



Q1
FIRST QUARTER
2023

THE PRIME MOVER IN
TRAFFIC TECHNOLOGY

PRESENTING TODAY



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Q1 at a glance

KEY FIGURES

- 244 MNOK in revenue Q1 23 – up 13%
- EBITDA 12 MNOK up from 10 MNOK
- Solid cashflow from operations of 22 MNOK in Q1
- Continued strong growth in ARR, currently
 - 29 % increase in recurring revenue in Q1, currently at 361 MNOK
- Continued solid backlog at 1 418 MNOK

NOK million	Q1 2023	Q1 2022	YoY Change	12M 2022
Recurring revenues	90	70	29%	308
Non-recurring revenues	154	146	6%	641
Total revenues	244	216	13%	949
Gross contribution	142	135	5%	592
<i>Gross margin</i>	58.0 %	62.9 %		62.4 %
OPEX	130	125	4%	506
EBITDA	12	10	15%	86
<i>EBITDA margin</i>	4.7 %	4.6 %		9.1 %
EBIT	-2	-3		32
<i>EBIT margin</i>	-0.9 %	-1.5 %		3.4 %
EPS	0.01	-0.05		0.02

Q-Free at a glance

Our company

900 million

NOK in revenue

2002

Listed on Oslo Stock Exchange

Norway

Corporate headquarters

14 countries

With local Q-Free offices

Our people

339

Employees

37

Nationalities

Gender

20% Female

80% Male

Our accomplishments

>50

Reference markets

>40 000

Intersection controllers

>2 000

Toll lanes in operation

>50 000

Active Intrada ALPR licenses

>40 million

Tolling tags sold

Tolling



600 MNOK in revenue
~220 employees
80 % revenue share in Europe

*Electronic Multi-Lane Free-Flow Tolling
Ferry & Truck Tolling
Road User Charging
Automatic License Plate Recognition*

Traffic Management



300 MNOK in revenue
~120 employees
75% revenue share in the US

*Advanced Traffic Management Systems
Adaptive Signal Control
Counters & Classifiers
Bicycle & Pedestrian Monitoring
Weigh-in-Motion*

We have a global footprint

Americas



Sales: ~30%
FTEs: ~25%

Europe



Sales: ~60%
FTEs: ~65%

APMEA



Sales: ~10%
FTEs: ~10%

The global traffic challenges

27 million

days of delay per year for highway freight shipment in the US, equal to 75,000 years.

Source: Road Scholar

Congestion

The annual cost of congestion is far too great.

EU: €100 billion (forecast to rise to €150 billion by 2050) USA: \$87 billion.

(Source: WHO)



99%

of the global population breathes air that exceeds WHO air quality limits, and threatens their health.

Source: WHO

Emissions

Road transportation accounts for 15% of total global emissions, 41% of which are attributed to passenger cars.

Source: "Our World in Data"



3,700

across the globe lose their lives every day on the roads.

Accidents

Each year, nearly 1.3 million people die, and as many as 50 million are injured in traffic accidents.

Traffic accidents are the most common cause of death for children and young adults ages 5 to 29.

Source: World Economic Forum, WHO



Technology is vital part of the solution

Q-Flow

Optimize the movement of people,
goods, and data

Electronic Multi-Lane Free-Flow Tolling Advanced Traffic Management Systems
Ferry & Truck Tolling Adaptive signal control

Q-Clean

Stimulate sustainable
transportation

Congestion charging & Low-Emission Zones Counters & Classifiers
Road User Charging Bicycle & Pedestrian Monitoring
Weigh-in-Motion

Q-Safe

Improve road and
travel safety

Connected Intersections (v2I) Automatic License Plate Recognition
Lane Closure Management

**Facilitate
sharing of data**

**Reduce
accidents and
fatalities through
enforcement**

**Continuously
leverage new
technology**

**Tolling
&
Traffic
Management**

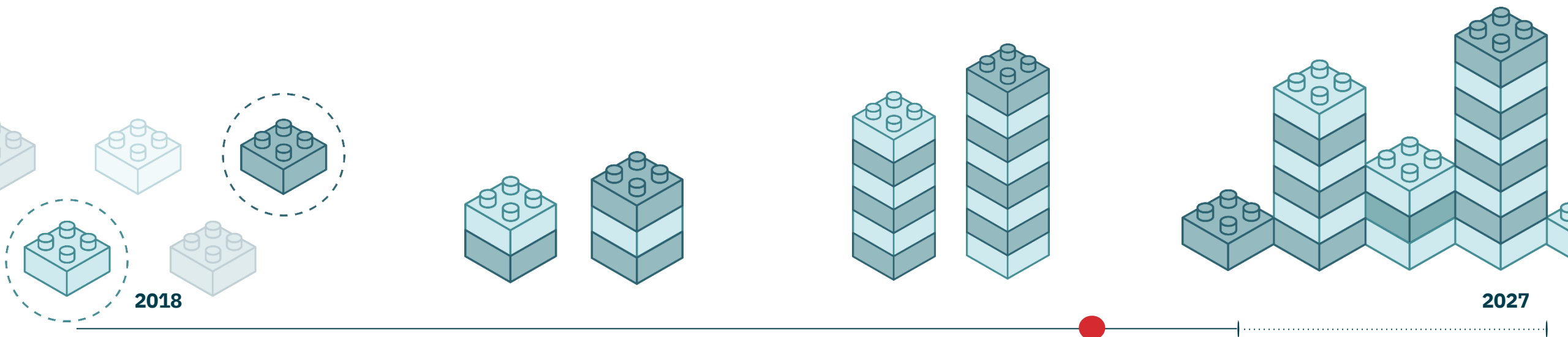
**Eliminate known
traffic bottlenecks
and stimulate green
transportation**

**Use tolls to tax
carbon emissions**

**Reduce emissions
from stop and go
traffic**



We continue our scalability and growth journey



Focus

Reduce business complexity to optimize resource allocation and improve execution.

- Divest non-performing businesses.
- Run company through two business units: Tolling and Traffic Management.
- Optimize and focus resources and investments.

Build

Build strong presence in existing core markets and a reputation as the prime mover in traffic technology.

- Build robust and scalable core products, including tolling back office, RUC-technology and Kinetic platform.
- Cost optimize single gantry solution
- Advance central signal management and statewide traffic management platforms.
- Expand stand-alone product enhancements

Scale

Scale standardized solutions to selected new target markets.

- Target selected greenfield tolling markets and commercialize new RUC technology.
- Become a clear top three ATMS player in terms of revenues in North America
- Build portfolio of annual recurring revenue contracts

Expand

Expand presence and capitalize on synergies

- Use SW platform to create new products and services alone and together with 3 parties
- Utilize partnerships through the value chain, from production to delivery and maintenance
- Organic and bolt-on growth

A scenic landscape photograph of a fjord in Norway. A long, straight bridge stretches across the water, leading towards a sharp, rocky mountain peak. The water is a deep blue, and the sky is filled with dramatic, white and grey clouds. The sun is low in the sky, creating a warm, golden glow and reflecting off the water's surface. The overall mood is serene and majestic.

MARKET HIGHLIGHTS

Q1 2023

Scaling for impact : Q1 highlights



Snapshot from Q-Free Projects and portfolio Q1

- Highlights from Traffic management
 - Installation of AI Learning Sites South Carolina
 - Successfully installed and commissioned UTC-L Loop Classifier Network for Durham CC
 - 100% KPI & SLA success against 2nd Contract Year with Transport for Greater Manchester TfGM
 - Q-Free Funding campaign for US government grants as part of
- Highlights from Tolling
 - Many large bids out in Europe (France, Croatia)
 - Won ATMS solution in Slovenia – S&M
 - Image review contracts world wide



Snapshot from Q-Free world-wide

- ISO 27001 Information security obtained for additional locations. Now certified ISO 9001, 14001, 27001 and 45001.
- Global SHE Index for Q-Free Norge at 86 pts, up from 65 pts
- Grant from Norwegian Research Council for 16 MNOK to research and develop future GNSS tag
- Awarded ITS Australia Connected Autonomous and Connected vehicle award – with Lexus, Ambulance Service Victoria and University of Melbourne

ITS is receiving attention in the US market

In the News in March

USDOT awards more than \$94 million through SMART Grants Program

The first round of funding through the SMART Grants Program will support 59 transit projects across the U.S. that will utilise technology to improve the safety, equity and efficiency of transportation systems.



24.03.23 – www.Intelligenttransportation.com

RAISE Grant

Rebuilding American Infrastructure with Sustainability and Equity

- Discretionary grant
- \$1.5 billion for 2023
- Qualifying projects will have a significant local or regional impact

SMART Grant

Strengthening Mobility and Revolutionizing Transportation

- \$100 million a year for 5 years with continuation
- Focused on projects promoting advanced smart community technologies and systems

ATTAIN Grant

Advanced Transportation Technology and Innovation

- Up to \$60 million a year for 5 years
- Projects that deploy, install, and operate advanced transportation technologies



Alison Boan
@AB_MidwestITS

...

Did you know that there are millions of dollars up for grabs in US federal funding this year?

I ♥ Funding Webinar



An aerial photograph showing a two-lane asphalt road that curves through a dense green forest. The road is bordered on both sides by a large, dark body of water. The water's surface is textured with small ripples. In the upper right, a small white car and a red car are visible on the road. The overall scene is serene and scenic.

OUTLOOK



Our market outlook

We constantly seek insights into core aspects that shape our markets and business, and evaluate our organization, investments and portfolio against them. Some of our current top themes:

Trends

- Growing infrastructure needs that must be covered with tolls as state budgets are stretched and gas taxes decline.
- Higher urban and interurban traffic requires improved facilitation and control of traffic flow. Digitalization is key.
- Political push towards a net-zero economy, including efforts to reduce traffic and air pollution through pricing mechanisms such as congestion and road user charging and better traffic flow.
- Move from manual to electronic toll collection in markets with existing toll roads.

Enablers

- Several attractive growth drivers, increasing recurring revenues, and bolt-on acquisitions.
- Increasing high-margin software revenues and increased scalability of solutions.
- Continuous innovation across entire offering, clear technology road maps.
- Increased number of governmental grants for ITS solutions
- New countries opening up for revised tolling regimes



Leveraging on market openings



Existing QFR markets
with ongoing projects
and upgrades

Potential new QFR
markets



USA:

ATMS in new US states + ALPR



France:

Nationwide upgrade of tolling infrastructure to MLFF solutions



Croatia:

New nationwide tolling system



Austria:

New nationwide truck (HGV) tolling system



Switzerland:

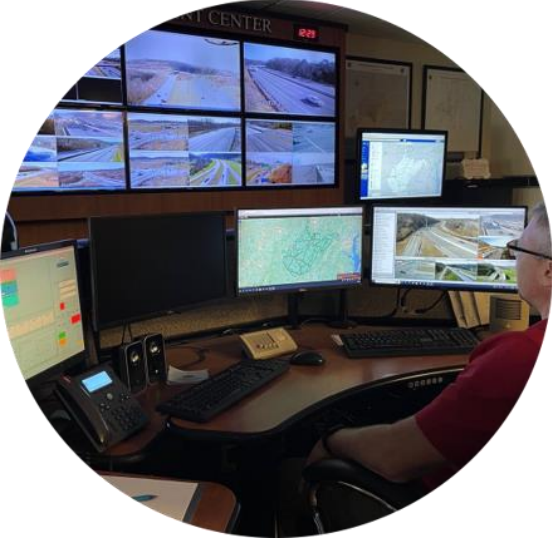
Road User Charging



Italy:

Tag and roadside market deregulated

Outlook: Positive shift in market demands calls for revised strategy and goals



Scalable technology

Continued investments in cloud-based modular technology with an open, user centric approach that supports 3rd party equipment

ARR growth year-on-year



Partnership for growth

Partner strategy in progress. Partnership as part of product development, delivery model and value chain

Strategic alliances



ESG champion

Data-driven footprint – calculated along the value chain including our suppliers

Working with our customers on green handshakes

FINANCIAL UPDATE

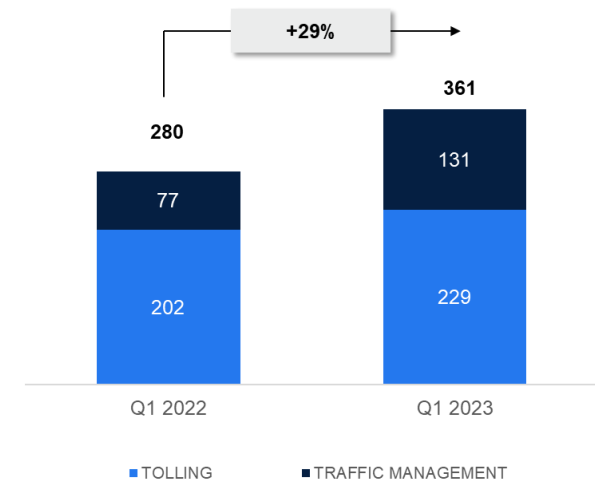


KEY TAKE-AWAYS THIS QUARTER

1. Continued solid growth in annual recurring revenue, currently 361 MNOK
2. 15% improvement in EBITDA YoY
3. Improvements in product deliveries secured double digit growth in Q1 23
4. Order backlog at a very solid 1 418 MNOK.
5. Cashflow from operations 63 MNOK in Q4

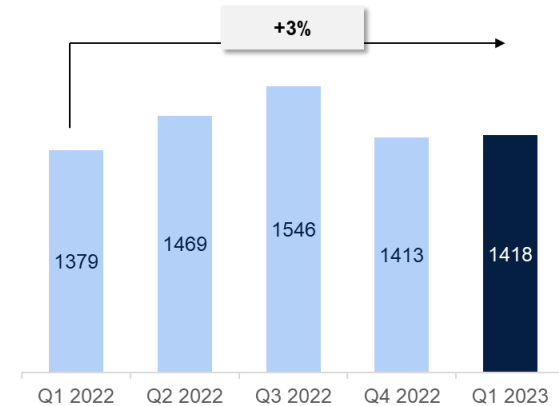
ANNUALIZED RECURRING REVENUES (ARR)

NOK million



ORDER BACKLOG

NOK million



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

FINANCIAL HIGHLIGHTS Q1-23 (Q1-22)

REVENUES:

244 MNOK (215)
+13%

ARR:

361 MNOK (280)
+29%

EBITDA:

12 MNOK (10)
+15%

EBIT:

-2 MNOK (-3)

CF FROM OPERATIONS:

22 MNOK (35)

ORDER INTAKE:

189 MNOK (507)

FINANCIAL SUMMARY

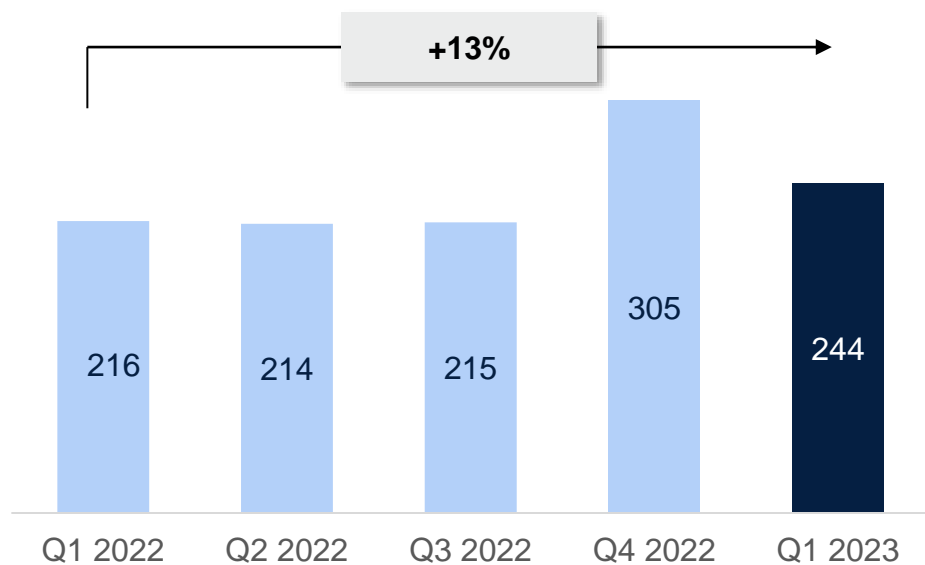
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REVENUE DEVELOPMENT

QUARTERLY REVENUES

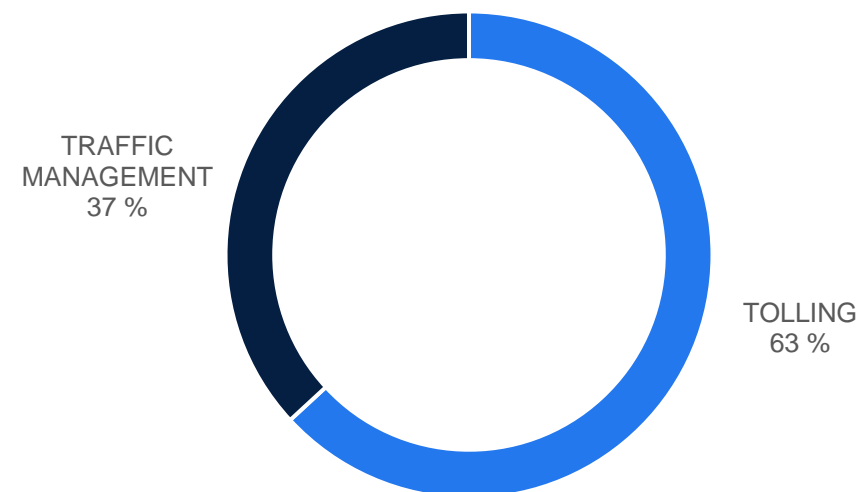
NOK million



Improved product sales in Q1 23

Q1-23 REVENUES PER BUSINESS AREA

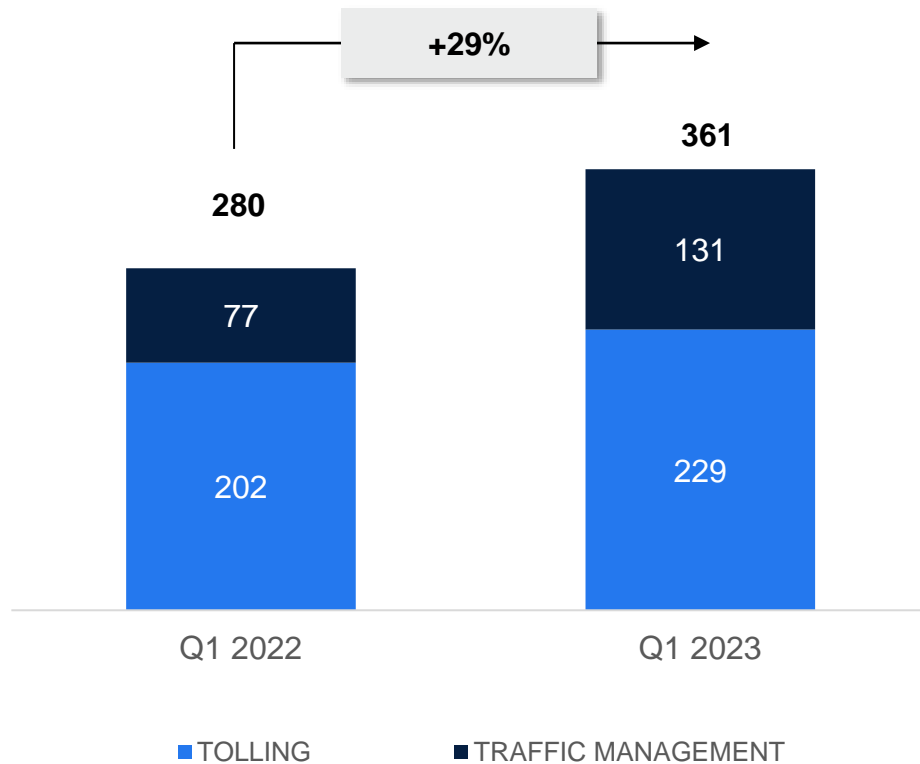
Percent



ARR DEVELOPMENT

ANNUALIZED RECURRING REVENUES (ARR)

NOK million



- Continued growth in recurring revenue in both segments
- Growth rate will vary from quarter to quarter

SEGMENT REVENUE DETAILS

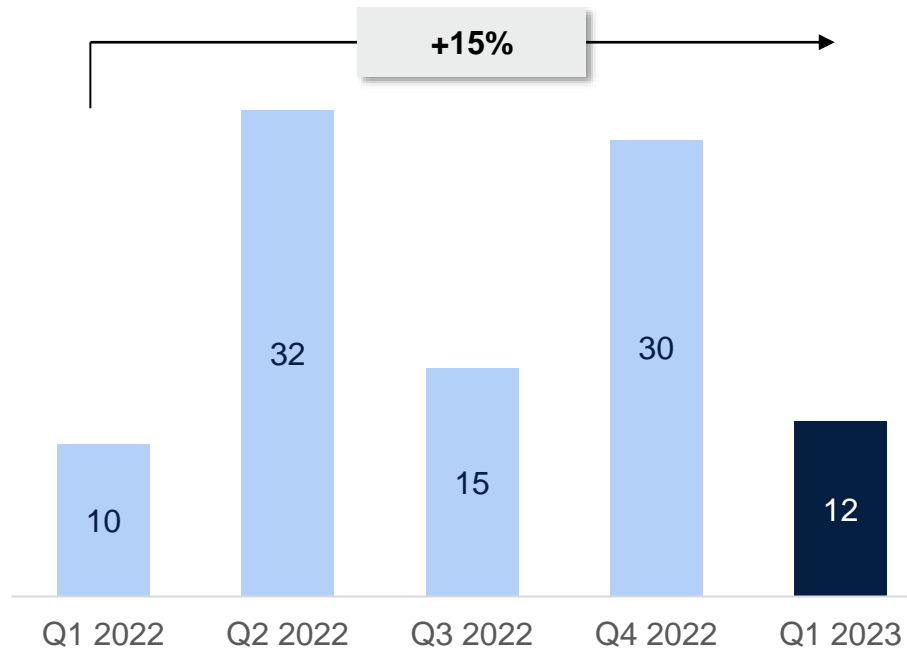
KEY FIGURES

NOK million

Segment	Q1-23	Q1-22	YoY Change	12M 2022
Tolling	154	153	1%	621
Traffic Management	90	63	44%	328
Revenues	244	216	13%	949

EBITDA DEVELOPMENT

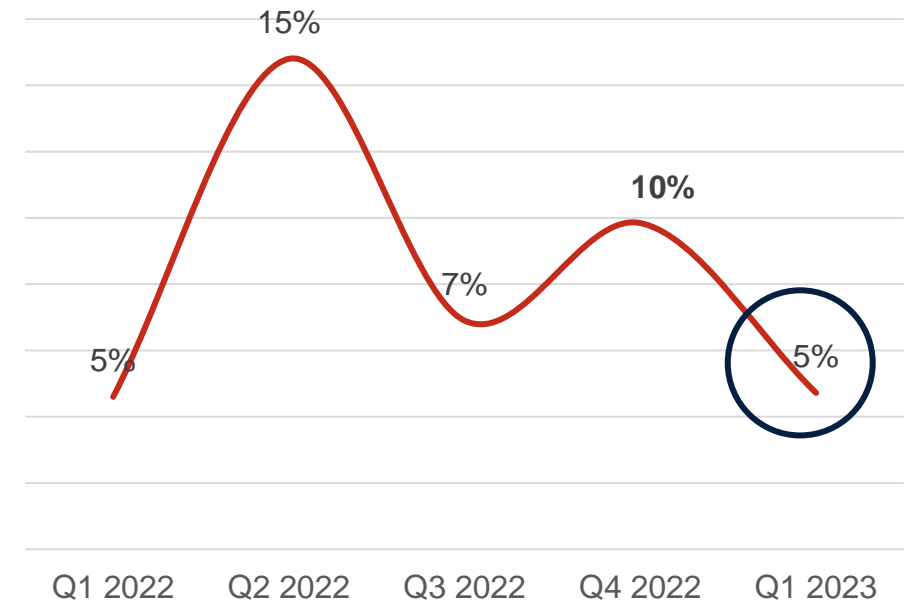
EBITDA NOK million



Q1 2022 affected by loss on AR in Ukraine

EBITDA MARGIN

Percent



SEGMENT EBITDA DETAILS

KEY FIGURES

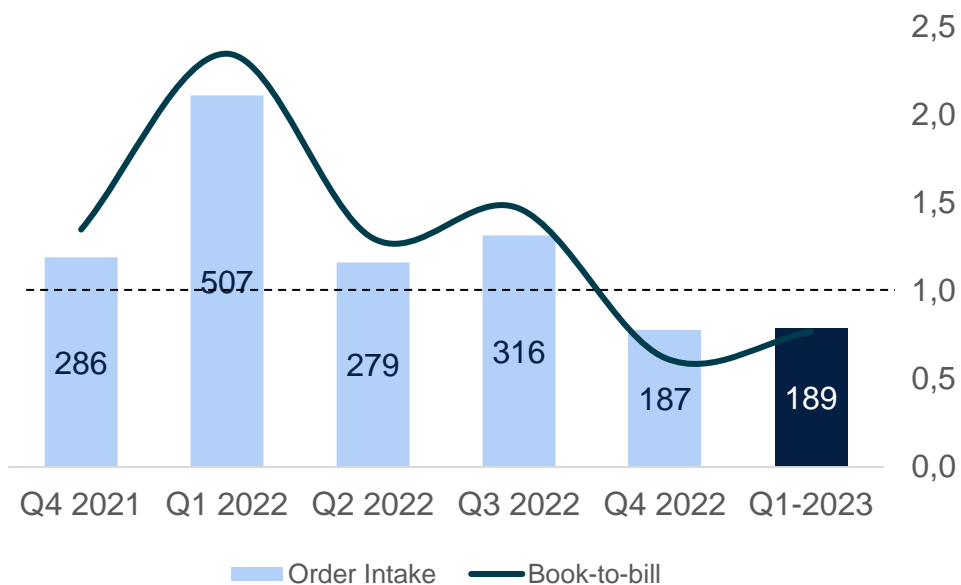
NOK million

Segment	Q1-23	Q1-22	Margin change	12M 2022
Tolling	13	27	-9.3%	93
Traffic Management	7	-7	19.0%	31
Group Functions	-9	-10		-37
EBITDA	12	10	0.1%	86

ORDER INTAKE DEVELOPMENT

ORDER INTAKE & BOOK-TO-BILL PER QUARTER

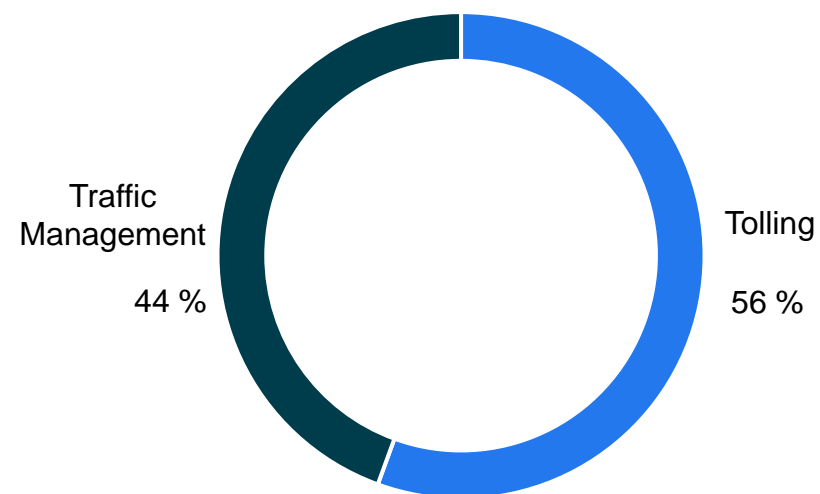
NOK million / ratio



Continued very strong backlog
Very strong pipeline

Q1-23 ORDER INTAKE PER BUSINESS AREA

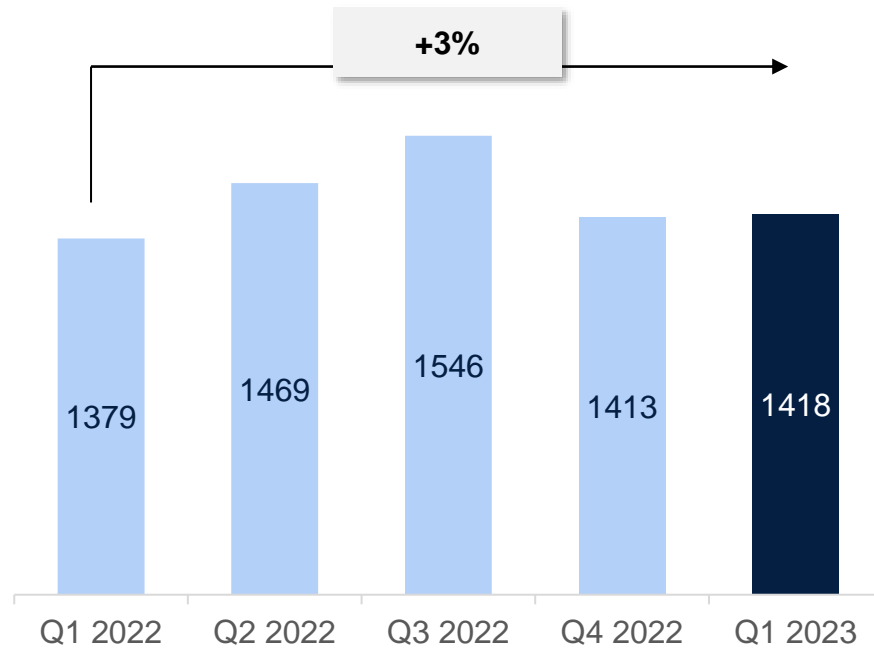
Percent



ORDER BACKLOG DEVELOPMENT

ORDER BACKLOG

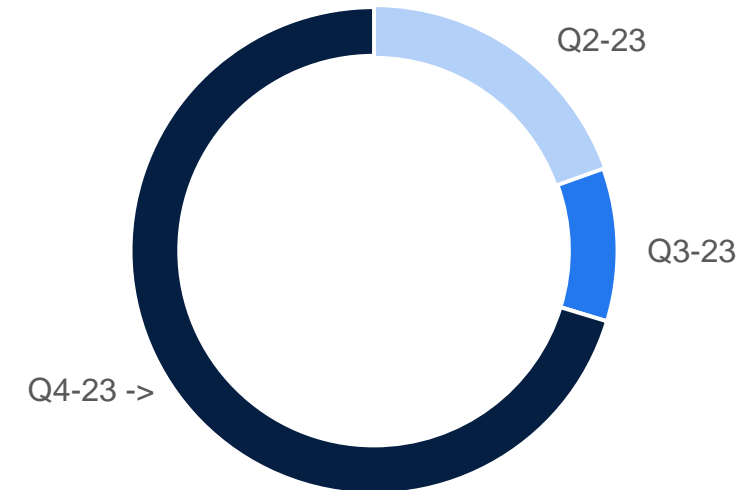
NOK million



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

EXPECTED DELIVERY SCHEDULE

NOK million



CASH FLOW AND AVAILABLE FUNDS

CASH FLOW

NOK million

FROM OPERATIONS:

+22 MNOK (35)

FROM INVESTING:

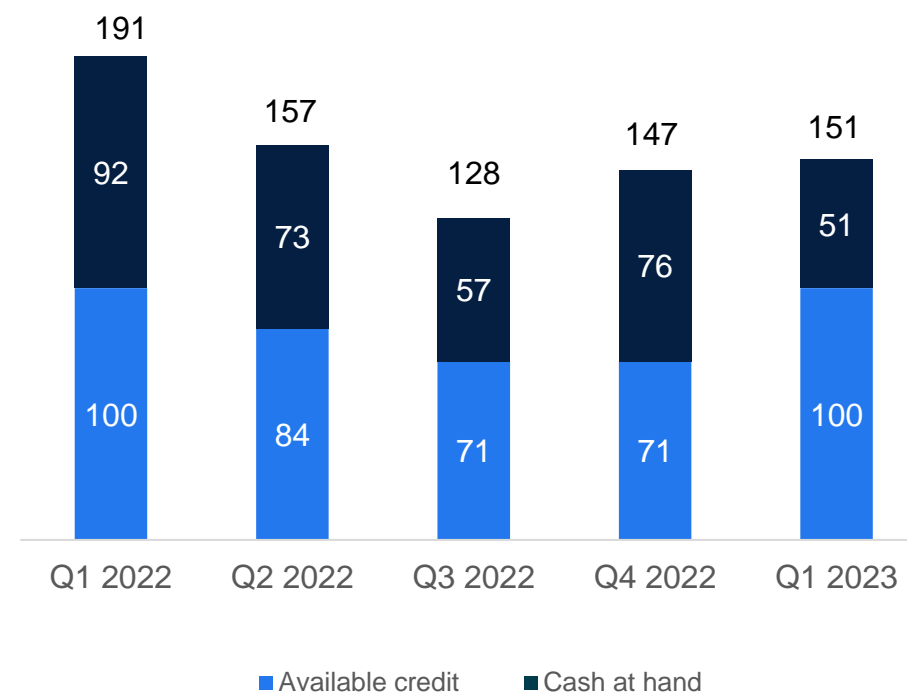
-17 MNOK (-12)

FROM FINANCING:

-42 MNOK (-12)

AVAILABLE CREDIT AND CASH AT HAND

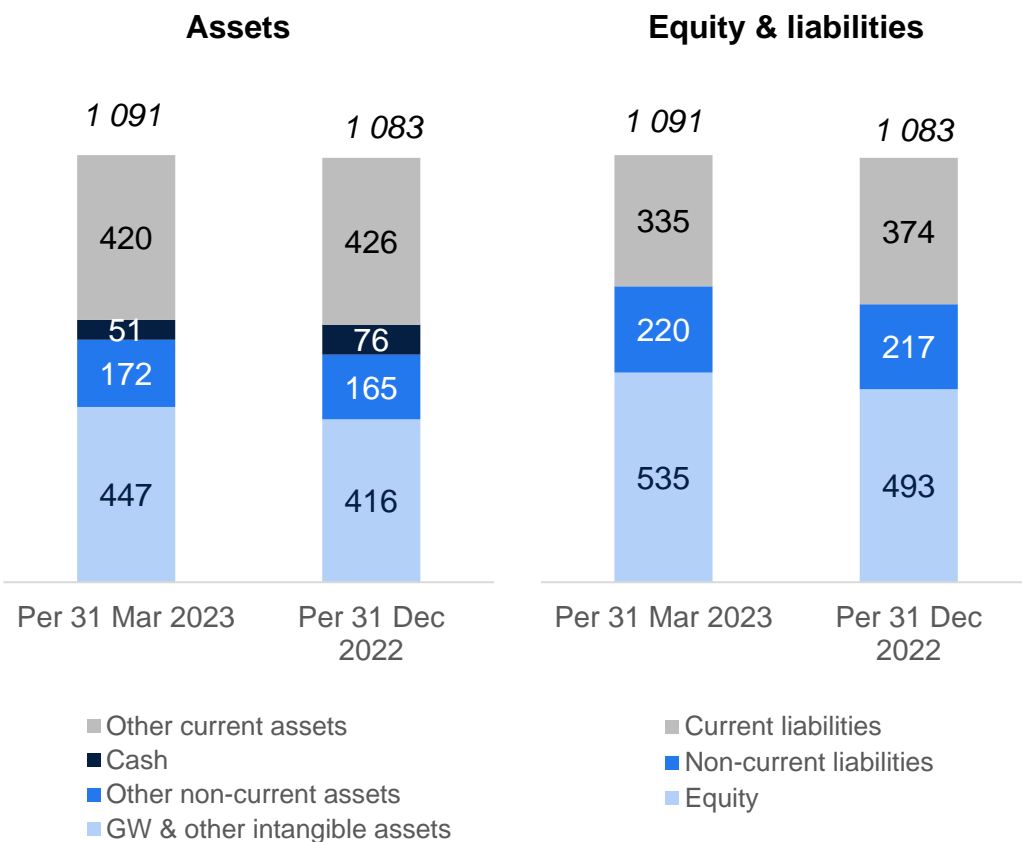
NOK million



BALANCE SHEET

BALANCE SHEET COMPOSITION

NOK million



KEY BALANCE SHEET RATIOS

EQUITY RATIO (Q1-22):

49% (46%)

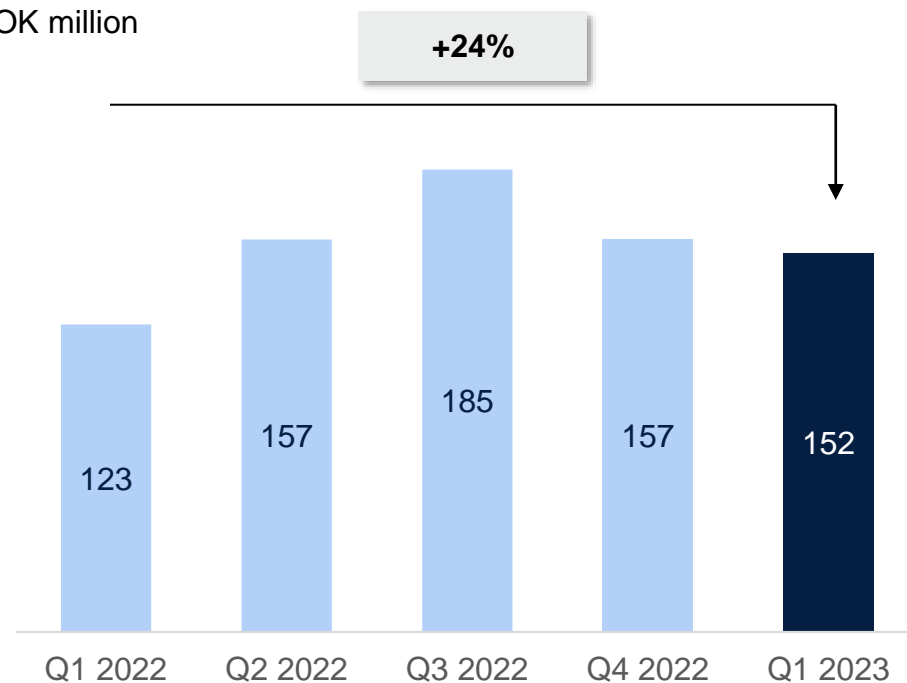
WORKING CAPITAL RATIO (Q1-22):

11% (10%)

NET INTEREST BEARING DEBT

NET INTEREST BEARING DEBT

NOK million




KEY DEBT RATIOS/FIGURES

12 MONTH NIBD/EBITDA

1.7

NET FINANCIAL ITEMS:

+0 MNOK (-2)



Q&A



**HEADQUARTERS
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