ABAX GROUP AS IFRS FINANCIAL STATEMENTS 2020

pwc

To the General Meeting of Abax Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Abax Group AS, which comprise:

- The financial statements of the parent company Abax Group AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Abax Group AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of total comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group 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 the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Key Audit Matter	2. How our audit addressed the Key Audit Matter
Change in delivery model and revenue recognition The Group's total revenue for the year ended 31 December 2020 amounts to NOK 512 million. Approximately 95 % of all revenue comes from the main revenue stream. The main product within this stream is so-called Triplogs (mileage track and expense log for vehicles). Previously, the contracts consisted of two performance obligations, one for hardware and one for service. The hardware was sold as a stand-alone item to the customer. As from 2020, the terms and conditions are changed to software as a service (SaaS), and the contracts consist of a single performance obligation. The main revenue stream as from 2020 is thus subscription based, recurring revenue from software services and hardware. We focused on this area due to the inherent complexity in change in revenue recognition models. We refer to disclosures in note 2 for the Group's accounting policy for revenue, and note 4 regarding the timing of the revenue recognition.	We obtained a sample of customer contracts to gain an understanding of key terms and conditions in the customer contracts. With respect to the change in the business model and revenue recognition, we challenged management on the basis of our understanding of the new customer contracts. We found that the change was based on new terms and conditions in the customer contracts. We also evaluated whether management's application of revenue recognition principles was in accordance with relevant IFRS accounting regulations. We examined management's revenue recognition models for the main revenue stream, and sample tested contracts to obtain evidence that the models reflected recognition of revenue in line with IFRS. We reconciled the revenue recognition models to the general ledger. The results of our testing were satisfactory. We performed a review of the disclosures in note 2 and note 4, and found them to appropriately describe the accounting policy.

pwc

Acquisition of RAM and Automile In August 2020 and in October 2020, the Group completed the purchase of RAM and Automile. The two acquisitions were material to the Group. This was demonstrated by the fact that the Group's total assets and total liabilities acquired accounted for in total approximately 29 % of the consolidated balance sheet as at December 31, 2020. Due to the size of the transactions and the judgement required by management in determining the allocation of the purchase price (PPA), this has been key to our audit. In particular, we focused on the assessments made regarding valuation of intangible assets acquired. We refer to note 2 (Significant accounting policies) and note 31 (Business Combinations) where management explains the effects of the business combinations.	We evaluated and challenged managements' PPA valuation and the process by which this was performed. Management engaged an external valuation firm for assistance with the PPA. We assessed the third party's competence, capacity and objectivity. Our procedures included inquiry of the third party and performing the procedures described below related to the PPA report issued to management of RAM and Automile. We assessed managements' accounting policy against IFRSs and obtained explanations from management as to how the specific requirements of the standards were met. In order to assess each of the assumptions in managements' purchase price allocation, we discussed with management and challenged their assessments. For certain key assumptions we performed among other, the procedures outlined below; • Compared key-assumptions applied in valuation models for acquired intangible assets to historical acquisitions by Abax Group. This includes applied useful lives, churn and royalty rates. • Performed reasonableness assessment of applied key-assumptions in discount rate calculation used in valuation models. Key assumptions have been benchmarked to external industry standards. • Tested the completeness of accruals and other liabilities. • Analysed other evidence collected by performing audit procedures on subsequent periods. We evaluated the appropriateness of the related disclosures in note 2 and 31 to the consolidated financial statements and found that the disclosure appropriately explained the transactions in accordance with IFRS requirements.

pwc

Valuation of goodwill and intangible assets	
Abax Group AS («Group") has recognized goodwill of NOK 1 055 million, brand name of NOK 75 million, development of telematic solutions of NOK 632 million and customer relationship of NOK 872 million in the balance sheet as of 31 December 2020. Goodwill with an indefinite useful life and other intangible assets is subject to impairment assessments at least annually. Management have carried out an impairment assessment as of 31 December 2020 and concluded with no recognition of impairment loss in the income statement for 2020. The valuations require management to apply judgement related to, among other, future cash flows and discount rate applied. We focus on this area due to the magnitude of the amount of goodwill and other intangible assets in the balance sheet and due to judgements made by management when determining the assumptions applied to support the valuation of goodwill and other intangible assets. See further information about management's assessment in note 11 to the financial statements.	We obtained and reviewed management's impairment assessment of goodwill. The documentation contained an assessment of the cash generating units and key assumptions applied by management. We considered whether the model contained the elements and methodology required by IFRS. We found the model to be reasonable and in accordance with our expectations. Our procedures to evaluate management's impairment assessment included challenging key assumptions such as future revenue, operating margins, and changes in net working capital through meetings with management. We assessed the reasonableness of the prognosis for the segment compared to historical performance, budgets approved by the Board, management forecast and long-term strategic plans. We also considered external available information relevant to the industry and our own knowledge of the industry. We evaluated the discount rate used by management by comparing its composition to empirical data for future interest rates, relevant risk premium and debt ratio. Key assumptions used were benchmarked against external data and our own internal data. We found the applied discount rate to be within a range of reasonable outcomes. All together, we found management's conclusion and assumptions to be within a reasonable range. Finally, we evaluated the adequacy of the disclosures to the financial statements and found them to appropriately explain management's valuation process and the uncertainties inherent in some of management's assumptions.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except 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 in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

pwc

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 and in the statements on Corporate Social Responsibility concerning the financial statements and the going concern assumption 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 accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 27 April 2021
PricewaterhouseCoopers AS

Eivind Nilsen
State Authorised Public Accountant

DIRECTORS REPORT 2020 – ABAX Group AS

For the period 01/01/2020 – 31/12/2020

THE NATURE OF THE BUSINESS AND LOCALIZATION

Founded in 2003, ABAX Holdings AS (“ABAX” or the “Company”) is a leading telematics solution provider in the Nordic countries developing and delivering sophisticated telematics and “Internet of Things” solutions and services. Headquartered in Norway, the Company has established operations across the Nordic region as well as in the United Kingdom, the Netherlands, and Poland, Belgium and the USA.

The ABAX Group operates from the headquarter in Larvik, Norway. The visiting address is Hammergata 20, 3264 Larvik. In addition to this the Group has sales offices and some back-office functions in Stavanger, Västerås, Copenhagen, Vantaa, Oulu, Amsterdam, Peterborough, Gdynja, Berlin, Stockholm, Utah, Diegem.

The CEO of ABAX Group AS is Morten Strand

OPERATIONS IN 2020

A year of progress, growth and solid financial and operational performance

2020 was a very different and challenging year for most businesses with the Covid-19 pandemic changing markets and business outlooks overnight. ABAX and its attractive business model proved very resilient across all our geographies throughout the year. Except for a short period in March and April, we continued our organic growth trajectory and gained market shares. Through two acquisitions ABAX became the largest independent European telematics company and the overall European #2. During 2020, ABAX was also able to significantly increase its profitability.

In August, we completed the acquisitions of RAM Track & Trace in Belgium and the Netherlands, and in October we acquired Automile, our closest competitor in the Swedish market. These two acquisitions helped ABAX to cement its dominant market leadership in the Nordics, to enter the Belgium market at a #5 position, and to further strengthen the team and customer portfolio. The integrations of RAM and Automile into the ABAX organization went according to plan.

In June, ABAX raised a NOK 1,000m Nordic bond in a fully virtual process. The bond proceeds bolstered the company’s liquidity and were used to finance the acquisitions of RAM and Automile. Throughout the year, we have made very good progress in the evolution of our technology platform into a leading IoT network, resulting in new partnerships as well as new and groundbreaking innovations in the IoT marketspace. In October, we launched a pioneering technology solution for Zego, a next-generation techbased insurance company offering a completely data-enabled pay-as-you-go insurance. Through the initial launch period we connected more than 4000 vehicles in the UK. This solution and the Zego partnership are an important growth engine also for the future given Zego's large customer base. In October, we launched our new flagship product, ABAX Access, an innovative integrated IoT solution that enables customers to track and manage vehicles, machines and tools in one single solution. We have experienced an overwhelming market demand for ABAX Access from existing and new customers alike during the first three months after the launch.

On January 1 2020, we transitioned to a pure SaaS revenue recognition model in order to underline our commitment to our SaaS business model, to improve the KPI-based steering of our operations and to increase internal efficiencies in the finance function. Our ESG work and dedication is a point of pride for the company. Our solutions support our customers to consume less resources, reduce their carbon footprint, and help them comply with legislations such as emission reports based on ABAX's advanced data collection and analytics of vehicle and machine utilization. Internally we have started a large number of initiatives to become carbon neutral in 2022. For example, we recycle obsolete hardware and use only plastic-free, recyclable packaging with bio-degradable ink.

Today, ABAX is an innovative, market oriented IoT technology company in a market that increasingly requires easy-to-use IoT solutions to comply with regulations and to satisfy the digitalization demands of customers.

ABAX's adjusted Group EBITDA increased by 8% in the financial period from 123.4 M NOK in 2019 (adjusted for loss on divestment of Worker) to 133.3 M NOK in 2020. The Group's reported operating loss after depreciation and amortization was -115.4 M NOK (-49.2 M NOK 2019) and loss before tax was -181.1 M NOK (-91.3 M NOK 2020).

The development teams in ABAX AS continued to be scaled up during 2020 to further exploit a wide range of market opportunities with the objective of automating and simplifying solutions for the Group´s customer segments. ABAX endeavors to ensure that their customers receive the highest quality products and services. The Group therefore continuously invests in R&D resources, with a spend of 62.7 M NOK on R&D projects in 2020. This has resulted in numerous new products and services, both for customers and for automating internal operations. In 2020 the Group continued to make large investments to digitize its processes to support future growth in the geographical footprint and increased scope of the ABAX service offering. This includes upgrades of the IT Infrastructure, the quality management system, and the upgraded ERP system, as well as a new business intelligence system, and as a new HR system.

FUTURE DEVELOPMENT

In the coming years, the Board expects the Group to accelerate its growth in its existing markets, as well as further developing the products and services to strengthen the Group's market position. Selected add-on acquisitions are considered an attractive opportunity to further accelerate this growth.

ANNUAL ACCOUNTS

Profit and loss

FY, adjusted EBITDA was 133.3 M NOK, compared to 123.4 M NOK in the period ending on December 31 2019 (Excluding loss on divestment). This represents an adjusted EBITDA growth of 8%.

The Group revenue for 2020 was at NOK 512 million (of which sales in ABAX AS amounted for 375.7 M NOK). Operating Group loss for 2020 was at – 115.3 M NOK. Depreciation, amortization and impairment accounted for 248.6 M NOK.

Balance Sheet and Liquidity

In FY2020, the Group generated 24.1 M NOK of cash compared 15.1 M NOK in 2019. Cashflow from operating activities amounted to 151.4 M NOK at the 31 December 2020, compared to 131.3 M NOK at 31 December 2019. Cashflow from operating activities is derived from the operating result for the year, adjusted for various items as detailed in the cashflow, for both operational expenses and gains, and working capital adjustments.

The Group's cash liquidity was 143.9 M NOK per 31 December 2020. Liquidity forecasts ahead are satisfactory. The Group's ability to finance its investments is good. The Group currently has available additional facilities of 39 M NOK, should they be required.

In 2020, the Group invested substantial amounts in research and development, of which 62.7 M NOK was capitalized internal hours on the balance sheet.

The Group's long-term debt amounted to 1 000 M NOK as at 31 December 2020.

Total asset value at the end of 2020 was 3 213.3 M NOK for the Group. The equity in the Group at end of 2020 was 1 391.4 M NOK (43.3% equity ratio).

ABAX GROUP AS (NGAAP)

Financial Review

ABAX Group AS (the Company) prepares its financial statements according to NGAAP. In 2020, ABAX Group AS reported a net loss before tax of -52.1 M NOK.

Total equity for the parent Company was 1,823.1 M NOK at 31 December 2020 compared to 1,435.3 M NOK at 31 December 2019.

Organisation

ABAX Group AS had no employees at the end of 2020.

RISK FACTORS

Financial risk

The Group is exposed to financial risk in various areas, including currency risk, more specifically in SEK, Euro, DKK and British pounds. A substantial proportion of ABAX's revenues are in foreign currencies. The Group has not made contractual arrangements to reduce or negate the risk of exchange rate fluctuations, a risk that may have an impact on its operations in the market.

The risk of FX fluctuations with the British pound, continue until the conclusion of the complete Brexit process. The Group continues to monitor Brexit and its impact on UK operations, and will continue to safeguard its interests in its UK operations.

Since Abax Group AS in June 2020 issued a senior secured bond for a total amount of 1,000 MNOK, the company is exposed to interest rate trends. The bond terms give the investors a yield of NIBOR 3M + 6.15%. In order to reduce that exposure Abax Group AS has entered into an Interest Rate Hedge Transaction with SEB.

Credit risk

The risk of bad debts is assessed on an on-going basis, and all customers in all countries are reviewed, to ensure credit terms are not exceeded beyond acceptable practice, as a result this risk has been assessed as being moderate.

There are no netting agreements that may reduce the overall credit risk for the Group.

Liquidity risk

The liquidity going forward is assessed as good. The majority of the Group's revenue is coming from subscriptions with standard contract length of three years. Combined with a low customer churn, it provides a high degree of accuracy in revenue forecasting and liquidity forecasting.

GOING CONCERN

The Board of Directors confirms that the Financial Statements have been prepared under the assumption that the Group is a going concern and that this assumption was realistic at the date of the accounts. This assumption is based on profit forecasts for the year 2020 plus ABAX's long-term strategic plans. We can therefore conclude that ABAX is in a healthy financial position.

WORKING ENVIRONMENT AND PERSONNEL

In 2020 sick leaves accounted for just below 2 % of total working hours at ABAX Group and 1.9 % for ABAX AS. This is significantly less than the national average in Norway of 5.1% (Q1 2020). ABAX has therefore reaped the benefits of introducing and maintaining on-going measures to reduce absenteeism. ABAX will continue to work to reduce the number of sick days. Examples of some of those measures include regular medical check for all employees, exercise during work hours and task sharing and swapping.

To date no accidents have occurred that have caused personal injury or damage to property.

The working environment is considered good and healthy, and there are ongoing measures to improve it even further.

ABAX' various working environment committees have held regular meetings during the period.

EQUALITY POLICY

ABAX is an equal opportunity employer. ABAX's internal policies ensures that there is no gender discrimination in matters such as salary, promotion and recruitment.

Out of ABAX's 343 employees December 2020, 96 employees are females. 22% of all leadership positions are filled by females.

The Group employs a climate survey to capture and record employee feedback with regards to specific subjects, for instance promotion, training and internal affairs.

Working hours in ABAX are dependent on employment position and are independent of gender.

ABAX plans to continue with the equality measures as detailed above.

DISCRIMINATION

The purpose of the Discrimination Act is to promote equality, ensure equal opportunities and rights and prevent discrimination based on ethnicity, national origin, race, color, language, sexual orientation, religion and belief. ABAX is working actively, purposefully and systematically to promote equal opportunity ethics within our business. The activities include recruitment, pay and working conditions, promotion, development and protection against harassment.

ABAX is committed to meeting its obligations under the law by providing a workplace that insures full inclusion and participation of staff as well as job applicants with disabilities.

EXTERNAL ENVIRONMENT

ABAX emphasizes environmental and resource efficiency throughout its value chain. ABAX's products contain no components or substances in quantities that are classified as environmentally hazardous. The products have no significant environmental impact in use. Decommissioned units are collected and recycled through an approved recycling company.

An external supplier certified in ISO 14001 manufactures the hardware products used by the Group. ABAX also makes sure that its suppliers are environmentally accredited.

The Group is located in a modern, environmentally friendly building, and office operations have no greater environmental impact than what is considered normal for typical office activities. The management works diligently to reduce CO_2 emissions from transport associated with products and employees. ABAX' environmental management system is certified according to ISO 14001.

ENVIRONMENTAL REPORTING

ABAX business is not regulated by licenses or restrictions.

SUBSEQUENT EVENTS

The ABAX Group has successfully raised a Nordic Bond in June 2020. The Bond will replace the current long-term loan and credit facilities.

On 8 April 2021, a Tribunal in an Arbitration Case administered by the Dispute Resolution Institute of the Oslo Chamber of Commerce, rendered to the benefit of Abax Group AS, an arbitrational award concerning a claim against the insurance provider under the insurance and indemnity policy which Abax Group AS had taken out in connection with the Company's acquisition of Abax Holding AS in 2017. The claim related to an adjustment in the revenues of Abax Holding AS for a period in time prior to the completion of the acquisition. Pursuant to the award, the Company will receive payments of insurance proceeds during 2021.

Larvik, April 27th, 2021

Andrea Davis *Chairman*	Yanlin Li *Board member*	Morten Strand *Board member/CEO*
Juergen Heilmann *Board member*	Bjørn Erik B. Helgeland *Board member*	

ABAX Group AS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amounts in NOK thousand	Note	01.01.20-31.12.20	01.01.19-31.12.19
REVENUE	*4*	512,061	529,960
OPERATING EXPENSES			
Cost of hardware and services		52,184	74,283
Employee benefit expenses	*5.26*	214,801	211,222
Other operating expenses	*6*	106,242	90,551
Impairment loss on trade and other receivables	*23*	5,505	9,328
Depreciation	*9*	38,807	26,674
Amortisation	*10*	209,889	146,018
Losses from divestment	*27*	-	21,066
OPERATING LOSS		**(115,367)**	**(49,182)**
FINANCIAL ITEMS			
Finance income	*7*	13,836	1,375
Finance expenses	*7*	(79,603)	(43,505)
TOTAL NET FINANCIAL ITEMS		**(65,767)**	**(42,130)**
LOSS BEFORE TAX		**(181,135)**	**(91,312)**
Income tax income	*8*	38,835	31,410
LOSS FOR THE PERIOD		**(142,300)**	**(59,903)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01.01.20-31.12.20	01.01.19-31.12.19
Profit/loss (-) for the period	**(142,300)**	**(59,903)**
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS		
Foreign currency translation differences	(19,462)	(3,187)
TOTAL ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	**(19,462)**	**(3,187)**
OTHER COMPREHENSIVE INCOME, NET OF TAX	**(19,462)**	**(3,187)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(161,762)**	**(63,090)**

ABAX Group AS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	Note	31/12/2020	31/12/2019
NON-CURRENT ASSETS			
Property, plant and equipment	*9.2*	194,277	129,337
Intangible assets and goodwill	*10*	2,633,262	1,976,791
Deferred tax assets	*8*	34,000	18,535
Other investments, including derivatives	*23*	500	866
Non-current interest-bearing receivables	*12*	6,568	1,289
TOTAL NON-CURRENT ASSETS		**2,868,606**	**2,126,819**
CURRENT ASSETS			
Inventories	*13*	23,134	8,594
Current tax assets	*8*	5,800	5,274
Trade and other receivables	*14*	133,084	140,977
Contract assets	*4*	54,216	102,044
Cash and cash equivalents	*16*	143,955	46,560
TOTAL CURRENT ASSETS		**360,188**	**303,449**
TOTAL ASSETS		**3,228,794**	**2,430,268**
EQUITY			
Share capital	*17*	42,959	14,320
Share premium	*17*	1,817,821	1,417,506
Retained earnings	*17*	(445,161)	(304,379)
Other reserves	*17*	(24,136)	(4,674)
TOTAL EQUITY		**1,391,483**	**1,122,773**
CURRENT LIABILITIES			
Trade and other payables	*19*	210,704	161,426
Contract liabilities	*4*	120,386	100,024
Current tax liabilities	*8*	2,989	902
Loans and borrowings	*18*	113,558	107,190
TOTAL CURRENT LIABILITIES		**447,637**	**369,542**
NON-CURRENT LIABILITIES			
Loans and borrowings	*18*	1,085,499	636,116
Deferred tax liabilities	*8*	285,808	283,965
Non-current derivatives	*23*	1,086	-
Other non-current liablitities, not interest bearing	*10*	17,282	17,872
TOTAL NON-CURRENT LIABILITIES		**1,389,674**	**937,952**
TOTAL LIABILITIES		**1,837,312**	**1,307,495**
TOTAL EQUITY AND LIABILITIES		**3,228,794**	**2,430,268**

Larvik, 27 April 2021

Andrea Davis
Chairman of the Board

Morten Strand
Board member/CEO

Yanlin Li
Board member

Bjørn Erik Brandsæter Helgeland
Board member

Jürgen Heilman
Board member

ABAX Group AS
CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK thousand	Note	01.01.20 -31.12.20	01.01.19 -31.12.19
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for period		(142,300)	(59,903)
Adjustments for:			
- Depreciation	*9*	38,807	26,674
- Amortization	*10*	209,889	146,018
- Loss on sales of intangible assets	*10.27*	-	21,066
- Net finance costs	*7*	65,767	42,130
- Tax expense	*8*	(38,835)	(31,410)
Cash inflows before changes in working capital, interest and tax		**133,328**	**144,575**
Changes in:			
- Inventories	*13*	6,450	5,432
- Trade and other receivables	*14*	33,028	15,266
- Trade and other payables	*19*	(37,168)	1,674
- Contract assets/liabilities	*4*	68,745	13,969
- Other movements		6,452	(3,073)
Cash outflows before interest and tax		**210,836**	**177,844**
Interest paid		(50,806)	(40,792)
Income taxes paid	*8*	(3,460)	(5,728)
NET CASH USED IN OPERATING ACTIVITIES		**156,570**	**131,324**
CASH FLOWS FROM INVESTING ACTIVITIES			
Aquisition of property plant and equipment, and intangible assets	*9.1*	(105,657)	(64,329)
Aquisition of RAM	*31*	(37,741)	-
Aquisition of Automile	*31*	(523,717)	
Cash from acquisition RAM	*31*	1,107	
Cash from acquisition Automile	*31*	72,103	
Proceeds from sale of property, plant and equipment	*9.1*	-	50
Proceeds from sale of intangible assets	*9.1*	-	17,376
NET CASH USED IN INVESTING ACTIVITIES		**(593,905)**	**(46,902)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	*21*	151,350	-
Proceeds from loans from group companies	*18*	300	
Proceeds from loans and borrowings	*18*	1,046,083	
Repayment of short term debt	*18*		(12,500)
Repayment of borrowings	*18*	(625,328)	(33,829)
Payment of lease liabilities	*20*	(28,927)	(22,986)
NET CASH FROM FINANCING ACTIVITIES		**543,478**	**(69,315)**
NET INCREASE/DECRESE (-) IN CASH AND CASH-EQUIVALENTS		106,144	15,106
Cash and cash-equivalents at 1 January		46,560	31,455
Currency effect of cash and cash equivalents		(8,749)	
CASH AND CASH-EQUIVALENTS AT 31 DECEMBER		**143,954**	**46,560**

ABAX Group AS

STATEMENT OF CHANGES IN EQUITY

Year 2019

Amounts in NOK thousand	Share capital	Share premium	Total paid-in capital	Retained earnings	Translation reserve	Total equity
	Attributable to shareholders of ABAX Group AS					
Ingoing balance 1 January 2019 as previously reported	14,320	1,417,649	**1,431,969**	-190,134	-1,487	**1,240,348**
Impact of correction of errors	-	-	**0**	(41,543)		**(41,543)**
Restated balance at 1 January 2019	**14,320**	**1,417,649**	**1,431,969**	**(231,677)**	**(1,487)**	1,198,805
Total comprehensive income for the period 01.01.19 - 31.12.19						
Loss for the period				(59,903)		**(59,903)**
Other comprehensive income for the period					(3,187)	**(3,187)**
				(59,903)	(3,187)	**(63,090)**
Transactions with owners of the Company						
Capital decrease						**-**
Group contribution from ABAX Invest AS				1,408		**1,408**
Group contribution to ABAX Midco AS				(14,350)		**(14,350)**
Reclassification		(143)	(143)	143		**-**
	-	(143)	(143)	(12,799)	-	**(12,942)**
Balance as of 31 December 2019	**14,320**	**1,417,506**	**1,431,826**	**(304,379)**	**(4,674)**	**1,122,773**

Year 2020

Amounts in NOK thousand	Share capital	Share premium	Total paid-in capital	Retained earnings	Translation reserve	Total equity
	Attributable to shareholders of ABAX Group AS					
Ingoing balance 1 January 2020	**14,320**	**1,417,506**	**1,431,826**	**(304,379)**	**(4,674)**	**1,122,773**
Total comprehensive income for the period 01.01.20 - 31.12.20						
Loss for the period				(142,300)		**(142,300)**
Other comprehensive income for the period					(19,462)	**(19,462)**
				(142,300)	(19,462)	**(161,762)**
Transactions with owners of the Company						
Capital increase debt conversion	14,320	263,284	277,604			**277,604**
Capital increase cash contribution	14,320	137,031	151,351			**151,351**
Group contribution Abax Midco				(26)		**-26**
Group contribution Abax Invest			-	1,543		**1,543**
	28,639	400,315	428,954	1,517	-	430,471
Balance as of 31 December 2020	**42,959**	**1,817,821**	**1,860,780**	**(445,161)**	**(24,136)**	**1,391,483**

During 2019 a prior period error of NOK 41.5m was identified. The error is a result of a large number of small differences identified in a detailed review of the subscription base. The accumulated effect has not been possible to accurately allocate back to prior years.
The error was considered to be material for the income statement for FY 2019. Consequently, a correction of 1 January 2019 equity opening balance has been made.

The notes on page 8 to 41 are an integral part of these financial statements.

Note 1 General information

ABAX Group AS ("the Company") and its subsidiaries (together "the Group") has its headquarters and registered office at Hammergata 24, 3264 Larvik, Norway.

The Group's operations are focused on vehicle, equipment management solutions through its main products ABAX Equipment Control and ABAX Trip log.

The Group has operations in the Nordics, UK, Netherlands, Belgium, US and Poland.

During 2020 ABAX completed the aquisition of Automile and RAM.

The financial statements have been prepared by the Management Board and authorised for issue on 20. April 2021. The financial statements will be submitted for approval at the General Meeting on 27 April 2021.

Note 2 Significant accounting policies

Basis of preparation

The financial statements are prepared on the historical cost basis, with certain exceptions as detailed in the accounting policies below. The policies described have been applied consistently to all periods presented in these consolidated financial statements.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Functional and presentation currency

The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of the parent company.

All amounts have been rounded to the nearest thousand, unless otherwise indicated. As a result of rounding differences, numbers or percentages may not add up to the total.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled either directly or indirectly by the company.

A subsidiary is consolidated as of the date at which control is acquired. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights result in control.

The consolidated financial statements have been prepared in accordance with uniform accounting principles for similar transactions for the companies included in the consolidated accounts, and are prepared based on the same accounting period as used for the parent company.

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated when preparing the consolidated financial statements.

Foreign currency transactions

Transactions in foreign currency are translated to the respective functional currency of group entities using the exchange rate prevailing on the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated by using the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value denominated in foreign currency are translated to the exchange rate at the time fair value was determined. The effects of changes in exchange rate are generally recognized in profit and loss as 'Other financial items', except for gains and losses that arise from intercompany receivables that form part of net investment in subsidiaries which are recognised in 'Other comprehensive income'. No intercompany receivables are considered as

Foreign operations

Items included in the financial statements of each group entity are measured using the entity's functional currency, being the currency of the primary economic environment in which the entity operates. The financial position and results of group entities with a non-NOK functional currency are translated to the Group's presentation currency of NOK as follows:

- Assets and liabilities, including any goodwill and fair value adjustments arising on acquisition, are translated into NOK at the exchange rates at the reporting date; and
- Results are translated based on the average exchange rate on a monthly basis.

- Foreign exchange differences arising from this translation are recognised in other comprehensive income, and presented as a separate component in equity.

Exchange differences arising from the translation of the net investment in foreign operations are included in other comprehensive income as a translation reserve. These translation differences are reclassified to the income statement upon disposal or liquidation of the related operations. No intercompany receivables are considered as part of net investment as of 31 December 2020.

Exchange differences arising from non-current monetary receivable or payable by a foreign operation where settlement is neither planned nor likely in the foreseeable future, forms part of the net investment in that entity and are recognised in other comprehensive income. These translation differences are reclassified to the statement of profit or loss when settled.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

If the acquisition cost exceeds the fair value of the net assets acquired, goodwill arises. Goodwill is allocated to the cash generating unit ("CGU") or groups of CGUs that are expected to benefit from synergies associated with the acquisition.

The estimation of fair values and goodwill may be adjusted up to 12 months after the acquisition date if new information emerges regarding the conditions at the time of the acquisition and which, had they been known, would have affected the estimates of fair values and goodwill.

Acquisition-related costs associated with business combinations are expensed as incurred, except if related to the issue of debt or equity securities.

Fair value measurement

The fair values of non-financial assets and liabilities may be required to be determined e.g. when the Group acquires a business or when the recoverable amount of an asset or CGU for impairment testing purposes is determined using the fair value less cost of disposal methodology. Fair value is the price that an asset or liability would be transferred at in an orderly transaction between market participants.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Where there is no quoted price for an asset or liability in an active market, fair value is determined using valuation techniques which include discounted cash flow analysis.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques:

Level 1: quoted prices in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices that are directly or indirectly observable
Level 3: inputs that are not based on observable market data

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The group principally generates revenue from providing cloud based vehicle-tracking systems for vans, digital mileage claim for cars and protection technology for equipment and tools. In order to provide the services, the customer needs a hardware device. The device is either leased to the customer or sold.

Mileage track and expense log for vehicles
The main revenue stream is a subscription based, recurring revenue from software as a service (SaaS). The deliverable consists of a hardware component and the SaaS service. The hardware component is either leased or sold to the customer. The hardware component is not a distinct as the customer cannot benefit from this on its own. The delivery is assessed to beeing a single performance obligation and the revenue is recognised on a straight line bases over the contract period.

The transaction price is identified in the contract and is recognised over the contract period in accordance with the deliveries of the SaaS service. The typical length of a service contract is 36 months. No significant financing component exists within the customer contracts.

Other services
This includes other services such as consultancy and are recognised upon delivery.

Contract assets and contract liabilities
If recognised revenue exceeds amounts received or receivable from a customer, a contract asset is recognised. Contract liabilities primarily relate to advance consideration received from customers, for which revenue is recognised as subscription services are provided. Contract assets and contract liabilities are expected to be realised within in the Group's normal operating cycle, and are classified as current within trade and other receivables and trade and other payables respectively. Contract assets are adjusted for
provision for impairment in accordance with the expected credit loss model.

Employee benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Financial income and finance cost

The Group's finance income and finance costs include interest income, interest expense, foreign currency gains or losses and the net gain or loss on hedging instruments that are recognised in profit or loss.

Interest income or expense is recognised using the effective interest method.

Taxes

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss, or items recognised directly in equity or in Other Comprehensive income (OCI).

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based weighted average principle. All inventories are finished goods items.

Property plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Costs that occur subsequently to the asset being put in use, such as maintenance, are expensed, while costs expected to provide future economic benefits by prolonging useful life of the asset, are capitalised. Assets that are taken out of service are expensed.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

• Fixtures and office machinery: 3-5 years;
• Leasehold improvements: 5-15 years (Remaining rental period is upper basis for useful life);

Right of Use assets recognised have the following estimated useful lives, though these are never longer than the estimated lease term:

• Right to use Motor vehicles: 3-5 years.
• Right of use Fixtures and office machinery: 3-5 years;
• Right of use land and buildings: 5-15 years;

Leases (As a lessee)

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

— the contract involves the use of an identified asset
— the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
— the Group has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The Group presents right-of-use assets in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

<u>Short-term leases and leases of low-value assets</u>

The Group has elected to recognize all right-of-use assets and lease liabilities for short-term including those leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment.

Intangible assets and goodwill

<u>Recognition and measurement</u>

Goodwill
Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development
Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets
Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill and brand name are not amortised.

The amortisation of other intangible assets is recorded on a straight-line basis over the estimated useful lives as follows:
• Development of telematic solutions: 3-7 years;
• Purchased customer portfolios: 10 - 15 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Financial instruments

A financial instrument is a contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument for another entity. Financial instruments are generally recognized as soon as the group becomes a party to the terms of the financial instrument.

The Group classifies non-derivative financial assets into the following categories: financial assets at FVTPL, FVOCI and amortised cost.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and other financial liabilities at amortised cost.

<u>Financial assets</u>
Financial assets include, in particular, cash and cash equivalents, trade receivables and other loans and receivables. Financial instrument classification is based on the business model in which the instruments are held as well as the structure of the contractual cash flows.

Financial assets measured at amortized cost
Financial assets measured at amortized cost are non-derivative financial assets with contractual payments that consist exclusively of payments of interest and principal on the outstanding nominal amount and are held with the objective of collecting the contractually agreed cash flows, such as loans and receivables, trade receivables or cash and cash equivalents (the "hold" business model).

After initial recognition, these financial assets are measured at amortized cost using the effective interest method less impairment. Gains and losses are recognized in profit or loss when the loans and receivables are impaired or derecognized. Interest effects from the application of the effective interest method and effects from currency translation are also recognized through profit or loss.

Cash and cash equivalents
Cash and cash equivalents include bank deposits.

Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 14 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Financial assets measured at fair value through profit or loss
Financial assets measured at fair value through profit or loss comprise financial assets whose cash flows do not relate solely to payments of interest and repayments of principal on the outstanding nominal amount. Gains or losses on these financial assets are recognized through profit or loss.

Financial liabilities
Financial liabilities regularly give rise to a redemption obligation in cash or another financial asset. These include in particular bonds and other securitized liabilities, trade payables, liabilities to banks, liabilities to affiliated companies and derivatives designated as hedges. Financial liabilities are classified into the following categories:
- Financial liabilities measured at fair value through profit or loss, and
- Financial liabilities measured at amortized cost.

Upon initial recognition, financial liabilities are measured at fair value. The transaction costs directly attributable to the acquisition are also recognized for all financial liabilities that are subsequently measured at fair value not through profit or loss. Trade payables and other non-derivative financial liabilities are generally measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation underlying the liability is discharged, canceled or expires.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently

Impairment

Non-derivative financial assets
Financial assets not classified as at FVTPL are assessed at each reporting date to determine whether there is objective evidence of impairment. The loss allowance is measured at an amount equal to lifetime expected credit losses.

Objective evidence that financial assets are impaired includes:
default or delinquency by a debtor;
indications that a debtor or issuer will enter bankruptcy;
adverse changes in the payment status of borrowers or issuers;

Financial assets measured at amortised cost
The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. The group has identified the credit worthiness and segment development in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. The process of write offs is enforced when the debt is more than 180 days past due and at least 3 reminders are issued in addition to the debtor being considered insolvent by the debt collector. The debt collections agency will still have the debtor on surveillance and will, in case of financial improvement, enforce payment of the debt. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and brand name are tested at least annually for impairment.

For the purpose of assessing impairment, assets are grouped at the lowest level for which cash inflows that are largely independent from the cash inflows from other assets can be identified (cash generating units). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Long term provisions are measured at the net present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Adoption of new and revised reporting standards and interpretations

At the date of these Consolidated financial statements, there are no standards, amendments to standards or interpretations of standards applicable to the Group - which have been issued but were not yet effective - which are expected to have significant impact on the Group.

Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimates (see below), that the Group has made when applying the accounting policies and that have the most significant effect on amounts recognised in the financial statements:

Note 2 and 4 - Revenue recognition: the number of performance obligations in a contract with a customer and the methodology to allocate transaction price when there is more than one performance obligation

Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties is included in the following notes:

Note 11 – Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs

Note 8 – Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised

Note 4 | Revenue

ABAX has business areas as operating segments. The operating segments correspond to the way in which the business areas report figures to the Group executive management (key decision maker). ABAX is currently reporting its figures to key decision maker as one operating segment, the telematics solutions.

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

Amounts in NOK thousand	**01.01.20-31.12.20**	**01.01.19-31.12.19**
Primary geographical markets		
Norway	192,761	225,608
Sweden	196,337	194,188
Finland	33,535	37,488
Denmark	19,519	20,195
UK	32,594	35,262
Other	37,314	17,219
Total revenue	**512,061**	**529,960**
Major products/service lines		
Trip logs	482,521	491,413
Equipment control	29,540	34,149
Worker	-	4,398
Total revenue	**512,061**	**529,960**
Timing of revenue recognition		
Products transferred at a point in time	-	121,738
Products and services transferred over time	512,061	408,222
Total revenue	**512,061**	**529,960**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Amounts in NOK thousand	**31/12/2020**	**31/12/2019**
Receivables, which are included in "Trade and other receivables"	61,385	60,672
Contract assets	54,216	102,044
Contract liabilities	120,386	100,024

Contract assets are transferred to receivables according to invoice plan. Contract liabilities primarily relate to advance consideration received from customers, for which revenue is recognised as subscription services are provided.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	01.01.19-31.12.19	
Amounts in NOK thousand	**Contract assets**	**Contract liabilities**
Balance at 1 January	230,657	171,622
Decrease due to cash received, excluding amounts recognised as revenue during the period	(128,613)	(71,598)
Balance as at 31 December	**102,044**	**100,024**

[1)] Refer to Note 26 Business combinations

	01.01.20-31.12.20	
Amounts in NOK thousand	**Contract assets**	**Contract liabilities**
Balance at 1 January	102,044	100,024
Decrease due to cash received, excluding amounts recognised as revenue during the period	(47,828)	20,362
Balance as at 31 December	**54,216**	**120,386**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

Reporting date 31 December 2019

Amounts in NOK thousand	**2020**	**2021**	**2022**	**2023**	**2024**	**2025->**	**Total**
Trip logs	370,267	157,528	65,064	11,227	953	157	**605,196**
Equipment control	27,098	13,259	6,874	1,418	245	95	**48,990**
Worker	-	-	-	-	-	-	**-**
Total future revenue	**397,365**	**170,786**	**71,939**	**12,645**	**1,199**	**252**	**654,186**

Reporting date 31 December 2020

Amounts in NOK thousand	**2021**	**2022**	**2023**	**2024**	**2025**	**2026->**	**Total**
Trip logs	267,381	94,377	33,886	1,819	497	98	**398,059**

Equipment control	23,476	11,219	4,932	509	217	94	**40,446**
Total future revenue	**290,857**	**105,596**	**38,818**	**2,328**	**714**	**191**	**438,505**

No consideration from contracts with customers is excluded from the amounts above. There are no capitalised costs relating fulfilling contracts as at 31 December 2020 or 31 December 2019. Sales commission that qualifies as a cost to obtain a contract under IFRS 15 are capialised in 2020.

Note 5 Employee benefit expenses

Amounts in NOK thousand	**01.01.20 - 31.12.20**	**01.01.19 - 31.12.19**
Salaries and holiday pay	213,985	213,563
Social security tax	28,579	31,059
Pension cost including social security tax	7,610	5,336
Other personnel costs and benefits	7,359	1,836
Total	**257,533**	**251,794**
Restructuring cost salaries	-	-
Own work capitalised	(42,732)	(40,572)
Total Employee benefit expenses	**214,801**	**211,222**
Number of full-time equivalent in ABAX Group AS	303	310

Pension plans

Norwegian companies are required to have occupational pension schemes according to the law on compulsory occupational pension. The Group's pension agreement is a defined contribution plan for all employees, also including those employed outside of Norway. The pension cost of the year was NOK 7,6 million including social security tax, and is equal to the group's contribution to the employee's pension savings during the financial year.

Management remuneration

The Group's CEO, Morten Strand, is employed by ABAX AS, subsidiary of ABAX Group AS. Remuneration disclosed below includes the cost charged the group for Morten Strand in 2020.

Amounts in NOK thousand	**2020**	**2019**
Salaries and holiday pay	2,942	2,417
Bonus payments	-	-
Other benefits	152	-
Pension cost	59	26

The CEO is part of the standard employee pension and insurance plan applicable to all employees in the Group.
There is no established bonus-program for the CEO, with bonuses paid to management during the year being determined by the Board of Directors.
There have not been established any severance agreement with the current CEO. The current CEO has no loans from the Group.

In 2020 there was no compensation to the board members. None of the members of the Board received compensation from any other company within the Group, except for the employee representatives. None of the members of the Board of Directors has loans to or from the Group.

Loans and guarantees to employees

Employees were given the opportunity to receive a loan in order to invest in shares in ABAX Invest AS (ultimate norwegian parent company) at market value by the time of the ABAX Group AS formation in 2017. ABAX Invest AS has given the employees the opportunity to invest in previous years and some of the employees has financed the shares with loan. The loans are issued from the company where the employee works, and are on ordinary market terms and conditions. Outstanding debt from employees related to this is NOK 0,270 million at 31 December 2020. Besides this there are no other loans, prepayments, credits or guarantees from the company to board members, CEO or other employees within the Group.

Note 6 Other operating expenses

The operating cost is split into each main groups:

Amounts in NOK thousand	**01.01.20-31.12.20**	**01.01.19-31.12.19**
IT licences, equipment and cost	20,528	26,710
Consultancy and other professional fees	36,345	33,259
Travel and vehicle costs	10,858	15,251
Marketing and sponsorships	11,366	11,468
Acquisition-related costs[1)]	10,420	-
Other operational cost	16,726	3,863
Total operating expenses	**106,242**	**90,551**

Audit fees and fees for audit related services incurred by the group during 2020 and 2019 are summarized in the table below. Fees include both Norwegian and foreign subsidiaries. Fees to auditors are reported exclusive of VAT.

Amounts in NOK thousand	**01.01.20-31.12.20**	**01.01.19-31.12.19**

Statutory audit fee	5,575	2,416
Technical assistance related to preparation of financial statements and tax papers	230	88
Other assurance services	1,131	800
Total audit fees	**6,936**	**3,304**

Note 7 Finance income and expenses

Amounts in NOK thousand	**01.01.20-31.12.20**	**01.01.19-31.12.19**
Interest income		
Cash and cash equivalents	133	140
Other finance income		
Other interest income	601	742
Net foreign exchange gains (loss)	13,102	494
Total finance income	**13,836**	**1,375**
Financial liabilities measured at FVTPL:		
Change in fair value of interest rate swap	(1,952)	1,900
Finance cost - other		
Financial liabilities measured at amortised cost - interest expense	(50,334)	(33,391)
Other interest expenses	(194)	(3,477)
Interest on lease liabilities	(6,604)	(3,020)
Other finance expenses1)	(20,519)	(5,517)
Total finance expenses	**(79,603)**	**(43,505)**

1)Other financial expenses mainly relates remaining amortization expenses on the financing arrangement that was early settled in 2020.

Net finance income (expense) recognised in profit and loss	**(65,767)**	**(42,130)**

Note 8 Income tax

Amounts in NOK thousand	**31/12/2020**	**31/12/2019**
Profit before tax	(181,135)	(91,312)
Current taxes	(2,933)	(1,178)
Deferred taxes	41,768	32,588
Income tax	**38,835**	**31,410**

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the Norwegian corporate income tax rate of 22% in 2020 and 22% in 2019. It also discloses the main elements of the tax expense. Selected line items are commented below the table.

	%	**01.01.20 - 31.12.20**	**%**	**01.01.19 - 31.12.19**
Profit / loss (-) before tax		(181,135)		(91,312)
Income tax income / expense (-) at corporate income tax rate in Norway[1)]	22%	39,850	22%	20,089
Tax effects of:				
Effect of differing tax rates in foreign jurisdictions	0.1 %	119	0.0 %	-
Non-deductable expenses	-1.1 %	(1,911)	11.2 %	10,207
Current-year losses for which no deferred tax asset is recognised	0.1 %	176	0.8 %	760
Changes in tax rates[2)]	1.0 %	1,833	0.0 %	-
Previous year tax adjustment	0.0 %	-	0.4 %	354
Total taxes	**21.4 %**	**38,835**	**34.4 %**	**31,410**

1) As most of the Group's activities are based in Norway, the effective tax rate reconciliation is based on the applicable tax rate in Norway

Deferred tax assets and deferred tax liabilities (-)	**31/12/2020**	**31/12/2019**
Property, plant, equipment and Intangible assets	(330,150)	(269,922)
Accounts receivable	(585)	(886)
Provisions	29,952	(18,601)
Other differences	2,903	5,447
Tax losses to carry forward	74,767	44,801
Disallowed internal interest expenses carried forward	1,836	
Deferred tax assets (liabilities)	**(221,279)**	**(239,161)**
Unrecognised deferred tax assets relating to tax losses carried forward and Skattefunn	(30,529)	(26,269)
Net deferred tax assets (liabilities) recognised	**(251,808)**	**(265,430)**

Change in net deferred tax assets and deferred tax liabilities (-)	**31/12/2020**	**31/12/2019**
Balance at 1 January	(265,430)	(297,570)
Balance acquired through purchase transaction[1)]	(28,011)	-
Recognised in profit and loss during the year	41,544	32,588
Foreign currency exchange differences	89	(448)

31 December	**(251,808)**	**(265,430)**

[1)] Refer to Note 26 Business combinations

Deferred taxes	**31/12/2020**	**31/12/2019**
Deferred tax asset	34,000	18,535
Deferred tax liabilities	(285,808)	(283,965)
Net deferred tax assets (liabilities)	**(251,808)**	**(265,430)**

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows as of 31 December 2020:

Amounts in NOK thousand	Norway	Netherlands	Denmark	Sweden	UK	Other	**Total**
2024		-	-	-	-	1,126	**1,126**
2025 and later		-	-	-	-	3,212	**3,212**
Never expire	14,345	10,095	12,260	15,549	11,242	6,937	**70,430**
Total tax loss carried forward	**14,345**	**10,095**	**12,260**	**15,549**	**11,242**	**11,275**	**74,768**
Set-off against deferred tax	(14,345)	-	-	-	-		**(14,345)**
Unrecognized deferred tax assets		(4,822)	(10,173)	-	(5,768)	(5,659)	**(26,422)**
Tax losses recognised	**-**	**5,273**	**2,087**	**15,549**	**5,474**	**5,616**	**34,000**

Tax losses carried forward in selected countries expire as follows as of 31 December 2019:

Amounts in NOK thousand	Netherlands	Denmark	Finland	UK	Other	**Total**
Never expire	8,996	8,969	10,781	10,855	5,201	**44,803**
Total tax loss carried forward	**8,996**	**8,969**	**10,781**	**10,855**	**5,201**	**44,803**
Unrecognized deferred tax assets	(5,712)	-	(10,781)	(4,574)	(5,201)	**(26,268)**
Tax losses recognised	**3,284**	**8,969**	**-**	**6,282**	**-**	**18,535**

In 2020 and 2019, selected ABAX subsidiaries have achieved its planned profitability; therefore, management continues to consider it probable that future taxable profits would be available against which the tax losses can be recovered for most of the entities. For these companies there are also deferred tax liabilities that more than offset the deferred tax asset, and the temporary differences related to the deferred tax will reverse before the tax losses carried forwards expire. There are some foreign subsidiaries within the group with tax losses carried forward that do not have offsetting deferred tax liabilities, and it is not possible to utilise the tax loss carried forward by group contributions. There is not convincing evidence for probable future taxable profit sufficient to fully utilise the tax loss carried forward for these entities.

In 2020 the Group prepaid corporate tax of 5,8. (2019: 5,3)

Note 9 | Property, plant and equipment

	Owned	**Right of use**	**Right of use**	**Right of use**	
Amounts in NOK thousand	**Fixtures and office machinery**	**Land and buildings**	**Fixtures and office machinery**	**Motor vehicles**	**Total**
Historical cost					
Balance as of 1 January 2019	15,423	81,095	26,729	19,237	**142,483**
Additions 1)	3,466	102,779	7,474	2,579	**116,298**
Disposals and balance changes	(983)	(60,055)	(858)	(2,576)	**(64,473)**
Currency translation	152	(27)	(5)	(125)	**(5)**
Balance as of 31 December 2019	**18,058**	**123,792**	**33,339**	**19,115**	**194,304**
Accumulated depreciation and impairment					
Balance as of 1 January 2019	(4,320)	(15,307)	(11,692)	(7,648)	**(38,967)**
Depreciation for the period	(3,802)	(9,791)	(8,013)	(5,068)	**(26,674)**
Disposals and balance changes	615	-	-	-	**615**
Accumulated depreciations as at 31 December 2019	**(7,507)**	**(25,098)**	**(19,705)**	**(12,716)**	**(65,026)**
Currency translation	59	-	(4)	5	**60**
Balance as of 31 December 2019	**10,609**	**98,694**	**13,630**	**6,404**	**129,337**
Useful life	3 - 5 years	5 - 15 years	3 - 5 years	3 - 5 years	
Depreciation plan	Straight line	Straight line	Straight line	Straight line	

1) Including additions due to new leases in the period. See note 20 for details.

	Owned	**Right of use**			
Amounts in NOK thousand	**Fixtures and office machinery**	**Land and buildings**	**Fixtures and office machinery**	**Motor vehicles**	**Total**
Historical cost					
Balance as of 1 January 2020	18,058	123,792	33,339	19,115	**194,304**
Business Combinations 1)	26,083				**26,083**
Additions 1)	33,339	18,715	13,710	7,421	**73,185**
Disposals and balance changes		2,888	(673)	327	**2,542**
Currency translation	244	1,207	192	223	**1,867**
Balance as of 31 December 2020	**77,724**	**146,603**	**46,567**	**27,086**	**297,981**

Accumulated depreciation and impairment

Balance as of 01.01.20	(7,448)	(25,098)	(19,709)	(12,711)	**(64,966)**
Business Combinations 1)					**-**
Depreciation for the period	(8,017)	(16,392)	(8,921)	(5,476)	**(38,807)**
Disposals and balance changes		-	-	-	**-**
Accumulated depreciations as at 31 December 2020	**(15,465)**	**(41,490)**	**(28,630)**	**(18,187)**	**(103,773)**
Currency translation	70				**70**
Balance as of 31 December 2020	**62,329**	**105,113**	**17,937**	**8,899**	**194,277**

Useful life	3 - 5 years	5 - 15 years	3 - 5 years	3 - 5 years
Depreciation plan	Straight line	Straight line	Straight line	Straight line

[1)] Including additions due to new leases in the period. See note 20 for details.

Commitments

The Group has no commitments to fulfil contracts of which is not recorded in the statement of financial position as of 31 December 2020 and 31 December 2019.

Assets pledged as security

See note 18 for information.

Note 10 | Intangible assets and goodwill

Amounts in NOK thousand	**Brand name**	**Goodwill**	**Development of telematic solutions**	**Customer portfolio**	**Total**
Historical cost					
Historical cost	**18,820**	**454,547**	**814,004**	**1,045,966**	**2,333,336**
Additions			61,010	-	**61,010**
Reclassifications					**-**
Currency translation		(1,137)		(605)	**-1,742**
Balance as of 31 December 2019	**18,820**	**453,410**	**815,109**	**1,045,362**	**2,332,698**
Accumulated depreciation and impairment					
Balance as of 1 January 2019	-	-	-95,560	-126,885	-222,445
Amortisation for the period*			(65,060)	(82,372)	(147,432)
Disposals			13,773		13,773
Currency translation			-	197	197
Accumulated depreciations as at 31 December 2019	**-**	**-**	**(146,847)**	**(209,060)**	**(355,907)**
Balance as of 31 December 2019	**18,820**	**453,410**	**668,261**	**836,302**	**1,976,791**
*Amortisation for the period			(65,060)	(82,372)	**(147,432)**
Government grants cost reductions			1,414		**1,414**
Net amortisation in profit and loss			**(63,646)**	**(82,372)**	**(146,018)**

Useful life	Indefinite	Indefinite	3 - 7 years	15 years	
Amortisation	None	None	Straight line	Straight line	

Amounts in NOK thousand	**Brand name**	**Goodwill**	**Development of telematic solutions**	**Customer portfolio**	**Total**
Historical cost					
Balance as of 1 January 2020	**18,820**	**453,410**	**815,109**	**1,045,361**	**2,332,698**
Business Combinations1)	56,512	613,781	22,703	119,603	**812,599**
Additions			72,243		**72,243**
					-
Currency translation	-716	(11,437)	(358)	6,066	**-6,445**
Balance as of 31 December 2020	**74,615**	**1,055,754**	**909,697**	**1,171,030**	**3,211,095**
Accumulated depreciation and impairment					
Balance as of 1 January 2020	-	-	(146,847)	(209,060)	**(355,907)**
Amortisation for the period*			(131,556)	(87,002)	**(218,559)**
Currency translation		-333	2	(3,037)	**(3,368)**
Accumulated depreciations as at 31 December 2020	**-**	**(333)**	**(278,402)**	**(299,099)**	**(577,834)**
Balance as of 31 December 2020	**74,615**	**1,055,421**	**631,295**	**871,931**	**2,633,262**
*Amortisation for the period			(131,556)	(87,002)	**(218,559)**
Government grants cost reductions			8,670		**8,670**
Net amortisation in profit and loss			**(122,887)**	**(87,002)**	**(209,889)**

Useful life	Indefinite	Indefinite	3 - 7 years	10 -15 years
Amortisation	None	None	Straight line	Straight line

Amortisation
Goodwill and brand names have indefinite useful life, and so are not amortised. Other intangible assets with finite life are amortised over the period of the expected useful life as detailed above.

Research and development costs
During 2020, NOK 72,2 million has been capitalised related to development activities. In addition, research and development cost of NOK 25,1 million were expensed during the year as the criteria for capitalisation is not met. During 2019, NOK 64,4 million was capitalised related to development activities. In addition, research and development cost of NOK 22,0 million were expensed during the year as the criteria for capitalisation was not met.

Government grant liability
Abax Group receives government grant on certain R&D projects in Norway. The grants are initially classified as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset as a reduction of amortisation expenses.

Changes in government grant:

	Development of telematic solutions	Total
Remaining grant acquired in business combination as at 01.01.19	**18,675**	**18,675**
New government grants during the period	8,301	**8,301**
Reduction of grant liability in the period recognised in profit or loss	(1,414)	**-1,414**
Recognised due to sale intangibles	(7,690)	**-7,690**
Net government grant liability as at 31 December 2019	**17,872**	**17,872**

	Development of telematic solutions	Total
Remaining grant acquired in business combination as at 01.01.20	**17,872**	**17,872**
New government grants during the period	8,137	**8,137**
Reduction of grant liability in the period recognised in profit or loss	(8,728)	**(8,728)**
Recognised due to sale intangibles		**-**
Net government grant liability as at 31 December 2020	**17,281**	**17,281**

Progress and status on government grant projects are reported on a yearly basis.

Note 11 | Impairment testing of goodwill and brandname

Goodwill originates from the purchase of ABAX Holding AS (later merged with ABAX AS) in 2017 and the acquisition of RAM and Automile during 2020 (see note 31 for further information) and other minor acquisitions. For the purpose of impairment testing goodwill is monitored at the level of an operating segment, which for Abax represent the whole group. The impairment test is therefore performed for a group of CGUs. There is an ongoing integration process for the acquired companies, which also involves moving customer contracts between entities, and using the different brands in different markets. This will impact the future CGU structure of the group.

Amounts in NOK thousand	2020	2019
ABAX	1,130,036	472,230
Total goodwill and brandname	**1,130,036**	**472,230**

The Groups identifies brand names as an identifiable intangible asset associated with prior acquisitions. The Group performs an analysis at each acquisition date of these brand names and has determined that there are no regulatory, contractual, competitive, economic, or other factors that limited the useful life of the brand name to the Group, as a result the Group determined that its existing brand names have an indefinite life and are not subject to impairment.

Impairment test ABAX

Management only monitors goodwill at the level of an operating segment. The entire group is considered to represent one operating segment, that consist of more than one CGU. Impairment testing is based on value-in-use calculations, determined by discounting the estimated future cash flows to be generated by the group of CGUs. The recoverable amount of the group of CGUs was determined to be higher than it's carrying amount per date of testing.

Management has made cash flow projections based on budget and strategic forecast for the periods 2021-2025. Beyond the explicit forecast period of five years, the cash flows are extrapolated using a constant growth rate.

The key assumptions used in the estimation of value in use were as follows:

In percentage	2020	2019
Discount rate pre-tax	8.0 %	7.4 %
Discount rate post-tax	7.8 %	7.6 %

Average EBITDA growth rate	15.0 %	22.0 %
Terminal value growth rate	2.0 %	3.0 %

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry, and have been based on historical data from both external and internal sources.

EBIT and EBITDA used in the value-in-use calculation is based on management's assumptions on the expected revenue developments, gross margin and operating margin after allocation of operating expenses from shared units, taking into account management's expectation of market size and market share development. Assumptions are based on historical experience as well as assessment of future market development and conditions.

The cash flow projections included specific estimates for five years and a **terminal value growth rate** thereafter. The terminal growth rate was determined based on management's estimates of the long-term annual compound EBITDA growth rate of approx. 2 % inflation and 1 % growth above inflation into the forseable future.

Discount rate used are post-tax and reflect specific risks relating to the group of CGUs, calculated as the weighted average cost of capital (WACC). Risk free rate of return (Rf) is set to 2%, in line with the terminal growth factor. This is a normalized ratio since the long-term rates in the markets now in 2020/2021 are lower than normal and not considered a sustainable level on a long-term basis

CAPEX is based on the assumptions that the groups R&D department will require approx. 65 MNOK each year for development of new products and features in addition to capitalized hardware cost and box swap cost.

Sensitivity to changes in assumptions

Impairment test of goodwill is performed on an annual basis or when there are indicators of impairment. No impairment loss were recognised during 2020, as the recoverable amounts are higher than the carrying amounts based on the value-in-use analysis.

The group has performed sensitivity calculations to identify any reasonably possible change in key assumptions that could cause the carrying amount to exceed the recoverable amount.

The following changes in key assumptions will change the value-in-use to equal the carrying amount of goodwill, all else equal:

In percentage	**2020**	**2019**
Decline in average EBITDA growth rate	-10.1 %	-5.0 %
Decline in average terminal value growth rate	-5.5 %	-1.9 %
Increase in discount rate post-tax	3.8 %	1.6 %

Note 12 | Other non-current interest-bearing receivables

Amounts in NOK thousand	**2020**	**2019**
Deposits for rent and cars	**4,198**	**889**
Other non-current receivables	**2,370**	**400**
Total non-current interest-bearing receivables	**6,568**	**1,289**

Note 13 | Inventories

Amounts in NOK thousand	**2020**	**2019**
Finished goods (trip log units)	**23,134**	**8,594**
Total inventories	**23,134**	**8,594**
Inventories expensed in the period	52,184	74,283
Write-down of inventories from cost to net realisable value	**-**	**-**

Note 14 | Trade and other receivables

Amounts in NOK thousand	**2020**	**2019**
Trade receivables	61,385	60,272
Other current receivables	54,016	64,805
Prepaid expenses	16,902	14,645
Loans to employees[1)]	598	1,252
VAT and sales related taxes	184	3
Total trade and other receivables	**133,084**	**140,977**

[1)] Refer to Note 5 Employee benefit expenses for details on loan terms

Credit and market risks, and impairment losses

For information about the Group's exposure to credit and market risks and impairment losses for trade and other receivables refer to Note 22 Financial risk management.

Note 15 | Other current assets and receivables

Amounts in NOK thousand	2020	2019
Contract assets[1)]	54,216	102,044
Total other current receivables	**54,216**	**102,044**

[1)] See note 4 Revenue and other income

Note 16 | Cash and cash equivalents

Amounts in NOK thousand		2020	2019
Cash at bank		136,932	39,503
Restricted cash		7,023	7,057
Total cash and cash equivalents	**-**	**143,955**	**46,560**

31/12/2020
Additional undrawn committed current bank revolving credit facilities amount to NOK 39 million, that together with cash and cash equivalents gives a total liquidity reserve of NOK 183 million as of December 31, 2020. See also note 18 Loans and borrowings.

31/12/2019
Additional undrawn committed current bank revolving credit facilities amount to NOK 79,2 million, that together with cash and cash equivalents gives a total liquidity reserve of NOK 125,8 million as of December 31, 2019. See also note 18 Loans and borrowings.

The Group has a cash pool owned by Abax group AS

Restricted cash relates to tax deductions from the employees.

Note 17 | Capital and reserves

Shareholder information
ABAX MidCo AS is the parent entity of ABAX Group AS. The entity owns 100 % of the shares in ABAX Group AS

Share capital
ABAX Group AS has one class of shares, ordinary shares, with equal rights for all shares.

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at General Meetings. Total outstanding shares are 1 431 968 378 at par value NOK 0.03 per share. All issued shares are fully paid.

The company has increased it's share capital in 2020. There is no increase in number of shares but the par value is increase from 0,01 to 0,03.

Amounts in NOK thousand	2020	2019
Share capital	42,959	14,320
Par value	0.03	0.01
Number of shares	1,431,968	1,431,968
Paid in share capital	42,959	14,320
Share premium	1,817,963	1,417,506

Note 18 | Loans and borrowings

Amounts in NOK thousand	2020	2019
Non-current liabilities		
Loans from related parties[1]	-	15,504
Secured bank loans / Bond	981,769	530,131
Other long-term debt	215	76
Lease liabilities[2]	103,516	90,405
Total	**1,085,499**	**636,116**
Current liabilities		
Current portion of secured bank loans	-	11,500
Loans from related parties [1]	79,274	62,077
Lease liabilities[2]	32,632	30,498
Accrued interest	1,653	3,115
Total	**113,558**	**107,190**

[1] See note 25 Related party transactions

[2] See note 20 Leases

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 22.

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

				2019	
Amounts in NOK thousand	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**
Facility A	NOK	5.47%	2023	37,000	36,100
Facility B	NOK	5.97%	2024	400,000	390,328
CAPEX & Aqcuisition facility	NOK	5.15%	2019	58,783	57,619
Revolving Facility	NOK	5.35%	2019	62,000	60,699
Total secured bank loans				**557,783**	**544,746**
Loans from group companies	NOK	4.00%	(n.a.)	77,581	77,581
Lease liabilities				160,024	120,903

Other long-term debt					76
Total interest-bearing liabilities				**237,605**	**198,560**
Outstanding debt				795,388	743,306
Less current portion					(107,190)
Total				**795,388**	**636,115**

				2020	
Amounts in NOK thousand	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**
Nordic Bond	NOK	6.61%	2025	1,000,000	983,422
Revolving Facility	NOK	3.43%	2025	50,000	-
Total secured bank loans				**1,050,000**	**983,422**
Loans from related parties	NOK	4.00%	(n.a.)	79,274	79,274
Lease liabilities				161,403	136,147
Other debt					215
Total interest-bearing liabilities				**240,677**	**215,636**
Outstanding debt				1,290,677	1,199,058
Less current portion					(113,558)
Total				**1,290,677**	**1,085,499**

Bank debt

Net interest bearing debt include the senior secured floating rate bond of 1 billion NOK and additionally a super senior RCF facility provided by SEB.

As of 31 December 2020 the Group has 1 billion NOK in a senior secured bond and additionally 50 MNOK of RCF facilities of which 11 MNOK have been committed as a security of office facilities.

Loan covenants

The Group has not any applicable covenants as per 31.12.2020. Covenants for the RCF facilities will only imply when more than 40% of the facilities have been utilized.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Amounts in NOK thousand	**Note**	**Secured bank loans**	**Other long-term loans**	**Lease liabilities**	**Other short-term loans**	**Total**
Balance as of 01.01.19		573,575	66,272	95,674	12,500	**748,022**
Changes from financing cash flows						
Proceeds from loans from group companies			-			**-**
Proceeds from loans and borrowings		(20,000)				**(20,000)**
Repayment of borrowings		(6,500)	(7,329)		(12,500)	**(26,329)**
Payment of lease liabilities	20			(22,986)		**(22,986)**
Total changes from financing cash flows		(26,500)	(7,329)	(22,986)	(12,500)	**(69,315)**
The effect of changes in foreign exchange rates		218		139		**357**
Liability-related						
Operational financing from Group companies			18,637			**18,637**
New lease liabilities	20			112,980		**112,980**
Change in lease liabilities				(64,904)		**(64,904)**
Amortisation		3,710				**3,710**
Interest expense		31,778		3,020		**34,798**
Interest paid		(38,035)		(3,020)		**(41,055)**
Total liability-related other changes		(2,329)	18,637	48,215	-	**64,523**
Total equity-related other changes		-	-	-	-	**-**
Balance as of 31 December 2019		**544,746**	**77,580**	**120,903**	-	**743,230**

Reconciliation of movements of liabilities to cash flows arising from financing activities

Amounts in NOK thousand	**Note**	**Bond**	**Other long-term loans**	**Lease liabilities**	**Other short-term loans**	**Total**
Balance as of 01.01.20		544,746	77,580	120,903	-	**743,230**
Changes from financing cash flows						
Proceeds from issue of share capital						**-**
Proceeds from loans and borrowings		1,066,340				**1,066,340**
Transaction costs related to loans and borrowings		(20,257)				**(20,257)**
Repayment of borrowings		(625,328)	300			**(625,028)**
Payment of lease liabilities	20			(28,927)		**(28,927)**
Total changes from financing cash flows		420,755	300	-28,927	-	**392,128**

The effect of changes in foreign exchange rates		1,028		1,775		**2,803**
Liability-related						
Proceeds from issue of share capital						
Business combination	26					
Operational financing from Group companies			1,394			**1,394**
New lease liabilities	20			39,846		**39,846**
Change in lease liabilities				2,551		**2,551**
Amortisation		18,164				**18,164**
Interest expense		48,760		6,604		**55,364**
Interest paid		(50,032)		(6,604)		**(56,636)**
Total liability-related other changes		17,920	1,394	44,172	-	**63,486**
Total equity-related other changes		-	-	-	-	**-**
Balance as of 31 December		**983,422**	**79,274**	**136,147**	**-**	**1,198,844**

Note 19 | Trade and other payables

Amounts in NOK thousand	**2020**	**2019**
Trade payables	36,870	38,999
Total trade payables	**36,870**	**38,999**
Public duties payables	32,624	24,403
Payables to Bro & Tunnel 1)	37,140	58,625
Other current payables including holiday pay	104,070	39,400
Total trade and other payables	**210,704**	**161,426**

1) Bro & Tunnel is our partner in delivering our Toll Road Admin product.

Note 20 | Leases

The Group leases various assets including land and building, vehicles, machinery and IT equipment. Information about leases for which the group is a lessee is presented below. Note 9 specifies information about the assets recognised in the statement of financial position.

Right-of-use assets

Amounts in NOK thousand	**Property**	**Vehicles**	**IT and machinery**	**Total**
Balance as of 1 January 2019	65,788	11,590	15,036	**92,414**
Additions to right-of-use assets during the financial year	102,779	2,579	7,474	**112,833**
Depreciation charge for the year	(9,791)	(5,068)	(8,013)	**(22,872)**
Disposals/lease contracts cancelled	(60,055)	(2,572)	(862)	**(63,488)**
Currency translations	(27)	(125)	(5)	**(158)**
Balance at 31 December 2019	**98,694**	**6,404**	**13,630**	**118,728**

Lease liabilities

Maturity analysis – contractual undiscounted cash flows

	Property	**Vehicles**	**IT and machinery**	**Total**
2019	17,056	4,413	9,018	**30,487**
2020	15,188	2,560	6,799	**24,547**
2021	13,992	348	4,791	**19,131**
2022	13,928	23	3,537	**17,488**
2023	13,912	-	2,837	**16,749**
2024------->	51,622			**51,622**
Total undiscounted lease liabilities at 31 December	125,698	7,344	26,982	**160,024**
Balance at 31 December 2019	**100,194**	**6,701**	**14,008**	**120,903**
Current	**17,056**	**4,413**	**9,018**	**30,487**
Non-current	**83,138**	**2,288**	**4,990**	**90,416**
Amounts recognised in profit or loss 01.01.19 - 31.12.19				
Depreciation of right-of-use assets	9,791	5,068	8,013	**22,872**
Interest on lease liabilities	1,889	421	710	**3,020**
Total recognised in profit or loss	**11,680**	**5,489**	**8,723**	**25,892**

Total cash outflow related to leases during the financial statement period 01.01.19 - 31.12.19

	Property	**Vehicles**	**IT and machinery**	**Total**
Cash outflow	11,801	5,328	8,618	**25,747**
Total	**11,801**	**5,328**	**8,618**	**25,747**

Right-of-use assets

	Property	**Vehicles**	**IT and machinery**	**Total**
Balance as of 1 January 2020	98,694	6,404	13,630	**118,728**
Additions to right-of-use assets during the financial year	18,715	7,421	13,710	**39,846**
Depreciation charge for the year	(16,392)	(5,476)	(8,921)	**(30,790)**

Disposals/lease contracts cancelled	2,888	327	(673)	**2,542**
Currency translations	1,207	223	192	**1,623**
Balance at 31 December 2020	**105,113**	**8,899**	**17,937**	**131,949**

Lease liabilities

Maturity analysis – contractual undiscounted cash flows

	Property	Vehicles	IT and machinery	Total
2021	25,893	5,950	7,195	**39,038**
2022	16,675	2,722	6,132	**25,530**
2023	16,233	1,667	4,159	**22,059**
2024	15,905	392	3,010	**19,307**
2025	13,333	258	57	**13,647**
2026------->	41,822			**41,822**
Total undiscounted lease liabilities at 31 December	129,861	10,989	20,553	**161,403**
Balance at 31 December 2020	**108,720**	**9,123**	**18,305**	**136,147**
Current	**25,893**	**5,950**	**7,195**	**39,038**
Non-current	**82,827**	**3,173**	**11,110**	**97,109**

Amounts recognised in profit or loss 01.01.20 - 31.12.20

	Property	Vehicles	IT and machinery	Total
Depreciation of right-of-use assets	16,392	5,476	8,921	**30,790**
Interest on lease liabilities	5,262	369	973	**6,604**
Total recognised in profit or loss	**21,654**	**5,846**	**9,894**	**37,394**

Total cash outflow related to leases during the financial statement period 01.01.20 - 31.12.20

	Property	Vehicles	IT and machinery	Total
Cash outflow	19,653	5,925	9,876	**35,454**
Total	**19,653**	**5,925**	**9,876**	**35,454**

The leases represents future cash outflows. These cash flows are exposed to financial risk from credit risk, liquidity risk, interest risk and market risk. The Groups exposure is presented in note 22, and related capital management in note 21.

Note 21 | Capital management

Abax Group AS, monitors constantly liquidity/credit and market risk, in order to ensure the group is maximising cash generation, and minimising costs, through a number of initiatives and polices, within the relevant risk elements of capital management.

Through the effective management of capital, Abax Group AS ensures that it has sufficient funding to cover existing and on-going obligations, whilst building additional reserves of capital to fuel future undertakings, that will grow the business for the benefit of all shareholders.

Ratios used in monitoring of capital / covenants

ABAX Group AS has no applicable covenant obligations as per 31.12.2020. The covenants related to the RCF facilities will first be applicable if we utilize more than 40% of the total facilities. The actual covenant levels are still monitored on a monthly basis as part of our fixed management reporting. In addition, we send SEB a condensed version of the management report also on a monthly basis. And lastly, we monitor cash development for the Group and per subsidiary on a rolling 13 weeks period to management on a weekly basis.

Note 22 | Financial risk management and exposures

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises primarily from the Group's receivables from customers and contract assets.

The carrying amount of financial assets and contract assets represents the maximum credit exposure.

Amounts in NOK thousand	2020	2019
Impairment loss on trade and other receivables including contract assets	5,505	9,328
Total	**5,505**	**9,328**

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group monitors closely the development in the age distributed balance of the trade receivables, in order to cater for a as healthy accounts receivable as possible. All invoicing are prepayments for monthly fees for the next year or quarter and no credit checks being executed in advance of a new sale.

At 31 December 2020 and 31 December 2019, the exposure to credit risk for trade receivables and contract assets by geographic region was as follows:

	Carrying amount	Carrying amount

Amounts in NOK thousand	**2020**	**2019**
Norway	32,563	49,250
Sweden	42,048	56,655
UK	16,330	24,182
Other regions	24,661	32,231
Total	**115,601**	**162,317**

ABAX Group only sells to end-user customers. The entire account receivables portfolio has end-user counterparties.
ABAX Group has a variety of small customers, and not one single customer accounting for more than 1% of trade receivables and contract assets.

A summary of the Group's exposure to credit risk for trade receivables is as follows:

31 December 2019

Amounts in NOK thousand	**Not credit-impaired**	**Credit-Impaired**	**Total**
- Four or more years' trading history with the Group*	19,824	-	**19,824**
- Less than four year's trading history with the Group*	44,231	2,704	**46,936**
- Higher risk	-	-	**-**
Total loss carrying amount	64,056	2,704	**66,760**
Loss allowance	3,784	2,704	**6,488**
Total	60,272	-	**60,272**

*excluding 'higher risk'

31 December 2020

Amounts in NOK thousand	**Not credit-impaired**	**Credit-Impaired**	**Total**
- Four or more years' trading history with the Group*	20,938		**20,938**
- Less than four year's trading history with the Group*	46,715	21,441	**68,155**
- Higher risk			**-**
Total loss carrying amount	67,652	21,441	**89,093**
Loss allowance	6,268	21,441	**27,708**
Total	61,385	-	**61,385**

*excluding 'higher risk'

The Group considers the credit risk on contract assets, loans to employees and other receivables to be immaterial.

Expected credit loss assessment for customers
The Group uses a loss allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable processing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region, age of customer relationship and credit risk rates. Credit risk rates are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from customers as at 31 December 2020.

31 December 2019 *Amounts in NOK thousand*	**Weighted-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**	**Credit-impaired**
Current (not past due)	0.0 %	31,900		31,900	No
1-90 days past due	2.7 %	24,971	(674)	24,297	No
91-180 days past due	25.0 %	3,419	(855)	2,564	No
181-270 days past due	50.0 %	2,278	(1,139)	1,139	No
271-360 days past due	75.0 %	1,488	(1,116)	372	No
More than 361 days past due	100.0 %	2,704	(2,704)	-	Yes
Total		**66,760**	**(6,488)**	**60,272**	

31 December 2020 *Amounts in NOK thousand*	**Weighted-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**	**Credit-impaired**
Current (not past due)	1.0 %	36,347	(507)	35,840	NO
1-90 days past due	2.7 %	23,308	(2,326)	20,982	NO
91-180 days past due	50.0 %	5,492	(3,435)	2,057	NO
181-270 days past due	100.0 %	5,009	(4,732)	277	YES
271-360 days past due	100.0 %	2,412	(2,305)	107	YES
More than 361 days past due	100.0 %	16,525	(14,404)	2,122	YES
Total		**89,093**	**(27,708)**	**61,385**	

Loss rates are based on actual credit loss experience over the past 2 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the allowance for impairment in respect to trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

Amounts in NOK thousand	**2020**	**2019**
Balance at 01.01	6,488	6,647
Balance acquired through purchase transaction	31,236	-
Amounts written off	(15,522)	(9,487)
Net remeasurement of loss allowance	5,505	9,328
Balance at 31 December	**27,708**	**6,488**

There is a significant change in provision for bad debt in the period 01.01.20 to 31.12.20. The reason for this is the acquisition done during 2020.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. Abax Group AS' policy and approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the reputation of Abax AS. Abax Group AS, utilises a rolling 13- week cashflow, and trading result analysis to constantly monitor the liquidity of all companies within the group.

As at 31 December 2020 the group has unrestricted cash of NOK 138,1 million. In addition, senior secured RCF facilities amount to NOK 50 million of which NOK 39 million is undrawn (11 MNOK committed as a guarantee for office location, however the Group has not received the cash, it's only a guarantee)

The table below analyses the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2019 *Amounts in NOK thousand*	**Book value**	**Total cash flow [1)]**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Borrowings	544,746	681,777		39,341	72,866	569,570	-
Leasing	120,903	160,024	5,081	25,406	24,547	53,368	51,622
Loans from group companies	77,581	111,271	530	2,649	6,583	7,121	94,388
Net derivative financial instruments							
Trade and other payables	161,426	161,426	42,453	104,621			-
Total	**904,657**	**1,114,498**	**48,064**	**172,017**	**103,996**	**630,059**	**146,010**

1) Nominal currency value including interest

31 December 2020 *Amounts in NOK thousand*	**Book value**	**Total cash flow [1)]**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Borrowings	983,422	1,050,000		-	-	1,050,000	-
Leasing	136,147	161,403	6,506	32,532	25,530	55,013	41,822
Loans from group companies	79,274	79,274	377	1,887	4,690	5,073	67,246
Trade and other payables	206,584	206,584	43,512	163,071			-
Total	**1,405,427**	**1,497,261**	**50,396**	**197,491**	**30,220**	**1,110,086**	**109,068**

1) Nominal currency value including interest

Market risk

Currency risk - transactions in foreign currency

ABAX Group AS' cash flows from operating activities deriving from sales are in various currencies, while operating expenses, capital expenditures and inventory cost are mainly in NOK. The Group does not hedge its exposure to currency risk, but monitors the fluctuations carefully and takes measures as necessary.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

31 December 2019 *Amounts in NOK thousand*	**GBP**	**SEK**	**DKK**	**EUR**	**Other**	**Total**
Trade receivables	6,481	21,068	4,377	7,466	288	**39,680**
Trade payables	(87)	(685)	(411)	(415)	(165)	**(1,763)**
Net statement of financial position exposure	**6,395**	**20,383**	**3,966**	**7,051**	**123**	**37,918**
Next six months' forecasted sales	15,809	89,201	10,158	23,901	798	**139,867**
Next six months' forecasted purchases	(9,206)	(26,374)	(3,273)	(16,973)	(2,448)	**(58,275)**
Net forecast transaction exposure	**6,603**	**62,827**	**6,884**	**6,928**	**(1,650)**	**81,593**
Net exposure	**12,998**	**83,210**	**10,850**	**13,979**	**(1,527)**	**119,510**

31 December 2020

Amounts in NOK thousand	GBP	SEK	DKK	EUR	Other	Total
Trade receivables	6,082	24,623	3,267	8,789	942	**43,702**
Trade payables	(240)	(3,680)	(141)	(3,701)	(2,983)	**(10,745)**
Net statement of financial position exposure	**5,842**	**20,942**	**3,126**	**5,088**	**(2,041)**	**32,957**
Next six months' forecasted sales	24,021	154,119	10,130	53,505	9,930	**251,706**
Next six months' forecasted purchases	(11,843)	(36,861)	(3,871)	(26,967)	(14,431)	**(93,973)**
Net forecast transaction exposure	**12,178**	**117,259**	**6,259**	**26,538**	**-**	**157,733**
Net exposure	**18,020**	**138,201**	**9,385**	**31,626**	**-**	**190,689**

Sensitivity analysis

A reasonably possible weakening (strenghtening) of SEK, DKK, EUR or GBP against NOK at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit and loss by the amounts shown below.

	2020		2019	
Amounts in NOK thousand	**Profit (loss) before tax**	**Equity increase (decrease) (before tax)**	**Profit (loss) before tax**	**Equity increase (decrease) (before tax)**
SEK (15 % weakening of NOK)	20,275	141,614	540	10,095
DKK (15 % weakening of NOK)	2,033	(3,100)	1,133	(2,993)
EUR (15 % weakening of NOK)	2,571	(14,071)	273	(13,572)
GBP (15 % weakening of NOK)	1,405	(8,216)	185	(8,337)

A 15 percent strengthening of the NOK against the above currencies as of December 31 would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant. The sensitivity analysis does not include effects on the consolidated result and equity from changed exchange rates used for consolidation of foreign subsidiaries.

Interest risk

The Group's interest rate risk arises from borrowings from external financial institutions (Senior secured bond issue) and financing from parent entities. The Group's liabilities are mainly denominated in NOK. The Group's interest rate is all variable (NIBOR+margin according to the Nordic Bond agreement). The Group uses interest rate derivatives, primariliy interest rate swap, to manage the interest rate risk on the long-term debt portfolio.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

31 December 2019 *Amounts in NOK thousand*	**Floating rate**	**Fixed rate**	**Total**
Interest-bearing liabilities	197,783	360,000	**557,783**
Net exposure	**197,783**	**360,000**	**557,783**

31 December 2020 *Amounts in NOK thousand*	**Floating rate**	**Fixed rate**	**Total**
Interest-bearing liabilities	1,000,000	-	**1,000,000**
Net exposure	**1,000,000**	**-**	**1,000,000**

Sensitivity analysis

The following interest rate risk sensitivity has been calculated assuming a change of 1,0 percentage points as a reasonably possible changes in the NIBOR interest rates as of the end of 2020.

Amounts in NOK thousand	**2020**	**2019**
Cash and cash equivalents	1,441	466
Borrowings	(10,000)	(3,956)
Cash flow sensitivity	**(8,559)**	**(3,490)**

The Group has entered into an interest swap agreement with its debt counterparty for part of the outstanding debt balance. The derivative is not designated as a hedging instrument.

Overview incl fair value (FV) of currency and interest swaps as of December 31 2020:

SEB Ref no	Trade date	Start date	Maruity date	CCY	Principal am.	Rate Code	Rate	Net Present value
1389436/47516552OS	01/12/2020	23/12/2020	23/12/2023	NOK	750,000,000	3MNOKNI	0.46000	1,169,080
1389436/47516552OS	01/12/2020	23/12/2020	23/12/2023	NOK	-750,000,000	NOKFX	0.57900	-

Price risk

ABAX Group's products are sold on long-term fixed price contracts, normally with a maturity of 36 months. The group's exposure to price risk is low, and prices follow general consumer price growth in the different countries which the group operates. Cost of goods and services are expected to fluctuate in the same matter as sales prices.

Note 23 | Financial instruments

Carrying amounts shown in the statement of financial position, presented together with fair value per category

The table below lists the group's financial instruments, both assets and liabilities. Financial instruments measured at fair value are classified by the levels in the fair value hierarchy. All other financial instruments are classified by the main group of instruments as defined in IFRS 9. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. For financial instruments measured at fair value, the levels in the fair value hierarchy are as shown below.

31 December 2019

Amounts in NOK thousand	**Notes**	**Financial instruments at amortised cost**	**Financial instruments at FVTPL**	**Financial assets at FVOCI**	**Other financial liabilities at amortised cost**	**Total**	**Level in fair value hierarchy**
Non-current assets							
Other non-current receivables	12	1,289				1,289	
Other investments, including derivatives			866			866	
Current assets							
Trade receivables	14	60,272				60,272	
Other receivables	14	80,705				80,705	
Contract assets	4	102,044				102,044	
Cash and cash equivalents	16	46,560				46,560	
Non-current liabilities							
Liabilities to credit institutions	18				620,625	620,625	
Loans from group companies	18				15,504	15,504	
Fair value interest rate swap						-	**Level 2**
Other long term liabilities					17,872	17,872	
Current liabilities							
Trade payables	19				38,999	38,999	
Tax payables	8				902	902	
Public duties payable	19				24,403	24,403	
Loans from group companies	18				62,077	62,077	
Other current liabilities					231,661	231,661	
Current portion of long-term debt	18				11,500	11,500	
Total		**290,870**	**866**	**-**	**1,023,543**	**1,315,279**	

31 December 2020

Amounts in NOK thousand	**Notes**	**Financial instruments at amortised cost**	**Financial instruments at FVTPL**	**Financial assets at FVOCI**	**Other financial liabilities at amortised cost**	**Total**	**Level in fair value hierarchy**
Non-current assets							
Other non-current receivables	12	6,568				6,568	
Other investments, including derivatives		500	0			500	
Current assets							
Trade receivables	14	61,385				61,385	
Other receivables	14	71,700				71,700	
Contract assets	4	54,216				54,216	
Cash and cash equivalents	16	143,955				143,955	
Non-current liabilities							
Liabilities to credit institutions	18				1,085,499	1,085,499	
Loans from group companies	18				-	-	
Fair value interest rate swap			1,086			1,086	**Level 2**
Other long term liabilities					17,282	17,282	
Current liabilities							
Trade payables	19				36,870	36,870	
Tax payables	8				2,989	2,989	
Public duties payable	19				32,624	32,624	
Loans from group companies	18				79,274	79,274	
Other current liabilities					295,881	295,881	
Current portion of long-term debt	18				-	-	
Total		**338,323**	**1,086**	**-**	**1,550,418**	**1,889,827**	

Level 1

Fair values are based on prices quoted in an active market for identical assets or liabilities.

Level 2

Fair values are based on price inputs other than quoted prices derived from observable market transactions in an active market for identical assets or liabilities.

Level 2 includes interest derivatives which are computed as the sum of the value of a fixed leg and the value of a floating leg. The fixed leg is computed as a sum of cash flows, where each cash flow is computed as the notional x fixed rate x length of the period (in year) x discounting factor. The floating leg is computed as a sum of cash flows, where each cash flow is computed as the notional x the projected rate x length of the period (in year) x discounting factor. The discount factors and projected rate are computed from the interest rate curve. The notional is scaled according to the amortizing structure of the deal.

Level 3
Fair values are based on unobservable inputs, mainly based on internal assumptions used in the absence of quoted prices from an active market or other observable price inputs.

Note 24 | Group companies

This note gives an overview of entities that are subsidiaries of ABAX Group AS. The Group holds all shares in all subsidiaries. If not stated otherwise, ownership equals the percentage of voting rights.

			2020	2019
Company	**Location**	**Country**	**Ownership %**	**Ownership %**
ABAX AS	Larvik	Norway	100	100
ABAX Performance AS	Larvik	Norway	100	100
ABAX Technology AS	Larvik	Norway	100	100
ABAX Sweden AB	Västeras	Sweden	100	100
ABAX Danmark A/S	Copenhagen	Denmark	100	100
Fleetfinder ApS	Copenhagen	Denmark	100	100
ABAX Finland OY	Helsinki	Finland	100	100
ABAX Nederland BV	Amsterdam	Netherlands	100	100
ABAX UK Ltd	Petersborough	United Kingdom	100	100
ABAX China Co., Ltd	Nantong	China	100	100
ABAX Poland sp. Z.o.o	Gdynia	Poland	100	100
ABAX Deutschland GmbH	Berlin	Germany	100	100
Automile Holding AB	Stockholm	Sweden	100	N/A
Automile AB	Stockholm	Sweden	100	N/A
Automile AS	Oslo	Norway	100	N/A
Automile Inc	Utah	US	100	N/A
RAM Track & Trace (Netherlands) B.V	Utrecht	Netherlands	100	N/A
RAM Mobile Data (Belgium) BVBA	Diegem	Belgium	100	N/A

Note 25 | Related party transactions

Parent and ultimate controlling party

ABAX Group AS is owned by ABAX Midco AS: Ultimate controlling party is Triplog Holdings Ltd.

Related party transactions

Short term debt to related parties

Amounts in NOK thousand	**2020**	**2019**
ABAX Invest AS	-	36,072
ABAX MidCo AS	79,265	26,004
Balance at 31 December	**79,265**	**62,076**

Long term debt to related parties

Amounts in NOK thousand	**2020**	**2019**
ABAX Invest AS	-	15,504
Balance at 31 December	**-**	**15,504**

Transactions with related parties

Related party	**Shareholding**
Triplog Holdings Ltd	Owns indirectly 80,24 % of shares in ABAX Group AS
ABAX Invest AS	Ultimate norwegian parent company
Investcorp	Manager of investment in ABAX Group AS on behalf of its owners in which no person or institutions holds more than 25%

Transactions with related parties

The Group has carried out several different transactions with related parties. All transactions are carried out as part of normal business operations and according to the arm's length principle. The most significant transactions carried out are as follows:

- Monitoring fees from Investcorp of NOK 2,5 million invoiced through Triplog Holdings Ltd in 2020.
- Monitoring fees from Investcorp of NOK 2,5 million invoiced through Triplog Holdings Ltd in 2019.

Note 26 | Provisions for restructuring costs

Amounts in NOK thousand	2020	2019
Balance at 01.01	-	8,917
Provisions made during the year	-	-
Provisions used during the year	-	(8,917)
Balance at 31 December	**-**	**-**

The restructuring of the Abax headcount started in 2018 and was a one-time cost that was required in order to ensure that the business operations are streamlined and set up for further future success. The amounts are calculated from the month in which discussions started with the affected employees, which impacted their work and covered that period up to their last payment. The period for each employee will be different, due to length of service, and existing specific employments conditions in existing contracts.
There is no restructuring costs in 2020.

Note 27 | Gains / Losses from divestments

In June 2019 the Worker product was sold. The divestment resulted in a loss of 21 MNOK. There is no divestments in 2020.

Note 28 | Subsequent events

During June 2020 Abax Group raised a Nordic Bond. This Bond has replaced the current long term loan and credit facilities previously held with SEB. The Bond was listed and is active on Oslo Børs from 04.01.2021 .

On 8 April 2021, a Tribunal in an Arbitration Case administered by the Dispute Resolution Institute of the Oslo Chamber of Commerce, rendered to the benefit of Abax Group AS, an arbitrational award concerning a claim against the insurance provider under the insurance and indemnity policy which Abax Group AS had taken out in connection with the Company's acquisition of Abax Holding AS in 2017. The claim related to an adjustment in the revenues of Abax Holding AS for a period in time prior to the completion of the acquisition. Pursuant to the award, the Company will receive payments of insurance proceeds during 2021.

Note 29 | Covid-19

During the first half of 2020 we have seen a big challenge to all parts of the world due to COVID-19.
In the short-term (first three to four weeks), we experienced like most firms across our industry and the globe, a decrease in new to new sales. We have throughout the pandemic continued to upsell and cross sell to our existing base of 252,000 subscriptions, which reflects the strength of our subscription base. As for the long-term effects, we will have to see what the wider effects on business across the globe will be, but ABAX has a very strong subscription base, and a lot of data, and the skilled personnel and leadership to be able to weather this pandemic.

Note 30 | Segment reporting

The Group recognizes only a single segment in the accordance with the definition of operating segment in IFRS 8. The starting point for identifying operating segments on whcih separate information can be provided are the internal reports to and monitoring by the group management. The group management monitors operating income for the entire business as one operating segment.

Note 31 | Business Combinations

RAM Belgium and RAM Netherlands

3 August 2020 the Group completed the acquisition of 100% of the shares in the RAM track-and-trace business; RAM Track & Trace (Netherlands) B.V and RAM Mobile Data (Belgium) BVBA (hereafter called RAM). The shares were acquired from RAM MOBILE DATA (Netherlands) B.V. EUR 3.5 million were settled by cash and the remaining with an earnout agreement.
The acquired companies owns a self-developed mobility platform consisting of propriety software combined with specific hardware and network configurations for tracking people, vehicles and equipment and provides a variety of mobility solutions to customers in Belgium and Netherlands under the name "RAM Track-and Trace".
The amounts recognized at the date of acquisitions in respect of identifiable assets acquired and liabilities assumed are set out in the table below. The items are translated to the presentation currency at transaction date.

Amounts in NOK thousand	RAM
Purchase consideration	
Cash consideration	37 741
Ordinary shares issued	17 253
Total purchase consideration	**54 993**
Customer relationship, Technology and Trademark	26 963
Other non-current assets	307
Current assets	9 873
Cash and cash equivalents	1 107
Deferred tax liability	(7 624)
Trade payables and other current liabilities	(10 151)
Total net identifiable assets acquired at fair value	**20 475**
Consideration	54 993
Goodwill	**34 518**
Net cash outflow arising on acquisition	
Cash consideration	37 741
Less:	
Cash and cash equivalent balances acquired	(1 107)
Net cash outflow arising on acquisition	**36 633**

Goodwill from the acquisitions of RAM are attributable to geographical presence, technical expertise and synergies . Goodwill in the acquisition of RAM are all allocated to Abax Group level.
Acquisition costs of 1.7 MNOK arose as a result of the transaction. These have been recognized as part of other operating expenses in the

Automile Group
19 October 2020 the Group completed the acquisition of 100% of the shares in Automile Holding AB (Automile), previously held by a group of investors. The fair value of the agreed purchase price is USD 87 million or NOK 801,3 million. USD 56.4 million were settled by cash and the remaining were settled by issuance of shares in Abax Invest AS, creating a intercompany transaction between Abax Invest AS and Abax Group AS that were immediately converted to equity in Abax Group AS.
Automile is a leading Nordic SaaS telematics and IoT company having offices in Sweden, Norway, and the US. Trusted with over 10,000 businesses and 87,000 subscribers Automile offers fleet tracking, mileage logging, fleet management, and asset tracking services to small-medium and large businesses.
The amounts recognized at the date of acquisitions in respect of identifiable assets acquired and liabilities assumed are set out in the table below. The items are translated to the presentation currency at transaction date.

Amounts in NOK thousand	Automile
Purchase consideration	
Cash consideration	523 717
Ordinary shares issued	277 604
Total purchase consideration	**801 321**
Customer relationship, Technology and Trademark	172 123
Other non-current assets	27 934
Current assets	40 753
Cash and cash equivalents	72 103
Deferred tax liability	(36 793)
Trade payables and other current liabilities	(67 951)
Total net identifiable assets acquired at fair value	**208 169**
Consideration	801 321
Goodwill	**593 152**
Net cash outflow arising on acquisition	
Cash consideration	523 717
Less:	
Cash and cash equivalent balances acquired	(72 103)
Net cash outflow arising on acquisition	**451 614**

Goodwill from the acquisitions of Automile are attributable to geographical presence, technical expertise and synergies . Goodwill in the acquisition of Automile are all allocated to Abax Group level.

Note 32 | Proforma numbers

Pro-forma 2020 financials shows the profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. Additionally, the two acquisitions during 2020, RAM and Automile have been shown with pro-forma 12 months financials

Amounts in NOK thousand	Abax Group (financials from date of acquisition)	2020 RAM pre-acquisition (1.1.20-31.7.20)	2020 Automile pre-acquisition (1.1.20-19.10.20)	Pro-Forma Financials Abax Group (1.1.20-31.12.20)
REVENUE	512,061	26,593	93,649	632,302
OPERATING PROFIT (+) LOSS (-)	(115,367)	4,120	5,422	(105,826)
PROFIT (+) LOSS (-) BEFORE TAX	(181,135)	4,015	4,795	(172,324)
PROFIT (+) LOSS (-) FOR THE PERIOD	(142,300)	2,515	4,680	(135,104)

Amounts in NOK thousand	2020 RAM pre-acquisition (1.1.20-31.7.20)	2020 RAM post-acquisition (1.8.20-31.12.20)	2020 RAM Pro-Forma Full year (1.1.20-31.12.20)
REVENUE	26,593	18,700	45,293
OPERATING PROFIT (+) LOSS (-)	4,120	1,265	5,385
PROFIT (+) LOSS (-) BEFORE TAX	4,015	1,189	5,204
PROFIT (+) LOSS (-) FOR THE PERIOD	2,515	568	3,083

Amounts in NOK thousand	2020 Automile pre-acquisition (1.1.20-19.10.20)	2020 Automile post-acquisition (20.10.20-31.12.20)	2020 Automile Pro-Forma Full year (1.1.20-31.12.20)
REVENUE	93,649	17,162	110,811

OPERATING PROFIT (+) LOSS (-)	5,422	(3,523)	1,899
PROFIT (+) LOSS (-) BEFORE TAX	4,795	(3,602)	1,193
PROFIT (+) LOSS (-) FOR THE PERIOD	4,680	(5,875)	(1,195)

Alternative Performance Measures

Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, gains and losses from divestments, amortisation related to goodwill, intangible assets, property, plant and equipment and the Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Amounts in NOK thousand	**2020**	**2019**
Loss for the period	(142,300)	(59,903)
Income tax expense	(38,835)	(31,410)
Loss before tax	(181,135)	(91,312)
Adjustments for:		
– Net finance costs	65,767	42,130
– Depreciation	38,807	26,674
– Amortisation	209,889	146,018
– Gains/losses from divestment	-	21,066
Adjusted EBITDA	**133,328**	**144,576**