

Q-Free

Strong backlog but short-term pressure on GM

- Component shortage affected Q3 and likely to affect Q4
- Lower '23e EBITDA mainly due to product sales
- Fair value range of NOK 7-12 per share

Continued to be affected by component shortage in Q3

Q-Free delivered lower-than-expected revenue in Q3 while opex was slightly higher. The lower revenue was largely explained by product sales in the Tolling segment being affected by a component shortage, which we expected to have normalised in the quarter. However, the underlying demand appears to be strong, with a 36% y-o-y increase in the backlog. In addition, Q-Free continues to deliver on its strategy to increase recurring revenue, with a run-rate ARR of ~NOK 320m (vs NOK 299m in Q2), which is an important driver for margin expansion going forward.

Q4 also likely to be affected: '22e-'23e sales down 3-5%

We expect the component shortage to continue to have some negative effect in Q4. Additionally, hardware COGS are expected to be affected by higher component prices affecting gross margins in the segment in the short term. In the Traffic Mgmt. segment, we expect a Q4 that is largely on par with Q2, driven by the ATMS license sale to North Carolina that is expected to be delivered in Dec. The contract involves limited COGS and is expected to boost the segment gross margin in Q4. Over the course of 2023, we expect to see a gradual improvement in product deliveries.

Fair value range of NOK 7-12 per share

On 10 Nov, Rieber & Søn triggered a mandatory bid event, after crossing 50% ownership, which is due within four weeks. Q-Free is currently trading at NOK 6.3 per share, which corresponds to a 2023e EV/EBIT of 18.4x. Following the estimate revisions, we adjust our fair value range to NOK 7-12/share, which is based on our DCF and corresponds to a 2023e EV/EBIT of 20x and ~33x for the respective boundaries. Note that we expect margins to gradually improve during 2023. Consequently, we expect the multiples to come down significantly in 2024.

Analyst(s): eirik.oritland@abgsc.no, +47 22 01 61 40
oystein.lodgaard@abgsc.no, +47 22 01 60 26

NOKm	2020	2021	2022e	2023e	2024e
Sales	889	860	895	993	1,098
EBITDA	76	106	87	101	160
EBITDA margin (%)	8.5	12.3	9.7	10.1	14.6
EBIT adj	-9	50	36	45	101
EBIT adj margin (%)	-1.0	5.8	4.0	4.5	9.2
Pretax profit	-32	40	22	31	80
EPS rep	-0.46	0.53	0.21	0.22	0.56
EPS adj	-0.46	0.53	0.21	0.22	0.56
Sales growth (%)	-7.6	-3.3	4.0	11.0	10.6
EPS growth (%)	18.0	214.7	-59.6	2.2	159.3

Source: ABG Sundal Collier, Company data

Reason: Post-results comment

Commissioned research

Not rated

Estimate changes (%)

	2022e	2023e	2024e
Sales	-5.2%	-3.3%	-3.1%
EBIT (rep)	-43.8%	-40.8%	-13.2%
EPS (rep)	-48.8%	-50.8%	-17.9%

Source: ABG Sundal Collier

Share price (NOK)	16/11/2022	6.3
Fair value range (per share)		7-12

IT, Norway

QFR.OL/QFR NO

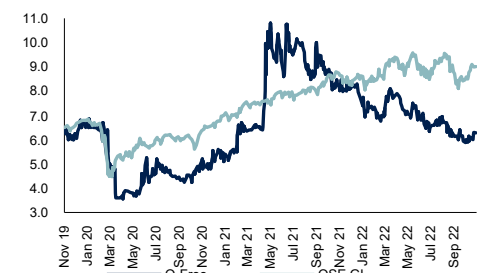
MCap (NOKm)	696
MCap (EURm)	67
Net debt (EURm)	17

No. of shares (m)	111
Free float (%)	36
Av. daily volume (k)	7

Next event

Q4 report: 15 Feb

Performance



	1m	3m	12m
Absolute (%)	4.3	-6.6	-23.8

Source: FactSet

	2022e	2023e	2024e
P/E (x)	29.4	28.8	11.1
P/E adj (x)	29.4	28.8	11.1
P/BVPS (x)	1.27	1.22	1.10
EV/EBITDA (x)	10.0	8.0	4.7
EV/EBIT adj (x)	24.2	17.8	7.4
EV/sales (x)	0.97	0.81	0.68
ROE adj (%)	4.8	4.3	10.4
Dividend yield (%)	0	0	0
FCF yield (%)	-1.7	13.7	8.2
Lease adj. FCF yld (%)	-1.7	13.7	8.2
Net IB debt/EBITDA	2.0	1.0	0.3
Lease adj. ND/EBITDA	2.0	1.0	0.3

Please refer to important disclosures at the end of this report

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research), as defined in MiFID II.

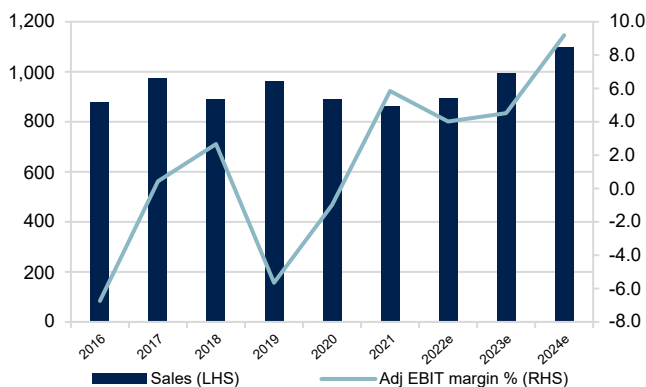
Company description

Q-Free is a leading global supplier of intelligent transportation systems (ITS). The company operates in 15 different geographical markets and its operations are divided into tolling and traffic management. In the tolling segment, Q-Free provides hardware, software and services solutions for electronic toll collection (ETC). In the Traffic Management segment, Q-Free provides technology for the planning and control of traffic, including solutions for traffic signalling, software for inter-urban traffic management, as well as traffic counting and classification systems.

Risks

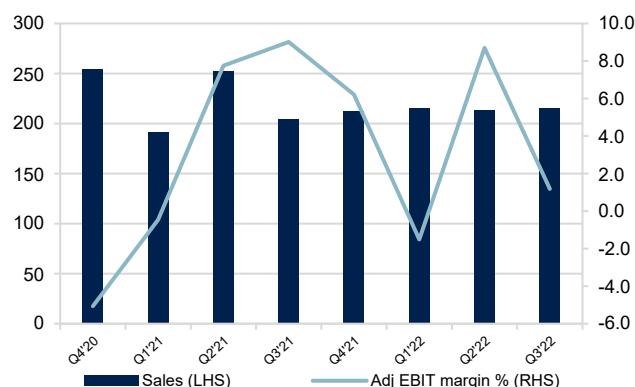
Q-Free operates in a market with competing technologies. While the company's technology is currently established as a leading technology, new ones could emerge in the future. Note, however, that new technologies, such as satellite, would most likely be adopted in combination with an already established technology and that Q-Free's technology in this case is expected to be used as an enforcement mechanism. Furthermore, Q-Free expects to deliver improved margins going forward, driven by an increased focus on ARR and investments in S&M. If most customers prefer upfront payments, this could affect margin expansion going forward.

Annual sales and adj. EBIT margin NOKm



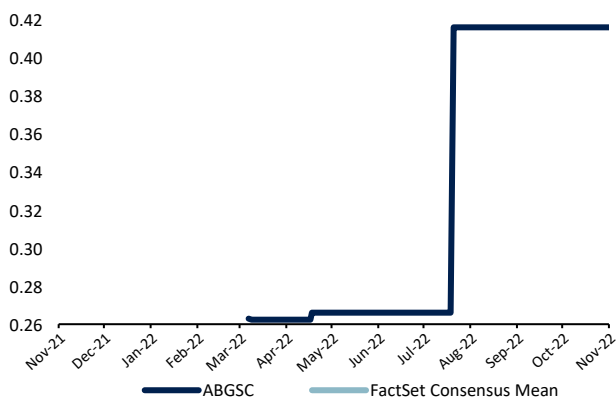
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



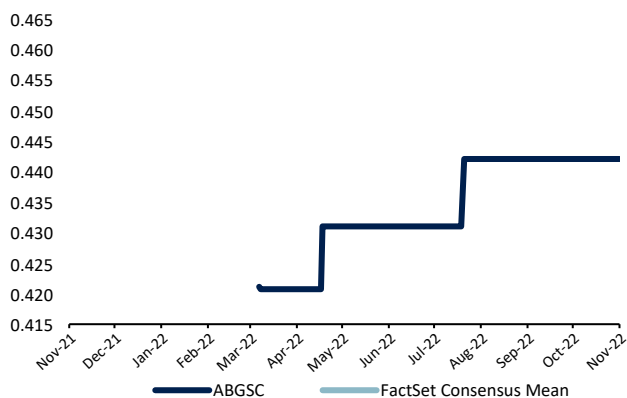
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2022e, NOK



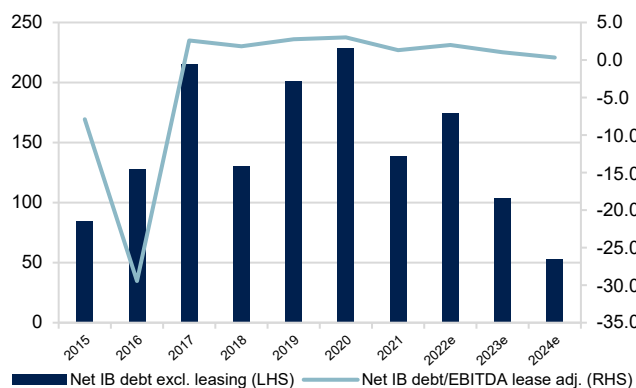
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2023e, NOK



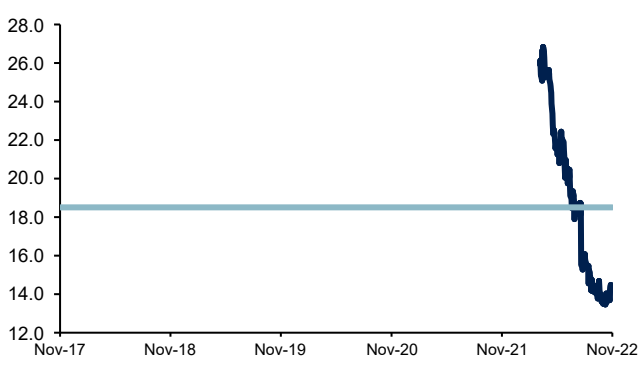
Source: ABG Sundal Collier, FactSet

Lease adj. net debt and ND/EBITDA



Source: ABG Sundal Collier, Company data

12-month forward-looking P/E



Source: ABG Sundal Collier, Company data

Estimates

Estimate changes

P&L/Cash flow NOKm	2022E			2023E			2024E		
	Prev.	Updated	Ch.	Prev.	Updated	Ch.	Prev.	Updated	Ch.
Revenues	944	895	-5%	1,026	993	-3%	1,133	1,098	-3%
COGS	-362	-330	-9%	-412	-411	0%	-451	-423	-6%
Gross profit	582	565	-3%	614	582	-5%	682	675	-1%
Opex	-464	-477	3%	-477	-481	1%	-510	-515	1%
EBITDA	118	87	-26%	137	101	-27%	172	160	-7%
D&A	-54	-51	-6%	-61	-56	-9%	-56	-59	5%
EBIT	64	36	-44%	76	45	-41%	116	101	-13%
Net interest cost	-13	-14	7%	-13	-14	9%	-18	-20	12%
EBT	50	22	-57%	63	31	-51%	98	80	-18%
Tax	-4	2	-150%	-14	-7	-51%	-22	-18	-18%
Earnings	46	24	-49%	49	24	-51%	76	63	-18%
EPS	0.0	0.0	n.a.	0.0	0.0	n.a.	0.0	0.0	n.a.
Operating Cash Flow	72	49	-32%	133	157	18%	125	119	-5%
Capex	-52	-61	18%	-52	-61	18%	-52	-61	18%
FCFF	21	-12	-158%	81	95	18%	73	57	-21%
Margins									
Gross margin	62%	63%	1pp	59.9%	58.6%	-1.2pp	60%	61%	1.3pp
EBITDA margin	13%	10%	-3pp	13%	10%	-3.2pp	15%	15%	-0.6pp
EBIT margin	7%	4%	-3pp	7%	5%	-3pp	10%	9%	-1pp

Source: ABG Sundal Collier, company data

P&L

P&L NOKm	Q1-22	Q2-22	Q3-22	Q4-22e	2020	2021	2022e	2023e	2024e
Tolling	153	128	134	164	572	553	579	635	682
<i>growth (y-o-y)</i>	28%	-21%	2%	16%		-3.4%	5%	10%	7%
Traffic Management	63	86	81	86	282	305	316	357	416
<i>growth (y-o-y)</i>	-10%	-6%	12%	22%		8%	4%	13%	16%
Revenue	216	214	215	250	889	860	895	993	1,098
<i>growth (y-o-y)</i>	13%	-15%	6%	18%	-7.6%	-3.3%	4%	11%	11%
COGS	-66	-45	-58		-237	-228			
Project contractor expenses	-14	-22	-13		-108	-82			
Gross Profit	135	147	145	138	545	550	565	582	675
<i>Gross Margin</i>	63%	69%	67%	55%	61%	64%	63%	59%	61%
Opex	-125	-115	-130	-107	-469	-444	-477	-481	-515
EBITDA	10	32	15	31	76	106	87	101	160
<i>EBITDA Margin</i>	5%	15%	7%	12%	9%	12%	10%	10%	15%
D&A	-13	-13	-12	-13	-85	-55	-51	-56	-59
EBIT	-3	19	3	18	-9	50	36	45	101
<i>EBIT Margin</i>		9%	1%	7%	-1%	6%	4%	5%	9%
Net financial items	-2	-3	-4	-5	-24	-11	-14	-14	-20
EBT	-5	15	-2	13	-32	40	22	31	80
Tax expense	0	5	0	-3	-9	19	2	-7	-18
Earnings	-5	20	-1	10	-41	59	24	24	63
EPS	0.0	0.2	0.0	0.1	-0.5	0.5	0.2	0.2	0.6

Source: ABG Sundal Collier, company data

Balance sheet

Balance sheet									
NOKm	Q1-22	Q2-22	Q3-22	Q4-22e	2020	2021	2022e	2023e	2024e
PP&E	86	84	92	87	63	90	87	70	59
Intangibles	424	467	504	513	351	423	513	538	551
Non-current receivables	7	6	7	7	0	7	7	7	7
Non-current assets	516	558	602	607	414	520	607	615	617
Inventories	85	96	115	128	38	86	128	113	122
Receivables	210	225	251	260	204	234	260	279	313
Other	27	21	45	52	119	26	52	34	38
Cash & Cash equivalents	92	73	57	67	75	82	67	137	189
Current assets	414	415	467	507	436	428	507	564	662
Total assets	930	973	1,069	1,114	850	948	1,114	1,179	1,279
Total equity	432	464	536	546	313	448	546	571	633
Non-current borrowings	196	194	188	188	179	202	188	188	188
Convertible bond	0	0	0	0	70	0	0	0	0
Non-current financial liabilities	49	41	40	33	20	55	33	9	3
Total non-current liabilities	245	236	227	221	269	256	221	197	191
Current borrowings	19	36	53	53	54	19	53	53	53
Payables	153	142	148	172	87	122	172	226	254
Other	82	95	104	121	126	103	121	132	148
Total current liabilities	253	273	306	347	267	244	347	411	455
Total liabilities	499	509	533	568	537	500	568	608	646
Total equity and liabilities	930	973	1,069	1,114	850	948	1,114	1,179	1,279
NIBD	123	157	185	175	229	139	175	104	53
NIBD (incl. leases)	185	215	243	230	269	207	230	131	76
Shares Outstanding (# mn)	111	111	111	111	89	111	111	111	111

Source: ABG Sundal Collier, company data

Cash flow

Cash flow NOKm	Q1-22	Q2-22	Q3-22	Q4-22e	2020	2021	2022e	2023e	2024e
EBITDA	10	32	15	31	76	106	87	101	160
Net interest	-2	-3	-4	-5	-24	-11	-14	-14	-20
Paid tax	0	0	0	-3	-5	-3	-3	-9	-18
Other accruals	0	0	0	0	1	0	0	0	0
Δ in nWC	27	-38	-22	11	19	-5	-21	79	-3
Cash flow from Operations	35	-10	-11	34	67	88	49	157	119
Capex	-12	-13	-18	-18	-24	-36	-61	-61	-61
Acquisitions	0	0	0	0	-32	0	0	0	0
Cash flow from Investing activities	-12	-13	-18	-18	-57	-36	-61	-61	-61
FCFF	23	-23	-29	16	10	52	-12	95	57
Debt increase	0	16	29	0	193	154	44	0	0
Repayment of debt	-5	-5	-5	0	-116	-167	-15	0	0
Payments of lease liabilities	-6	-6	-7	-5	-22	-24	-23	-18	-5
Other	-2	-2	-6	-2	-14	-7	-11	-6	-2
Cash flow from Financing activities	-12	3	11	-6	42	-44	-4	-25	-6
Currency effects	-1	0	1	0	-8	-1	1	0	0
FCFE	10	-19	-16	10	44	7	-15	71	51

Source: ABG Sundal Collier, company data

Valuation

DCF valuation points to fair value range of NOK 7-12

DCF scenario 1

NOKm	Reported		Explicit forecast				Extrapolation					Terminal
	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Steady
Revenue	889	860	895	993	1,098	1,215	1,324	1,417	1,488	1,547	1,602	1,642
Sales Growth (%)	-8%	-3%	4%	11%	11%	11%	9%	7%	5%	4%	3.5%	2.5%
EBITDA	76	106	87	101	160	214	233	250	262	272	282	289
EBITDA-margin(%)	9%	12%	10%	10%	15%	17.6%	18%	18%	18%	18%	18%	18%
D&A	-85	-55	-51	-56	-59	-60	-67	-72	-75	-78	-81	-83
EBIT	-9	50	36	45	101	154	166	178	187	194	201	206
EBIT-margin(%)	-1%	6%	4%	5%	9%	13%	13%	13%	13%	13%	13%	13%
Net financials	-24	-11	-14	-14	-20	-14	-16	-17	-18	-18	-19	-19
EBT	-32	40	22	31	80	139	150	161	169	176	182	186
Tax expense	-9	19	2	-7	-18	-31	-33	-35	-37	-39	-40	-41
Taxes paid	-5	-3	-3	-9	-18	-31	-33	-35	-37	-39	-40	-41
Changes in nWC	-19	5	-26	79	-3	-2	-7	-6	-4	-4	-3	-3
Capex	-24	-36	-61	-61	-61	-62	-67	-72	-75	-78	-81	-83
Free Cash Flow	28	72	-3	109	78	120	126	137	145	152	158	161
Discounted FCF			-3	99	64	90	86	85	82	78	73	68

Valuation output	
Explicit value	658
Terminal value	913
Implied enterprise value	1,571
NIBD (incl. leases)	230
Implied equity value	1,341
# of Shares Outstanding	111
Implied share price	12

Model input	
WACC	10.0%
Tax rate	22%
Terminal growth	2.5%

Source: ABG Sundal Collier, company data

DCF scenario 2

NOKm	Reported			Explicit			Extrapolation					Terminal
	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Steady
Revenue	889	860	895	984	1,073	1,158	1,239	1,314	1,380	1,435	1,478	1,515
Sales Growth (%)	-8%	-3%	4%	10%	9%	8%	7%	6%	5%	4%	3%	2.5%
EBITDA	76	106	87	118	129	151	161	171	179	187	192	197
EBITDA-margin(%)	9%	12%	10%	12%	12%	13%	13%	13%	13%	13%	13%	13%
Taxes paid	-5	-3	-3	-11	-11	-17	-18	-19	-20	-21	-21	-22
Changes in nWC	-19	5	-26	79	-3	-2	-5	-5	-4	-3	-3	-3
Capex	-24	-36	-61	-61	-61	-60	-64	-68	-72	-74	-77	-79
Free Cash Flow	28	72	-3	125	53	72	74	79	84	88	91	94
Discounted FCF			-3	113	44	54	50	49	47	45	43	40

Valuation output	
Explicit value	446
Terminal value	530
Implied enterprise value	975
NIBD (incl. leases)	230
Implied equity value	745
# of Shares Outstanding	111
Implied share price	7

Model input	
WACC	10.0%
Tax rate	22%
Terminal growth	2.5%

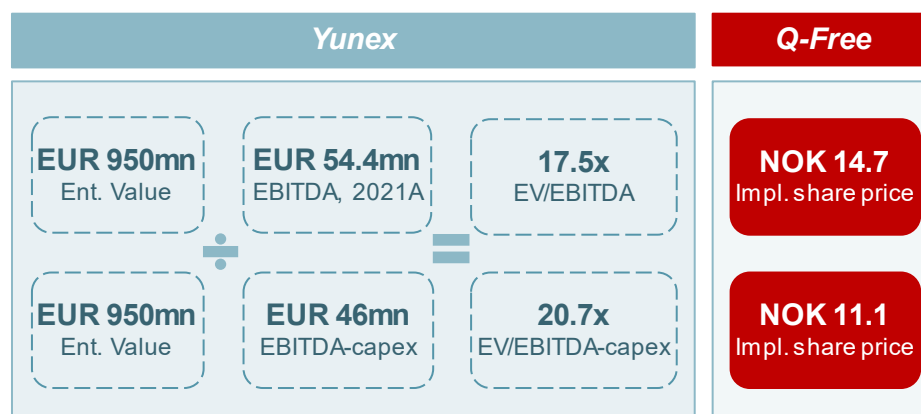
Source: ABG Sundal Collier, company data

Relative valuation

Recent ITS M&A transaction points to a share price of NOK 11-15

Yunex (see details below) is a key peer and competitor of Q-Free, which was recently priced at EUR 950m in a recent transaction. Based on the reported figures, the transaction priced Yunex at 17.5x EV/EBITDA and 20.7x EV/EBITDA-capex. Yunex is expected to deliver the same growth as Q-Free going forward; both companies have a strong focus on software and services, and Q-Free actually delivered higher margins than Yunex in 2021. Applying the transaction multiples of Yunex to Q-Free's 2021 results gives us an implied share price of NOK 14.7 and NOK 11.1 on an EBITDA and EBITDA-capex basis, respectively.

Yunex transaction implies a share price above NOK 11

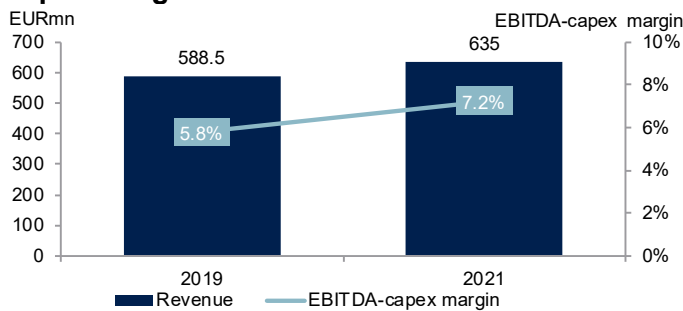


Source: ABG Sundal Collier, company data

Yunex is a global digital leader in the ITS market with the largest installed base of IoT traffic infrastructure worldwide. The company is present in tolling, but is mainly a competitor to Q-Free within traffic management, and operates in Germany, the UK,

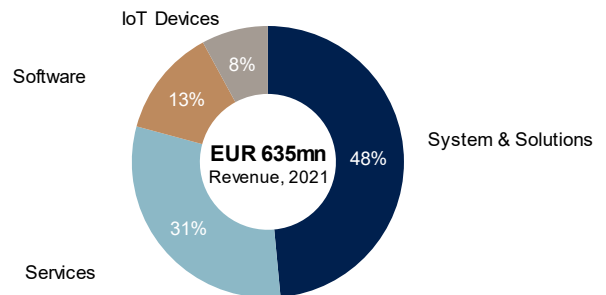
Austria, the Netherlands, Switzerland and broader Europe, i.e. it has only a limited presence in Q-Free’s home market within traffic management, North America. Furthermore, Yunex has a similar business model to Q-Free, with a focus on recurring revenue streams, but our understanding is that Yunex has a weaker software product. Over the last two years, Yunex has delivered revenue growth of 3.9% p.a. and in 2021 the EBITDA-capex margin was 7.2%. This compares to Q-Free’s growth in 2021, which was 6% adjusted for discontinued business and currency effects. Its EBITDA-capex margin for the corresponding period was 8.1%. Going forward, Yunex expects to deliver more than EUR 1bn in revenue in five years (by 2026). This corresponds to annual growth of +10%, which is in line with Q-Free. Yunex was recently acquired by Atlantia (previously owned by Siemens), and following the acquisition, Yunex expects to grow in Atlantia’s core markets, i.e. Italy, Spain and France.

Yunex is growing 3.9% p.a. with an EBITDA-capex margin of ~7%



Source: ABG Sundal Collier, company data

13% of revenue comes from software sales; more than 90% of R&D is invested into software



Source: ABG Sundal Collier, company data

Yunex expects to deliver similar growth to Q-Free

	Q-Free	Yunex	Q-Free vs. Yunex
Sales growth Company target	+10%	+10% ¹	<i>equal</i>
EBITDA-Capex 2021A	8.1%	7.2%	<i>+0.9pp</i>
Business focus	Software/ services	Software/ services	<i>Similar</i>

Source: ABG Sundal Collier, company data

Income Statement (NOKm)	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Sales	255	191	253	204	212	216	214	215
COGS	-108	-61	-101	-65	-83	-80	-67	-71
Gross profit	146	131	152	139	129	135	147	145
Other operating items	-121	-118	-117	-108	-102	-125	-115	-130
EBITDA	25	13	35	31	27	10	32	15
Depreciation and amortisation	-38	-14	-15	-12	-14	-13	-13	-12
EBITA	-13	-1	20	18	13	-3	19	3
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	-13	-1	20	18	13	-3	19	3
Net financial items	-10	-3	-4	0	-4	-2	-3	-4
Pretax profit	-23	-4	16	19	9	-5	15	-2
Tax	-2	0	-2	-4	24	-0	5	0
Net profit	-26	-4	14	15	33	-5	20	-1
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0
Net profit to shareholders	-26	-4	14	15	33	-5	20	-1
EPS	-0.29	-0.04	0.13	0.13	0.30	-0.05	0.18	-0.01
EPS Adj	-0.29	-0.04	0.13	0.13	0.30	-0.05	0.18	-0.01
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	9.5	0.5	9.6	19.4	259.2	5.6	33.0	18.0
Gross margin (%)	57.4	68.4	60.0	68.1	60.7	62.9	68.7	67.1
EBITDA margin (%)	10.0	7.0	13.7	15.1	12.8	4.6	14.8	6.9
EBITA margin (%)	-5.1	-0.5	7.8	9.0	6.2	-1.5	8.7	1.2
EBIT margin (%)	-5.1	-0.5	7.8	9.0	6.2	-1.5	8.7	1.2
Pretax margin (%)	-9.2	-2.1	6.3	9.1	4.4	-2.4	7.1	-0.8
Net margin (%)	-10.0	-2.1	5.7	7.3	15.8	-2.5	9.4	-0.6
Growth rates Y/Y	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Sales growth (%)	+chg	-5.0	13.4	-3.1	-16.8	12.6	-15.5	5.6
EBITDA growth (%)	+chg	+chg	32.2	-4.6	6.7	-24.9	-8.6	-51.6
EBIT growth (%)	-chg	+chg	97.3	3.6	+chg	-chg	-5.1	-86.1
Net profit growth (%)	-chg	+chg	+chg	389.3	+chg	-chg	40.7	-chg
EPS growth (%)	-chg	+chg	+chg	389.3	+chg	-chg	40.7	-chg
Adj earnings numbers	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
EBITDA Adj	25	13	35	31	27	10	32	15
EBITDA Adj margin (%)	10.0	7.0	13.7	15.1	12.8	4.6	14.8	6.9
EBITA Adj	-13	-1	20	18	13	-3	19	3
EBITA Adj margin (%)	-5.1	-0.5	7.8	9.0	6.2	-1.5	8.7	1.2
EBIT Adj	-13	-1	20	18	13	-3	19	3
EBIT Adj margin (%)	-5.1	-0.5	7.8	9.0	6.2	-1.5	8.7	1.2
Pretax profit Adj	-23	-4	16	19	9	-5	15	-2
Net profit Adj	-26	-4	14	15	33	-5	20	-1
Net profit to shareholders Adj	-26	-4	14	15	33	-5	20	-1
Net Adj margin (%)	-10.0	-2.1	5.7	7.3	15.8	-2.5	9.4	-0.6

Source: ABG Sundal Collier, Company data

Income Statement (NOKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Sales	767	877	973	889	962	889	860	895	993	1,098
COGS	-305	-402	-382	-319	-423	-344	-310	-330	-411	-423
Gross profit	462	475	591	569	539	545	550	565	582	675
Other operating items	-473	-479	-508	-498	-467	-469	-444	-477	-481	-515
EBITDA	-11	-4	83	71	73	76	106	87	101	160
Depreciation and amortisation	-140	-55	-78	-47	-127	-85	-55	-51	-56	-59
Of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	-150	-59	4	24	-54	-9	50	36	45	101
EO items	0	0	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	-150	-59	4	24	-54	-9	50	36	45	101
Net financial items	-22	3	-14	-25	4	-24	-11	-14	-14	-20
Pretax profit	-172	-56	-10	-1	-50	-32	40	22	31	80
Tax	-16	2	-2	-7	0	-9	19	2	-7	-18
Net profit	-188	-53	-11	-8	-50	-41	59	24	24	63
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	-188	-53	-11	-8	-50	-41	59	24	24	63
EPS	-2.68	-0.60	-0.13	-0.09	-0.56	-0.46	0.53	0.21	0.22	0.56
<i>EPS Adj</i>	<i>-2.68</i>	<i>-0.60</i>	<i>-0.13</i>	<i>-0.09</i>	<i>-0.56</i>	<i>-0.46</i>	<i>0.53</i>	<i>0.21</i>	<i>0.22</i>	<i>0.56</i>
Total extraordinary items after tax	0	0	0	0	0	0	0	0	0	0
Leasing payments	0	0	0	0	0	0	0	0	0	0
<i>Tax rate (%)</i>	<i>9.4</i>	<i>4.0</i>	<i>18.2</i>	<i>622.0</i>	<i>0.1</i>	<i>26.3</i>	<i>48.2</i>	<i>9.7</i>	<i>22.0</i>	<i>22.0</i>
<i>Gross margin (%)</i>	<i>60.2</i>	<i>54.1</i>	<i>60.7</i>	<i>64.1</i>	<i>56.1</i>	<i>61.3</i>	<i>64.0</i>	<i>63.1</i>	<i>58.6</i>	<i>61.5</i>
<i>EBITDA margin (%)</i>	<i>-1.4</i>	<i>-0.5</i>	<i>8.5</i>	<i>8.0</i>	<i>7.5</i>	<i>8.5</i>	<i>12.3</i>	<i>9.7</i>	<i>10.1</i>	<i>14.6</i>
<i>EBITA margin (%)</i>	<i>-19.6</i>	<i>-6.7</i>	<i>0.4</i>	<i>2.7</i>	<i>-5.7</i>	<i>-1.0</i>	<i>5.8</i>	<i>4.0</i>	<i>4.5</i>	<i>9.2</i>
<i>EBIT margin (%)</i>	<i>-19.6</i>	<i>-6.7</i>	<i>0.4</i>	<i>2.7</i>	<i>-5.7</i>	<i>-1.0</i>	<i>5.8</i>	<i>4.0</i>	<i>4.5</i>	<i>9.2</i>
<i>Pretax margin (%)</i>	<i>-22.4</i>	<i>-6.3</i>	<i>-1.0</i>	<i>-0.1</i>	<i>-5.2</i>	<i>-3.6</i>	<i>4.6</i>	<i>2.4</i>	<i>3.1</i>	<i>7.3</i>
<i>Net margin (%)</i>	<i>-24.5</i>	<i>-6.1</i>	<i>-1.2</i>	<i>-0.9</i>	<i>-5.2</i>	<i>-4.6</i>	<i>6.8</i>	<i>2.6</i>	<i>2.4</i>	<i>5.7</i>
Growth rates Y/Y	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<i>Sales growth (%)</i>	<i>na</i>	<i>14.4</i>	<i>11.0</i>	<i>-8.7</i>	<i>8.3</i>	<i>-7.6</i>	<i>-3.3</i>	<i>4.0</i>	<i>11.0</i>	<i>10.6</i>
<i>EBITDA growth (%)</i>	<i>high</i>	<i>59.5</i>	<i>2,000.4</i>	<i>-13.9</i>	<i>2.2</i>	<i>4.3</i>	<i>39.4</i>	<i>-17.5</i>	<i>15.3</i>	<i>59.0</i>
<i>EBIT growth (%)</i>	<i>high</i>	<i>60.7</i>	<i>107.2</i>	<i>460.4</i>	<i>-329.6</i>	<i>83.8</i>	<i>670.9</i>	<i>-28.5</i>	<i>24.8</i>	<i>124.9</i>
<i>Net profit growth (%)</i>	<i>high</i>	<i>71.6</i>	<i>78.9</i>	<i>28.3</i>	<i>-518.7</i>	<i>18.0</i>	<i>243.0</i>	<i>-59.6</i>	<i>2.2</i>	<i>159.3</i>
<i>EPS growth (%)</i>	<i>high</i>	<i>77.7</i>	<i>78.9</i>	<i>28.3</i>	<i>-518.7</i>	<i>18.0</i>	<i>214.7</i>	<i>-59.6</i>	<i>2.2</i>	<i>159.3</i>
Profitability	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<i>ROE (%)</i>	<i>-39.8</i>	<i>-12.7</i>	<i>-2.7</i>	<i>-2.0</i>	<i>-13.2</i>	<i>-12.2</i>	<i>15.4</i>	<i>4.8</i>	<i>4.3</i>	<i>10.4</i>
<i>ROE Adj (%)</i>	<i>-39.8</i>	<i>-12.7</i>	<i>-2.7</i>	<i>-2.0</i>	<i>-13.2</i>	<i>-12.2</i>	<i>15.4</i>	<i>4.8</i>	<i>4.3</i>	<i>10.4</i>
<i>ROCE (%)</i>	<i>-12.3</i>	<i>-3.2</i>	<i>4.8</i>	<i>7.1</i>	<i>-3.0</i>	<i>8.0</i>	<i>12.2</i>	<i>8.0</i>	<i>8.0</i>	<i>13.4</i>
<i>ROCE Adj(%)</i>	<i>-12.3</i>	<i>-3.2</i>	<i>4.8</i>	<i>7.1</i>	<i>-3.0</i>	<i>8.0</i>	<i>12.2</i>	<i>8.0</i>	<i>8.0</i>	<i>13.4</i>
<i>ROIC (%)</i>	<i>-34.0</i>	<i>-10.8</i>	<i>0.8</i>	<i>29.4</i>	<i>-10.0</i>	<i>-2.0</i>	<i>13.2</i>	<i>6.0</i>	<i>5.0</i>	<i>11.6</i>
<i>ROIC Adj (%)</i>	<i>-34.0</i>	<i>-10.8</i>	<i>0.8</i>	<i>29.4</i>	<i>-10.0</i>	<i>-2.0</i>	<i>13.2</i>	<i>6.0</i>	<i>5.0</i>	<i>11.6</i>
Adj earnings numbers	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA Adj	-11	-4	83	71	73	76	106	87	101	160
<i>EBITDA Adj margin (%)</i>	<i>-1.4</i>	<i>-0.5</i>	<i>8.5</i>	<i>8.0</i>	<i>7.5</i>	<i>8.5</i>	<i>12.3</i>	<i>9.7</i>	<i>10.1</i>	<i>14.6</i>
EBITDA lease Adj	-11	-4	83	71	73	76	106	87	101	160
<i>EBITDA lease Adj margin (%)</i>	<i>-1.4</i>	<i>-0.5</i>	<i>8.5</i>	<i>8.0</i>	<i>7.5</i>	<i>8.5</i>	<i>12.3</i>	<i>9.7</i>	<i>10.1</i>	<i>14.6</i>
EBITA Adj	-150	-59	4	24	-54	-9	50	36	45	101
<i>EBITA Adj margin (%)</i>	<i>-19.6</i>	<i>-6.7</i>	<i>0.4</i>	<i>2.7</i>	<i>-5.7</i>	<i>-1.0</i>	<i>5.8</i>	<i>4.0</i>	<i>4.5</i>	<i>9.2</i>
EBIT Adj	-150	-59	4	24	-54	-9	50	36	45	101
<i>EBIT Adj margin (%)</i>	<i>-19.6</i>	<i>-6.7</i>	<i>0.4</i>	<i>2.7</i>	<i>-5.7</i>	<i>-1.0</i>	<i>5.8</i>	<i>4.0</i>	<i>4.5</i>	<i>9.2</i>
Pretax profit Adj	-172	-56	-10	-1	-50	-32	40	22	31	80
Net profit Adj	-188	-53	-11	-8	-50	-41	59	24	24	63
Net profit to shareholders Adj	-188	-53	-11	-8	-50	-41	59	24	24	63
Net Adj margin (%)	-24.5	-6.1	-1.2	-0.9	-5.2	-4.6	6.8	2.6	2.4	5.7

Source: ABG Sundal Collier, Company data

Cash Flow Statement (NOKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	-11	-4	83	71	73	76	106	87	101	160
Net financial items	-22	3	-14	-25	4	-24	-11	-14	-14	-20
Paid tax	-19	-7	-8	-9	-8	-5	-3	-3	-9	-18
Non-cash items	-0	-19	-1	1	0	1	0	0	0	0
Cash flow before change in WC	-52	-27	61	39	69	48	92	70	78	122
Change in WC	30	-46	-111	120	-31	19	-5	-21	79	-3
Operating cash flow	-22	-73	-51	158	38	67	88	49	157	119
CAPEX tangible fixed assets	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6
CAPEX intangible fixed assets	-54	-26	-24	-37	-29	-19	-31	-56	-56	-56
Acquisitions and disposals	-59	-51	-1	-23	-45	-32	0	0	0	0
Free cash flow	-141	-156	-82	92	-43	10	52	-12	95	57
Dividend paid	0	0	0	0	0	0	0	0	0	0
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Lease liability amortisation	0	0	0	0	0	0	0	0	0	0
Other non cash items	-106	230	-7	23	8	-30	24	-15	-24	-19
Balance Sheet (NOKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Goodwill	367	316	305	317	285	267	288	336	336	336
Other intangible assets	215	196	165	160	130	84	135	177	202	215
Tangible fixed assets	44	34	22	25	79	63	90	87	70	59
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	2	1	3	1	0	0	7	7	7	7
Fixed assets	628	548	496	503	494	414	520	607	615	617
Inventories	81	66	65	72	76	38	86	128	113	122
Receivables	194	218	358	243	244	204	234	260	279	313
Other current assets	29	57	38	32	38	119	26	52	34	38
Cash and liquid assets	65	101	114	90	31	75	82	67	137	189
Total assets	997	990	1,070	940	883	850	948	1,114	1,179	1,279
Shareholders equity	416	427	414	402	358	313	448	546	571	633
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	416	427	414	402	358	313	448	546	571	633
Long-term debt	0	150	125	196	160	179	202	188	188	188
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	4	0	70	0	0	0	0
Leasing liability	0	0	0	0	0	0	0	0	0	0
Total other long-term liabilities	167	132	91	40	37	20	55	33	9	3
Short-term debt	150	79	204	20	72	54	19	53	53	53
Accounts payable	80	101	93	99	121	62	79	76	105	118
Other current liabilities	184	101	144	180	135	151	146	217	253	284
Total liabilities and equity	997	990	1,070	940	883	850	948	1,114	1,179	1,279
Net IB debt	85	128	215	130	201	229	139	175	104	53
Net IB debt excl. pension debt	85	128	215	130	201	229	139	175	104	53
Net IB debt excl. leasing	85	128	215	130	201	229	139	175	104	53
Capital invested	501	555	629	532	558	542	586	721	674	686
Working capital	40	139	224	69	101	148	121	147	68	71
EV breakdown	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Market cap. diluted (m)	na	na	718	687	607	500	914	696	696	696
Net IB debt Adj	85	128	215	130	201	229	139	175	104	53
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
EV	na	na	933	817	808	728	1,053	871	800	749
Capital efficiency	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Total assets turnover (%)	77.4	88.3	94.5	88.4	105.6	102.6	95.7	86.8	86.6	89.3
Working capital/sales (%)	4.8	10.2	18.7	16.5	8.8	14.0	15.6	15.0	10.8	6.4
Financial risk and debt service	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Net debt/equity	0.20	0.30	0.52	0.32	0.56	0.73	0.31	0.32	0.18	0.08
Net debt/market cap	na	na	0.29	0.19	0.32	0.52	0.15	0.25	0.15	0.08
Equity ratio (%)	41.8	43.1	38.7	42.8	40.5	36.8	47.2	49.0	48.4	49.5
Net IB debt adj./equity	0.20	0.30	0.52	0.32	0.56	0.73	0.31	0.32	0.18	0.08
Current ratio	0.89	1.57	1.31	1.47	1.18	1.63	1.76	1.46	1.37	1.45
EBITDA/net interest	-0.50	-1.25	6.01	2.87	-16.77	3.20	9.87	6.07	7.27	7.82
Net IB debt/EBITDA	-7.89	-29.45	2.60	1.83	2.77	3.02	1.31	2.00	1.03	0.33
Net IB debt/EBITDA lease Adj	-7.89	-29.45	2.60	1.83	2.77	3.02	1.31	2.00	1.03	0.33
Interest cover	-0.74	-0.54	0.78	0.98	-0.58	0.60	2.02	1.59	1.95	3.45

Source: ABG Sundal Collier, Company data

Valuation and Ratios (NOKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Shares outstanding adj.	70	89	89	89	89	89	111	111	111	111
Fully diluted shares Adj	70	89	89	89	89	89	111	111	111	111
EPS	-2.68	-0.60	-0.13	-0.09	-0.56	-0.46	0.53	0.21	0.22	0.56
Dividend per share Adj	0	0	0	0	0	0	0	0	0	0
EPS Adj	-2.68	-0.60	-0.13	-0.09	-0.56	-0.46	0.53	0.21	0.22	0.56
BVPS	5.94	4.78	4.64	4.51	4.01	3.51	4.02	4.91	5.13	5.69
BVPS Adj	-2.36	-0.76	-0.45	-0.67	-0.47	-0.21	0.66	0.86	0.87	1.32
Net IB debt / share	1.2	1.4	2.4	1.5	2.3	2.6	1.2	1.6	0.9	0.5
Share price	na	na	8.05	7.70	6.80	5.60	8.22	6.26	6.26	6.26
Market cap. (m)	na	na	718	687	607	500	914	696	696	696
Valuation	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
P/E	na	na	-63.8	-85.0	-12.1	-12.2	15.6	29.4	28.8	11.1
EV/sales	na	na	0.96	0.92	0.84	0.82	1.22	0.97	0.81	0.68
EV/EBITDA	na	na	11.3	11.5	11.1	9.6	10.0	10.0	8.0	4.7
EV/EBITA	na	na	220.8	34.5	-14.9	-82.7	20.9	24.2	17.8	7.4
EV/EBIT	na	na	220.8	34.5	-14.9	-82.7	20.9	24.2	17.8	7.4
Dividend yield (%)	na	na	0	0	0	0	0	0	0	0
FCF yield (%)	na	na	-11.4	13.3	-7.0	2.0	5.7	-1.7	13.7	8.2
Lease adj. FCF yield (%)	na	na	-11.4	13.3	-7.0	2.0	5.7	-1.7	13.7	8.2
P/BVPS	na	na	1.73	1.71	1.70	1.60	2.04	1.27	1.22	1.10
P/BVPS Adj	na	na	-18.06	-11.45	-14.44	-26.65	12.46	7.29	7.19	4.75
P/E Adj	na	na	-63.8	-85.0	-12.1	-12.2	15.6	29.4	28.8	11.1
EV/EBITDA Adj	na	na	11.3	11.5	11.1	9.6	10.0	10.0	8.0	4.7
EV/EBITA Adj	na	na	220.8	34.5	-14.9	-82.7	20.9	24.2	17.8	7.4
EV/EBIT Adj	na	na	220.8	34.5	-14.9	-82.7	20.9	24.2	17.8	7.4
EV/cap. employed	na	na	1.3	1.3	1.4	1.2	1.6	1.1	1.0	0.9
Investment ratios	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Capex/sales	7.9	3.6	3.1	4.9	3.7	2.7	4.2	6.8	6.2	5.6
Capex/depreciation	43.1	58.3	38.4	91.7	27.9	28.4	65.1	119.3	110.0	104.2
Capex tangibles/tangible fixed assets	13.7	17.8	26.8	23.6	7.6	8.7	6.1	6.3	8.1	9.8
Capex intangibles/definite intangibles	25.3	14.5	16.2	25.8	25.8	28.4	35.3	48.4	40.3	36.8
Depreciation on intangibles/definite intai	65.1	30.6	52.7	32.7	111.2	129.5	64.0	44.6	40.4	39.1
Depreciation on tangibles/tangibles	0	0	0	0	0	0	0	0	0	0

Source: ABG Sundal Collier, Company data

Analyst certification

I/We, Eirik Thune Ørtingsland, Øystein Elton Lodgaard, the author(s) of this report, certify that not withstanding the existence of any such potential conflicts of interests referred to below, the views expressed in this report accurately reflect my/our personal view about the companies and securities covered in this report.

Analyst valuation methods

ABG Sundal Collier analysts may publish valuation ranges for stocks covered under Company Sponsored Research. These valuation ranges rely on various valuation methods. One of the most frequently used methods is the valuation of a company by calculation of that company's discounted cash flow (DCF). Another valuation method is the analysis of a company's return on capital employed relative to its cost of capital. Finally, the analysts may analyse various valuation multiples (e.g. the P/E multiples and the EV/EBITDA multiples) relative to global industry peers. In special cases, particularly for property companies and investment companies, the ratio of price to net asset value is considered. Valuation ranges may be changed when earnings and cash flow forecasts are changed. They may also be changed when the underlying value of a company's assets changes (in the cases of investment companies, property companies or insurance companies) or when factors impacting the required rate of return change.

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Production of report: 18/11/2022 07:05 CET.

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Norway	Sweden	Denmark	United Kingdom	USA	Germany	Singapore
Ruseløkkveien 26, 8 th floor 0251 Oslo Norway Tel: +47 22 01 60 00 Fax: +47 22 01 60 60	Regeringsgatan 25, 8 th floor 111 53 Stockholm Sweden Tel: +46 8 566 286 00 Fax: +46 8 566 286 01	Forbindelsesvej 12 2100 Copenhagen Denmark Tel: +45 35 46 61 00 Fax: +45 35 46 61 10	10 Paternoster Row, 5 th floor London EC4M 7EJ UK Tel: +44 20 7905 5600 Fax: +44 20 7905 5601	850 Third Avenue, Suite 9-C New York, NY 10022 USA Tel: +1 212 605 3800 Fax: +1 212 605 3801	Schillerstrasse 2, 5. OG 60313 Frankfurt Germany Tel +49 69 96 86 96 0 Fax +49 69 96 86 96 99	10 Collyer Quay Ocean Financial Center #40-07, Singapore 049315 Tel +65 6808 6082