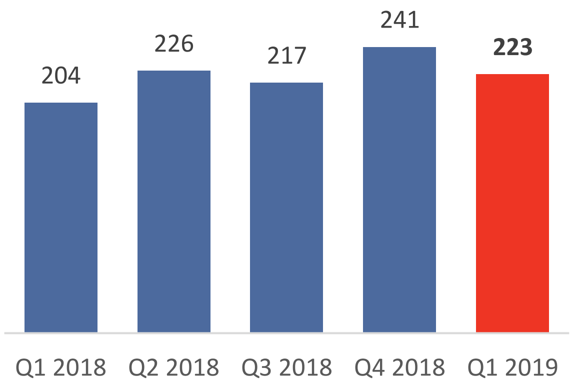
Q1

FIRST QUARTER 2019

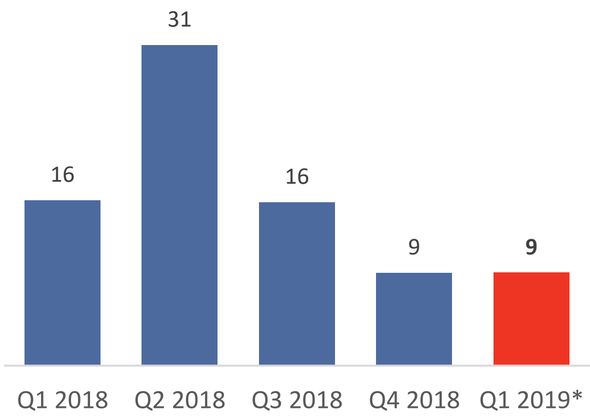
Highlights Q1 2019

- Very high order intake of 298 MNOK, up 47% YoY. The book-to-bill ratio of 1.34 represents the 6th consecutive quarter with QoQ growth and a ratio above 1
- 223 MNOK in revenues, up 9% YoY driven by 25% growth in non-tolling segments
- 9 MNOK in EBITDA, down from 16 MNOK in Q1 2018 due to unfavourable segment/product mix effects. Introduction of IFRS-16 in Q1-19 had a positive EBITDA effect of 5 MNOK
- 512 MNOK in secured order backlog for remaining part of FY2019 compared to 364 MNOK in secured revenues for FY2018 at the same time last year
- Outdoor parking sensor launched and first orders received

REVENUES LAST 5 QUARTERS
MNOK

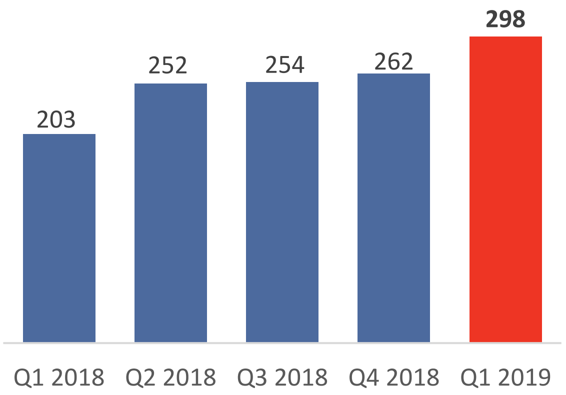


EBITDA LAST 5 QUARTERS*
MNOK

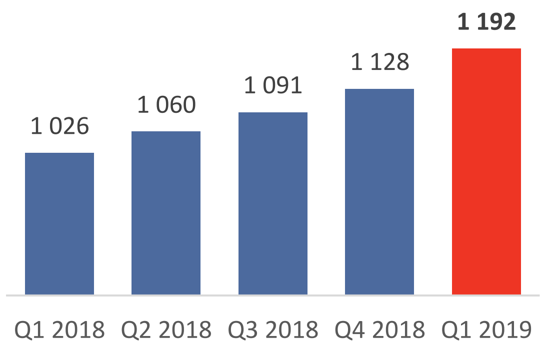


*EBITDA Q1 2019 is adjusted with 5,4 MNOK as IFRS 16 impact

ORDER INTAKE LAST 5 QUARTERS
MNOK



ORDER BACKLOG LAST 5 QUARTERS
MNOK



Financial review

KEY FIGURES

NOK 1.000	Q1 2019	Q1 2018	Q/Q-%	FY 2018
Revenues	**223 259**	**204 225**	**9,3%**	**888 647**
Gross contribution	**126 278**	**137 104**	**-7,9%**	**569 196**
Gross margin - %	56,6%	67,1%		64,1%
Operating expenses	117 772	120 998	-2,7%	498 105
EBITDA	**8 506**	**16 106**	-47,2%	**71 091**
EBITDA margin	3,8%	7,9%		8,0%
Depreciation and amortisation	19 161	12 410	54,4%	47 401
Operating profit - EBIT	**-10 655**	**3 696**		**23 690**
EBIT margin	-4,8%	1,8%		2,7%
Profit before tax	**-17 780**	**-1 487**		**-1 119**
Profit margin	-8,0%	-0,7%		-0,1%
Profit after tax from continuing operations	-18 122	-3 733		-8 079
Profit for the period	**-18 122**	**-3 733**		**-8 079**
EPS	**-0,20**	**-0,04**		**-0,09**
Number of employees	383	393		385

Profit and loss first quarter 2018

Q-Free generated revenues of 223 MNOK in the first quarter of 2019, up 9% compared to Q1 2018. Tolling revenues ended at 126 MNOK, similar to Q1-18. Revenues from the non-tolling segments increased by 25 percent to 97 MNOK. The growth was driven by the Infomobility, Parking and Urban segments.

Gross contribution in the quarter was 126 MNOK, down from 137 MNOK in Q1-18. The gross margin ended at 57 percent compared to 67 percent in Q1-18. Q1-18 was positively impacted by high-margin project revenues in Slovenia, whereas Q1-19 contribution reflected unfavourable customer and product mix effects.

Operating expenses in Q1-19 amounted to 118 MNOK, down from 121 MNOK in Q1-18. Q1-19 operating expenses were reduced by 5 MNOK because of the introduction of IFRS 16.

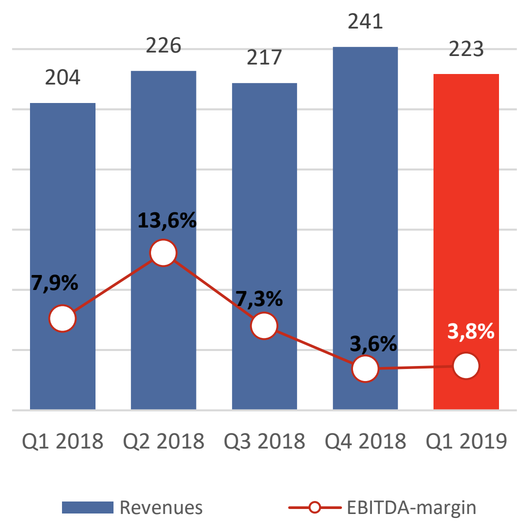
EBITDA in the first quarter ended at 9 MNOK, down from 16 MNOK Q1-18. Lower gross margin explains the reduction compared to Q1-18.

Depreciation and amortisation in Q1-19 ended at 19 MNOK, compared to 12 MNOK in Q1-18. The increase is explained by implementation of IFRS 16 Leases (5 MNOK) and the initiation of amortisation of Parking intangibles as the Outdoor Parking sensor was launched in Q1-19.

Operating profit (EBIT) ended at -11 MNOK versus 4 MNOK in Q1-18.

QUARTERLY REVENUES AND EBITDA MARGIN

MNOK & %



Net financial items in the quarter were -7 MNOK compared to -5 MNOK in Q1-18. Of the -7 MNOK in Q1-19, 1 MNOK is IFRS 16 lease liability interest expenses and -3 MNOK exchange rate differences. Interest expenses on borrowings for Q-Free group is reduced in Q1-19 due to lower gross debt.

Reported pre-tax profit ended at -18 MNOK, down from -1 MNOK in Q1-18.

Earnings per share came in at -0.20 NOK in the first quarter compared to -0.04 NOK in Q1-18.

Balance sheet

Total assets at the end of Q1-19 were 978 MNOK compared to 1 111 MNOK at the end of Q1-18 and 940 MNOK at the end of Q4-18. Implementation of IFRS 16 Leases increased the total balance sheet value as of Q1-19 with 60 MNOK compared to 31.12.18. Property, plant and equipment is up 60 MNOK on the asset side. Non-current financial liabilities are up 37 MNOK and Current financial liabilities are up 20 MNOK on the liability side.

Total equity ended at 378 MNOK, down from 400 MNOK at the end of Q1-18 and 402 MNOK at the end of Q4-18. The equity ratio was 39 percent, up from 36 percent at the end of Q1-18, but down from 43 percent at the end of the previous quarter. The reduction in the equity ratio compared to 31.12.18 is mainly explained by the implementation of IFRS 16 Leases.

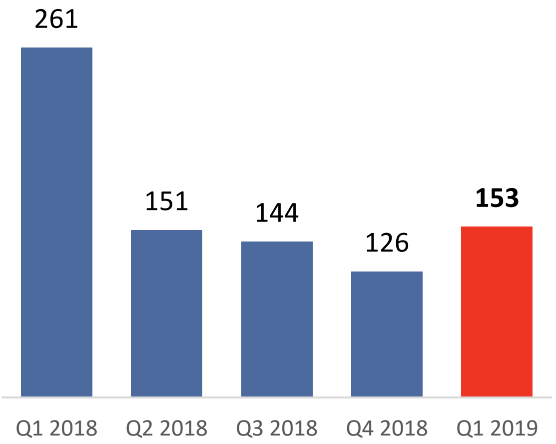
Non-current liabilities ended at 273 MNOK, up from 211 MNOK at the end of Q4-18 and 240 MNOK at the end of Q1-18. The increase versus the previous quarter is explained by implementation of IFRS 16 Leases.

The remaining liability to purchase shares in Intelight is by end of Q1-19 estimated at 94 MNOK of which 25 MNOK are classified as a non-current liability. See note 29 in the 2018 Annual report for more details on the share purchase obligation.

Net short-term interest-bearing debt to financial institutions was 59 MNOK at the end of the first quarter 2019 compared to 20 MNOK at the end of Q4-18 and 230 MNOK at the end of Q1-18. Granted, but unused, credit facilities were 45 MNOK at the end of Q1-19.

Net interest-bearing debt ended at 153 MNOK, up 27 MNOK from 126 MNOK in Q4-18 and down 108 MNOK from 261 MNOK as per Q1-18.

QUARTERLY NIBD



Current liabilities were 327 MNOK at the end of the period, up 29 MNOK from 298 MNOK at the end of 2018. The increase is mainly explained by implementation of IFRS 16.

Net working capital (defined as current assets excluding cash less current liabilities and excluding short-term overdraft facilities and the Intelight share purchase liability) amounted to 120 MNOK at the end of Q1-19. The corresponding figure at the end of 2018 was 138 MNOK and 293 MNOK per end of Q1-18. The significant decrease from Q1-18 is explained by the collection of receivables from the Slovenia project. Net working capital as a share of trailing 12-month revenues ended at 13 percent at the end of Q1-19, which is similar to the level end of Q4-18.

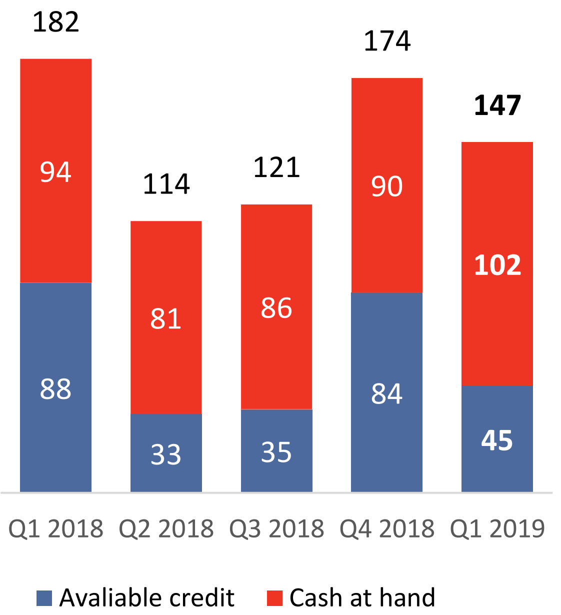
Cash flow

Net cash flow from operations was -13 MNOK in the first quarter of 2019 compared to -39 MNOK in the corresponding quarter of 2018.

Net cash flow from investment activities was -9 MNOK in Q1-19 compared to -8 MNOK in Q1-18. Investments in the quarter were mainly related to upgrades of the Tolling product portfolio.

Net cash flow from financing activities was 35 MNOK versus 31 MNOK in Q1-18.

QUARTERLY AVAILABLE CREDIT AND CASH AT HAND
MNOK



The net change in available cash and credit in the period was -27 MNOK, reflecting the negative free cash flow in the period. Q-Free had 147 MNOK in available funds at the end of Q1-19.

Order intake and backlog

Total order intake in the first quarter of 2019 was 298 MNOK compared to 203 MNOK in Q1-18, the 6th consecutive quarter with quarterly growth in order intake. Accumulated order intake in the previous four quarters was 1,066 MNOK, which is 18 percent higher than revenues during the same period.

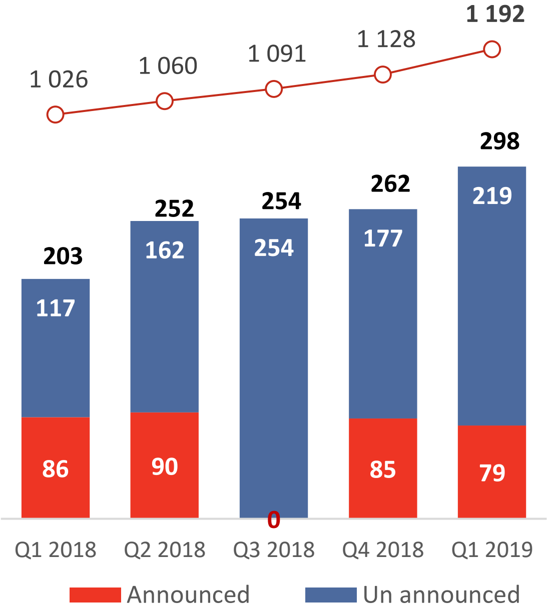
Two contracts with a total value of 79 MNOK were announced during the quarter; a 50 MNOK ferry contract with Norled and a 29 MNOK parking contract in the US. Unannounced orders of 219 MNOK comprised several smaller tag contracts, a 20 MNOK tolling project in Australia, traffic controller orders in the US, Infomobility orders in the UK and good volumes of small product and service contracts across all segments.

The order backlog at the end of Q1-19 was 1 192 MNOK, up 16 percent from 1 026 MNOK at the end of the first quarter of 2018 and also up from 1 128 MNOK in Q4-18. The backlog was adjusted with 11 MNOK in negative currency effects related to USD and EURO contracts.

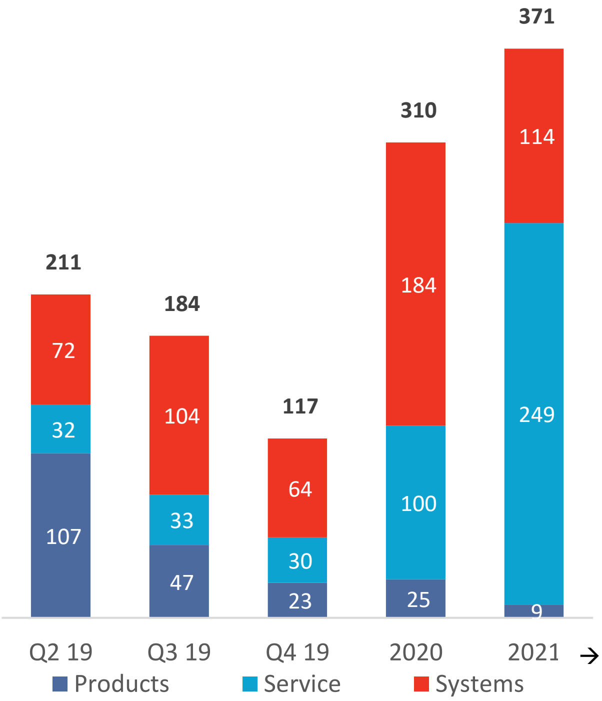
512 MNOK of the order backlog is expected to be delivered during 2019, 310 MNOK in 2020, and 371 MNOK from 2021 and onwards. Including revenues in Q1-19 Q-Free has already at the end of Q1-19 secured 734 MNOK in revenues for 2019.

In terms of revenue mix the order backlog is composed of 18 percent product deliveries, 37 percent service and maintenance contracts and 45 percent system projects.

ORDER BACKLOG AND ORDER INTAKE END OF Q1-19
MNOK



ORDER BACKLOG COMPOSITION Q1-19
MNOK



Segment overview

Q-Free structure per Q1 2019:

	Tolling	Parking	Infomobility	Urban	Inter-urban
OFFERING	Electronic toll collection systems (multi lane free-flow, truck tolling, congestion charging, etc.) DSRC tags and readers ALPR/ANPR and image-based solutions	Parking guidance systems Parking access control	Weigh in motion Traffic counters Cycle & pedestrian detection Journey time monitoring Weather & air-quality monitoring	Local intersection/ traffic controllers Centralized Intersection/ traffic controller SW Co-operative ITS solutions	Advanced Traffic Management systems Traffic Information Systems Ramp metering Truck parking
KEY MARKETS	**Europe** Norway Sweden Denmark Portugal Slovenia France Spain Russia **Americas** USA Chile **APMEA** Australia Thailand	**Europe** France Norway Slovenia Portugal **Americas** USA Canada Chile **APMEA** Australia	**Europe** UK Norway Sweden Denmark **Americas** USA Canada LATAM **APMEA** Australia Thailand	**Americas** USA Canada **APMEA** Australia	**Europe** Slovenia **Americas** USA Mexico

Segment review

SEGMENT REVIEW Q1-19 v/s Q1-18

(MNOK)						
Revenues Q1-19	**TOLLING**	**PARKING**	**INFOMOBILITY**	**URBAN**	**INTER-URBAN**	**Q1 2019**
EUROPE	96	6	24	0	4	**129**
APMEA	10	1	0	0	0	**11**
AMERICAS	20	11	1	30	21	**83**
Revenues	**126**	**18**	**25**	**30**	**25**	**223**
Revenues Q1-18	**TOLLING**	**PARKING**	**INFOMOBILITY**	**URBAN**	**INTER-URBAN**	**Q1 2018**
EUROPE	102	5	19	0	8	**134**
APMEA	12	0	0	0	0	**13**
AMERICAS	12	5	1	20	20	**57**
Revenues	**126**	**10**	**20**	**20**	**28**	**204**

Tolling

- DSRC Tags & Readers
- ALPR/ANPR Solutions
- Electronic Toll Collection
- Congestion Charging

REVENUES AND MARGINS

Quarterly tolling revenues amounted to 126 MNOK, in line with Q1-18. In EUROPE strong tag sales and early phase delivery of the Great Belt bridge project in Demark somewhat compensated for reduced revenues from Slovenia of 22 MNOK in Q1-18 with very high margins. Revenues in Americas almost doubled in the quarter driven by tag and project sales in Chile combined with continuous growth in image-based (ALPR) tolling revenues in the US. APMEA revenues are mainly composed of tag and system sales in Thailand and Australia, where the activity level in the quarter was somewhat lower than in Q1-18.

In terms of the tolling revenue mix, Q-Free had 35 MNOK in service and maintenance revenues in the quarter, 52 MNOK in System projects, and product sales of 39 MNOK.

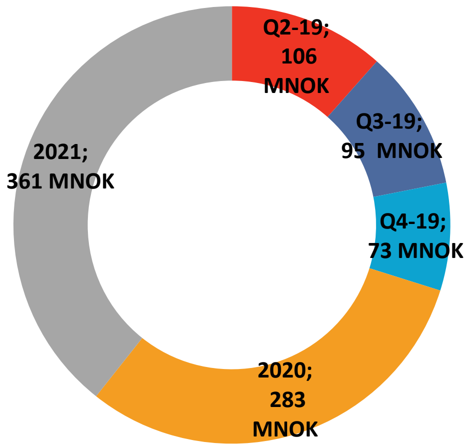
Tolling achieved an EBITDA of 17 MNOK in the first quarter of 2019, down from 31 MNOK in Q1-18. This is mainly explained by lower gross margin due to unfavourable customer and product mix.

ORDER SITUATION

Q-Free booked tolling orders of 177 MNOK in the quarter, up from 141 MNOK Q1-18. This gave a book to bill ratio of 1.4. The largest order in the quarter was the announced ferry contract in Norway with Norled at 50 MNOK. Other key wins included tag orders to Thailand, France and Norway, and the Cross City Tunnel upgrade in Australia.

Of the Tolling backlog, 30 percent is planned for delivery in 2019, 31 percent in 2020 and 39 percent in 2021 and beyond.

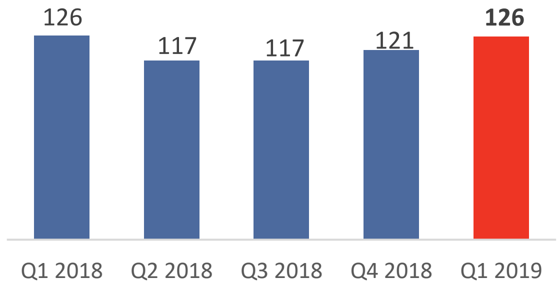
TOLLING ORDER BACKLOG DISTRIBUTION
MNOK



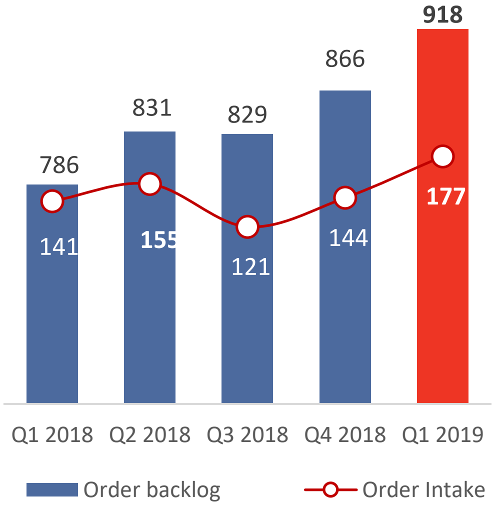
TOLLING REVENUES AND EBITDA
MNOK

	Q1-19	Q1-18
EUROPE	96	102
APMEA	10	12
AMERICAS	20	12
REVENUES	**126**	**126**
EBITDA	**17**	**31**

LAST 5 QUARTERS TOLLING REVENUES
MNOK



TOLLING ORDER BACKLOG & ORDER INTAKE
MNOK



Parking

- Parking Guidance
- Parking Access Control

REVENUES AND MARGINS

Quarterly parking revenues were 18 MNOK, up from 10 MNOK in Q1-18. The increase is mainly driven by growth in sales of parking guidance solutions in AMERICAS.

Parking reported EBITDA of -1 MNOK in the quarter, up from -6 MNOK in Q1-18. The EBITDA improvement is explained by revenue growth.

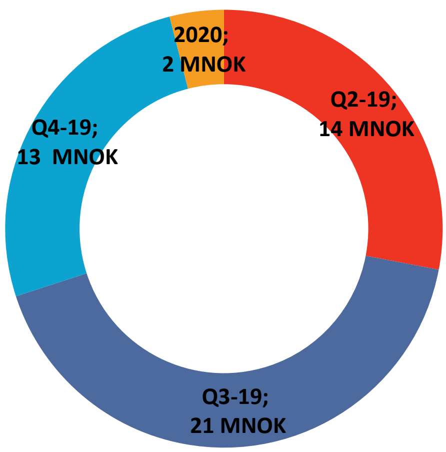
Q-Free received the first orders for the new outdoor sensor during the quarter and expect to see increased sales of this product during 2019.

ORDER SITUATION

The order intake in the quarter was 35 MNOK, up from 14 MNOK in Q1-18. Q-Free signed multiple Parking Guidance contracts with a US customer in Q1-19. The delivery includes ultra-sonic single space sensors, intelligent signage, a suite of statistical reports and an API tool to show real time parking availability. Announced contract value was 29 MNOK with all revenues scheduled for recognition in 2019. Of the total order value around 20 MNOK is pass-through revenues, hence the contract has lower than normal gross margin. The contract is scheduled to be delivered in Q3 and Q4 2019.

Most of the backlog is due for delivery in the coming 2 to 8 months. The parking segment has a short turnaround time and often executes won orders within a quarter. The current orders are mainly to customers in North America and France, but we see increasing interest in Australia and in the Nordics.

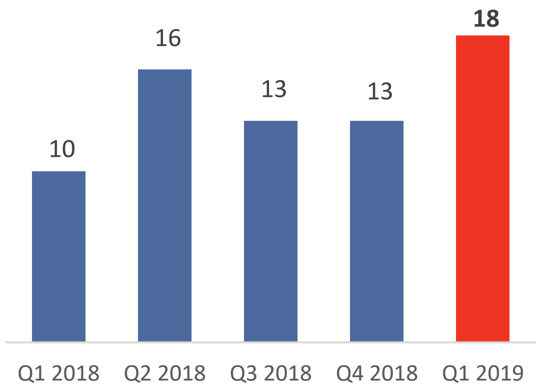
PARKING ORDER BACKLOG DISTRIBUTION
MNOK



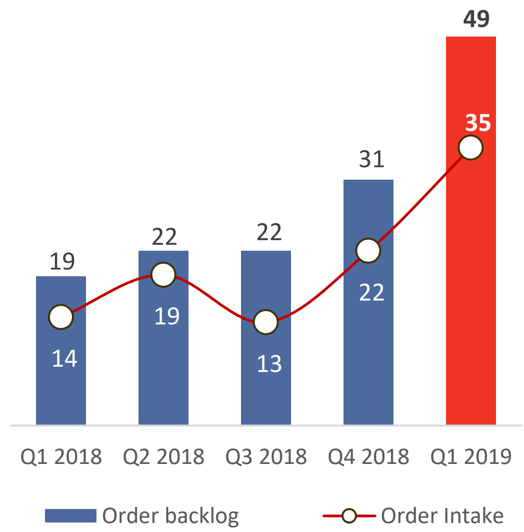
PARKING REVENUES AND EBITDA
MNOK

	Q1-19	Q1-18
EUROPE	6	5
APMEA	1	0
AMERICAS	11	5
REVENUES	**18**	**10**
EBITDA	**-1**	**-6**

LAST 5 QUARTERS PARKING REVENUES
MNOK



PARKING ORDER BACKLOG & ORDER INTAKE
MNOK



INFOMOBILITY REVENUES AND EBITDA
MNOK

	Q1-19	Q1-18
EUROPE	24	19
APMEA	0	0
AMERICAS	1	1
REVENUES	**25**	**20**
EBITDA	**7**	**4**

REVENUES AND MARGINS

The first quarter showed infomobility revenues of 25 MNOK, up 5 MNOK from 20 MNOK in Q1-18 driven by strong sales to the UK and ALPR OEM orders. Although quarterly revenues will fluctuate depending on call-offs on frame agreements, the infomobility segment has over the last quarters gained significant momentum.

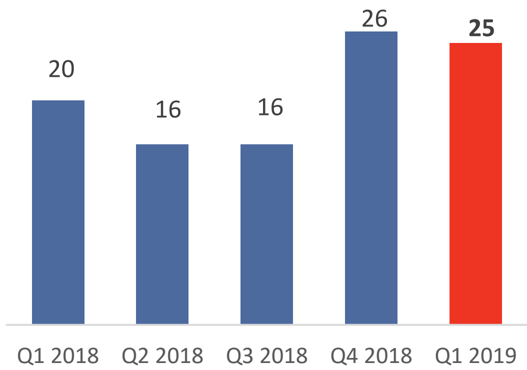
Reported EBITDA was 7 MNOK in Q1-19 up from 4 MNOK in Q1-18.

ORDER SITUATION

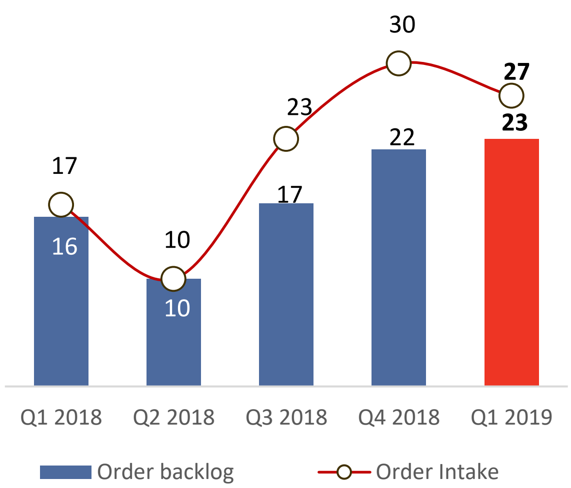
Q-Free booked 27 MNOK in order intake from infomobility in Q1-19, up 10 MNOK from 17 MNOK in Q1-18. Call offs on the Department for Transportation frame agreement in the UK and increased recurring business from existing customers contributed to a higher activity level.

The order backlog increased to 23 MNOK in Q1-19, up from 16 MNOK in Q1-18. The business normally consists of small and medium sized orders with a turnaround time of 4-8 weeks. All orders in the backlog will be executed during 2019.

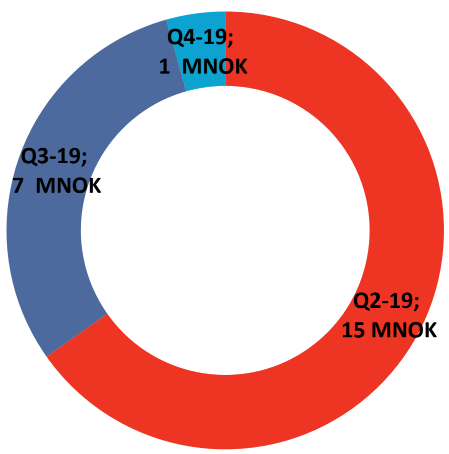
LAST 5 QUARTERS INFOMOBILITY REVENUES
MNOK



INFOMOBILITY ORDER BACKLOG & ORDER INTAKE
MNOK



INFOMOBILITY ORDER BACKLOG DISTRIBUTION
MNOK



Urban

- Traffic Controllers
- Centralized Traffic Controller SW
- Co-Operative ITS

REVENUES AND MARGINS

Q1-19 urban revenues were 30 MNOK, up from 20 MNOK in Q1-18. The activity level in the segment is high and the demand for our traffic controllers and SW increases in most US states.

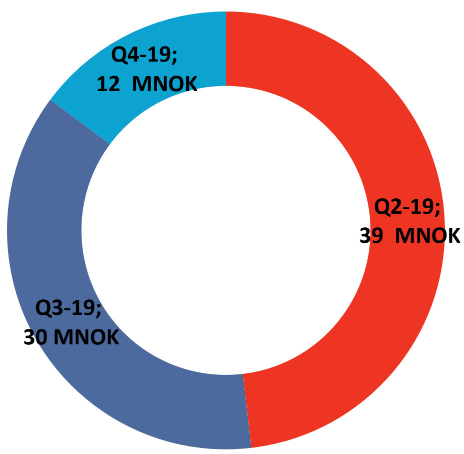
The reported EBITDA was -4 MNOK in the quarter compared to -6 MNOK in Q1-18. The margin in the urban segment is highly dependent on the product mix. The segment has over the last year showed some seasonality effect where first part of the year has lower activity level than the 2nd half. In Q1-19 HW dominated, but we expect to deliver more SW in the next quarters that will increase profitability.

ORDER SITUATION

Order intake in the quarter was 41 MNOK, significantly up from 17 MNOK in Q1-18. Key wins included contracts with Georgia and Oregon Department of Transportation, Ericsson Inc. and dealers. We expect to see continuous quarterly growth in the Urban segment during 2019.

The order backlog has increased significantly over the last 12 months and remained stable at around 80 MNOK over the last quarters. All orders in the backlog will be executed during 2019. The backlog at the end of the first quarter 2019 was adjusted with approximately 5 MNOK in negative currency effects related to USD-contracts

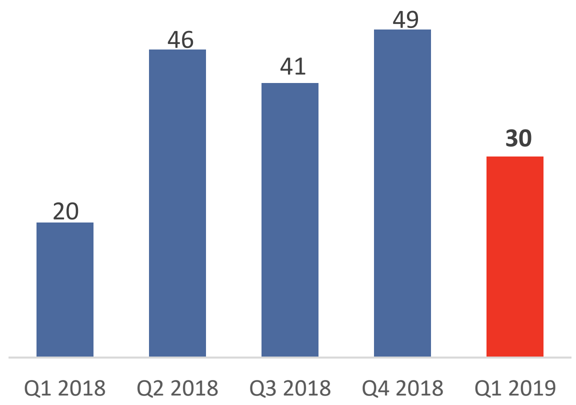
URBAN ORDER BACKLOG DISTRIBUTION
MNOK



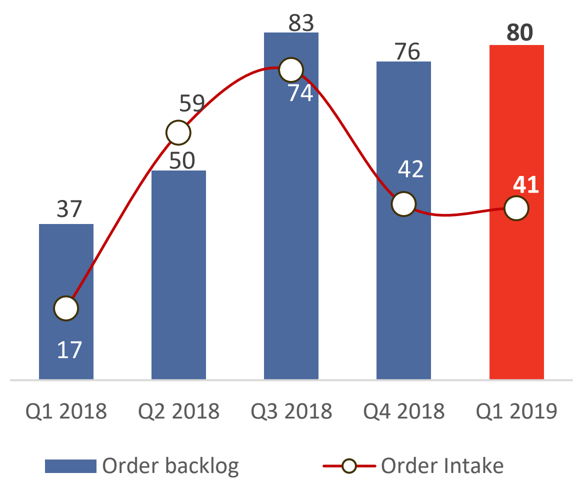
URBAN REVENUES AND EBITDA
MNOK

	Q1-19	Q1-18
EUROPE	0	0
APMEA	0	0
AMERICAS	30	20
REVENUES	**30**	**20**
EBITDA	**-4**	**-6**

LAST 5 QUARTERS URBAN REVENUES
MNOK



URBAN ORDER BACKLOG & ORDER INTAKE
MNOK



Inter-urban

- Advanced Traffic Management
- Traffic Information
- Ramp Metering
- Truck Parking

REVENUES AND MARGINS

Q1-19 inter-urban revenues amounted to 25 MNOK, down from 28 MNOK in Q1-18 due to abnormally low activity level in Europe (mainly Slovenia).

The EBITDA in the quarter ended at 1 MNOK compared to 4 MNOK in Q1-17. The EBITDA reduction is explained by lower revenues combined with somewhat increased operating expenses.

ORDER SITUATION

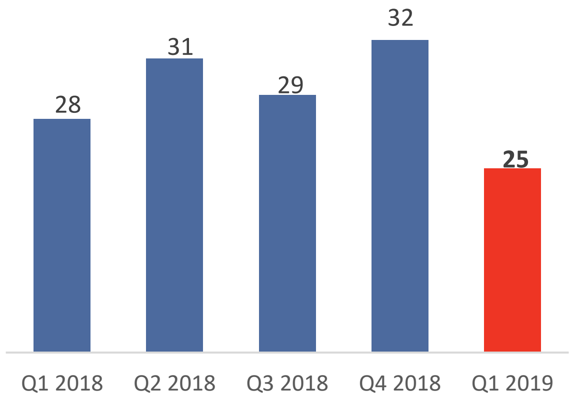
Order intake in the quarter was 17 MNOK compared to 14 MNOK in Q1-18. Majority of the orders were signed in Europe (mainly Slovenia and Norway) where activity will pick up after a slow start in Q1-19.

The order backlog mainly reflects scheduled deliveries to VDOT and for numerous other states in the US (around 90 MNOK of the value) plus around 30 MNOK to Europe (mainly Slovenia and Norway). The backlog at the end of the first quarter 2019 was adjusted with approximately 5 MNOK in negative currency effects related to USD-contracts

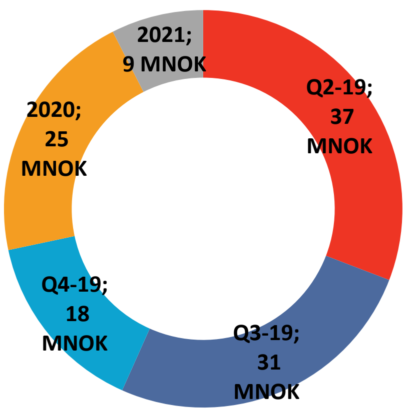
INTER-URBAN REVENUES AND EBITDA
MNOK

	Q1-19	Q1-18
EUROPE	4	8
APMEA	0	0
AMERICAS	21	20
REVENUES	**25**	**28**
EBITDA	**1**	**4**

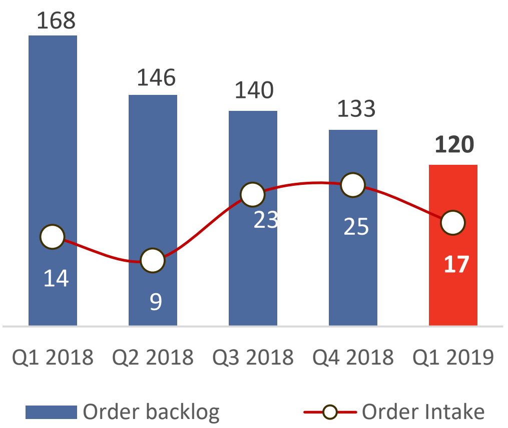
LAST 5 QUARTERS INTER-URBAN REVENUES
MNOK



INTER URBAN ORDER BACKLOG DISTRIBUTION
MNOK



INTER-URBAN ORDER BACKLOG & ORDER INTAKE
MNOK



Outlook

Q-Free's strong order intake in previous quarters resulted in a 9 percent YoY revenue increase in Q1-19. The high order backlog and a book-to-bill ratio above 1.3 in the first quarter of 2019 further support our double-digit revenue growth ambition for 2019. At the end of Q1-19 Q-Free had already secured 211 MNOK in revenues for Q2-19, hence revenues will likely end higher than in Q1-19. For FY 2019, Q-Free had secured 29 percent (166 MNOK) more revenues at the end of Q1-19 compared to what had been secured for FY 2018 at the end of Q1-18.

Gross margin was considerably down YoY. Although Q1-18 was positively impacted by high-margin project revenues in Slovenia, Q1-19 reflected unfavourable segment/product mix effects and low margins on tags and system deliveries in tolling. The segment/ product mix effects will vary from quarter to quarter and gross margin can therefore rebound on the back of stronger SW sales in coming quarters. However, the tolling segment will likely show a lower than usual gross margin throughout 2019 due to current customer and project mix.

EBITDA will improve significantly in Q2-19 compared to Q1-19. Even if gross margin in tolling stays low, strong organic revenue growth and lower seasonal operational expenses will yield performance improvements.

Going forward Q-Free's focus will be on improving profitability on new contracts. The order backlog is at a very high level and operational expenses are under control. Therefore Q-Free can position itself differently in the market than in H2-17 and early 2018 when order intake was low and new contracts had to be secured to ensure cost coverage.

Another important focus area for Q-Free will be to push sales of its high-margin products and services such as ALPR, traffic controller SW and ATMS modules. These businesses are now supported with more resources than in previous years. These efforts are expected to yield increased sales and partly compensate for the margin pressure we experience in tolling.

Consolidated financial statements

Interim condensed consolidated statement of profit or loss

31 MARCH 2019

The comments below are related to Q-Free Group's development in 2019 compared to 2018. The comments made are based on accounting principles including IFRS 16 for 2019 and accounting principles excluding IFRS 16 for 2018.

Amounts in TNOK	Note	Q1 2019 IFRS 16	Q1 2018 IAS 17	2018 IAS 17
Revenue from customers	3	223 259	204 225	888 647
Total operating revenue		***223 259***	***204 225***	***888 647***
Cost of goods sold		73 124	44 243	227 191
Project contractor expenses		23 857	22 878	92 260
Employee benefit expenses		82 816	80 675	332 484
Other operating expenses		34 956	40 323	165 621
Total operating expenses		***214 753***	***188 119***	***817 556***
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**8 506**	**16 106**	**71 091**
Depreciation of property, plant and equipment		7 082	2 788	10 168
Amortisation of intangible assets		12 079	9 622	36 955
Impairment of intangible assets and PP&E		-	-	278
Total depreciation, amortization and impairment		***19 161***	***12 410***	***47 401***
Earnings before interest and taxes (EBIT)		**-10 655**	**3 696**	**23 690**
Financial income	5	2 498	12 047	24 970
Financial expenses	5	-9 623	-17 230	-49 779
Net financial items	5	***-7 125***	***-5 183***	***-24 809***
Profit before tax		**-17 780**	**-1 487**	**-1 119**
Tax expense		-342	-2 246	-6 960
Profit / (-) loss for the period		**-18 122**	**-3 733**	**-8 079**
Earnings per share		-0.20	-0.04	-0.09
Diluted earnings per share		-0.20	-0.04	-0.09

The interim financial information has not been subject to audit or review.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim condensed consolidated statement of comprehensive income

31 MARCH 2019

Amounts in TNOK	Note	Q1 2019 IFRS 16	Q1 2018 IAS 17	2018 IAS 17
Profit / (-) loss for the period		**-18 122**	**-3 733**	**-8 079**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Currency translation differences, net of tax		-6 080	-10 752	-4 148
Net loss on available-for-sale (IAS 39) FVOPL (IFRS 9) investments		-	-	71
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-6 080**	**-10 752**	**-4 077**
Other comprehensive income for the period. net of tax		**-6 080**	**-10 752**	**-4 077**
Total comprehensive income for the period, net of tax		**-24 202**	**-14 485**	**-12 156**

The interim financial information has not been subject to audit or review.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim condensed consolidated statement of financial position

31 MARCH 2019

Amounts in TNOK	Note	Q1 2019 IFRS 16	Q1 2018 IAS 17	2018 IAS 17
ASSETS				
Deferred tax assets		13 524	13 501	14 795
Intangible assets		140 248	142 635	145 136
Goodwill		314 636	294 014	317 282
Property, plant and equipment	1	84 202	21 738	25 420
Investments in other companies		-	387	-
Non-current receivables		3 610	2 168	627
TOTAL NON-CURRENT ASSETS		**556 220**	**474 443**	**503 260**
Inventories		63 756	62 961	71 996
Contract assets		92 664	47 162	82 320
Accounts receivable		123 617	402 315	160 819
Other current assets		40 039	29 806	32 051
Cash and cash equivalents		102 164	94 375	89 700
TOTAL CURRENT ASSETS		**422 240**	**636 619**	**436 886**
TOTAL ASSETS		**978 460**	**1 111 062**	**940 146**

Interim condensed consolidated statement of financial position

31 MARCH 2019

Amounts in TNOK	Note	Q1 2019 IFRS 16	Q1 2018 IAS 17	2018 IAS 17
EQUITY AND LIABILITIES				
Subscribed share capital		33 905	33 905	33 905
Share premium		578 307	578 307	578 307
Other paid-in capital		21 038	20 699	20 950
Retained earnings		-254 967	-233 094	-230 765
TOTAL EQUITY		**378 283**	**399 817**	**402 397**
Non-current borrowings	4	196 000	125 000	196 000
Non-current financial liabilities	1	73 600	82 136	39 658
Deferred tax liabilities		3 134	3 433	4 261
Total non-current liabilities		***272 734***	***210 569***	***239 919***
Current borrowings	4	59 285	230 178	19 521
Advance payments from customers		15 290	27 294	14 339
Accounts payable		80 154	60 989	95 992
Taxes payable		1 086	2 699	2 758
Public duties payable		12 768	59 987	19 584
Current financial liabilities	1	90 786	44 572	71 995
Other current liabilities		68 074	74 957	73 641
Total current liabilities		***327 443***	***500 676***	***297 830***
TOTAL LIABILITIES		**600 177**	**711 245**	**537 749**
TOTAL EQUITY AND LIABILITIES		**978 460**	**1 111 062**	**940 146**

The interim financial information has not been subject to audit or review.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows

31 MARCH 2019

Amounts in TNOK	Q1 2019 IFRS 16	Q1 2018 IAS 17	2018 IAS 17
Cash flow from operations			
Profit before tax	-17 780	-1 487	-1 119
Paid taxes	-1 835	-1 960	-9 082
Depreciation and impairment of property, plant and equipment	7 082	2 788	10 446
Amortisation and impairment of intangible assets	12 079	9 622	36 955
Accrued interest expense	-175	1 776	548
Net loss on available-for-sale (IAS 39) FVOPL (IFRS 9) investments	-	-	458
Share-based payment expense	88	71	322
Working capital adjustments:			
Changes in inventory	8 240	2 492	-6 543
Changes in contract assets	-10 344	179 992	144 834
Changes in accounts receivable	37 202	-271 828	-30 332
Changes in advance payments from customers	951	15 601	2 646
Changes in accounts payable	-15 838	-28 283	6 720
Changes in other items	-32 342	52 592	2 430
Net cash flow from operations	***-12 672***	***-38 624***	***158 283***
Cash flow from investing activities			
Investments in PP&E and intangible assets	-8 867	-8 113	-43 480
Acqusition of a subsidiary, net of cash acquired	-	-	-23 210
Cash flow from investing activities	***-8 867***	***-8 113***	***-66 690***
Cash flow from financing activities			
Cash proceeds from borrowings	39 764	30 850	221 354
Repayment of borrowings	-	-	-338 601
Other financial items	-4 678	-	-
Cash flow from financing activities	***35 086***	***30 850***	***-117 247***
Effect on cash and cash equivalents of changes in foreign exchange rates	***-1 083***	***-3 371***	***1 721***
Net change in cash and cash equivalents for the period	**12 464**	**-19 258**	**-23 933**
Cash and cash equivalents beginning of period	89 700	113 633	113 633
Cash and cash equivalents end of period	**102 164**	**94 375**	**89 700**

The interim financial information has not been subject to audit or review.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity

31 MARCH 2019

Amounts in TNOK

	Subscribed share capital	Share premium	Other paid-in capital	Retained earnings	Available- for-sale reserve (IAS 39)/ FVOPL (IFRS 9)	Currency translation differences, net of tax	Total
Total equity 31.12.2018	**33 905**	**578 307**	**20 950**	**-310 984**	**-**	**80 219**	**402 397**
Profit / (-) loss for the period	-	-	-	-18 122	-	-	-18 122
Other comprehensive income	-	-	-	-	-	-6 080	-6 080
Total comprehensive income for the period	**33 905**	**578 307**	**20 950**	**-329 106**	**-**	**74 139**	**378 195**
Share-based payment expense	**-**	**-**	88	**-**	**-**	**-**	88
Total equity 31.03.2019	**33 905**	**578 307**	**21 038**	**-329 106**	**-**	**74 139**	**378 283**
Total equity 31.12.2017	**33 905**	**578 307**	**20 628**	**-302 905**	**-71**	**84 367**	**414 231**
Profit / (-) loss for the period	-	-	-	-3 733	-	-	-3 733
Other comprehensive income	-	-	-	-	-	-10 752	-10 752
Total comprehensive income for the period	**33 905**	**578 307**	**20 628**	**-306 638**	**-71**	**73 615**	**399 746**
Share-based payment expense	-	-	71	-	-	-	71
Total equity 31.03.2018	**33 905**	**578 307**	**20 699**	**-306 638**	**-71**	**73 615**	**399 817**

The interim financial information has not been subject to audit or review.

Notes to the condensed interim financial statements Q1 2019

NOTE 1 – GENERAL INFORMATION & ACCOUNTING POLICIES

The Q-Free Group provides leading technology solutions to the global ITS market. Q-Free has 383 employees, is headquartered in Trondheim Norway, and has local offices in 16 countries around the world. Q-Free ASA is a Norwegian public limited liability company, and has been listed on the Oslo Stock Exchange under the ticker QFR since 2002.

Basis of preparation
These consolidated interim financial statements for 2019, combined with other relevant financial information in this report, have been prepared in accordance with the regulations of the Oslo Stock Exchange and the requirements in IAS 34. These condensed consolidated interim financial statements for the quarter have not been audited or been subject to review by the Group's auditor. The financial statements do not include all of the information required for the full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2018. The consolidated financial statements for 2018 are available upon request from the company's registered office in Trondheim or at our website, www.q-free.com. The consolidated condensed interim financial statements were approved by the Board of Directors at its meeting on 6 May 2019.

The preparation of the Q-Free Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates can result in outcomes that require a material adjustment to the carrying amount of the assets or liability affected in future periods.

No significant events, which are not mentioned in this report, have occurred since the balance sheet date.

As a result of rounding differences, numbers or percentages may not add up to the total.

Accounting policies
The interim condensed consolidated financial statements of the Q-Free Group for Q1 2019 were prepared in accordance with International Financial Reporting Standards (IFRS) in accordance with IAS 34 *Interim Financial Reporting*. The Group has used the same accounting policies and standards as in the consolidated financial statements as of 31 December 2018, with the exception of IFRS 16 *Leases*, as described below.

Implementation of IFRS 16 *Leases*

The Group has adopted IFRS 16 *Leases* from 1 January 2019 retrospectively using the simplified transition approach in accordance with IFRS 16.C5(b) and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The leases recognized upon adoption of IFRS 16 consist of office building contracts and car rental agreements. All other leases relating to IT and other office equipment are of low value or short-term leases. The average term for the office leases is 2-9 years and the average term for the car rentals is 1-3 years as of 1 January 2019. Office leases in several group locations include CPI and/or step-rent adjustments to the lease payments on an annual basis and have extension options for additional multiple rental periods of 1-5 years in duration.

For leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*, the lease liability upon adoption of IFRS 16 is measured as the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The associated right-of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet at 31 December 2018.

In applying IFRS 16 for the first time, the Group has used the following practical expedients as permitted by IFRS 16:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made when applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

The reclassifications and adjustments arising from the new leasing rules are recognized in the 1 January 2019 opening balance sheet.

Total lease liability amounted to TNOK 56,432 as of 31 March 2019 (TNOK 64,143 as of 1 January 2019). Current lease liabilities are presented within Current financial liabilities, and amounted to TNOK 19,744 as of 31 March 2019 (TNOK 22,442 as of 1 January 2019). Non-current lease liabilities are presented within Non-current financial liabilities, and amounted to TNOK 36,688 as of 31 March 2019 (TNOK 41,701 as of 1 January 2019).

Right-of-use assets are presented within Property, plant and equipment and amounted to TNOK 59,572 as of 31 March 2019 (TNOK 64,143 as of 1 January 2019).

The recognized right-of-use assets relate to the following types of assets as of 31 March 2019 (and as of 1 January 2019):

Office buildings	TNOK 56,744 (TNOK 61,103)
Motor vehicles	TNOK 2,828 (TNOK 3,040)

EBIT and EBITDA for the first three months in 2019 increased with TNOK 411 and TNOK 5,404, respectively, as a result of the change in accounting policy. Interest expenses increased with TNOK 726 as a result of implementing IFRS 16. The net effect on profit for the period is TNOK -315. Earnings per share were unchanged for the three months to 31 March 2019 as a result of the adoption of IFRS 16.

Changes in accounting policies as of 1 January 2019 due to the implementation of IFRS 16 Leases

In connection with the adoption of IFRS 16 as of 1 January 2019 the accounting policy for leases has been updated. The new policy is given below, and replaces the lease accounting policy given in the 2018 Annual Report:

In accordance with the implementation of IFRS 16, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group (the commencement date). Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses, as well as any required adjustments due to a remeasurement of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an operating expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less at the commencement date of the lease. Low-value assets are relating to IT and other office equipment.

NOTE 2 OPERATING SEGMENTS

The Group discloses operating segment information under IFRS 8 *Operating Segments,* which requires the entity to identify segments according to the organisation and reporting structure used by management. Operating segments are components of a business that are evaluated regularly by the chief operating decision maker for the purpose of assessing performance and allocating resources. The Group's chief operating decision maker is the members of the corporate management team.

The operating segments are determined based on how resources and investments are allocated within the Group, as well as on differences in the nature of the operations, solutions, products and services. The Group manages its operations in five segments:

Segment	**Products offered within the segment**
Tolling	DSRC tags and readers, ALPR and image based solutions, Electronic toll collection systems (multilane free-flow, truck tolling and congestion charging)
Parking	Parking guidance systems and Parking access control software (ALPR)
Infomobility	Traffic, bicycle & pedestrian detection and counting, Weigh-in-motion, Journey time monitoring, Weather & air-quality monitoring
Urban	Local intersection/traffic controllers, Centralized traffic controller software, Cooperative ITS solutions
Inter-Urban	Advanced traffic management systems, Traffic information systems, Ramp metering, Truck parking

Global Functions do not represent a separate segment but are expenses that are not relevant to allocate to one or more of the five segments. Group functions include corporate services, such as management and Group finance services at the Q-Free headquarters. These expenses are reported in a separate column as shown in the following table.

See Note 9 in the 2018 Annual Report for additional segment information.

NOTE 2 OPERATING SEGMENTS

SEGMENTS	TOLLING		PARKING		INFO MOBILITY		URBAN		INTER-URBAN		Global functions		TOTAL	
Amounts in TNOK	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**
EUROPE	95 760	102 247	5 556	4 544	23 729	19 197	265	358	3 798	7 469	-0	-	**129 107**	**133 815**
APMEA	10 353	11 851	985	423	124	295	-	-	-	-	-	-	**11 462**	**12 570**
AMERICAS	20 193	12 338	10 992	5 076	660	418	29 504	19 776	21 341	20 232	-	-	**82 690**	**57 841**
Revenue from customers	**126 305**	**126 437**	**17 533**	**10 044**	**24 513**	**19 910**	**29 769**	**20 134**	**25 139**	**27 701**	**-0**	**-**	**223 259**	**204 225**
Cost of goods sold	42 126	21 781	6 844	4 052	8 218	6 888	15 376	10 782	561	740	-	-	**73 124**	**44 243**
Project contractor expenses	15 717	17 574	2 500	949	431	345	1 130	1 393	4 079	2 618	-	-	**23 856**	**22 878**
Gross Contribution	**68 463**	**87 083**	**8 189**	**5 043**	**15 864**	**12 677**	**13 263**	**7 958**	**20 500**	**24 343**	**-0**	**-**	**126 278**	**137 104**
Gross margin - %	54,2 %	68,9 %	46,7 %	50,2 %	64,7 %	63,7 %	44,6 %	39,5 %	81,5 %	87,9 %			**56,6 %**	**67,1 %**
Total OPEX*	51 142	56 450	9 594	10 747	9 146	8 653	17 425	13 666	19 702	20 125	10 763	11 357	**117 772**	**120 998**
EBITDA before non-recurring items	**17 320**	**30 632**	**-1 405**	**-5 704**	**6 717**	**4 024**	**-4 162**	**-5 707**	**797**	**4 218**	**-10 764**	**-11 357**	**8 506**	**16 107**
EBITDA margin	13,7 %	24,2 %	-8,0 %	-55,8 %	27,4 %	20,2 %	-14,0 %	-28,3 %	3,2 %	15,2 %			**3,8 %**	**7,9 %**
Depreciation	5 130	2 249	1 480	787	2 117	1 387	1 825	917	3 879	2 076			**14 467**	**7 415**
Amortization		-	606	554	1 060	1 265	2 422	2 622	606	554			**4 694**	**4 995**
EBIT before non-recurring items	**12 191**	**28 383**	**-3 491**	**-7 045**	**3 541**	**1 372**	**-8 445**	**-9 246**	**-3 688**	**1 588**	**-10 764**	**11 357**	**-10 655**	**3 696**
EBIT margin	9,7 %	22,4 %	-19,9 %	-70,1 %	14,4 %	6,9 %	-28,4 %	-45,9 %	-14,7 %	5,7 %			**-4,8 %**	**1,8 %**

NOTE 3 REVENUES

Revenue from customers is disaggregated in the table below by geographical location, by type of product or project category, by the timing of the reception of revenue, and by segment.

For additional information please refer to Note 10 in the 2018 Annual Report.

Disaggregation of revenue from customers

Amounts in TNOK	TOLLING		PARKING		INFO MOBILITY		URBAN		INTER-URBAN		TOTAL		
	Q1 2019	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**Q1 2019**	**Q1 2018**	**2018**
EUROPE	95 760	102 247	5 556	4 544	23 729	19 197	265	358	3 798	7 469	129 107	133 815	493 350
APMEA	10 353	11 851	985	423	124	295	-	-	-	-	11 462	12 570	63 248
AMERICAS	20 193	12 338	10 992	5 076	660	418	29 504	19 776	21 341	20 232	82 690	57 841	332 049
Revenue from customers	**126 305**	**126 437**	**17 533**	**10 044**	**24 513**	**19 910**	**29 769**	**20 134**	**25 139**	**27 701**	**223 259**	**204 225**	**888 647**
At a point in time revenue recognition													
Product deliveries (not related to projects)	39 495	43 810	1 346	1 506	12 393	5 980	22 684	19 910	1 731	1 641	77 649	72 847	366 460
Total at a point in time revenue recognition	**39 495**	**43 810**	**1 346**	**1 506**	**12 393**	**5 980**	**22 684**	**19 910**	**1 731**	**1 641**	**77 649**	**72 847**	**366 460**
Over time revenue recognition													
Service & Maintenance	34 667	37 903	878	1 377	474	655	5 804	224	708	3 921	42 531	44 080	161 129
System Projects (includes over-time product deliveries related to projects)	52 143	44 723	15 309	7 161	11 646	13 275	1 281	-	22 700	22 139	103 079	87 298	361 058
Total over time revenue recognition	**86 810**	**82 626**	**16 187**	**8 538**	**12 120**	**13 930**	**7 085**	**224**	**23 408**	**26 060**	**145 610**	**131 378**	**522 187**

NOTE 4 BORROWINGS

Type	Effective interest rate %	Maturity	31.03.2019	31.03.2018	31.12.2018
Non-current					
Term loan	2,98 %	06.12.2021	100 000	-	100 000
Revolving Credit Facility (RCF) *	2,98 %	06.12.2021	96 000	-	96 000
Danske Bank - Serial loan	3,48 %	06.12.2018	-	125 000	-
Total non-current borrowings			**196 000**	**125 000**	**196 000**
Current					
Credit line **	2,48 %	06.12.2019	59 285	-	19 521
Danske Bank - Line of credit	3,28 %	06.12.2018	-	145 017	-
Citi Bank - Line of credit	4,60 %	06.12.2018	-	85 161	-
Total current borrowings			**59 285**	**230 178**	**19 521**
Total borrowings			**255 285**	**355 178**	**215 521**

* Share of RCF will be converted to 5 year term loan if RCF is used to fund acquisition of shares in Intelight Inc. with an annual amortisation of 20%.

** Credit line is renewed annually.

Debt covenants

Q-Free has a NIBD/EBITDA and Equity Ratio covenant on it's bank arrangements.

Net Interest Bearing Debt to EBITDA ratio ("Leverage Ratio") shall at no time be more than 3.00:1, and total Equity to Total Assets ("Equity Ratio") shall at no time be less than 35.00 %.

See Alternative Performance Measures section for "NIBD" and "EBITDA" definitions.

NOTE 5 NET FINANCIAL ITEMS

Amounts in TNOK

Financial items	Q1 2019	Q1 2018	2018
Interest income	59	752	1 106
Realised exchange rate differences	2 435	3 040	21 594
Unrealised exchange rate differences	4	8 255	2 270
Financial income	**2 498**	**12 047**	**24 970**
Interest expense	-1 015	-1 834	-2 730
Interest on borrowings	-1 458	-2 432	-7 542
Realised exchange rate differences	-3 482	-2 236	-18 236
Unrealised exchange rate differences	-2 407	-10 091	4 965
Fair value change in contingent consideration and other liabilities *	-94	-175	-22 407
Other financial expense **	-1 167	-462	-3 829
Financial expense	**-9 623**	**-17 230**	**-49 779**
NET FINANCIAL ITEMS	**-7 125**	**-5 183**	**-24 809**

* Change in contingent consideration and other liabilities in 2018 is explained by a revised estimate on the liability for the purchase of the remaining shares of Intelight Inc. of TNOK 21,707 and the liability related to pension schemes of TNOK 700. The estimated liability to acquire the remaining shares in Intelight Inc as at 31.12.18 is TNOK 93,813.

** Other financial expenses increased with TNOK 726 as a result of implementing IFRS 16.

NOTE 6 SUBSEQUENT EVENTS

Share based compensation

There is a change with effect from 1 April 20I9 in the share-based option program for leading executives. If a shareholder, company, business or a group (as per definition in the Norwegian Securities Trading Act § 2-5) acquires control of more than two thirds of the stocks and/or votes in the Company, and the Company is consequently delisted from Oslo Børs, each and all of outstanding options mature. This entails that the leading executives can exercise each and all of his options in a period of 30 days from the date final decision of delisting is made. If the options are not exercised within this period, the options expire without any form of compensation.

Per 1 April 2019 the Parent company has granted a total of 402,438 share options to Jan-Erik Sandberg, CTO, in accordance with the incentive program for leading executives established in May 2017.

For more information on the share option program for leading executives, please see Note 13 Share based compensation in the Annual Report for 2018.

ALTERNATIVE PERFORMANCE MEASURES

The Group presents some financial performance measures in its annual report which are not defined according to IFRS. The Group is of the opinion that these measures provide valuable complementary information to investors and the Group's management since they facilitate the evaluation of the Group's performance. As every Group does not calculate financial performance measures in the same manner, these are not always comparable with measures used by other companies. These financial performance measures should therefore not be regarded as a replacement for measures as defined according to IFRS.

Gross contribution:

Defined as Revenue from customers reduced with Cost of goods sold and Project contractor expenses. Project contractor expenses are included in Gross Contribution since they are heavily correlated with project and service revenues.

Project contractor expenses:

Project contractor expenses include costs for external consultants and / or services that are consumed under project executions and service and maintenance work.

Gross margin:

Defined as Revenue from customers reduced with Cost of goods sold and Project contractor expenses in percentage of revenues.

Gross contribution and gross margin Amounts in TNOK	**Q1 2019**	**Q1 2018**	**2018**
Revenue from customers	223 259	204 225	888 647
Cost of goods sold	-73 124	-44 243	-227 191
Project contractor expenses	-23 857	-22 878	-92 260
Gross contribution	**126 278**	**137 104**	**569 196**
Gross margin	**56,6 %**	**67,1 %**	**64,1 %**

EBITDA / EBIT:

The Group considers EBITDA / EBIT to be normal accounting terms, but they are not included in the IFRS accounting standards. EBITDA is an abbreviation for Earnings Before Interest, Taxes, Depreciation and Amortisation. The Group uses EBITDA in the income statement as a summation line for other accounting lines. These accounting lines are defined in our accounting principles, which are part of the financial statements for 2018. The same applies for EBIT.

EBITDA margin:

Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) in percentage of revenues.

EBITDA margin Amounts in TNOK	**Q1 2019**	**Q1 2018**	**2018**
Revenue from customers	223 259	204 225	888 647
EBITDA	8 506	16 106	71 091
EBITDA margin	**3,8 %**	**7,9 %**	**8,0 %**

EBIT margin:

Defined as Earnings Before Interest and Taxes (EBIT) in percentage of revenues.

EBIT margin Amounts in TNOK	**Q1 2019**	**Q1 2018**	**2018**
Revenue from customers	223 259	204 225	888 647
EBIT	-10 655	3 696	23 690
EBIT margin	**-4,8 %**	**1,8 %**	**2,7 %**

ALTERNATIVE PERFORMANCE MEASURES

Non-recurring items:

The Group defines non-recurring items as one-time costs, not related to the actual reporting period. Restructuring costs and settlement of disputes are classified as non-recurring items.

Non-recurring items Amounts in TNOK	**Q1 2019**	**Q1 2018**	**2018**
Settlement of dispute		-	-
Restructuring costs	-	-	17 810
Non-recurring items in EBITDA	**-**	**-**	**17 810**
Impairment		-	-
Non-recurring items in EBIT	**-**	**-**	**17 810**

Net Interest Bearing Debt (NIBD):

Long term borrowings plus short term borrowings less cash and cash equivalents.

Net Interest Bearing Debt Amounts in TNOK	**Q1 2019**	**Q1 2018**	**2018**
Non-current borrowings from financial institutions	196 000	125 000	196 000
Current borrowings from financial institutions	59 285	230 178	19 521
Gross Interest Bearing Debt	**255 285**	**355 178**	**215 521**
Cash and cash equivalents	102 164	94 375	89 700
Net Interest Bearing Debt	**153 121**	**260 803**	**125 821**

Net working capital:

Defined as Current assets excluding Cash less Current liabilities, and excluding Current borrowings and the Intelight share purchase liability classified as Current financial liabilities.

Net Working Capital Amounts in TNOK	**Q1 2019**	**Q1 2018**	**2018**
Inventories	63 756	62 961	71 996
Contract assets	92 664	47 162	82 320
Accounts receivable	123 617	402 315	160 819
Other current assets	40 039	29 806	32 051
Current Assets (excl Cash and cash equivalents)	**320 076**	**542 244**	**347 186**
Advance payments from customers	15 290	27 294	14 339
Accounts payable	80 154	60 989	95 992
Taxes payable	1 086	2 699	2 758
Public duties payable	12 768	59 987	19 584
Current financial liabilities	90 786	44 572	71 995
Other current liabilities	68 075	74 957	73 641
Intelight share purchase liability	-68 540	-21 233	-69 267
Current liabilities (excl Currrent borrowings from financial institutions)	**199 619**	**249 265**	**209 042**
Net Working Capital	**120 457**	**292 979**	**138 144**

ALTERNATIVE PERFORMANCE MEASURES

Working capital ratio:

Defined as Current assets excluding Cash less Current liabilities, and excluding Current borrowings and the Intelight share purchase liability classified as Current financial liabilities in percentages of last 12 months Revenue from customers.

Working Capital ratio (Amounts in TNOK)	Q1 2019	Q1 2018	2018
12 months Revenue from customers	907 681	942 034	888 647
Net Working Capital	120 457	292 979	138 144
Working Capital ratio	**13,3 %**	**31,1 %**	**15,5 %**

Equity ratio:

Equity ratio is defined as equity proportion of total assets and shows financial leverage.

Equity ratio (Amounts in TNOK)	Q1 2019	Q1 2018	2018
Total equity	378 283	399 817	402 397
Total assets	978 460	1 111 062	940 146
Equity ratio	**38,7 %**	**36,0 %**	**42,8 %**

Order intake:

Order intake is defined as total amount of all signed new contracts received in a defined period.

Order backlog:

Order backlog is defined as total amount of signed contracts to be delivered in future periods.

The order backlog is calculated as shown below:

	Prior period's backlog
+	Received new orders
÷	This periods revenues
+ / ÷	Currency adjustments
=	End backlog reporting period

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