



Q1

FIRST QUARTER

2022

THE PRIME MOVER IN
TRAFFIC TECHNOLOGY

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The prime mover in intelligent traffic solutions

*Together, we create sustainable
smart cities where people,
goods, and data travel safely
and efficiently*



Q-FREE AT A GLANCE

KEY FACTS



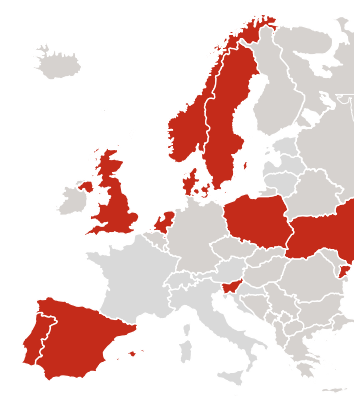
PRESENCE AND FOOTPRINT

AMERICAS



Sales: ~30%
FTEs: ~25%

EUROPE



Sales: ~60%
FTEs: ~65%

APMEA



Sales: ~10%
FTEs: ~10%

A HISTORY OF PRIME MOVER PROJECTS

1 COMMERCIAL BREAKTHROUGH

1984	1990
Company founded as Micro Design	Delivered Oslo toll cordon
1988	
First free flow tolling system delivered	

2 INTERNATIONAL TOLLING EXPANSION

1993	2005	2009
First 5.8 GHz system delivered to Portugal	First congestion tax system (Stockholm)	Won Slovakia, Portugal and Thailand
1996	2008	2012
First MLFF system delivered to Austria	Entered the ALPR business through acquisition of Dacolian	Delivered Gothenburg congestion tax system

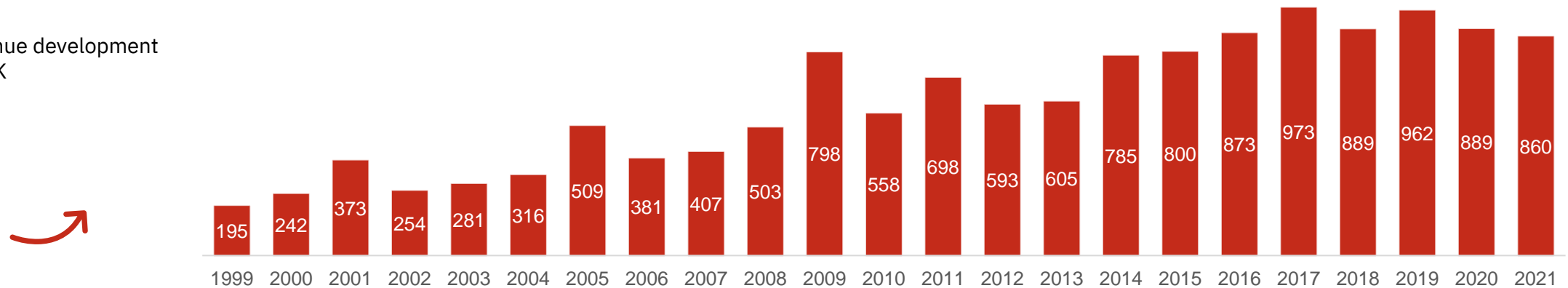
3 ITS M&A TRANSFORMATION

2012	2015
Acquired TCS International	Acquired TDC, Traffic Design, Open Roads
2013	2016
Acquired Elkom	Acquired Intelight and Traffiko, won GDOT

4 PORTFOLIO & MARKET OPTIMIZATION

2016	2020
Won Slovenia and VDOT contracts	Delivered Queensland MLFF
2017-2019	2021
Close-downs/ divestments, won ferry contracts / Norway	Delivered CDOT and major Portugal upgrade

Revenue development
mNOK



A PURPOSE BASED ON INTELLIGENT SOLUTIONS FOR EFFICIENT, SAFE, AND SUSTAINABLE TRANSPORTATION

KEY MOBILITY CHALLENGES

CONGESTION

INRIX: USD 53bn in annual cost in the US in 2021



ACCIDENTS

WHO: 1.35 million lives lost per year globally



POLLUTION

WHO: 18% of global CO₂ emissions from road vehicles



OUR SOLUTIONS

Q-FLOW

Optimize how people and goods move

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

Q-SAFE

Make roads and travel safe

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

Q-CLEAN

Stimulate sustainable transportation

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

LEADING POSITIONS IN TOLLING AND TRAFFIC MANAGEMENT

TOLLING



On-board units (tags) and transceivers



Turnkey tolling systems



Back-office SW systems for transaction processing



SW solutions for image processing (ALPR)



~225
FTEs



~600
Revenue
(NOKm)



~80%
Europe
(revenue share)



~7%
Americas
(revenue share)

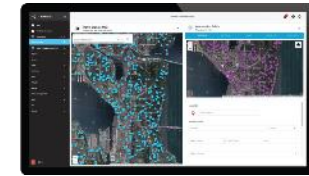


~12%
RoW
(revenue share)

TRAFFIC MANAGEMENT



Traffic signal controllers and local SW



Centralized traffic signal management SW platform



Freeway management SW platform (ATMS)



Traffic counting, classification and weigh-in-motion systems



~120
FTEs



~300
Revenue
(NOKm)



~22%
Europe
(revenue share)



~75%
Americas
(revenue share)



~4%
RoW
(revenue share)

SIGNIFICANT GLOBAL IMPACT AND LEGACY

TOLLING



Congestion charging in Stockholm and Gothenburg



Toll collection systems (MLFF) in Norway



Nationwide truck tolling system (MLFF) in Slovenia



Toll collection systems (MLFF) in Portugal and Spain



Toll collection systems (MLFF) in Australia



Tolling speed gantries in Bangkok, Thailand



Toll collection system for Great Belt Bridge, Denmark



Automated License Plate Recognition systems in USA



Toll collection system in Santiago, Chile

TRAFFIC MANAGEMENT



Statewide ATMS for Virginia DOT



Statewide ATMS for West Virginia DOH



Statewide ATMS for Colorado DOT



First integrated freeway & signal Management with single SW for PennDOT



Statewide signal management for Georgia DOT



Adaptive Traffic Signal Control in Washington



Nationwide automatic traffic counting equipment in the UK



High-speed weigh-in-motion with enforcement in Ukraine



Cycle monitoring and priority network in Scotland

INVESTMENT HIGHLIGHTS

- 1 Large addressable global market
- 2 Leading position in DSRC-based tolling globally and traffic management in North America
- 3 Industry-leading technology and unique references
- 4 350 industry professionals with unrivalled experience and know-how
- 5 Clear strategic plan to exploit market opportunities
- 6 Attractive financials with increasing ARR and margins



SUMMARY & HIGHLIGHTS

FINANCIAL HIGHLIGHTS Q1-22 (Q1-21)

REVENUES:

216 MNOK (191)
+13%

ADJ. EBITDA*:

16 MNOK (13)
+22%

ORDER INTAKE:

507 MNOK (434)
+17%

CASH FLOW FROM
OPERATIONS:

35 MNOK (-5)

ARR:

280 MNOK (229)
+22%

ADJ. EBIT*:

3 MNOK (-1)

ORDER BACKLOG:

1 379 MNOK (1 332)
+4%

NIBD/EBITDA:

1.2

* Excludes 6 MNOK in non-recurring items related to potential losses in Ukraine

>500 MNOK ORDER INTAKE AND SEVERAL KEY CONTRACT WINS IN THE QUARTER

SPAIN:



- Contracts for roadside equipment deliveries in Northern Spain
- ~50 MNOK in project revenues (2022) and recurring S&M revenues

ÅLESUND:



- Contract to deliver roadside equipment for Bypakke Ålesund
- >2.5 MNOK in ARR over 15 years

TRONDHEIM:



- Contract to deliver roadside equipment for Miljøpakke Trondheim
- ~8 MNOK in ARR over 15 years

TROMSØ:



- Contract to deliver roadside equipment for Tenk Tromsø
- >4 MNOK in ARR over 15 years

NORWAY (E6++):



- Contract to deliver roadside equipment for E6 and regional roads with Vegamot
- >2 MNOK in ARR over 15 years

PORTUGAL:



- Contract to deliver on-board units to Via Verde
- ~100 MNOK in product sales over 3 years

NEW US SaaS CONTRACT SIGNED IN APRIL

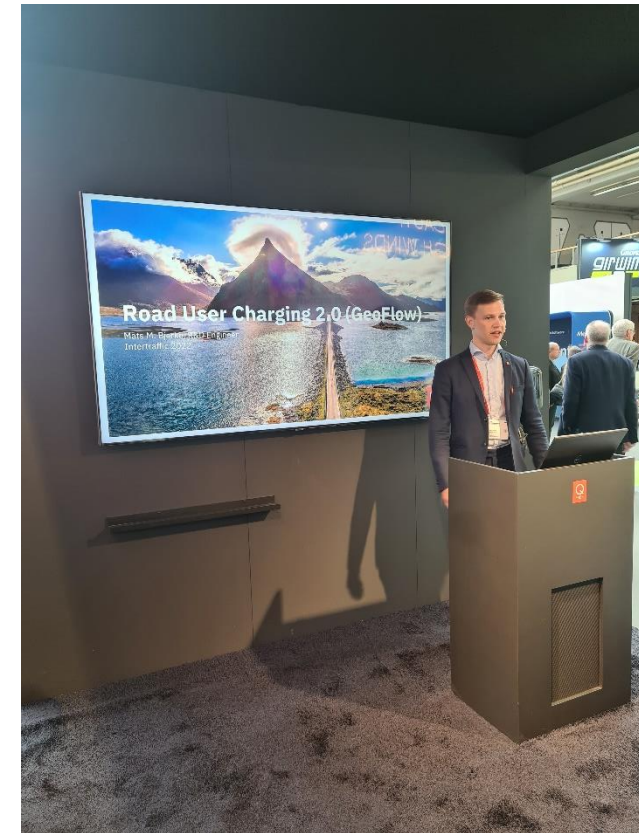
ADDITIONAL AGREEMENT WITH KEY STATEWIDE ATMS CUSTOMER IN THE USA



- Agreement adds scope to provide cloud infrastructure hosting and respective cloud support for Q-Free's OpenTMS solution
- Initial agreement from April 2022 until June 2023 to test system. Total value of the initial contract is ~28 MNOK
- Contract highly likely to be prolonged for several years upon successful completion of initial 15-month period

SALES AND MARKETING ACTIVITIES PICKING UP AFTER COVID-19

INTERTRAFFIC 2022 IN AMSTERDAM 29 MARCH TO 1 APRIL



ROAD USER CHARGING (RUC) PILOT IN NORWAY IS LIVE

PILOT IN TRONDHEIM TO TEST Q-FREE'S NEW ROAD USER CHARGING ON-BOARD UNIT AND CENTRAL PROCESSING UNIT



- Pilot started in April 2022 in cooperation with NPRA and SINTEF
- ~200 private vehicles are equipped with Q-Free's new RUC technology and ~400 unique users will participate
- 3-month system verification and data collection period
- Opportunities to simulate different RUC schemes based on collected data (fee structure, differentiated prices for different vehicle types, time of travel etc.)

FINANCIAL UPDATE



FINANCIAL SUMMARY

KEY FIGURES

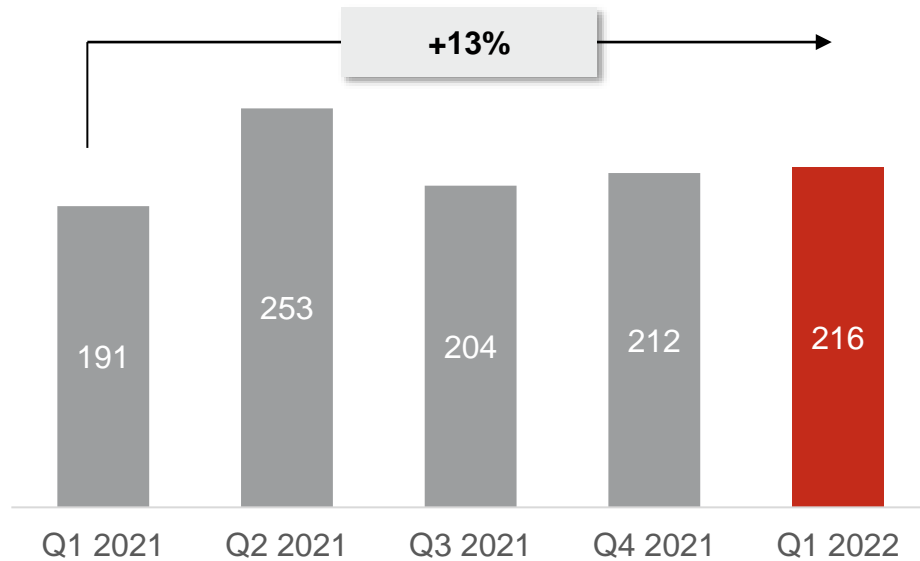
NOK million	Q1 2022	Q1 2021	YoY Change	FY 2021
Revenues	216	191	12.6%	860
...of which recurring	70	57	21.9%	
Gross contribution	135	131	3.5%	550
<i>Gross margin</i>	62.9%	68.4%	-5.5 pp	64.0%
Normal OPEX	119	118	1.4%	444
Ukraine provisions	6	-		
Reported EBITDA*	10	13	-24.9%	106
Adjusted EBITDA	16	13	21.5%	106
<i>Adj. EBITDA margin</i>	7.5%	7.0%	0.5 pp	12.3%
EBIT*	-3	-1		50
<i>EBIT margin</i>	-1.5%	-0.5%	-1.0 pp	5.8%
EPS*	-0.05	-0.04		0.53

* Not adjusted for 6.2 MNOK in non-recurring items related to Ukraine provisions

REVENUE DEVELOPMENT

QUARTERLY REVENUES

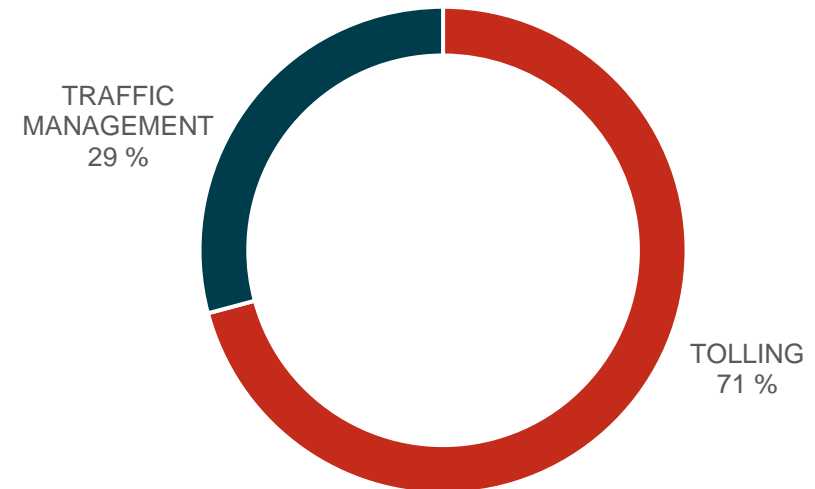
NOK million



Solid YoY growth due to high project activity in Tolling

Q1-22 REVENUES PER BUSINESS AREA

Percent

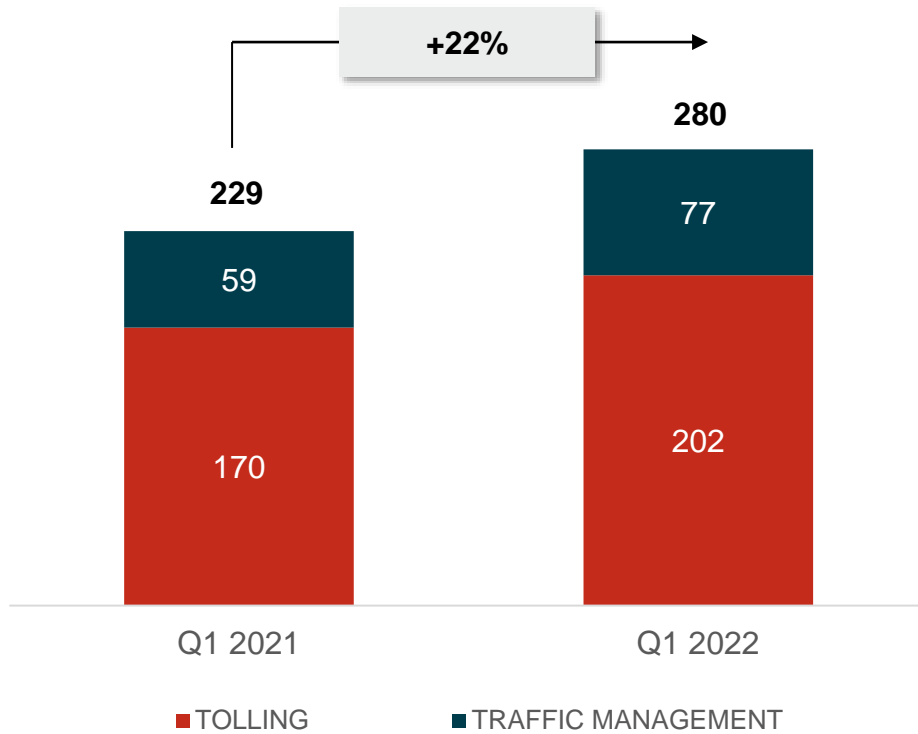


Traffic Management's share of revenues below normal level due to the war in Ukraine

ARR DEVELOPMENT

ANNUAL RECURRING REVENUES (ARR)

NOK million (annualized based on quarterly recurring revenues)



NEW CONTRACTS INCREASING FUTURE ARR



ÅLESUND:

>2.5 MNOK/year



TRONDHEIM:

~8 MNOK/year



TROMSØ:

>4 MNOK/year



NORWAY (E6++):

>2 MNOK/year



US SaaS agreement
(signed in April):

~20 MNOK/year

SEGMENT REVENUE DETAILS

KEY FIGURES

NOK million

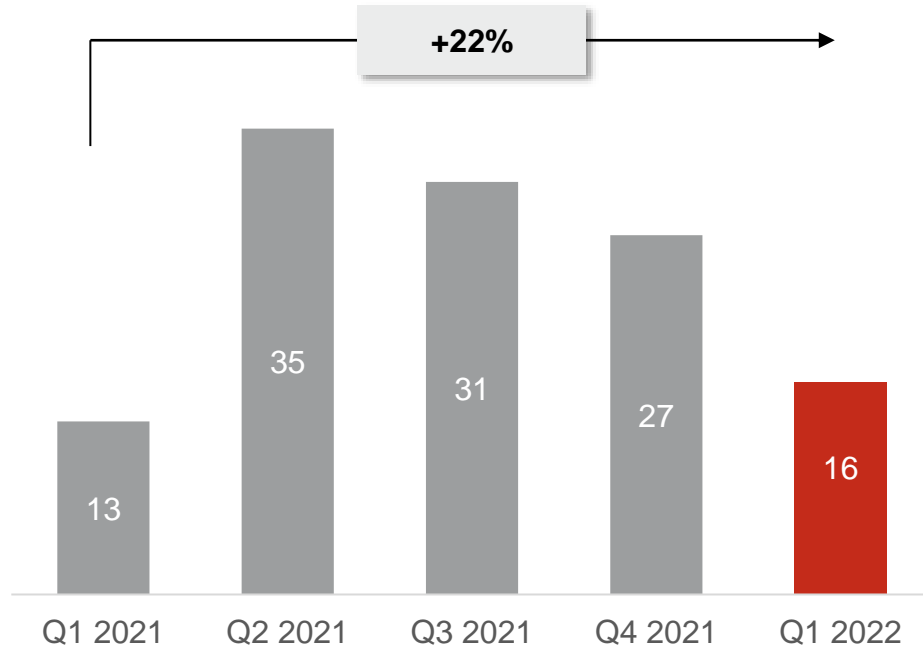
SEGMENT	Q1-22	Q1-21	YoY Change	FY 2021
Tolling	153	119	28%	553
Traffic Management	63	70	-10%	305
Assets held for sale	-*	2*		2*
REVENUES	216	191	13%	861

* Parking assets divested in Q1-21

EBITDA DEVELOPMENT

EBITDA EXCL. NON-RECURRING ITEMS

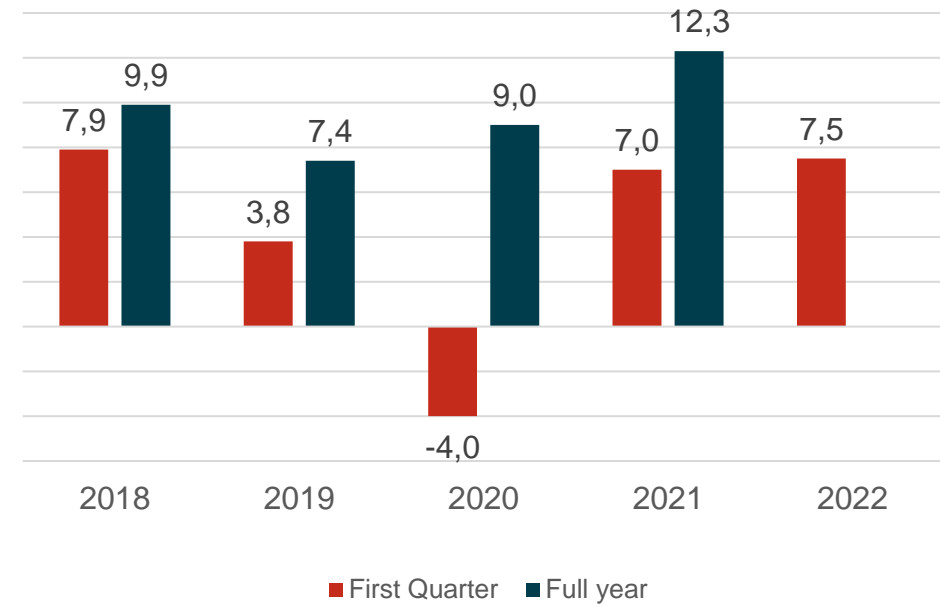
NOK million



Q1-22 adjusted for 6 MNOK in provisions for accounts receivables in Ukraine

EBITDA MARGIN EXCL. NON-RECURRING ITEMS

Percent



Q1 is seasonally the weakest quarter in Q-Free

SEGMENT EBITDA DETAILS

KEY FIGURES

NOK million

SEGMENT	Q1-22	Q1-22	Margin change	FY 2021
Tolling	27	20	+0.5 pp	114
Traffic Management	-7*	4	-6.0 pp	22
Assets held for sale**	0	-2	-	-2
Group Functions	-10	-9	-	-29
EBITDA	10*	13	0 pp	106

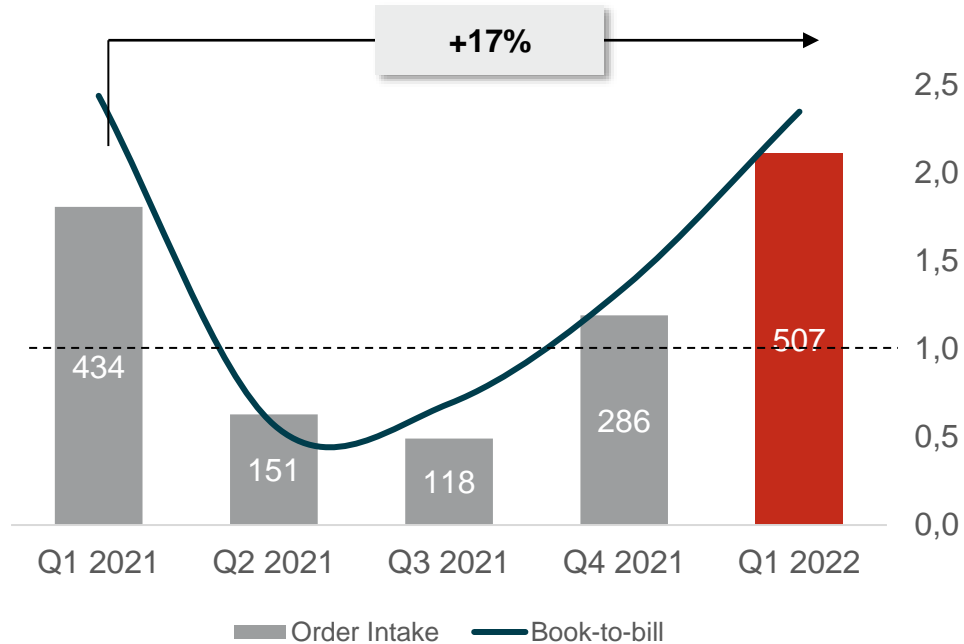
* Not adjusted for 6.2 MNOK in non-recurring items related to Ukraine provisions

** Parking assets divested in Q1-21

ORDER INTAKE DEVELOPMENT

ORDER INTAKE & BOOK-TO-BILL PER QUARTER

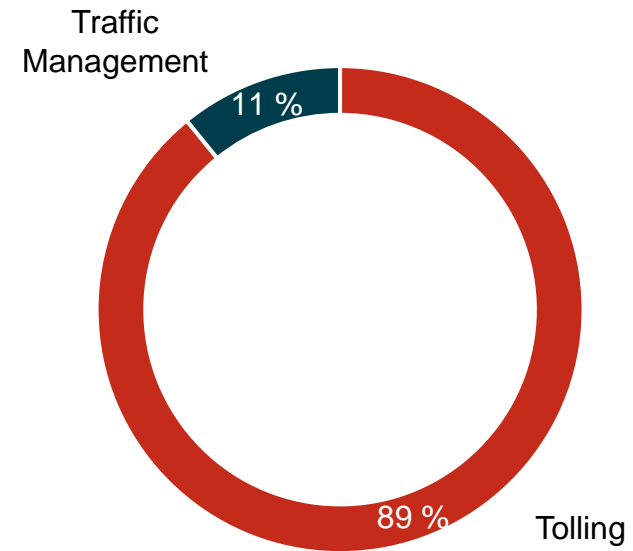
NOK million / ratio



Contracts with a total value of ~250 MNOK awarded to Q-Free, but not yet signed

Q1-22 ORDER INTAKE PER BUSINESS AREA

Percent

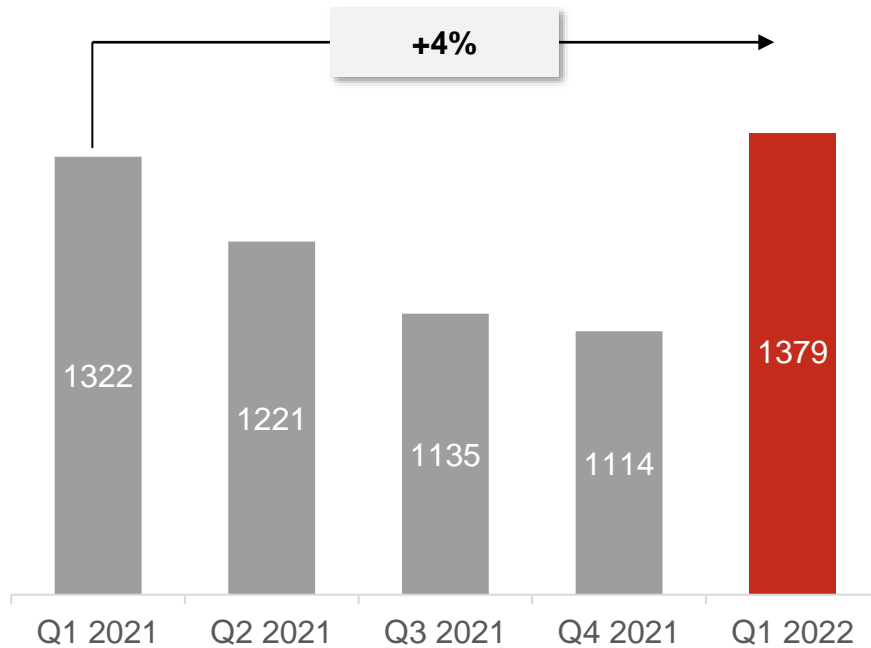


Traffic Management's share of order intake below normal level due to the war in Ukraine

ORDER BACKLOG DEVELOPMENT

ORDER BACKLOG

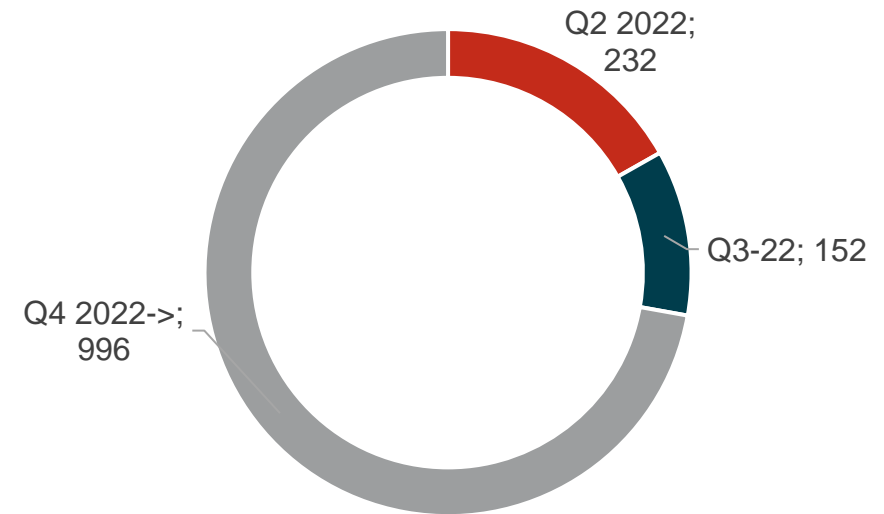
NOK million



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

EXPECTED DELIVERY SCHEDULE

NOK million

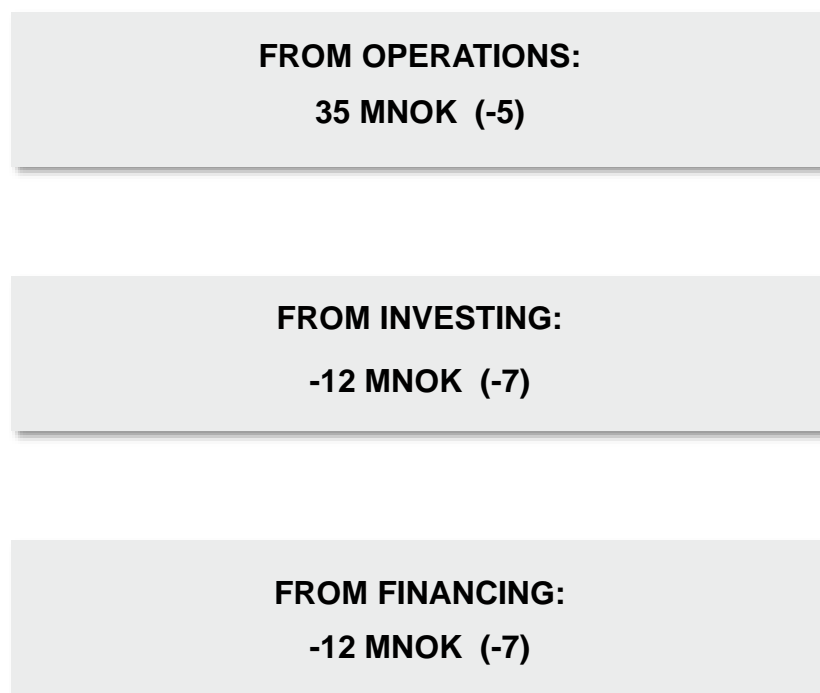


Covid-19 and the war in Ukraine might cause changes to the planned delivery schedule

CASH FLOW AND AVAILABLE FUNDS

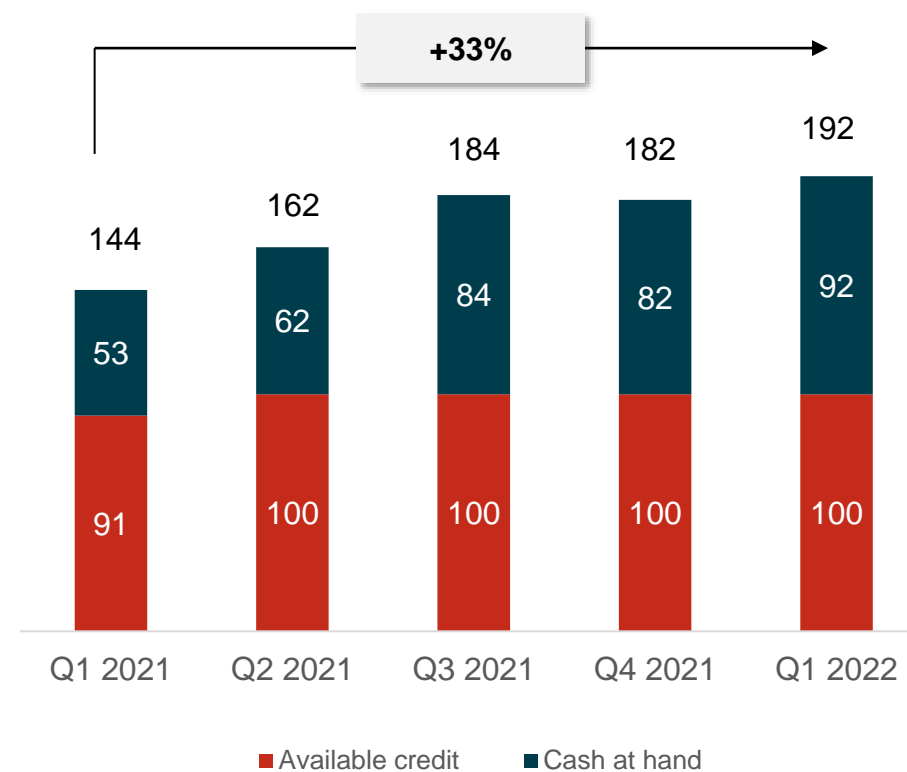
CASH FLOW

NOK million



AVAILABLE CREDIT AND CASH AT HAND

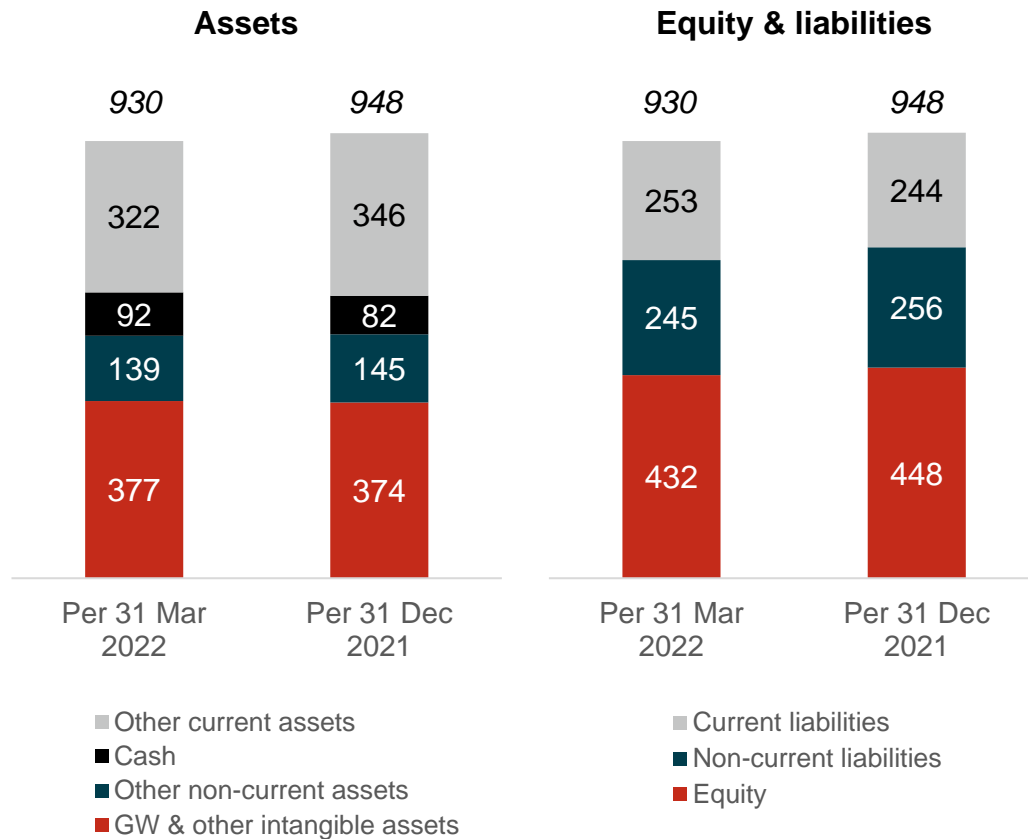
NOK million



BALANCE SHEET

BALANCE SHEET COMPOSITION

NOK million



KEY BALANCE SHEET RATIOS

EQUITY RATIO (Q1-21):

46% (45%)

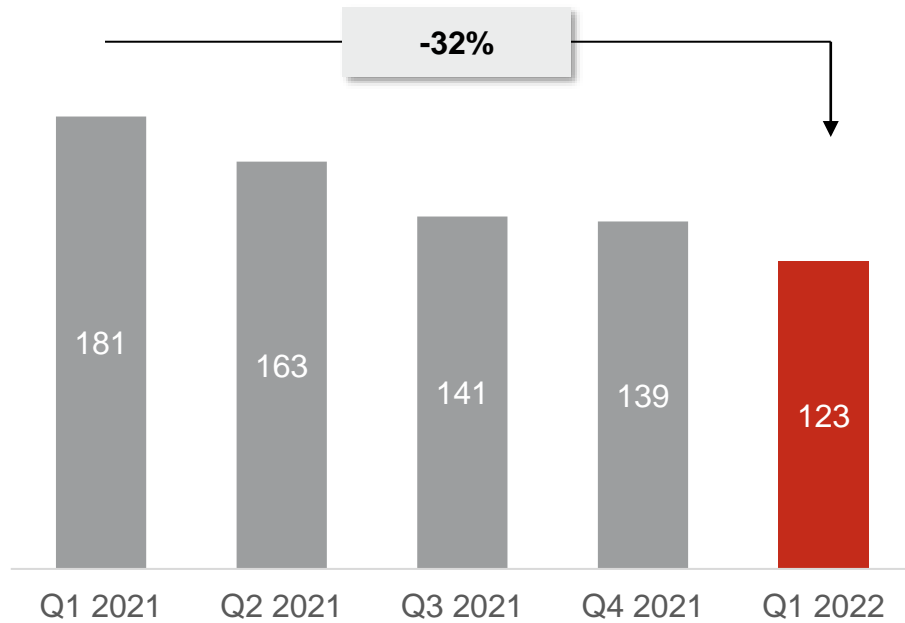
WORKING CAPITAL RATIO (Q1-21):

10% (14%)

NET INTEREST BEARING DEBT

NET INTEREST BEARING DEBT

NOK million



KEY DEBT RATIOS/FIGURES

12 MONTH NIBD/EBITDA:

1.2

NET FINANCIAL ITEMS:

-2 MNOK (-3)

An aerial photograph showing a winding asphalt road that curves through a dense green forest. The road is bordered by a large, dark body of water on one side and a lighter, rippled body of water on the other. A few cars are visible on the road, including a white car and a red car. The overall scene is lush and scenic.

STRATEGY & OUTLOOK

OUR STRATEGIC PLAN

2018-2020



Reduce business complexity to optimize resource allocation and improve execution

2020-2022



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

2022-2024



Scale standardized solutions to selected, new target markets

A LARGE AND GROWING ADDRESSABLE MARKET

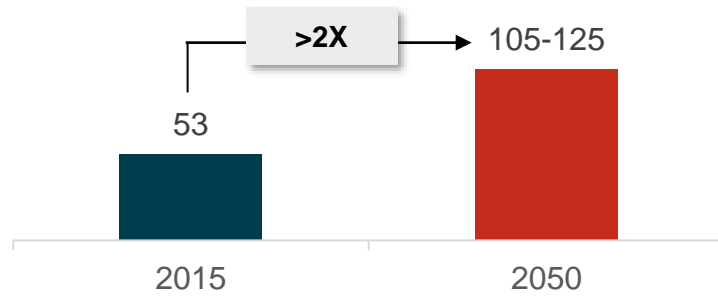


ESTIMATES

GROWTH DRIVERS

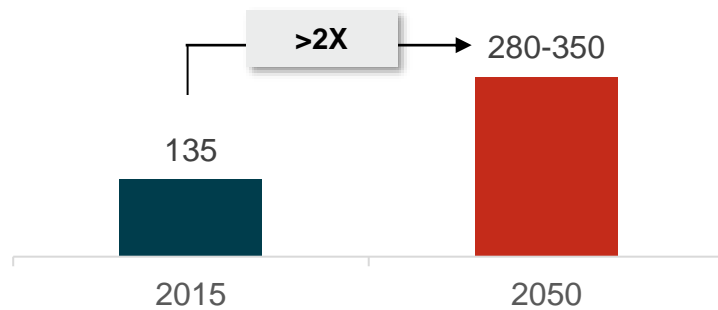
Passenger kilometers (people)

Billion km



Ton kilometers (goods)

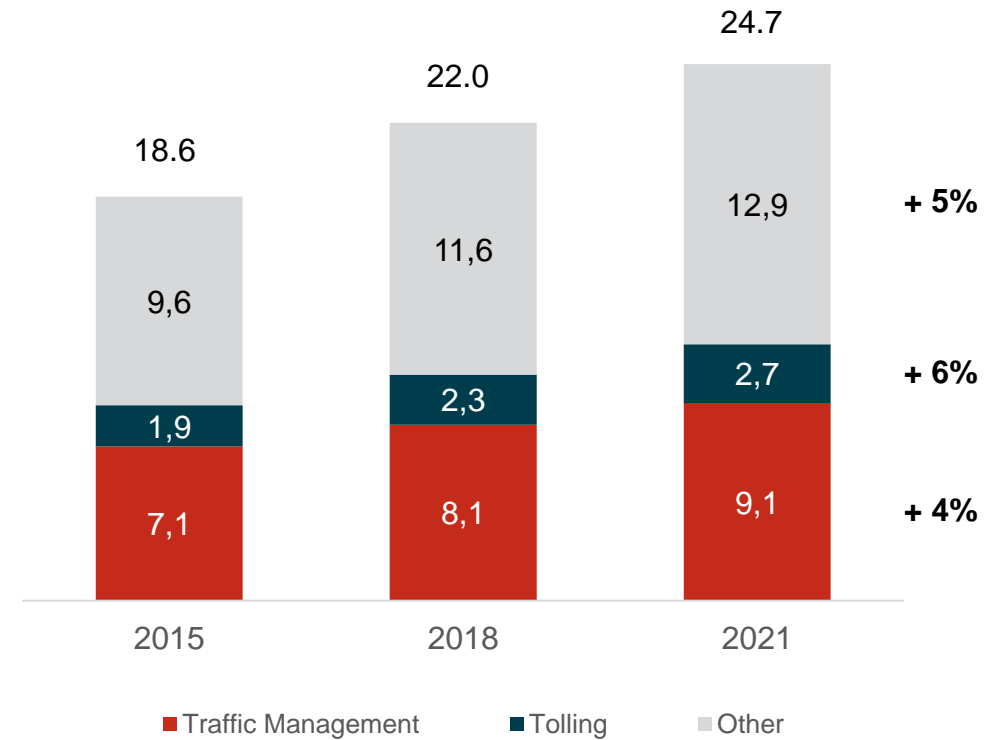
Trillion tons



GLOBAL ITS ROADWAYS MARKET BY APPLICATION

bnUSD

CAGR



Source: McKinsey & Company, 2021



ATTRACTIVE SHORT-TERM OPPORTUNITY PIPELINE



ESTIMATES

ADDRESSABLE OPPORTUNITIES EXPECTED TO BE TENDERED/AWARDED IN 2022

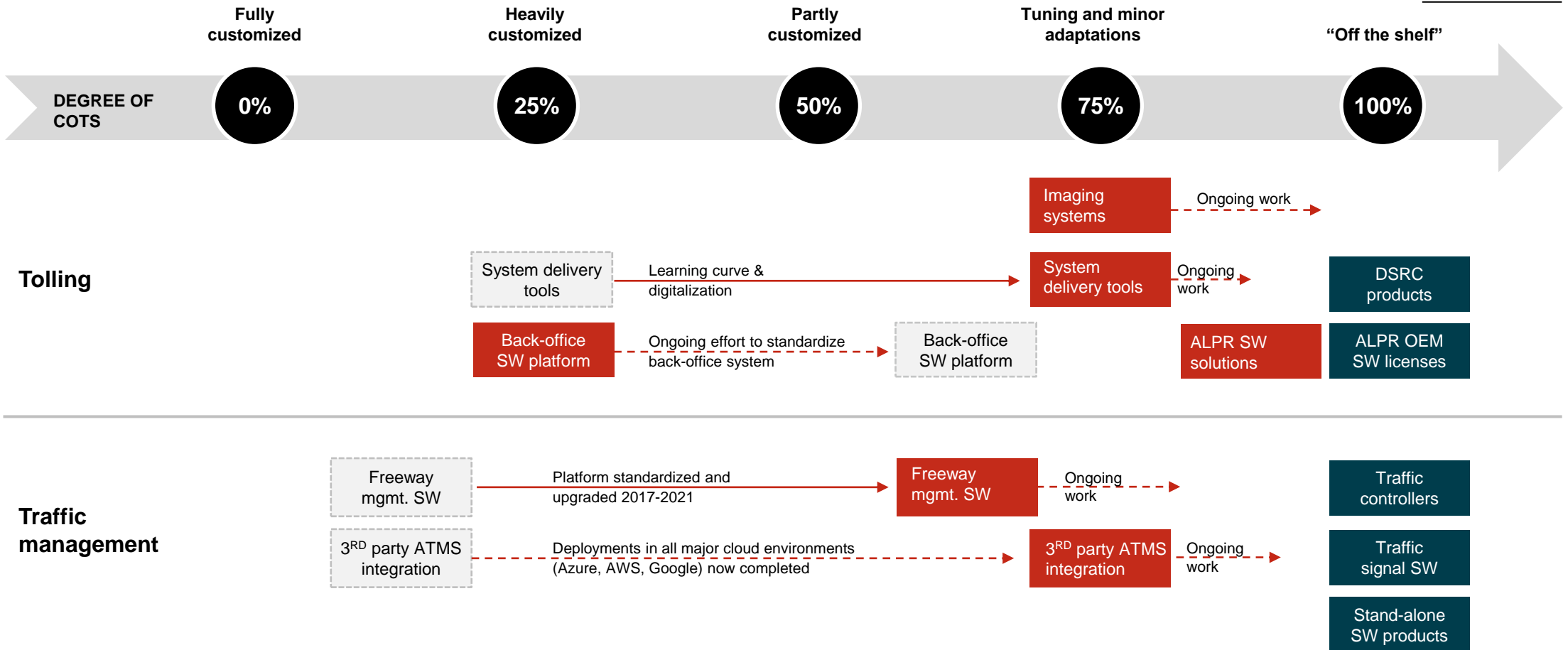
NOK million



INCREASED SCALABILITY OF OFFERING ENABLES MARKET EXPANSION



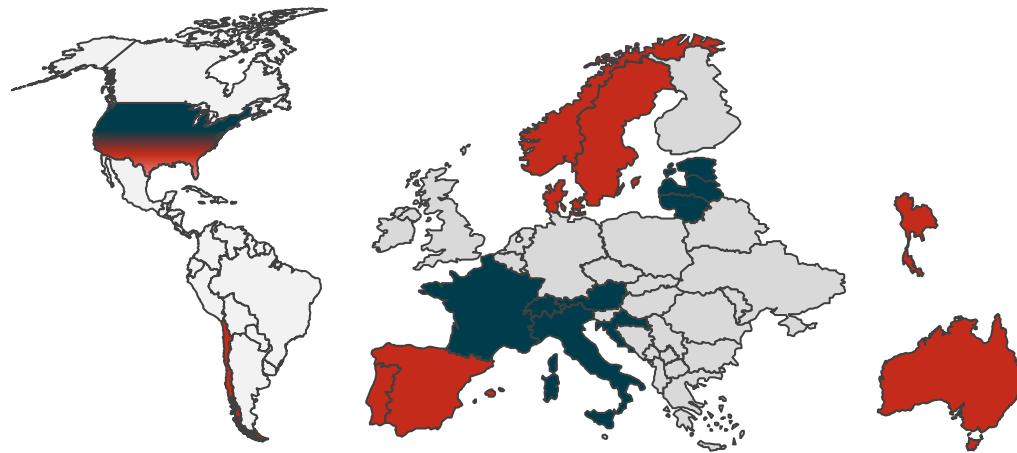
ILLUSTRATIVE





SEVERAL POTENTIAL TARGET MARKETS ARE OPENING UP











MARKET EXPANSION OPPORTUNITIES



 Existing QFR markets with ongoing upgrades

 Potential new QFR markets

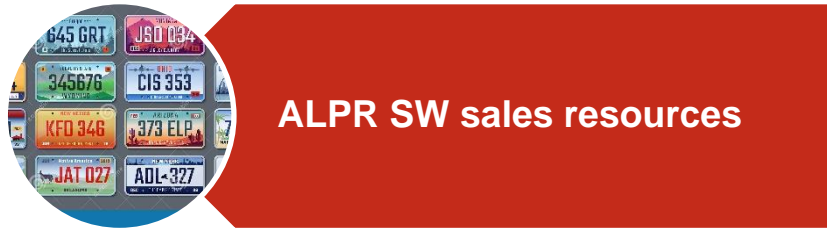
- | | | |
|-------------|---|---|
| France |  | Nationwide upgrade of tolling infrastructure to MLFF solutions |
| Lithuania |  | New nationwide truck (HGV) tolling system + congestion charging |
| Latvia |  | New nationwide truck (HGV) tolling system + congestion charging |
| Estonia |  | New nationwide truck (HGV) tolling system + congestion charging |
| Croatia |  | New nationwide truck (HGV) tolling system |
| Austria |  | New nationwide truck (HGV) tolling system |
| Switzerland |  | Road User Charging |
| Italy |  | Tag and roadside market deregulated |

INTERNAL SALES ORGANIZATION BEING RAMPED UP



KEY RECRUITMENT AREAS

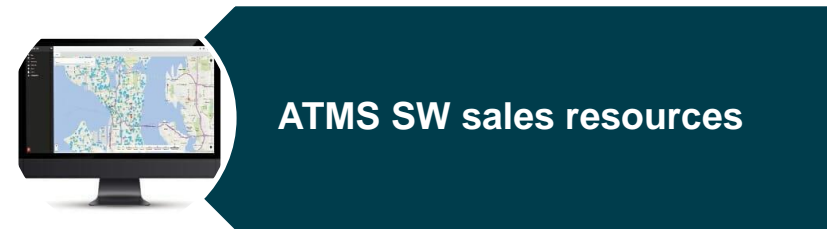
STATUS AND PLANS



ALPR SW sales resources

A circular image showing several ALPR license plates from various states, including 845 GRT, JSD 034, 345876, CIS 353, KFO 348, 373 ELP, JAT 027, and ADL-327. The image is set against a red background with a white arrow pointing to the right.

- ✓ New head of global ALPR license sales hired and onboarded
- 1-2 new sales resources in the US to be added
- 1-2 new sales resources in Europe to be added



ATMS SW sales resources

A circular image showing a computer monitor displaying a map of the United States. The image is set against a dark teal background with a white arrow pointing to the right.

- ✓ New head of Inter-Urban sales recruited and onboarded
- ✓ New head of Urban sales recruited and onboarded
- ✓ 2-3 new Urban regional sales manager recruited and onboarded
- A couple of new SW sales resources in the US to be added



Sales resources in new markets

A circular image showing a highway with a bridge and a truck. The image is set against a black background with a white arrow pointing to the right.

- New hires pending future contract wins in new markets





CEO TRANSITION

- Håkon Volldal will leave Q-Free on 30 June after serving almost 6 years as CEO
- Process ongoing to appoint new CEO, interesting Scandinavian and international candidates identified
- CFO Trond Christensen may step in as interim CEO if needed to bridge the period until a new permanent CEO is on board



Q&A



**HEADQUARTERS
Q-FREE ASA**

Strindjordvegen 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](https://twitter.com/qfreeasa)
[linkedin.com/qfreeasa](https://www.linkedin.com/company/qfreeasa)

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

Register of business enterprise
NO 935 487 242

