



Q3

THIRD QUARTER

2021

THE PRIME MOVER IN
TRAFFIC TECHNOLOGY

Q-FREE IS A PRIME MOVER IN TRAFFIC TECHNOLOGY...

COMPANY & PEOPLE



FOUNDED IN
1984



HEADQUARTERED IN
NORWAY



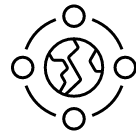
OFFICES IN
15
COUNTRIES



~350
EMPLOYEES



30+
NATIONALITIES



50+
REFERENCE MARKETS

BUSINESS AREAS & INSTALLED BASE

Tolling:



>40 million tolling tags sold



>2 000 tolling lanes in operation



>50 000 active ALPR SW licenses

Traffic Management:



>500 000 highway lane miles monitored and managed



> 35 000 traffic controllers and ~100 central SW systems deployed

...WITH A STRONG AND COMPELLING PURPOSE & OFFERING

KEY MOBILITY CHALLENGES

CONGESTION



Q-FLOW

Optimize how people and goods move

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

ACCIDENTS



Q-SAFE

Make roads and travel safe

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

POLLUTION



Q-CLEAN

Stimulate sustainable transportation

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

HIGHLIGHTS



FINANCIAL HIGHLIGHTS Q3-21 (Q3-20)

REVENUES:

204 MNOK (210)

+4% organic growth

ORDER INTAKE:

118 MNOK (354)

EBITDA:

31 MNOK (32)

ORDER BACKLOG:

1 135 MNOK (1 169)

EBIT:

18 MNOK (18)

CASH FLOW FROM OPERATIONS:

36 MNOK (24)

OPERATIONAL HIGHLIGHTS Q3-21

Finalized Queensland tolling project delivery in Australia



Went live with ALPR solution for New York toll authorities



Went live with statewide ATMS for Colorado DOT



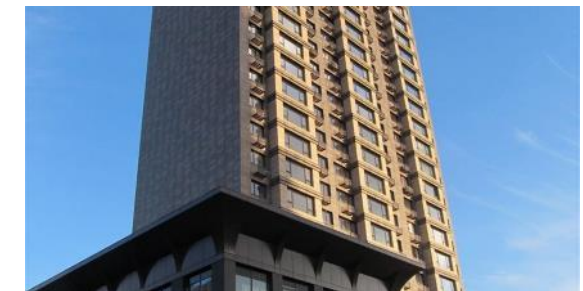
Expanded cycle monitoring network in Scotland



Continued roll-out of weigh-in-motion in Ukraine



Established subsidiary in Kiev, Ukraine



FINANCIAL UPDATE



FINANCIAL SUMMARY Q3-21 AND 9M-21

MNOK	Q3 2021	Q3 2020	YoY Change
Revenues	204	210	-3.1%
Gross contribution	139	135	+2.8%
<i>Gross margin</i>	68.1%	64.2%	+3.9 pp
OPEX	108	103	+5.1%
EBITDA	31	32	-4.6%
<i>EBITDA margin</i>	15.1%	15.3%	-0.2 pp
EBIT*	18	18	+3.6%
<i>EBIT margin</i>	9.0%	8.4%	+0.6 pp
EPS	0.13	0.03	

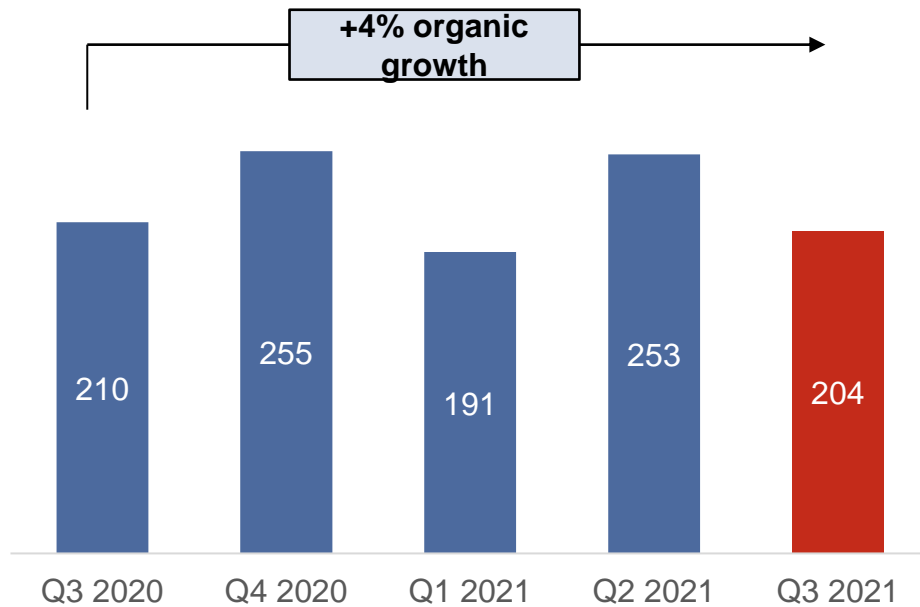
9M 2021	9M 2020	YoY Change	FY 2020
648	635	+2.1%	889
421	399	+5.6%	545
65.0%	62.9%	+2.1 pp	61.3%
343	348	-1.6%	469
79	50	+56%	76
12.1%	7.9%	+4.2 pp	8.5%
37	4	>800%	-9*
5.7%	0.6%	+5.1 pp	-1.0%
0.20	-0.17		-0.56

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

REVENUE DEVELOPMENT

QUARTERLY REVENUES

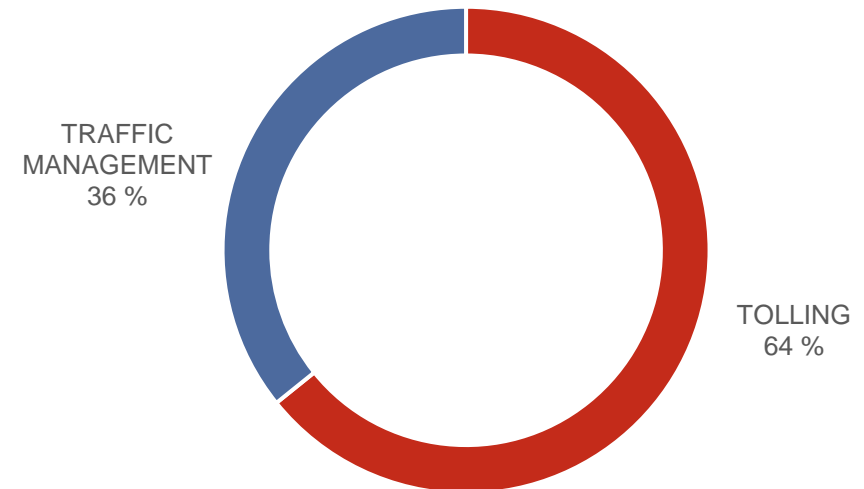
NOK million



-3% YoY nominal revenue growth, but +4% organic growth adjusted for currency effects and Assets Held for Sale

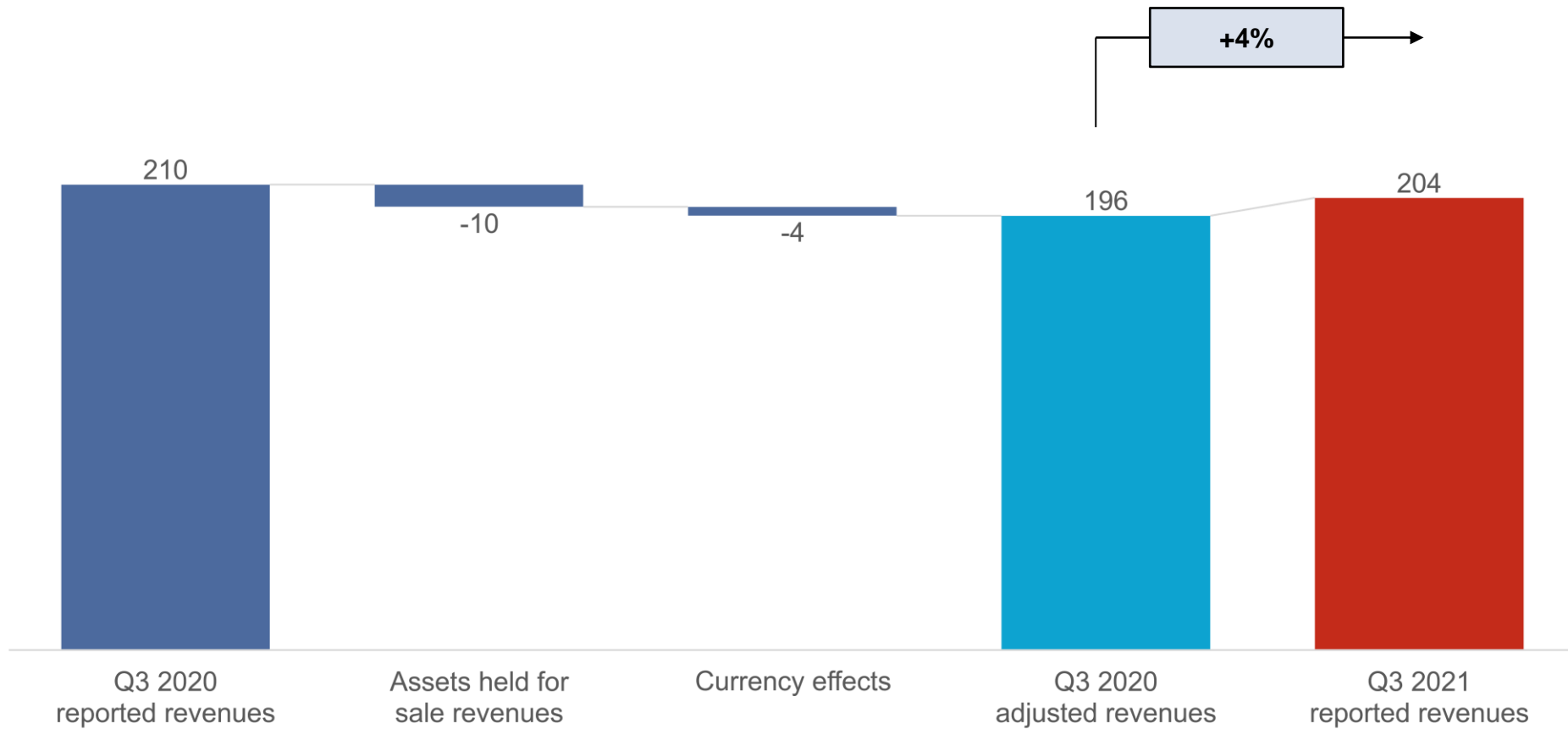
Q3-21 REVENUES PER BUSINESS AREA

Percent



YTD Tolling accounts for 63% of revenues and Traffic Management 37%

YOY REVENUE COMPARISON



SEGMENT REVENUE DETAILS

NOK million

SEGMENT	Q3-21	Q3-20	YoY Change
Tolling	131	142	-8%
Traffic Management	73	58	+25%
Assets held for sale	-*	10*	*
REVENUES	204	210	-3%

4% YoY organic revenue growth adjusted for currency effects and Assets Held for Sale

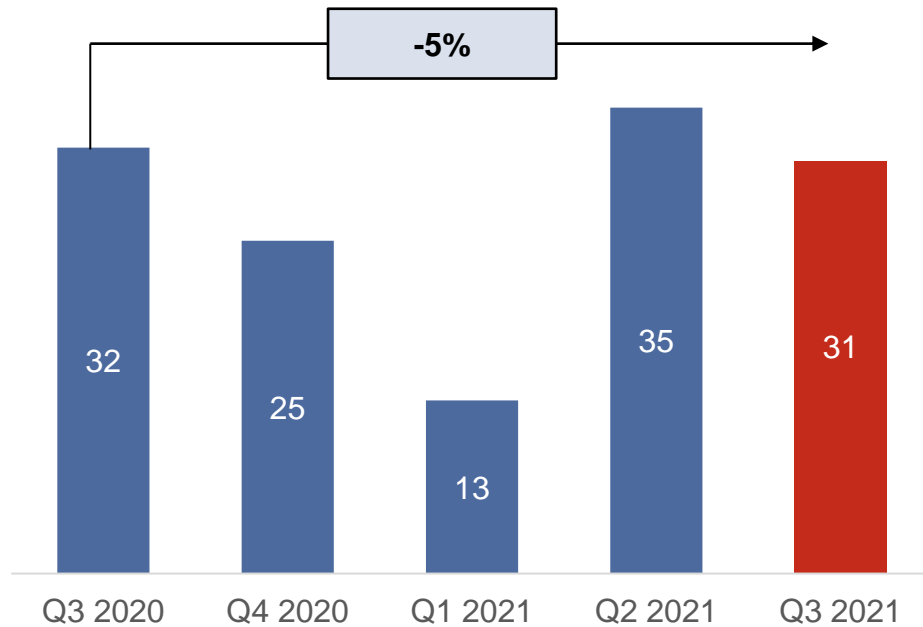
9M 2021	9M 2020	YoY Change	FY 2020
411	415	-1%	572
234	197	+19%	282
2*	24*	*	35
648	635	+2%	889

9% YoY organic revenue growth adjusted for currency effects and Assets Held for Sale

* Parking assets divested in Q1-21

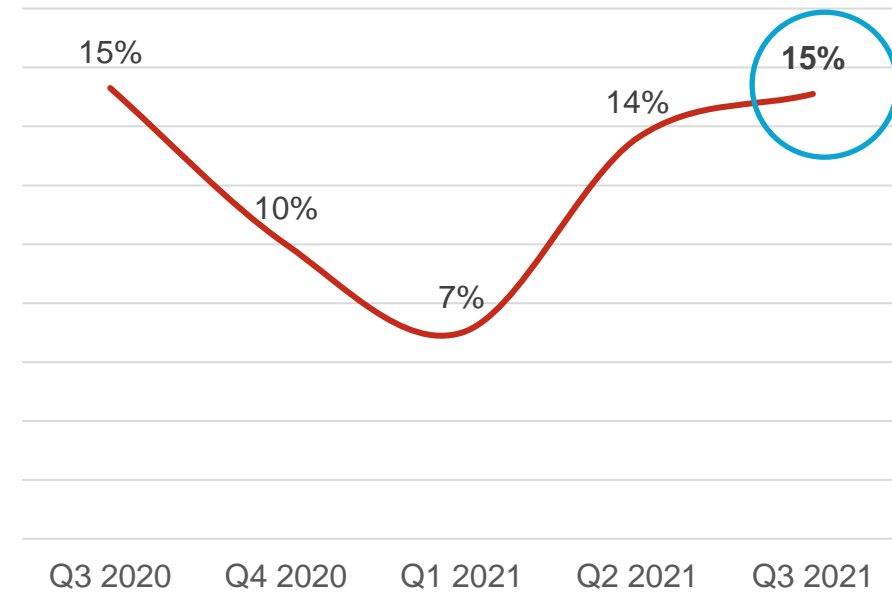
EBITDA DEVELOPMENT

EBITDA EXCL. NON-RECURRING ITEMS
NOK million



103 MNOK in 12m rolling EBITDA, 105 MNOK when adjusting for assets held for sale

EBITDA MARGIN EXCL. NON-RECURRING ITEMS
Percent



12.1% EBITDA margin YTD 2021 vs. 7.9% YTD 2020



SEGMENT EBITDA DETAILS

NOK million

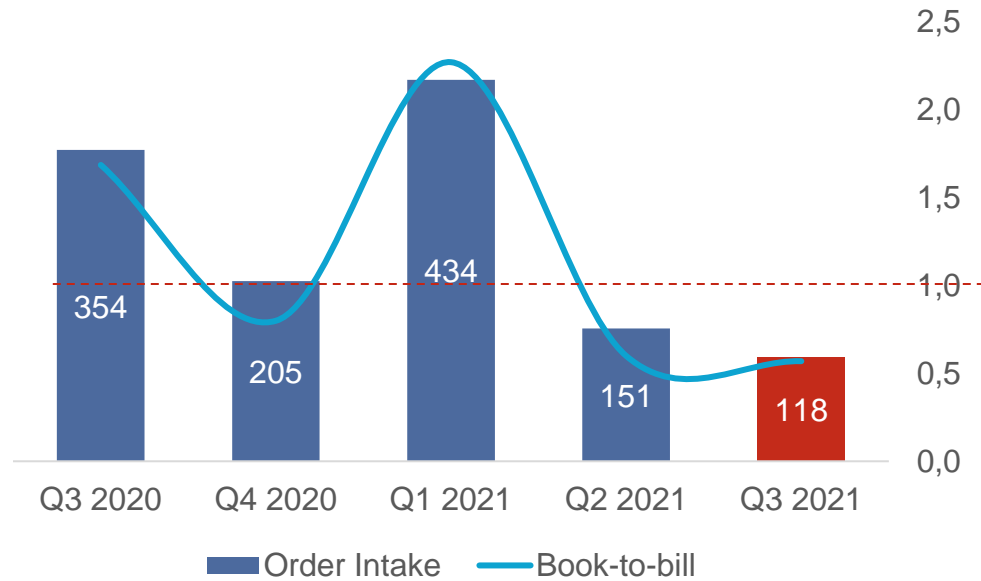
SEGMENT	Q3-21	Q3-20	Margin change
Tolling	33	39	-2.8 pp
Traffic Management	2	-1	+5.1 pp
Assets held for sale*	0*	0	
Group Functions	-4	-7	
EBITDA	31	32	-0.2 pp

9M 2021	9M 2020	Margin change	FY 2020
88	78	+2.6 pp	104
16	3	+5.2 pp	8
-2*	-6		-7
-23	-24		-29
78	50	+4.2 pp	76

* Parking assets divested in Q1-21

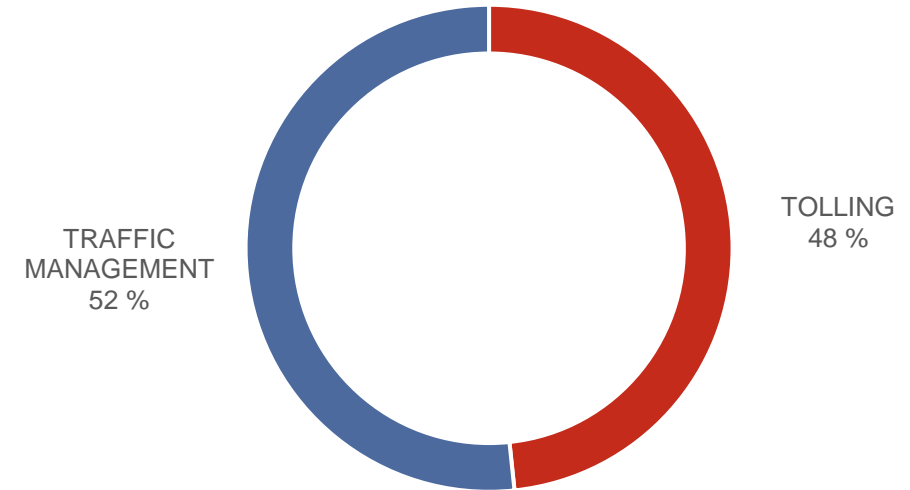
ORDER INTAKE DEVELOPMENT

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



Frame contracts with no committed minimum volume not included, YTD order intake down 6% compared to 2020

Q3-21 ORDER INTAKE PER BUSINESS AREA
Percent



Tenders with an accumulated value in excess of 600 MNOK already submitted and awaiting award

POST-QUARTER CONTRACT WINS

Tolling contract with Transport for New South Wales in Australia



- Contract to design, supply, and install replacement tolling roadside systems for the Sydney Harbour Bridge and Harbour Tunnel
- Minimum revenues of ~40 MNOK including 5 years of recurring service and maintenance
- 3rd major tolling project in Australia in the past 2 years

Tolling frame agreement with Vegamot/Bompengeselskapet Nord in Norway

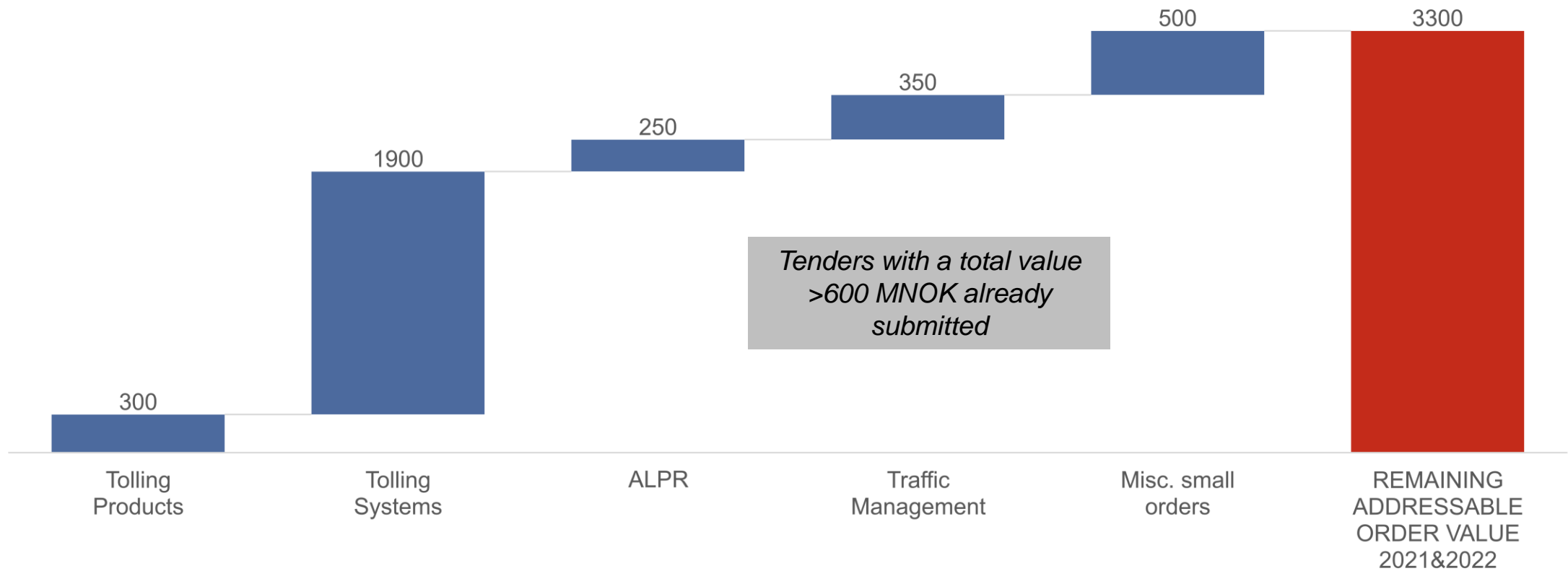


- Q-Free chosen by Vegamot/Bompengeselskapet Nord as the preferred vendor for mobile tolling solutions + replacement of three-gantry toll stations
- Moreover, Q-Free is qualified as 1 of 2 suppliers that can bid on projects involving single gantry toll stations
- Expected revenues >100 MNOK - actual amount will depend on call-offs and success on coming mini-tenders

THE OPPORTUNITY PIPELINE CONTINUES TO LOOK SIZEABLE AND ATTRACTIVE

ESTIMATES

ADDRESSABLE OPPORTUNITIES EXPECTED TO BE TENDERED/AWARDED IN 2021&2022 MNOK

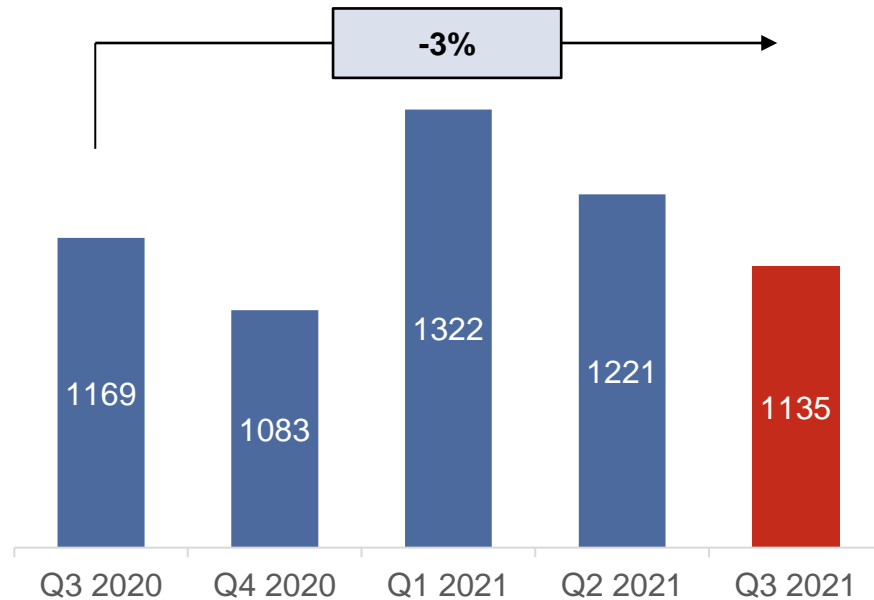


NOTE: Planned tenders and contract signings might be delayed by customers

ORDER BACKLOG DEVELOPMENT

ORDER BACKLOG

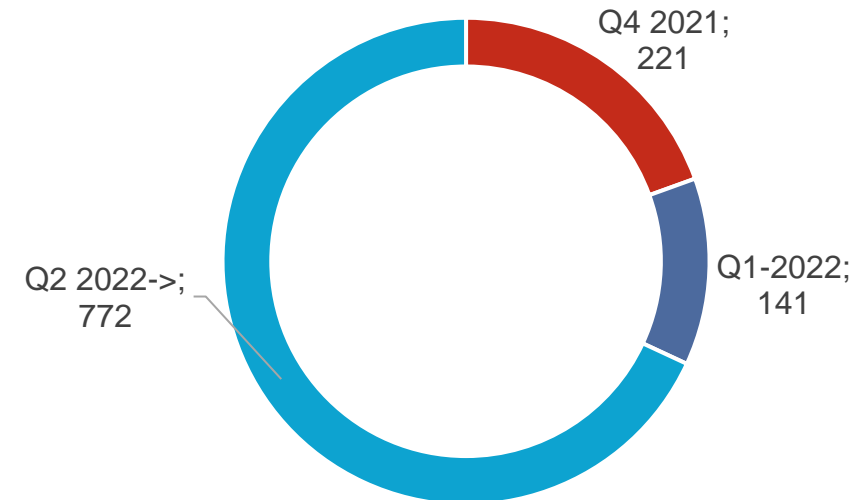
NOK million



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

EXPECTED DELIVERY SCHEDULE

NOK million



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

CASH FLOW AND AVAILABLE FUNDS

CASH FLOW FROM OPERATIONS:

36 MNOK (24)

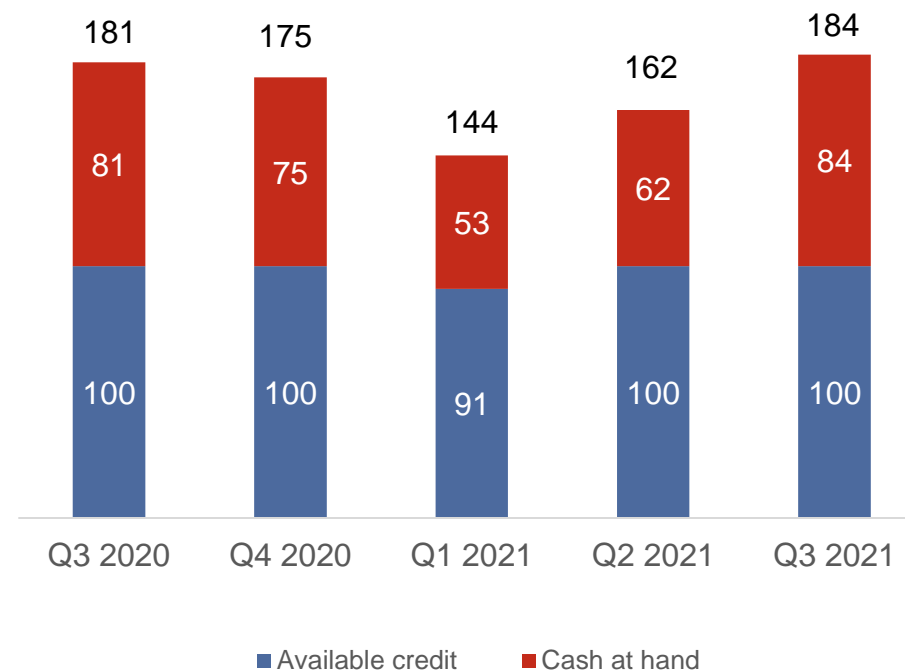
CASH FLOW FROM INVESTING:

-8 MNOK (-6)

CASH FLOW FROM FINANCING:

-7 MNOK (-16)

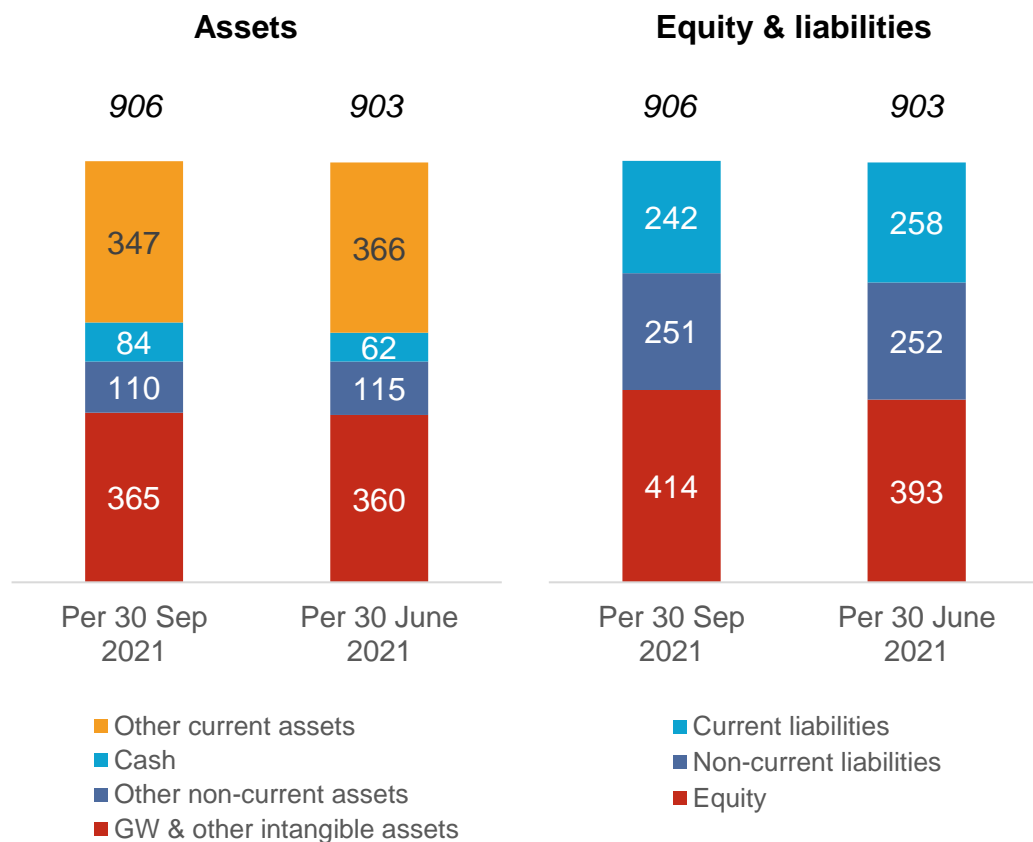
AVAILABLE CREDIT AND CASH AT HAND
NOK million



KEY BALANCE SHEET ITEMS

BALANCE SHEET COMPOSITION

NOK million



EQUITY RATIO (Q3-20):

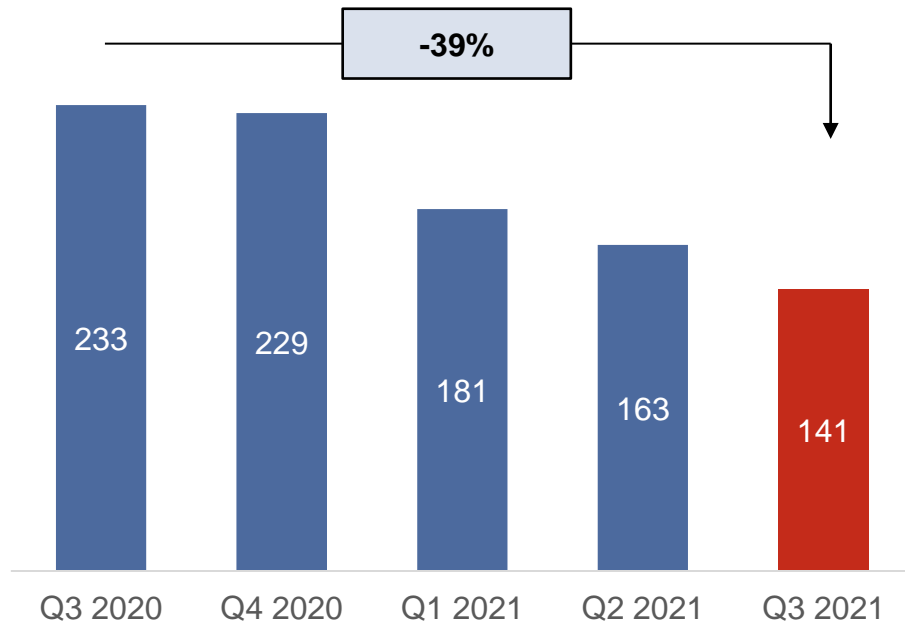
46% (42%)

WORKING CAPITAL RATIO (Q3-20):

14% (22%)

NET INTEREST BEARING DEBT

NET INTEREST BEARING DEBT
NOK million



12 MONTH NIBD/EBITDA

1.4

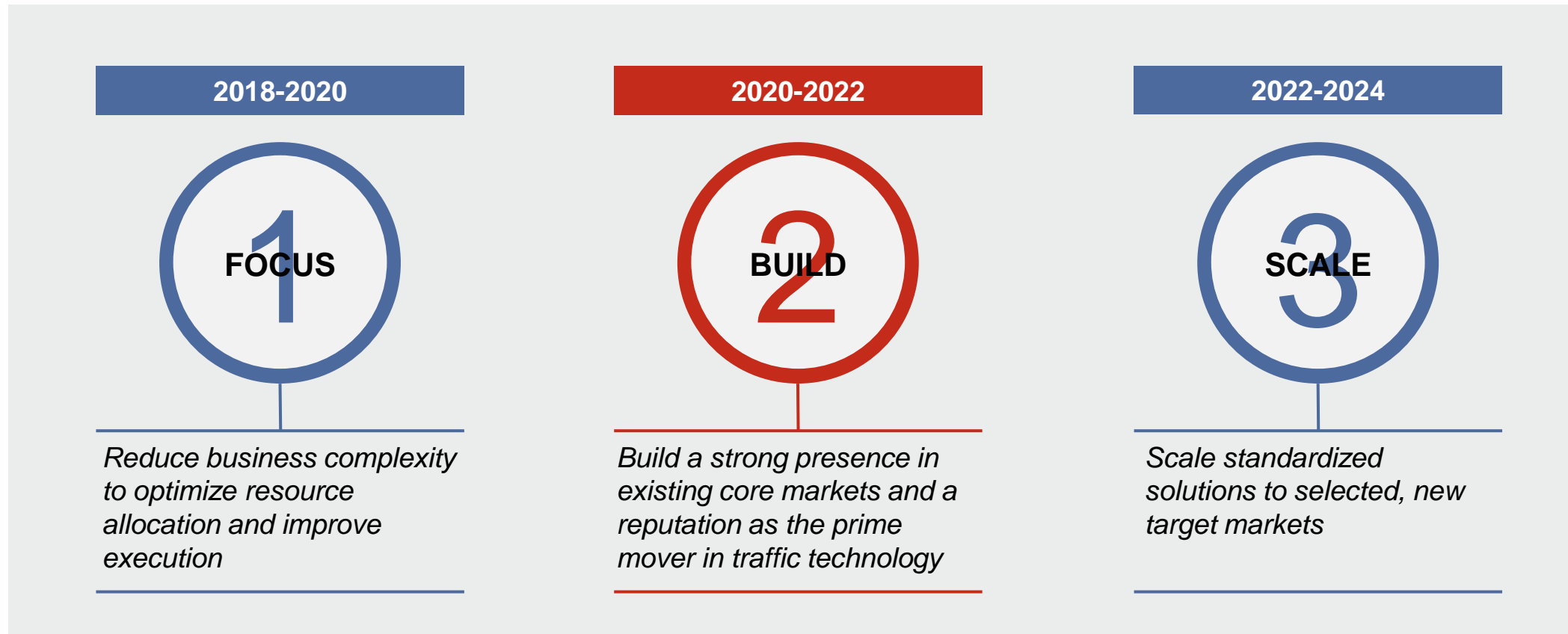
NET FINANCIAL ITEMS:

0.1 MNOK (-16)



OUTLOOK

OUR 2020-2023 PLAN

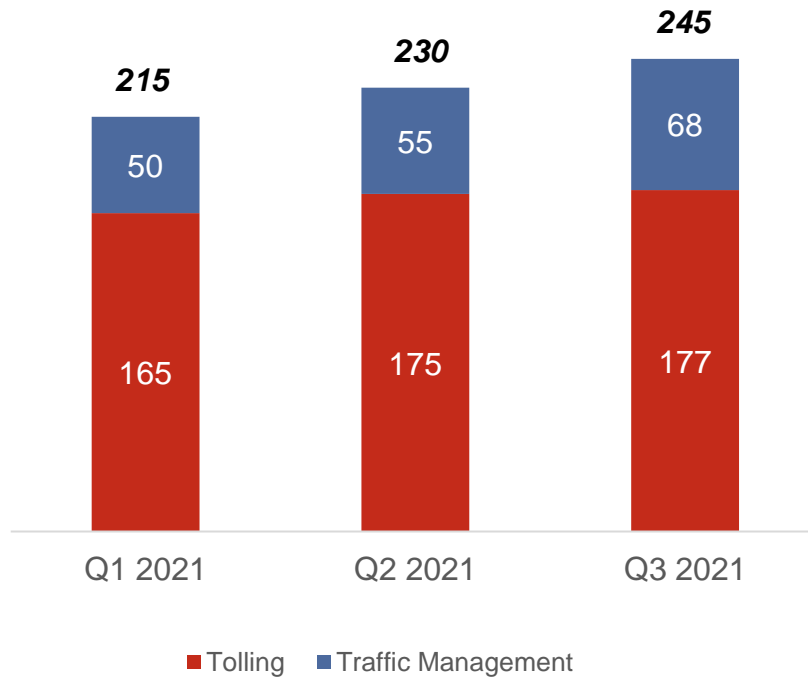


Q-FREE GENERATES ~250 MNOK IN ARR AND ~50% COMES FROM SW

ESTIMATES

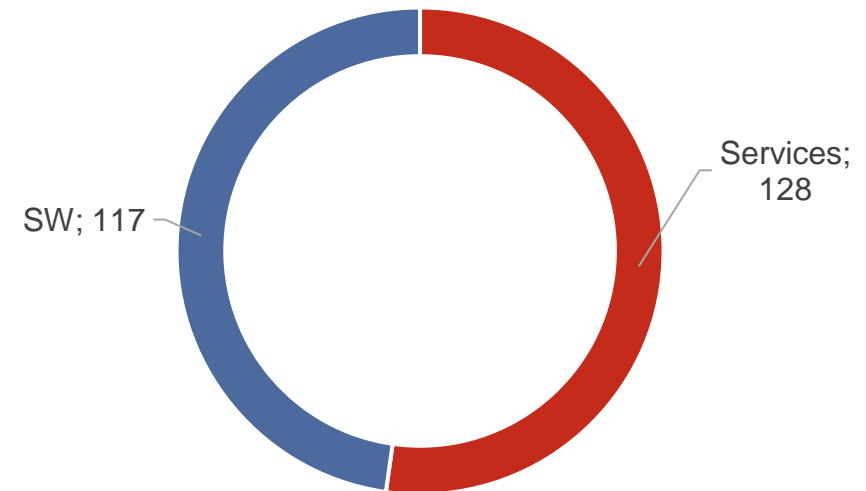
ANNUALIZED RECURRING REVENUES

NOK million



SPLIT OF ANNUALIZED RECURRING REVENUES

NOK million, 100% = 150 MNOK



MAIN SW ARR DRIVERS

ESTIMATES

Advanced Traffic Management Systems



48% of SW ARR

- Statewide inter-urban ATMS SW platforms including O&M
- Combination of cloud and on-premise SW systems
- Trend towards SaaS and cloud hosting

License plate processing



31% of SW ARR

- Automated (and manual) processing of license plate images for tolling transactions
- Trend towards more demanding KPIs and higher automation rates

Tolling back-office systems



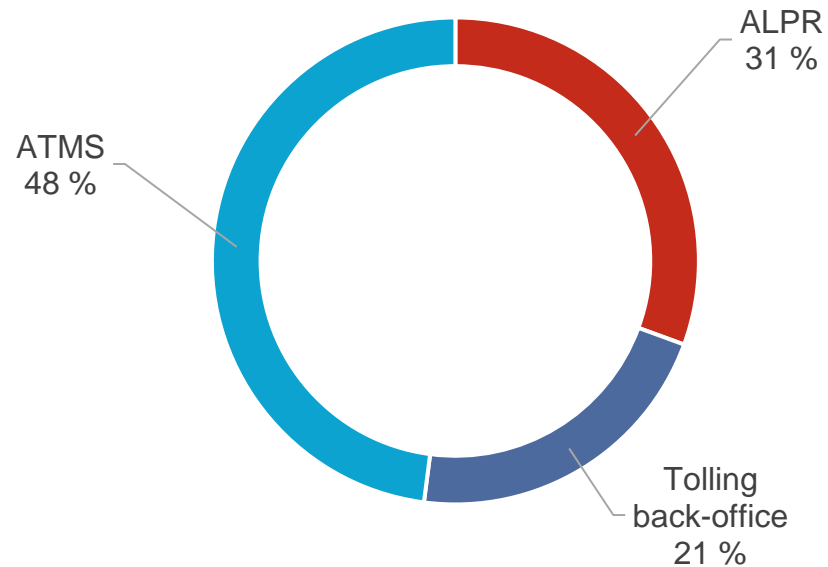
21% of SW ARR

- Advanced transaction processing and system management platform for tolling operators
- Important in new markets without legacy platforms

SW ARR GROWTH INITIATIVES

SPLIT OF CURRENT RECURRING SW REVENUES

NOK million, 100% = 117 MNOK



ESTIMATES

ATMS ARR growth plan:

- Win new inter-urban statewide O&M contracts a la CDOT
- Increase sale of SW products on SaaS contracts a la LaneAware

ALPR ARR growth plan:

- Increase sale of Intradat[®] Insight in the US
- Replicate US business model in Europe

Tolling back-office ARR growth plan:

- Increase sale of simple back-office solutions to tag issuers a la Leaseplan
- Sell full-scale tolling back-office solutions a la Portugal and Slovenia in connection with new projects

Our high level financial goals

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

2021 goals

- >10% organic revenue growth (@ 2020 FX rates)
- Book-to-bill > 1.1
- >10% EBITDA margin

Enablers

- Solid backlog and increasing recurring revenues
- Several recent contract wins, attractive opportunity pipeline, and competitive offering
- Solid gross margin structure and reduced OPEX base

2025 goals

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

Enablers

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



COMMENTS ON OUTLOOK

2021 outlook:

- 8-10% organic revenue growth pending global supply chain situation
 - 9% growth YTD adjusted for discontinued business and currency effects
 - Global supply constraints on chips/micro-controllers will negatively impact 2021 tag sales (most orders are not lost but postponed)
- >10% EBITDA margin
 - 12% margin YTD
 - Favorable product mix with good margins
 - Solid cost control

2025 outlook:

- 1.3-1.5 bn NOK revenue target unchanged
 - Several large tolling projects expected in new markets + replacement contracts in existing markets
 - Early signs of market recovery for Traffic Management in the US
- Margin targets unchanged
 - Operational leverage
 - Increasing share of high-margin SW revenues
 - Ongoing conversion to SaaS and ARR

Q&A



HEADQUARTERS
Q-FREE ASA

Strindfjordvegen 1
7053 Ranheim
Norway

Postal Address
Pob 3974 Leangen
7443 Trondheim
Norway

Tel.: +47 73 82 65 00
Fax: +47 73 82 65 01

info@q-free.com
www.q-free.com

twitter.com/qfreeasa
linkedin.com/qfreeasa

Bank: Nordea Bank Abp, filial i Norge
ACC. No.: 6402.05.33518

Register of business
enterprises NO 935 487 242

