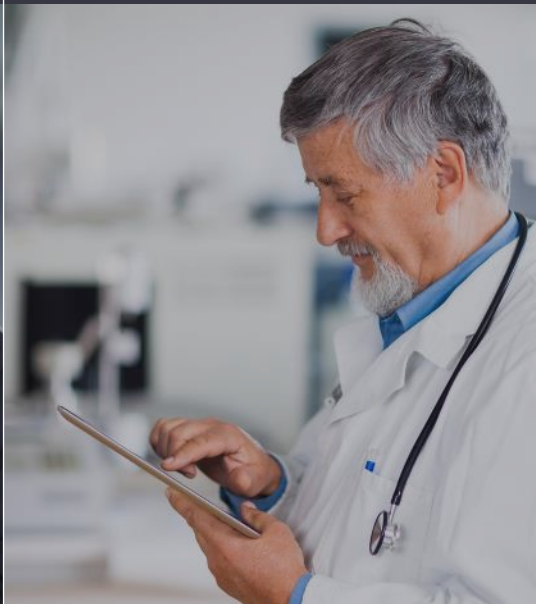
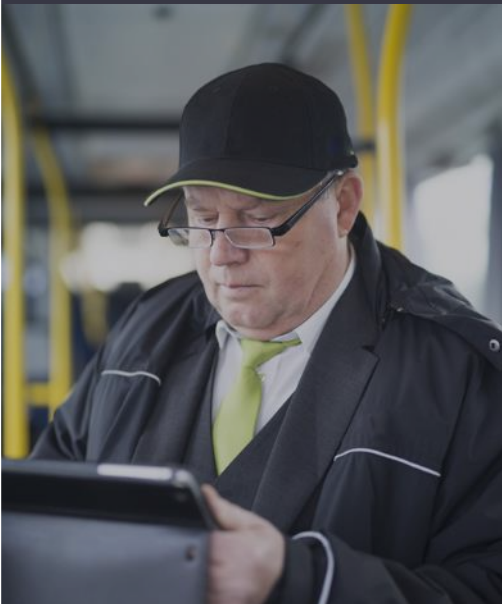


TECHSTEP

Interim report Q1 2021

Making work mobile



Highlights Q1 2021

- Revenue was NOK 306 million, up from NOK 293 million in the first quarter of 2020
- Gross profit was NOK 114 million, up from NOK 80 million in the first quarter of 2020
- EBITDA adjusted of NOK 13 million in the quarter vs NOK 12 million in the first quarter of 2020
- ARR increased to NOK 66 million, up from NOK 37 million in the first quarter of 2020
- Signed eight new managed mobility service contracts, with an estimated value of NOK 15 million and ~3,300 managed devices in the first quarter of 2021
- Announced acquisition of software provider Famoc S.A., strengthening Techstep's MMS capabilities and unlocking European expansion

CEO comment

“During the first quarter, we continued to pursue our growth strategy and progress our transformation into a leading Managed Mobility Services (MMS) provider in the Nordics. Our ambitions are rooted in true mobility expertise and capabilities. 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 a unique platform for growth.

With market conditions still impacted by the Covid-19 pandemic effects, we did see slower sales cycles, and customer onboarding and implementation timelines in the first quarter and we continue to see this in the second quarter. We signed eight new MMS contracts with a total estimated value of NOK 15 million and ~3,300 managed devices in the first quarter. Our ambition for the full year is 30 MMS contracts, and we have a sharp focus on addressing existing customers MMS needs and onboarding new customers. Looking ahead, we see indications of increasing activity as Covid-19 measures seem to be eased and we are happy to see that our core enterprise customers increasingly adopt our MMS solutions.

As a company purpose-built to become a specialised MMS provider, we are gaining experience and insights every day that we use to further develop our leadership in the Nordic MMS market with continuous improvement of our IP, service stack and software driven solutions. The execution of our organic and M&A driven growth strategy is generating gross profit growth: NOK 114 million in the first quarter, up from NOK 80 million in the first quarter of 2020. Including gross profit contribution from our latest acquisition announced today, Techstep has a last twelve months gross profit moving towards half a billion Norwegian kroner. Moving forward, we target strong value creation by increasing gross profit significantly and move gross profit to EBITDA conversion above 30% by 2025. This plan reflects the fact that our leading MMS solutions create material value for our customers – especially when deployed at scale.

Our ability to deliver value to our customers and other stakeholder is a result of the ongoing transformation journey taking place with investments in own software and IP, as well as M&A to further strengthen and expand our MMS-offering and reach.

Speaking of M&A and as mentioned earlier, we announced our latest and 11th acquisition today, and this is a very exciting one. We are acquiring the software provider Famoc, a company based in Poland with an attractive solution that strengthen Techstep's MMS capabilities and a customer based in Europe

that unlocks a European expansion opportunity. We look forward to start integrating Famoc as soon as possible and welcome their team to the Techstep family.

We are confident that our mobility services and MMS-solutions will be increasingly adopted across the Nordics and Europe, because we have clear and strong value propositions to our customers: Helping enterprises reduce cost, increase productivity, transform employee capabilities and enhance their engagement, driving business value and revenue growth, while at the same time delivering on their ESG goals”, says Jens Haviken, Techstep CEO.

About Techstep

Techstep is purpose-built to become a leading Managed Mobility Services provider in the Nordics. Techstep combines device management, software, hardware and connectivity into a managed service. This enables enterprises and their employees to do their work across mobile devices and locations, with a high degree of security and operational stability. Techstep has 300 employees based in Norway, Sweden and Denmark, serving 550+ enterprise customers across various industries in the private and public sectors. The company is listed on the Oslo Stock Exchange. For more information, see www.techstepasa.no.

Key Figures

(amounts in NOK 1 000)	Q1 2021	Q1 2020	FY 2020
Revenues	305 930	292 677	1 142 866
Annual Recurring Revenue (ARR)	65 948	37 127	63 329
Gross profit	114 032	80 454	378 287
EBITDA adjusted ¹⁾	13 331	11 879	95 640
EBITDA	12 857	11 629	104 455
EBITA	(13 209)	(393)	17 122
EBIT	(23 999)	(5 431)	(10 771)
Net profit (loss) for the period	(24 696)	(3 391)	(23 557)
EBITDA adj. margin (%)	4.4 %	4.1 %	8.4 %
EBITDA rep. margin (%)	4.2 %	4.0 %	9.1 %
EBITA margin (%)	(4.3 %)	(0.1 %)	1.5 %
EBIT margin (%)	(7.8 %)	(1.9 %)	(0.9 %)
Net profit (loss) for the period (%)	(8.1 %)	(1.2 %)	(2.1 %)
Cash	62 796	19 996	27 203
Net interest-bearing debt	152 307	27 498	166 838
Capex ²⁾	6 760	4 842	21 386

¹⁾ EBITDA adjusted in Q1 2021 excludes non-recurring items such as M&A related costs of NOK 0.5 million

²⁾ Capex only includes development capex and not leased out hardware to customers, booked as capex after IFRS 16.

The Optidev acquisition is included in the financial statements from Q4 2020.

Operational review

Main developments

During the first quarter, Techstep continued to pursue its growth strategy and progress the company's transformation into a leading Managed Mobility Services (MMS) provider in the Nordic region. A core part of this journey is oriented around customer needs and continuous development and strengthening of Techstep's MMS offering. The MMS offering is a recurring services bundle that integrates market leading IP, software and mobility expertise with services including hardware device financing, support, service and lifecycle management.

With market conditions still impacted by the Covid-19 pandemic effects, Techstep saw slower and longer sales cycles, as well as customer onboarding and implementation timelines in the first quarter. Both driven by current market conditions, but also Techstep's ambition of ensuring great customer journeys and experience, the company focused on improving sales and marketing during the quarter and also reorganized the product team in Techstep Norway.

In Techstep Sweden, a new management team has been established after the acquisition of Sweden based Optidev in December 2020 and the integration of Optidev progressed well.

Sales

The company signed eight new MMS contracts with a total estimated value of NOK 15 million and ~3,300 managed devices in the quarter.

Among the MMS solutions sold in the quarter was 'Flow', a recurring services bundle consisting of software, hardware devices and

services. More specific, 'Flow' includes the Origo software, mobile devices and device service, support, financing and lifecycle management. Origo is Techstep's proprietary cloud 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.

In Sweden, the newly acquired The Optidev TrueMobile platform is a cloud-based mobile software solution. Through apps it creates traceability of work performed by deskless workers, for example tracking goods in supply chains, picking orders in warehouses, controlling tickets or documenting service done by field-service-technicians. The software application can be paired with a broad selection of certified hardware and can be tailored to the customer's specific needs. TrueMobile also supports back-office personnel by web-based functions such as transport planning and order handling. The solution includes a powerful integration platform enabling integration with the clients' business systems.

Techstep sees a reduction in order intake going into the second quarter of 2021, but this is only expected to affect sales short term. However, key customers continue to expand their business with Techstep, and the pipeline is strong going in to the second quarter.

Techstep's annual recurring revenue base (ARR¹) was NOK 66 million per first quarter 2021 including Optidev. Techstep's recurring revenue relates to the sale of own software with ~98% gross margin comprising Mobile Expense Management, Origo Business Cloud and

¹Refer to alternative performance measures

TrueMobile - sold either as a white-label service through partners or directly by Techstep.

Total Origo users were ~48,000 at the end of the first quarter 2021, up from ~28,000 users at the end of first quarter 2020.

Strategic initiatives to strengthen mobility offering

Techstep has acted as a market consolidator in Norway and Sweden over the past five years and continuously evaluates potential M&A opportunities to further strengthen and expand its managed mobility service offering. After the close of the quarter, Techstep announced an acquisition of software provider Famoc, strengthening Techstep's MMS capabilities and unlocking European expansion.

Financial review

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

Techstep ASA acquired Optidev 1 October 2020 and eConnectivity 18 December 2020, and both are included in the Techstep Group financial statements for the first quarter 2021.

Profit and loss first quarter 2021

Techstep generated total revenue of NOK 305.9 million in the first quarter of 2021, up from NOK 292.7 million in the corresponding quarter last year.

Techstep's Own Software accounted for NOK 15.6 million (NOK 9.7 million), whereas leasing revenue accounted for NOK 30.5 million (NOK 12.2 million). Advisory & Services amounted to NOK 56.1 million (NOK 53.6) and related commissions were NOK 5.3 million in the first quarter (NOK 9.7 million). Customers continue to choose hardware as part of Techstep's managed mobility solutions. Hardware revenue (excluding leasing) was NOK 197.7 million (NOK 207.0 million) in the quarter.

Gross profit increased by 41.7% year-over-year to NOK 114.0 million. Gross margin for the quarter thus increased to 37.3%, up from 27.5% in the corresponding quarter of 2020. The improved gross margin relates to increased demand for Techstep's Own Software, hardware leasing, and Advisory & Services.

Salaries and personnel costs increased by 49.8% year-over-year to NOK 74.6 million (NOK 49.8 million), reflecting higher headcount due to acquisitions. Option costs for the quarter were NOK 0.8 million (NOK 0.4 million), and other operational costs were NOK 26.1 (NOK 19.0 million).

EBITDA amounted to NOK 12.9 million in the first quarter of 2021, and includes one-off costs related to M&A activities of NOK 0.5 million. EBITDA in the corresponding quarter last year was NOK 11.6 million.

Adjusted EBITDA margin increased to 4.4% from 4.1% in the corresponding quarter last year, which reflects the improved gross profit in the quarter.

Financial position

As at 31 March 2021, total assets were NOK 1,169.6 million, compared with NOK 1,199.1 million as at 31 December 2020.

Intangible assets account for NOK 704.7 million. Intangible assets include goodwill of NOK 556.3 million and customer relations and technology of NOK 148.5 million.

Total tangible assets were NOK 207.6 million as at 31 March 2021 including NOK 171.8 million in hardware leased out to customers and NOK 35.8 million in premises and leased assets.

Total inventories and receivables were NOK 194.2 million as at 31 March 2021. The decrease from NOK 264.8 million at the end of the preceding year primarily reflects a reduction in inventories and accounts receivables due to higher sale volume in the previous period.

Total equity at the end of the first quarter was NOK 512.1 million (NOK 563.5 million), corresponding to an equity ratio of 44% (47%).

Non-current interest-bearing debt of NOK 97.2 million (NOK 108.5 million) includes an acquisition loan of NOK 46.7 million and seller's credit of NOK 47.5 million. Other non-current debt of NOK 42.0 million mostly relates to leasing commitments of NOK 24.2 million and a

buy-back obligation for leased hardware of NOK 17.6 million.

Current interest-bearing liabilities amounted to NOK 117.9 million. This includes net bank overdraft accounts of NOK 74.3 million, as well as a short-term seller's credit of NOK 22.6 million and the short-term part of the acquisition loan of NOK 13.3 million related to the Optidev acquisition.

Other current liabilities of NOK 222.1 million as at 31 March 2021 mainly include payables to employees of NOK 31.2 million, deferred revenue of NOK 127.8 million, leasing commitments of NOK 12.6 million and a buy-back obligation for leased hardware of NOK 9.3 million.

Net interest-bearing debt was NOK 152.3 million at the end of the first quarter 2021, compared to NOK 166.8 million at the end of the preceding year.

Cash flow first quarter 2021

Net cash inflow from operating activities was NOK 93.7 million in the first quarter of 2021 and includes a positive effect of NOK 80.6 million from the decrease in working capital related to higher sales volumes in the previous quarter and an increase in deferred revenue from the leasing portfolio.

Net cash flow used for investment activities was a negative NOK 74.5 million. This is largely due to capital expenditures related to leased out hardware of NOK 74.2. Techstep also invested NOK 6.8 million in own software and IT development and received NOK 7.3 million from the sale of equipment in Techstep Finance in the quarter.

Net cash flow from financing activities was positive at NOK 19.4 million in the first quarter 2021. This includes lease repayments of NOK 4.4 million, proceeds from overdrafts in the

cash pool of NOK 31.0 million and repayments of borrowings of NOK 7.7 million.

Cash and cash equivalents increased by NOK 38.6 million in the first quarter to NOK 62.8 million.

Outlook

Techstep continue to pursue its growth strategy and progress the company's transformation into a leading Managed Mobility Services (MMS) provider in the Nordic region. With the acquisition of Famoc, Techstep has also unlocked a European expansion and growth opportunity.

As part of its transformation journey, Techstep invest in own software and IP and pursue M&A opportunities to further strengthen and expand its MMS-offering and market position.

Techstep has stated clear medium- and long-term goals. In the medium term, the ambition is to enter into 30 new MMS contracts annually and achieve a gross profit growth of 20-25% and gross profit to EBITDA conversion of 20-25% in the same period. Annual 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 with a gross profit above NOK 1,200 and to increase gross profit to EBITDA conversion to more than 30% by 2025.

To realize its ambitions, Techstep focuses on converting existing customers to MMS, onboarding new customers, M&A to acquire new software, IP and market positions and geographical expansion.

Techstep will reach these ambitions by streamlining the organisation and leveraging operations to improve profitability over time, and 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 service and by customising its MMS offering to best fit customer mobility needs.

Consolidated income statement

(amounts in NOK 1 000)	Note	Q1 2021	Q1 2020	FY 2020
Revenue	2, 3	305 251	292 219	1 138 943
Other revenue		679	458	3 923
Total revenues		305 930	292 677	1 142 866
Cost of goods sold		(191 898)	(212 223)	(764 579)
Salaries and personnel costs		(74 593)	(49 781)	(208 243)
Other operational costs		(26 107)	(19 044)	(74 405)
Depreciation	5	(26 066)	(12 021)	(87 332)
Amortisation		(10 790)	(5 039)	(27 892)
Other income	8	-	-	17 843
Other expenses	8	(474)	-	(9 028)
Operating profit (loss)		(23 999)	(5 431)	(10 770)
Financial income		4 881	4 648	5 760
Financial expense		(5 146)	(5 576)	(11 822)
Profit before taxes		(24 263)	(6 359)	(16 832)
Income taxes		(433)	2 968	(6 725)
Net profit (loss) for the period		(24 696)	(3 391)	(23 557)
Net income attributable to				
Non-controlling interests		120	95	1 188
Shareholders of Techstep ASA		(24 816)	(3 486)	(24 746)
Earnings per share in NOK:				
Basic		(0.14)	(0.02)	(0.15)
Diluted		(0.13)	(0.02)	(0.13)

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

Consolidated statement of comprehensive income

(amounts in NOK 1 000)	Note	Q1 2021	Q1 2020	FY 2020
Net profit (loss) for the period		(24 696)	(3 391)	(23 557)
Items that may be reclassified to profit and loss				
Exchange differences on translating foreign operations		(26 156)	22 404	22 346
Income tax related to these items		(1 276)	(2 648)	(730)
Total comprehensive income		(52 128)	16 365	(1 941)
Total comprehensive income attributable to				
Non-controlling interests		120	(6)	1 188
Shareholders of Techstep ASA		(52 248)	16 371	(3 130)

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

Consolidated statement of financial position

(amounts in NOK 1 000)

ASSETS	Note	Q1 2021	FY 2020
Non-current assets			
Goodwill		556 281	571 372
Customer relations and technology		148 467	161 892
Total intangible assets		704 748	733 263
Right-of-use assets		35 829	40 233
Property, plant and equipment	5	171 789	133 384
Total tangible assets		207 618	173 617
Shares and investments		44	44
Other non-current assets		166	169
Total financial assets		210	213
Total non-current assets		912 576	907 093
Inventories		15 188	28 158
Accounts receivable		148 753	203 083
Other receivables		30 296	33 594
Total inventories and receivables		194 237	264 836
Cash and cash equivalents	7	62 796	27 203
Total current assets		257 033	292 039
Total assets		1 169 609	1 199 131
EQUITY AND LIABILITIES	Note	Q1 2021	2020
Share capital	4	183 295	183 295
Other equity		327 776	379 272
Total equity attributable to the owners of Techstep ASA	4	511 071	562 568
Non-controlling interests		1 002	884
Total equity		512 073	563 451
Deferred tax		29 769	27 659
Non-current interest-bearing debt		97 181	108 539
Other non-current debt		42 029	54 488
Total non-current debt		168 979	190 686
Current interest-bearing liabilities		117 922	85 502
Accounts payable		109 625	154 442
Tax payable		(241)	(750)
Public taxes, provisions		39 105	39 756
Other current liabilities	5, 8	222 145	166 044
Total current debt		488 557	444 994
Total liabilities		657 536	635 680
Total equity and liabilities		1 169 609	1 199 131

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

Consolidated statement of changes in equity

(amounts in NOK 1 000)	Share capital	Other paid-in capital	Other equity	Reval. reserve	SUM	Minority interest	Total equity capital
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
Equity as at 1 January 2021	183 295	591 361	(228 311)	16 222	562 568	884	563 451
Profit for the period	-	-	(24 816)		(24 816)	120	(24 696)
Other comprehensive income	-	-		(27 432)	(27 432)	-	(27 432)
Total comprehensive income for the period	-	-	(24 816)	(27 432)	(52 248)	120	(52 128)
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	-	-	-	-	-	-	-
Share-based payments	-	-	752	-	752	-	752
Equity as at 31 March 2021	(183 295)	(591 361)	(252 375)	(11 210)	511 071	1 002	512 073

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

Consolidated statement of cash flow

(amounts in NOK 1 000)	Note	Q1 2021	Q1 2020	FY 2020
Profit before tax		(24 263)	(6 359)	(16 832)
Profit from joint venture		-	-	-
Depreciation equipment and other fixed assets	5	21 918	9 123	72 590
Depreciation right-of-use assets	5	4 149	2 898	14 743
Amortisation		10 790	5 039	27 892
Share-based payments		752	385	1 834
Dividend and other reclassified to investment activities	8	-	-	(8 000)
Gain from sale of property plant and equipment reclassified to investment activities	5	40	-	(4 795)
Impairment		-	-	-
Remeasurement of contingent liability		-	-	4 859
Net exchange differences		-	11 287	923
Taxes paid		(329)	(1 037)	(5 514)
Changes in core net operating working capital		18 168	(23 405)	(30 107)
Changes in other net operating working capital		62 473	795	13 528
Net cash flow from operational activities		93 697	(1 274)	71 120
Payment for acquisition of subsidiaries net of cash acquired		(811)	-	(61 414)
Payment for equipment and other fixed assets	5	(74 224)	(18 492)	(108 650)
Payment for intangible assets		(6 760)	(4 842)	(21 386)
Proceeds from sale of property, plant and equipment		7 324	-	13 089
Proceeds from sale of business		-	-	8 000
Net cash used on investment activities		(74 471)	(23 334)	(170 361)
Proceeds from issuance of shares		507	-	-
Proceeds from borrowings ¹⁾	7	31 087	-	109 764
Repayment of borrowings		(7 739)	(61)	(12 686)
Lease repayments		(4 439)	(3 186)	(17 459)
Net exchange differences finance		-	-	-
Net cash flow from financing activities		19 416	(3 247)	79 619
Net change in cash and cash equivalents¹⁾		38 642	(27 855)	(19 622)
Cash and cash equivalents at beginning of period		27 203	44 588	44 588
Effects of exchange rate changes on cash and cash equivalents		(3 048)	3 264	2 236
Cash and cash equivalents at end of period¹⁾	7	62 796	19 996	27 203

¹⁾ Cash flow has been restated for FY2020. Bank overdraft and cash is no longer presented net in the consolidated statement of cash flow.

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

Notes to the consolidated financial statements

1. Accounting principles

Techstep (the Group) consists of Techstep ASA (the Company) and its subsidiaries. Techstep ASA is a limited liability company, incorporated in Norway. The consolidated interim financial statements consist of the Group and the Group's interests in a joint arrangement. As a result of rounding differences, numbers or percentages may not add up to the total.

1. ACCOUNTING PRINCIPLES

The interim consolidated financial statements are prepared under International Financial Reporting Standards (IFRS) for the periods presented. The interim financial report is presented in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with the Group's Annual Financial Statements 2020. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2020. The report has not been audited.

Note 2. Business segments

Techstep has three business segments, which are represented by the 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.

Q1 2021	Norway	Sweden	Optidev	HQ and other	Eliminations	Total
Operating revenues from external customers	189 459	67 221	49 003	246	-	305 930
Operating revenues from other segments	136	611	149	9 130	(10 025)	-
Operating revenues	189 595	67 832	49 152	9 377	(10 025)	305 930
Cost of goods sold	(130 911)	(43 505)	(18 043)	(267)	829	(191 898)
Salaries and personnel costs	(32 463)	(15 478)	(16 071)	(10 981)	400	(74 593)
Other operational costs	(11 497)	(6 662)	(5 200)	(11 605)	8 856	(26 107)
Share of profit (loss) of joint venture	-	-	-	-	-	-
Depreciation	(14 149)	(4 234)	(5 347)	(2 336)	-	(26 066)
Amortisation	(2 430)	(1 964)	(4 391)	(2 004)	-	(10 790)
Impairment	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Other expenses	-	-	-	(474)	-	(474)
Operating profit (loss)	(1 856)	(4 012)	99	(18 290)	60	(23 999)
Employees 31 March 2021	120	65	95	19		299

Q1 2020	Norway	Sweden	HQ and other	Eliminations	Total
Operating revenues from external customers	209 921	82 509	246	-	292 677
Operating revenues from other segments	2 671	1 161	8 274	(12 106)	-
Operating revenues	212 593	83 669	8 521	(12 106)	292 677
Cost of goods sold	(154 363)	(60 888)	(283)	3 312	(212 223)
Salaries and personnel costs	(29 923)	(11 580)	(8 528)	250	(49 781)
Other operational costs	(15 505)	(5 112)	(13 605)	15 178	(19 044)
Share of profit (loss) of joint venture	-	-	-	-	-
Depreciation	(8 222)	(1 879)	(1 921)	-	(12 021)
Amortisation	(2 697)	(1 862)	(480)	-	(5 039)
Impairment	-	-	-	-	-
Other income and expenses	-	-	-	-	-
Operating profit (loss)	1 883	2 348	(16 296)	6 634	(5 431)
Employees 31 March 2020	136	60	16		212

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)

Note 3: Disaggregation of revenues

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

Q1 2021	Norway	Sweden	Optidev	HQ and other	Eliminations	Group
Total revenues	189 595	67 832	49 152	9 377	(10 025)	305 930
Hardware						
Hardware revenues	128 005	44 838	12 723	-	(199)	185 368
Leasing	18 243	4 692	7 585	-	-	30 520
Kickback	8 070	3 627	655	-	-	12 352
Total	154 318	53 156	20 964	-	(199)	228 240
Solutions						
Advisory & Services	20 945	13 736	21 955	-	(548)	56 089
Own Software	9 801	-	5 824	-	-	15 625
Commission	4 355	942	-	-	-	5 297
Total	35 101	14 679	27 779	-	(548)	77 010
Other revenues						
Other	175	(3)	409	9 377	(9 279)	679
Total	175	(3)	409	9 377	(9 279)	679

Q1 2020	Norway	Sweden	Optidev	Headquarter and other	Eliminations	Group
Total revenues	212 593	83 669		8 521	(12 106)	292 677
Hardware						
Hardware revenues	160 044	52 837		-	(2 671)	210 210
Leasing						
Kickback	7 449	1 580		-	-	9 029
Total	167 493	54 417		-	(2 671)	219 238
Solutions						
Advisory & Services	28 058	26 667		-	(1 161)	53 564
Own Software	9 714	-		-	-	9 714
Commission	6 973	2 729		-	-	9 702
Total	44 745	29 396		-	(1 161)	72 980
Other revenues						
Other	354	(143)		8 521	(8 274)	458
Total	354	(143)		8 521	(8 274)	458

FY 2020	Norway	Sweden	Optidev	HQ 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
Kickback	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

Note 4: Share capital and shareholders

The company's share capital as at 31 March 2020 was NOK 183,295,472 consisting of 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 annual general meeting. At the time of this report, Techstep holds 1,914 treasury shares.

Techstep's 20 largest shareholders at 31 March 2021 were as follows:

Shareholder	# of shares	Ownership %
DATUM AS ¹	32 317 975	17.63%
MIDDELBORG INVEST AS	21 617 764	11.79%
KARBON INVEST AS ²	19 448 795	10.61%
SWEDBANK AB	19 003 892	10.37%
SPAREBANK 1 MARKETS AS	9 000 000	4.91%
TIGERSTADEN AS	5 000 000	2.73%
CIPRIANO AS	4 968 835	2.71%
VERDIPAPIRFONDET DNB SMB	4 085 911	2.23%
ZONO HOLDING AS ³	4 000 007	2.18%
BRIDGE CAPITAL AS	3 738 317	2.04%
TVENGE	3 000 000	1.64%
SÅ&HØSTE AS	2 925 936	1.60%
NORDHOLMEN AS	2 106 512	1.15%
ADRIAN AS	2 038 851	1.11%
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	1 797 532	0.98%
SABINUM AS	1 794 977	0.98%
DATUM VEKST AS	1 600 000	0.87%
Total number owned by top 20	144 197 526	78.67%
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⁾ Zono Holding AS owned by Middelborg Invest AS 50.44%, Cipriano AS 4.65%, Duo Jag AS 0.93%

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. Refer to subsequent events.

Share option grant

At the Annual General meeting 22 June 2020, 4,069,883 share options (2.5% of existing shares) were granted under the 2020 program. 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 program in 2021 and 2022. As at 31 March 2020, the total number of outstanding share options was 3,710,274 (2.0%).

Overview of shares and share options held by members of the management group as at 31 March 2021:

Name	Position	Shares	Share options
Jens Haviken	CEO	100 000	1 017 471
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 5: Property, plant and equipment

	Land and buildings	Right-of-use assets	Equipment ¹⁾	Other fixed assets	Total
Accumulated cost as at 1 January 2021	-	69 045	279 431	35 018	383 494
Additions	-	3 125	73 836	391	77 352
Additions arising from business combinations	-	-	-	-	-
Disposals	-	(5 100)	(65 724)	(3 699)	(74 523)
Translation differences	-	(970)	(8 023)	(995)	(9 989)
Reclassified to asset classified as held for sale	-	-	-	-	-
Accumulated cost 31 March 2021	-	66 101	279 520	30 715	376 335
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	-	-	(9 677)	(2 618)	(12 296)
Translation differences	-	330	1 679	425	2 434
Reclassified to asset classified as held for sale	-	-	-	-	-
Accumulated cost 31 December 2020	-	69 045	281 974	32 334	383 353
Accumulated depreciation as at 1 January 2021	-	(29 026)	(153 906)	(27 410)	(210 342)
Additions arising from business combinations	-	-	-	-	-
Current year depreciation	-	(4 121)	(21 145)	(654)	(25 920)
Disposals	-	2 394	55 926	3 708	62 027
Translation differences	-	481	4 317	719	5 516
Reclassified to asset classified as held for sale	-	-	-	-	-
Accumulated depreciation 31 March 2021	-	(30 272)	(114 808)	(23 637)	(168 718)
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)	(87 333)
Disposals	-	-	-	(1 971)	(1 971)
Translation differences	-	149	(538)	35	(353)
Reclassified to asset classified as held for sale	-	-	-	-	-
Accumulated depreciation 31 December 2020	-	(28 813)	(153 906)	(27 018)	(209 737)
Book value of assets 31 December 2020	-	40 233	128 068	5 316	173 617
Book value of assets 31 March 2021	-	35 829	164 711	7 077	207 618

¹⁾ Equipment comprises mobile phones, tablets and other equipment where the Group is the lessor.

Note 6: Impairment

Management has assessed Covid-19 and the global pandemic to be an indicator for impairment. The group's assets have been assessed for impairment, and it is management's judgement that no impairment charge is necessary.

Note 7: Cash and cash equivalents

Current assets	Q1 2021	FY 2020
Cash at bank and in hand, not included in cash pool	62 796	27 203
of which is restricted	6 669	6 356

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

Note 8 Changes in Group structure and business combinations

2021

No changes in the first quarter 2021.

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 in 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 CC 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 after the 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	28 753	-	-
Trade and other receivables	50 040	3 772	53 812
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.

Note 9: Subsequent events

Acquisition of Famoc S.A.

Techstep announced on May 10, 2021 an agreement to acquire 100 percent of Famoc S.A. for a total enterprise value of NOK 103.4 million. Techstep will close the transaction of Famoc S.A. no later than 15 July 2021, and Famoc will be consolidated in Techstep Q2 results. The acquisition will strengthen Techstep's MMS capabilities and unlock European expansion opportunities. In 2020, Famoc S.A. had revenue of NOK 28.9 million, gross profit of NOK 23.9 million and EBITDA of NOK 6.6 million. The company has over 1,700 customers and three products in its portfolio: Famoc Manage, Famoc Defend and Famoc Lock. The company is located in Poland with 44 employees in Gdansk and Warsaw.

Employee share purchase program

Techstep ASA ("Techstep" and the "Company") has a share purchase program (the "ESPP") for all employees of the Techstep group and the board members of the Company (the "Eligible Participants"), as approved by the annual general meeting in 2020.

Under the ESPP, the Eligible Participants may, in certain periods, apply to subscribe for new shares in the Company, at a price corresponding to a 20% discount to the prevailing market price of the Company's shares as of the end of the application periods. An application period under the ESPP has recently been completed, and the Company received applications for a total of 432,925 new shares in the Company from the Eligible Participants.

In order to deliver new shares to the Eligible Participants, the Board of Directors of the Company has resolved a share capital increase of NOK 432,925 through issuance of 432,925 new shares, each share with a par value of NOK 1.00. The new shares are issued at a subscription price of NOK 4.28 per new share. The new shares have been issued based on an authorisation to increase the share capital granted to the Board of Directors on 22 June 2020.

Following completion of the share issuance, the share capital of the Company will be NOK 183,728,397 divided by 183,728,397 shares, each with a par value of NOK 1.00.

Overview of shares held by members of the management group as at 22 April 2021:

Name	Position	Shares	ESPP	Shares
		31.03.2021		22.04.2021
Jens Haviken	CEO	100 000	23 364	123 364
Marius Drefvelin	CFO	40 000	23 364	63 364
Mads Vårdal	CPO	5 019		5 019
Erik Haugen	CCO		4 672	4 672
Inge Paulsen	Managing Director Norway	150 000	5 841	155 841

Duo Jag AS, a close associate of board member Ingrid Leisner has applied for and been allocated 46,728 new shares in the ESPP, at a price per share of NOK 4.28. Following this, Duo Jag AS holds 601,562 shares in the Company.

Share option grant

At the Annual General meeting 22 April 2021, 4,593,208 share options were granted under the 2021 program. The share options will become exercisable (vest) on 22 August 2021 and must be exercised by 22 August 2026. The exercise price is NOK 5.80. The exercise price will be adjusted for any dividends paid or accrued before exercise. Each option holder's aggregated gross profit from exercising the options shall be limited to the amount equal to 3 years' gross base salary at the time of exercising the options. The exercise of share options can be settled in cash, and/or with new or existing treasury shares.

Overview of share options awarded, and total share options held by members of the management group as at 22 April 2021:

Name	Position	Shares options 31.03.2021	Share options 22.04.2021	Total share options
Jens Haviken	CEO	1 017 471	1 033 472	2 050 943
Marius Drefvelin	CFO	813 977	849 743	1 663 720
Mads Vårdal	CPO	559 609	597 117	1 156 726
Erik Haugen	CCO	559 609	597 117	1 156 726
Inge Paulsen	Managing Director Norway	559 609	597 117	1 156 726

Alternative performance measures

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

Gross profit

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

Gross margin

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

EBITDA

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

Adjusted EBITDA

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

Hardware revenue

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

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

Solutions revenue

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

Net interest-bearing debt (NIBD)

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

Equity ratio

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

Capital Expenditure (Capex)

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

Annual 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 annualised.

APM's in the income statement	Q1 2021	Q1 2020	FY 2020
Total revenue	305 930	292 677	1 142 866
Cost of goods sold	(191 898)	(212 223)	(764 579)
Gross profit	114 032	80 454	378 287
Gross margin	37%	27%	33 %
Salaries and personnel costs	(74 593)	(49 781)	(208 243)
Other operational costs	(26 107)	(19 044)	(74 405)
Share of profit (loss) in joint ventures	-	-	-
Other income	-	-	17 843
Other expenses	(474)	-	(9 028)
EBITDA	12 857	11 629	104 455
Depreciation	(26 066)	(12 021)	(87 332)
Impairment	-	-	-
EBITA	(13 209)	(393)	17 122
Amortisation	(10 790)	(5 039)	(27 892)
EBIT	(23 999)	(5 431)	(10 771)

Adjusted EBITDA	Q1 2021	Q1 2020	FY 2020
EBITDA	12 857	11 629	104 455
Other income	-		(17 843)
Other expense	474	250	9 028
Adjusted EBITDA	13 331	11 879	95 640
Total net operating expenses	Q1 2021	Q1 2020	FY 2020
Cost of goods sold	(191 898)	(212 223)	(764 579)
Salaries and personnel costs	(74 593)	(49 781)	(208 243)
Other operational costs	(26 107)	(19 044)	(74 405)
Share of profit (loss) in joint ventures	-	-	(162)
Depreciation	(26 066)	(12 021)	(87 332)
Amortisation	(10 790)	(5 039)	(27 892)
Impairment	-	-	-
Other expenses	(474)	-	(9 028)
Total net operating expenses	(329 929)	(298 108)	(1 171 479)
Revenue splits	Q1 2021	Q1 2020	FY 2020
Revenue	305 930	292 677	1 142 866
Hardware revenue	228 920	219 696	867 244
Solutions revenue	77 010	72 980	275 622
Hardware share of revenue	75%	75 %	76 %
Solutions share of revenue	25%	25 %	24 %

NIBD	Q1 2021	FY 2020
Cash and cash equivalents	62 796	27 203
Non-current interest-bearing borrowings	97 181	108 539
Current interest-bearing borrowings	117 922	85 502
NIBD	(152 307)	166 838
Equity ratio	Q1 2021	FY 2020
Total equity	512 073	563 451
Total equity and liabilities	1 169 609	1 199 131
Equity ratio	44%	47 %
ARR	Q1 2021	FY 2020
Number of users (1 000)	259	249
Average price own software	255	254
ARR (1 000)	65 948	63 329

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