

An aerial photograph showing a dark blue lake on the left, a winding asphalt road with yellow lane markings on the right, and a dense green forest surrounding the road. The sky is reflected in the water.

Q2

SECOND QUARTER

2022



THE PRIME MOVER IN
TRAFFIC TECHNOLOGY

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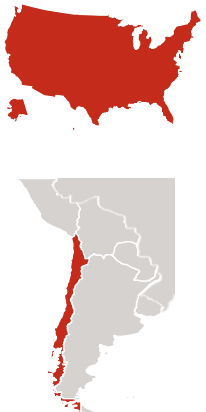
Q-FREE AT A GLANCE

KEY FACTS



PRESENCE AND FOOTPRINT

AMERICAS



Sales: ~30%
FTEs: ~25%

EUROPE



Sales: ~60%
FTEs: ~65%

APMEA



Sales: ~10%
FTEs: ~10%

A 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



OUR SOLUTIONS



Q-FLOW

Optimize how people and goods move

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

ACCIDENTS

WHO: 1.35 million lives lost per year globally



Q-SAFE

Make roads and travel safe

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

POLLUTION

WHO: 18% of global CO₂ emissions from road vehicles



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)



~220
FTEs



~600
Revenue
(NOKm)



~80%
Europe
(revenue share)



~7%
Americas
(revenue share)

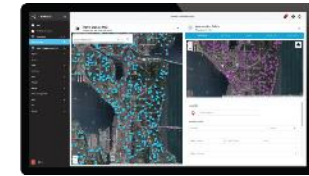


~12%
RoW
(revenue share)

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*



HIGHLIGHTS

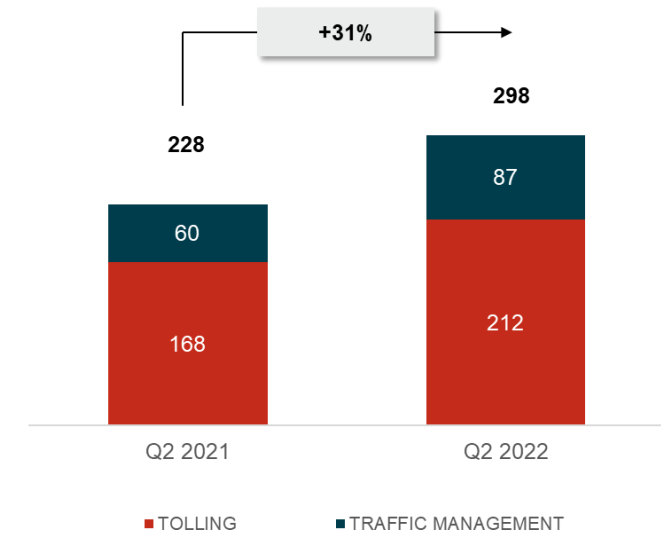


KEY TAKE-AWAYS THIS QUARTER

1. Continued solid growth in annual recurring revenue, currently 298 MNOK (+31%)
2. Order backlog continues to grow, currently at a solid 1 469 MNOK (+20%)
3. OPEX-base under solid control
4. Turnover affected by conversion to ARR model and supply chain situation – expected to gradually improve
5. Working capital affected negatively by more stock in inventory and early payments to suppliers to secure access to components
 - Reduce risk for loss of revenue

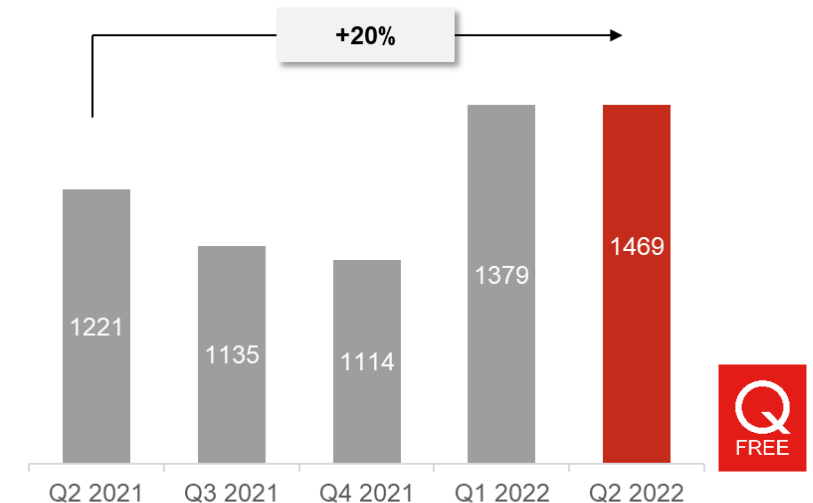
ANNUALIZED RECURRING REVENUES (ARR)

NOK million



ORDER BACKLOG

NOK million



FINANCIAL HIGHLIGHTS Q2-22 (Q1-21) AND H1-22 (H1-21)

REVENUES:

214 MNOK (253)
-16%

ARR:

299 MNOK (228)
+31%

REVENUES:

430 MNOK (444)
-3%

ARR:

299 MNOK (228)
+31%

EBITDA:

32 MNOK (35)

EBIT:

19 MNOK (20)

EBITDA:

42 MNOK (48)

EBIT:

15 MNOK (19)

CF FROM OPERATIONS:

-10 MNOK (29)

ORDER INTAKE:

279 MNOK (151)
+84

ORDER INTAKE:

786 MNOK (585)
+34%

ORDER BACKLOG:

1 469 MNOK (1 221)
+20%

KEY CONTRACT WINS IN Q2-22

US:



- Cloud infrastructure hosting and respective cloud support to one of Q-Free's statewide ATMS customers
- ~28 MNOK contract value for the initial contract period April 2022-June 2023
- Contract will be prolonged for several years upon successful completion of initial 15-month period

CHILE:



- Contract for roadside equipment for the San Antonio – Santiago highway
- ~45 MNOK in total value including project revenues (2023) and recurring S&M revenues for 5 years
- QFR already has the back-office SW contract for the same concession, hence this will be a complete end-to-end solution

PORTUGAL:



- Extension of S&M contract for Ascendi's MLFF installations in Portugal covering roadside equipment and back-office SW
- ~148 MNOK in recurring revenue over 5 years



Thale Kuvås Solberg

- Siviløkonom, BSc in International Business/MSc in Risk management
- Vast experience and a proven track record on global business development with focus on growth, recurring revenue business models and sustainability.
- Currently Chief Delivery Officer, Volue ASA

CEO TRANSITION

- **Håkon Volldal** left Q-Free on June 30th after serving almost 6 years as CEO
- **Thale Kuvås Solberg** appointed new CEO. Will join QFR no later than January 1, 2023
- **CFO Trond Christensen** will act as interim CEO until Solberg joins.
- **Group Financial Director Arne Kristian Hoset** will act as interim CFO during the same period

FINANCIAL UPDATE



FINANCIAL SUMMARY

KEY FIGURES

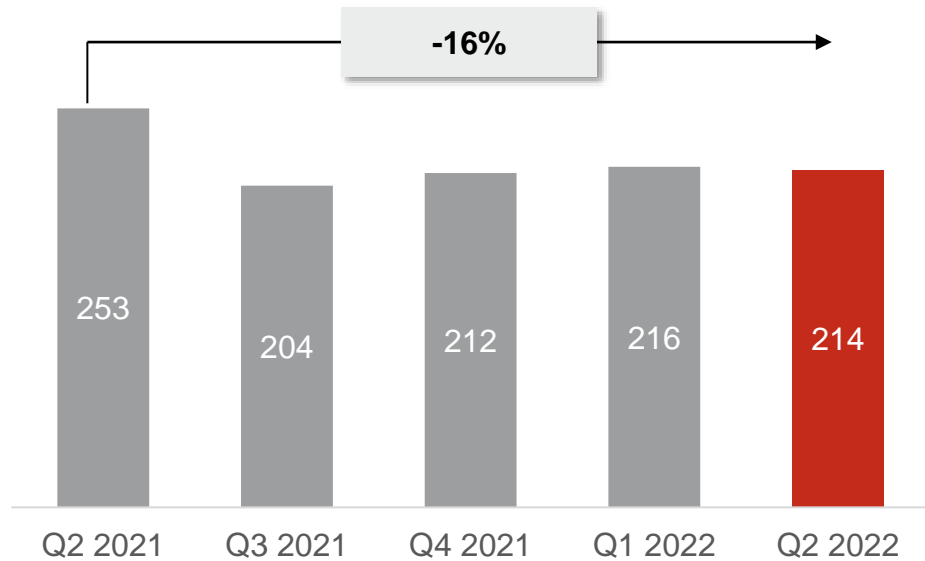
NOK million	Q2 2022	Q2 2021	YoY Change
Recurring revenues	75	57	30,9%
Non-recurring revenues	139	196	-29%
Total revenues	214	253	-15,4%
Gross contribution	147	152	-3,30%
Gross margin	68.7%	60.0%	+8,7 pp
OPEX	115	117	-2%
EBITDA	32	35	-9%
EBITDA margin	14,8 %	13,7 %	+1,1 pp
EBIT	19	20	-5%
EBIT margin	8,7 %	7,8 %	+0,9 pp
EPS	0.18	0.13	

H1 2022	H1 2021	YoY Change	FY 2021
145	114	26,4%	236
284	330	-13,7%	624
429	444	-3,4 %	860
282	283	-0,2 %	550
65,8	63,6		64
241	235	2,5 %	444
42	48	-13,1 %	106
9,7 %	10,8 %		7,8 %
15	19	-18,1 %	50
3,6 %	4,2 %		5,8 %
0.13	0.11		0.53

REVENUE DEVELOPMENT

QUARTERLY REVENUES

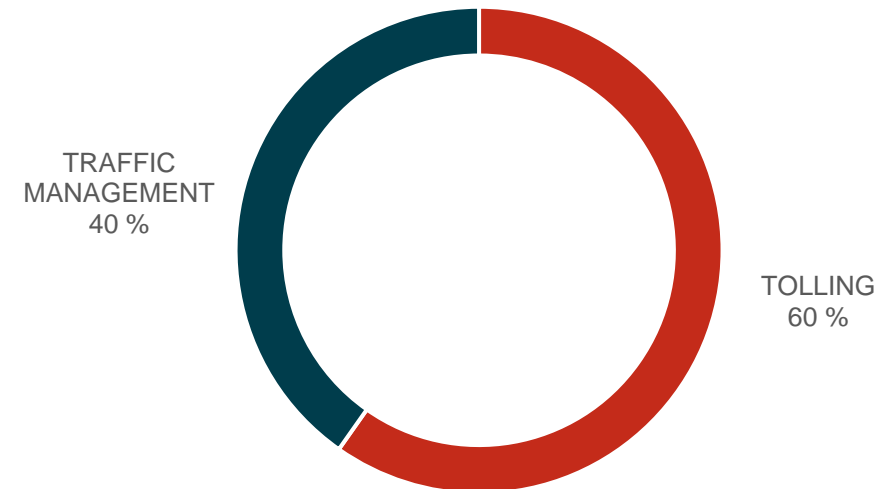
NOK million



Negative YoY growth due to temporary supply chain issues related to Tolling tags and cameras as well as shift to recurring business modell

Q2-22 REVENUES PER BUSINESS AREA

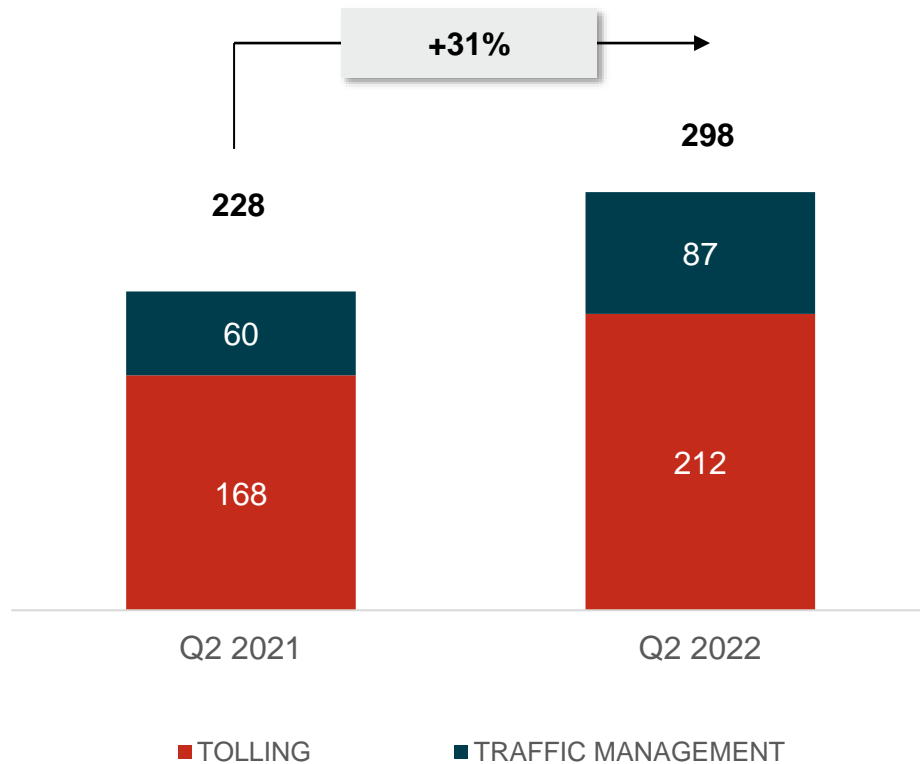
Percent



ARR DEVELOPMENT

ANNUALIZED RECURRING REVENUES (ARR)

NOK million



NEW CONTRACTS NOT INCL. IN Q2-22 FIGURE



ÅLESUND: >2.5 MNOK/year



TRONDHEIM: ~8 MNOK/year



TROMSØ: >4 MNOK/year



NORWAY (E6++): >2 MNOK/year



US SaaS agreement: ~20 MNOK/year



Chile S&M agreement ~1.5 MNOK/year

SEGMENT REVENUE DETAILS

KEY FIGURES

NOK million

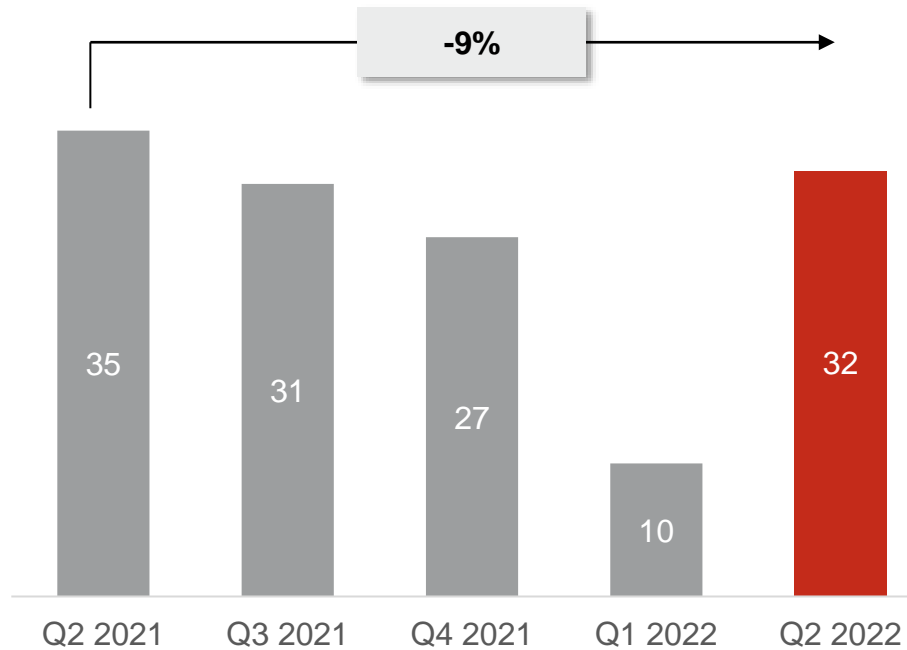
SEGMENT	Q2-22	Q2-21	YoY Change
Tolling	128	162	-21%
Traffic Management	86	91	-5%
Assets held for sale	-*	-*	
REVENUES	214	253	-15%

H1 2022	H1 2021	YoY Change	FY 2021
280	280	0%	553
149	161	-7%	305
-*	2*	-100%	2*
429	444	-3%	861

* Parking assets divested in Q1-21

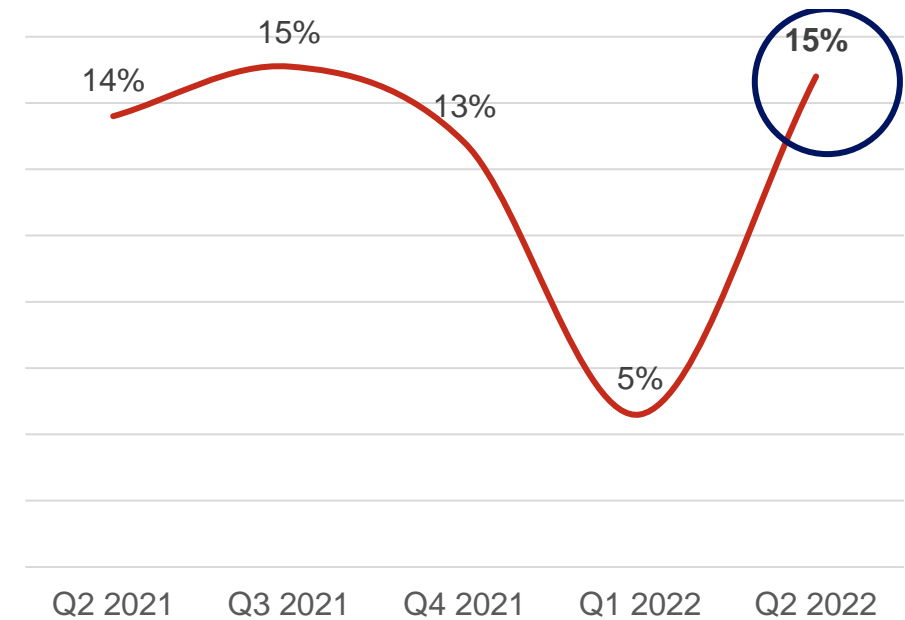
EBITDA DEVELOPMENT

EBITDA NOK million



EBITDA MARGIN

Percent



High margin in Q2-22 driven by solid project margin in Tolling and high SW revenues in Traffic Management

SEGMENT EBITDA DETAILS

KEY FIGURES

NOK million

SEGMENT	Q2-22	Q2-21	Margin change
Tolling	23	35	-3,7 pp
Traffic Management	15	9	-7,4 pp
Assets held for sale*	-		-
Group Functions	-7	-10	-
EBITDA	32	35	0 pp

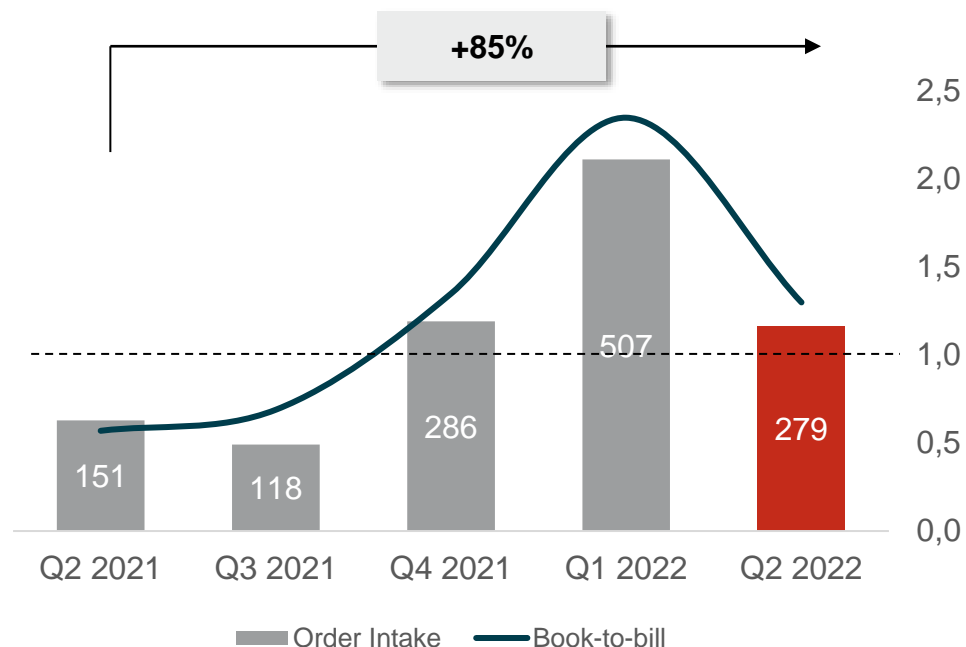
H1 2022	H1 2021		FY 2021
50	56		114
8	13		22
-	-2		-2
-17	-19		-29
42	48		106

* Parking assets divested in Q1-21

ORDER INTAKE DEVELOPMENT

ORDER INTAKE & BOOK-TO-BILL PER QUARTER

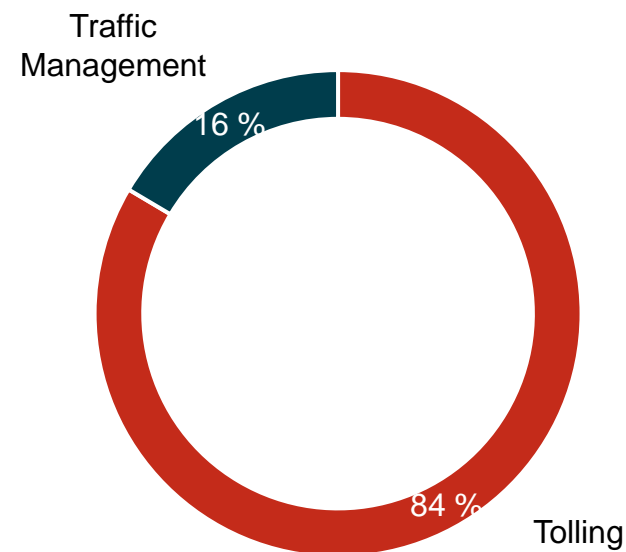
NOK million / ratio



Continuously strong pipeline for new projects in new and existing markets

Q2-22 ORDER INTAKE PER BUSINESS AREA

Percent

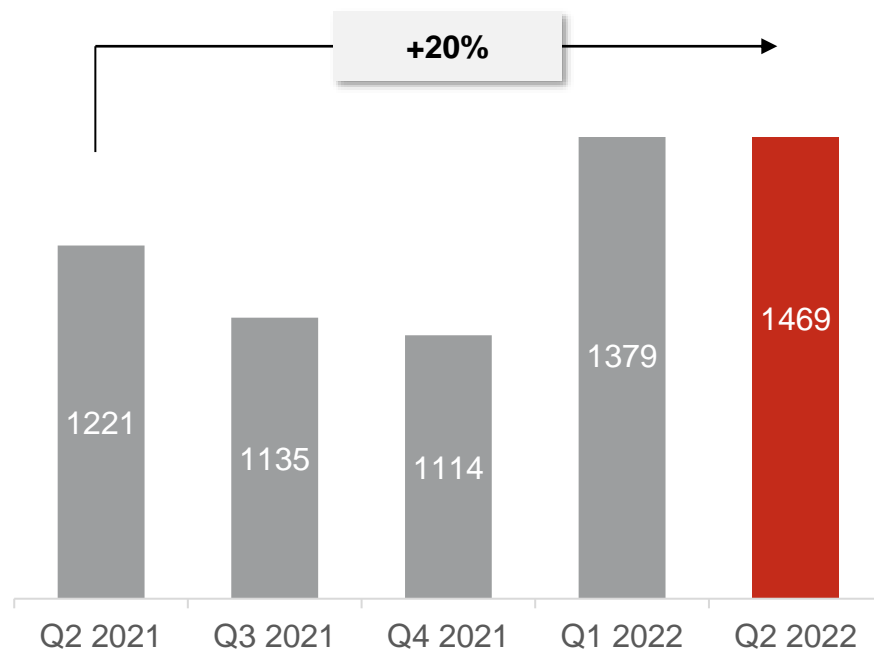


Traffic Management's share of order intake below expected level due to the war in Ukraine

ORDER BACKLOG DEVELOPMENT

ORDER BACKLOG

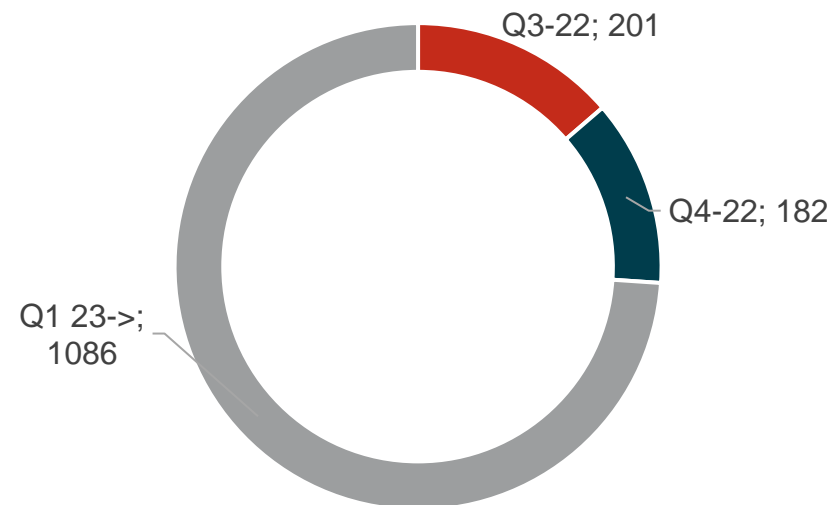
NOK million



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

EXPECTED DELIVERY SCHEDULE

NOK million



Supply chain situation might cause changes

CASH FLOW AND AVAILABLE FUNDS

CASH FLOW

NOK million

FROM OPERATIONS:

-10 MNOK (29)

FROM INVESTING:

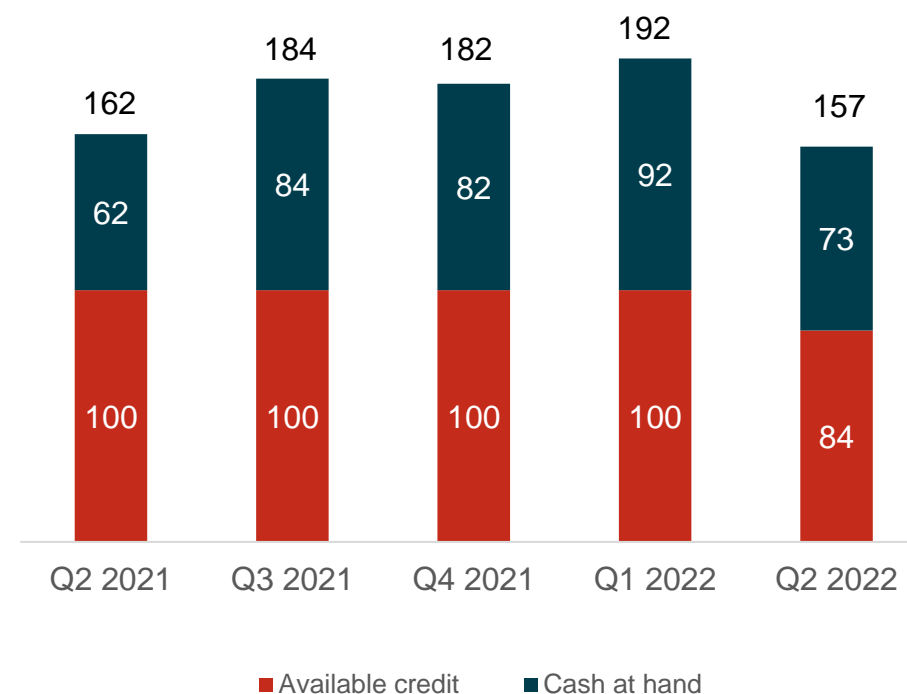
-13 MNOK (-5)

FROM FINANCING:

3 MNOK (-16)

AVAILABLE CREDIT AND CASH AT HAND

NOK million

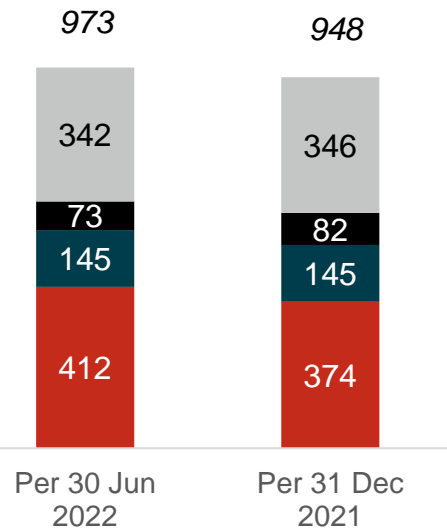


BALANCE SHEET

BALANCE SHEET COMPOSITION

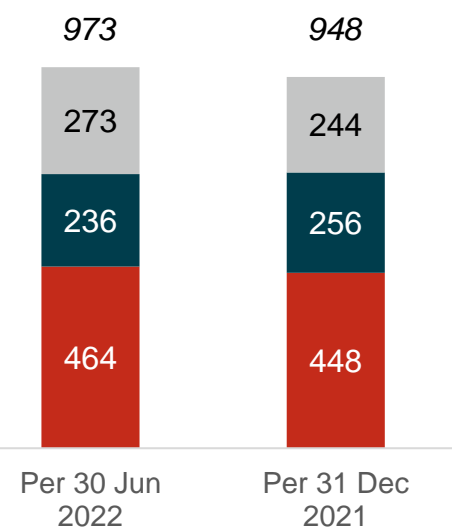
NOK million

Assets



- Other current assets
- Cash
- Other non-current assets
- GW & other intangible assets

Equity & liabilities



- Current liabilities
- Non-current liabilities
- Equity

KEY BALANCE SHEET RATIOS

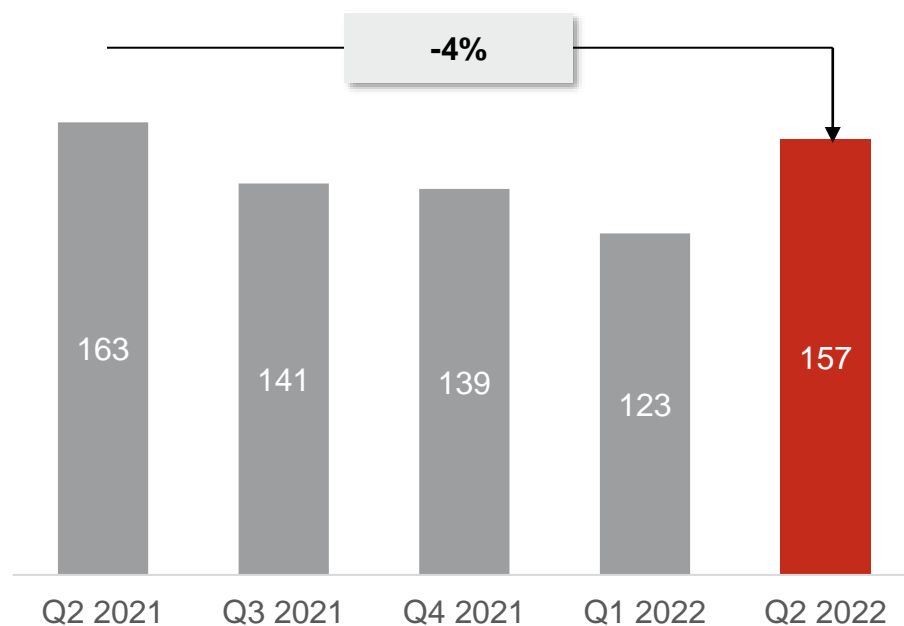
EQUITY RATIO (Q2-21):
48% (44%)

WORKING CAPITAL RATIO (Q2-21):
13% (14%)

NET INTEREST BEARING DEBT

NET INTEREST BEARING DEBT

NOK million



KEY DEBT RATIOS/FIGURES

12 MONTH NIBD/EBITDA

1.6

NET FINANCIAL ITEMS:

-3 MNOK (-4)

An aerial photograph showing a two-lane asphalt road that curves through a dense green forest. The road is bordered by a dark, calm body of water on one side and a lighter, rippled body of water on the other. A few cars are visible on the road. The text 'STRATEGY & OUTLOOK' is overlaid in white on the bottom left.

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

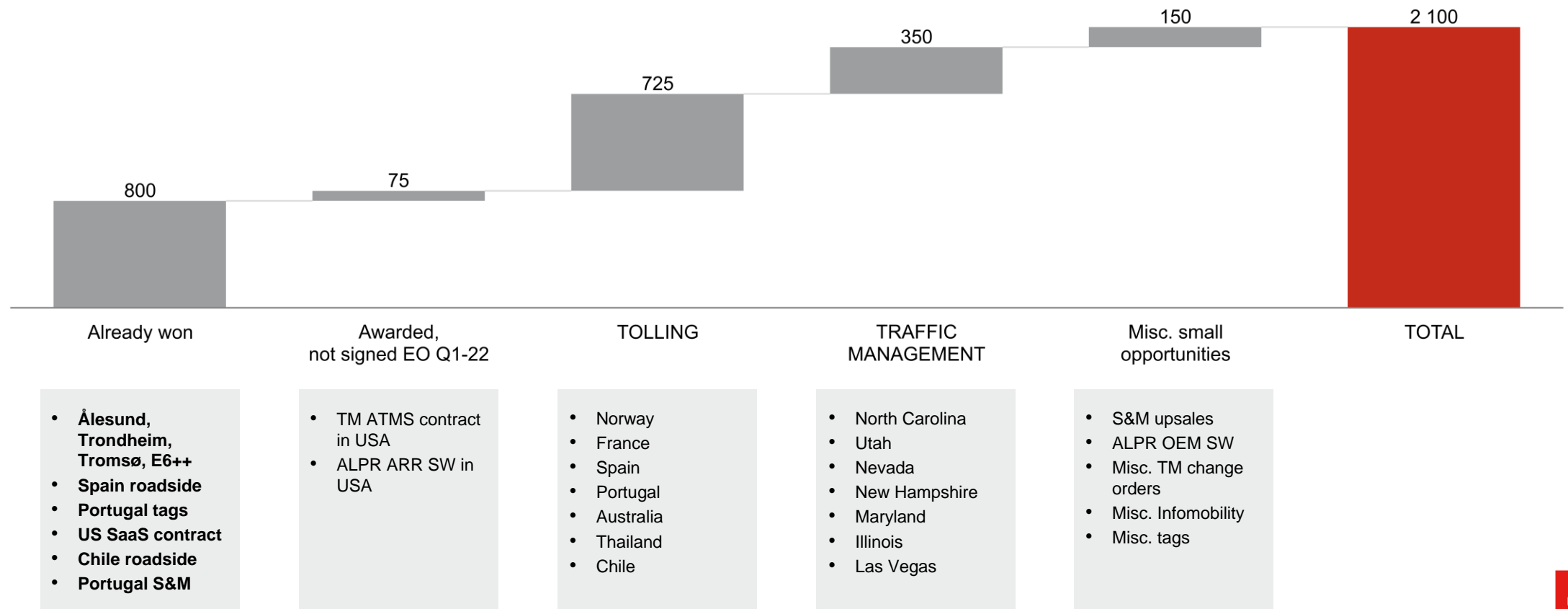
ATTRACTIVE SHORT-TERM OPPORTUNITY PIPELINE



ESTIMATES

ADDRESSABLE OPPORTUNITIES EXPECTED TO BE TENDERED/AWARDED IN 2022

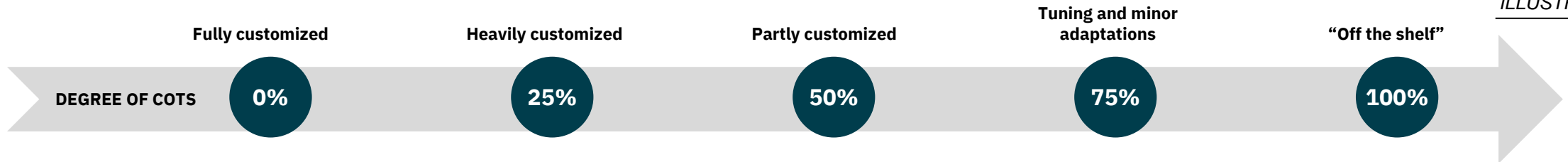
NOK million



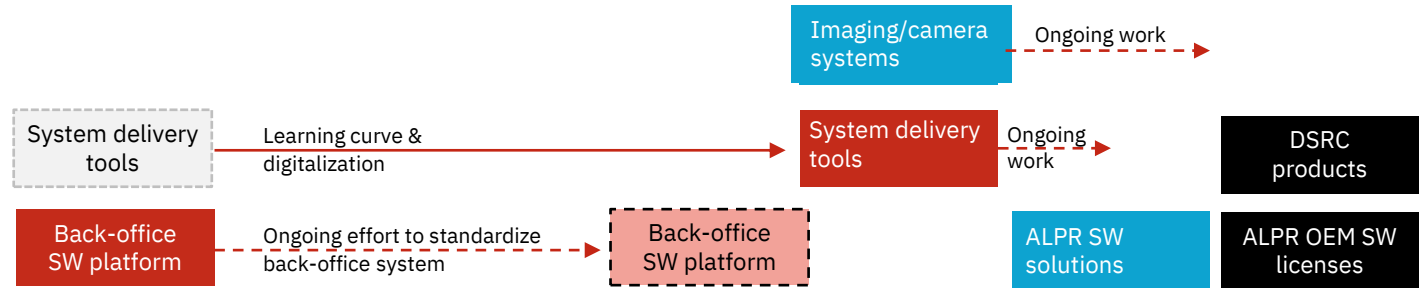
INCREASED SCALABILITY ENABLES GROWTH



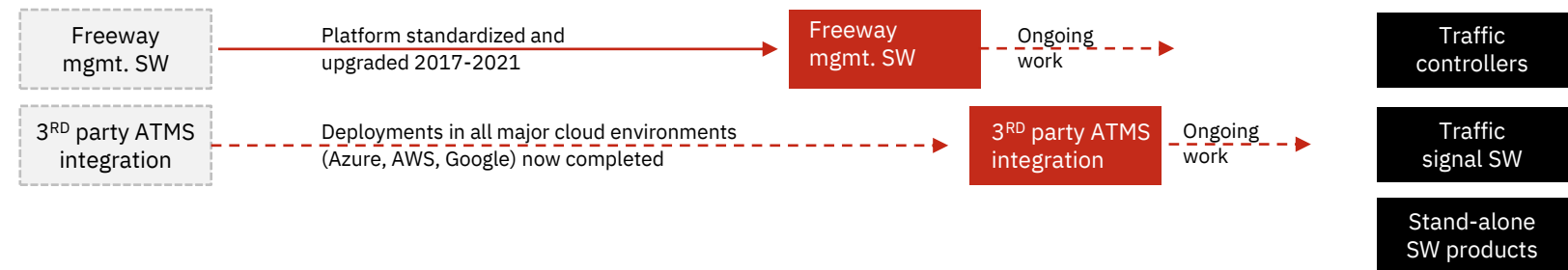
ILLUSTRATIVE



Tolling



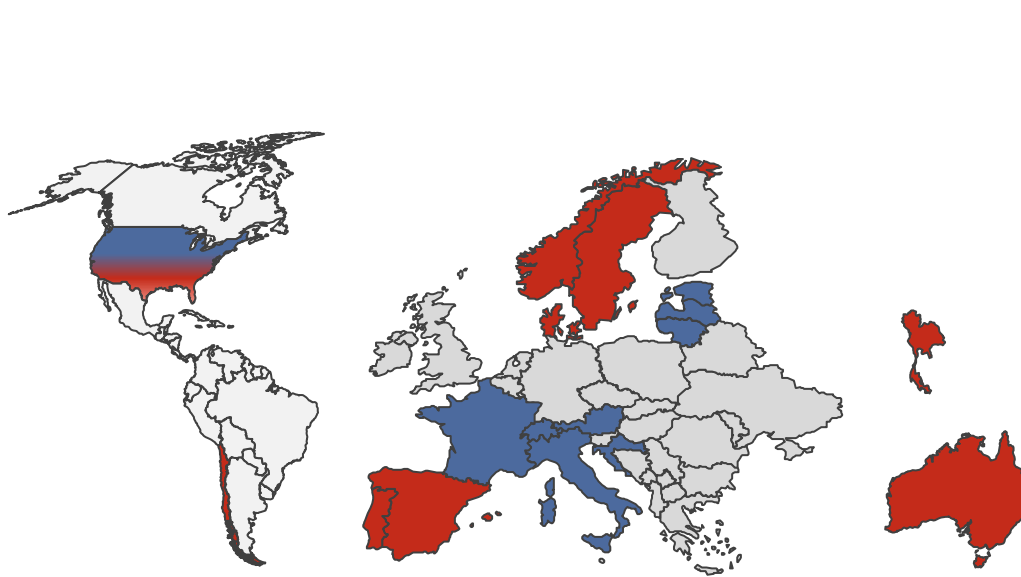
Traffic management





NEW MARKET ENTRIES TO LEVERAGE PORTFOLIO INNOVATIONS AND SCALABILITY











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


ADDING SW SALES RESOURCES TO DRIVE GROWTH



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



- ✓ 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
- 1-2 new Urban SW sales resources in the US to be added
- 1-2 Infomobility sales resources in the US to be added



Q&A



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Register of business enterprise
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