

Improving resource efficiency and protecting the environment

Techstep has made a commitment to responsible use of resources and to minimise its environmental impact, and its business model is built to reduce this footprint. All activities are carried out in accordance with applicable laws, regulations, standards and other environmental requirements.

Creating sustainable mobility solutions

Techstep's MMS solutions promote resource efficiency for customers by optimising work streams and harvesting the benefits from mobile devices. By promoting remote work over travel, it lowers the environmental cost of communication.

However, the growing use of electronic devices leads to growing problems associated with managing waste and non-renewable resources in the manufacturing process and end-of life management of such devices and equipment. As part of its mobility solutions, Techstep offers life-cycle solutions to extend the lifespan of mobile devices.

Techstep's Asset Management services are tied to the lifecycle of each individual mobile device, and its software solutions contribute to optimising business processes and work streams. The software solution 'Origo Business Cloud' ensures a complete overview of the deployed hardware, while the bundled concept 'Flow' secures lifecycle management and a financing solution that among other benefits adds a residual value at the end of the leasing period.

Techstep's lifecycle management solutions extend the lifespan of mobile devices through support, maintenance, and repair, and give them a second life through resale or environmentally friendly recycling. Through close cooperation with certified partners, each unit is securely wiped for personal data and then assessed with regards to its residual value. If possible, the unit may be refurbished and sold in a secondary market. The remaining equipment is recycled in a secure and environmentally friendly way. In 2020, Techstep recycled 5,631 mobile units (7,811) through buy-back solutions. Additionally,

at year end, Techstep had a total of 90,565 units under management for future resale or recycling (11,496) through its leasing offering. This number is expected to increase alongside Techstep's ambition to manage more than 1 million devices by 2025. All Techstep partners engaged in resale or recycling are certified in accordance with ISO 9001, 14001 and comply with the Waste Electrical and Electronic Equipment (WEEE) Directive.

Efforts are also made to find more efficient and environmentally friendly alternatives for sourcing, packaging and transportation of goods.

Reducing Techstep's carbon footprint

The direct environmental impact of Techstep's activities is mainly related to energy consumption and waste from its premises, energy consumption from data storage and emissions related to customer deliveries.

Techstep encourages employees to reduce consumption and waste generated from their daily business activities. The company's MMS solutions promote remote work, and employees are encouraged to prioritise alternative forms of distance meetings and choose public transport or co-travelling when possible. Payments are digitized, and physical deliveries of hardware and mobile devices are offered emission-free in the Oslo region. For data storage, Techstep uses Microsoft Office 365 and Azure Compute, which are between 80-98 percent more energy efficient than traditional on-premise data centres.

Eco-Lighthouse certified

Techstep Norway is certified by Eco-Lighthouse, Norway's most widely used environmental management certification which is recognised by the EU. Eco-Lighthouse evaluates enterprises through easily implemented, concrete, relevant and profitable measures, so that they can improve their environmental performance, control their environmental impact, and prove their dedication to corporate responsibility.

The Eco-Lighthouse certification ensures that Techstep Norway is in full compliance with the Internal Control Regulations and relevant environmental regulations. The certification is

approved by the Norwegian government as documentation for public tenders.

Employees and working environment

Techstep is committed to being a responsible employer and promotes employees' health and work-life balance beyond the minimum requirements specified by law. By acting responsibly in all aspects of its business, the company supports internationally recognised human rights and labour standards, as defined by the International Labour Organisation's (ILO) fundamental conventions and the UN Declaration of Human Rights.

Diversity and equal opportunities

As of 31 December 2020, Techstep had 289 employees (211) whereof 49 percent in Norway and 51 percent in Sweden. In addition, 10 voluntary part-time employees are working for Techstep's subsidiary Optidev in Sweden.

At Techstep, diversity is appreciated. This is also reflected in the company's values, which promotes a productive and inclusive working environment free from harassment, discrimination, and disrespectful behaviour. The code of conduct specifies that all employees are entitled to equal opportunities for equal work, regardless of gender, age, religion, sexual orientation, ethnicity, nationality, or social background. This implies that every employee will have the same rights, salary and career options in the same position, all other factors being equal. The company's HR function is responsible for following up equality and diversity in the Group.

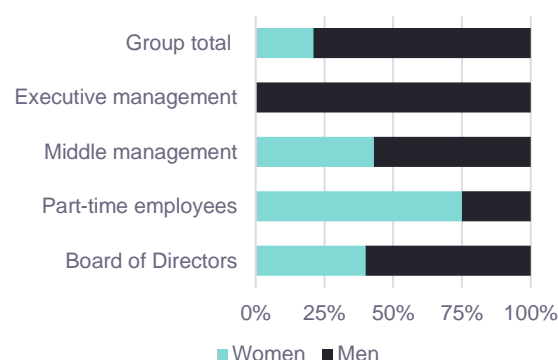
Techstep has set a female representation target across the Group of 50%. As the company operates in what historically has been a male dominated industry, there is still a way to go to achieve gender equality in the Group.

The Group therefore established initiatives to attract more women to pursue a career within technology. In recruitment processes, emphasis is placed on attracting highly qualified employees of both genders. As a minimum, one

female candidate shall be represented in the last round.

Techstep is also part of the SHE Index, a biannually compiled indicator that measures gender balance and progress on initiatives among Norway's largest companies. 80 percent of the index score is based on the current state of gender balance in the company, while 20 percent measures the initiatives that the company has put in place to improve gender equality. In 2020, Techstep's index score improved to 63, which is above the average score for telecom companies of 58. Over time, Techstep aims to reach a SHE Index score of 80.

Gender distribution per 31.12.2020



Employee compensation and benefits

Techstep seeks to offer competitive remuneration to all employees, reflecting their education, experience and professional qualifications. The company is further committed to equal pay for the same work and performance regardless of gender. Techstep uses a global GDPR compliant human capital management (HCM) system for a unified follow-up of all employees, and to identify and close potential wage gaps that may be due to gender or other diversity factors. A recent mapping of wage levels identified an average of 15-18 percent gender wage gap on reported groupings, refer to table below. The gender wage gap is primarily related to the gender distribution within the groupings. Consultants are on average paid more than support functions, and there are more men than women working as consultants, whereas the gender distribution is more even on support functions.

Techstep also offers full pay during parental leave for both men and women. On average, women took 27 weeks of parental leave in 2020 while men took 10 weeks.

Training and career development

All employees are provided opportunities for professional development and skill building. Techstep has undertaken initiatives for the individual employee's development, including personal development meetings and training. The HCM system makes the company better

equipped to ensure unified evaluation and follow-up of individual development goals. In addition, the company can more easily identify and follow up on talents helping them prosper and thrive in the organisation.

Working environment

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 headquarters in Norway and Sweden are located in modern office facilities promoting a good work environment with access to a gym and physical therapy services.

Due to Covid-19, the majority of Techstep's employees have worked remotely most of 2020. Necessary home office equipment has been provided based on individual needs, and all employees have access to health services via the company's health insurance. The company has also facilitated frequent communication across the organisation and all employees have been closely followed up by their immediate supervisor.

Techstep targets a sickness absence rate of 2 percent or less. In 2020, the sickness absence rate was 3.3 percent of the total work hours in the Group (3.6 percent), which is considered a normal level. There were no work-related illnesses. No occupational injuries or fatal incidents were reported during the year (0).

Responsible business

ICT security and data privacy

At Techstep, the customer's privacy is highly valued. Strict guidelines, procedures and solutions have been established to safeguard data from unauthorised access and theft. All employees are responsible for actively ensuring, or helping to ensure, that critical information and personal data are handled with care and in compliance with applicable laws and regulations. ICT Security controls are conducted on a regular basis. Techstep is GDPR compliant and has the necessary governance and internal control systems in place.

Techstep's privacy and security philosophy is reflected in its mobility solution offering to customers. Techstep both offers and uses market-leading Enterprise Mobility Management from MobileIron and SecuSUITE for Government from BlackBerry. SecuSUITE is an encrypted secure speech and data solution for mobile devices used, among others, by NATO.

In 2020 Techstep conducted a Security Awareness Month, to educate and improve awareness among employees. Mandatory sessions have followed in the first quarter of 2021. Techstep did not identify any leaks of customer data or privacy data in 2020, nor receive any complaints from outside partners or regulatory bodies concerning breaches of customer data.

Business ethics and anti-corruption

Techstep will conduct its business in an honest and ethical manner to build trust and confidence with its stakeholders and form a strong corporate culture. The company takes a zero-tolerance approach to bribery and corruption, and is committed to acting professionally, fairly, and with integrity.

Techstep's code of conduct was developed to specify the main business principles that apply when people work together within the Group or with external parties. The code of conduct is intended to guide daily business activities and to be integrated into critical processes, practices, activities, and decision-making across the

Group. Non-compliance with these principles may have consequences for the employee's relationship with Techstep.

The code of conduct also includes guidance on how to report any concerns related to illegal or unethical conduct, including a third party-operated whistleblowing channel for discrete and confidential handling of any potential reports. In 2020, Techstep received one report through the whistleblower channel. The report was treated in accordance with the company's formal whistleblowing process and code of conduct policy.

The code of conduct has been communicated to all employees and each employee is expected to make a personal commitment to abide by the code of conduct. New employees are required to read through and makes themselves familiar with the content. All employees must annually confirm that the code of conduct has been read and understood. In addition, anti-fraud messaging is communicated to employees, customers, partners and suppliers on a frequent basis, and employees receive anti-fraud training each year.

Techstep has further prepared an insider manual and supporting documents, to ensure that, for example, trading in the company's shares by Board members, executives and/or employees, including close associates, is conducted in accordance with applicable laws and regulations.

Responsible sourcing

Techstep promotes responsible sourcing and expects all suppliers to comply with the company's ethical trade policy, which is built on central UN and ILO principles and conventions. Mobile devices are sourced from internationally recognized manufacturers. Most of the company's suppliers are also members of the Responsible Business Alliance (former EICC), which commits them to support the rights and well-being of workers and communities worldwide that are affected by the global electronics supply chain.

Summary ESG results

Indicators	2020	2019	2018
Employees and working environment			
Total number of employees	289	211	0
Number of part-time employees	12	n/a	n/a
Gender equality			
Percentage of women/men – Group total	21% / 79%	24% / 76%	18 %
Percentage of women/men – Group senior management	0% / 100%	0% / 100%	0 %
Percentage of women/men – Middle management	43% / 57%	44% / 56%	36 %
Percentage of women/men – Board of Directors	40% / 60%	44% / 56%	40 %
Percentage of women/men – Part-time employees	75% / 25%	n/a	n/a
SHE index score	63	51	n/a
Average fixed salary men - group (ex. Management levels)	613	n/a	n/a
Average fixed salary women - group (ex. Management levels)	521	n/a	n/a
Average fixed salary men - Middle management	1 042	n/a	n/a
Average fixed salary women - Middle management	855	n/a	n/a
Average fixed salary men - Group senior management	1 524	n/a	n/a
Average fixed salary women - Group senior management	-	n/a	n/a
Average number of weeks for parental leave – men*	10	n/a	n/a
Average number of weeks for parental leave – women	27	n/a	n/a
Age distribution			
< 30	13 %	n/a	n/a
30-40	32 %	n/a	n/a
40-50	36 %	n/a	n/a
50-60	16 %	n/a	n/a
60+	2 %	n/a	n/a
Health and safety			
Sick leave	3.3 %	3.6 %	3.5%
Occupational injuries	0	0	0
Environmental impact			
Total recycled mobile units	5 631	7 811	5 316
Units under management for future recycling**	90 565	11 496	2 522
Ethical business conduct			
Percentage employees signed code of conduct	100 %	n/a	n/a
Reported incidents (whistleblowing)	1	0	0

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

** Devices under Techstep's control as a part of the Group's leasing offering.

Promoting sound corporate governance

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

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

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

Implementation and reporting on corporate governance

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

The company observes the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board, which was most recently revised on 17 October 2018, and referred to in this document as "the Code of Practice". The Code of Practice is available on the website www.nues.no. Application of the Code of Practice is based on the "comply or explain" principle, which stipulates that any deviations from the code should be explained.

By the company's own assessment, Techstep did not have any deviations from the Code of Practice in 2020.

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

Business

Techstep is positioning itself to become a leading Managed Mobility Services provider in the Nordics. 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, strategies and risk profile for the company's business activities in order to create value for its shareholders and to ensure that its resources are utilised in an efficient and responsible manner. This has benefit for all its stakeholders. The Board has further adopted various policies providing business practice guidance, including a policy on corporate social responsibility, a code of conduct, and guidelines for ethical trade. The policies set the standards for the responsible and ethical behaviour expected from employees or persons associated with the company, to build trust and loyalty internally and prevent violations and negative impact externally. The company's objectives, strategy and risk profile, which are reviewed on an annual basis, are described in the annual report for 2020, together with a report on the company's corporate social responsibility measures.

Equity and dividends

As of 31 December 2020, Techstep's total equity was NOK 563.5 million and total liabilities amounted to NOK 635.7 million, which corresponds to an equity ratio of 47%, and a debt-to-equity ratio of 1.13. The Board of Directors considers the capital structure to be satisfactory and in accordance with Techstep's risk profile, enabling the company to deliver on its strategy and to pursue its ambitions.

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, if any, 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

At the annual general meeting on 22 June 2020, three authorisations were granted to the Board of Directors:

- Authorisation to increase the share capital by up to NOK 35 million, by issuing up to 35 million shares with a par value of NOK 1 per share. The authorisation covers both cash and non-cash considerations, including mergers. The par value and number of shares have been adjusted in connection with acquisitions made during the year. As of 31 December 2020, the remaining number of unused shares was 14,499,865.
- Authorisation to acquire treasury shares, limited to 10% of the share capital as of 31 December 2019. As per 31 December 2020, the authorisation has not been used.
- Authorisation to increase the company's share capital by up to NOK 9.5 million, by issuing up to 9.5 million shares in Techstep, with a par value of NOK 1 per share, in connection with the company's incentive plan for its employees and directors. As at 31 December 2020, a total of 4,910,274 million share options have been granted to key employees under the existing authorisation.

All three authorisations are valid until Techstep's annual general meeting in 2021, and no later than 30 June 2021. 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 annual general meeting held on 22 June 2020. These are available from www.techstepasa.no and www.newsweb.no.

Equal treatment of shareholders and transactions with related parties

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

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 2020, Techstep issued consideration shares as settlement for the acquisitions of Optidev AB and eConnectivity CC AB, where the pre-emptive rights of the shareholders were set aside. The consideration shares were issued under the existing board authorisation to increase the share capital. For details, see the stock exchange releases dated 1 October and 18 December 2020, respectively.

Any transactions in treasury shares, i.e., a share buy-back programme, will be carried out either through Oslo Stock Exchange 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 2020.

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 2020. For further information, refer to note 23 "Related party transactions" in the annual report for 2020.

Freely negotiable shares

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

General meetings

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

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

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

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

In 2020, Techstep held its annual general meeting on 22 June with 54.9% of the shares represented. No extraordinary general meetings were held during the year.

Nomination committee

Techstep's nomination committee consists of two members, elected pursuant to section 6 of the company's articles of association.

The duties of the nomination committee include nominating candidates for the Board of Directors and the nomination committee, as well as proposing 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 about whom to contact to propose candidates can be found on the company's website, www.techstepasa.no.

The objectives, responsibilities and functions of the committee are further described in the "Instructions for the nomination committee", which were adopted by the general assembly at the annual general meeting in 2018.

The current nomination committee was elected at the annual general meeting on 22 June 2020, and consists of two members, Harald Arnet (Chairman) and Jonatan Raknes, who were both re-elected for a period of two years. Arnet and Raknes represent two of the company's largest shareholders. Both are considered independent of the Board of Directors and the executive management. Remuneration of the members of the nomination committee is determined by the general meeting, based on the Board of Director's proposal.

Board of Directors, composition and independence

In accordance with section 5 of the articles of association, the company's Board of Directors shall consist of three to seven members, elected by the general meeting. The Chairman of the Board is elected by the general meeting. As at 31 December 2020, the company's Board of Directors consists of five members: Jens Rugseth (Chairman), Einar J. Greve (Vice Chairman), Ingrid Leisner, Anders Brandt and Toril Nag. Two of them are women. All board members were re-elected at the annual general meeting on 2 April 2019 for a period of two years. The members may be re-elected.

The composition of the Board of Directors is based on broad representation of the company's shareholders, as well as the company's need for competence, capacity and balanced decisions. A summary of the competence and background of each individual board members is available on the company's website, www.techstepasa.no.

All board members are regarded as independent in relation to the company's day-to-day management, and in relation to important business associates. Three of the board members are regarded as independent of the company's main shareholders: Ingrid Leisner, Anders Brandt and Toril Nag. A summary of the shares of stock held in the company by each board member is available in note 25 to the annual report for 2020.

The work of the Board of Directors

The Board of Directors has the ultimate responsibility for overseeing and supervising the company's management and operations. The work of the Board is based on the rules of procedure for the Board of Directors, adopted on 24 November 2016, which describe the responsibilities, duties and administrative procedures of the Board of Directors, and regulate the distribution of duties between the Chairman and CEO. The rules of procedure also regulate work related to the Board committees, including the audit committee and the compensation committee.

The Board of Directors is responsible for determining the company's overall goals and strategic direction, principles, risk management, and financial reporting. The Board of Directors is also responsible for ensuring that the company has a competent management with a clear internal distribution of responsibilities, as well as for continuously evaluating the performance of the CEO. Rules of procedure for the CEO, clarification of duties, authorities and responsibilities, have also been prepared.

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 of Directors urges transparency and the application of good judgment in any transaction in which the

company and a Board member, or a party related to a Board member, may have interests.

The Board of Directors meets as often as necessary to fulfil its duties, and at least seven times each financial year. The Board of Directors held 11 board meetings in 2020 with 93 % meeting attendance.

Board committees

The Board of Directors has appointed an audit committee, the main duties of which is to assess the company's financial reporting and systems for internal control, monitor and evaluate the auditor, ensure that the auditor is independent, and assist the nomination committee with a proposal for the election and remuneration of the auditor. As at 31 December 2020, the audit committee consisted of two board members, Ingrid Leisner and Toril Nag, both of whom are regarded as independent of the company.

The Board of Directors has also appointed a compensation committee, which assists the Board of Directors with tasks related to the evaluation and determination of remuneration for the CEO, as well as the formulation of a policy for the remuneration of executive personnel. As at 31 December 2020, the compensation committee consisted of the Chairman of the Board Jens Rugseth and board member Ingrid Leisner.

Risk management and internal control

The Board of Directors of Techstep is responsible for ensuring that the company has good risk management and internal controls in accordance with the regulations that apply to its business activities.

The company's systems and procedures related to risk management and internal control shall ensure efficient operations, timely and correct financial reporting, and compliance with the laws and regulations to which the company is subject. Specific goals for the company's internal control are prepared and revised annually by Techstep's corporate management. In addition, the audit committee meets annually with the auditor, during which the company's internal control routines are reviewed and assessed.

In 2019, in connection with the establishment of a quality management system, Techstep conducted a project to identify drivers and risks that may have a material impact on long-term value creation for its business.

Techstep's accounts are prepared in accordance with the international accounting standard IFRS, which aims to provide a true and fair overview of the company's assets, financial obligations, financial position and operating profit. The Board of Directors receives monthly reports from management on developments and results related to strategy, finance, KPIs, risk management, 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 to the respective Board meetings and subsequent publication.

The Board has adopted an insider manual with ancillary documents, including policies and procedures on retrieving and disclosing information related to Group operations. The insider manual is intended to ensure that, for example trading in the company's shares by Board members, executives and/or employees, including close relations is conducted in accordance with applicable laws and regulations. Furthermore, the company has prepared a code of conduct, which sets the standard for the behaviour expected internally and externally by anyone employed by or associated with Techstep. The code of conduct has been communicated to all employees and each employee is expected to make a personal commitment to abide by the code of conduct. The code of conduct includes guidance on how to report any concerns related to illegal or unethical conduct, including a third party-operated whistleblowing channel. In 2020, Techstep received one internal notification through the whistleblowing channel, which was handled in accordance with established procedures.

For information related to the company's identified risk and risk management, reference is made to the Board of Directors' Report and note 20 to the accounts in the annual report for 2020.

Remuneration of the Board of Directors

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

The remuneration of the Board of Directors is not performance based and the company does not grant share options to any Board members. Members of the audit committee are remunerated separately. The company does not provide loans to Board members. Detailed information about the remuneration of the Board of Directors can be found in note 28 to the accounts in the annual report for 2020.

Remuneration of executive personnel

The main principle of Techstep's executive remuneration policy is that the remuneration should be competitive and provide the motivation to attract and retain individuals with the required competence. 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 tied to business results and other KPIs, and subject to an absolute limit of 50% of the fixed salary. In 2020, the share option programme for executive management and certain other employees was extended. The program is linked to value creation to the benefit of shareholders over time.

The executive remuneration guidelines have been presented to, and were adopted by, the general meeting on 22 June 2020 (also see note 28 in the annual report for 2020).

Information and communications

Techstep adheres to the Oslo Stock Exchange's IR recommendation, last revised 1 July 2019. The company prioritises communication with shareholders, investors and analysts to build trust and credibility, and support access to capital and a fair valuation of the company's shares. The Board of Directors seeks to provide accurate, clear, relevant and up-to-date

information to the market, while ensuring equal treatment.

The CEO and the Chairman are responsible for investor and shareholder relations. The CEO shall focus on the day-to-day communication with investors and shareholders, while the Chairman shall 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. The Board has adopted instructions pertaining to the handling of inside information and disclosure of information, in which the company's disclosure obligations and procedures are explained.

Techstep provides interim reports within 45 days after the end of the quarter, in accordance with the Oslo Stock Exchange's recommendation. The complete annual financial statements, including the Board of Directors' Report, are made available no later than three weeks prior to the annual general meeting, and no later than the end of April every year.

Techstep provides presentations in connection with the company's interim reports. The presentations are open to the public and provide an overview of the operational and financial developments, market outlook and the company's prospects. The presentations are also made available on the company's website.

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

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 of Directors 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 of Directors 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 of Directors shall seek to comply with the recommendations in the Code if the situation so permits. The Board of Directors 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 of Directors will make a recommendation as to whether the shareholders should accept the bid.

Auditor

The company's auditor, BDO AS, was appointed by the annual general meeting and is regarded as independent in relation to Techstep ASA. The Board of Directors receives an annual confirmation from the auditor that the requirements regarding independence and objectivity have been satisfied.

The Board of Directors requires the auditor to prepare an annual plan for the implementation of the audit, which is made known to the audit committee and the Board of Directors. The Board of Directors further requires an annual meeting with the auditor, in conjunction with the approval of the annual report. This meeting includes an opportunity for a review with the auditor, without the presence of the company's day-to-day management.

The Board of Directors has prepared separate guidelines for using the auditor for services other than auditing. As a guiding principle, the company's auditor cannot be contracted if the service rendered can be considered to compromise the auditor's independence in the eyes of an outside party.

The Board of Directors discloses the amount of remuneration to be paid to the auditor, distributed between auditing and other services, to the annual general meeting, which makes the

final decision to approve the auditor's remuneration. The auditor shall attend the annual general meeting.

Executive Management

Jens Haviken - CEO

Mr. Haviken is an experienced executive within consulting, managed services, software and hardware distribution. He has a proven track record of developing, rebuilding and streamlining operations of companies in the ICT sector. Prior positions held by Haviken include VP Services and Solutions and Country Manager at Dustin Group AB (publ) and various Director roles at Microsoft and Accenture. Mr. Haviken has worked in the industry since 1991, and has experience ranging from start-ups to large international corporations, such as Microsoft and Accenture.

Marius Drefvelin – CFO

Mr. Drefvelin has both operational and transactional experience from his current and previous work, including driving operational improvements, restructuring and integration. Mr. Drefvelin came from the position as Group CFO of Creuna, a leading Nordic technology and communications consultancy firm with 350 employees. Mr. Drefvelin also has experience with transactions and investments both as an advisor and investor at Deloitte, Jebsen Asset Management and KPMG.

Mr. Drefvelin has a BSc in Finance and a BSc in Economics from the University of Utah, USA. Moreover, he is a Certified European Financial Analyst from the Norwegian School of Economics.

Inge Paulsen – Managing Director Norway

Mr. Paulsen is an experienced executive manager with a proven track record from companies such as Clear Channel, Eltel Networks/Sønnico Tele, Infratek/Hafslund, Implement (formerly known as MarkUp Consulting) and Accenture. Mr. Paulsen's core competencies are within business development and change management combined with handling daily operations. His broad experience comes from heading strategic business development projects in venture businesses or turnaround cases, as well as holding various executive positions with profit & loss responsibility.

Mr. Paulsen holds a MSc in Business Management (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH). He also graduated from The Royal Norwegian Air Force Academy.

Fredrik Logenius – Managing Director Sweden

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 Entrepreneur of the Year 2020 in his hometown Borås where Optidev AB has its head office. Mr Logenius has also been nominated for the EY Entrepreneur of the Year award, a programme which spans more than 60 countries around the world.

Erik Haugen – Chief Commercial Officer

Mr Haugen is an international business professional, bringing with him broad commercial experience in finance, telecommunications, consumer electronics, the entertainment licencing industry, and IT. Following his business administration studies at BI Norwegian Business School, Mr Haugen spent 12

years in London, working with sales, marketing and business management for companies like Pioneer and Sony Ericsson, before moving into international movie and music licensing, joining The Licensing Agency Ltd. in 2005.

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

Mads Vårdal – Chief Product Officer

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.

Board of Directors

Jens Rugseth – Chairman of the board

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

Einar J. Greve – Vice chairman

Mr. Greve has served on the Board of Techstep since November 2016. Mr. Greve works as a strategic advisor at Cipriano AS and has previously worked as a partner of Wikborg Rein & Co and as a partner of Arctic Securities ASA. Mr. Greve has held, and holds, various positions as Chairman or director of several listed and unlisted companies. He holds a degree in law (cand.jur.) from the University of Oslo.

Ingrid E. Leisner - Board member

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

Anders Brandt - Board member

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

Toril Nag - Board member

Ms. Nag has served on the Board of Techstep since April 2018. Ms. Nag is Group Executive Vice President, responsible for customer service and the telecommunications business area of the Lyse Group. She has extensive experience in telecom and digital services, as well as banking and finance. She has held a number of board positions in technology, energy and R&D-related companies, and her directorships include Dolphin Group ASA, IKT-Norge, Kolumbus AS and Altibox AS. Ms. Nag is a qualified civil engineer in Computer Science from the University of Strathclyde and has further education in management from the Norwegian Business School BI.

Board of Directors' Report

Techstep is on a journey transforming itself into a software-driven Managed Mobility Services (MMS) provider. Techstep's growth and acquisition strategy has enabled the company to become a leading enabler of the digital workplace in the Nordic region through its own IP, software and mobility expertise. Together with customers, Techstep is developing to be an everything-as-a-service provider with customised solutions for the mobile workplace.

Business activities and strategy

New technology is transforming the way people live and work. People expect easy access to tools and services across devices, both at home and at work. In a world going mobile, Techstep is purpose-built to service the mobility needs of public and private enterprises and their workforce. Techstep enables enterprise customers to use mobile devices as true work tools through a well-developed service stack, materially improving productivity and employee engagement.

Techstep has extensive experience as a leading enterprise mobile solutions provider serving 550+ enterprise customers across various industries in the private and public sectors in the Nordics. Since late 2016, Techstep has consolidated primarily the Norwegian and Swedish market through 10 acquisitions, with the focus on integration and transition to a software and services-led company. These acquisitions have made Techstep well-positioned for Nordic leadership in the highly attractive mobility market which is emerging in the Nordics.

Covid-19 impact on Techstep

Techstep's business is to enable enterprises and employees to do their work across mobile devices and locations, with a high degree of security and operational stability. Techstep has been well equipped to deal with the Covid-19 situation and ensure business continuity and efficient operations.

Throughout 2020, Techstep monitored the effect Covid-19 had on the macroeconomic

development and the related risks for Techstep's operations, employees, customers and partners.

Immediately after the outbreak, Techstep established business contingency plans and a dedicated task force. Since 12 March 2020, Techstep has run core operations remotely by utilising mobile office solutions. Furthermore, Techstep restricts physical meetings and all unnecessary travel. Techstep has operated via decentralised locations with focus on maintaining its client services in a best possible manner throughout 2020 and going into 2021.

Market conditions are still somewhat affected by the Covid-19 pandemic but have improved since the first outbreak. The majority of Techstep's customers are operating as normal, but some have longer lead time on sales and implementation processes. This is expected to revert to normal with the roll-out of vaccinations and reduction in outbreaks.

Techstep continues to monitor the effect Covid-19 is having on the macroeconomic development and risk. See Note 21 of this report for a more detailed review of financial risk factors.

Main developments in 2020

With two additional acquisitions, both closed in the fourth quarter, Techstep continued its strategy of building a leading MMS provider in the Nordic region. Going forward, Techstep will focus on building its MMS offering by leveraging its service stack and continue creating a bundle of recurring services, in turn driving value-creation for its customers, growth in managed devices and gross profit per managed device.

Techstep's MMS offering is a purpose-built mobility solution for enterprises either entering or enhancing their mobility journey. Techstep offers quality solutions that utilise mobile phones and similar devices as true work tools through a broad customised service stack to best fit individual needs. Techstep combines device management, software, hardware and connectivity into one managed service. The offering benefits workers, enterprises, society and the planet by improving productivity and skills development, as well as enhancing employee engagement, while at the same time reducing the enterprises' environmental footprint.

Techstep will grow managed devices and gross profit by ensuring that existing and new customers adopt the current MMS offering and by adding value through new services, as well as reinvesting parts of near-term profits to capture market opportunities. To improve profitability over time, the company will leverage operations and streamline the organisation. In addition, the company will continue to invest in IP, software and mobility expertise, in addition to pursuing M&A opportunities in order to strengthen the managed mobility services offering and Techstep's Nordic position.

Making work mobile through value-adding services

Techstep continuously develops its offerings to become a leader in the Nordic MMS market. Techstep has over the last year increased its service stack-offering and strengthened its one-stop-shop with developments within Advisory Services, Platform Management and Asset Management.

The Advisory Services consist of a highly experienced team of Mobility experts that help

customers enable the power of the Asset- and Platform Management services, in addition to ongoing support and advice for development. Platform Management is made up of services designed to manage all types of mobile devices at the enterprise level. These services manage user profiles, apps, OS updates and security. Asset Management provides services tied to the lifecycle of each individual device, comprising of Techstep's software solution 'Origo Business Cloud' and the mobile-as-a-service concept, 'Flow'.

'Flow' is one of Techstep's bundles of Managed Mobility Services consisting of hardware, software and services. 'Flow' includes a mobile device, Origo software, device lifecycle management, service, support and financing. Origo is Techstep's proprietary software-as-a-service solution, and a core value driver going forward. Techstep Finance is Techstep's own leasing solution that adds customer benefits like lower total cost of ownership and a residual value at the end of the leasing period.

The Optidev TrueMobile platform is a cloud-based mobile software solution that creates work traceability for deskless workers. The software can be paired with certified hardware and tailored to the customer's specific needs, e.g to develop a specific work-related app for use by the customer's employees.

Strategic initiatives to transform Techstep to a leading MMS provider in the Nordic region

Techstep has over the past five years acted as a market consolidator in Norway and Sweden, and thus continuously evaluate potential M&A opportunities. In line with its growth strategy, Techstep made strategic initiatives to strengthen its position within MMS during 2020.

In April 2020, Techstep Norway AS sold its IT Operations and Support business unit to Crayon AS for a total consideration of NOK 8 million. This agreement follows a series of measures to transform Techstep towards an IP, software and mobility expertise driven company.

In September, Techstep signed a share purchase agreement to acquire Optidev AB, a developer and provider of enterprise mobility software and solutions in Sweden, Norway and Denmark, predominantly to customers within the transportation, logistics and public safety

sectors. Optidev has been developing and supplying business-critical mobility solutions since 2000, and the company has 85 employees. The transaction was concluded on 1 October.

In December, Techstep acquired Gothenburg-based eConnectivity through its fully owned subsidiary Optidev. eConnectivity is a specialised developer and provider of strategic enterprise services related to mobility and digitalisation. eConnectivity offers solutions within SAP mobility, project management, enterprise app development, and mobility business analysis. The company's six mobility experts provide services to large enterprises customers in Sweden such as Volvo, SKF and City of Gothenburg. The transaction was concluded on 18 December 2020.

These two acquisitions complement Techstep's offering in the growing Nordic MMS market and strengthens the company's position and capabilities to achieve its long-term goals.

Positioning for growth in Sweden

Techstep launched the MMS solution 'Flow' in Sweden during the second half of 2020, marking a milestone in the geographical expansion. Techstep Sweden continued its operational progress by onboarding new and existing customers throughout 2020.

The acquisition of Optidev was another important milestone for Techstep Sweden. Optidev has continued to perform well and has a good foundation for integration with Techstep Sweden. Going forward, Techstep Sweden is well positioned for operational improvements and further growth, including a planned expansion in the Stockholm area.

Sales activity

Since 'Flow' was launched in late 2019, Techstep has signed a total of 24 customers with a total value potential of NOK 116 million. 17 of the contracts were signed in 2020, with an estimated value of NOK 107 million.

Furthermore, Origo Business Cloud, a key component of the 'Flow' offering, is also sold

independently of 'Flow'. Total Origo users were ~43,000 at the end of the year, up from ~27,000 users at year-end 2019.

The largest Flow-contracts signed in 2020 were with Sveriges Radio, Mesta, BAMA, Eltel and Sykehuset i Vestfold. Many of the new contracts represent upselling and repeat wins on existing agreements. Going forward, it will be even more important to develop Techstep together with its customers to find unique and specialised solutions that are tailored to individual needs, in turn creating value for customers and Techstep shareholders.

Recurring revenue base

Techstep's annual recurring revenue base (ARR¹) was NOK 63 million at the end of 2020, including ARR from Optidev. Optidev's contribution amounted to NOK 24 million at the end of the year. Techstep's recurring revenue relates to the sale of own software with ~98% gross margin comprising Mobile Expense Management, Origo Business Cloud and TrueMobile - sold either as a white-label service through partners or directly by Techstep.

¹ Refer to alternative performance measures

Financial review

Profit and loss

Full-year revenue amounted to NOK 1,142.9 million for 2020, compared to NOK 1,132.1 million in 2019. In 2020, Own Software accounted for NOK 43.4 million (NOK 34.4 million), whereas leasing revenue accounted for NOK 105.3 million (NOK 1.8 million). Advisory & Services amounted to NOK 200.9 million (NOK 213.2) and related commissions were NOK 31.3 million (NOK 43.2). Hardware sales (including bonus from vendors) remain the largest revenue generator with NOK 758.1 million (NOK 835.2 million).

The acquisition of Optidev and eConnectivity contributed with NOK 70.8 million in revenue in 2020, consolidated from the fourth quarter.

Gross profit was NOK 378.3 million for the full year 2020 (NOK 279.3 million). This mainly relates to an increase in the leasing portfolio and the inclusion of the acquisitions in the fourth quarter 2020.

The gross margin increased to 33% for 2020, up from 25% in 2019. In 2020, Own Software accounted for 11% (12%), advisory, services and third-party software accounted for 28% (35%) and operating commission for 8% (15%) of gross profit. The remaining relates to leasing 22% (0%), Hardware for 30% (35%) and Other 0% (2%).

Total net operating expenses in 2020 were NOK 1,171.5 million, compared with NOK 1,212.3 million in 2019. Salaries and personnel costs increased by 11% to NOK 208.2 million, mainly related to the acquisitions. Options costs were NOK 1.9 million (NOK 2.6 million) for 2020. Other operational costs were NOK 74.4 million (NOK 63.4 million).

EBITDA for 2020 came to NOK 104.5 million, and includes NOK 16 million from Optidev, a NOK 4.8 million gain on the sale of the office building in Karlstad, Sweden, proceeds from the sale of the IT business of NOK 8 million, an earn-out reversal of NOK 4.9 million, as well as one-off costs related to M&A of NOK 9 million. EBITDA for 2019 was NOK 27.0 million and included M&A costs of NOK 2 million.

The ordinary operating loss (EBIT) amounted to NOK 10.8 million for 2020, compared to an operating loss of NOK 80.2 million in 2019. EBIT for 2019 included a goodwill impairment of NOK 70 million.

The net financial result amounted to negative NOK 6.1 million in 2020, compared to NOK 17.8 million in 2019. The higher financial result in 2019 is a consequence of the increase in ownership of Techstep Finance AS from 50% to 80%, resulting in a remeasurement on previous equity interests in the acquired company of NOK 18.2 million.

The net loss for 2020 was NOK 23.6 million, compared to a net loss of NOK 64.3 million in 2019.

Financial position

In 2020, Techstep issued 20,500,135 new shares in connection with the acquisitions of Optidev and eConnectivity.

As at 31 December 2020, total assets were NOK 1,199.1 million, compared with NOK 817.2 million as at 31 December 2019.

Intangible assets account for NOK 733.3 million (NOK 480.3 million). Intangible assets include goodwill of NOK 571.4 million and customer relations and technology of NOK 161.9 million.

Total tangible assets were NOK 173.6 million (NOK 111.8 million) as at 31 December 2020 including NOK 125.4 million (NOK 72 million) in hardware leased out to customers and NOK 40.2 million (36.6 million) in leased assets.

Total inventories and receivables were NOK 264.8 million as at 31 December 2020. The increase of NOK 89.5 million year-on-year relates mainly to the Optidev acquisition.

Total equity at the end of 2020 was NOK 563.5 million (NOK 456.0 million), corresponding to an equity ratio of 47% (56%).

Non-current interest-bearing debt of NOK 108.5 million (NOK 0.2 million) includes an acquisition loan of NOK 50.0 million and seller's credits of NOK 50.8 million. Other non-current debt of NOK 54.5 million (NOK 47.7 million) primarily relates to leasing commitments of NOK 26.3

million and a buy-back obligation for leased hardware of NOK 25.3 million.

Current interest-bearing liabilities amounted to NOK 85.5 million (NOK 46.4 million) in 2020. This includes net bank overdraft accounts of NOK 43.3 million, as well as a short-term seller's credit of NOK 24.1 million and a short-term part of the acquisition loan of NOK 13.3 million related to the Optidev acquisition.

Other current liabilities of NOK 166.0 million (NOK 116.8 million) as at 31 December 2020 mainly include payables to employees of NOK 39.8 million, deferred revenue of NOK 78.8 million, leasing commitments of NOK 14.1 million and a buy-back obligation for leased hardware of NOK 1.9 million.

Net interest-bearing debt was NOK 166.8 million at the end of 2020, compared to NOK 2 million at the end of the preceding year. The increase is mainly due to new interest-bearing debt related to financing of the Optidev acquisition.

Cash flow

The net cash flow generated from operating activities was NOK 71.1 million in 2020, compared with NOK 51.1 million in 2019. In 2020, Techstep had improved cash generation from own operations. Negative change in net working capital from the Optidev acquisition where the main operating cash outflow in 2020.

Net cash flow used for investment activities was a negative NOK 170.4 million. This is largely due to acquisition expenditure of NOK 61.4 million net of cash acquired, as well as capital expenditures related to leased out hardware of NOK 108.7. Techstep also invested NOK 21.4 million in own software and IT development and gained NOK 21.1 in proceeds from sales of property and the IT business-unit in the year. The net cash flow used for investment activities in 2019 was NOK 18.3 million, mainly related to software and IP development investments and payment for hardware leased out through Techstep Finance.

Net cash flow from financing activities was NOK 36.5 million in 2020. This includes proceeds from borrowings of NOK 66.7 million, lease repayments of NOK 17.5 million and repayment of bank loans of NOK 12.7 million. The net cash flow from financing activities in 2019 was

negative at NOK 27.5 million, relating to repayment of borrowings and lease obligations.

Cash and cash equivalents decreased by NOK 62.7 million during 2020, to negative NOK 15.9 million at the end of the year. Refer to note 14.

Going concern

Based on the aforementioned comments about Techstep ASA's accounts, the Board of Directors confirms that the annual financial statements for 2020 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.

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

Loss for the year 2020 attributable to owners of the parent was NOK 23.5 million, compared to a loss of NOK 64.3 million for 2019. The Board has proposed that the loss be covered by other reserves.

Financial risk and risk management

Techstep is exposed to various types of risks. Market-, operational- and financial risks are the most relevant and are subject to risk management. The Group's risk management aims to support value creation and ensure a continued, solid financial platform through transparent and strategic management of both financial and operational risk factors. The Group's risk management is coordinated by the head office in cooperation with the Board of Directors, and is continuously monitored, so that appropriate actions can be taken when required, to eliminate or mitigate any potentially negative impact on operational or financial performance.

In the short and intermediate term, Techstep's focus is on developing its business platform and maintaining efficient daily operations to secure the Group's cash flow by reducing financial market exposure. Long-term financial investments have been made to generate long-term financial returns.

Techstep's operations, revenues and profits are dependent on the Group's 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 believes that being an early mover in the Nordic MMS market provides a solid fundament to retain and strengthen its market position going forward. The operational risk mainly relates to major projects and the composition of Techstep's value chain, which are continuously reviewed by the corporate management.

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

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

Techstep's liquidity risk is related to a mismatch between cash flows from operations and financial commitments. Historically, the Group's liquidity has been satisfactory. The consolidated cash flows from operations were positive in 2020, and net change in cash and cash equivalents was negative. Short-term cash outflow from investments is an investment in increasing long-term cash inflow from operations. In addition, due to the discontinuance of factoring, previously included in cash flow from operations, and the Group's main credit facility being included in Group cash pool, the cash flow is still deemed sufficient to cover financial commitments. The Group's liquidity is satisfactory and management's liquidity budget models show sufficient liquidity throughout the budget period.

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

Techstep monitors and evaluates risks related to the current macroeconomic development including the effects from the Covid-19 pandemic. Initially, during the wake of the Covid-19 pandemic in March, Techstep experienced a reduction in demand for hardware as private enterprises were affected by the outbreak. The decline was partly offset by an increased demand for Solutions from the public sector. Market conditions are still affected by the Covid-19 pandemic but has improved since the first outbreak. The majority of Techstep's customers operate as normal, but some have longer lead time on sales and implementation processes. This is expected to revert to normal with the roll-out of vaccinations and reduction in outbreaks. However, with the possibility for new and more contagious mutations of the Covid-19 virus emerging and delays in the vaccination programme, Techstep must be prepared for lower economic activity and continued longer lead times on sales. The length and scale of the Covid-19 situation remains uncertain, and thus, represents a risk of lowered activity and profitability long into 2021. Furthermore, the company has operational, cost and capital expenditure flexibility and will adapt to the market conditions as they evolve. Operationally, Techstep is able to operate via decentralised locations and mobile home office solutions with focus on maintaining its client services in a best possible and efficient manner.

Transactions with related parties

Jens Rugseth, a member of the Board of Techstep ASA also holds a position as chairman of the Board in Crayon Group Holding ASA. Trade between Techstep and all Crayon Group companies is disclosed in Note 23.

There were no other material transactions with related parties during the period.

Corporate governance

Techstep observes the Norwegian Code of Practice for Corporate Governance (NUES) of 17 October 2018. A statement on Techstep's corporate governance principles and practices is provided in the separate environmental, social and governance (ESG) section of this annual report. In the company's own assessment, Techstep did not deviate from any sections of the Code of Practice as at year end 2020.

Corporate social responsibility

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

Techstep has developed a CSR policy, committing the company to responsible business practices in the areas of human rights, labour, anti-corruption and the environment. Further details on Techstep's CSR activities are included in the separate ESG section of this annual report.

Shareholder information

As at 31 December 2020, Techstep had 183,295,472 shares outstanding, an increase from 162,795,337 shares one year earlier. The company had 3,211 shareholders. At the end of 2020, Techstep held 1,914 treasury shares. The shares have a par value of NOK 1.0.

The company's largest shareholder, Datum AS, held 17.6% of the shares at year end, with the 20 largest shareholders holding 80.2% of the shares outstanding.

During 2020, Techstep's share price fluctuated between NOK 2.00 and NOK 6.35 per share. The final price at the close of the year was NOK 5.15 per share, up from 3.39 per share in the previous year.

For detailed shareholder information, see Note 25 in the consolidated financial statements for 2020.

Outlook

Techstep will continue to build and strengthen its position as a leader in the Nordic MMS market. Techstep will pursue investments in its own software as well as M&A opportunities to further expand its Nordic position and its highly scalable recurring bundled MMS offering.

In late 2020 Techstep held a Capital Markets Update to anchor its strategy of being a leader in the early-stage and highly attractive Nordic MMS market. Techstep is making work mobile through value-creating bundled MMS solutions, as well as by continuously adding new services to its stack. Techstep aims to convert existing customers and on-board new customers to its MMS solution, as well as pursuing attractive M&A possibilities. Techstep will focus on increasing the service stack through investments in IP, software and mobility expertise and by growing the customer base and geographical market position.

In a world going mobile, Techstep is purpose-built to service the mobility needs of enterprises and their workforce with value-adding MMS solutions. MMS provides benefit for workers, enterprises, society and the planet by reducing IT complexity and costs, increase employee productivity and satisfaction, while improving resource efficiency. The relevance of workplace mobility offerings is higher than ever. Digital transformation has accelerated, and the long-term fundamentals for the mobility market are solid.

In the medium term, 12 to 18 months, Techstep's ambition is to enter into 30 new MMS contracts as well as increase the number of Origo business cloud users by 100%. Moreover, the company targets a gross profit growth of 20-25% and EBITDA to gross profit conversion of 20-25% in the same period. Development capex is expected to be NOK 30-35 million medium term.

Techstep's long term ambition is to manage more than 1 million devices and increase gross profit per managed device to more than NOK 1,200 by 2025. Techstep will reach these ambitions by continuously driving value creation for new and existing customers by ensuring the adoption of its current MMS offering, as well as by adding customer value through new services

and by customising its MMS offering to best fit customer mobility needs.

In addition, Techstep will streamline the organisation and leverage operations to improve profitability over time, and the goal is to reach an EBITDA to gross profit conversion of more than 30% by 2025.

Responsibility statement

Oslo, 19 March 2021

From the Board of Directors and CEO of Techstep ASA

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2020, the comparative figures presented for the period 1 January to 31 December 2019 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Jens Rugseth
Chairman

Einar J. Greve
Board member

Ingrid Leisner
Board member

Anders Brandt
Board member

Toril Nag
Board member

Jens Haviken
CEO

Consolidated income statement

(amounts in NOK 1 000)	Note	2020	2019
Revenue		1 138 943	1 127 763
Other revenue		3 923	4 296
Total revenue	2, 3	1 142 866	1 132 059
Cost of goods sold	2	(764 579)	(852 722)
Salaries and personnel costs	5, 28	(208 243)	(187 994)
Other operational costs	6, 27	(74 405)	(65 363)
Share of profit (loss) in joint ventures		-	1 059
Depreciation	4, 10	(87 332)	(15 214)
Amortisation	11	(27 892)	(22 018)
Impairment	19	-	(70 000)
Other income	7	17 843	-
Other expenses	7	(9 028)	-
Operating profit (loss)		(10 770)	(80 192)
Remeasurement of equity interests	22	-	18 206
Financial income	8	5 760	5 546
Financial expense	8	(11 822)	(5 948)
Profit before tax		(16 832)	(62 388)
Income tax	9	(6 725)	(1 941)
Net income		(23 557)	(64 329)
Net income attributable to			
Non-controlling interests	22	1 188	(1)
Shareholders of Techstep ASA		(24 746)	(64 328)
Earnings per share in NOK:			
Basic	24	(0.15)	(0.40)
Diluted	24	(0.13)	(0.40)

Consolidated statement of comprehensive income

(amounts in NOK 1 000)	2020	2019
Net income	(23 557)	(64 329)
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	22 346	(7 613)
Income tax related to these items	(730)	923
Total comprehensive income for the period	(1 941)	(71 019)
Total comprehensive income for the period attributable to		
Non-controlling interests	1 188	-
Shareholders of Techstep ASA	(3 130)	(71 019)

Consolidated statement of financial position

ASSETS	Note	31.12.2020	31.12.2019
Non-current assets			
Goodwill	11, 18, 19, 22	571 372	418 385
Customer relations and technology	11, 18, 19, 22	161 892	61 901
Sum intangible assets		733 263	480 285
Right of use assets	4, 10	40 233	36 590
Property, plant and equipment	10	133 384	75 197
Sum tangible assets		173 617	111 787
Shares and investments	20	44	44
Other non-current assets	20	169	181
Sum financial assets		213	225
Total non-current assets		907 093	592 298
Inventories	12	28 158	11 828
Accounts receivable	13, 20	203 083	147 411
Other receivables	13, 20	33 594	16 104
Total inventories and receivables		264 836	175 343
Cash and cash equivalents	14	27 203	44 588
Assets classified as held for sale	10	-	4 962
Total current assets		292 039	224 893
Total assets		1 199 131	817 191
EQUITY AND LIABILITIES	Note	31.12.2020	31.12.2019
Share capital	25	183 295	162 795
Other equity		379 272	293 478
Total equity attributable to the owners of Techstep ASA		562 568	456 273
Non-controlling interests	22	884	(304)
Total equity		563 451	455 970
Deferred tax	9	27 659	4 483
Non-current interest-bearing borrowings	15, 20	108 539	162
Other non-current debt	16, 20, 22	54 488	47 688
Total non-current liabilities		190 686	52 333
Current interest-bearing borrowings	14, 15, 20	85 502	46 423
Accounts payable	15, 20	154 442	122 328
Tax payable	15, 20	(750)	936
Public duties	15, 20	39 756	22 381
Other current liabilities	15, 17, 20	166 044	116 820
Total current liabilities		444 994	308 888
Total liabilities		635 680	361 221
Total equity and liabilities		1 199 131	817 191

Oslo, 19 March 2021, signatures from the Board of Directors and the CEO of Techstep ASA:

Jens Rugseth
Chairman

Einar J. Greve
Board member

Ingrid Leisner
Board member

Anders Brandt
Board member

Toril Nag
Board member

Jens Haviken
CEO

Statement of changes in equity

(amounts in NOK 1 000)	Share capital	Other paid-in capital	Other equity	Trans-lation reserve	SUM	Non-control-ling interest	Total equity capital
Equity as at 1 January 2019	159 057	497 096	(143 670)	1 296	513 780	-	513 780
Profit for the period	-	-	(64 328)	-	(64 328)	(1)	(64 329)
Other comprehensive income	-	-	-	(6 690)	(6 690)	-	(6 690)
Total comprehensive income for the period	-	-	(64 328)	(6 690)	(71 018)	(1)	(71 019)
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	3 738	7 178	-	-	10 916	(305)	10 611
Share-based payments	-	-	2 597	-	2 597	-	2 597
Equity as at 31 December 2019	162 795	504 273	(205 402)	(5 394)	456 273	(304)	455 970
Equity as at 1 January 2020	162 795	504 273	(205 402)	(5 394)	456 273	(304)	455 970
Profit for the period	-	-	(24 746)	-	(24 746)	1 188	(23 557)
Other comprehensive income	-	-	-	21 616	21 616	-	21 616
Total comprehensive income for the period	-	-	(24 746)	21 616	(3 130)	1 188	(1 941)
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	20 500	87 088	-	-	107 588	-	107 588
Share-based payments	-	-	1 834	-	1 834	-	1 834
Equity as at 31 December 2020	183 295	591 361	-228 311	16 222	562 568	884	563 451

Consolidated statement of cash flows

(amounts in NOK 1 000)	Note	2020	2019
Profit before tax		(16 832)	(62 388)
Profit from joint venture		-	(1 059)
Depreciation and amortisation	10	72 590	4 281
Depreciation right-of-use assets	10	14 743	10 933
Amortisation	11	27 892	22 018
Share-based payments		1 834	2 597
Dividend reclassified to investment activities	8	-	(2 103)
Gain on sale of business reclassified to investment activities	7	(8 000)	-
Gain from sale of PPE reclassified to investment activities	7	(4 795)	-
Impairment	19	-	70 000
Remeasurement of contingent liability	7	4 859	-
Remeasurement of equity interest	22	-	(18 206)
Net exchange differences		923	1 451
Taxes paid		(5 514)	(2 508)
Changes in net operating working capital		(30 107)	2 681
Changes in other net operating working capital		13 528	23 382
Net cash flow from operational activities		71 120	51 079
Payment for acquisition of subsidiaries net of cash acquired	22	(61 414)	5 184
Payment for equipment and other fixed assets	10	(108 650)	(16 221)
Payment for intangible assets	11	(21 386)	(17 389)
Repayment of invested capital	8	-	8 073
Proceeds from dividends received	8	-	2 094
Proceeds from sale of property, plant and equipment	7	13 089	0
Proceeds from sale of business	7	8 000	0
Net cash used on investment activities		(170 361)	(18 259)
Proceeds from issuance of shares		-	-
Proceeds from borrowings	22	66 665	-
Repayment of borrowings		(12 686)	-
Lease repayments		(17 459)	(15 350)
Net exchange differences in finance		-	(12 145)
Net cash flow from financing activities		36 520	(27 494)
Net change in cash and cash equivalents		(62 721)	5 326
Cash and cash equivalents as at 1 January	14	44 588	39 716
Effects of exchange rate changes on cash and cash equivalents		2 236	(453)
Cash and cash equivalents as at 31 December	14	(15 896)	44 588

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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 2020 were approved by the Board of Directors on 19 March 2021 and will be presented for approval by the Annual General Meeting on 22 April 2021.

Rounding differences may occur in summations and between the notes and the financial statements.

1.1 Basis for preparation

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

1.2 Change in accounting principles

There are no new or amended accounting standards that required the Group to change its accounting policies for the 2020 financial year

1.3 Functional and presentation currency

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

1.4 Consolidation principles and subsidiaries

i) 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.

ii) Joint arrangements

Under IFRS 11 - Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Techstep's holding in Techstep Finance AS was accounted for as a joint venture until the step acquisition 13 December 2019. Refer to note 22 for details.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. Thereafter the balance sheet value is adjusted with the Group's share of the post-

acquisition profits or losses of the investee in the consolidated income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income.

1.5 Transactions in foreign currencies

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

iii) Group companies

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

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

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

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

1.6 Revenue recognition

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

Revenue from hardware sales

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

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

Revenue from licence sales

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

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

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

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

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

Revenue from the sale of services

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

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

Flow

As a part of the Flow-offering and as a stand-alone product, the Group offers a leasing alternative to customers. The Group uses external funding to finance the transactions. The Group sells the devices 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 contracts containing repurchase options are entered into, 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.

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

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

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

1.7 Other income and other expenses

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

1.8 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value

of the assets transferred by the Group, liabilities incurred by the Group in relation to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

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

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 expensed, 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 residual value, is depreciated on a straight-line basis over the estimated useful life of the asset. Estimate of residual values are applicable for the Group's leasing offering where assets are

repurchased at the end of the lease. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

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

1.11 Impairment of intangible assets and property, plant and equipment

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

1.12 Inventories

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

1.13 Trade receivables

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

1.14 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise all cash and bank deposits not included in the Group's cash pool. The Group's cash pool comprise bank deposits included in the cash pool and the Group's main credit facility. If the net amount of the cash pool is positive, the cash pool is classified as cash and cash equivalents in the consolidated statement of financial position. If the net amount is negative, the cash pool is classified as current interest-bearing debt in the consolidated statement of financial position.

For the purpose of presentation in the statement of cash flows cash and cash equivalents comprise all bank deposits and drawn down credit facilities.

1.15 Financial instruments

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

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

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

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

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

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

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

The category financial liabilities at amortised cost is included in the consolidated statement of financial position line items Non-current interest-bearing borrowings, Other non-current debt, Current interest-bearing borrowings, Trade payables, Tax payables, Public duties and Other current liabilities. Items in the Other financial liabilities-category are recognised initially at fair value. Subsequently, if they are non-current, other financial liabilities are measured at amortised cost using the effective interest method. Effective interest is recognised in the income statement as financial expenses. Current items in the category are for practical reasons not amortised unless the effect is material.

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

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

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

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

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

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

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

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

1.16 Accounts payables

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

1.17 Dividend and interest income

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

1.18 Income tax

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

i) Tax payable

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

ii) Deferred tax

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

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

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

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

1.19 Equity

The nominal value of holdings of the Company's own 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.

Treasury shares are presented as a reduction of equity.

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. Optidev has been included as a stand alone segment in accordance with internal reporting.

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

The Group has chosen to apply the standard to leases of intangible assets.

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 20 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 2020 the Group has options outstanding that are in the money. Basic earnings per share and diluted earnings per share therefore differ.

1.29 New standards and interpretations not yet effective

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

Note 2. Business segments

Techstep has three business segments, which are represented by the two geographic locations where the Group's entities are incorporated and the newly acquired Optidev Group. The entities are controlled and owned by the Techstep Group. Other companies are included in the segment Headquarters and other.

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 Denmark ApS: Established to invoice Danish customers. The company is fully supported from Norway and does not have any employees.
- Techstep Finance AS: Provides financing and remarketing services.

2) Sweden

- Techstep Sweden AB: The company offers mobile hardware, industry leading cloud-based (UCaaS) PBX solutions, Mobility consultancy services and Enterprise Mobility Management (EMM) services, including Mobile Security, system design, implementation, mobile device management. The company is located in Karlstad, Gothenburg and Stockholm.
- Techstep Finance AB: Provides financing and remarketing services.

3) Optidev

- Optidev AB, Optidev AS and Optidev ApS: The companies develop and provide enterprise mobility software and solutions, predominantly to customers in the transportation, logistics and public safety sectors in Sweden, Norway and Denmark.
- eConnectivity CC AB: the company is a specialised developer and provider of enterprise strategic services related to mobility and digitalisation.

4) Headquarters and other

- Techstep ASA, Techstep Nordic AS and Techstep Holding AB.

FY 2020	Norway	Sweden	Optidev	HQ and other	Eliminations	Total
Operating revenues from external customers	760 611	310 577	70 692	986	-	1 142 866
Operating revenues from other segments	6 397	4 202	112	32 204	(42 916)	-
Operating revenues	767 007	314 779	70 805	33 190	(42 916)	1 142 886
Cost of goods sold	(511 798)	(224 774)	(34 788)	-	6 782	(764 579)
Salaries and personnel costs	(112 736)	(49 604)	(15 716)	(31 652)	1 465	(208 243)
Other operational costs	(53 544)	(21 928)	(4 324)	(25 580)	30 971	(74 405)
Share of profit (loss) of joint venture	-	-	-	-	-	-
Depreciation	(61 479)	(11 422)	(5 990)	(8 442)	-	(87 332)
Amortisation	(7 816)	(7 770)	(4 161)	(8 145)	-	(27 892)
Impairment	-	-	-	-	-	-
Other income	8 150	4 835	-	4 859	-	17 843
Other expenses	(105)	-	-	(8 923)	-	(9 028)
Operating profit (loss)	27 679	4 116	5 826	(44 694)	(3 698)	(10 770)
Remeasurement of equity interests	-	-	-	-	-	-
Financial income	1 370	2 055	363	3 388	(1 416)	5 760
Financial expenses	(3 487)	(2 670)	(223)	(6 694)	1 252	(11 822)
Profit (loss) before tax	25 563	3 502	5 966	(48 000)	(3 862)	(16 832)

FY 2019	Norway	Sweden	Optidev	HQ and other	Eliminations	Total
Operating revenues from external customers	824 119	307 940		-	-	1 132 059
Operating revenues from other segments	6 057	3 172		22 567	(31 796)	-
Operating revenues	830 176	311 112		22 567	(31 796)	1 132 059
Cost of goods sold	(622 397)	(238 273)		(35)	7 984	(852 722)
Salaries and personnel costs	(114 929)	(42 444)		(31 587)	965	(187 994)
Other operational costs	(55 118)	(12 888)		(18 577)	23 187	(63 396)
Share of profit (loss) of joint venture	-	-		1 059	-	1 059
Depreciation	(7 094)	(2 600)		(5 519)	-	(15 214)
Amortisation	(13 298)	(7 068)		(1 653)	-	(22 018)
Impairment	(70 000)	-		-	-	(70 000)
Other income	-	-		-	-	-
Other expenses	-	-		(1 967)	-	(1 967)
Operating profit (loss)	(52 660)	7 839		(35 712)	340	(80 192)
Remeasurement of equity interests	-	-	-	18 206	-	18 206
Financial income	3 821	497	-	3 331	(2 134)	5 546
Financial expenses	(3 963)	(1 930)	-	(1 849)	1 794	(5 948)
Profit (loss) before tax	(52 802)	6 406	-	(16 024)	-	(62 388)

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	2020	2019
Norway	735 768	475 527
Sweden	171 325	115 841
Total	907 093	591 368

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 and commissions.

Solutions revenue comprises own software, third party licenses, consulting services and related bonuses and commissions.

2020	Norway	Sweden	Optidev	Headquarter and other	Eliminations	Group
Total revenues	767 007	314 779	70 805	33 190	(42 916)	1 142 866
Hardware						
Hardware revenues	492 315	210 373	24 662	-	(3 399)	723 950
Leasing	79 494	14 929	10 883	-	-	105 305
Bonus	31 040	3 138	-	-	-	34 179
Total	602 849	228 440	35 544	-	(3 399)	863 434
Solutions						
Advisory & Services	102 351	75 905	29 867	-	(7 199)	200 924
Own Software	38 420	-	4 956	-	-	43 376
Commission	21 031	10 291	-	-	-	31 322
Total	161 802	86 196	34 823	-	(7 199)	275 622
Other revenues						
Other	2 356	143	438	33 190	(32 317)	3 811
Total	2 356	143	438	33 190	(32 317)	3 811

2019	Norway	Sweden	Optidev	Headquarter and other	Eliminations	Group
Total revenues	830 176	311 112	-	22 567	(31 796)	1 132 059
Hardware						
Hardware revenues (Restated)	605 596	203 723	-	-	(5 266)	804 053
Leasing (Restated)	1 540	263	-	-	-	1 804
Bonus	28 380	2 807	-	-	-	31 187
Total	635 516	206 793	-	-	(5 266)	837 044
Solutions						
Advisory & Services (Restated)	121 390	95 765	-	-	(3 963)	213 192
Own Software (Restated)	34 361	-	-	-	-	34 361
Commission	34 388	8 780	-	-	-	43 167
Total	190 139	104 545	-	-	(3 963)	290 720
Other revenues						
Other	4 521	(225)	-	22 567	(22 567)	4 296
Total	4 521	(225)	-	22 567	(22 567)	4 296

The 2019 disaggregation of revenues has been restated to give more detailed and relevant information.

The line-item Leasing has been split out from the line-item Hardware revenues.

The line-item Own software has been split out from the line item Advisory and Services (renamed from Solutions revenues in 2019)

Contract assets and contract liabilities

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

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

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

Other arrangements with customers do exist but are deemed immaterial.

Deferred revenue

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

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

The Group receives cash settlement in full at the start of the lease period from its financing partner. When settlement is received from the financing partner the corresponding deferred revenue is recognised in the consolidated statement of financial position.

Changes in deferred revenue during the year

	2020	2019
Opening balance deferred revenue as at 1 January	63 836	3 204
Additions from business combinations	13 005	49 974
Net movement	743	10 653
Translation differences	1 199	5
Closing balance deferred revenue as at 31 December	78 783	63 836

Of the total deferred revenue as at 31 December 2020, NOK 42.7 million will be recognised in 2022 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 2020, the five largest customers represent approximately 17 % (11 %) of total revenue in 2020, and the ten largest customers represent approximately 24 % (16 %) of total revenue.

Unsatisfied performance obligations

The Group has unsatisfied performance obligations resulting from fixed price long-term contracts such as Flow and True-Mobile. The unsatisfied performance obligations are satisfied through passage of time. As at the balance sheet date the Group's unsatisfied performance obligations were NOK 86.7 million of which NOK 47.0 million will be accounted for as revenue in 2021. The remaining NOK 37.9 million will be accounted for as revenue in 2022 or later.

The amounts disclosed does not include variable considerations.

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

Management assessments

Recognition of revenue from combined customer contracts

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

Determining the transaction price for combined contracts

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

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

Note 4. Leases

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings	Equipment	Vehicles	Licences	Total
As at 1 January 2020	26 111	2 296	2 037	5 403	35 846
Additions	3 925	-	1 714	4 819	10 457
Additions from business combinations	7 731	-	1 029	-	8 761
Depreciation	(9 227)	(483)	(2 257)	(4 069)	(16 037)
Variable lease payment adjustment	855	-	-	-	855
Translation differences	76	-	274	-	349
As at 31 December 2020	29 471	1 812	2 796	6 153	40 233

Lease liabilities

	Buildings	Equipment	Vehicles	Licences	Total
As at 1 January 2020	33 936	2 306	2 582	4 555	43 379
Additions	3 925	-	1 714	4 819	10 457
Additions from business combinations	2 174	-	600	-	2 774
Interest expense	1 213	74	154	162	1 603
Lease payments	(10 414)	(527)	(2 373)	(5 530)	(18 844)
Variable lease payment adjustment	855	-	-	-	855
Translation differences	80	-	145	-	225
As at 31 December 2020	31 769	1 853	2 822	4 005	40 450

Lease liabilities	2020	2019
Non-current	26 184	26 249
Current	14 266	11 998
Total	40 450	38 248

Maturity analysis nominal payments of lease liabilities 2020

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

Maturity analysis nominal payments of lease liabilities 2019

	Up to 3 months	Between 3 and 12 months	between 1 and 2 years	between 2 and 5 years	over 5 years
Lease liabilities	2 872	9 805	8 684	17 823	-

Amounts recognised in the statement of profit or loss

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

	2020	2019
Depreciation charge		
Buildings	9 227	6 462
Equipment	483	191
Vehicles	2 257	1 587
Licences	4 069	2 722
Total	16 042	10 962
Interest charge	1 603	1 102
Other charges*	6 155	7 198

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

Description of the Group's leasing activities

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

Incremental borrowing rate:

To determine the incremental borrowing rate, the Group:

where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

Extension and termination options

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

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

Critical judgements in determining the lease term

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

Other information:

Leased assets may not be used as security for borrowing purposes.

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 5. Payroll

	2020	2019
Salaries and holiday pay	160 975	146 866
Social security tax	30 718	26 897
Pension costs including social security tax	12 204	10 003
Other personnel costs	4 346	4 228
Total personnel costs	208 243	187 994
Number of employees at year end	289	211

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 6. Other operational costs

	2020	2019
Office rental and operations	5 312	6 146
Human resources	4 574	2 933
Sales and marketing	7 681	7 379
IT expenses	27 082	16 395
Fees for external services	16 729	11 989
Factoring expenses	1 611	1 971
Communication	1 732	2 310
Travel expenses	3 772	6 539
Other costs	5 913	7 734
Total operating costs	74 405	63 396

Note 7. Other income and other expenses

Other income	2020	2019
Derecognition of contingent consideration	4 859	-
Gain on sale of business unit (IT)	8 000	-
Gain on sale of office building	4 835	-
Other non-recurring income	150	-
Total	17 843	-

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

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

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

Other expenses	2020	2019
Acquisition related costs	(9 028)	(1 967)
Total	(9 028)	(1 967)

Note 8. Financial income and expenses

	2020	2019
Interest income	(488)	549
Dividends from equity investments	7	-
Reversal of impairment of equity investment	-	2 103
Other financial income	6 240	2 893
Total financial income	5 760	5 546
Interest expenses interest bearing debt	(5 350)	(2 913)
Interest expenses leasing	(1 603)	(1 102)
Other financial expenses	(5 079)	(1 933)
Total financial expenses	(11 822)	(5 948)

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

Kjedehuset AS was liquidated in 2019. Techstep received total proceeds amounting to NOK 10.2 million from the liquidation, of which NOK 8.1 reduced book value of the shares and NOK 2.1 has been accounted for as reversal of impairment of equity investment.

Note 9. Tax

Income tax expense	2020	2019
Current tax	(11 017)	(6 716)
Change in deferred tax	4 292	4 775
Tax expense	(6 725)	(1 941)
Reconciliation of relationship between accounting profit and tax expense		
Profit before tax	(16 832)	(62 388)
Tax at the Norwegian tax rate of 22%	3 716	13 549
Tax effect permanent differences	(7 593)	(15 749)
Difference in tax rates	(254)	-
Tax related to change in tax rates	-	-
Previously unrecognised tax losses not recouped	-	246
Other	(2 594)	13
Income tax expense	(6 725)	(1 941)
Effective tax rate	40%	3%
Amounts recognised directly in equity		
Deferred tax arising in the reporting period directly debited to equity:		
Deferred tax: Share issue cost	(37)	-
Total	(37)	-
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised, see note 18	(442 017)	(446 955)
Potential tax asset at 22% tax rate	(101 664)	(102 800)
Deferred tax		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	134 765	44 132
Inventories	(102)	(202)
Trade receivables and other receivables	(120)	(375)
Leasing	(69)	(1 532)
Other current liabilities	24 644	(10 801)
Tax loss carried forward	(33 416)	(13 186)
Carry forward interest	(3 779)	(3 779)
for which no deferred tax asset has been recognised	5 053	
Total basis for deferred tax	126 976	14 257
Tax rate deferred tax	22%	22%
Net deferred tax with applicable year's tax rate	29 101	3 137
Change in deferred tax due to change in tax rate	13	-
Difference in tax rates	(1 596)	366
Adjustment, prior years	-	980
Net deferred tax (+)/ deferred tax asset (-)	27 518	4 483
Net deferred tax related to Norway	657	1 867
Net deferred tax related to Sweden	26 860	2 616
Total deferred tax (+)/ deferred tax asset (-)	27 659	4 483

Tax on each component of other comprehensive income is as follows

Exchange gains on the translation of foreign operations	2020	2019
Before tax	3 320	(4 066)
Tax	(730)	923
After tax	2 590	(3 144)

Note 10. Tangible assets

	Land and buildings	Right of use assets	Equip- ment*	Other fixed assets	Total
Accumulated cost as at 1 January 2020	-	47 552	105 865	19 966	173 383
Additions	-	9 287	105 340	3 836	118 462
Additions arising from business combinations	-	11 877	78 768	10 725	101 369
Disposals	-	-	(12 395)	99	(12 296)
Translation differences	-	330	1 679	425	2 434
Reclassified to asset classified as held for sale	-	-	-	-	-
Accumulated cost as at 31 December 2020	-	69 045	279 256	35 052	383 353
Accumulated cost as at 1 January 2019	8 166	-	-	17 950	26 115
Additions	-	47 686	14 858	2 049	64 593
Additions arising from business combinations	-	-	91 007	-	91 007
Disposals	-	-	-	-	-
Translation differences	(133)	(135)	-	(32)	(300)
Reclassified to asset classified as held for sale	(8 032)	-	-	-	(8 032)
Accumulated cost as at 31 December 2019	-	47 552	105 865	19 966	173 383
Accumulated depreciation as at 1 January 2020	-	(10 962)	(33 871)	(16 703)	(61 536)
Additions arising from business combinations	-	(3 639)	(47 936)	(6 969)	(58 544)
Current year depreciation	-	(14 361)	(71 560)	(1 411)	(87 332)
Reclassified to held for sale	-	-	-	-	-
Disposals	-	-	-	(1 971)	(1 971)
Translation differences	-	149	(538)	35	(353)
Reclassified to asset classified as held for sale	-	-	-	-	-
Accumulated depreciation as at 31 December 2020	-	(28 813)	(153 906)	(27 018)	(209 737)
Accumulated depreciation as at 1 January 2019	(3 056)	-	-	(13 682)	(16 739)
Additions arising from business combinations	-	-	(32 034)	-	(32 034)
Depreciation	(82)	(10 933)	(1 834)	(2 365)	(15 214)
Reclassified to held for sale	-	-	-	-	-
Disposals	-	-	-	-	-
Translation differences	68	(28)	(3)	(110)	(75)
Reclassified to asset classified as held for sale	3 070	-	-	(605)	2 465
Accumulated depreciation as at 31 December 2019	-	(10 962)	(33 871)	(16 763)	(61 596)
Book value of assets 31 December 2019	-	36 590	71 994	3 203	111 787
Book value of assets 31 December 2020	-	40 233	125 350	8 033	173 617
Estimated economic life	Not applicable	2-10 years	2 years	3-5 years	
Depreciation method		linear	linear	linear	

Techstep Sweden AB relocated in Karlstad and sold the office building in Ramsgatan 2. The building was handed over in June 2020.

*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 2020	562 067	288 034	42 084	892 185
Additions	-	-	21 426	21 426
Additions arising from business combinations	143 960	84 693	19 688	248 340
Translation differences	9 184	3 925	196	13 305
Accumulated cost as at 31 December 2020	715 211	376 652	83 394	1 175 257
Accumulated cost as at 1 January 2019	531 228	288 984	25 008	845 220
Additions	-	-	17 390	17 390
Additions arising from business combinations	32 640	-	-	32 640
Translation differences	(1 801)	(950)	(315)	(3 066)
Accumulated cost as at 31 December 2019	562 067	288 034	42 084	892 185
Accumulated amortisation and impairment as at 1 January 2020	(143 840)	(258 050)	(10 010)	(411 900)
Additions arising from business combinations	-	-	(175)	(175)
Current year amortisation	-	(16 541)	(11 352)	(27 892)
Current year impairment	-	-	-	-
Translation differences	-	(1 986)	(40)	(2 026)
Accumulated amortisation and impairment as at 31 December 2020	(143 840)	(276 577)	(21 577)	(441 993)
Accumulated amortisation and impairment as at 1 January 2019	(73 840)	(242 958)	(3 301)	(320 098)
Additions arising from business combinations	-	-	-	-
Amortisation	-	(15 104)	(6 914)	(22 018)
Impairment	(70 000)	-	-	(70 000)
Translation differences	-	12	204	216
Accumulated amortisation and impairment as at 31 December 2019	(143 840)	(258 050)	(10 010)	(411 900)
Book value as at 31 December 2019	418 228	29 984	32 074	480 285
Book value as at 31 December 2020	571 372	100 075	61 817	733 263
Estimated economic lifetime in years	Indefinite	5 years	3-5 years	
Depreciation method	none	linear	linear	

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

Note 12. Inventories

Book value of inventories	2020	2019
Inventories	28 841	12 245
Less write-down of inventories	(683)	(417)
Total inventories	28 158	11 828

Increase in inventory is mostly related to the acquisition of Optidev.

Note 13. Trade receivables and other receivables

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

	Book value	Days outstanding				
		not over-due	0-30 days over-due	30-60 days over-due	60-90 days over-due	> 90 days over-due
Trade receivables	206 500	182 755	20 090	470	76	2 150
Other current receivables	33 594	33 594	-	-	-	-
Less provision for bad debt	(3 416)	(914)	(1 004)	(47)	(15)	(1 622)
Total trade receivables and other short-term receivables	236 678	215 436	19 085	423	61	528
Expected loss rate		0.5 %	5.0 %	10.0 %	20.0 %	75.0 %

Trade receivables and other receivables shown at maturity per 31 December 2019:

	Book value	Days outstanding				
		not over-due	0-30 days over-due	30-60 days over-due	60-90 days over-due	> 90 days over-due
Trade receivables	148 458	133 619	8 428	1 752	1 421	3 238
Other current receivables	16 104	16 104	-	-	-	-
Less provision for bad debt	(1 046)	-	-	-	(180)	(866)
Total trade receivables and other short-term receivables	163 515	149 723	8 428	1 752	1 241	2 371

Changes in the provision for bad debt during the year	2020	2019
Opening balance provision for bad debt as at 1 January	(1 046)	(1 030)
Net change in the provision during the year	(2 370)	(16)
Closing balance provision for bad debt as at 31 December	(3 416)	(1 046)

Other short-term receivables	2020	2019
Accrued revenues	16 063	7 567
Prepaid expenses	13 399	2 945
Other current receivables	4 133	5 592
Total	33 594	16 104

Note 14. Cash and cash equivalents

The Group's cash and cash equivalents consists of	2020	2019
Cash and bank deposits	27 203	44 588
Total	27 203	44 588
Of which is restricted	6 356	6 102

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	2020	2019
NOK	6 849	9 819
SEK	16 373	28 150
Other	3 982	6 620
Total	27 203	44 588

Reconciliation with cash flow statement	2020	2019
Balances above	27 203	44 588
Bank overdrafts in cash pool*	(69 555)	-
Bank deposits included in cash pool*	26 456	-
Balance as per cash flows	(15 896)	44 588

*Net bank overdrafts in cash pool comprise all bank accounts in the cash pool, including drawn on credit facility. Negative net bank overdrafts in cash pool are classified as current interest-bearing debt. Positive net bank overdrafts in cash pool are classified as cash and cash equivalents.

The Group has a credit facility of NOK 80 million related to the cash pool.

Note 15. Borrowings

The group's interest-bearing liabilities consist of:

	2020		2019	
	Current	Non-current	Current	Non-current
Seller credits related to business combinations	24 141	50 785	-	-
Factoring facilities	-	-	39 200	-
Bank loan	18 261	57 753	7 222	162
Net bank overdraft facility in cash pool*	43 100	-	-	-
Total interest-bearing debt	85 502	108 539	46 423	162

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

The table below sets out expected nominal payments on borrowings:

	Total	Due within			Annual interest rate
		1 year	1-5 years	over 5 years	
Bank overdraft facilities*	69 555	69 555	-	-	1-month NIBOR + 2.25%
Bank acquisition loan	68 181	15 068	53 113	-	3-month NIBOR + 2.50%
Bank loan, other	13 273	4 930	8 343	-	1,52 % - 2,76%
Seller credits related with business combinations	78 453	25 725	52 729	-	3,00 % - 4,00%
Trade payables	154 442	154 442	-	-	
Tax payable	(750)	(750)	-	-	
Public duties	39 756	39 756	-	-	
Other current liabilities	51 417	51 417	-	-	
Total	588 954	474 769	114 185	-	

*Refer to Note 14 for reconciliation of net cash position

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

The group has three overdraft facilities.

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

The Swedish overdraft facilities have a total credit limit of SEK 14 million. The annual interest rate is 4.5 %. The facilities were not utilised as per year end 2020.

Pledges in relation to the loans to financial institutions

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

Book value of assets pledged as collateral are as follows*:	2020	2019
Trade receivables	187 983	102 699
Inventories	43 258	2 062
Property, plant and equipment	8 033	1 055
Total book value of assets pledged as collateral:	239 275	105 815

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

Note 16. Other non-current liabilities

Other non-current debt consists of the following:	2020	2019
Provision for restructuring	-	1 162
Contingent consideration	-	4 859
Lease liabilities	26 278	26 249
Residual obligations	25 330	14 111
Deferred revenue	2 880	1 308
Total non-current liabilities	54 488	47 688

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

Note 17. Current liabilities

Current liabilities	2020	2019
Accrued personnel expenses (bonus, holiday pay etc.)	34 101	30 478
Accrued cost	10 113	1 169
Provision for onerous lease contracts	1 511	-
Deferred revenue	78 783	63 836
Prepaid revenue	21 672	-
Lease liabilities	14 172	11 998
Other current liabilities	5 691	9 338
Total current liabilities	166 044	116 820

Note 18. Critical estimates

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

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

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

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

Impairment of intangible assets

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

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

The recognised values of goodwill and customer relationships are material to the 2020 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 2020 and 2019 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 19. These growth rates are consistent with forecasts included in economic outlook reports specific to the area in which each CGU operates.

Customer relationships

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

Recognition of income tax

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

The deferred tax assets recognised as at 31 December 2020 have been based on future profitability assumptions, and the deferred tax assets are recognised to the extent that it is probable that the tax assets will be realised.

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

Note 19. Impairment of intangible assets

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

	Goodwill		Customer relationships		Technology	
Current liabilities	2020	2019	2020	2019	2020	2019
Techstep Norway AS and Techstep Finance AS	243 467	243 467	2 079	3 918	-	-
Techstep Sweden AB and Techstep Finance AB	89 903	81 348	12 077	17 858	-	-
Mytos AS	93 570	93 570	4 268	8 208	-	-
Optidev	144 432	-	81 000	-	16 853	-
Total	571 372	418 385	99 424	29 984	16 853	-

Covid-19

The global pandemic has had a dual impact on Techstep's business and outlook.

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

At the beginning of the pandemic, there were uncertainties regarding the Group's ability to source hardware. The operational issues were short term and the inbound value chains were up and running as normal for most of the year.

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

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

Cash generating units

The companies Techstep Norway AS and Techstep Finance AS are measured as one 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. The same assessment applies to Techstep Sweden AB and Techstep Finance AB.

Mytos AS is a standalone cash generating unit,

The Optidev CGU also comprises eConnectivity CC AB as the business will be included in Optidev's consulting department.

In 2019 Techstep Finance was reported as a stand-alone CGU. After the acquisition, the two Techstep Finance companies have been more integrated with Techstep Norway AS and Techstep Sweden AB. The Techstep Finance companies require Techstep Norway AS and Techstep Sweden AB to supply input into the Techstep Finance processes. The Techstep Finance companies are therefore considered as part of the Techstep Norway AS (Techstep Finance AS) and Techstep Sweden AB (Techstep Finance AB) CGU.

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 2020 and 2019 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of several key assumptions. The calculations use cash flow projections based on financial budgets and prognoses in the strategic plan approved by the Board of Directors covering a four-year period. Cash flows beyond the four-year period are calculated using the estimated growth rates stated below.

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

Key assumptions for estimating future performance

	Techstep Norway AS and Techstep Finance AS	Techstep Sweden AB and Techstep Finance AB	Mytos	Optidev
Material factors that affect the cash flow from operations	<p>The cash generating unit provides the customer with the entire managed mobility offering, comprising of Hardware with and without a leasing option, third party software within the mobility space, consultancy, maintenance and support, as well as being a reseller of the Origo platform. All of which can be bundled into the Flow offering. The CGU still retain some cash flows from the tradition hardware business, all expecting to decrease over the next years.</p> <p>The Cash flows are based upon expected future performance using the 2021 budget as a baseline. Free cash flows are expected to increase in the years to come as the organisation settles and becomes more effective.</p>	<p>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.</p> <p>The Cash flows are based upon expected future performance using the 2021 budget as a baseline. Free cash flows are expected to increase in the years to come as the organisation settles and becomes more effective.</p>	<p>The CGU main product "fakturakontroll" renders a stable recurring cash flow from operations. The cash flow is recycled into the business to build the organisation for supporting the managed mobility offering for all group companies, specifically Origo, a key component of the Group's Flow offering.</p> <p>The free cash flow is expected to increase in the following years.</p>	<p>The cash generating unit is a Nordic supplier of managed mobility with focus on transportation and logistics and public safety (Police, ambulance, fire trucks etc.)</p> <p>Optidev provides both its own True mobile software as well as third party software solutions and hardware equipment to ensure full connectivity in real time.</p> <p>The CGU has a steady positive cash flow.</p>
Economic conditions and market outlook	<p>The CGU operate in a stable economy with a high penetration of use of advanced mobile devices. The market related to other service offerings from the CGU is expected to grow in the future.</p> <p>Third party independent agencies have reported an expected compound average growth rate in the markets the CGU operates far above the growth estimates used in the impairment assessment.</p>	<p>The CGU operate in a stable economy with a high penetration of use of advanced mobile devices. The market related to other service offerings from the CGU is expected to grow in the future.</p> <p>Third party independent agencies have reported an expected compound average growth rate in the markets the CGU operates far above the growth estimates used in the impairment assessment.</p>	<p>The CGU operate in a stable economy with a high penetration of use of advanced mobile devices where the service offerings for both private and business purposes increase at a high rate. As users utilise their devices both for private and business purposes, the offering's from Mytos are highly relevant.</p>	<p>The CGU operate in a stable economy with a high penetration of use of advanced mobile devices. The market related to other service offerings from the CGU is expected to grow in the future.</p>
Investments	Capital expenditure is assumed to be equal to depreciation in the terminal year.	Capital expenditure is assumed to be equal to depreciation in the terminal year.	Capital expenditure is assumed to be equal to depreciation in the terminal year.	Capital expenditure is assumed to be equal to depreciation in the terminal year.

Main budget assumptions	<p>The budget is based on the continued transition from old to new revenue streams. The budget for 2021 is at the same level as results delivered in 2020, however there is an underlying shift from old to new revenue streams. There is a risk that there is a lag in the transition and that the result delivered will be lower. The budget is a building block in the long-term strategy plan, which has ambition of an increase in free cash flow.</p> <p>Refer to sensitivity analysis below regarding reductions in free cash flows and impact on impairment.</p>	<p>The budget in Techstep Sweden AB is based upon setting the company up for future growth. There are considerable investments in the budget, and the company is therefore not expected to deliver a free cash flow at the same level as in 2020. The planned scaling up of the company will have a positive impact on long term financial performance.</p>	<p>The budget in Mytos AS is based upon a steady inflow of users on the Origo business cloud solution. The CGU is recycling much of its free cash flow into developing its Origo business cloud solution, limiting short term free cash flow. The initiative will give the company the possibility to expand further once completed.</p>	<p>The budget aims to continue on the trajectory Optidev has been on for the last few years. Expansion and sharpening at all levels of the organisation.</p> <p>At the same time the company will work closely with Techstep Sweden and Techstep Norway to start build synergies.</p>
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The calculations of the CGU carrying amount use cash flow projections are based on financial budgets and forecasts approved by management covering a four-year period. From year five and beyond, a terminal value is calculated.

Discount rates

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

The required rate of return on debt is estimated based on a long-term risk-free interest rate, to which a premium is added to reflect the creditors' risk when lending funds to the Group. The discount rate includes a small business premium (operational risk) and the expected future levels of inflation. For impairment reviews performed at yearend 2019, these assumptions have been applied consistently across the Group."

	2020	2019
Equity ratio	47%	56%
Growth in terminal value	0.5 %	0.5 %
WACC	11.9 %	11.9 %

Sensitivity

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

	Impact on impairment			
	Techstep Norway AS	Techstep Sweden AB	Mytos AS	Optidev
10 % decline in free cash flow	No impairment	No impairment	No impairment	No impairment
1 % increase in WACC	No impairment	No impairment	No impairment	No impairment

Recognition of Impairment 2019

Based on the testing performed the Group recognised an impairment charge in 2019 amounting to NOK 70 million. The impairment was wholly related to the CGU Techstep Norway AS and was booked as a reduction in Goodwill. The underlying reasons were related to the reduction in hardware margins and operator commissions.

Moreover, it was a consequence of the Group's strategic direction and the ongoing transformation of the business. Management's assessment is that the impairment is an effect of replacing legacy cash flows with the inherent uncertainties in future cash flows from new products.

Note 20. Financial risk management

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

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

The Group's capital consists of net interest-bearing debt (NIBD) and equity:	2020	2019
Non-current interest-bearing borrowings	108 539	162
Current interest-bearing borrowings	85 502	46 423
Cash and cash equivalents*	27 203	44 588
NIBD	166 838	(1 996)
Group equity	563 451	456 175
Net gearing (NIBD/equity)	30%	-3 %
Undrawn credit facilities	25 054	29 611

*Cash and cash equivalents 2019 are restated to include utilised credit facility.

A) Capital management

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

B) Credit risk

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

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

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

No single customer represents 10% or more of trade receivables as at 31 December 2020 or as at 31 December 2019. No single customer represents 10% or more of the Group's revenues in 2020 or 2019.

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.

Long-term receivables consist of smaller holdings, with no fixed maturity.

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 2020. It is management's assessment that The Group's overall credit risk is satisfactory. Please also refer to Note 14, 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. The Group's liquidity is satisfactory and management's liquidity budget models show satisfactory liquidity throughout the budget period.

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

The consolidated cash flows from operations in 2020 is positive due to an improvement in working capital.

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

D) Currency risk

The Group's operations are conducted in Norway and Sweden. 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 EUR and USD. The Group does not hedge cash flows in foreign currencies. The Group has low cash holdings, trade receivables and trade payables in currencies other than NOK and SEK.

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

E) Interest rate risk

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

F) Categories of financial instruments

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

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

The Group has the following categories of financial instruments as at 31 December 2020:	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Level in fair value hierarchy
ASSETS				
Shares and investments	44	-	44	3
Other non-current assets	-	169	169	3
Trade receivables	-	203 083	203 083	3
Other receivables	-	20 196	20 196	3
Cash and cash equivalents	-	27 203	27 203	1
Total assets	44	250 651	250 695	

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total	Level in rating hierarchy
LIABILITIES				
Non-current interest-bearing debt	-	57 753	57 753	3
Non-current lease liabilities	-	26 278	26 278	3
Non-current repurchase obligation	-	25 330	25 330	3
Other non-current debt	-	53 665	53 665	3
Current interest-bearing debt	-	61 361	61 361	3
Trade payables	-	154 442	154 442	3
Tax payable	-	(750)	(750)	3
Public duties	-	39 756	39 756	3
Current lease liabilities	-	14 172	14 172	4
Other current liabilities	-	89 789	89 789	3
Total liabilities	-	521 796	521 796	

The Group has the following categories of financial instruments as at 31 December 2019:	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Level in fair value hierarchy
ASSETS				
Shares and investments	44	-	44	3
Other non-current assets	-	181	181	3
Trade receivables	-	147 411	147 411	3
Other receivables	-	16 104	16 104	3
Cash and cash equivalents	-	58 754	58 754	1
Total assets	44	222 450	222 495	

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total	Level in rating hierarchy
LIABILITIES				
Non-current interest-bearing debt	-	162	162	3
Non-current lease liabilities	-	26 249	26 249	3
Non-current repurchase obligation	-	14 111	14 111	3
Other non-current debt	-	7 328	7 328	3
Current interest-bearing debt	-	46 423	46 423	3
Trade payables	-	122 328	122 328	3
Public duties	-	22 381	22 381	3
Current lease liabilities	-	11 998	11 998	3
Other current liabilities	-	40 985	40 985	3
Total liabilities	-	291 965	291 965	

Note 21. Legal disputes and contingencies

The Group has no ongoing legal disputes.

Note 22. Changes in Group structure and business combinations

2020

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

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

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

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

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

Consideration and amount recognised	Optidev	eConnectivity	Total
Cash payments	69 706	3 893	73 599
Consideration shares	103 657	3 893	107 550
Seller credit	70 092	3 893	73 985
Total	243 455	11 680	255 135
Net assets	Optidev	eConnectivity	Total
Intangible assets	1 829	-	1 829
Property plant and equipment	43 052	325	43 377
Other non-current assets	38	-	38
Inventories	13 608	-	13 608
Trade and other receivables	65 184	3 772	68 956
Cash and cash equivalents	11 110	299	11 409
Deferred tax liabilities	(3 118)	-	(3 118)
Other non-current liabilities	(19 949)	(153)	(20 101)
Current liabilities	(69 487)	(3 664)	(73 151)
Net assets	42 268	580	42 848
Excess value	201 187	11 100	212 287

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

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

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

2019

In Q4 2019, Techstep acquired 30% of the shares in Techstep Finance AS, increasing the total ownership to 80%. The transaction was settled in 3,738,317 consideration shares in Techstep ASA. At the time of completion, this corresponded to NOK 10.9 million.

As a consequence of the acquisition, Techstep Finance AS and its subsidiary Techstep Finance AB were consolidated as a subsidiary in the Techstep Group accounts. Up until 31 December 2019, Techstep Finance AS was accounted for as a joint venture.

Acquisition-related costs amounting to NOK 0.3 million were recognised in the consolidated income statement in the line item Other operational costs.

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

Calculation of remeasurement of previously held equity interest

Techstep Finance valuation	40 000
Techstep's share	50 %
Value of previously held equity interest	20 000
Book value of previously held equity interest	1 794
Remeasurement gain	18 206

Consideration and amount recognised

Consideration shares	10 916
Book value of previously held equity interest	1 794
Remeasurement of previously held equity interest	18 206
Total	30 916

Net assets

Property plant and equipment	58 973
Trade and other receivables	3 535
Cash and cash equivalents	5 169
Other non-current liabilities	(2 360)
Current liabilities	(67 042)
Net assets	(1 724)
Excess value	32 640

Purchase price allocation

Goodwill	32 640
Total	32 640

The goodwill of NOK 32.6 million recognised is the systems, back-to-back contracts, work practices and know-how in the company for efficient execution of transactions as well as proven synergies with other companies in the Group. None of the goodwill recognised is expected to be deductible for income tax purposes. The business combination was carried out as part of the Group's growth strategy.

The companies acquired in business combinations completed through purchase of shares have since the acquisition dates contributed NOK 1.8 million to operating revenues and NOK 0.0 million to consolidated net profit. If the acquisition date of all business combinations completed through purchase of shares was as at 1 January 2019, the 2019 operating revenues of the Group would have increased by NOK 36.2 million and the effect on the consolidated net profit would have been positive NOK 0.6 million.

Note 23. Related parties transactions

The following are considered related parties to the Group:

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

The following companies are considered as related parties to the Group during 2019 and 2020:

Company	Relationship	Role
Crayon Holding ASA and subsidiaries	Jens Rugseth	Chairman of the Board
Techstep Finance AS*	Techstep ASA	Control was obtained through acquisition of shares 13 December 2019. The company seizes to be a related party at the acquisition date.

The Group has recognised a gain of NOK 8.0 million related to the sale of the IT division to Crayon in 2020. Refer to note 7 for details.

Consolidated income statement	Revenue from		Expenses to		Lease down payments	
	2020	2019	2020	2019	2020	2019
Techstep Finance	-	49 592	-	474	-	45
Crayon	2 641	342	6 826	9 428	-	-

Balance as at 31 December	Receivables		Payables	
	2020	2019	2020	2019
Techstep Finance	-	-	-	-
Crayon	-	32	208	174

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

Note 24. Earnings per share

	2020	2019
Weighted average number of shares outstanding	182 646 564	159 209 128
Weighted average number of shares outstanding (Diluted)	185 986 434	159 209 128
Profit attributable to owners of the parent	(24 746)	(64 328)
Earnings per share	(0.15)	(0.40)
Earnings per share (Diluted)	(0.13)	(0.40)

The Group has issued stock options to all member of the executive management Group. The options are in the money.

For details regarding the issuance of shares in 2019 and 2020, refer to note 25 Shares, capital structure and shareholders.

Note 25. Shares, capital structure and shareholders

Share capital

The company's share capital as at 31 December 2020 was NOK 183,295,472 based on 183,295,472 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 2020	162 793 423	1 914	162 795 337
Consideration shares	20 500 135		20 500 135
Number of shares 31 December 2020	183 293 558	1 914	183 295 472
Number of shares 1 January 2019	159 055 106	1 914	159 057 020
Consideration shares	3 738 317		3 738 317
Number of shares 31 December 2019	162 793 423	1 914	162 795 337

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

2020

Techstep has issued considerations shares in relation to the following acquisitions:

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

2019

Techstep issued considerations shares in relation to the following acquisition:

- 3,738,317 new shares related to the acquisition of additional 30 % share of Techstep Finance AS

As at 30 December 2020, Techstep's 20 largest shareholders were as follows:

Shareholder	Number of shares	Ownership
DATUM AS ¹	32 317 975	17.63%
MIDDELBORG INVEST AS	30 617 764	16.70%
KARBON INVEST AS ²	19 448 795	10.61%
SWEDBANK AB	19 000 430	10.37%
TIGERSTADEN AS	5 000 000	2.73%
CIPRIANO AS ³	4 968 835	2.71%
VERDIPAPIRFONDET DNB SMB	4 206 320	2.29%
ZONO HOLDING AS ⁴	4 000 007	2.18%
TVENGE	3 800 000	2.07%
BRIDGE CAPITAL AS	3 738 317	2.04%
SÅ&HØSTE AS	2 925 936	1.60%
NORDHOLMEN AS	2 206 512	1.20%
ADRIAN AS	2 038 851	1.11%
SKANDINAVISKA ENSKILDA BANKEN AS	1 969 703	1.07%
PIKA HOLDING AS	1 956 512	1.07%
NORDIALOG ENSJØ AS	1 946 253	1.06%
UNIFIED AS	1 849 457	1.01%
IDEKAPITAL AS ⁵	1 797 532	0.98%
DATUM VEKST AS	1 600 000	0.87%
SPIRALIS AS	1 580 864	0.86%
Total number owned by top 20	146 970 063	80.18 %
Total number of shares	183 295 472	100.00 %

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

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

3) Cipriano AS, owned by vice chairman of the Board of Directors Einar J. Greve.

4) Zono Holding AS owned by Middelborg Invest AS 50.44%, Cipriano AS 4.65%, Duo Jag AS 0.93%.

5) Idekapital AS, which is controlled by board member Anders Brandt, owns 1,797,532 shares in Techstep ASA.

Duo Jag AS, which is partly owned by board member Ingrid Leisner, owns 554,834 shares in Techstep ASA.

Share option grant

Techstep established one share option scheme in 2017 and one share option scheme in 2018, both subject to the same terms and conditions (except for different grant dates and therefore also different vesting and expiry dates). The 2017 share option scheme has expired. 6,600,000 share options were issued under the 2018 share option scheme, of which 5,200,000 share options were issued to certain members of the Executive Management.

At the Annual General meeting 22 June 2020, it was resolved to terminate 5,200,000 share options previously granted to certain members of the Executive Management under the 2018 share option scheme, and to replace these share options with a new long-term share option scheme for all of the members of the Executive Management.

4,269,883 share options (2.5% of existing shares) were granted under the programme in 2020-2021. The share options will become exercisable (vest) on 22 June 2021 and must be exercised by 22 June 2024. The exercise price is NOK 3.00. 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. The Board intends to propose the adoption of a similar option programme in 2021 and 2022.

As at 31 December 2020, the total number of outstanding share options was 4,910,274 (2.7%) which includes 1,200,000 share options from the 2018 grant (in 2017 programme) to other key employees and 200,000 share options from the 2020 grant to other key employees.

Name	Position	Shares	Share Options
Jens Haviken	CEO	100 000	1017 471
Marius Drefvelin	CFO	40 000	813 976
Mads Vårdal	CPO	5 019	559 609
Erik Haugen	CCO	-	559 609
Inge Paulsen	Managing Director Norway	150 000	559 609

Note 26. Group structure

As at 31 December 2020 the Group consisted of the following companies:

Company	Location	Segment	Ownership
Techstep ASA	Oslo	Headquarters and others	100%
Techstep Nordic AS	Oslo	Headquarters and others	100%
Techstep Norway AS	Oslo	Norway	100%
Mytos AS	Oslo	Norway	100%
Techstep Finance AS	Oslo	Norway	80%
Optidev AS	Son	Optidev	100%
Techstep Holding AB	Karlstad	Headquarters and others	100%
Techstep Sweden AB	Karlstad	Sweden	100%
Techstep Finance AB	Karlstad	Sweden	80%
Mytos AB	Stockholm	Sweden	100%
Optidev AB	Borås	Optidev	100%
Optidev Integration AB	Borås	Optidev	100%
eConnectivity AB	Gothenburg	Optidev	100%
Techstep APS	Denmark	Norway	100%
Optidev APS	Vejle	Optidev	100%

Note 27. Remuneration to auditor

Auditor remuneration

(amounts in NOK 1 000)

	2020				
	Audit Services	Other attestation services	Tax advisory services	Other non-audit services	Total
BDO	1 667	109	-	-	1 776
KPMG	279	-	-	-	279
Total	1 946	109	-	-	2 055

	2019				
	Audit Services	Other attestation services	Tax advisory services	Other non-audit services	Total
BDO	1 802	172	-	-	1 975
Other auditing firms	29	-	-	-	29
Total	1 831	172	-	-	2 004

Note 28. Remuneration to the board and executive management

Total remuneration to the Board of Directors

	Position	Period	2020	2019
Jens Rugseth*	Chairman	From 3 March 2019	500	365
Einar J. Greve**	Deputy chairman	Whole year	400	433
Ingrid Leisner	Member, Chairman of audit committee	Whole year	300	300
Anders Brandt	Member	From 19 June 2018	250	250
Toril Nag	Member, Member of audit committee	From 19 June 2018	285	285
Stein Erik Moe	Member	Until 29 April 2019	0	83
Kristian Lundkvist	Member	Until 3 March 2019	0	63
Total remuneration			1 835	1 779

* Jens Rugseth became Chairman of the Board 29 April 2019.

**Einar J. Greve resigned as Chairman of the board 29 April 2019 and took the position as Deputy Chairman of the Board at the same date.

Total remuneration to management in 2020

Name	Position	Period	Salary	Bonus	Pension and other remun.	Options programme*
Jens Haviken	CEO	Whole year	2 700	459	115	620
Marius Drefvelin	CFO	Whole year	2 233	460	128	395
Mads Vårdal	CPO	Whole year	1 625	315	108	288
Inge Paulsen*	Managing director TS Norway	Whole year	1 735	245	43	268
Erik Haugen	CCO	Whole year	1 291	300	112	268
Bartek Regerqvist	Managing director TS Sweden	Until 11 November 2020	1 052	-	299	38
Fredrik Logenius*	VD Optidev	From 1. Oct.2020	226	-	-	-
Total remuneration			10 862	1 779	805	1 878

* The expense recognised in the consolidated income statement, not gain on options for the beneficiary.

*Fredrik Logenius started 1 October 2020 as part of the Optidev acquisition. After Bartek Regerqvist's resignation, Fredrik Logenius was appointed Managing director in Techstep Sweden.

The CEO is entitled to severance payment equivalent to 6 months' salary in addition to pay during the six-month notice period.

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

Total remuneration to management in 2019

Name	Position	Period	Salary	Bonus	Pension and other remun.	Options programme*
Jens Haviken	CEO	Whole year	2 463	551	129	806
Marius Drefvelin	CFO	Whole year	2 260	579	153	419
Mads Vårdal	CIO	Whole year	1 659	386	129	419
Inge Paulsen*	Managing director Norway	Whole year	1 527	437	96	269
Erik Haugen	CCO	Whole year	1 218	262	129	269
Bartek Regerqvist	Managing director Sweden	Whole year	1 189	322	355	38
Total remuneration			10 317	2 537	990	2 219

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

Criteria for bonuses to management are based on Group and individual performance.

Shares and Share options 2020 program

Name	Grant date	OB	Granted during the year	Forfeited during the year	Closing balance	Expiry date	Shares held 31.12.20
Jens Haviken	22 June 2020	-	1 017 471	-	1 017 471	22 June 2024	100 000
Marius Drefvelin	22 June 2020	-	813 976	-	813 976	22 June 2024	40 000
Mads Vårdal	22 June 2020	-	559 609	-	559 609	22 June 2024	5 019
Inge Paulsen	22 June 2020	-	559 609	-	559 609	22 June 2024	150 000
Erik Haugen	22 June 2020	-	559 609	-	559 609	22 June 2024	-
Bartek Regerqvist*	22 June 2020	-	559 609	(559 609)	-	22 June 2024	-
Total remuneration to management		-	4 069 883	(559 609)	3 510 274		
Other employees	11 Dec 2020	-	200 000	-	200 000	22 June 2024	N/A
Total options		-	4 269 833	(559 609)	3 710 274		
Average weighted exercise prices per option			3.00				

*Bartek Regerqvist resigned as managing director of Sweden during the year.

The share options will become exercisable on 22. June 2021 and must be exercised within 22. June 2024. The exercise price is NOK 3.00. The exercise price will be adjusted for any dividends paid before exercise and similar.

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

All options are granted for no consideration.

There are 1.2 million share options granted to key personnel who are not a part of executive management. The Vesting dates and exercise prices are equal to the executive management's options in the 2017 programme, refer to below.

Fair value of options granted

The assessed fair value at grant date of options granted is 0,7690 per option.

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

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

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

The expected volatility of the company's share price is 63 %. To estimate the volatility of the Techstep share, the Company's historic volatility over the expected lifetime of the options has been used.

The risk-free interest rate used in the B&S model is the zero-coupon government bond issues of the country in whose currency the exercise price is expressed, with the term equal to the expected term of the option being valued. Since the exercise price is expressed in Norwegian Krone, the "Norges Bank Statskasserveksler" and "Obligasjoner"-rate is used as input. The interest rates used for the options with term structures outside of the quoted terms of Norges Banks Interest rates are calculated with the use of a linear interpolation between the two closest quoted rates.

Shares and Share options 2017 program

Name	Grant date	Opening balance	Granted during the year	Other move-ments	Closing balance	Expiry date
Jens Haviken	26 April 2018	5 000 000	-	5 000 000	-	Replaced 2020
Marius Drefvelin	27 April 2017	1 500 000	-	1 500 000	-	Lapsed 2020
Mads Vårdal	27 April 2017	1 500 000	-	1 500 000	-	Lapsed 2020
Inge Paulsen	16 August 2027	1 000 000	-	1 000 000	-	Lapsed 2020
Erik Haugen	16 August 2017	1 000 000	-	1 000 000	-	Lapsed 2020
Bartek Regerqvist*	26 April 2018	200 000	-	200 000	-	Replaced 2020
Total remuneration to management		10 200 000	-	10 200 000	-	
Other employees	26 April 2018	1 200 000	-	-	1 200 000	15. April 2021
Total options		11 400 000	-	10 200 000	1 200 000	
Average weighted exercise prices per option		5.00			-	

*Bartek Regerqvist resigned as managing director of Sweden during the year

This option program was replaced in April 2020 for Marius Drefvelin, Mads Vårdal, Inge Paulsen and Erik Haugen. For Jens Haviken, the program was terminated and replaced with a new program.

Name	Vesting date first tranche	Vesting date second tranche	Vesting date third tranche	Exercise price first tranche	Exercise price second tranche	Exercise price third tranche
Jens Haviken	01 Mar 2019	01 Mar 2020	01 Mar 2021	4.5	5	5.5
Marius Drefvelin	01 Mar 2018	01 Mar 2019	01 Mar 2020	4.5	5	5.5
Mads Vårdal	01 Mar 2018	01 Mar 2019	01 Mar 2020	4.5	5	5.5
Inge Paulsen	01 Mar 2018	01 Mar 2019	01 Mar 2020	4.5	5	5.5
Erik Haugen	01 Mar 2018	01 Mar 2019	01 Mar 2020	4.5	5	5.5

All options are granted for no consideration. The share option amount granted are divided equally over 3 tranches.

There are 3.6 million share options granted to key personnel who are not a part of executive management. The Vesting dates and exercise prices are equal to the executive managements' options.

Fair value of options granted

The assessed fair value at grant date of options granted ranges from NOK 0.42 to NOK 1.67 per option.

The fair value at grant date is independently determined per tranche using the Black Scholes Model. An estimated 50 % of options are assumed to be exercised at the vesting date and 50 % to be exercised at the expiry date.

The expected volatility of the company's share price is 45 %. The volatility is based on historical volatility, a peer Group review and management judgement. The risk-free interest rate used is a 3-year government bond interest rate of 0.78% per year.

Note 29. Events after the reporting period

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

Techstep ASA - income statement

(amounts in NOK 1 000)	Note	2020	2019
Other revenue		6 069	4 636
Total revenue		6 069	4 636
Salaries and personnel costs	2	(15 457)	(16 711)
Other operational costs	2, 3	(9 183)	(5 273)
Share of profit (loss) in joint ventures	6	-	1 059
Depreciation		(30)	(41)
Impairment	6	-	(145 354)
Other income	8	4 859	-
Other expenses	8	(8 687)	(1 967)
Operating profit (loss)		(22 429)	(163 652)
Remeasurement on equity interests	4, 6	-	18 206
Financial income	4	20 086	18 601
Financial expense	4	(5 697)	(4 758)
Profit before taxes		(8 040)	(131 603)
Income taxes	5	(321)	(18)
Net income		(8 361)	(131 621)

Techstep ASA – Consolidated statement of comprehensive income

(amounts in NOK 1 000)	Note	2020	2019
Net profit (loss) for the period		(8 361)	(131 621)
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		3 159	-
Income tax related to these items		(695)	-
Total comprehensive income for the period		(5 897)	(131 621)

Techstep ASA - Statement of financial position

ASSETS	Note	31.12.2020	31.12.2019
Non-current assets			
Deferred tax asset	5	305	1 283
Sum intangible assets		305	1 283
Property, plant and equipment		6	36
Sum tangible assets		6	36
Shares and investments	6	635 794	392 339
Other non-current assets	7	119 801	114 231
Sum financial assets		755 595	506 570
Total non-current assets		755 907	507 889
Receivables from Group companies	7	71 662	18 721
Trade receivables		1 943	644
Other receivables		210	202
Total inventories and receivables		73 815	19 567
Cash and cash equivalents	10	435	1 674
Total current assets		74 250	21 241
Total assets		830 157	529 130
EQUITY AND LIABILITIES	Note	31.12.2020	31.12.2019
Share capital		183 295	162 795
Other equity		373 963	291 071
Total equity		557 258	453 866
Other non-current debt		96 934	4 859
Total non-current liabilities		96 934	4 859
Current interest-bearing liabilities	9	106 985	-
Trade payables		2 517	1 982
Current liabilities to Group companies	7	62 666	63 537
Public duties		760	636
Other current liabilities		3 037	4 252
Total current liabilities		175 965	70 406
Total liabilities		272 899	75 264
Total equity and liabilities		830 157	529 130

Oslo, 19 March 2020, from the Board of Directors and the CEO of Techstep ASA, signatures on the following page:

Jens Rugseth
Chairman

Einar J. Greve
Board member

Ingrid Leisner
Board member

Anders Brandt
Board member

Toril Nag
Board member

Jens Haviken
CEO

Techstep ASA - Statement of changes in equity

(amounts in NOK 1 000)	Share capital	Other paid-in capital	Other equity	Reva. reserve	Total equity
Equity as of 1 January 2019	159 057	523 984	(111 067)	-	571 974
Profit for the period			(131 621)		(131 621)
Total comprehensive income for the period	-	-	(131 621)	-	(131 621)
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	3 738	7 178			10 916
Share-based payments			2 597		2 597
Equity as of 31 December 2019	162 796	531 161	(240 091)	-	453 866
Equity as of 1 January 2020	162 796	531 161	(240 091)	-	453 866
Profit for the period			(8 361)		(8 361)
Other comprehensive income				2 464	2 464
Total comprehensive income for the period	-	-	(8 361)	2 464	(5 897)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	20 500	87 088	(133)		107 455
Share-based payments			1 834		1 834
Equity as of 31 December 2021	183 295	618 249	(246 751)	-	557 258

Techstep ASA - statement of cash flows

(amounts in NOK 1 000)	Note	2020	2019
Profit before tax		(8 040)	(131 603)
Share-based payments		1 834	2 597
Profit from joint venture	6	-	(1 059)
Remeasurement of contingent liability	8	4 859	-
Depreciation and amortisation		30	41
Impairment	6	-	145 354
Remeasurement on equity interests	4, 6	-	(18 206)
Dividends from subsidiaries		-	-
Changes in net operating working capital	11	(63 112)	(3 430)
Net cash flow from operational activities		(64 430)	(6 305)
Payment for acquisition of subsidiaries		(69 202)	-
Net cash used on investment activities		(69 202)	-
Repayment of borrowings		(3 826)	-
Proceeds from issuance of shares		66 665	-
Net cash flow from financing activities		62 839	-
Net change in cash and cash equivalents		(70 794)	(6 305)
Cash and cash equivalents at 1 January		1 674	7 978
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents as of 31 December	11	(69 120)	1 674
of which is restricted		425	429

Techstep ASA - Notes to the annual accounts

1. General information, basis for preparation
2. Salaries and personnel cost
3. Other operational costs
4. Finance income and expenses
5. Income tax
6. Shares in subsidiaries and joint ventures
7. Receivables and liabilities to Group companies
8. Other income and other expenses
9. Borrowings
10. Cash and cash equivalents
11. Events after the reporting period

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 19 March 2020 and will be proposed to the General Meeting 22 April 2020.

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

	2020	2019
Salary and holiday pay	12 690	14 185
Social security tax	1 756	1 911
Pension costs including social security tax	450	548
Other personnel costs	561	68
Total salaries and personnel cost	15 457	16 711
Number of employees at year end	4	4

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

Please refer to note 27 Remuneration to management in the consolidated Group financial statements for details regarding executive management remuneration and note 24 Share, capital structure and shareholders in the consolidated Group financial statements for information about share option grant.

Auditor remuneration

(amounts in NOK 1 000)					
2020					
	Audit Services	Other attestation services	Tax advisory services	Other non-audit services	Total
BDO	892	-	-	-	892
Total	892	-	-	-	892
2019					
	Audit Services	Other attestation services	Tax advisory services	Other non-audit services	Total
BDO	725	132	-	-	857
Total	725	123	-	-	857

Note 3. Other operational costs

	2020	2019
Office rental and operations	9	290
Sales and marketing	17	8
Computers and software	269	282
Fees for external services	6 814	3 257
Communication	31	48
Travel expense	40	238
Other costs*	2 004	1 151
Total operating costs	9 183	5 273

*Restated from 2019. Refer to note 8.

Note 4. Finance income and expenses

	2020	2019
Remeasurement on equity interests	-	18 206
Interest income	2 371	3 466
Group contributions received	15 136	13 296
Other financial income	2 578	1 839
Total financial income	20 086	36 807
Interest expenses	2 785	2 020
Other financial expenses	2 912	2 738
Total financial expenses	5 697	4 758

The company acquired a 30% share of Techstep Finance AS in 2019, bringing the total ownership up to 80 %. The remeasurement on the previously held equity interest is recognised on the line item with the same name. Refer to note 22 in the Group financial statement for details.

Note 5. Income tax

Income tax expense	2020	2019
Change in deferred tax	321	(18)
Tax expense	321	(18)
Reconciliation of relationship between accounting profit and tax expense		
Profit before tax	(8 040)	(131 603)
Tax at the Norwegian tax rate of 22 % (2019 - 22%)	(1 769)	(28 953)
Tax effect permanent differences	2 242	28 802
Tax related to change in tax rates	-	-
Other	(153)	133
Income tax expense	321	(18)
Amounts recognised directly in equity		
Deferred tax arising in the reporting period directly debited to equity:		
Deferred tax: Share issue cost	(37)	-
Total	(37)	-
Tax losses	22%	22%
Unused tax losses for which no deferred tax asset has been recognised	(441 901)	(441 901)
Potential tax asset at 22 % tax rate	(97 218)	(97 218)
Deferred tax		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	(796)	(975)
Accounting accruals	(592)	(4 859)
Tax loss carried forward	-	-
Total basis for deferred tax	(1 387)	(5 833)
Tax rate deferred tax	22%	22%
Net deferred tax with applicable year's tax rate	(305)	(1 283)
Change in deferred tax due to change in tax rate	-	-
Adjustment prior years	-	-
Net deferred tax (+)/ deferred tax asset (-)	(305)	(1 283)

Note 6. Shares in subsidiaries and Joint ventures

Shares in subsidiaries 2019	Location	Ownership/ voting rights	Book value	Equity 31.12.2020	Net income 2020
Techstep Nordic AS	Oslo	100%	35 000	30 604	(13 775)
Techstep Holding AB	Karlstad	100%	49	29 937	(1 375)
Techstep Norway AS	Oslo	100%	204 780	79 557	19 687
Mytos AS	Oslo	100%	121 530	15 122	(300)
Techstep Finance AS	Oslo	80%	30 916	4 856	6 072
Techstep APS	Denmark	100%	65	193	(120)
Optidev AB*	Borås	100%	243 455	17 286	4 547
Total			635 794	177 555	10 190

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

Shares in subsidiaries 2019	Location	Ownership/ voting rights	Book value	Equity 31.12.2019	Net income 2019
Techstep Nordic AS	Oslo	100%	35 000	37 596	(13 089)
Techstep Holding AB	Karlstad	100%	49	20 544	(921)
Techstep Norway AS	Oslo	100%	204 780	76 797	12 164
Mytos AS	Oslo	100%	121 530	15 422	8 547
Techstep Finance AS	Oslo	80%	30 916	(1 319)	38
Techstep APS	Denmark	100%	65	47	(71)
Total			392 339	149 088	6 668

To simplify the Group structure the following changes occurred in 2019:

Wizor AS was merged into Techstep Norway AS

Mytos IPR AS was merged into Mytos AS

The company acquired a 30 % share of Techstep Finance AS in 2019, bringing the total ownership up to 80 %. Refer to note 23 in the Group financial statement for details.

Impairment

An impairment charge is booked towards the company's shares in Techstep Norway AS. Refer to note 20 in the Group financial statement for details.

Note 7. Receivables and liabilities to Group companies

	2020	2019
Non-current receivables	119 801	114 231
Total non-current receivables	119 801	114 231

	2020	2019
Group contribution received	15 136	14 590
Other current receivables	71 662	4 775
Trade receivables	1 943	644
Total current receivables	88 741	19 365

	2020	2019
Other current liabilities	62 666	63 537
Total current liabilities	63 537	63 537

2020:

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.

2019:

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. The non-current receivables were reported as current in the 2018 financial statements.

Note 8. Other income and other expenses

(amounts in NOK 1 000)	2020	2019
Derecognition of contingent consideration	4 859	-

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

	2020	2019
Acquisition related costs	(8 687)	(1 967)
Total	(8 687)	(1 967)

Note 9. Borrowings

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

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

Note 10. cash and cash equivalents

The Company's cash and cash equivalents consists of:

(amounts in NOK 1 000)	2020	2019
Cash and bank deposits	435	1 674
Total	435	1 674
Of which is restricted	435	429
Reconciliation with cash flow statement	2020	2019
Balances above	435	1 674
Bank overdrafts in cash pool	(69 555)	-
Bank deposits included in cash pool	-	-
Balance as per cash flows	(69 120)	1 674

Note 11. Events after the reporting period

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

Alternative performance measures

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

Gross profit

Gross profit is defined as Total revenue less Cost of goods sold. Gross profit reflects the profitability contribution of revenue growth, and therefore describes the Group's potential for sustainable value creation. The metric is used for internal performance analysis.

Gross margin

Gross margin is defined as Total revenue less Cost of goods sold divided by Total revenue. The metric is included in the report as it enables comparison between segments and to competitors.

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.

EBITA and EBITDA rep. is the same.

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 non-recurring income and expenses.

EBITA

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

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. The metric facilitates access to information of the total cost base.

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. The metric is useful as it is descriptive of the nature of the Group's 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." The metric is useful as it is descriptive of the nature of the Group's revenues.

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. The measure is useful as it includes both the Group's cash position and indebtedness.

Equity ratio

Equity ratio is defined as Total equity divided by total equity and liabilities. The equity ratio is useful as it describes how the Group's assets are financed.

Capital Expenditure (Capex)

Capital expenditure is the same as payment for property, plant and equipment and intangible assets. Capex is useful as it describes the capital intensity of the Group's operations.

Annual Recurring Revenue (ARR)

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. The measure is useful as it describes the Group's expected revenues in the years to come.

APM's in the income statement	2020	2019
Total revenue	1 142 866	1 132 059
Cost of goods sold	(764 579)	(852 722)
Gross profit	378 287	279 338
Gross margin	33%	25%
Salaries and personnel costs	(208 243)	(187 994)
Other operational costs	(74 405)	(63 396)
Share of profit (loss) in joint ventures	-	1 059
Other income	17 843	-
Other expenses	(9 028)	(1 967)
EBITDA	104 455	27 040
Depreciation	(87 332)	(15 214)
Impairment	-	(70 000)
EBITA	17 122	(58 174)
Amortisation	(27 892)	(22 018)
EBIT	(10 770)	(80 192)
Adjusted EBITDA		
EBITDA	104 455	27 040
Other income	(17 843)	-
Other expense	9 028	1 967
Adjusted EBITDA	95 640	29 007
Total net operating expenses		
Cost of goods sold	(764 579)	(852 722)
Salaries and personnel costs	(208 243)	(187 994)
Other operational costs	(74 405)	(63 396)
Share of profit (loss) in joint ventures	-	1 059
Depreciation	(87 332)	(15 214)
Amortisation	(27 892)	(22 018)
Impairment	-	(70 000)
Other income	(9 028)	(1 967)
Total net operating expenses	(1 171 479)	(1 212 252)
Revenue splits		
Revenue	1 142 866	1 132 059
Hardware revenue	867 244	841 340
Solutions revenue	275 622	290 720
Hardware share of revenue	76%	74%
Solutions share of revenue	24%	26%

NIBD		
Cash and cash equivalents	27 203	44 588
Non-current interest-bearing borrowings	108 539	162
Current interest-bearing borrowings	85 502	46 423
NIBD	(166 838)	(1 996)
Equity ratio		
Total equity	563 451	455 970
Total equity and liabilities	1 199 131	817 191
Equity ratio	47%	56%
Debt to equity ratio		
Total liabilities	635 680	361 221
Total equity	563 451	455 970
Debt to equity ratio	1.13	0.79
ARR		
Number of users (1 000)	249	201
Average price own software	254	182
ARR	63 329	36 628

Independent Auditor's Report

To the General Meeting in Techstep ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Techstep ASA.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, 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 2020, 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.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of Techstep ASA as at 31 December 2020, 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 Techstep ASA as at 31 December 2020, 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.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and 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.

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 2020. 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
<p>Intangible assets</p> <p>Under IFRS, the Group is required to test the carrying value of intangible assets for impairment annually. Impairment testing of intangible assets is a key aspect of our audit due to the complexity of the assessments and the significance of assumptions related to future market and/or economic conditions that underlie the assessment.</p>	<p>Our audit procedures have included a detailed review of management's impairment test for each business unit to which intangible assets are allocated. We have also assessed management's assumptions underlying the valuation and taken into account management's historical accuracy in determining the estimates. Internal specialists have assisted us in this process. We have also considered the assumptions described in note 19 and assessed the adequacy of the information provided in the notes against the requirements of IAS 36.</p>
<p>Investments in subsidiaries</p> <p>The company has significant investments in subsidiaries that are measured at cost. Investments in subsidiaries are tested for impairment if indications of impairment are present. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. The significant amounts involved, and the complexity of the valuation of the assets, lead us to classify the valuation of investments in subsidiaries as a key audit matter, as described in note 19.</p>	<p>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.</p>
<p>Acquisition of Optidev AB</p> <p>On October 1st, 2020, the Group acquired a 100 percent interest in Optidev AB for a purchase price of NOK 243,5 million on an enterprise value basis. Acquisitions of subsidiaries are accounted for using the purchase method. Hence, identifiable assets acquired, and liabilities assumed are initially measured at fair value at the transaction date. Any consideration in excess of the net identifiable assets, is recorded as goodwill. In relation to the acquisitions, the Group has prepared a purchase price allocation. The purchase price allocation requires the application of</p>	<p>Our audit procedures included an evaluation of the key assumptions applied in the valuation model, such as revenue growth, EBITDA margin, churn rate and remaining useful life. We involved our internal valuation specialists to assist us with our assessment of the discount rates, expected inflation rates, and the appropriateness of the methodology and valuation model used. In addition, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • we compared Sale and Purchase Agreement (SPA) and Purchase Price Allocation (PPA) with respect to allocation of the purchase price.

significant judgment by management, in particular with respect to identification and valuation of intangible assets such as customer relations, customer contracts and technology. Due to the materiality, complexity and estimation uncertainty, we consider accounting for business combinations to constitute a key audit matter in the audit of the group. The Group's accounting policy regarding acquisitions is disclosed in note 22 to the consolidated financial statements.

- we focused on the opening balances and evaluated the related fair value adjustments.
- we tested the mathematical accuracy of the calculations derived from the forecast model

Furthermore, we have evaluated the adequacy of the disclosures provided in the notes covering business combinations.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 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.

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

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements for the parent company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

BDO AS

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

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