

Q-FREE COMPANY PRESENTATION

December 2017



LEADING THE WAY

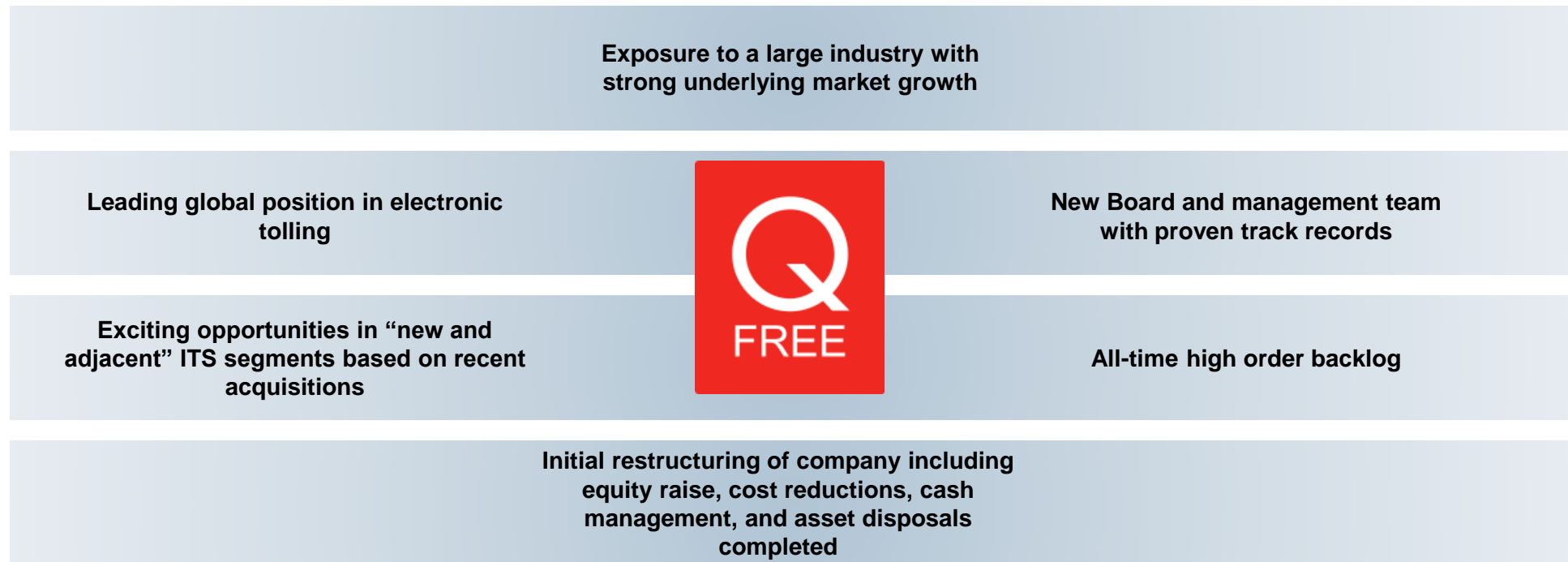
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THE Q-FREE INVESTMENT CASE



A long-exposure photograph of a city skyline at night. The sky is a mix of orange and blue. Several tall skyscrapers are illuminated with blue and yellow lights. In the foreground, a multi-lane highway shows long, colorful light trails from cars, primarily in shades of orange, red, and white. A black rectangular box is overlaid on the lower left portion of the image, containing the title text.


INDUSTRY TRENDS AND BACKGROUND




URBANIZATION INCREASES DRAMATICALLY



CITIES BECOME MORE IMPORTANT DAY BY DAY



50% of global GDP is generated by the 300 largest metropolitan areas in the world




By 2030 there could be 40 megacities with a population of more than 10 million



5 out of 10 people live in cities and 1.5 million people are added to the urban population every week



Cities are responsible for 80% of CO2 emissions



Cities are responsible for 75% of global energy consumption



CONSEQUENTLY, URBAN TRAFFIC LOADS, CONGESTION, AND POLLUTION ALSO INCREASE



THERE ARE PLENTY OF URBAN TRAFFIC PAIN POINTS



42 hours wasted per American each year in peak traffic



19. bn hours wasted in Germany each year looking for parking



300 billion USD wasted on congestion in the US each year



20.4 billion USD spent on overpaying for parking in the US each year



53 000 Americans die each year due car emissions



1.2 million people die each year in traffic accidents



INTELLIGENT TRANSPORTATION SYSTEMS ARE NEEDED
TO SUSTAIN URBAN GROWTH AND QUALITY OF LIFE



INTELLIGENT TRANSPORTATION SYSTEMS (ITS) BRING SEVERAL BENEFITS



- Reduced peak traffic
- Better utilization of existing capacity
- Traffic is shifted between different transport modes



- Improved guidance and information
- V2V and V2I communication
- Automated/autonomous vehicles



- Improved traffic flows
- Reduced traffic – «polluter pays principle»
- Traffic is shifted to greener transport modes



- Funds service and maintenance of existing infrastructure
- Raises money for new infrastructure projects

ITS COVER A WIDE VARIETY OF SEGMENTS AND SOLUTIONS

Electronic Tolling



- Operational and commercial back-office systems
- On-board units/tags
- Roadside equipment/systems (transceivers, cameras etc.)
- Enforcement solutions
- Misc. hardware (gantries, controllers, VMS etc.)

Parking



- Central Parking Management Systems
 - Access control
 - Payment
 - Customer Management
 - Business int.
 - Claims/enforcement
- Parking Guidance Systems
- Misc. hardware (barriers, kiosks, VMS, CCTV etc.)

Inter-Urban Management



- Highway management systems (SW platform)
- Tunnel and bridge management systems (SW platform)
- Road/tunnel/bridge instrumentation
- Speed cameras and enforcement
- Misc. hardware (VMS, lighting etc.)

Urban Traffic Management



- Intersection control systems (SW platform)
- Detection systems (cameras, radars etc.)
- Local traffic controllers
- Cabinets
- Signal heads
- Red light enforcement systems
- Misc. hardware (VMS, lighting etc.)

Infomobility



- Backoffice systems
- Journey time analyses (bluetooth, WiFi etc.)
- Weigh In Motion
- Pedestrian and cycle counting
- Vehicle classification
- Weather and air quality monitoring

ALTHOUGH IT SEEMS HARD TO QUANTIFY THE EXACT MARKET SIZE, THE ITS MARKET IS BIG AND GROWING



The intelligent transportation system (ITS) market is expected to grow from USD 36.10 billion in 2015 to USD 63.66 billion by 2022, at a CAGR of 8.3%

Marketsandmarkets, July 2016

Global ITS market is expected to reach USD 38.68 billion by 2020

Grand View Research, July 2016

The global intelligent transportation system (ITS) industry is expected to cross \$33.89 billion by 2020

Radiant Insights Inc, July 2016

Intelligent Transportation System (ITS) market is expected to reach \$42.67 billion by 2022 growing at a CAGR of 12.21%

Statistics MRC, January 2016

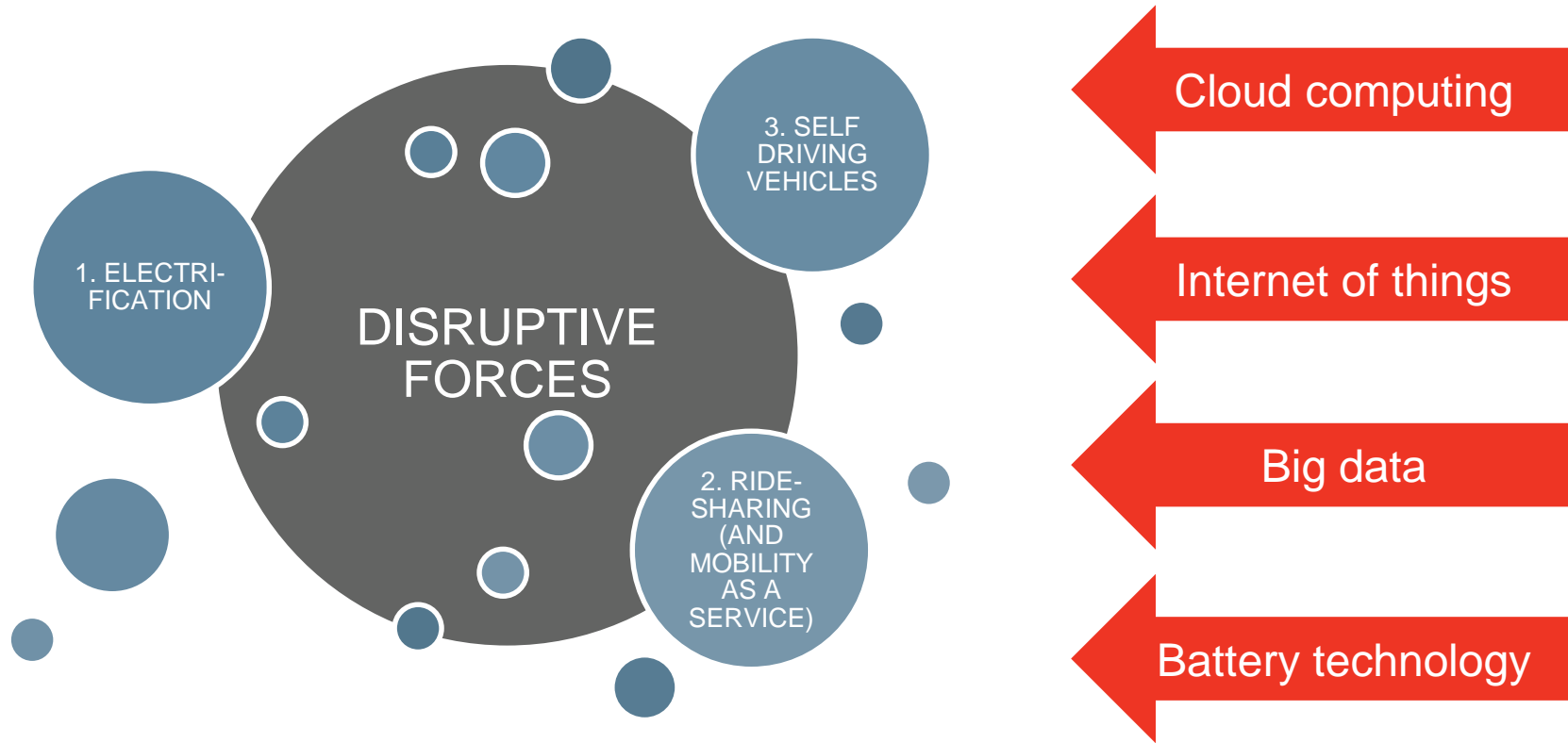
The ITS market size is predicted to hit USD 47.5 billion at a CAGR of over 13% from 2015 to 2022

Global Market Insights, July 2016

The global ITS and services market is expected surpass USD 80 billion by 2022 at a CAGR of 6% from 2015 to 2022

Credence Research Reports, March 2017

THERE ARE 3 DISRUPTIVE FORCES AT WORK IN ITS...

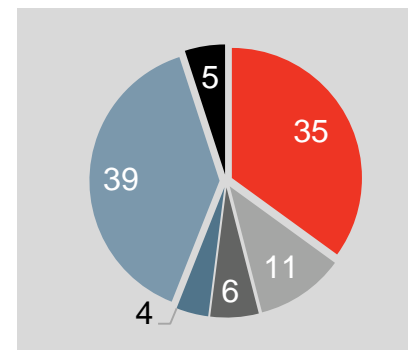
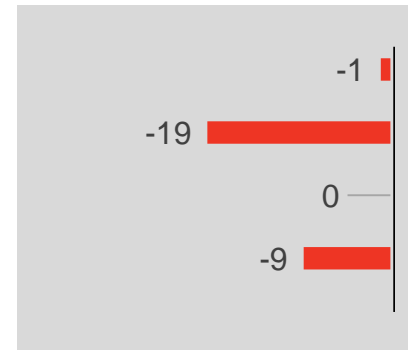


..THAT WILL FUNDAMENTALLY CHANGE THE (URBAN) TRAFFIC SITUATION



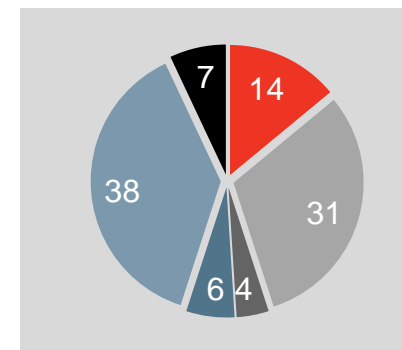
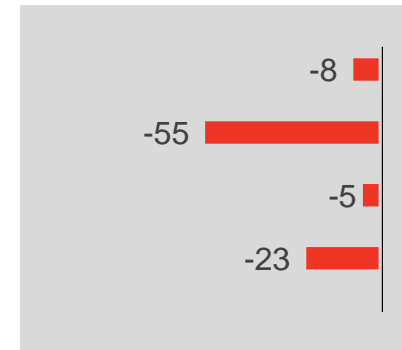
BUSINESS AS USUAL

- CAVs complement existing mobility offering



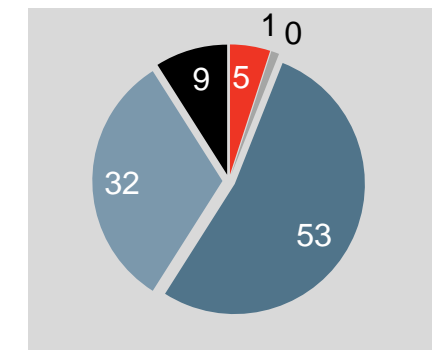
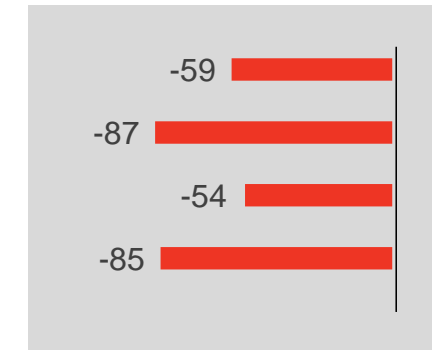
ELECTRIFICATION + AUTOMATION

- CAVs replace most traditional cars



ELECTRIFICATION + AUTOMATION + SHARING

- Ride-sharing electric CAVs taxis take over



Impact on the city, percent change

Number of vehicles

Accidents:

Parking space:

Emissions:

Modal mix, percent of distance traveled

Private regular cars

CAVs

Traditional taxis

Robo taxis

Public transportation

Walking and biking



Q-FREE IN BRIEF

OUR VISION:

CHANGING *the movements of life*



Q-FREE AT A GLANCE



FOUNDED IN
1984



HEADQUARTERS IN
**TRONDHEIM
NORWAY**



OFFICES IN
20
COUNTRIES



420
EMPLOYEES



900
MNOK IN
REVENUES



REFERENCES
FROM
50+
MARKETS

INSTALLED THE
WORLD'S FIRST
FREE FLOW
TOLLING
SYSTEM IN

1998



30
MILLION
TAGS SOLD



1400
ETC
LANES
IN OPERATIONS

50+

BILLION NOK IN
ACCUMULATED
TOLL REVENUES
PROCESSED IN
CENTRAL SYSTEM
NORWAY
2007–2016



300
PARKING
FACILITIES



325
WEIGH IN
MOTION SYSTEMS



350
BICYCLE
COUNTERS



3 000
TRAFFIC
COUNTERS



20 000
TRAFFIC
CONTROLLERS



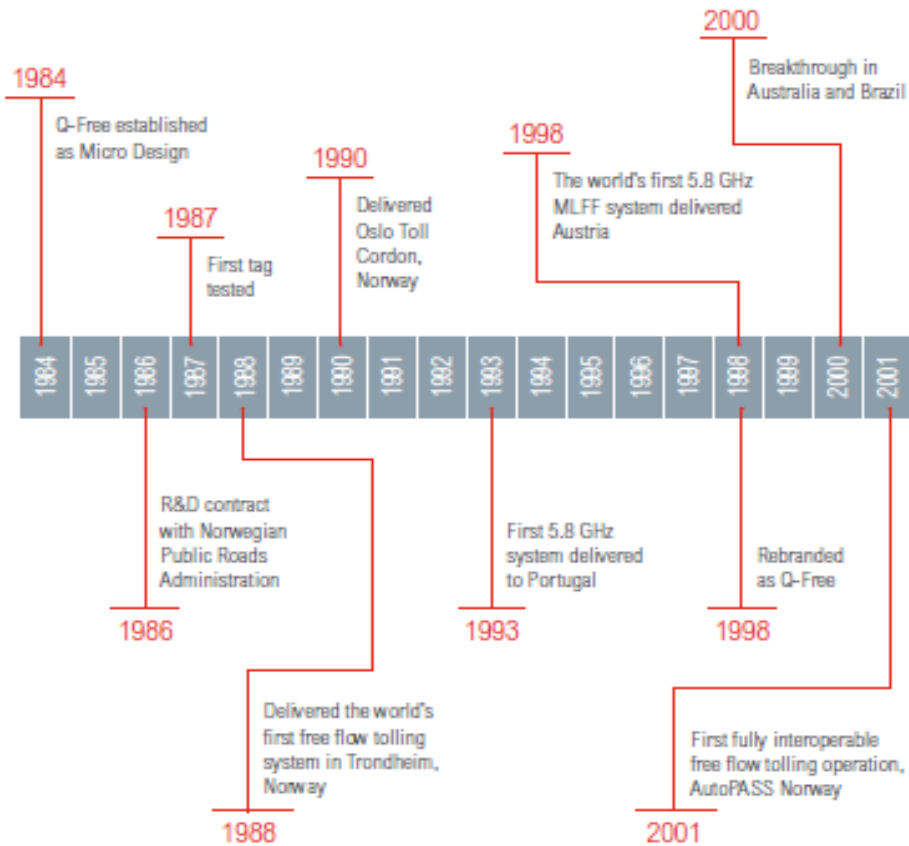
TRAFFIC MANAGEMENT
FOR OVER
500,000
LANE-MILES OF ROADWAY



25M+
PEOPLE SERVICED BY
OUR TRAFFIC
MANAGEMENT SYSTEMS

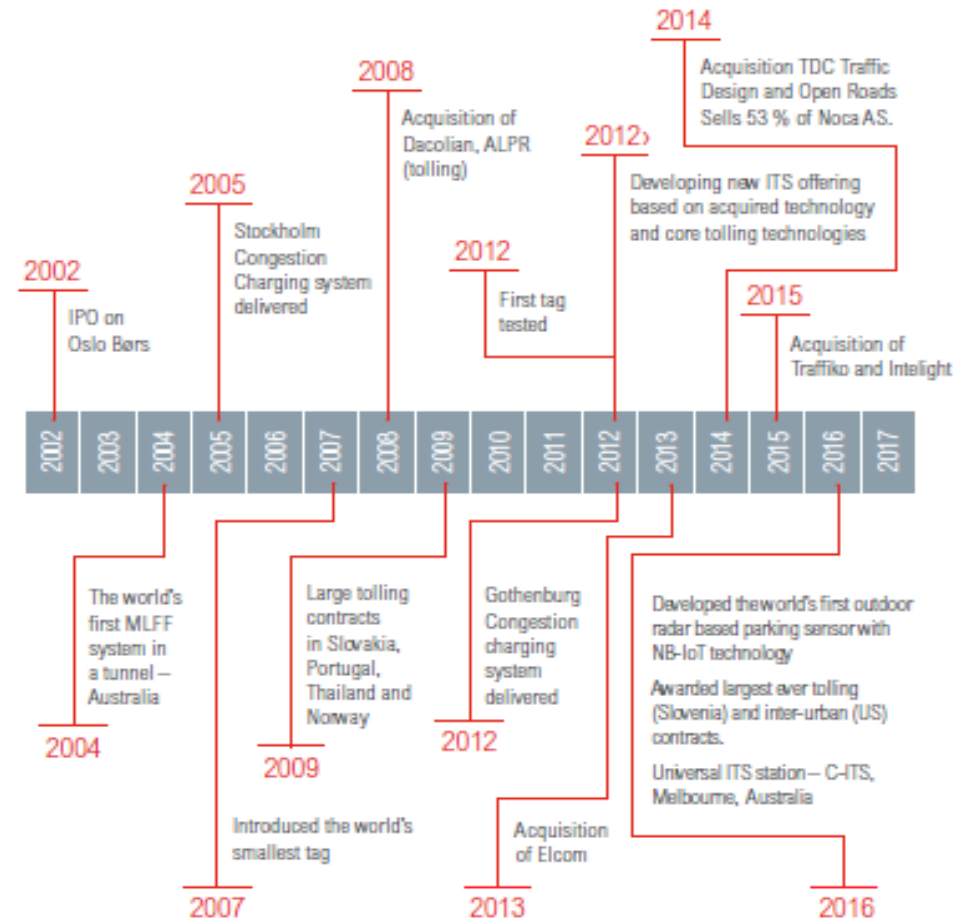
COMPANY HISTORY

COMMERICAL BREAKTHROUGH



STRONG TOLLING EXPANSION

ITS TRANSFORMATION



Q-FREE HAS EVOLVED FROM A TOLLING COMPANY TO AN ITS PLAYER



Complementary technologies obtained through a series of acquisitions

TCS INTERNATIONAL
Parking Guidance System

elcom d.o.o.
Traffic controllers, VMS

INTELIGHT
THE COMPLETE TRAFFIC FRAMEWORK
Traffic Controllers

TDC
Infomobility solutions

trafficdesign
Tolling, parking, traffic management

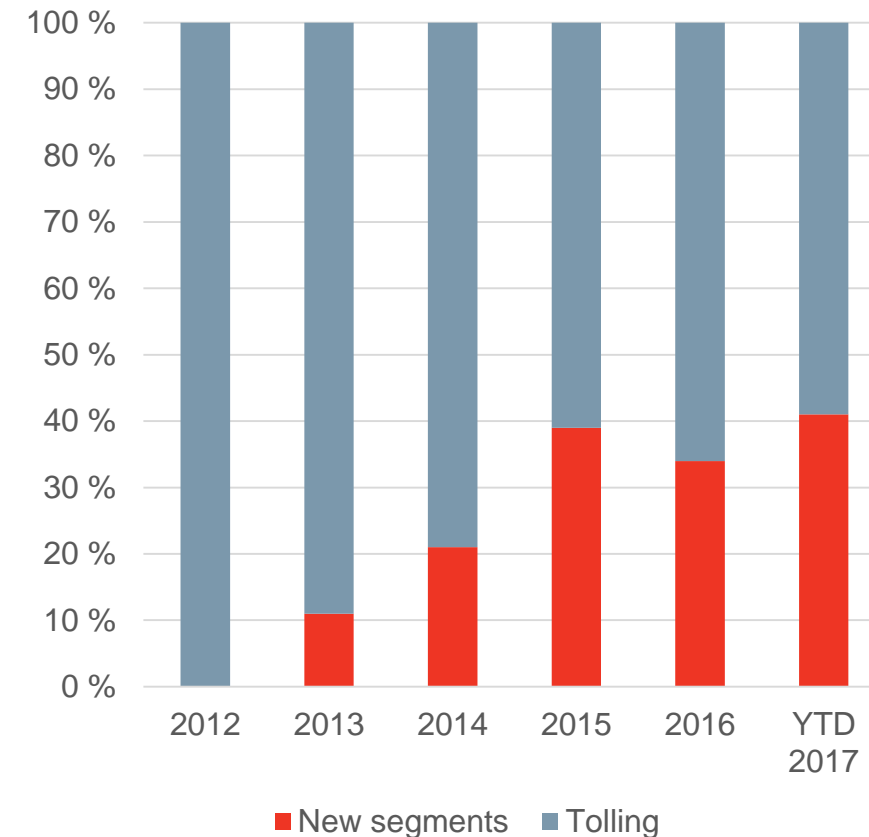
Open Roads
Traffic management

TRAFFIKO
Central Parking Management System

Rationale for pursuing new offerings

- Position Q-Free for future growth
- Secure **multiple revenue streams** from a broader range of projects with different business models and risk profiles
- **Leverage key Q-Free technologies** in new areas

Development in revenues from new segments Percent of total



OUR FOOTPRINT

Australia
Brazil
Canada
Chile
France
Indonesia
Malaysia
Malta
Norway
Portugal
Russia
Serbia
Slovenia
South Africa
Spain
Sweden
The Netherlands
Thailand
United Kingdom
USA



OUR PORTFOLIO



TOLLING



- DSRC tags and readers
- ALPR solutions
- Electronic toll collection systems incl. multi lane free flow tolling, video tolling, truck tolling, congestion charging etc.

PARKING



- Parking guidance solutions
- Parking access control

INFOMOBILITY



- Weigh in motion
- Traffic, cycle & pedestrian detection
- Journey time monitoring
- Weather & air-quality monitoring

INTER-URBAN



- ATMS and Traffic Management Centers
- Ramp metering
- Truck parking

URBAN



- Local intersection/traffic controllers
- Centralized Intersection system SW
- Cooperative ITS solutions

BUSINESS MIX

Geographical focus

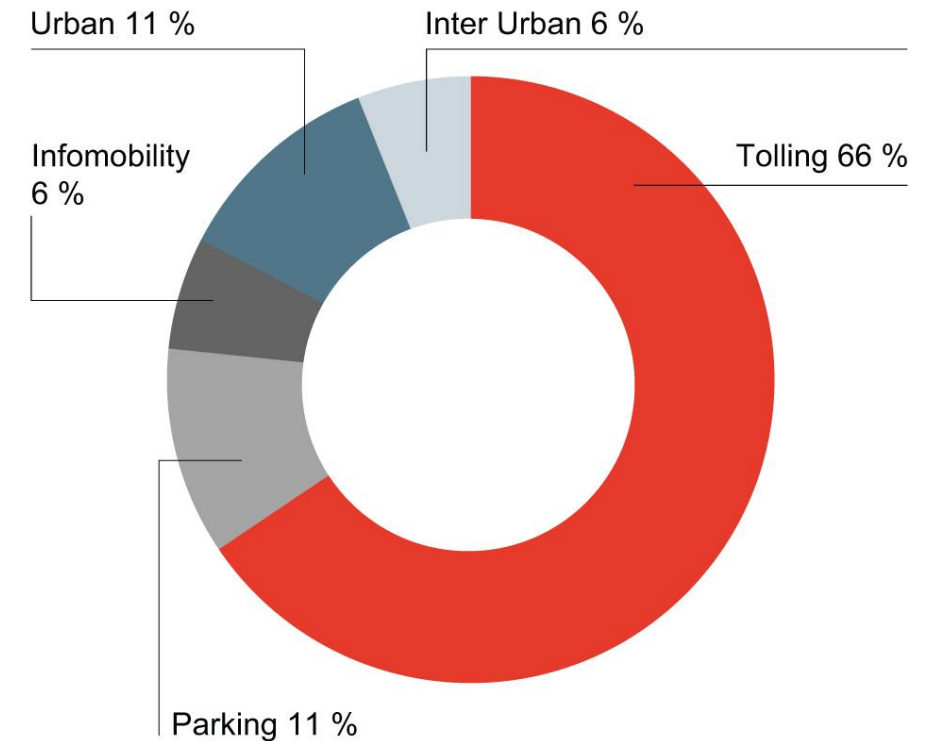
GLOBAL SERVICE LINES



NORTH AMERICAN SERVICE LINES



Revenue breakdown (2016 numbers) NOK million



TOLLING SYSTEM REFERENCE: NORWAY

- >150 charging/tolling points
- Combination of DSRC & ALPR
- Operational and commercial back-office (>600 million transactions/year)
- Service & maintenance
- 24/7 online support

PARKING SYSTEM REFERENCE: STOCKHOLM, SWEDEN

- Parking guidance system for 1400 spaces in Globen (sports and event arena)
- Barrier-free & ticketless access based on ALPR (18 cameras covering 9 entrances/exits) and 21 touchscreen kiosks

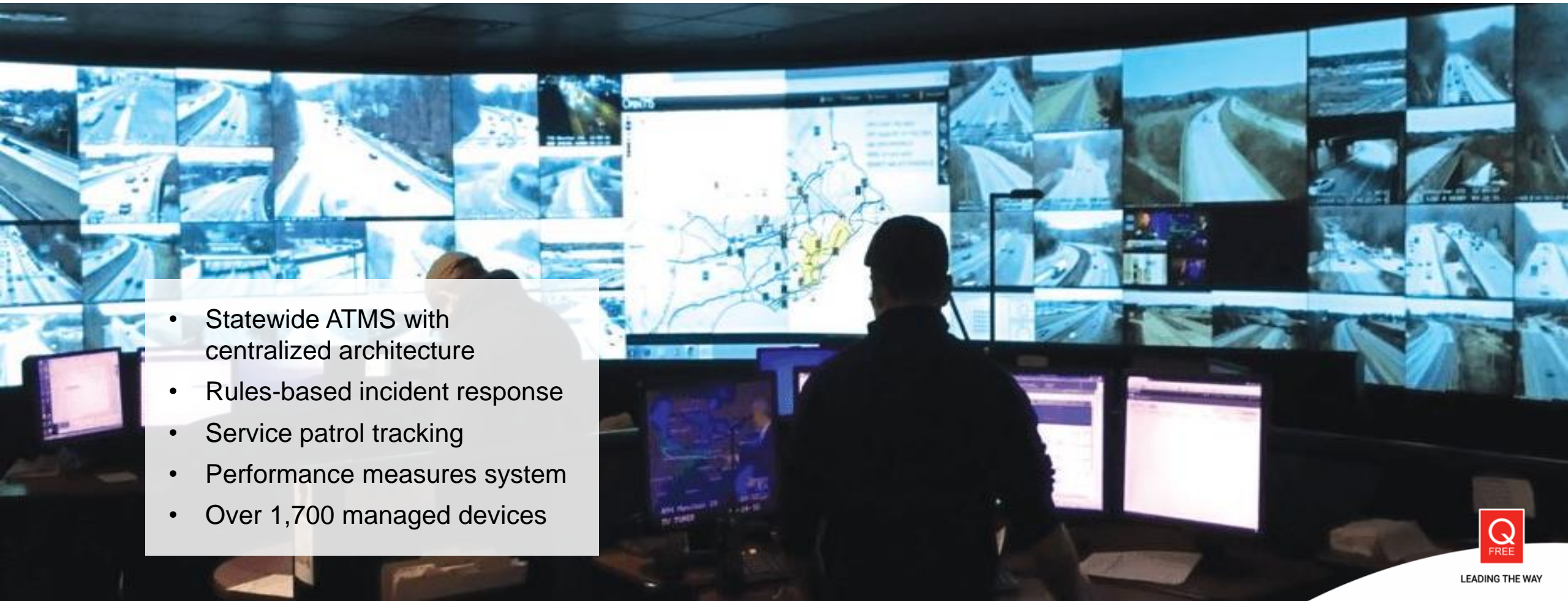
ERICSSON GLOBE

INFOMOBILITY SYSTEM REFERENCE: WIM, SCOTLAND



- High-speed WIM solution for enforcement
- Integrated ANPR for vehicle identification
- Industry-leading HI-TRAC® TMU4 with Class 1 piezo-electric sensors
- Additional benefit of data for asset management

INTER-URBAN SYSTEM REFERENCE: PENNDOT, USA



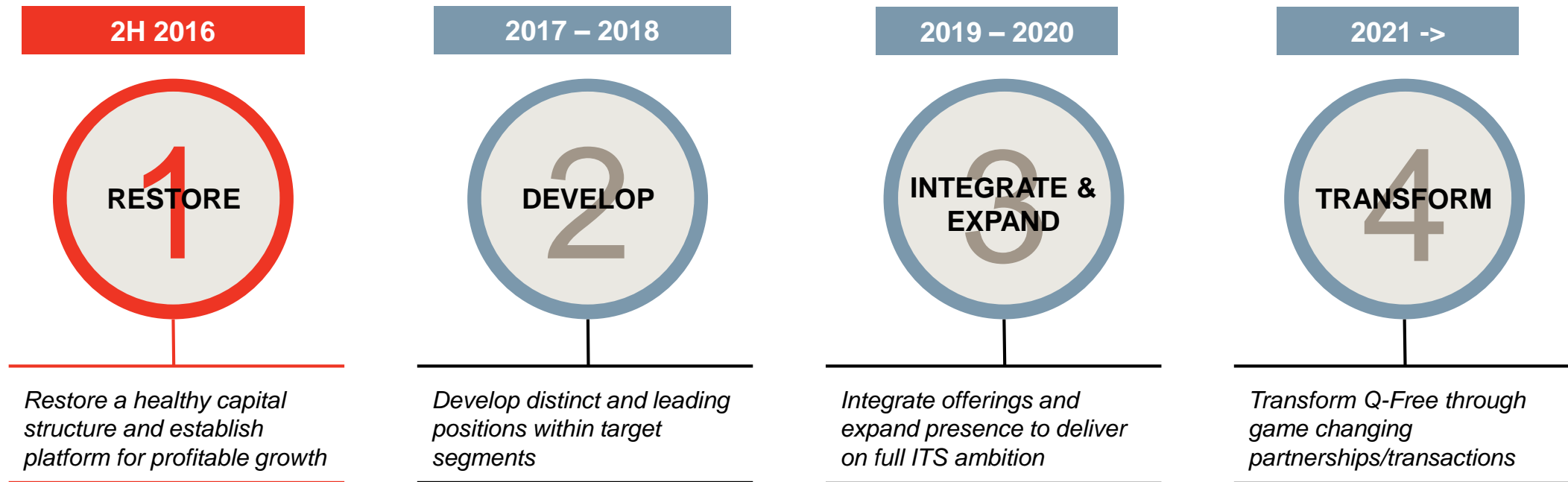
- Statewide ATMS with centralized architecture
- Rules-based incident response
- Service patrol tracking
- Performance measures system
- Over 1,700 managed devices

URBAN SYSTEM REFERENCE: GEORGIA DOT, USA

- 9,500 signalised intersections
- Unified signal operations across multiple jurisdictions using MAXVIEW
- Real-time signal adjustments to optimise performance based on actual roadway conditions
- Transparency to the public on system performance
- Automated monitoring and alerting

STRATEGY

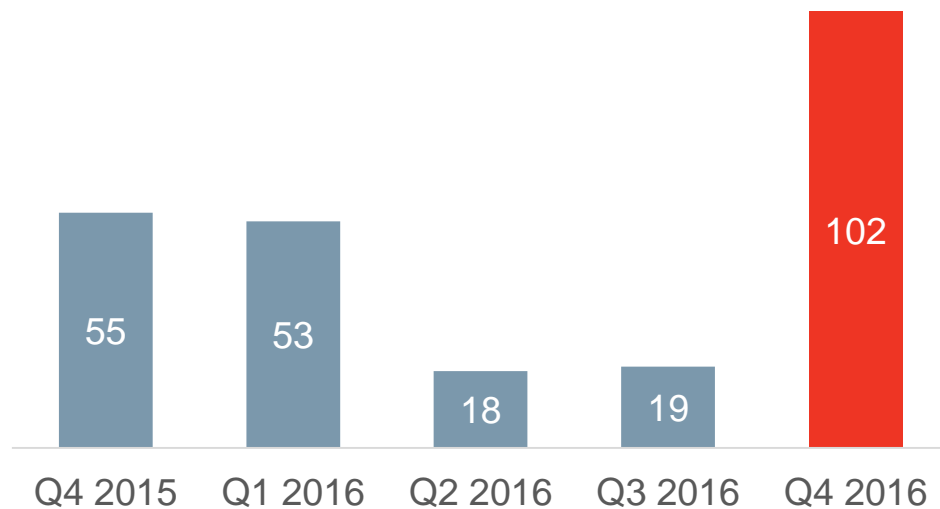
OUR 2016-2021 STRATEGY



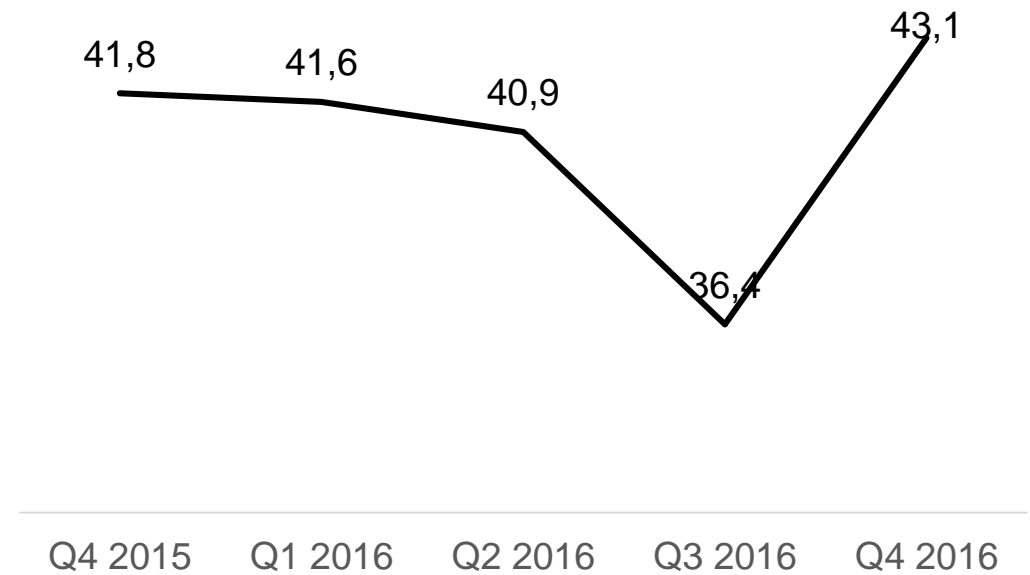
WE RAISED 134 MNOK IN NEW EQUITY TO IMPROVE OUR CASH POSITION AND CAPITAL STRUCTURE



CASH AT HAND
NOK million



EQUITY RATIO
Percent

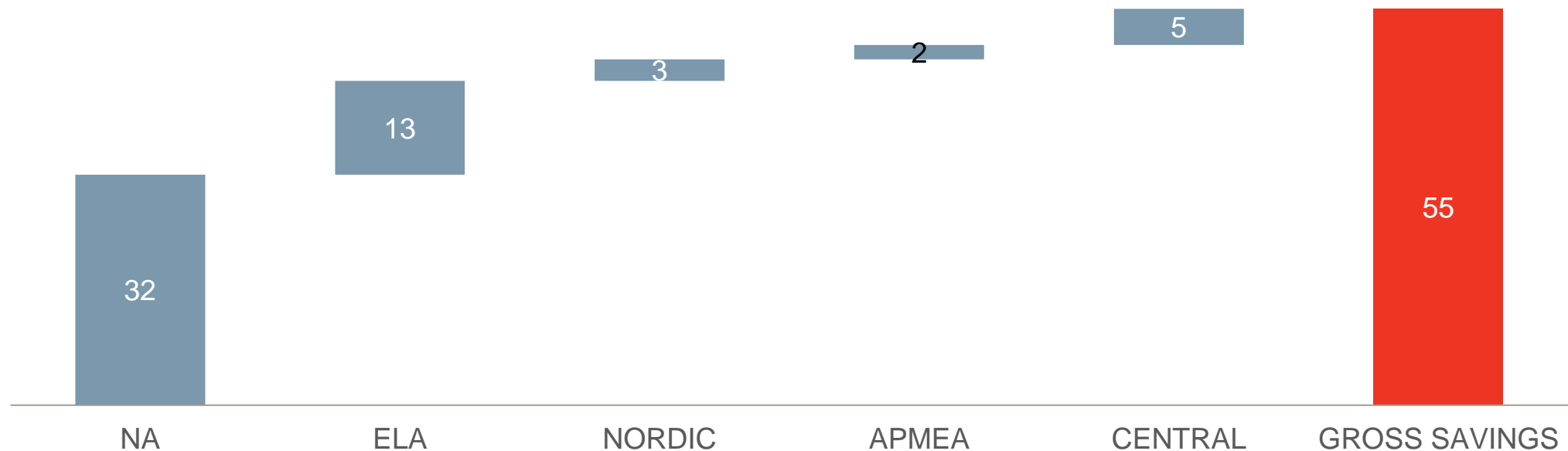


WE REDUCED OPERATIONAL EXPENSES BY INTEGRATING AND STREAMLINING ACQUIRED COMPANIES



GROSS OPEX SAVINGS, FULL-YEAR 2017 vs. 2016

NOK million



WE REDUCED PORTFOLIO COMPLEXITY TO ALLOW FORCEFUL EXECUTION OF PRIORITIZED INITIATIVES



GLOBAL SERVICE LINES



- Exited unprofitable markets
- Exited unprofitable/low volume product segments
- Defined clear product roadmaps

NORTH AMERICAS SERVICE LINES

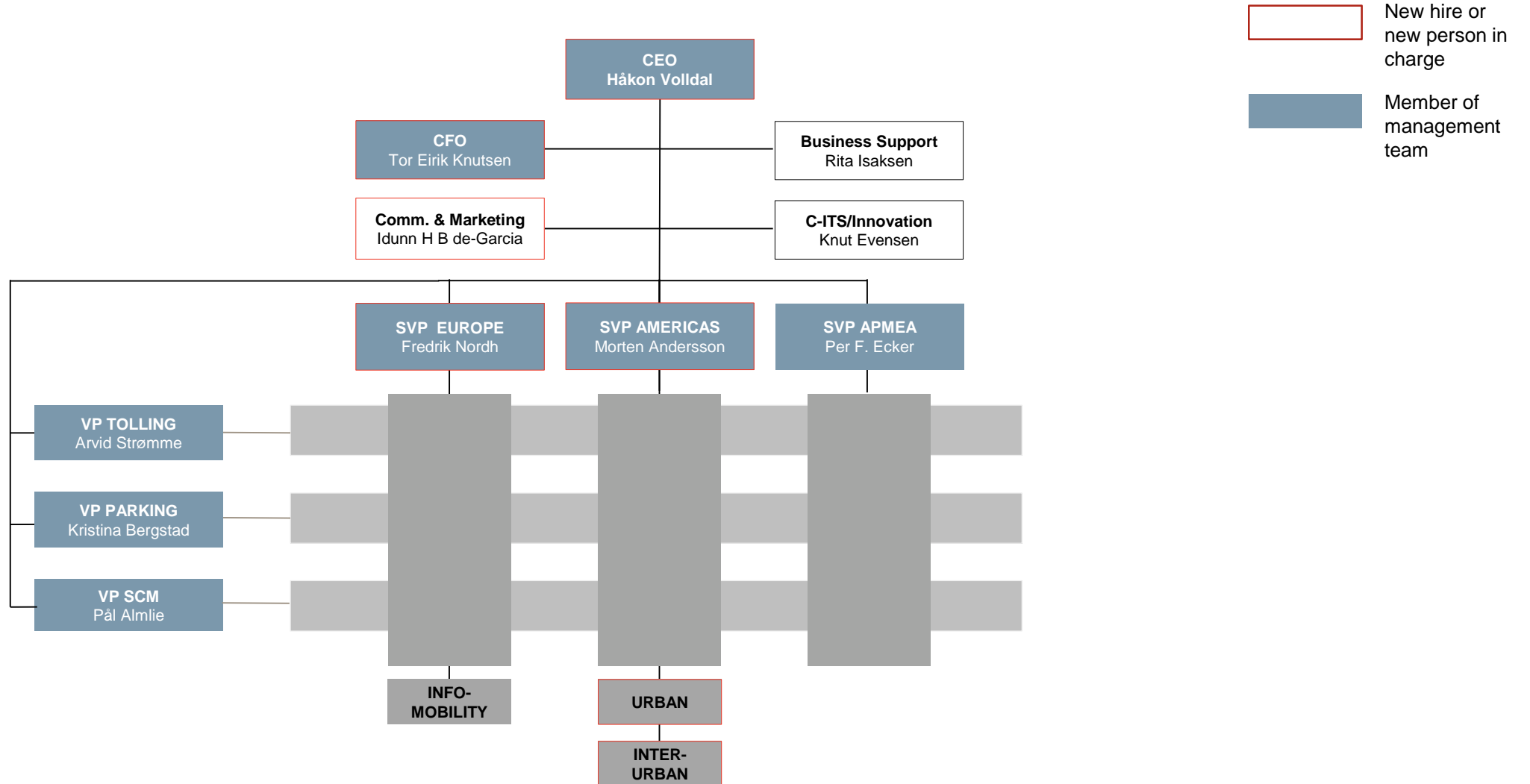


- Focused market development and sales on North America
- Defined clear product roadmaps



DIVESTED

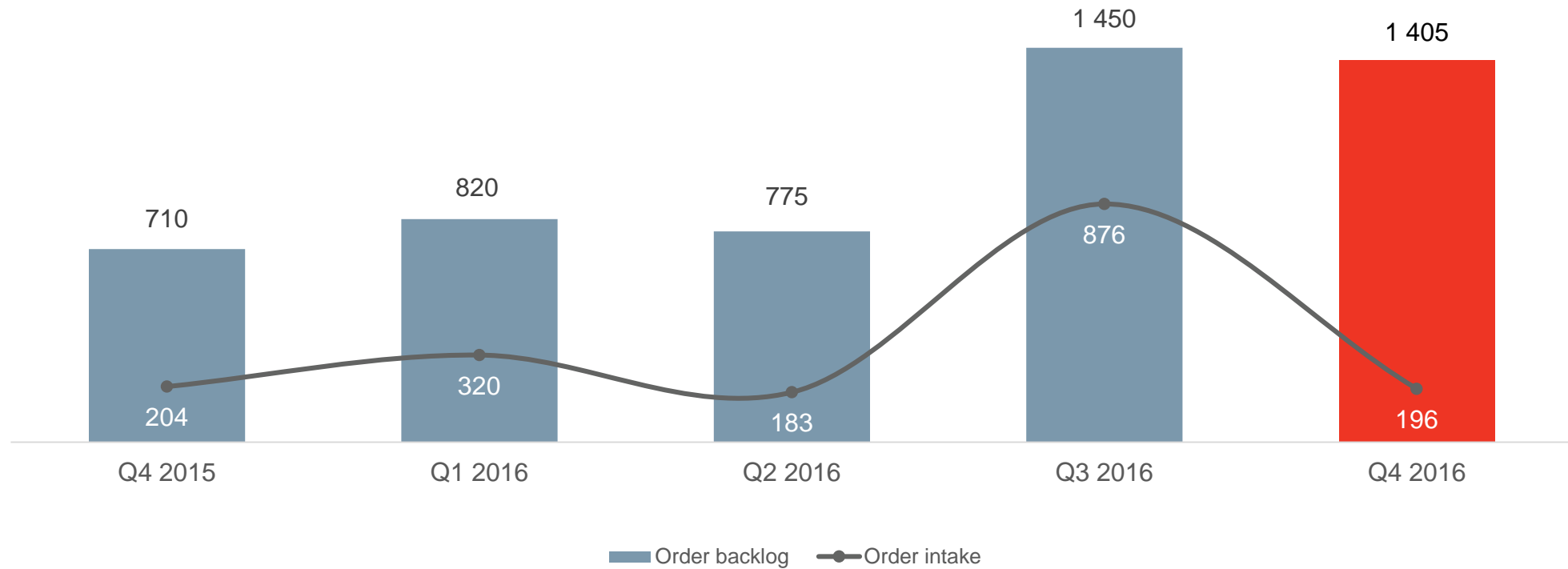
WE PUT IN PLACE A NEW MANAGEMENT TEAM



WE BUILT AN ALL-TIME HIGH ORDER BACKLOG

ORDER BACKLOG AND INTAKE

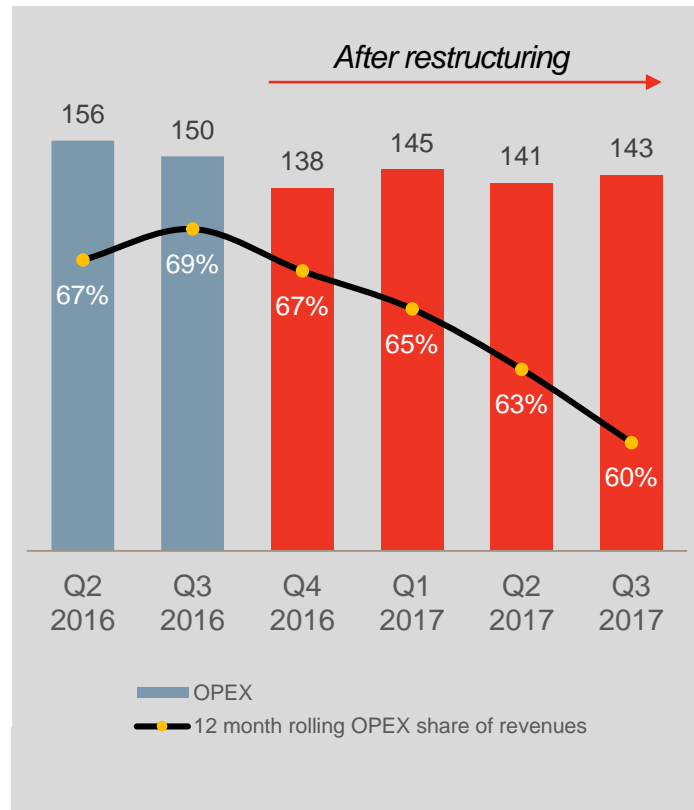
NOK million



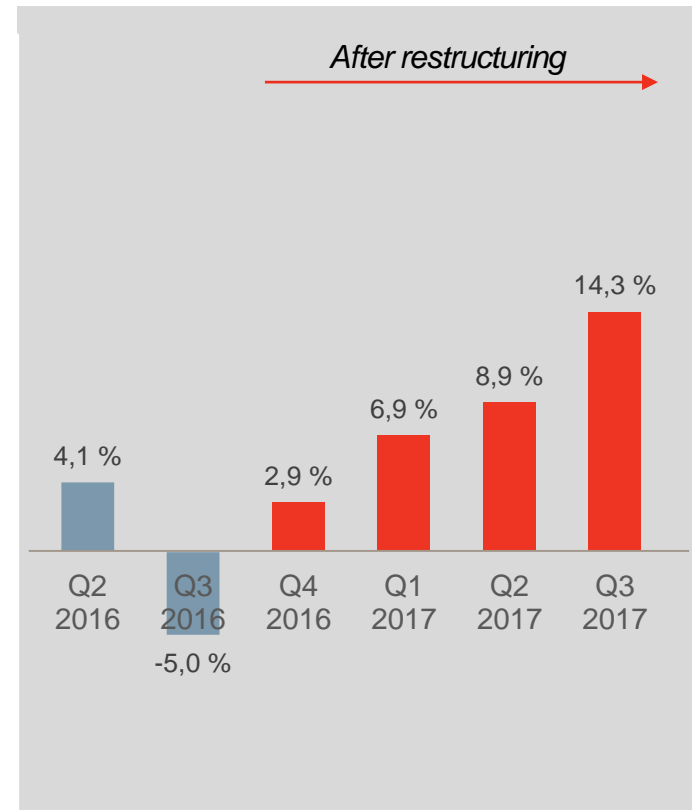
PHASE 1 OUTCOME: A SOLID PLATFORM FOR PROFITABLE AND SUSTAINABLE GROWTH!



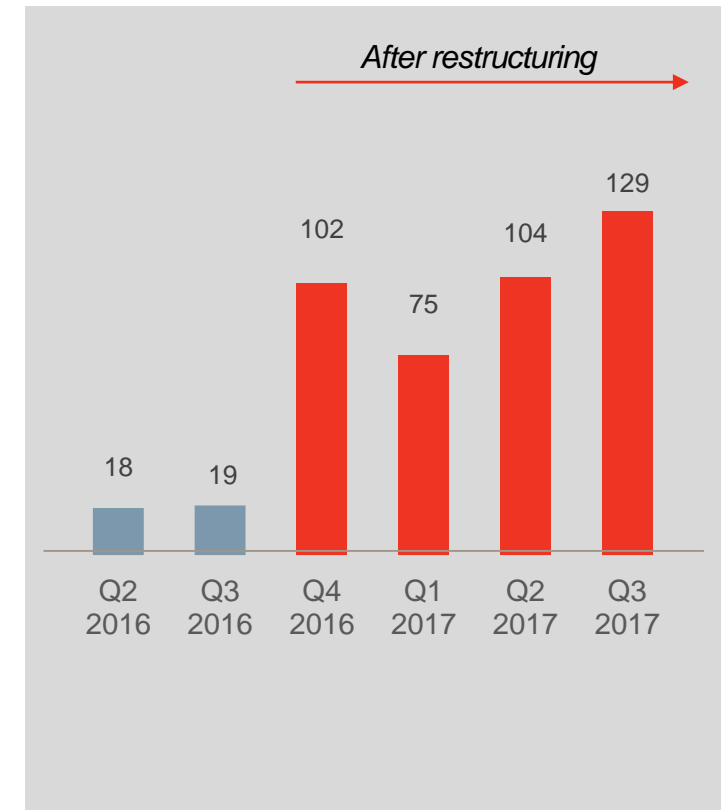
REDUCED FIXED COST BASE NOK million



IMPROVED EBITDA MARGIN* Percent

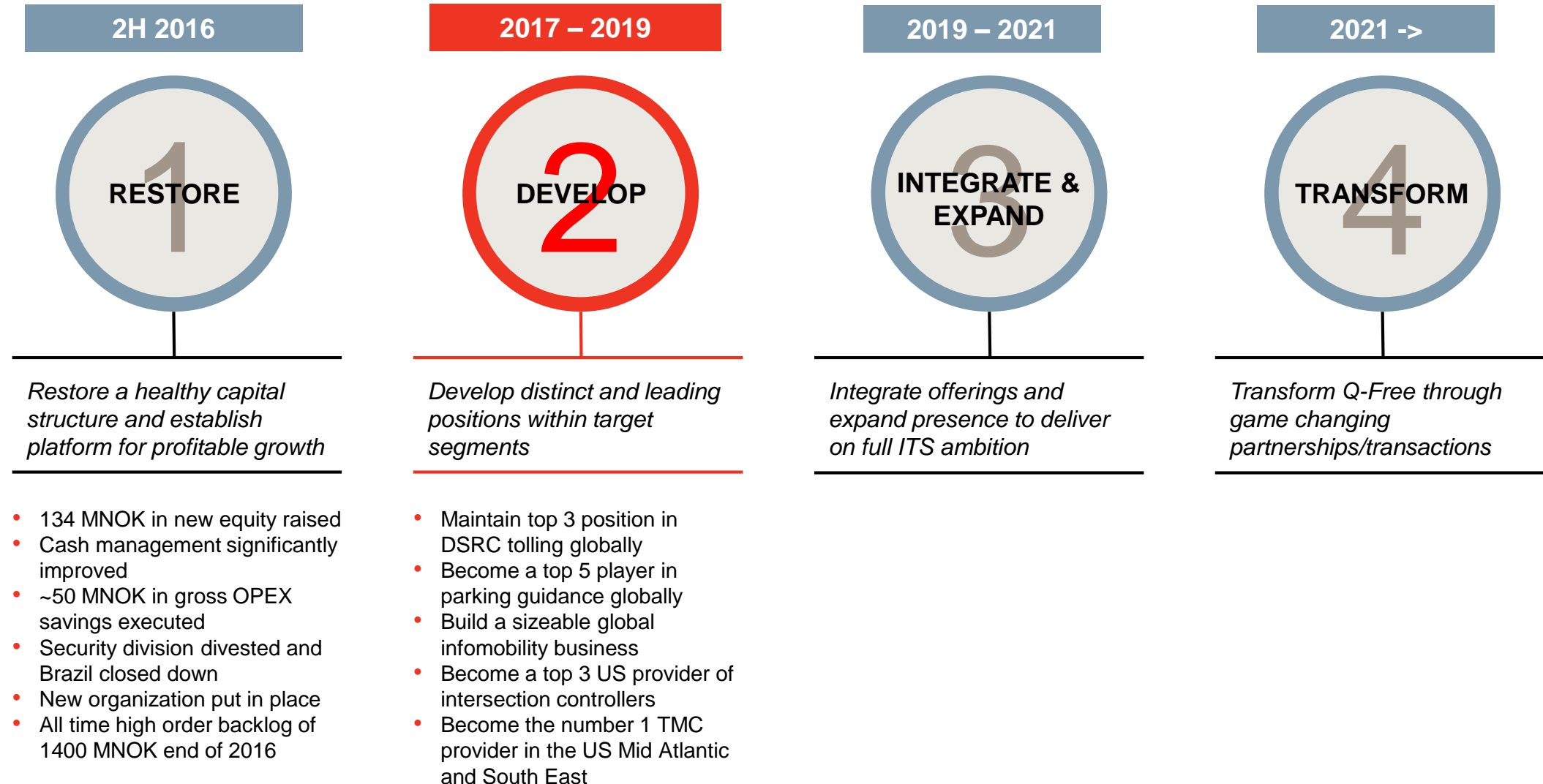


MORE CASH AT HAND NOK million



* Excluding non-recurring items

OUR 2016-2021 STRATEGY



THERE ARE SEVERAL SHORT- AND MID-TERM OPPORTUNITIES UP FOR GRABS



THAILAND



- Tag tenders
- Large highway/motorway tolling projects
- Traffic controller system for Bangkok

INDONESIA



- Nationwide conversion of manual tolling to electronic tolling
- Congestion charging system in Jakarta
- Parking guidance expansion

USA



- Traffic management system upgrades and expansions
- Traffic controller system contracts
- Image based solutions for tolling
- Parking guidance expansion
- Infomobility expansion

NORWAY



- Tag mini-tenders
- Expansion of roadside equipment in Oslo, Bergen and other cities
- New central system(s) for AutoPASS
- Roadside equipment for ferries

SWEDEN



- Service and maintenance contract in Stockholm
- Roadside tolling equipment in Stockholm

FRANCE/SPAIN/PORTUGAL



- Tag tenders
- Large highway/motorway tolling projects
- Parking guidance expansion

CHILE



- Tag tenders
- Service and maintenance contract

WE HAVE A GREAT STARTING POINT

Best-in class DSRC tolling technology



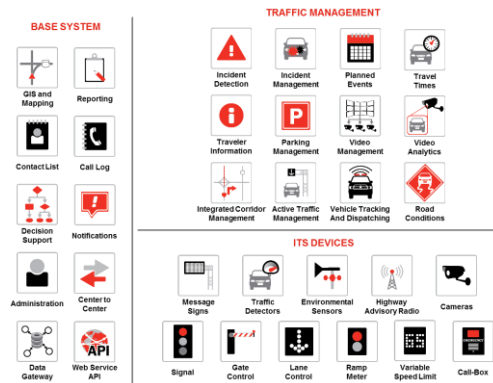
World-leading image recognition solutions



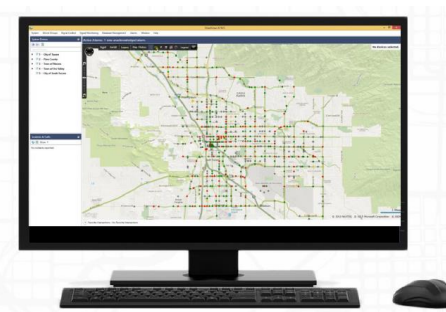
Breakthrough radar-based parking sensor (incl. NB-IoT)



Modular traffic management system








World-leading intersection control software



First universal C-ITS station



VALUE PROPOSITION SUMMARY

	DOMAIN KNOW-HOW	INNOVATION	PERFORMANCE	FLEXIBILITY	COLLABORATION
TOLLING 	<ul style="list-style-type: none"> 30 years of DSRC experience Global references Strong track record 		<ul style="list-style-type: none"> Highest accuracy Lowest leakage Highest uptime 	<ul style="list-style-type: none"> Interoperability Full or partial delivery Local partners/content 	
PARKING 		<ul style="list-style-type: none"> Barrierless, ticketless, cashless parking concept Wireless single space sensor Bi-directional ultrasonic level counter 	<ul style="list-style-type: none"> Lowest revenue leakage Level/facility counting accuracy Best SSS accuracy and lifetime 	<ul style="list-style-type: none"> Open standards Modular offerings Interoperability 	
INFOMOBILITY 			<ul style="list-style-type: none"> Real-time data High accuracy High uptime 	<ul style="list-style-type: none"> Modular, open architecture Interoperable offerings 	<ul style="list-style-type: none"> Local presence Tight follow up
INTER-URBAN 	<ul style="list-style-type: none"> Unique know-how of the Mid-Atlantic traffic market 		<ul style="list-style-type: none"> Easy to use ATC SW and customizable dashboards Advanced ATMS features 	<ul style="list-style-type: none"> Modular, open architecture Interoperable offerings 	
URBAN 		<ul style="list-style-type: none"> First to market with ATC platform, embedded web server Real time dashboards, visual replay, historical archive, automatic upload 	<ul style="list-style-type: none"> Easy to use ATC SW and customizable dashboards Handles timing of complex intersections with ease Advanced ATMS features 		<ul style="list-style-type: none"> Modular and open standard product approach All-inclusive licensing Customers first

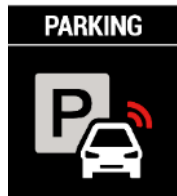
PHASE 2 MARKET AMBITIONS

GLOBAL SERVICE LINES



Maintain top 3 position in DSRC

- Defend and harvest existing markets through cost reductions and new features
- Selectively develop new markets
- Position for future tolling models



Become a top 5 player in parking guidance globally

- Launch and monetize new parking guidance portfolio
- Roll out outdoor NB IoT solution with telcos



Build a sizeable global business (>100 MNOK)

- Consolidate offering and build volume for key products
- Expand and develop distributor network in Europe and North America

REGIONAL SERVICE LINES (NA ONLY)



Become a top 3 US provider of intersection controllers

- Continue to steer evolution and vision of relevant markets
- Establish position as the #1 SW provider in the US and become #3 in sales (excl. cabinets)



Become the number 1 ATMS provider in the US Mid-Atlantic and South-East

- Maintain stronghold in PA, VI and WV
- Win new statewide ATMS contracts
- Start integration of other QFR offerings (parking, signal processing, infomobility etc.)

OUR 2016-2021 STRATEGY



WE ARE MOVING TOWARDS OPEN AND INTEGRATED SOLUTIONS



From..



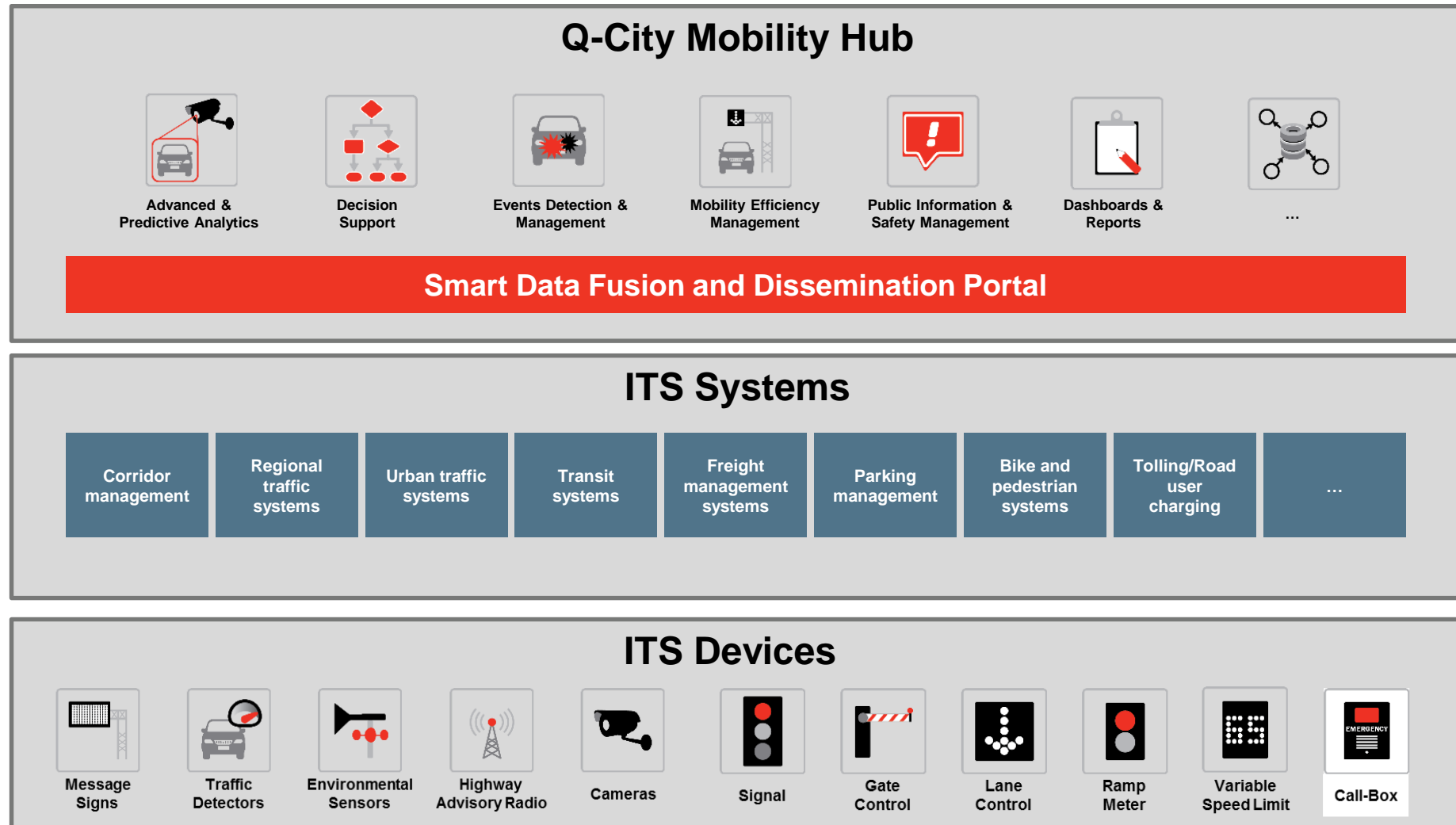
- Isolated, stand-alone systems
- Separately/independently purchased and deployed
- Local/regional/national product/service monopolies
- No/limited 3rd party innovation on generated data

To..



- Modular, connected systems based on standard APIs and protocols
- More holistic approach to purchasing and deployment?
- Less vertical integration?
- Data made available to 3rd parties?

WE BELIEVE IN Q-CITY - A MOBILITY PLATFORM FOR EFFICIENT, SAFE AND CLEAN TRANSPORTATION



THERE ARE SEVERAL OPPORTUNITIES TO CONSOLIDATE THE MARKET AND/OR BECOME PART OF A BIGGER ECOSYSTEM



- ✓ Vast, fragmented market with hundreds of players = Large addressable market
- ✓ Wide range of products and services offered = Several different offerings/niches that can be targeted
- ✓ No dominant global player = Opportunity to build global leadership within niches
- ✓ Very few players able to provide end-to-end solutions in multiple segments = Q-Free has technology, position and references to create market leading offerings within selected segments