



Q4 2021

FOURTH QUARTER
AND PRELIMINARY FULL
YEAR 2021 RESULTS

THE PRIME MOVER IN
TRAFFIC TECHNOLOGY

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Q-FREE AT A GLANCE



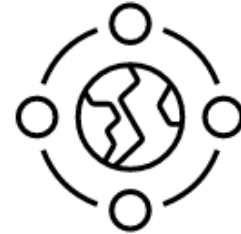
FOUNDED IN
1984



HEADQUARTERED IN
NORWAY



OFFICES IN
15
COUNTRIES



50+
REFERENCE
MARKETS



349
EMPLOYEES



35
NATIONALITIES



REVENUES OF
~900 MNOK



PUBLICLY LISTED SINCE
2002

OUR PURPOSE: INTELLIGENT SOLUTIONS FOR EFFICIENT, SAFE, AND SUSTAINABLE TRANSPORTATION

KEY MOBILITY CHALLENGES

CONGESTION

- 53 bn USD in annual cost in the US in 2021



ACCIDENTS

- 1.35 million lives lost per year globally



POLLUTION

- 18% of global CO2 emissions from road vehicles



OUR SOLUTIONS

Q-FLOW

Optimize how people and goods move

- Regional Freeway Management
- Traffic Signal Operations and Management
- Electronic Toll Collection and Congestion Charging

Q-SAFE

Make roads and travel safe

- Incident Management
- Connected Intersections
- ALPR Enforcement
- Weigh-in-motion
- Smart Digital Tachographs

Q-CLEAN

Stimulate sustainable transportation

- Congestion charging and Low-emission zones
- Traffic Signal Operations and Management
- Bicycle and pedestrian monitoring

Q-FREE'S TWO BUSINESS AREAS

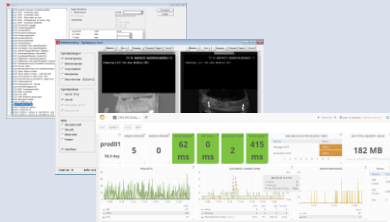
TOLLING



On-board units (tags) and transceivers



Complete MLFF electronic toll collection or congestion charging stations



Back-office SW systems for transaction processing



SW solutions for image processing (ALPR)

~600 MNOK in revenues, ~230 employees

TRAFFIC MANAGEMENT



Traffic signal controllers and local SW



Centralized traffic signal management SW platform



Freeway management SW platform (ATMS)



Traffic counting, classification and weigh-in-motion systems

~300 MNOK in revenues, ~120 employees

Q-FREE IS AN ESG LEADER

Pillar 1: (E) *Contribute to a more sustainable transportation system*

18% of global CO2 emissions
from road vehicles



Pillar 2: (S) *Be a professional, fair, and attractive employer and business partner*



Winningtemp

Pillar 3 (G) *Conduct our business responsibly and meet expectations of stakeholder groups*



in 2020, Morningstar recognized Q-Free as one of the Norwegian listed companies with the lowest ESG risk

HIGHLIGHTS



FINANCIAL HIGHLIGHTS Q4-21 AND FY2021

FOURTH QUARTER 2021 RESULTS

NOK million

REVENUES:

212 MNOK (255)

EBITDA:

27 MNOK (25)

EBIT:

13 MNOK (-13)

CASH FLOW FROM
OPERATIONS:

28 MNOK (31)

ORDER INTAKE:

286 MNOK (205)

PRELIMINARY FY 2021 RESULTS

NOK million

REVENUES:

860 MNOK (889)

EBITDA:

106 MNOK (76)

EBIT:

50 MNOK (-9)

CASH FLOW FROM
OPERATIONS:

88 MNOK (67)

ORDER INTAKE:

989 MNOK (949)

ORDER BACKLOG:

1 114 MNOK (1 083)

OPERATIONAL HIGHLIGHTS FY2021



Contract to upgrade Stockholm's congestion tax system



Contract to provide new statewide ATMS to Colorado DOT



Contract to provide upgraded statewide ATMS to West Virginia DOT



Deployment of Intrada Insight ALPR solution with NYSTA, USA



Divestment of parking business in USA and France



Contract to upgrade toll stations on E18/E39 in Norway



Contract to provide tolling equipment for A28 in Portugal



Tolling roadside equipment contracts in Spain



Contract to deliver tolling equipment for Sydney Harbor Crossing



Frame agreement for tolling roadside equipment in Norway



Contract to deliver tolling equipment for Bypakke Ålesund



Deployment of high-speed WIM stations in Ukraine



Frame agreement for traffic controllers to Georgia DOT



Expansion of cycle monitoring network in Scotland



Multiple large tag contracts to Chile, Russia and Morocco

~250 MNOK IN ORDER INTAKE POST Q4-21 + ~300 MNOK IN AWARDED BUT NOT YET SIGNED CONTRACTS

SPAIN: ~50 MNOK



- Tolling roadside and S&M contracts in 2 regions in Spain
- Project delivery revenues in 2022 + recurring S&M revenues

«EUROPE»: ~120 MNOK



- Tolling roadside and S&M contract in existing QFR market
- ~8 MNOK in ARR over 15 years

NORWAY: TBD



- Tolling roadside and S&M contract in Tromsø
- >4 MNOK in ARR over 15 years

Q-FREE MAKES HEADLINES IN NORWAY WITH NEW ROAD USER CHARGING CONCEPT

Veipricing testes ut for første gang

Veipricing som et alternativ til bompenger har stått på den politiske dagsordenen siden bompengereformet. Nå skal Statens vegvesen for første gang teste det ut.




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Journalist

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Kan veipricing erstatte bompenger og gjøre veilavgiftene mer rettferdig? Forkjemperne mener det.
FOTO: HEIDI FJØRTOFT KLOKK / NRK



- Large-scale pilot in Trondheim, Norway, involving 200 volunteers that will install Q-Free's RUC technology in their vehicles
- Q-Free's system will track vehicle movements and calculate a fictive price based on kilometers driven (when, where, what)
- The price can be compared to what each driver pays in the existing tolling scheme

FINANCIAL UPDATE



FINANCIAL SUMMARY

MNOK	Q4 2021	Q4 2020	YoY Change
Revenues	212	255	-16.8%
Gross contribution	129	146	-12.0%
<i>Gross margin</i>	60.7%	57.4%	+3.3 pp
OPEX	102	121	-15.9%
EBITDA	27	25	+6.7%
<i>EBITDA margin</i>	12.8%	10.0%	+2.8 pp
EBIT*	13	-13	
<i>EBIT margin</i>	6.2%	-5.1%	+11.3 pp
EPS	0.30	-0.29	

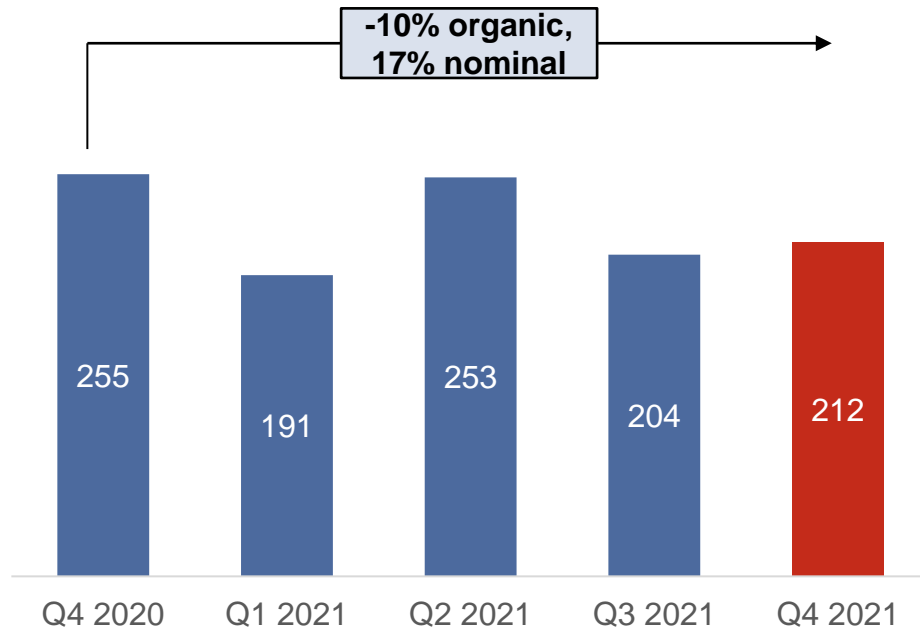
FY 2021	FY 2020	YoY Change
860	889	-3.3%
550	545	+1.0%
64.0%	61.3%	+2.7 pp
444	469	-5.3%
106	76	+39.3%
12.3%	8.5%	+3.8 pp
50	-9*	
5.8%	-1.0%	+6.8 pp
0.53	-0.46	

* Q4 2020 and FY 2020 EBIT includes 21 MNOK in impairment of intangible assets and PP&E

REVENUE DEVELOPMENT

QUARTERLY REVENUES

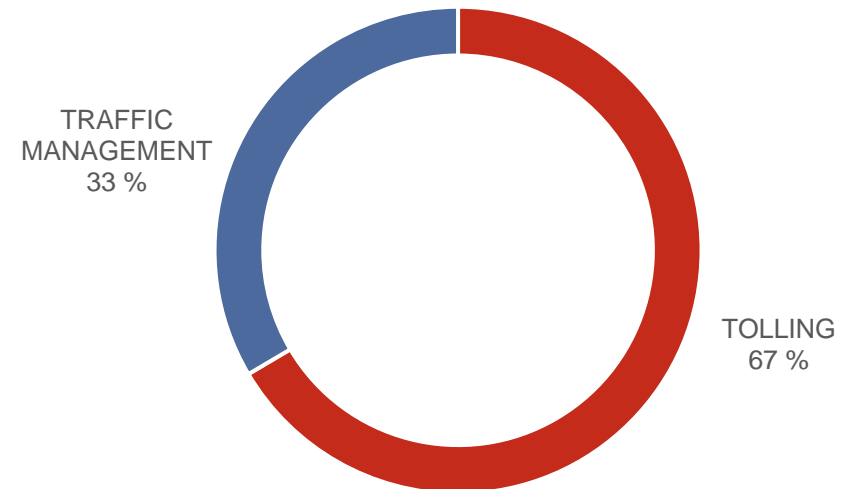
NOK million



-10% YoY organic growth due to low product sales and currency effects

Q4-21 REVENUES PER BUSINESS AREA

Percent



In FY2021 Tolling accounted for 65% and Traffic Management 35% of revenues

SEGMENT REVENUE DETAILS

NOK million

SEGMENT	Q4-21	Q4-20	YoY Change
Tolling	141	158	-11%
Traffic Management	71	85	-17%
Assets held for sale	-*	12*	
REVENUES	212	255	-17%

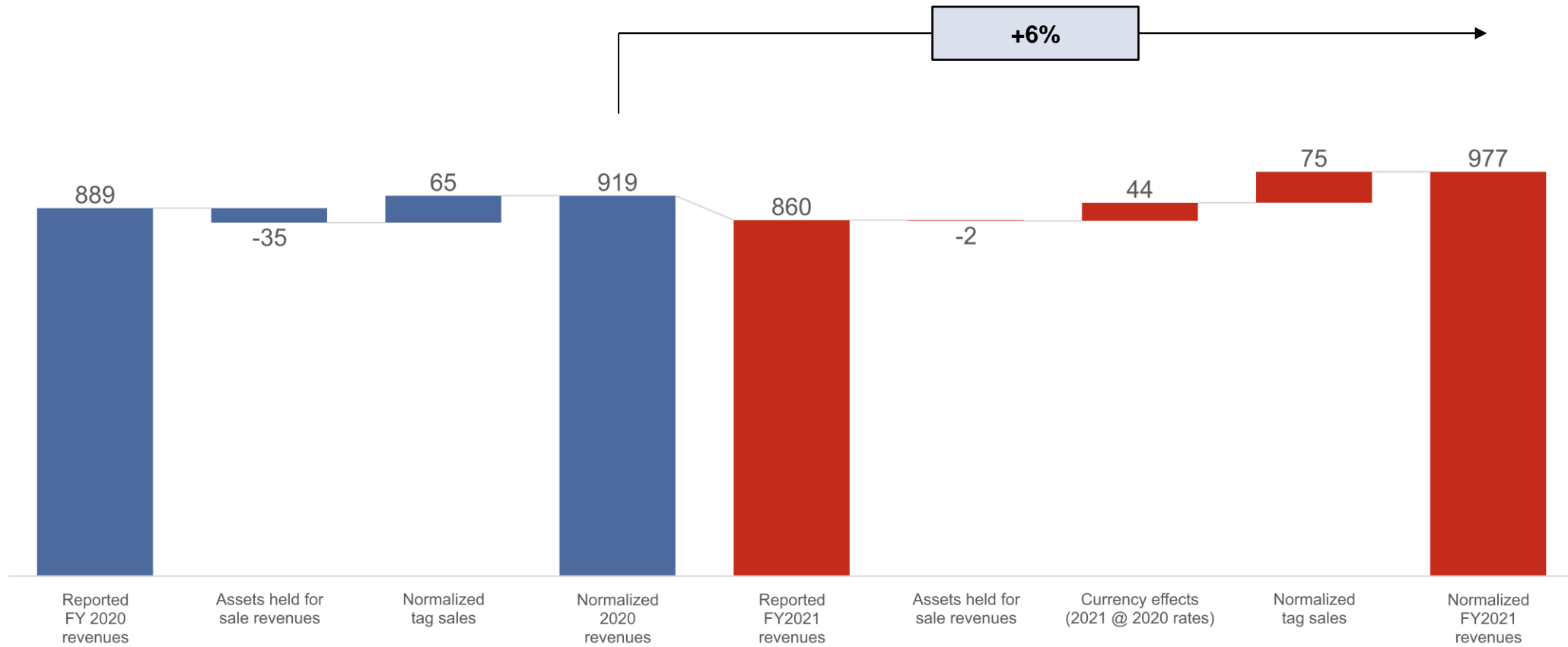
*-10% YoY organic revenue growth adjusted for
Assets Held for Sale and currency effects*

* Parking assets divested in Q1-21

FY 2021	FY 2020	YoY Change
553	572	-3%
305	282	+8%
2*	35*	
861	889	-3%

*+6% YoY organic revenue growth adjusted for
Assets Held for Sale and currency effects*

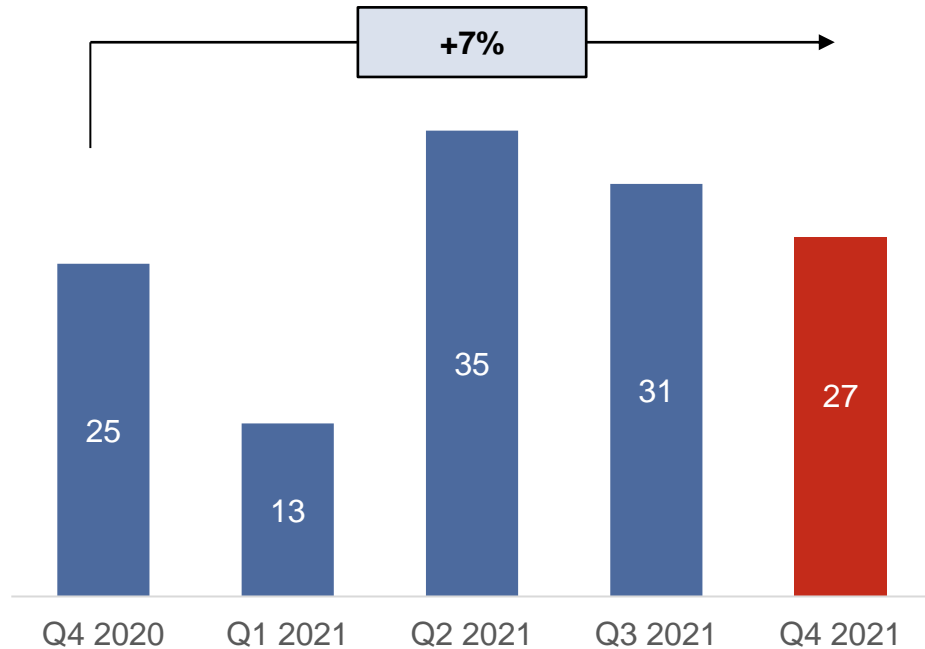
2020 -> 2021 REVENUE DEVELOPMENT



EBITDA DEVELOPMENT

EBITDA EXCL. NON-RECURRING ITEMS

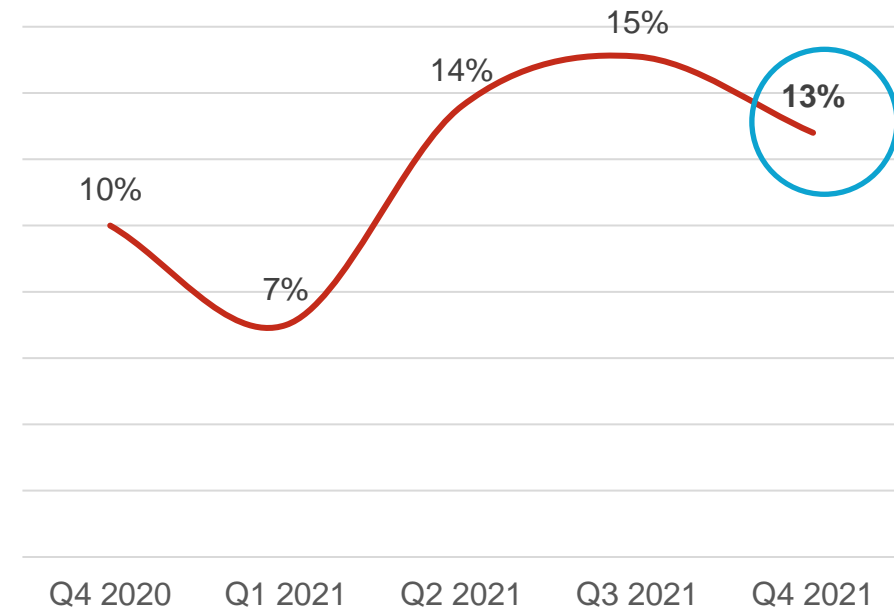
NOK million



**106 MNOK in EBITDA in FY2021,
108 MNOK when adjusting for assets held for sale**

EBITDA MARGIN EXCL. NON-RECURRING ITEMS

Percent



**12.3% EBITDA margin in FY2021,
12.5% when adjusting for assets held for sale**

SEGMENT EBITDA DETAILS

NOK million

SEGMENT	Q4-21	Q4-20	<i>Margin change</i>
Tolling	25	33	-2.7 pp
Traffic Management	7	4	+5.2 pp
Assets held for sale*	-	-6	-
Group Functions	-5	-5	-
EBITDA	27	25	+2.8 pp

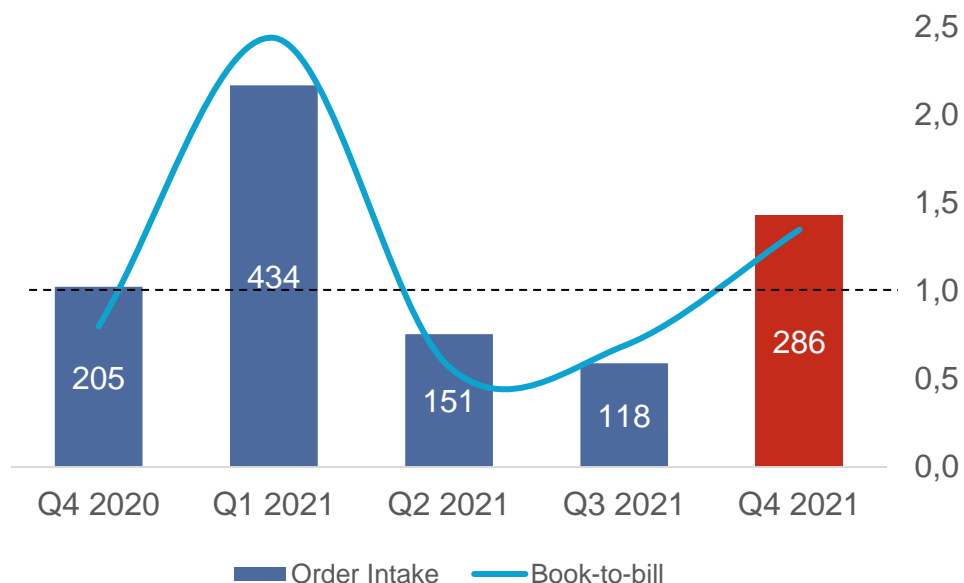
FY 2021	FY 2020	<i>Margin change</i>
114	111	+1.3 pp
22	7	+5.0 pp
-2	-12	-
-29	-29	-
106	76	+3.8 pp

* Parking assets divested in Q1-21

ORDER INTAKE DEVELOPMENT

ORDER INTAKE & BOOK-TO-BILL PER QUARTER

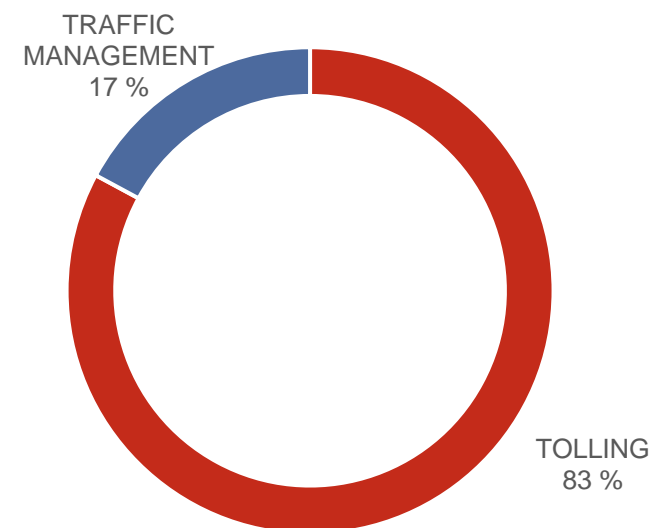
NOK million / ratio



989 MNOK in order intake (BtB of 1.15) in FY2021 excl. frame agreements, up 4% compared to FY2020

Q4-21 ORDER INTAKE PER BUSINESS AREA

Percent

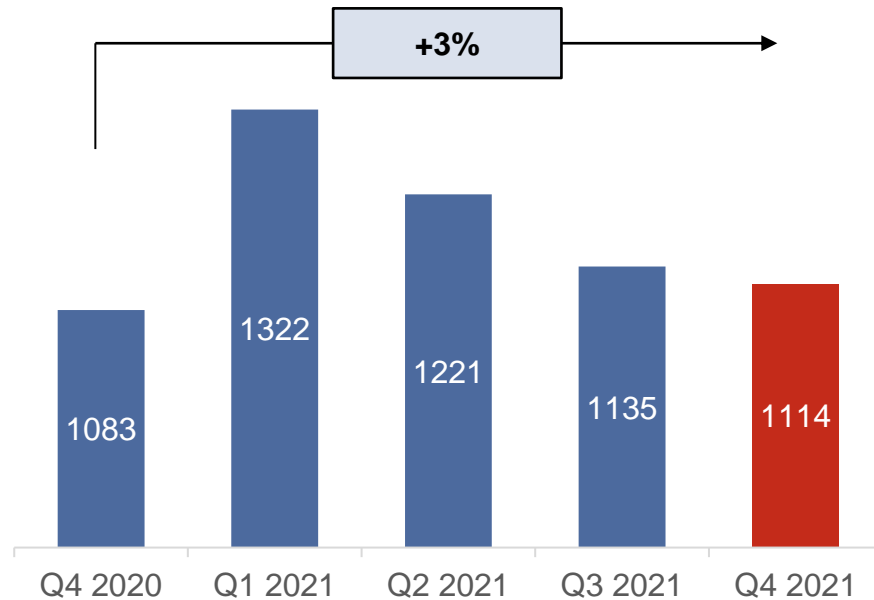


In FY2021 Tolling accounted for 66% and Traffic Management for 34% of the accumulated order intake

ORDER BACKLOG DEVELOPMENT

ORDER BACKLOG

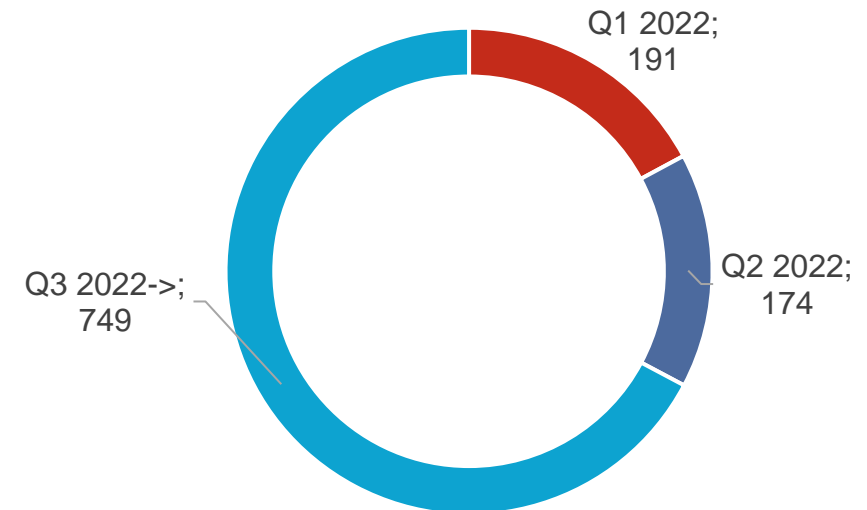
NOK million



Frame contracts with no committed minimum volumes are not included in the backlog

EXPECTED DELIVERY SCHEDULE

NOK million



The Covid-19 pandemic might cause changes to the planned delivery schedule

CASH FLOW AND AVAILABLE FUNDS

CASH FLOW FROM OPERATIONS (Q4-20)

28 MNOK (31)

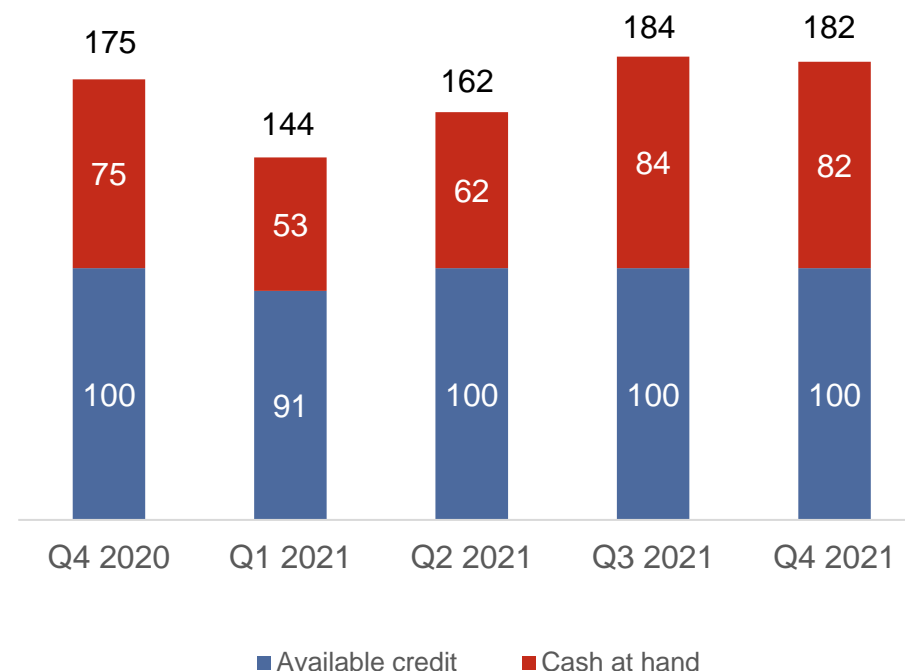
CASH FLOW FROM INVESTING (Q4-20)

-16 MNOK (-7)

CASH FLOW FROM FINANCING (Q4-20)

-13 MNOK (-22)

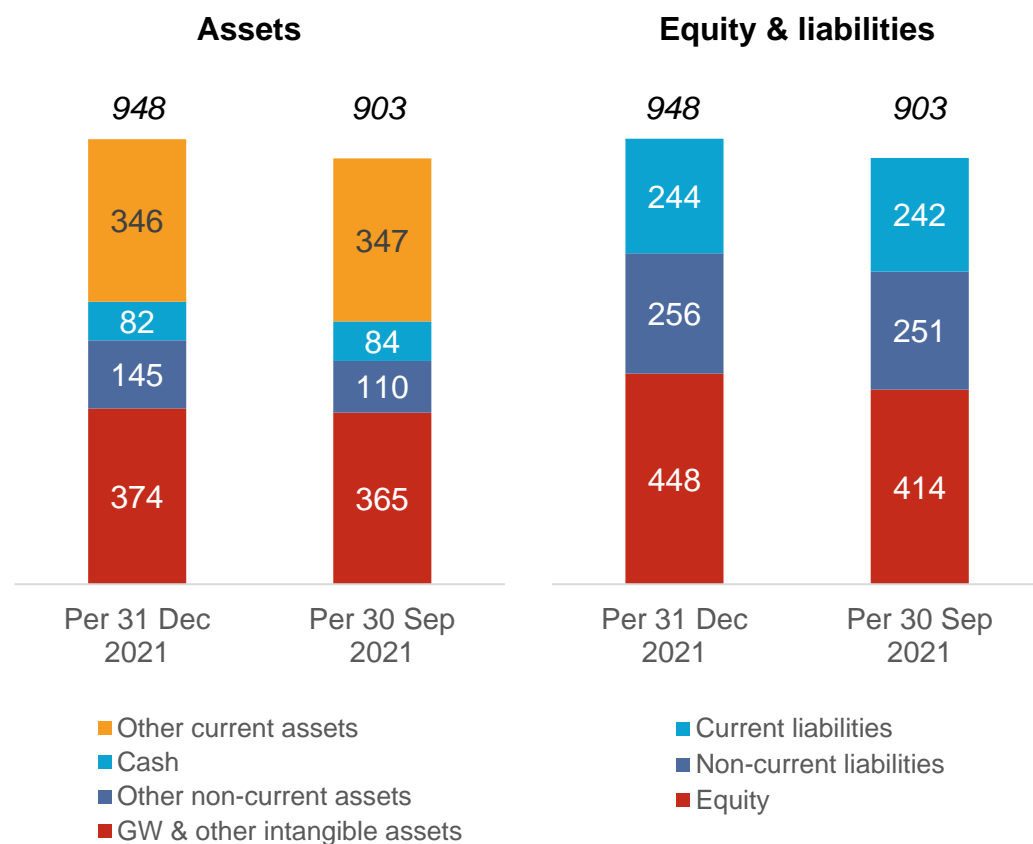
AVAILABLE CREDIT AND CASH AT HAND
NOK million



BALANCE SHEET

BALANCE SHEET COMPOSITION

NOK million



EQUITY RATIO (Q4-20)

47% (37%)

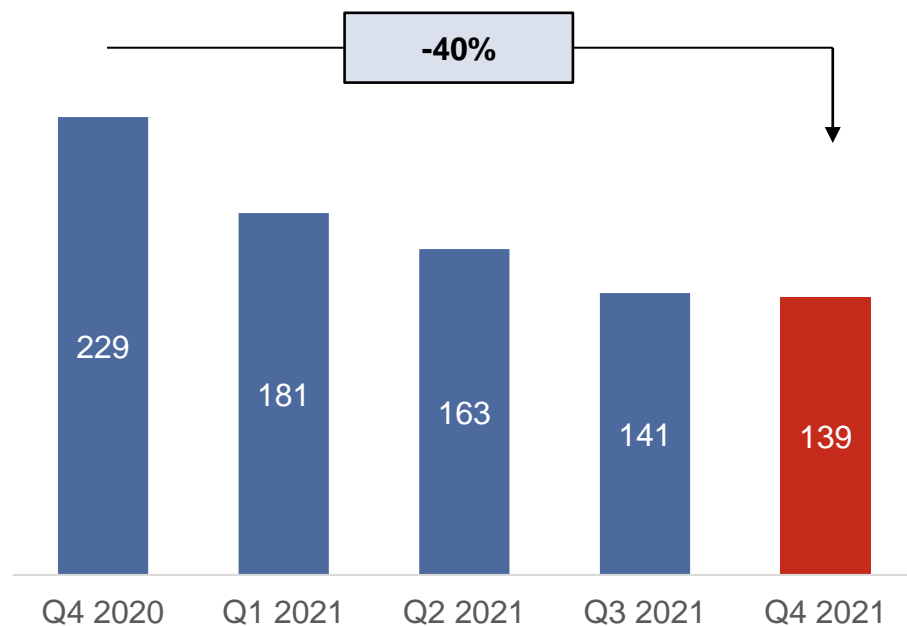
WORKING CAPITAL RATIO (Q4-20)

14% (17%)

NET INTEREST BEARING DEBT

NET INTEREST BEARING DEBT

NOK million



12 MONTH NIBD/EBITDA Q4-20

1.3 (2.1)

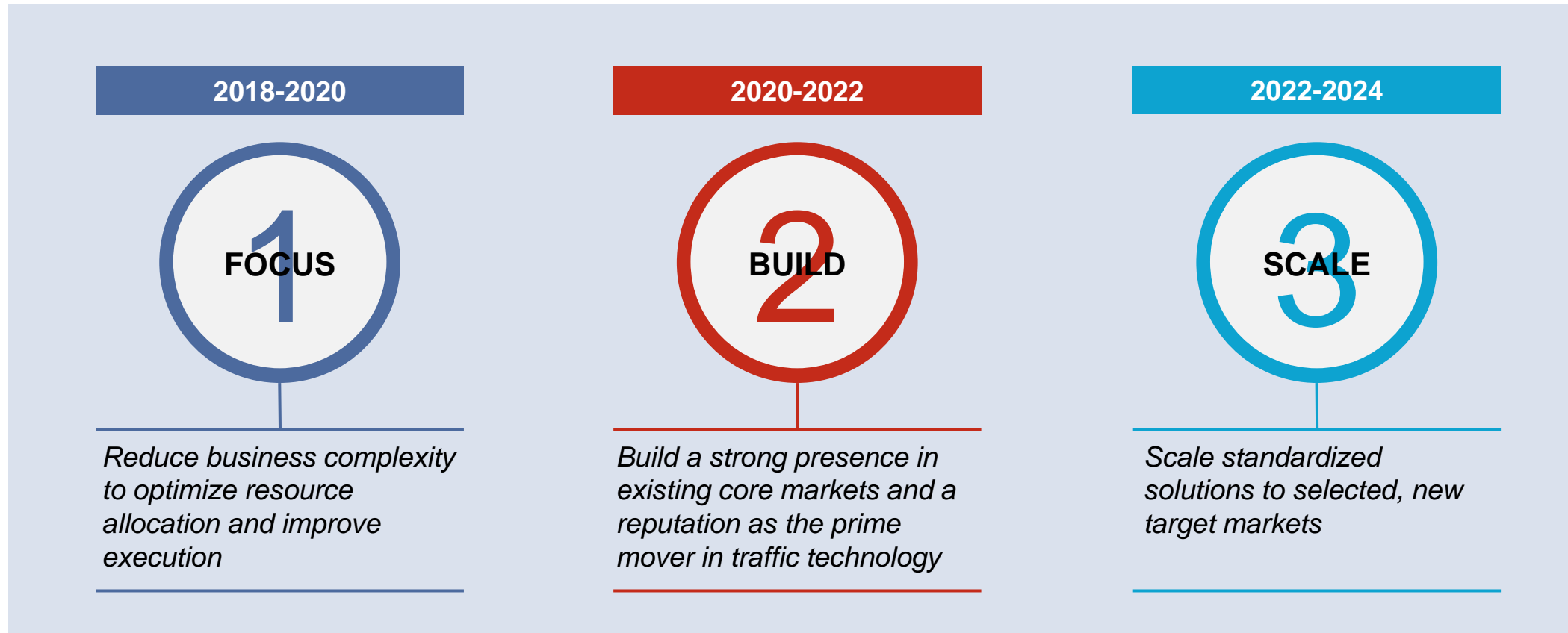
NET FINANCIAL ITEMS (Q4-20)

-4 MNOK (-10)

STRATEGY & OUTLOOK



OUR STRATEGIC PLAN



WE HAVE REFOCUSSED, RESTRUCTURED AND RECAPITALIZED THE COMPANY



FROM 6 TO 2 BUSINESS UNITS

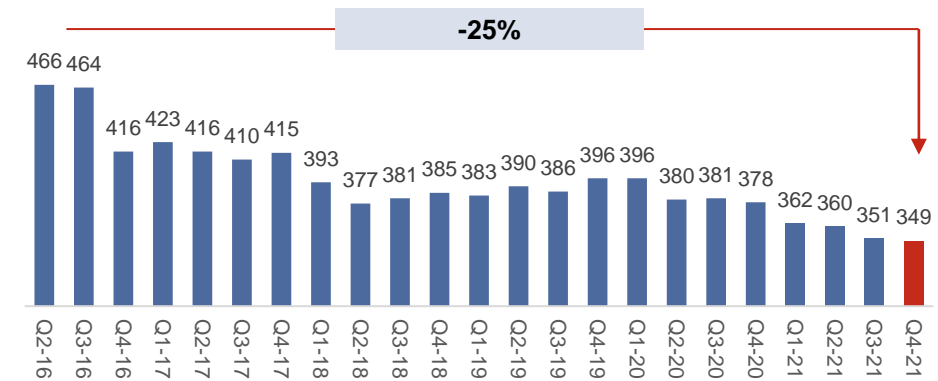
2016-2017: 6 BUs



2020->: 2 BUs



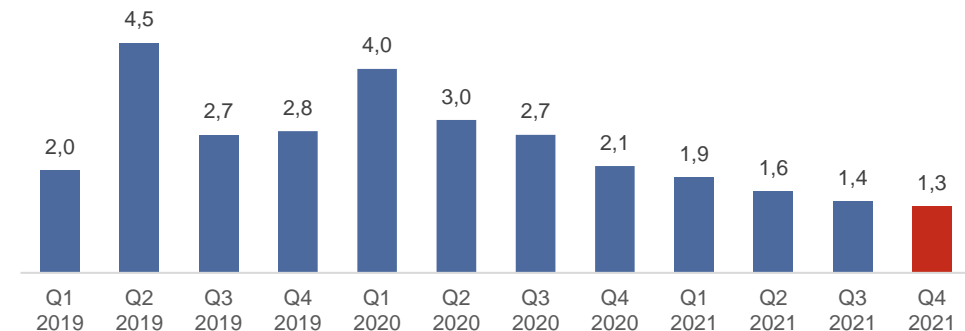
FROM ~470 TO ~350 EMPLOYEES



FROM 21 TO 15 MARKETS



FROM 4.5 TO 1.3 IN LEVERAGE RATIO



WE HAVE BUILT A SOLID PRESENCE IN CORE MARKETS

BUILD
2

TOLLING



- Top 9 markets account for >80% of revenues
- ~30% ARR share of segment revenues (and growing)
- Long-term contracts (typically 8-12 years + extensions)

TRAFFIC MANAGEMENT



- Top 7 customers account for >30% of revenues
- ~25% ARR share of segment revenues (and growing)
- Long-term contracts (typically 5-10 years + extensions)

WE HAVE STRENGTHENED OUR R&D EFFORTS AND BUILT A VERY COMPETITIVE OFFERING

BUILD
2

Tolling

Leading DSRC technology



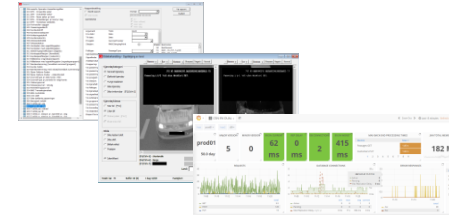
- New transceivers
- New on-board units

World-class ALPR & imaging systems



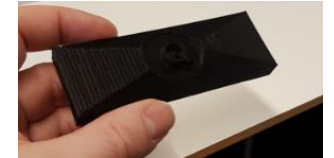
- New imaging system platform
- New Intrada® ALPR advancements

Scalable Tolling SW back-office platform



- New standardized platform

Future road user charging technology



- New on-board unit and SW

Industry-leading SW platforms



- New, unified SW platform
- New stand-alone SW products

Traffic Controllers & cabinets



- New ATC cabinet
- Consolidation of controllers
- New local SW advancements

Infomobility solutions

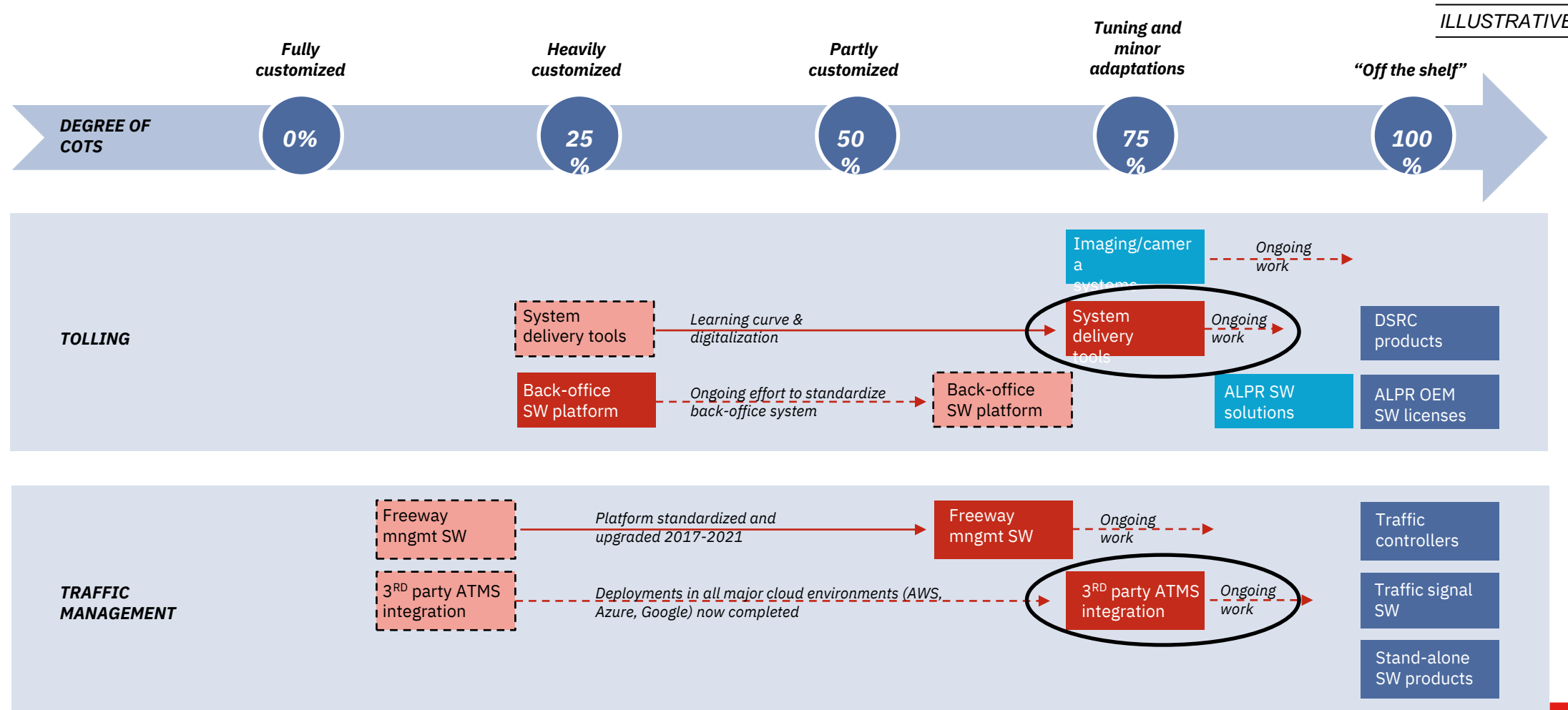


- New 16-lane traffic counter and classifier
- New high-speed WIM system w/enforcement
- New SW solutions

Traffic Management

WE HAVE INCREASED THE SCALABILITY OF OUR OFFERING

BUILD
2

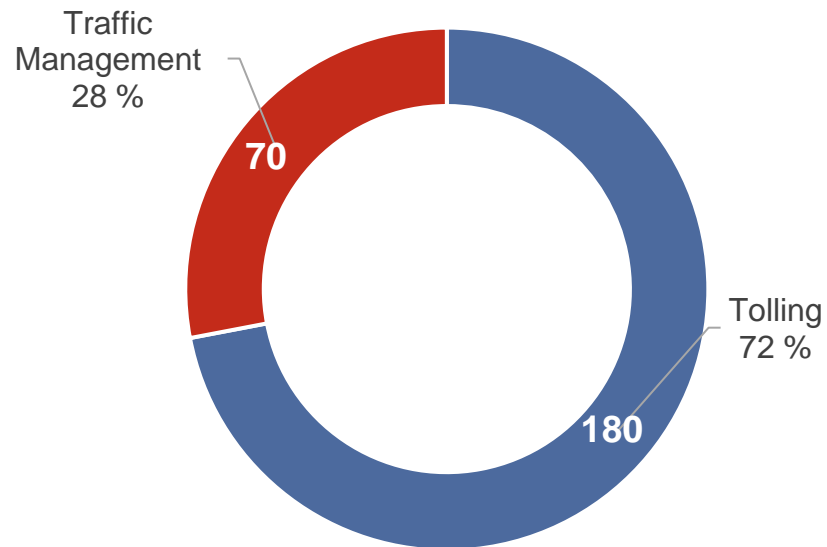


AND WE HAVE BUILT A SOLID RECURRING REVENUE BASE

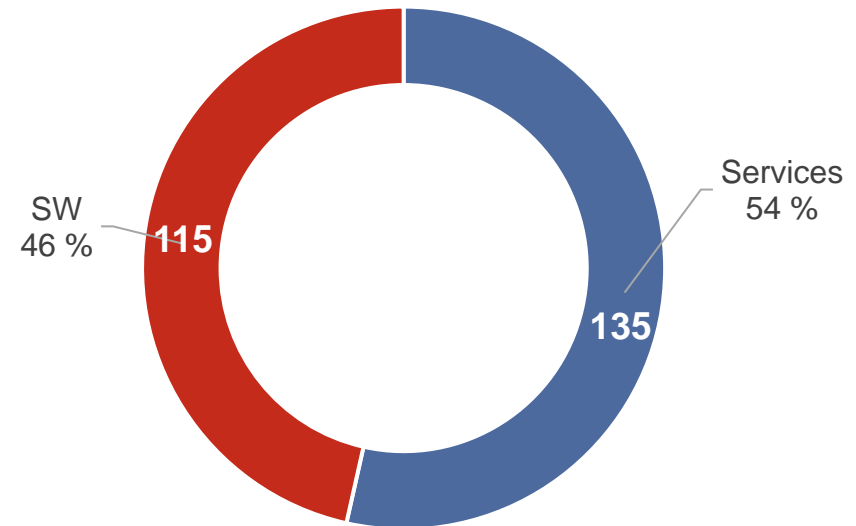


ESTIMATES

ARR BASED ON ORDER BACKLOG PER Q4-21
NOK million



ARR SPLIT BASED ON BACKLOG PER Q4-21
100% = 250 MNOK



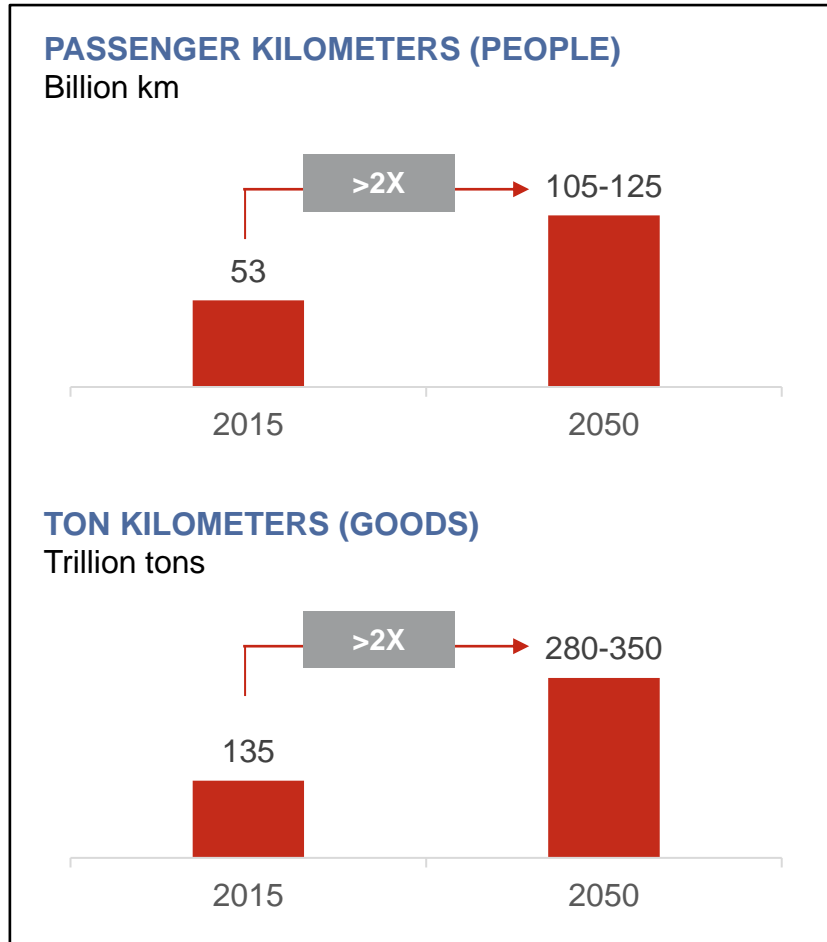
A close-up photograph of a person's hand in a blue suit sleeve shifting a black car gear. The background is a bright, out-of-focus sun, creating a warm, golden glow. The car's interior, including a gear shift knob and a digital display, is visible in the lower right.

NOW IT'S TIME TO SHIFT GEARS

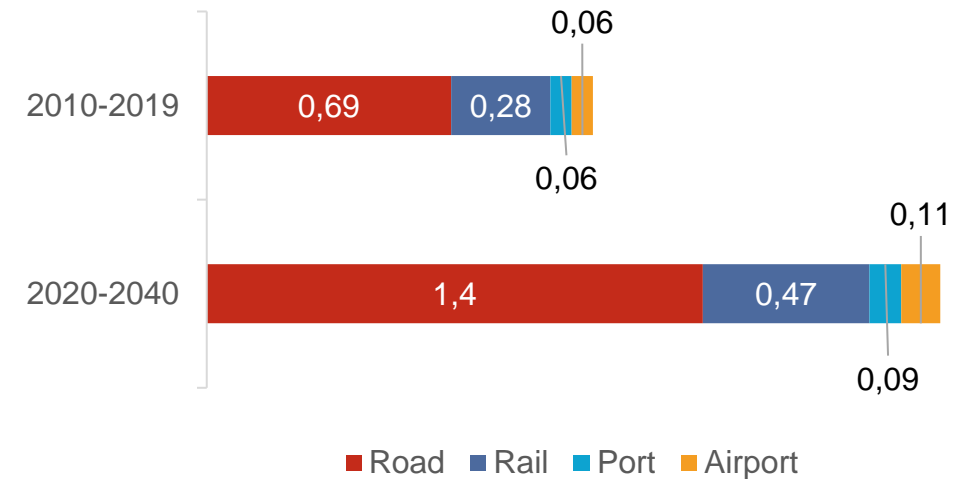
POPULATION GROWTH AND URBANIZATION ARE DRIVING INFRASTRUCTURE INVESTMENT NEEDS



ESTIMATES



AVERAGE ANNUAL INVESTMENTS IN TRANSPORTATION INFRASTRUCTURE REQUIRED
USD trillion



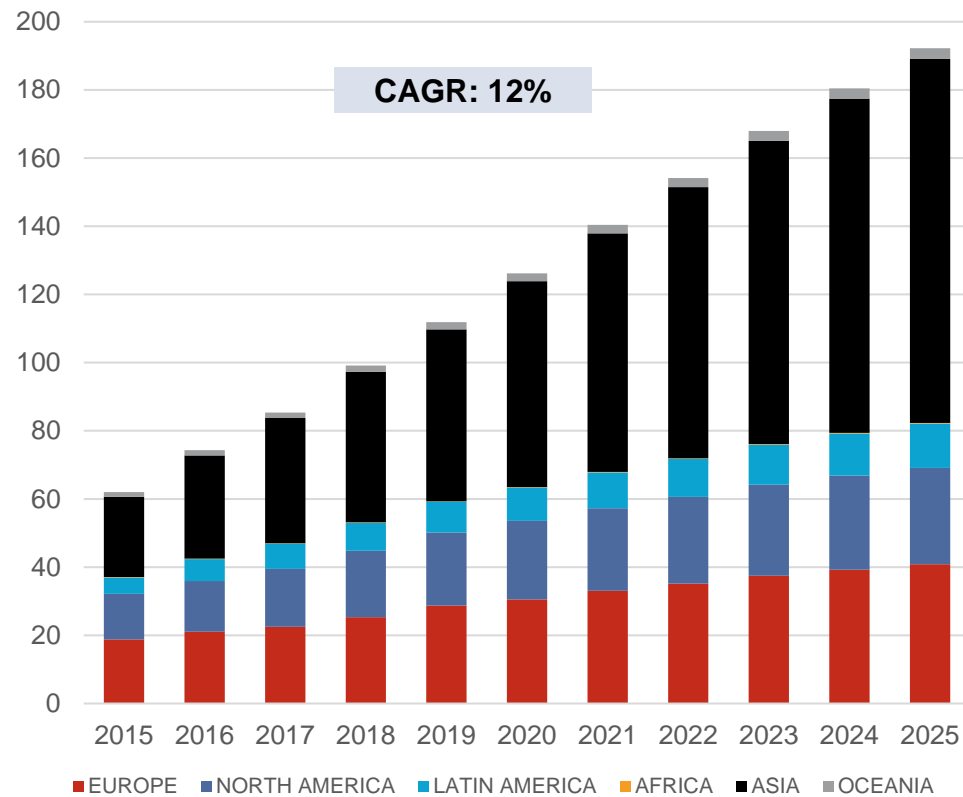
Source: McKinsey & Company, 2021

HENCE, THE LONG-TERM INDUSTRY OUTLOOK IS VERY PROMISING...

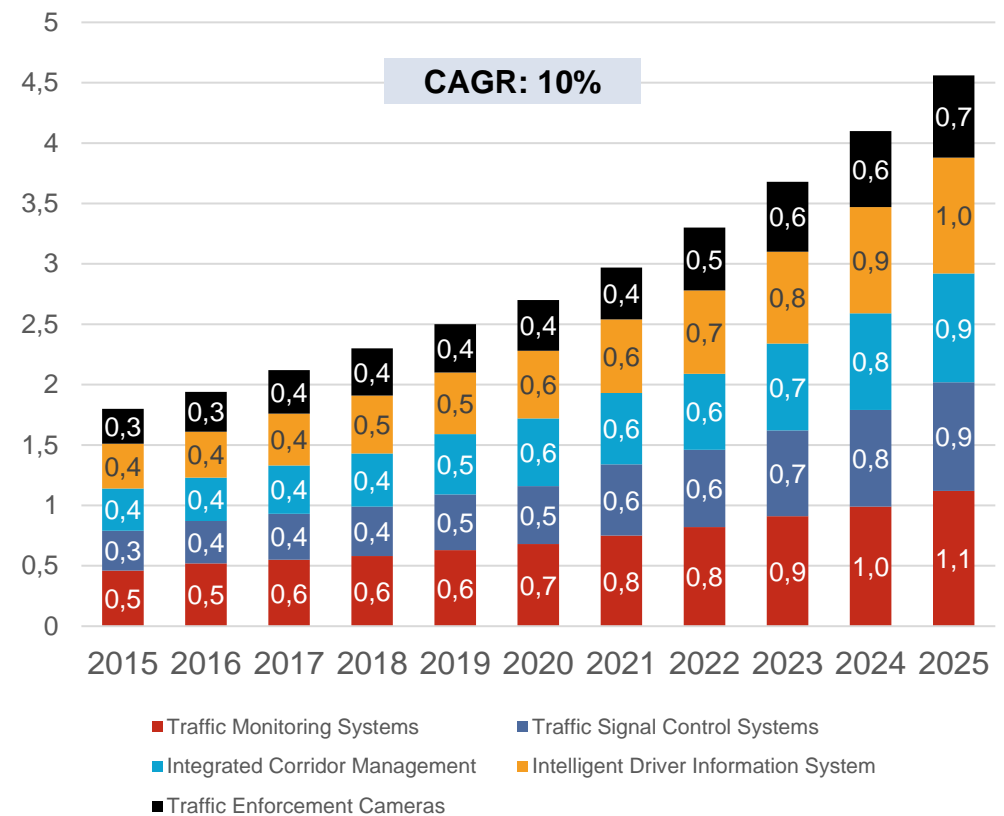


ESTIMATES

GLOBAL ETC REVENUES EUR billion



US TRAFFIC MANAGEMENT MARKET USD billion



Source: PTOLEMUS Consulting; GrandRapidResearch

...AND OUR SHORT-TERM OPPORTUNITY PIPELINE IS SIZEABLE AND ATTRACTIVE



ESTIMATES

ADDRESSABLE OPPORTUNITIES EXPECTED TO BE TENDERED/AWARDED IN 2022 MNOK

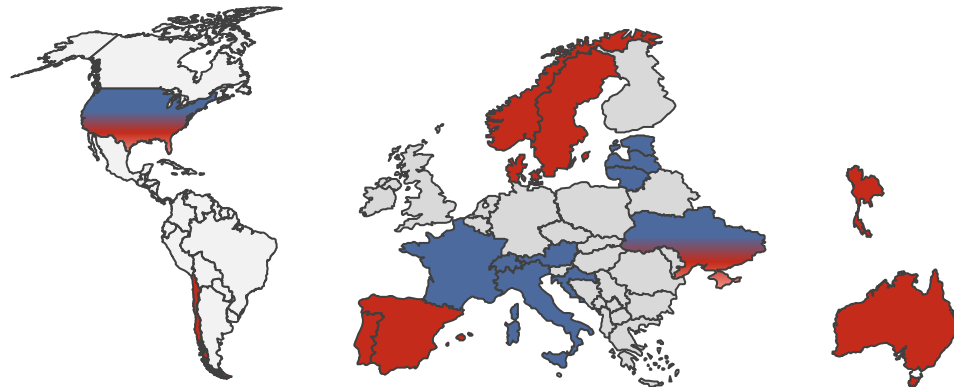



NOTE: Planned tenders and contract signings might be delayed by customers

WE WILL ENTER NEW MARKETS TO LEVERAGE OUR PORTFOLIO INNOVATIONS AND SCALABILITY












MARKET EXPANSION OPPORTUNITIES



 Existing QFR markets with ongoing upgrades

 Potential new QFR markets

France		Nationwide upgrade of tolling infrastructure to MLFF solutions
Ukraine		New nationwide truck (HGV) tolling system + ATMS solutions
Lithuania		New nationwide truck (HGV) tolling system + congestion charging
Latvia		New nationwide truck (HGV) tolling system + congestion charging
Estonia		New nationwide truck (HGV) tolling system + congestion charging
Croatia		New nationwide truck (HGV) tolling system
Austria		New nationwide truck (HGV) tolling system
Switzerland		Road User Charging
Italy		Tag and roadside market deregulated

STRATEGIC PARTNERSHIPS REDUCE THE COST AND RISK OF OUR EXPANSION...



SPAIN



- Multiple tolling projects delivered through partnerships with local companies
- QFR provides roadside equipment + 1st and 3rd line service and support
- Installations handled by Q-Free Portugal

FRANCE



- Strategic partnership with a large French construction and industrial group
- QFR will provide roadside equipment + 1st and 3rd line S&M and support
- Civil works and field service handled by partner

UKRAINE



- Strategic partnerships with several local road construction companies for weigh-in-motion systems
- QFR provides equipment and trains partners on installations and field service

...BUT WE ALSO WANT TO RAMP UP OUR SALES ORGANIZATION



ALPR SW sales resources

- Drive global OEM license sales (Intrada ALPR)
- Expand US ALPR SaaS model (Intrada Insight)
- Introduce US ALPR SaaS model in Europe (Intrada Insight)



ATMS SW sales resources

- Drive sales of inter-urban solution (Kinetic Mobility) in new US markets
- Expand sale of urban SW solutions (Kinetic Signals) in new US and export markets
- Push Infomobility SW solutions (Kinetic Count)

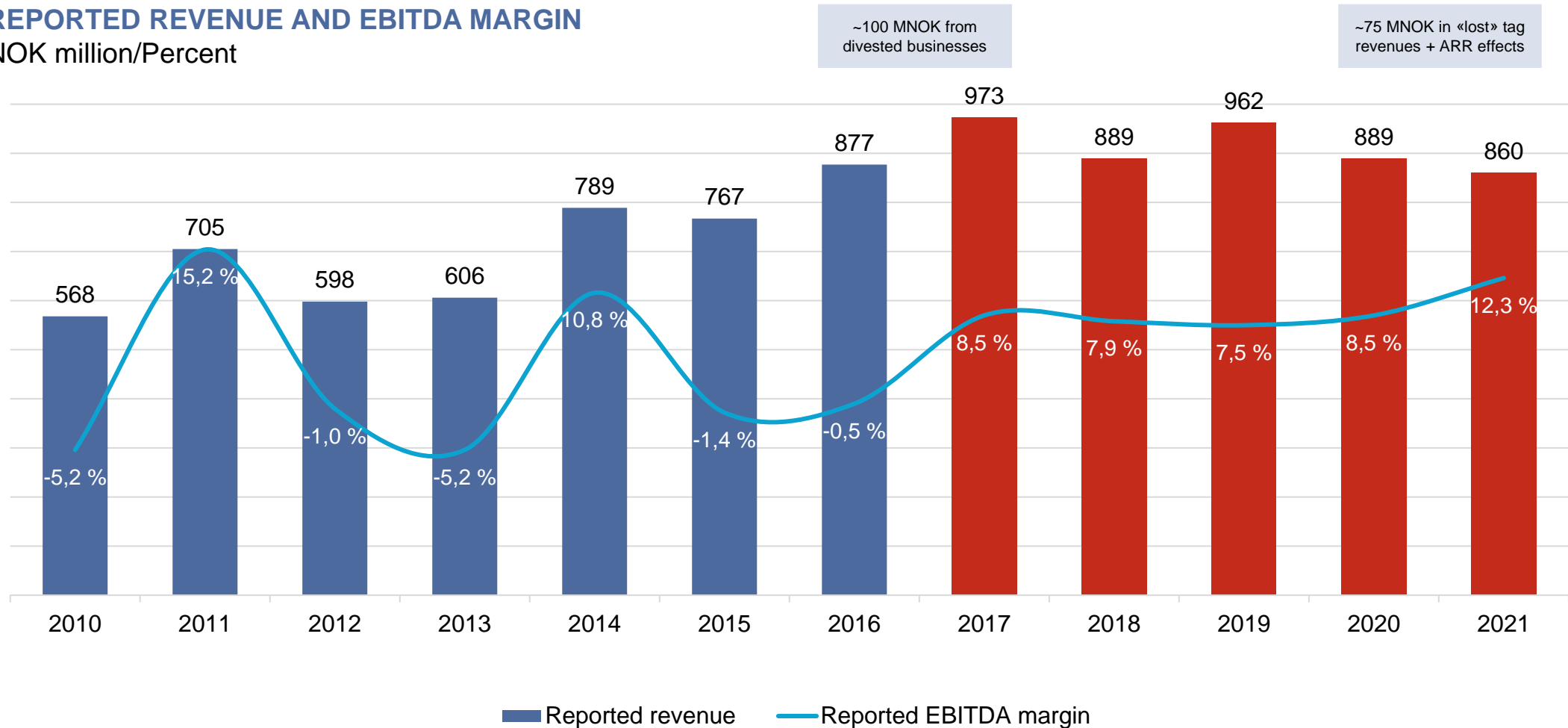


Sales resources in new markets

- Upsell on existing contracts
- Create new business opportunities

FINANCIAL PERFORMANCE HAS IMPROVED SIGNIFICANTLY IN RECENT YEARS, BUT WE AIM TO FURTHER IMPROVE

REPORTED REVENUE AND EBITDA MARGIN NOK million/Percent



An aerial photograph of a city skyline, likely Copenhagen, featuring a prominent blue glass skyscraper (the COWI building) and a river with a bridge in the foreground.

Our high level financial goals

Q-Free has established a set of goals and ambitions for 2025 to illustrate the results our strategy is expected to generate.

2025 goals

- 1.3-1.5 bn NOK in revenues + potential M&A growth
- 15-20% EBITDA margin & 10-15% EBIT margin
 - Technology leadership
 - The Prime Mover

Enablers

- Attractive mega trends, increasing recurring revenues, and bolt-on acquisitions
- Increasing high-margin software revenues and high scalability of solutions
- Continuous innovation and clear technology road maps

2022:

- Strong underlying market growth, but ARR conversion will delay some of the revenue recognition
- Attractive underlying margins, but increased investments in sales
 - Covid-19 and component availability are key uncertainties

Q&A



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