

Q4 FOURTH QUARTER 2021

AND PRELIMINARY FULL
YEAR 2021 RESULTS



THE PRIME MOVER IN
TRAFFIC TECHNOLOGY

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Q-FREE AT A GLANCE



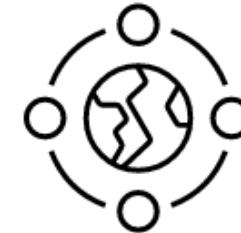
FOUNDED IN
1984



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

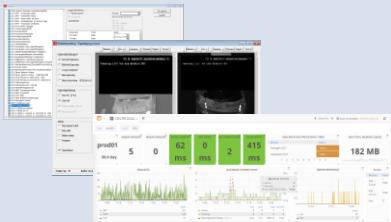
TOLLING



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)

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

~600 MNOK in revenues, ~230 employees

~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



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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

Veiprising testes ut for første gang

Veiprising som et alternativ til bompenge har stått på den politiske dagsordenen siden bompengeopprøret. Nå skal Statens vegvesen for første gang teste det ut.



Kan veiprising erstattet bomringer og gjøre veivalgittene mer rettferdig? Forkjemperne mener det.
Foto: HEIDI FJØRTOFT KLOKK / NRK

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Journalist

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- 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

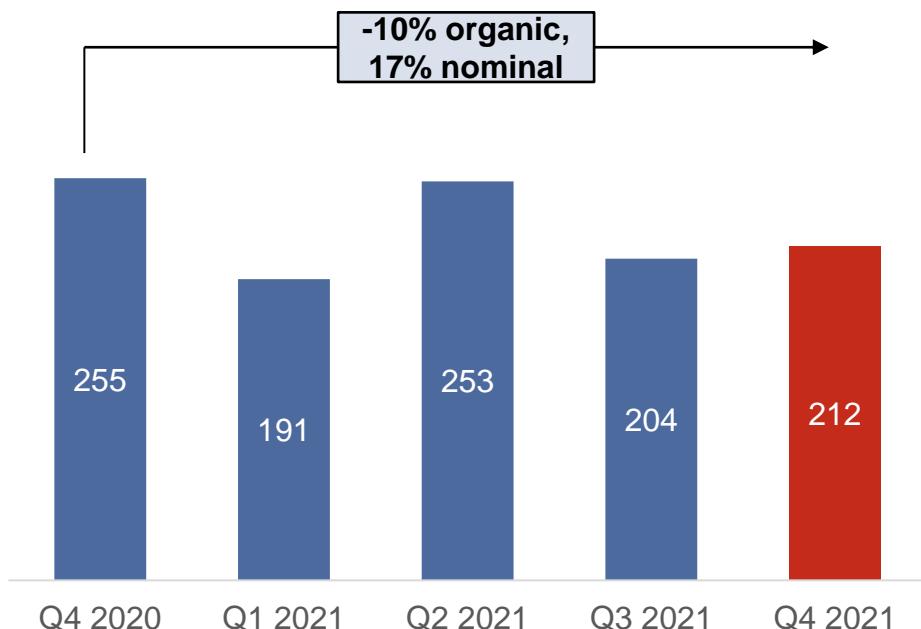
MNOK	Q4 2021	Q4 2020	YoY Change	FY 2021	FY 2020	YoY Change
Revenues	212	255	-16.8%	860	889	-3.3%
Gross contribution	129	146	-12.0%	550	545	+1.0%
<i>Gross margin</i>	60.7%	57.4%	+3.3 pp	64.0%	61.3%	+2.7 pp
OPEX	102	121	-15.9%	444	469	-5.3%
EBITDA	27	25	+6.7%	106	76	+39.3%
<i>EBITDA margin</i>	12.8%	10.0%	+2.8 pp	12.3%	8.5%	+3.8 pp
EBIT*	13	-13		50	-9*	
<i>EBIT margin</i>	6.2%	-5.1%	+11.3 pp	5.8%	-1.0%	+6.8 pp
EPS	0.30	-0.29		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

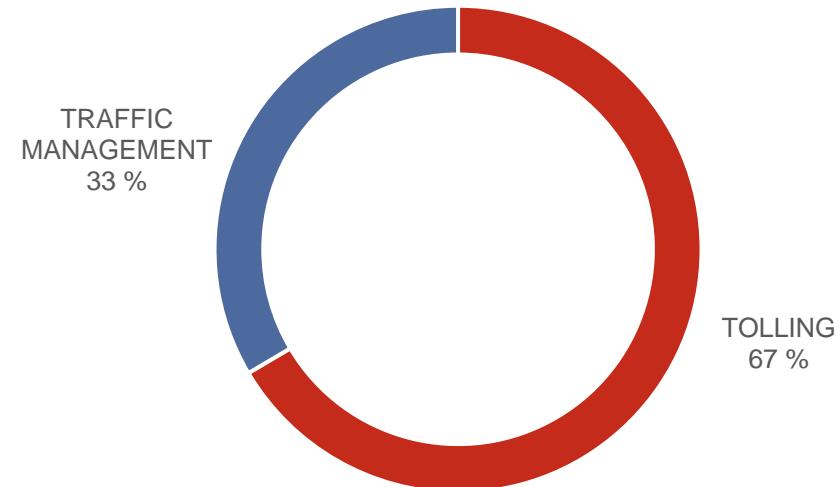
NOK million



-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%

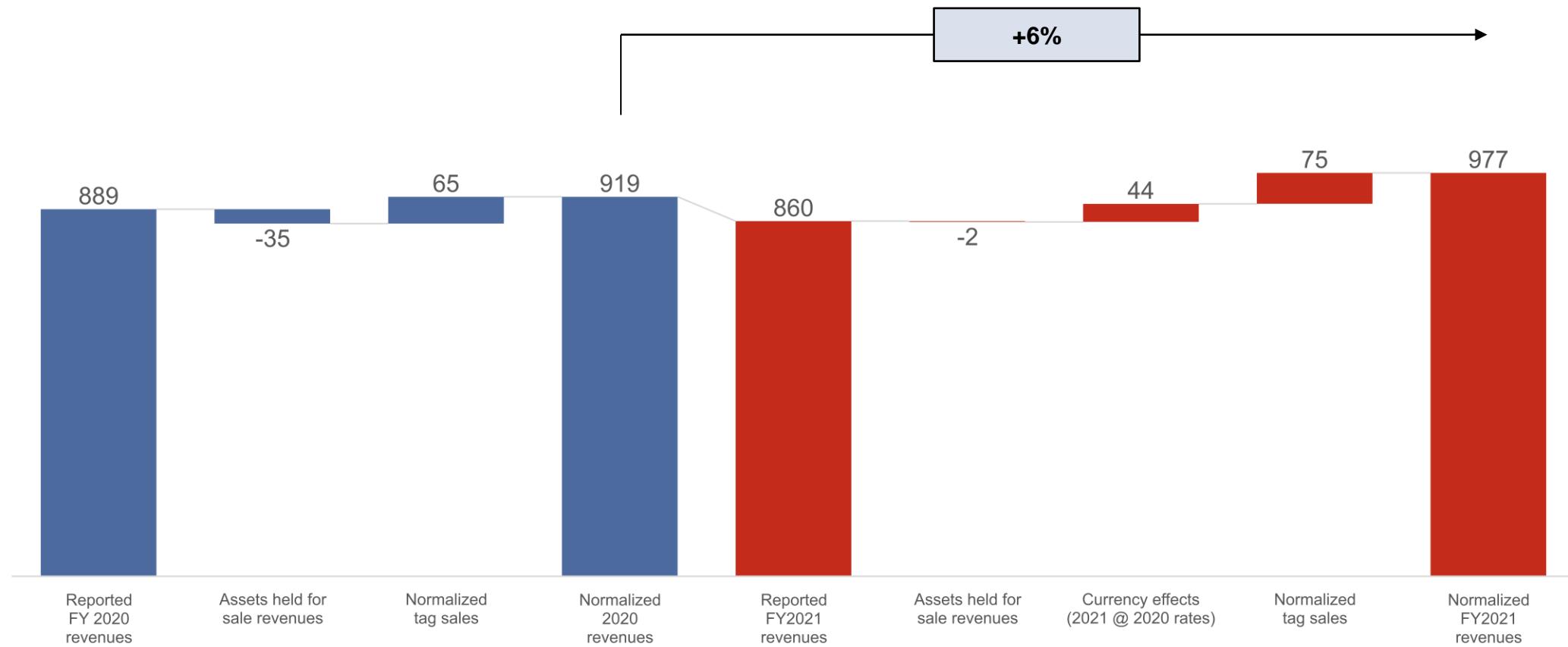
-10% YoY organic revenue growth adjusted for Assets Held for Sale and currency effects

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

* Parking assets divested in Q1-21

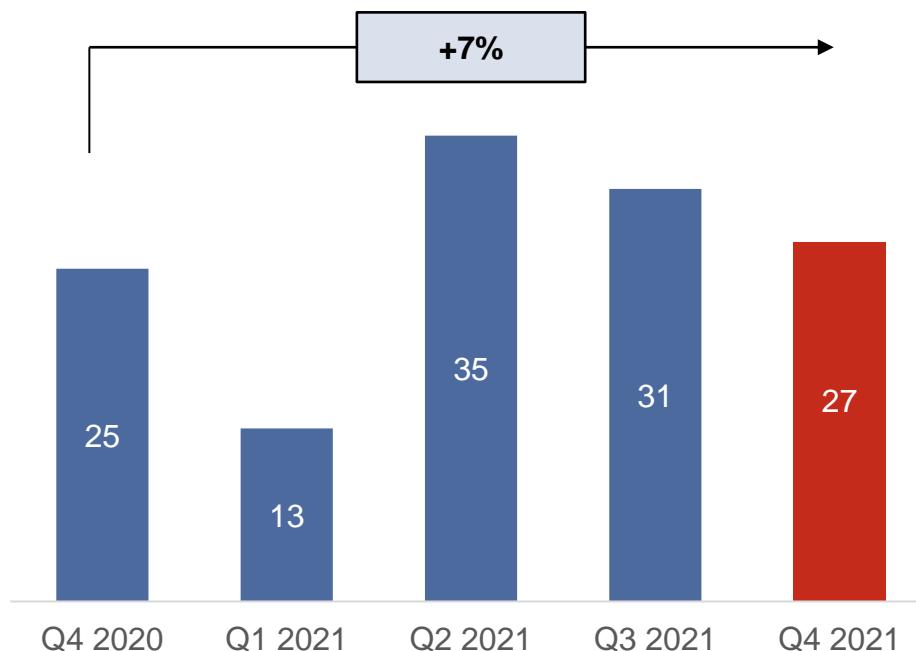
2020 -> 2021 REVENUE DEVELOPMENT



EBITDA DEVELOPMENT

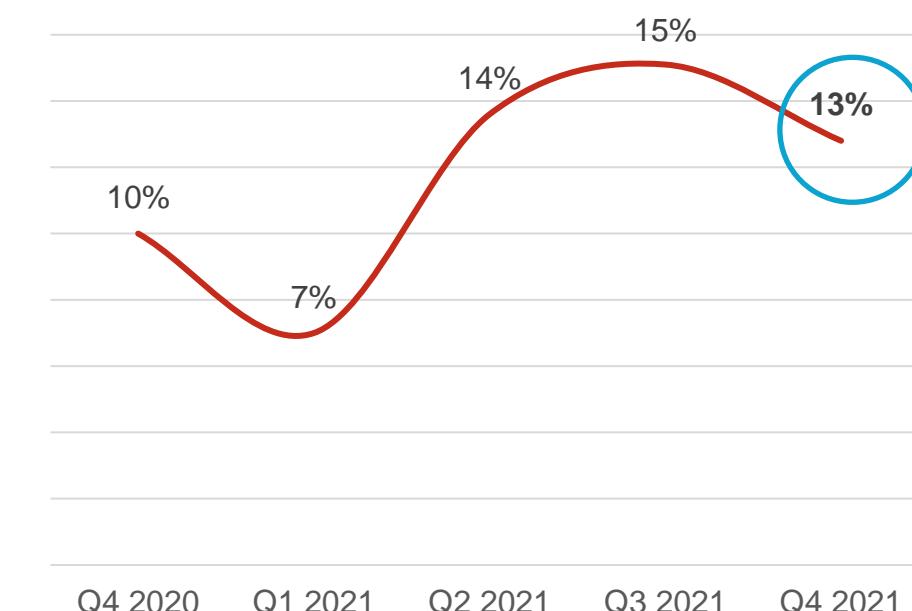
EBITDA EXCL. NON-RECURRING ITEMS

NOK million



EBITDA MARGIN EXCL. NON-RECURRING ITEMS

Percent



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

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

SEGMENT EBITDA DETAILS

NOK million

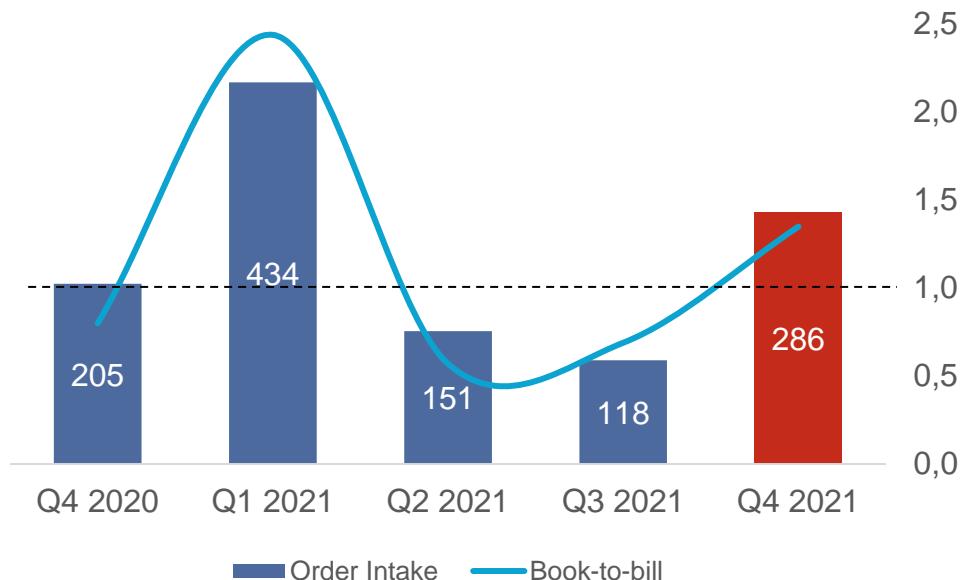
SEGMENT	Q4-21	Q4-20	<i>Margin change</i>
Tolling	25	33	-2.7 pp
Traffic Management	7	4	+5.2 pp
Assets held for sale*	-	-6	-
Group Functions	-5	-5	-
EBITDA	27	25	+2.8 pp

	FY 2021	FY 2020	<i>Margin change</i>
Tolling	114	111	+1.3 pp
Traffic Management	22	7	+5.0 pp
Assets held for sale*	-2	-12	-
Group Functions	-29	-29	-
EBITDA	106	76	+3.8 pp

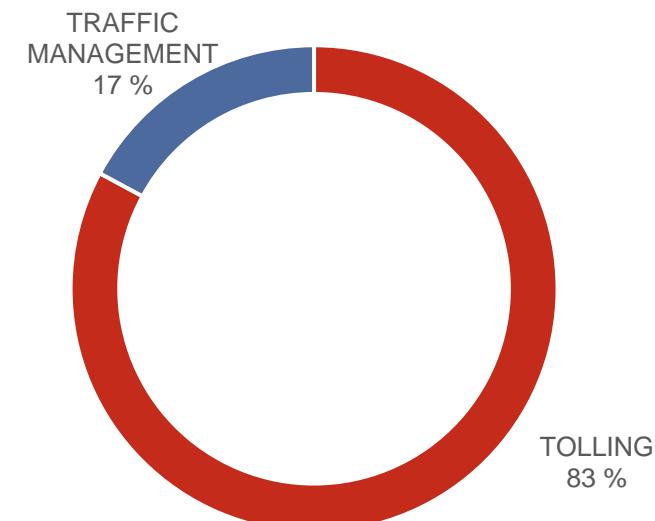
* Parking assets divested in Q1-21

ORDER INTAKE DEVELOPMENT

ORDER INTAKE & BOOK-TO-BILL PER QUARTER
NOK million / ratio



Q4-21 ORDER INTAKE PER BUSINESS AREA
Percent



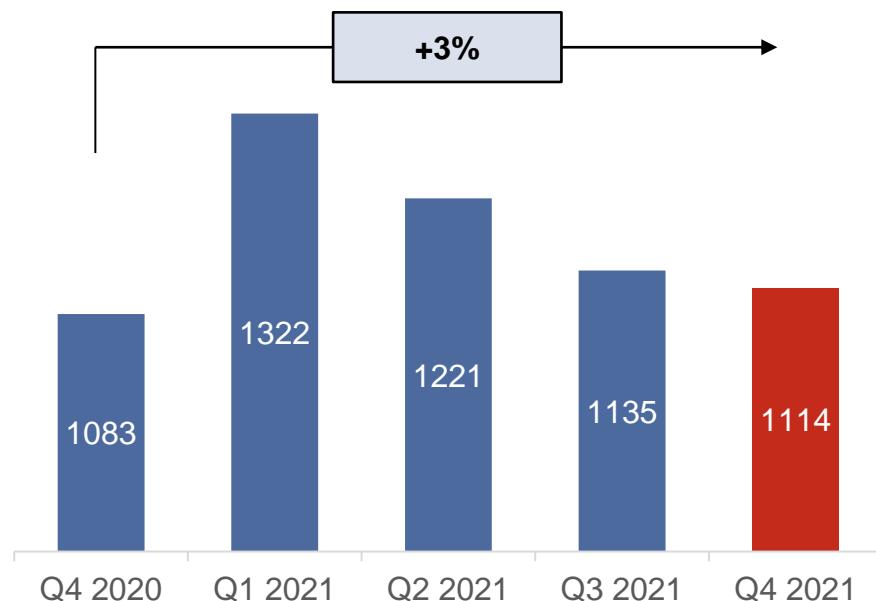
989 MNOK in order intake (BtB of 1.15) in FY2021 excl. frame agreements, up 4% compared to FY2020

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

ORDER BACKLOG DEVELOPMENT

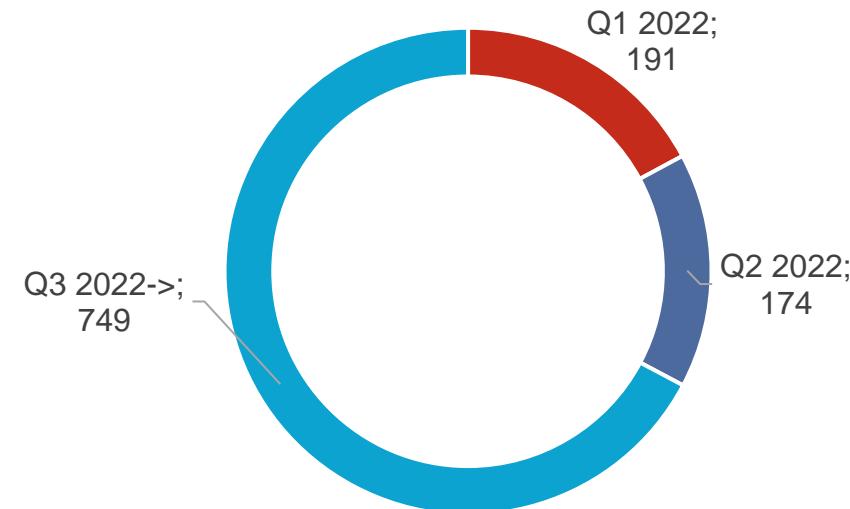
ORDER BACKLOG

NOK million



EXPECTED DELIVERY SCHEDULE

NOK million



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

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)

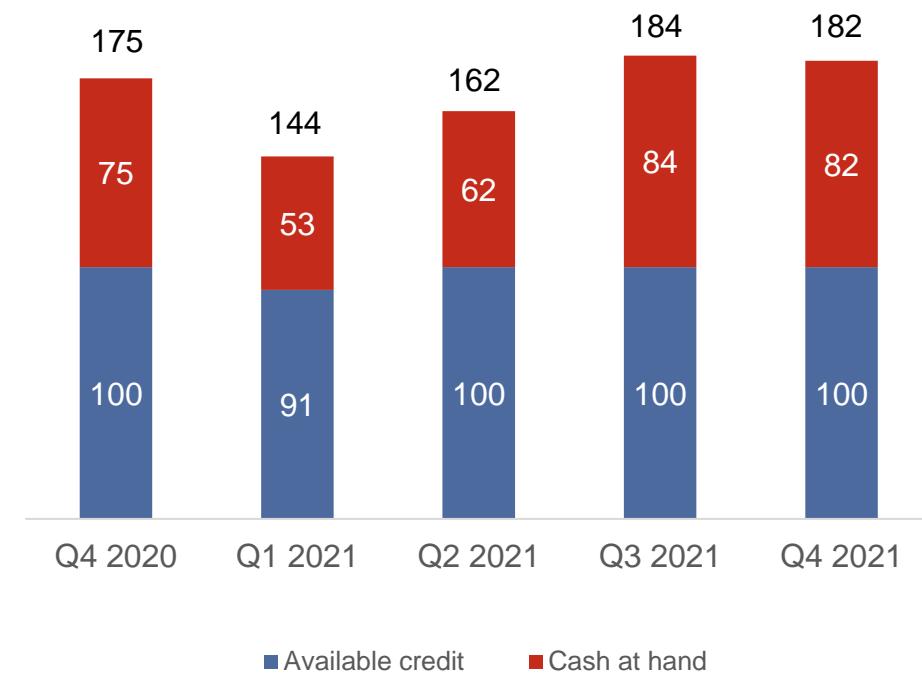
CASH FLOW FROM INVESTING (Q4-20)

-16 MNOK (-7)

CASH FLOW FROM FINANCING (Q4-20)

-13 MNOK (-22)

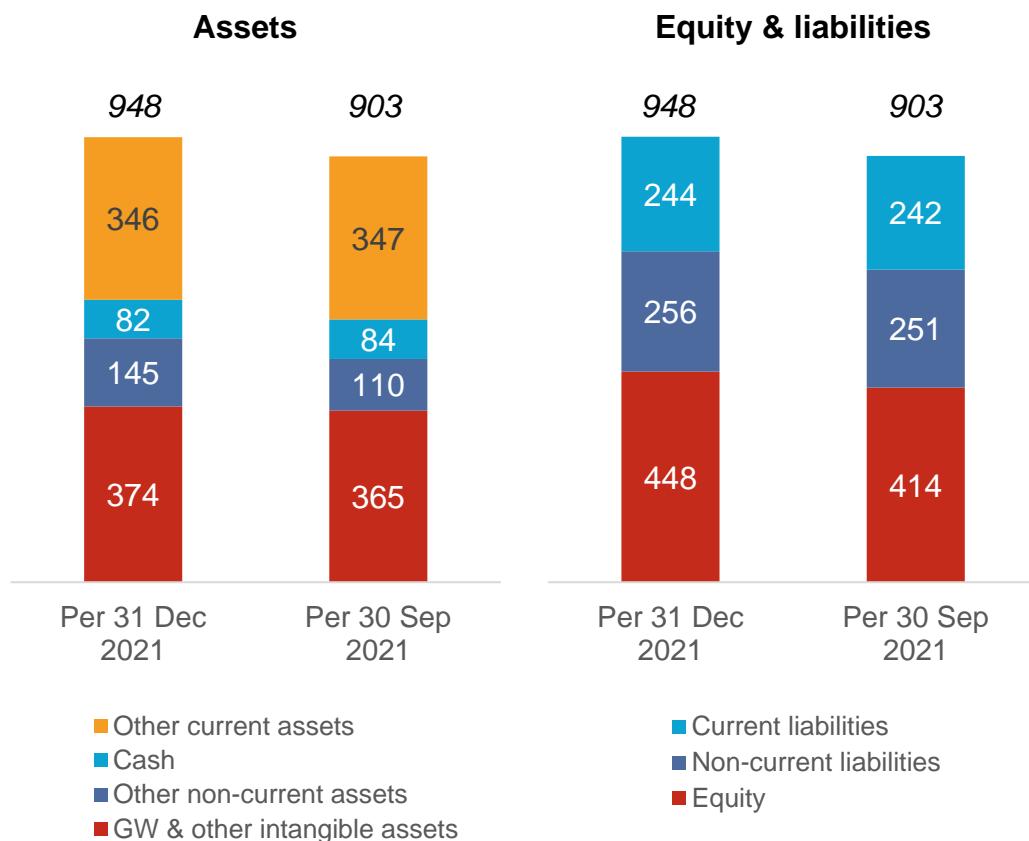
AVAILABLE CREDIT AND CASH AT HAND
NOK million



BALANCE SHEET

BALANCE SHEET COMPOSITION

NOK million



EQUITY RATIO (Q4-20)

47% (37%)

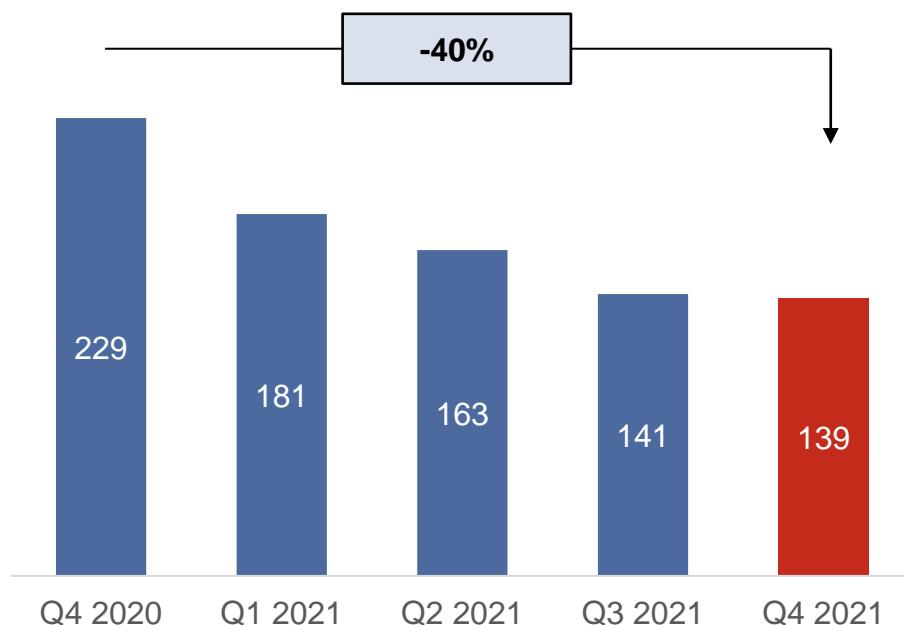
WORKING CAPITAL RATIO (Q4-20)

14% (17%)

NET INTEREST BEARING DEBT

NET INTEREST BEARING DEBT

NOK million



12 MONTH NIBD/EBITDA Q4-20

1.3 (2.1)

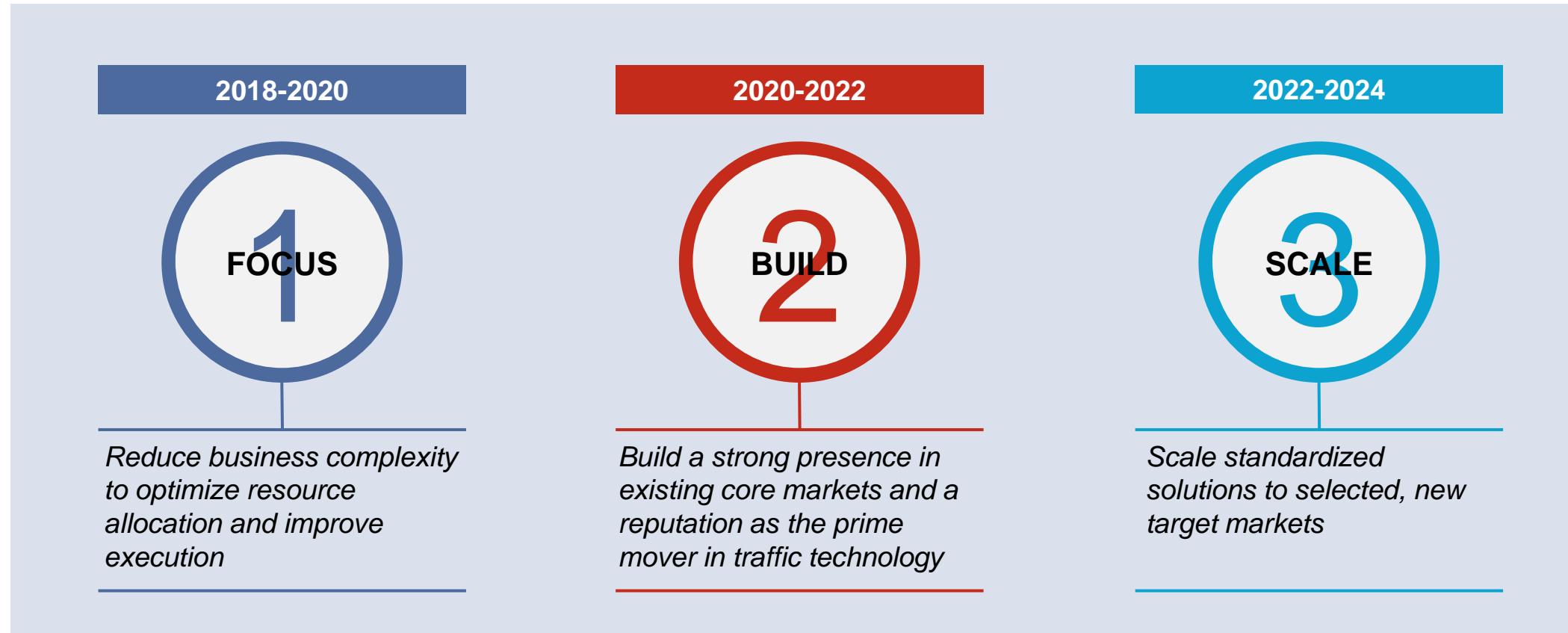
NET FINANCIAL ITEMS (Q4-20)

-4 MNOK (-10)

STRATEGY & OUTLOOK



OUR STRATEGIC PLAN



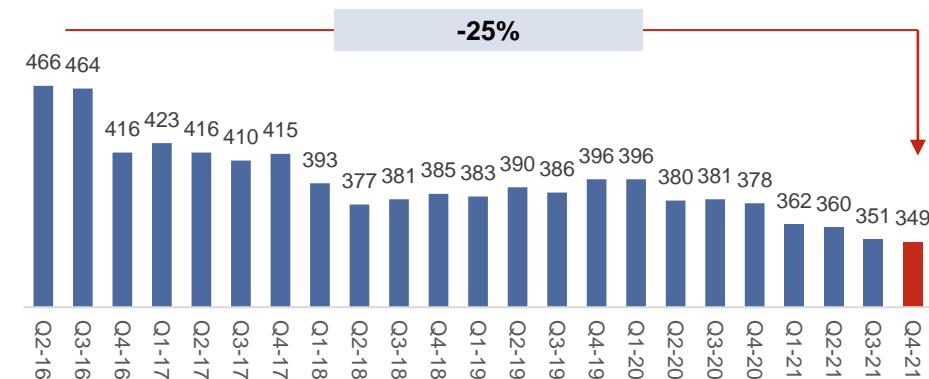
WE HAVE REFOCUSED, RESTRUCTURED AND RECAPITALIZED THE COMPANY

1
FOCUS

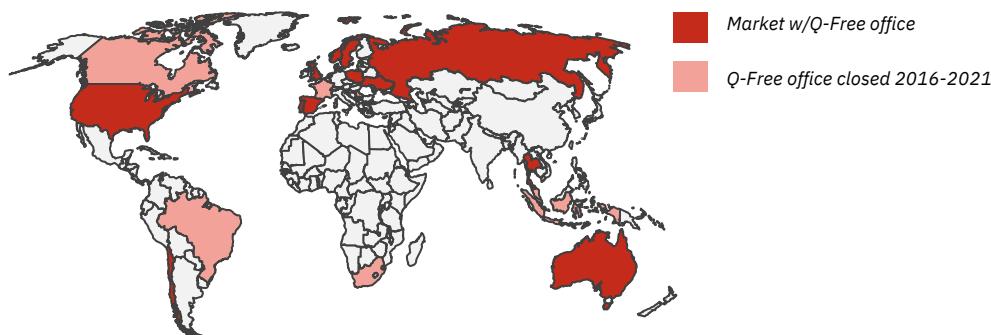
FROM 6 TO 2 BUSINESS UNITS



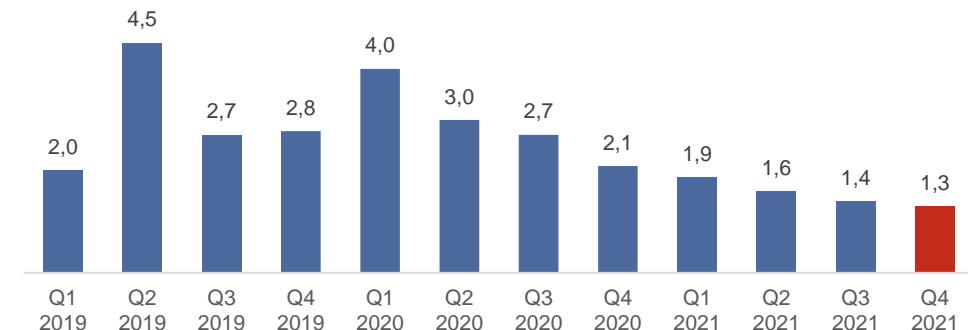
FROM ~470 TO ~350 EMPLOYEES



FROM 21 TO 15 MARKETS



FROM 4.5 TO 1.3 IN LEVERAGE RATIO



WE HAVE BUILT A SOLID PRESENCE IN CORE MARKETS

2

TOLLING

NORWAY



PORTUGAL



AUSTRALIA



SWEDEN



SLOVENIA



THAILAND



USA



CHILE



SPAIN



TRAFFIC MANAGEMENT



COLORADO
Department of Transportation



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

- 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

2

Tolling

Leading DSRC technology



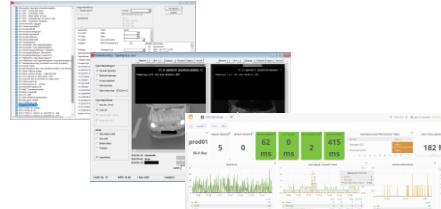
- New transceivers
- New on-board units

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 Management

Trafic Controllers & cabinets



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

Infomobility solutions



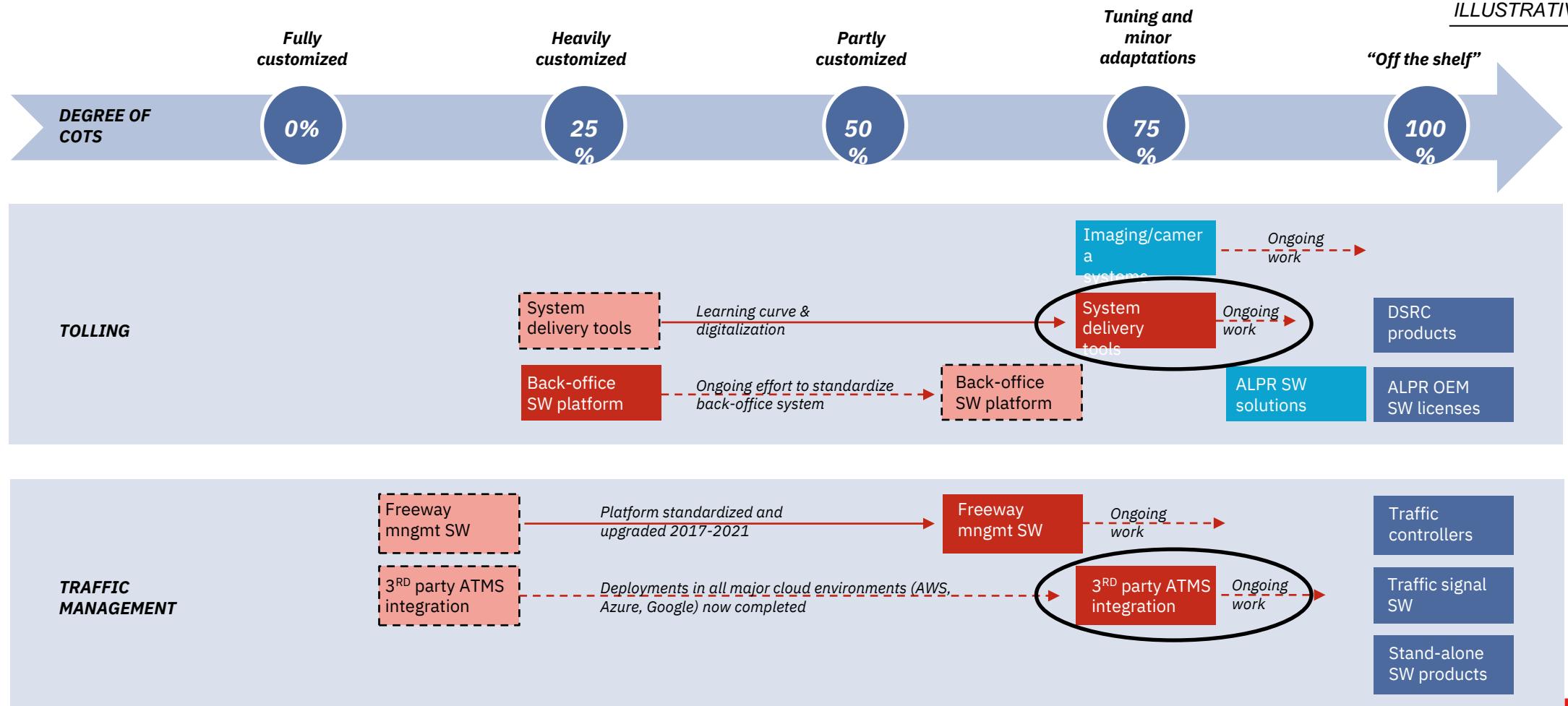
- New 16-lane traffic counter and classifier
- New high-speed WIM system w/enforcement
- New SW solutions



WE HAVE INCREASED THE SCALABILITY OF OUR OFFERING

2
BUILD

ILLUSTRATIVE

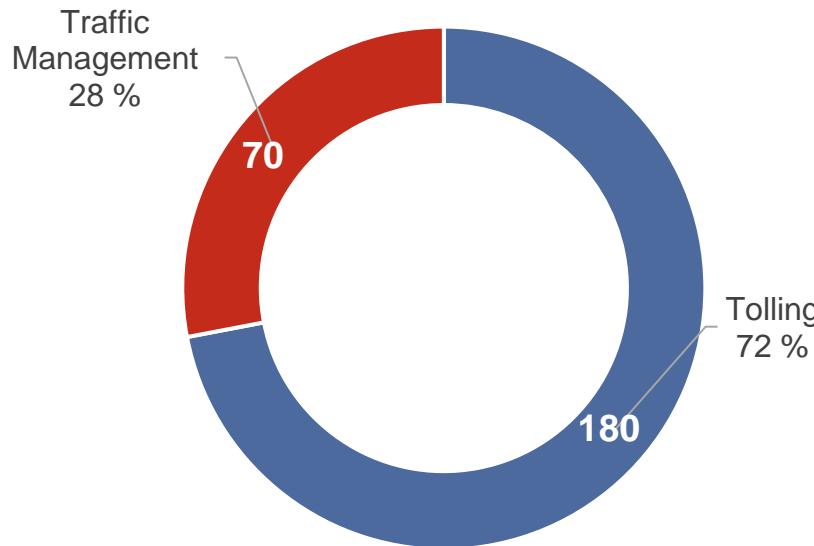


AND WE HAVE BUILT A SOLID RECURRING REVENUE BASE

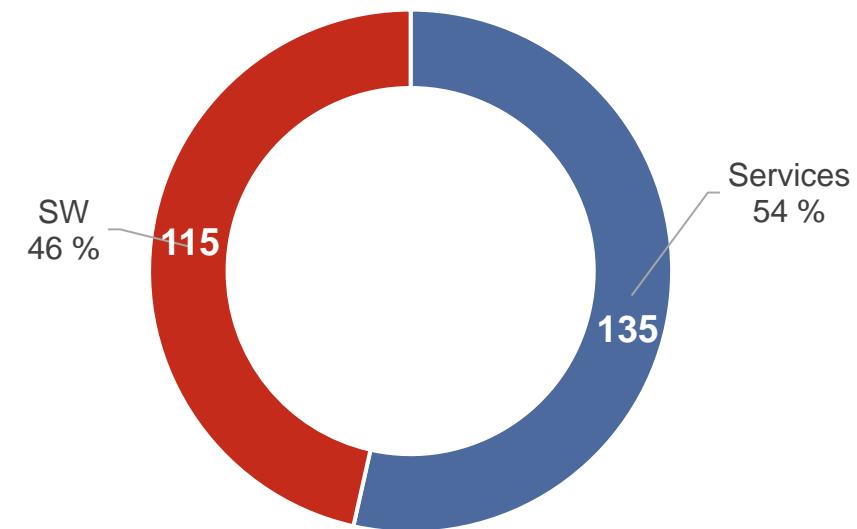
2
BUILD

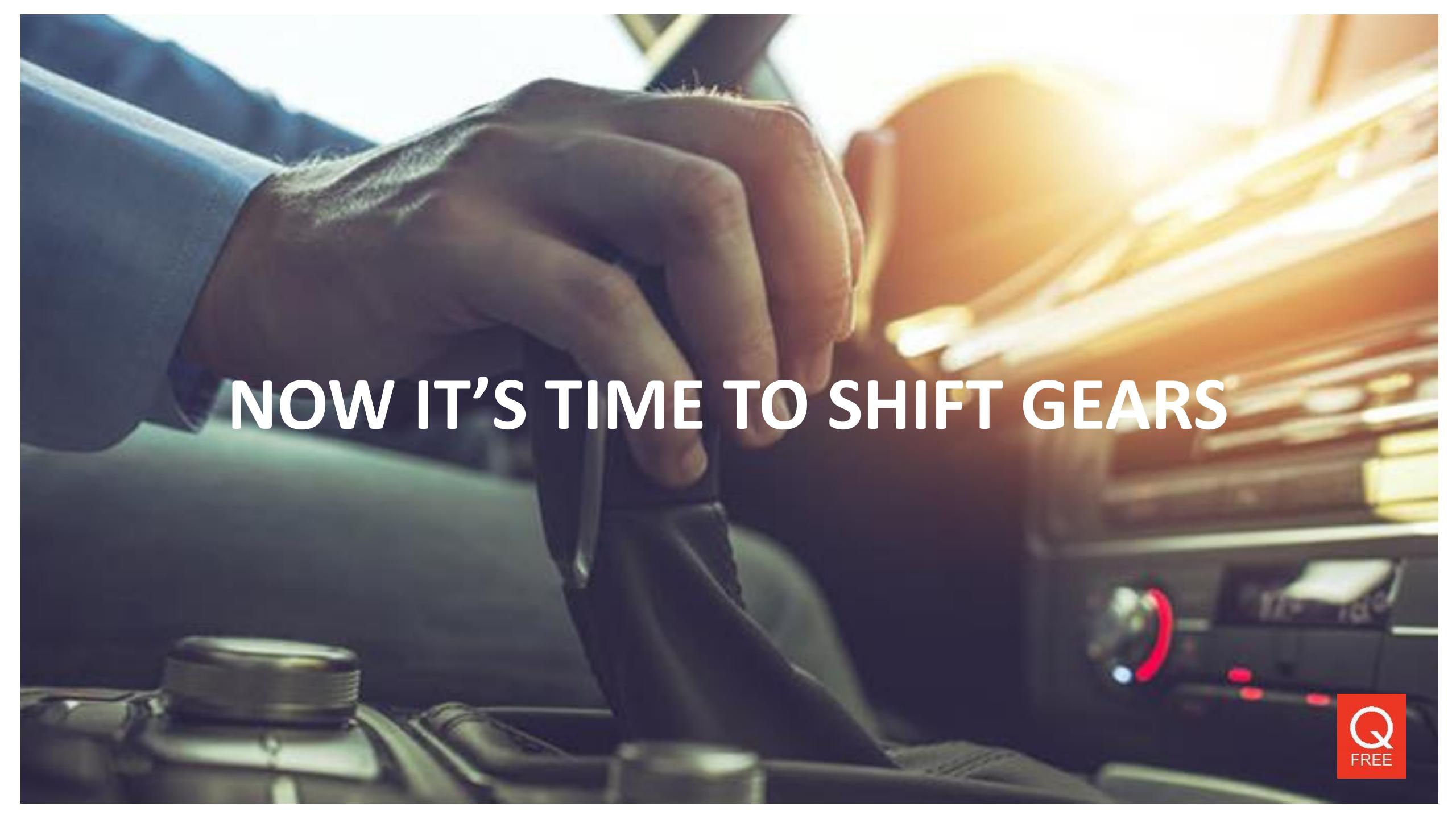
ESTIMATES

ARR BASED ON ORDER BACKLOG PER Q4-21
NOK million



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



A close-up, low-angle shot of a person's hand gripping a dark-colored gear shifter in a car. The background is blurred, showing streaks of light from passing traffic, suggesting motion. The text is overlaid on the upper left portion of the image.

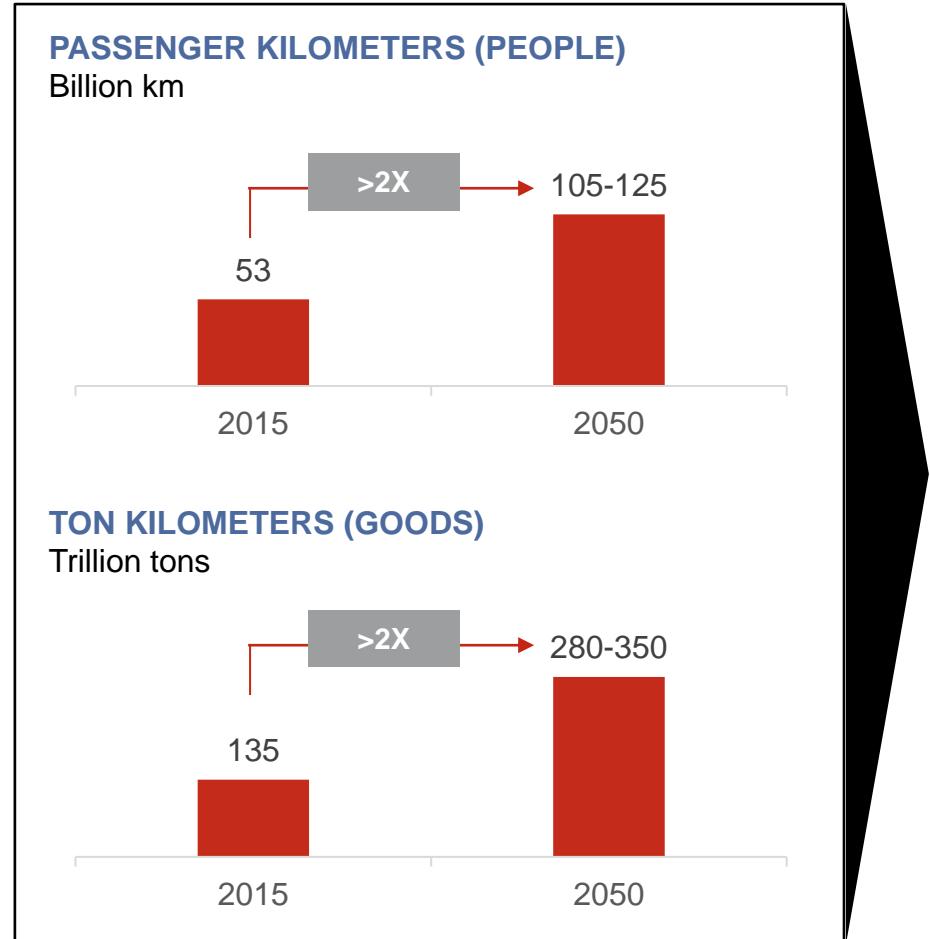
NOW IT'S TIME TO SHIFT GEARS



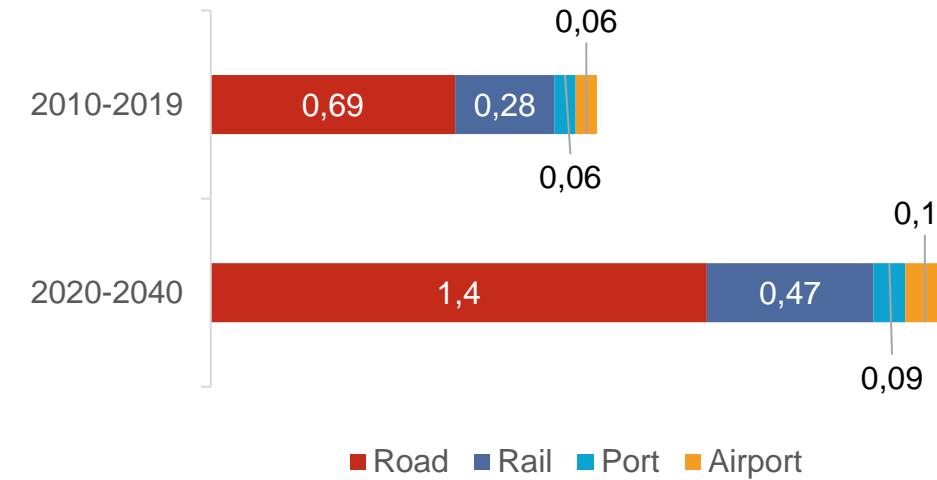
POPULATION GROWTH AND URBANIZATION ARE DRIVING INFRASTRUCTURE INVESTMENT NEEDS

3
SCALE

ESTIMATES



AVERAGE ANNUAL INVESTMENTS IN TRANSPORTATION INFRASTRUCTURE REQUIRED
USD trillion



Source: McKinsey & Company, 2021

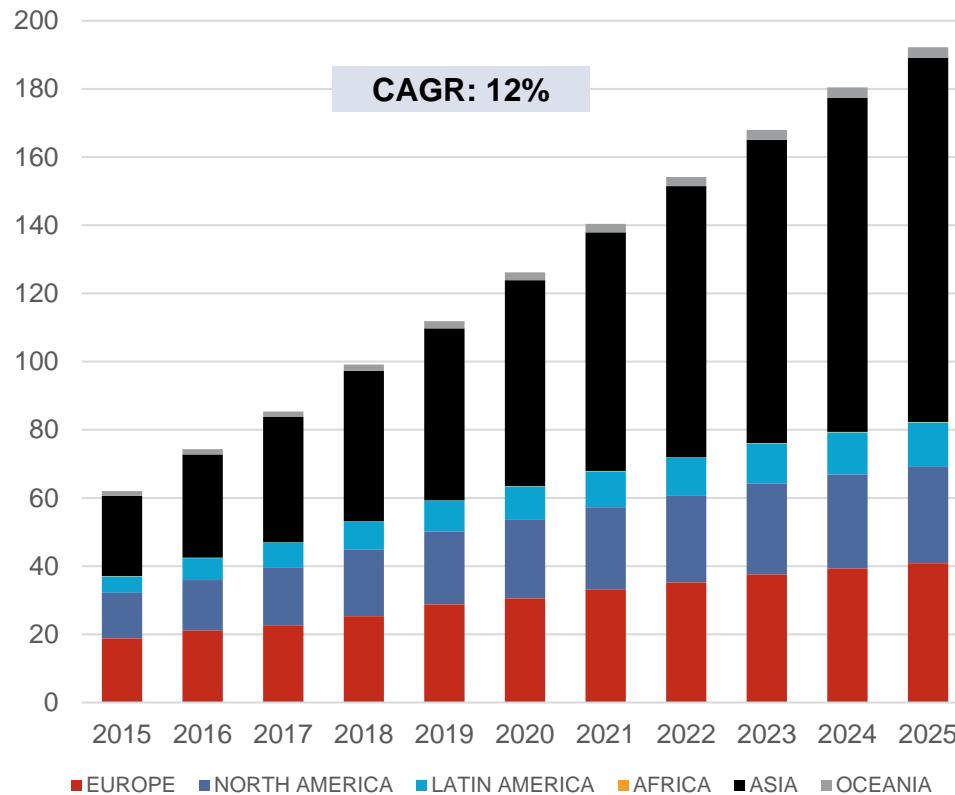
HENCE, THE LONG-TERM INDUSTRY OUTLOOK IS VERY PROMISING...

3
SCALE

ESTIMATES

GLOBAL ETC REVENUES

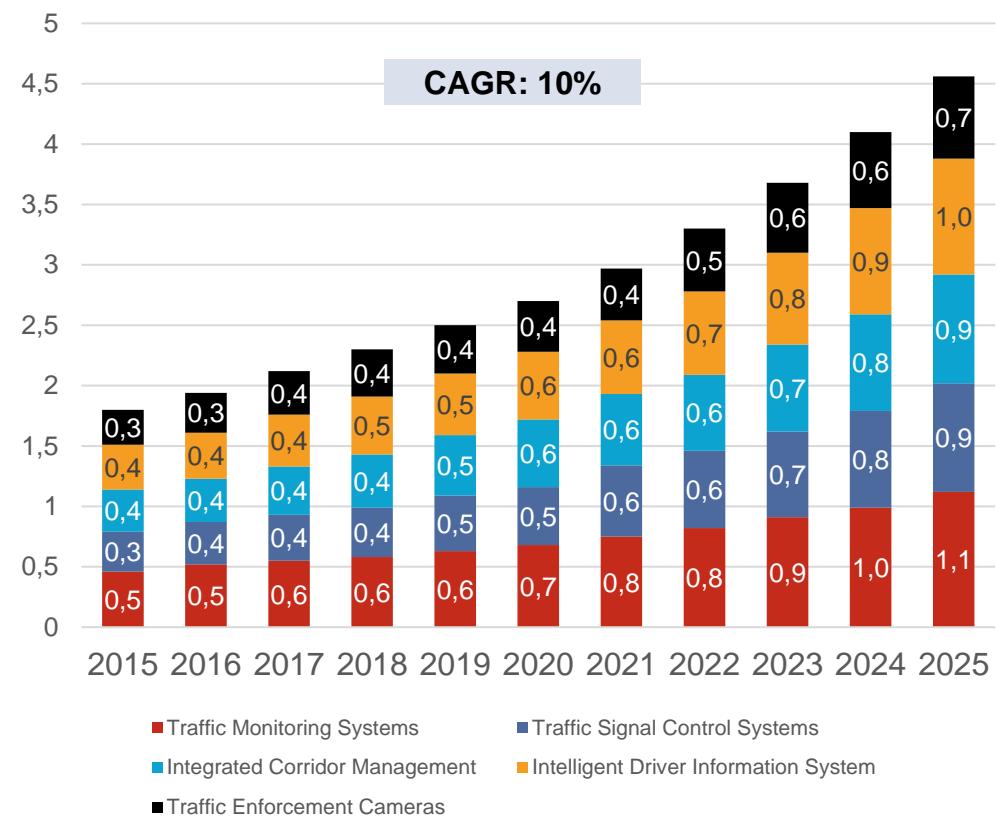
EUR billion



Source: PTOLEMUS Consulting; GrandRapidResearch

US TRAFFIC MANAGEMENT MARKET

USD billion



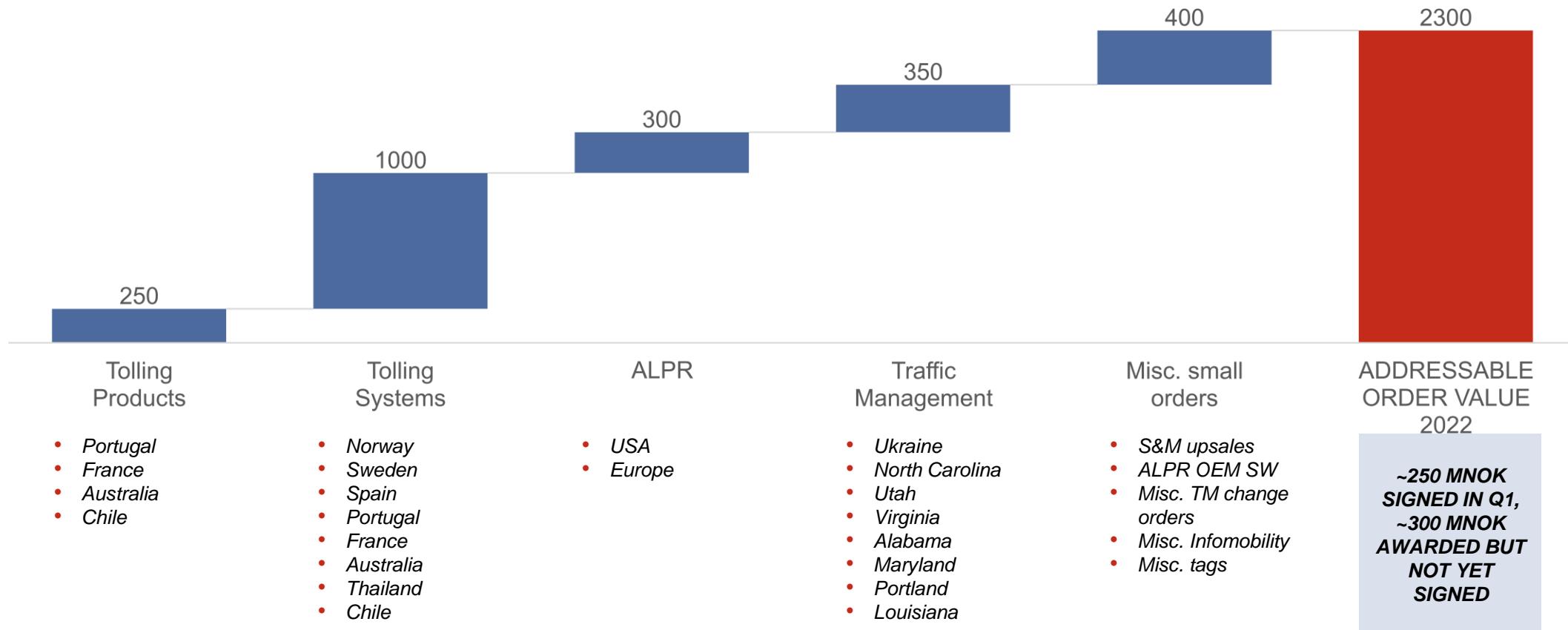
...AND OUR SHORT-TERM OPPORTUNITY PIPELINE IS SIZEABLE AND ATTRACTIVE

3
SCALE

ESTIMATES

ADDRESSABLE OPPORTUNITIES EXPECTED TO BE TENDERED/AWARDED IN 2022

MNOK

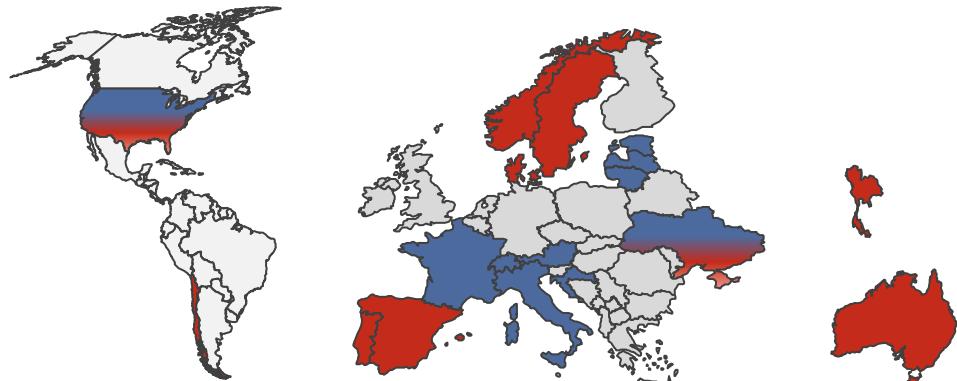


NOTE: Planned tenders and contract signings might be delayed by customers

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

3

MARKET EXPANSION OPPORTUNITIES



Existing QFR markets
with ongoing upgrades



Potential new QFR
markets

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

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

3
SCALE

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

3
SCALE



ALPR SW sales resources



ATMS SW sales resources



Sales resources in new markets

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

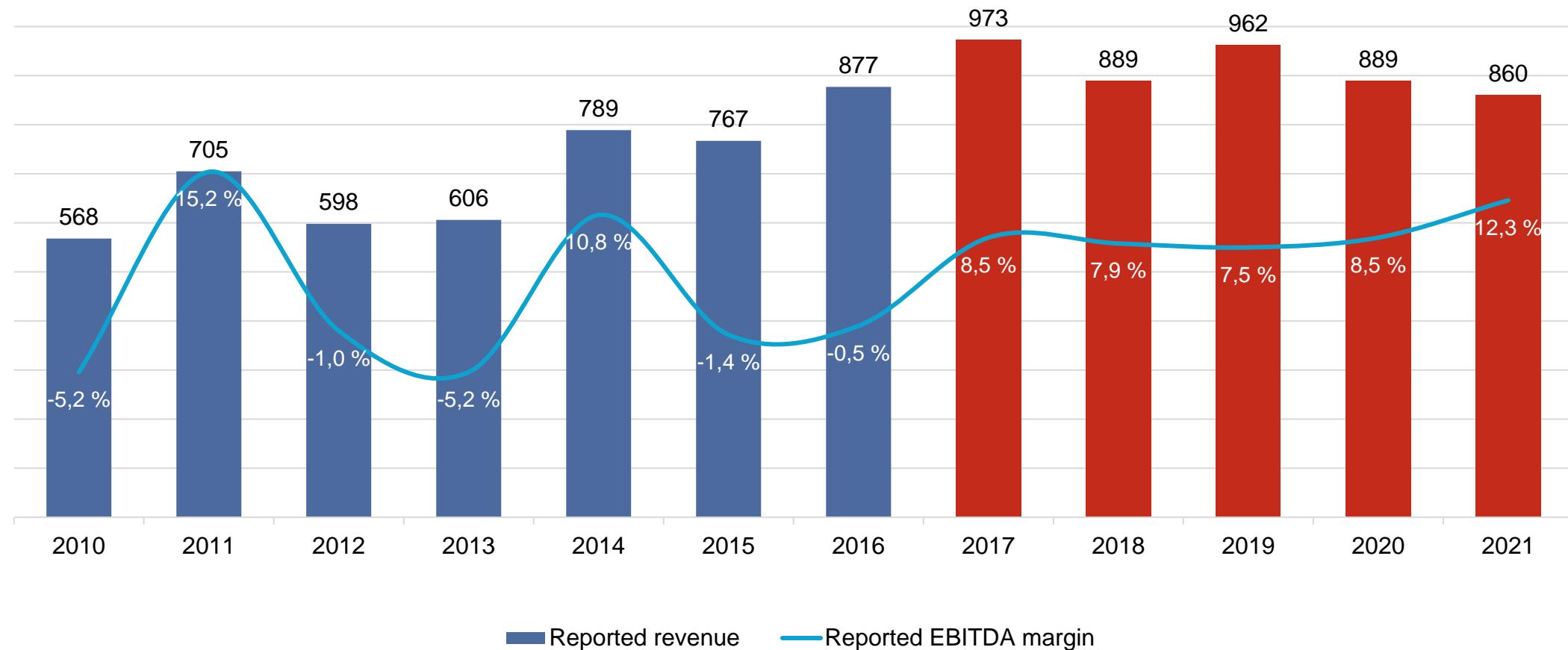
- Drive sales of inter-urban solution (Kinetic Mobility) in new US markets
- Expand sale of urban SW solutions (Kinetic Signals) in new US and export markets
- Push Infomobility SW solutions (Kinetic Count)

- 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





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



Q
FREE



HEADQUARTERS
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enterprises NO 935 487 242

