

ABAX GROWS MRR BY 7.3% in Q4

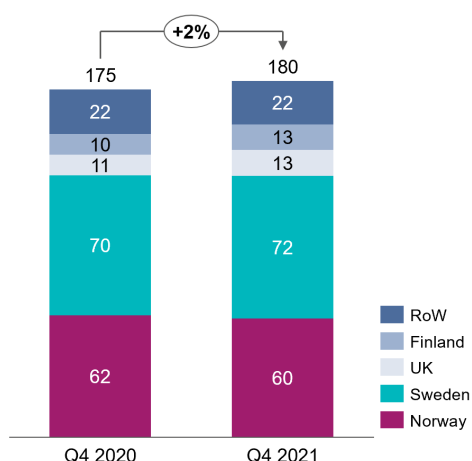
Q4 2021

- Pro-forma revenue¹ of 179,5 (182,6) MNOK in the fourth quarter, represents a decrease of 2% from Q4 2020.
- When adjusted for NRI² revenue growth was 2% (from 175,4 MNOK in Q4 2020).
- Adjusted EBITDA of 75,4 (62,9)³ MNOK, represents a growth of 20% from Q4 2020.

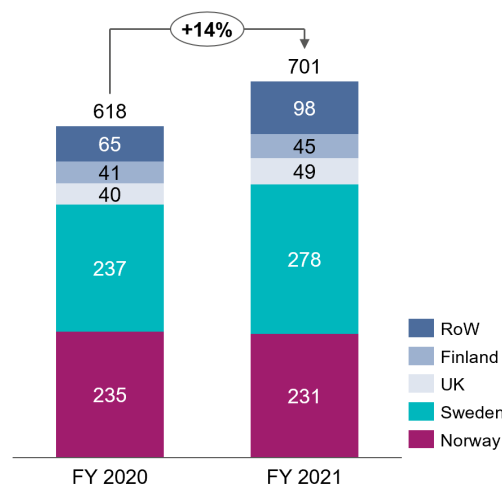
FULL YEAR 2021

- Pro-forma revenue for the full year 2021 of 701,0 (624,7) MNOK, a growth of 12%.
- When adjusted for NRI² revenue growth was 14% (from 617,5 MNOK in FY2020).
- Adjusted EBITDA for the full year 297,6 (261,6)³ MNOK, represents a growth of 14% compared to FY2020.

Q4 Pro-Forma Revenue³, MNOK



FY 2021 Pro-Forma Revenue³, MNOK



KEY FIGURES³

Amounts in NOK million	Q4 2021	Q4 2020	Jan-Dec 2021	Jan-Dec 2020
Pro-forma revenue	179,5	175,4	701,0	617,5
Adjusted EBITDA	75,5	62,9	297,6	261,6
Adjusted EBITDA margin	42%	36%	42%	42%

¹ Abax constitutes the operating entities under Abax Group AS. All figures in () refer to the comparable figures from previous year. The pro-forma revenue for the year-to-date 2021 and full year 2020 reflects Revenue Recognition Change. All figures are shown under IFRS.

² NRI Dec Q4 2020 related to change of revenue recognition principles in Automile.

³ 2020 figures net of NRI adjustment.

ABOUT ABAX

Abax is the largest independent telematics IoT platform in Europe. Telematics is the science of connecting mobile and distributed assets and is one of the fastest-growing IoT segments. We develop our own line of hardware, firmware and software which, tied together in an open platform, allows other sensors to connect and collect data through the Abax Global Network.

Abax provides an innovative end-to-end platform to support digitalisation and automation for our customers. Hosted and born in the cloud, we are always available.

Innovation, sustainability and enthusiasm are at the core of the experience our customers have with Abax. Our solutions continually help our customers run their businesses smarter, making it easy for them to improve efficiency, comply with legislation and increase profitability.

Abax is at the forefront of telematics, with a proven track record of customer acquisition and innovation. Over the last years we have grown our customer base organically and through acquisitions to a total of 44,310 customers and more than 386,600 subscriptions within our IoT Network.

FOURTH QUARTER OPERATIONS UPDATE

The 4th quarter proved the strength of the Abax business model, with the programmatic approach to base management adding increased value to our customer offerings, which enabled us to grow MRR/ARR organically by 7.3%. This growth was the result of an improved monetization of the ABAX subscription base, with a strong focus on churn reduction, and an increase of MRR from new services to existing customers and continued new sales to new customers.

During FY 2021 we have increased our average prices by 5% across the group, illustrating the strength of the product offering to our customers, and their recognition of that value. During Q4 2021 this was further demonstrated by our customers as we up-sold more than 30,000 subscriptions to the comprehensive ABAX Access offering.

The operational challenges from the global component shortage impacted the speed at which we were able to deliver hardware for new subscriptions. Our Supply Chain team worked hard with our current suppliers and onboarded new additional suppliers to secure additional volumes to cover most of our demand. However, some shipments experienced small delays during the quarter with a small number of orders that were contracted but not shipped. Overall, our ability to supply new customers and to monetize our large subscription base has given us a strong foundation with 59 MNOK MRR exiting FY 2021.

We continued to maintain strong cost and operational control of the business throughout the quarter. Some elements of our cost of goods sold, have been negatively impacted by inflation and supply shortage through the quarter, but this has been offset by our continuous review and reduction of other cost elements, giving us a flat to marginal decrease in cost of goods sold, and a solid margin picture, resulting in a strong EBITDA growth in Q4.



Morten Strand, CEO

FINANCIAL HIGHLIGHTS – Q4, 2021

Subscriptions continue to grow across the company, highlighting the company's unrelenting focus on helping its customers connect their assets. This has resulted in an 8 % increase in subscriptions from Q4 2020.

The growing customer base results in increasing MRR (Monthly Recurring Revenue) adding predictability to the company's revenue, which is a key financial focus / objective of Abax. MRR has increased by 10,2% in FY 2021 compared to FY 2020.

Revenue in the fourth quarter amounted to 179,5 (175,4) MNOK. Full year 2021 revenue was 701,0 (617,5) MNOK an increase of 14% on last year.

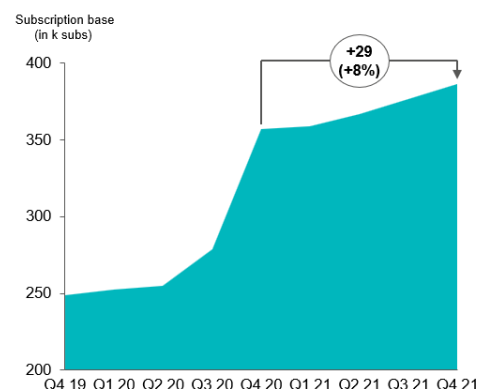
With the continuing global shortage of electronic components affecting the industry, Abax has maintained its focus during 2021 on securing its supply chain with minimum impact to our customers. However, Abax still experienced a slight delay in shipping equipment to our customers in Q4, this resulted in a temporary impact to revenue and adjusted EBITDA during 2021. The Dec 21 backlog on MRR was 0,2 MNOK.

Adjusted EBITDA in the fourth quarter amounted to 75,5 (62,9) MNOK resulting in a growth of 20% compared to Q4, 2020. Adjusted EBITDA margin of 42% (36%). Full year Adjusted EBITDA amounted to 297,6 (261,6) MNOK resulting in a strong adjusted EBITDA margin of 42% (42%).

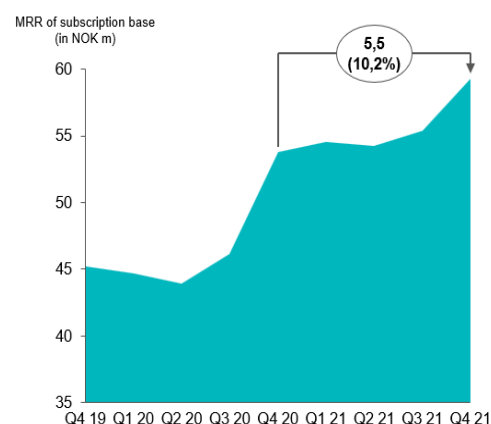
YTD employee related expenses and other operating expenses amounted to 354,1 (321,1) MNOK, corresponding to an increase of 10,3%, as a result of full year cost of acquisitions in 2021. The number of fulltime employees at the end of the fourth quarter was 344,

YTD depreciation and amortisation amounted to 337,2 (248,6) MNOK.

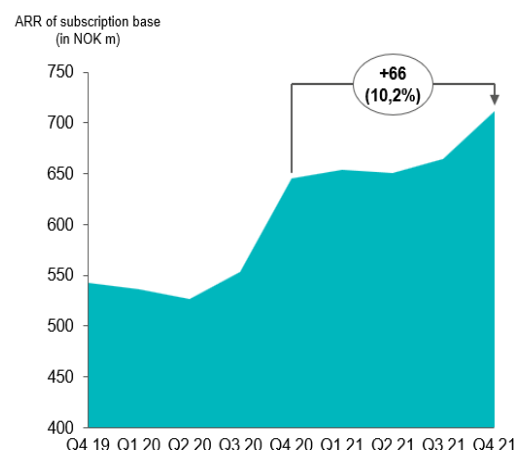
Qtrly Subscriptions



MRR Development



ARR Development



COVID-19 IMPLICATIONS ON THE BUSINESS

During the last four quarters, we have seen a slow return to stability across our core Nordic markets and increasing business activity in markets such as the UK. Abax continues to support its customers with connectivity of assets to their businesses and increasing their ROI in these uncertain times.

The Abax leadership team continues to monitor the development of the COVID 19 pandemic across the Group and will take adequate actions if required.

LIQUID FUNDS

By the end of December 2021, Abax's cash amounted to 397 MNOK. Additionally, Abax has a non-utilised credit facility amounting to 50 MNOK.

Abax's cash conversion is driven by the payment frequencies of subscription fees, ranging from monthly/quarterly and yearly in advance, off-set by investments in capital expenditures and capitalised R&D.

LEVERAGE

By the end of the third quarter the leverage amounted to 2,0 x LTM Q4-21 EBITDA. The leverage is calculated according to the table on the righthand side, under IFRS. This calculation is in line with the definitions agreed in the existing bond terms.

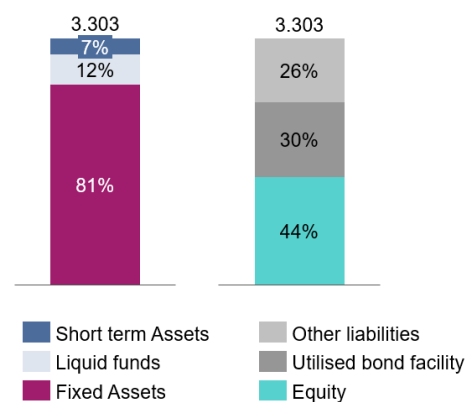
Leverage calculation, NOK million	
Utilised bond facility	1000
Cash	-397
Net debt	603
Pro forma LTM EBITDA	298
Leverage (Net debt/EBITDA)	2,0x

BALANCE SHEET

Abax's fixed assets amount to 81% of total assets, of which 90% refer to intangible assets subject to impairment tests. Management believes that these assets provide for a solid foundation to drive future profitability and growth.

The external interest-bearing loans amounted to 1,120 MNOK of which 1,000 MNOK refer to utilised bond facility and 120 MNOK refer to financial lease liability under IFRS 16.

Balance Sheet - M NOK



PRODUCTS AND TECHNOLOGY

Abax is in a unique position to become the central IoT platform provider within the Fleet Management space. Already with over 386K devices powering the Abax Global Network (Bluetooth Enabled), the Abax Open IoT Platform will provide access to millions of connected devices & sensors in Vehicles, Machines, Tools - in fact any sensor of interest to run a business seamlessly and effortlessly.

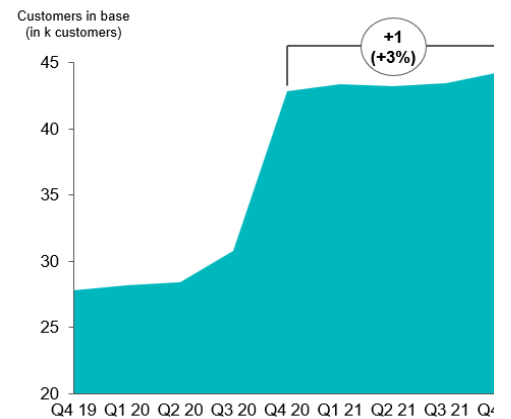
On top of that, the Abax Open IoT Platform will provide data to power a suite of add on services through our partners in Insurance as well as the Abax After-sales Portal for Dealers. All of which provide Abax, with more revenue growth opportunities in the future.

CUSTOMERS

Abax's diversified customer base mainly consists of small and medium-sized enterprises (SME) with the potential for multiple services, but that currently primarily use one of Abax' services. The SME customers are loyal, with an average lifetime of approximately 8 years. Customer numbers have increased by 3 % since Q4-2020.

The segments of mid-sized customers (20-80 vehicles) and key accounts, particularly in Norway and Sweden, offer particular potential for up- and cross-selling as these customers typically operate larger fleets of vehicles, machines and tools and are interested in more than one service.

Customer Growth



SUSTAINABILITY

Abax was born along the south-western coastal city of Larvik, Norway where we still have our headquarters. Surrounded by unique fjords and forests, it's no wonder we believe that businesses have a part to play in protecting the environment in which they operate.

Our approach is linked to helping Norway reach its sustainability goals as well as being a sustainably viable business in our own right.

Abax's sustainability initiatives can be found at www.abax.com under the Corporate Social Responsibility.



MARKET

Abax is well positioned to leverage on a growing and fragmented marketplace. Abax benefits from being present in some of the most established European markets such as the Nordics, UK, and Benelux. Growth for Abax in those markets is aided by the large awareness of Internet of Things (IOT) and connectivity amongst its customers as well as the value, short pay-back time and benefits Abax provides to those customers.

RISKS

The operations of Abax Group are exposed to several financial risks such as market risks (currency risk and interest risk), credit risk and liquidity risk. The group aims to minimise potential adverse effects of these risks on the group's financial results.

The group's exposure to currency risk consists primarily of transactions taking place in foreign currencies between subsidiaries of Abax. The company does not use derivative instruments to reduce currency risks at present.

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 an Interest Rate Hedge Transaction with SEB.

For a more detailed description of the risks mentioned above and other risks and uncertainties, please refer to the Investor presentation.

Transactions with related parties

Abax Group AS is the senior operating company in the group. Closely-related parties consist of all subsidiaries and senior executives in the group and their closely-related parties. Transactions take place on market terms. The extent and nature of transactions with related parties in the period is consistent with previous year's transactions with related parties, as described in the 2020 annual report.

This interim report has not been subject to external audit.

Larvik, 28 February 2022



Morten Strand – CEO



David Norton - CFO

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amounts in NOK thousand	Fourth quarter		January-December	
	2021	2020	2021	2020
Operational Revenue	168 733	153 201	641 555	512 061
One-time insurance payment	-	-	321 981	-
Total Revenue	168 733	153 201	963 536	512 061
OPERATING EXPENSES				
Cost of hardware and services	17 087	16 079	73 891	52 184
Employee benefit expenses	60 477	70 787	231 036	214 801
Other operating expenses	35 812	30 846	123 064	106 242
Impairment loss on trade and other receivables	548	2 307	4 280	5 505
Depreciation	15 800	14 739	56 496	38 807
Amortisation	69 575	99 796	280 788	209 889
OPERATING PROFIT(+)/LOSS(-)	(30 566)	(81 352)	193 981	(115 367)
FINANCIAL ITEMS				
Finance income	14 055	12 553	14 453	13 836
Finance expenses	(35 566)	(36 719)	(83 208)	(79 603)
TOTAL NET FINANCIAL ITEMS	(21 511)	(24 166)	(68 756)	(65 767)
PROFIT(+)/LOSS(-) BEFORE TAX	(52 077)	(105 518)	125 226	(181 135)
Income tax income	(20 441)	38 835	(20 441)	38 835
PROFIT(+)/LOSS(-) FOR THE PERIOD	(72 518)	(66 683)	104 785	(142 300)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Fourth quarter		January-December	
	2021	2020	2021	2020
PROFIT(+)/LOSS(-) FOR THE PERIOD	(72 518)	(66 683)	104 785	(142 300)
TOTAL ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	(22 940)	(25 301)	(45 870)	(19 462)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(95 458)	(91 983)	58 915	(161 762)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	31.12.2021	31.12.2020
NON-CURRENT ASSETS		
Property, plant and equipment	207 967	187 288
Intangible assets and goodwill	2 424 890	2 651 748
Deferred tax assets	32 568	34 000
Other investments, including derivatives	5 927	500
Non-current interest-bearing receivables	18 714	6 568
TOTAL NON-CURRENT ASSETS	2 690 066	2 880 104
CURRENT ASSETS		
Inventories	26 613	11 636
Current tax assets	4 407	5 800
Trade and other receivables	167 590	133 084
Contract assets	17 245	54 216
Cash and cash equivalents	397 489	143 955
TOTAL CURRENT ASSETS	613 344	348 690
TOTAL ASSETS	3 303 410	3 228 794
EQUITY		
Share capital	42 959	42 959
Share premium	1 817 821	1 817 821
Retained earnings	(339 628)	(445 161)
Other reserves	(70 007)	(24 136)
TOTAL EQUITY	1 451 145	1 391 483
CURRENT LIABILITIES		
Trade and other payables	210 097	210 704
Contract liabilities	129 650	120 386
Current tax liabilities	51 134	2 989
Loans and borrowings	105 762	113 558
TOTAL CURRENT LIABILITIES	496 643	447 637
NON-CURRENT LIABILITIES		
Loans and borrowings	1 081 633	1 085 499
Deferred tax liabilities	252 992	285 808
Non-current derivatives	-	1 086
Other non-current liabilities, not interest bearing	20 997	17 282
TOTAL NON-CURRENT LIABILITIES	1 355 622	1 389 674
TOTAL LIABILITIES	1 852 265	1 837 312
TOTAL EQUITY AND LIABILITIES	3 303 410	3 228 794

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Full Year	Full Year
Amounts in NOK thousand	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT(+)/LOSS(-) FOR THE PERIOD	104 785	(142 300)
Adjustments for:		
- Depreciation	56 496	38 807
- Amortisation	280 788	209 889
- Net finance costs	68 756	65 767
- Tax expense	20 441	(38 835)
Cash flow before changes in working capital, interest and tax	531 265	133 328
Changes in:		
- Inventories	(14 979)	6 450
- Trade and other receivables	(33 900)	33 028
- Trade and other payables	6 700	(37 168)
- Contract assets/liabilities	46 235	68 745
- Other movements	(3 724)	6 452
Cash flow before interest and tax	531 597	210 836
Interest paid	(74 277)	(50 806)
Income taxes paid	6 728	(3 460)
CASH FLOW FROM OPERATING ACTIVITIES	464 048	156 570
CASH FLOW FROM INVESTING ACTIVITIES		
Aquisition of property plant and equipment, and intangible assets	(145 398)	(105 657)
Aquisition of RAM		(37 741)
Aquisition of Automile		(523 717)
Aquisition of Helpten	(16 416)	
Shares in Reen	(5 427)	
Cash from acquisition RAM		1 107
Cash from acquisition Automile		72 103
Deposit refund claim	1 600	
Earn-out RAM	(10 514)	
CASH FLOW FROM INVESTING ACTIVITIES	(176 155)	(593 905)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital		151 350
Proceeds from loans from group companies	(1 600)	300
Proceeds from loans and borrowings		1 046 083
Repayment of borrowings		(625 328)
Payment of lease liabilities	(32 758)	(28 927)
CASH FLOW FROM FINANCING ACTIVITIES	(34 358)	543 478
NET INCREASE (+)/DECREASE (-) IN CASH AND CASH-EQUIVALENTS	253 535	106 144
Cash and cash-equivalents beginning of period	143 954	46 560
Currency effect of cash and cash equivalents		(8 749)
CASH AND CASH-EQUIVALENTS END OF PERIOD	397 489	143 954

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousand	Attributable to shareholders of ABAX Group AS					Total equity
	Share capital	Share premium	Total paid-in capital	Retained earnings	Translation reserve	
Ingoing balance 1 January 2020	14 320	1 417 506	1 431 826	(304 379)	(4 674)	1 122 773
Net result for the period				(142 300)		(142 300)
					(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
Closing balance as of 31 December 2020	42 959	1 817 821	1 860 780	(445 161)	(24 136)	1 391 483
				(0)		(0)
Group contribution Abax Midco						-
Group contribution Abax Invest						-
Closing balance as of 31 December 2020	42 959	1 817 821	1 860 780	(445 161)	(24 136)	1 391 483
Net result for the period			-	104 785		104 785
Changes to previous years				749		749
Other comprehensive income for the period			-		(45 870)	(45 870)
Closing balance as of 31 December 2021	42 959	1 817 821	1 860 780	(339 628)	(70 007)	1 451 145

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 interim condensed consolidated financial statements for the fourth quarter 2021, ending 31 December 2021, were prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2020 annual report.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020 prepared under IFRS.

Note 2: Segment reporting

The group recognises only a single segment in accordance with the definition of operating segment in IFRS 8. The starting point for identifying operating segments on which 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 3: 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	January-December	
	2021	2020
Primary geographical markets		
Norway	207 119	192 761
Sweden	255 376	196 337
Finland	40 338	33 535
Denmark	17 031	19 519
UK	45 302	32 594
Other	76 388	37 314
Revenue	641 555	512 061
Major products/service lines		
Trip logs	596 646	481 338
Equipment control	44 909	30 724
Revenue	641 555	512 061
Timing of revenue recognition		
Products transferred at a point in time	-	-
Products and services transferred over time	641 555	512 061
Revenue	641 555	512 061
Revenue type		
Operational revenue	641 555	512 061
One-time insurance payment	321 981	-
Total revenue	963 536	512 061

Note 4: Business combinations

The purchase price allocation for Automile was finalised during 2021. Adjustments are made in the 2020 comparables. The changes in net identifiable assets acquired (Inventory and other fixed assets) of 18,486 MNOK increased the goodwill correspondingly. No other changes were made, for more information and details see the annual accounts for 2020.

Amounts in NOK thousand	Automile as of 31/12/2020	Adjustments	Final purchase price allocation
Purchase consideration			
Customer relationship, technology and trademark	172,123		172,123
Other non-current assets	27,934	(6,989)	20,945
Current assets	40,753	(11,498)	29,255
Cash and cash equivalents	72,103		72,103
Deferred tax liability	(36,793)		(36,793)
Trade payables and other current liabilities	(67,951)		(67,951)
Total net identifiable assets acquired at fair value	208,169	(18,486)	189,682
Consideration	801,321		801,321
Goodwill	593,152	18,486	611,639

APPENDIX

The following information does not form part of the interim condensed consolidated financial statements, and is only for supplemental information purposes, to aid in the transition from previously reported quarterly reports under NGAAP to reporting under IFRS

FY 2021 & FY 2020 BRIDGE – TO ADJUSTED FINANCIAL STATEMENTS

Amounts in NOK million	Jan-Dec 2021		Jan-Dec 2021		Jan-Dec 2021		Jan-Dec 2021	
	FS (NGAAP)	IFRS adjust.	FS (IFRS)	Revenue recognition adjust.	FS after revenue recognition adjust.	NRI adjust.	Adjusted FS	
Revenue	963,5		963,5	59,4	1 023,0	(322,0)	701,0	
Cost of goods sold	(73,9)		(73,9)		(73,9)	2,0	(71,9)	
Gross Profit	889,6	-	889,6	59,4	949,1	(320,0)	629,1	
Gross margin	92 %		92 %		93 %		90 %	
Payroll expenses	(231,0)		(231,0)	(4,1)	(235,1)	4,8	(230,4)	
Other operating expenses	(166,1)	38,7	(127,3)		(127,3)	26,2	(101,1)	
EBITDA	492,5	38,7	531,3	55,3	586,6	(289,0)	297,6	
EBITDA margin	51 %		55 %		57 %		42 %	

Amounts in NOK million	Jan-Dec 2020		Jan-Dec 2020		Jan-Dec 2020		Jan-Dec 2020	
	FS (NGAAP)	IFRS adjust.	FS (IFRS)	Revenue recognition adjust.	FS after revenue recognition adjust.	NRI adjust.	Adjusted FS	
Revenue	512,1		512,1	105,4	617,5	7,2	624,7	
Cost of goods sold	(52,2)		(52,2)		(52,2)	-	(52,2)	
Gross Profit	459,9	-	459,9	105,4	565,3	7,2	572,5	
Gross margin	90 %		90 %		92 %		92 %	
Payroll expenses	(214,8)		(214,8)	(8,5)	(223,3)	-	(223,3)	
Other operating expenses	(145,5)	33,7	(111,7)		(111,7)	31,3	(80,4)	
EBITDA	99,6	33,7	133,3	96,9	230,3	38,5	268,8	
EBITDA margin	19 %		26 %		37 %		43 %	

Non-Recurring items relating to:	Q4 2021	Q4 2020	Jan-Dec 2021	Jan-Dec 2020
Restructuring exceptional cost (Payroll)	2,6	0,0	4,8	0,0
Advisory and legal fees(OPEX)	7,1	3,2	21,5	20,1
Advisory fees mergers and acquisitions (OPEX)	0,0	5,3	2,6	10,5
Nordic Bond cost (OPEX)	0,0	0,4	2,1	0,7
One-time insurance payment (Revenue)	0,0	0,0	-322,0	0,0
Change of revenue recognition principles in Automile	0,0	7,2	0,0	7,2
COGS Hardware extra cost: data-chip shortage	1,0	0,0	2,0	0,0
Total non-recurring items	10,6	16,1	-289,0	38,5