



Q1

FIRST QUARTER

2023

THE PRIME MOVER IN
TRAFFIC TECHNOLOGY

Highlights

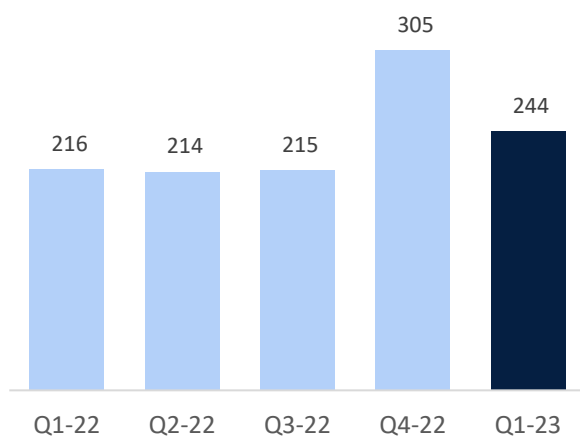
Q1 2023

- 29% YoY growth in recurring revenues to a calculated ARR of 361 MNOK
- 244 MNOK in revenues, up 13% YoY driven by product deliveries
- 12 MNOK in EBITDA (5% margin) compared to 10 MNOK in Q1-2022
- 22 MNOK in net cash flow from operations
- 189 MNOK in order intake and 1 418 MNOK in order backlog, up 3% YoY



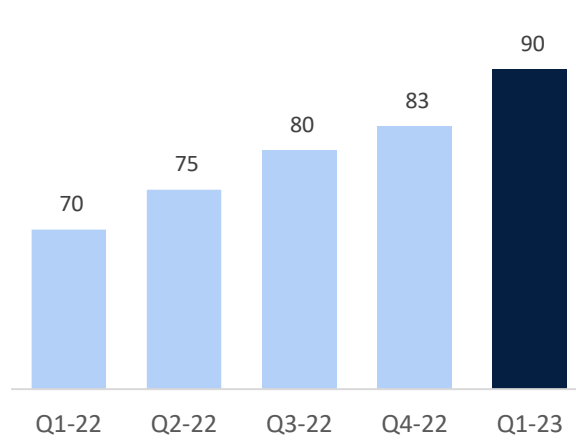
REVENUES LAST 5 QUARTERS

MNOK



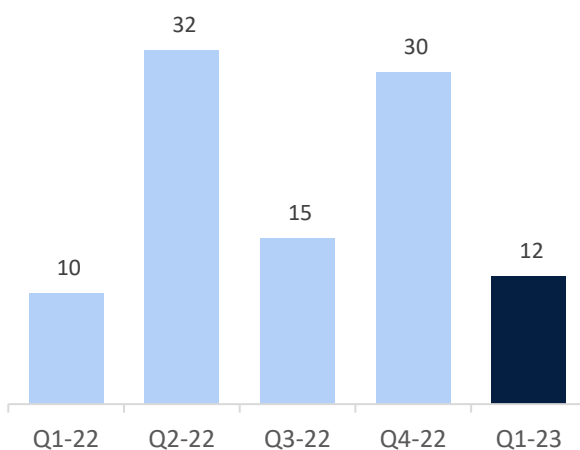
RECURRING REVENUES LAST 5 QUARTERS

MNOK



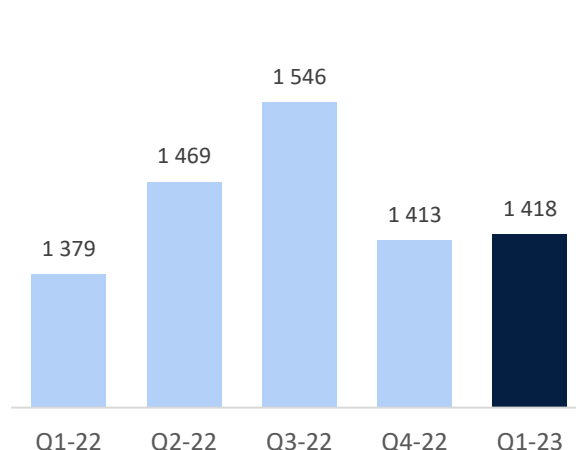
EBITDA LAST 5 QUARTERS

MNOK



ORDER BACKLOG LAST 5 QUARTERS

MNOK



Financial review

KEY FIGURES

NOK 1.000	Q1 2023	Q1 2022	Y/Y-%	FY 2022 ¹	Y/Y-%
Recurring revenues	90,130	69,883	29.0%	308,137	6.6%
Non-recurring revenues	154,043	145,635	5.8%	640,832	1.3%
Total revenues	244,173	215,518	13.3%	948,968	-74.3%
Gross contribution	141,675	135,481	4.6%	592,094	-76.1%
Gross margin - %	58.0%	62.9%		62.4%	
Operating expenses	130,145	125,471	3.7%	505,770	-74.3%
EBITDA	11,529	10,010	15.2 %	86,324	-86.6%
EBITDA margin	4.7%	4.6%		9.1%	
Depreciation and amortisation	13,779	13,264	3.9%	53,835	-74.4%
Gain on disposal of assets	0	0		0	
Operating profit - EBIT	-2,249	-3,254		32,489	
EBIT margin	-0.9%	-1.5%		3.4%	
Profit before tax	-1,971	-5,159		12,334	
Profit margin	-0.8%	-2.4%		1.3%	
Profit after tax from continuing operations	639	-5,447		2,778	
Profit after tax	639	-5,447		2,778	
Profit for the period	639	-5,447		2,778	
EPS	0.01	-0.05		0.02	
Number of employees	346	349		339	

Profit and loss first quarter 2023

Q-Free generated total revenues of 244 MNOK in the first quarter of 2023, up 13 percent from Q1-22. Recurring revenues in the quarter were 90 MNOK, up 29 percent from 70 MNOK in Q1-22. This represented 37 percent of total revenues and 361 MNOK in Annual Recurring Revenue (ARR). Reference is made to the Alternative Performance Measure section for ARR definition and overview.

Tolling revenues ended at 154 MNOK, an increase of 1 MNOK from 153 MNOK in Q1-22. Within Tolling, revenues from product sales increased, whereas revenues from system projects and service and maintenance were quite stable. Traffic Management revenues ended at 90 MNOK, up 27 MNOK from 63 MNOK in Q1-22. Increase in both software and projects sales.

Gross margin decreased by 5 percentage points amid a less favourable product mix. Gross contribution was up 5 percent to 142 MNOK compared to Q1-22 due to higher revenues.

Operating expenses in Q1-23 amounted to 130 MNOK compared to 125 MNOK in Q1-22. Year over year, they are impacted by inflation and currency. The operating expenses in Q1-22 were impacted by the provision of losses on outstanding receivables in Ukraine (which Q-Free received the payments in Q4-22).

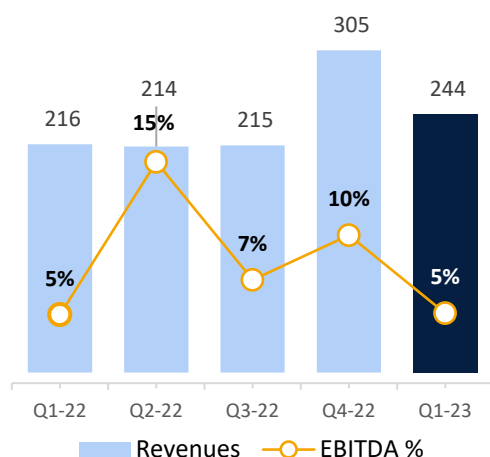
EBITDA in the quarter ended at 12 MNOK (5 percent margin), up from 10 MNOK (5 percent margin) in Q1-22.

Depreciation and amortization in Q1-23 ended at 14 MNOK at the same level as in Q1-22.



QUARTERLY REVENUES AND EBITDA MARGIN

MNOK & Percent



Operating profit (EBIT) in the first quarter ended at -2 MNOK compared to -3 MNOK in Q1-22.

Net financial items in the quarter were positive by 0,3 MNOK, up from -2 MNOK in Q1-22.

Reported pre-tax profit ended at -2 MNOK, up from -5 MNOK in Q1-22.

Earnings per share was 0,01 NOK in the first quarter of 2023 versus -0,05 NOK in Q1-22.

Balance sheet

Total assets as of 31 March 2023 were 1 091 MNOK, up from 1 083 MNOK at the end of Q4-22 and up from 930 MNOK as of Q1-22.

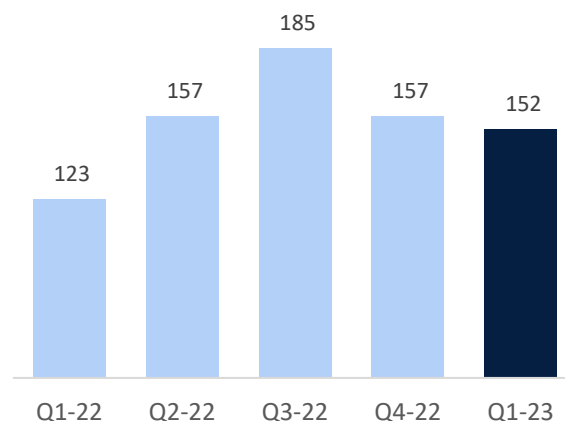
Total equity ended at 535 MNOK, up from 493 MNOK at the end of Q4-22 and up from 432 MNOK at the end of Q1-22. The equity ratio was 49 percent, up from 46 percent at the end of Q4-22 and at the end of Q1-22.

Non-current liabilities ended at 220 MNOK, up from 217 MNOK end of Q4-22 and down from 245 MNOK at the end of Q1-22.

Current borrowings to financial institutions were 21 MNOK down from 57 MNOK at the end of Q4-22 and at the same level as at Q1-22. Granted, but unused, credit facilities were 100 MNOK at the end of Q1-22, up from 71 MNOK at the end of Q4-22 and unchanged from 100 MNOK as of Q1-22.

Net interest-bearing debt (NIBD) ended at 152 MNOK, down from 157 MNOK in Q4-22 and up from 123 MNOK at the end of Q1-22.

QUARTERLY NIBD



Current liabilities were 335 MNOK at the end of the quarter, down from 374 MNOK at Q4-22 and up from 253 MNOK at the end of Q1-22.

Net working capital (defined as current assets excluding cash less current liabilities excluding current borrowings) amounted to 106 MNOK at the end of Q1-23, down from 109 MNOK at the end of Q4-22 and up from 88 MNOK at the end of Q1-22. The working capital ratio based on 12-month trailing revenues ended at 11 percent at end of Q1-23 versus 12 percent as at the end of Q4-21 and up from 10 percent at the end of Q1-22.

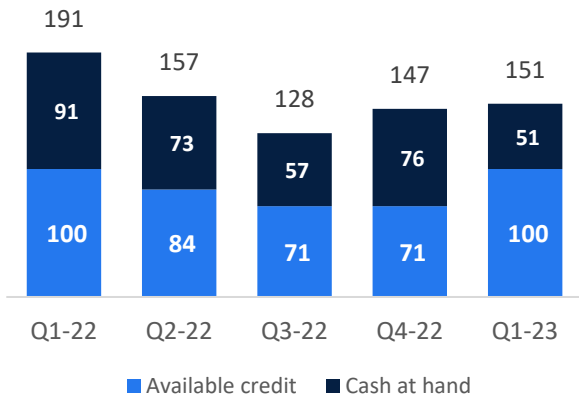
Cash flow

Net cash flow from operating activities was 22 MNOK in Q1-22 compared to 35 MNOK in Q1-22. The decrease is explained by inventory build-up.

Net cash flow from investment activities was -17 MNOK in Q1-23 compared to -12 MNOK in Q1-22.

Net cash flow from financing activities was -42 MNOK in Q1-23 versus -12 MNOK in Q1-22. The difference is explained by repayment of the credit line.

QUARTERLY AVAILABLE CREDIT AND CASH AT HAND
MNOK



Q-Free had 151 MNOK in available funds at the end of Q1-23, up from 147 MNOK at the end of Q4-22.

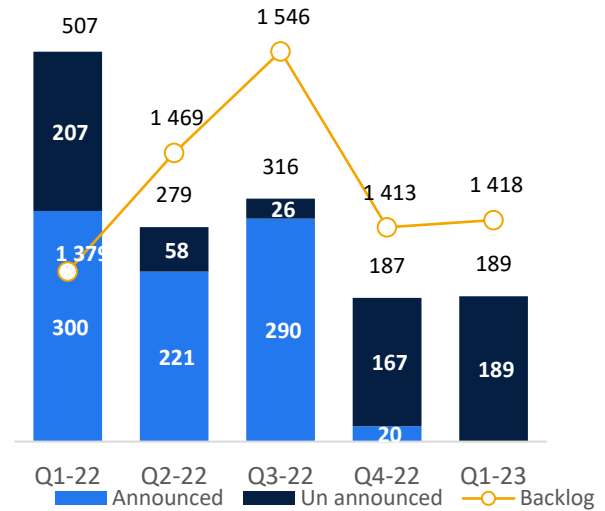
Order intake and backlog

Total reported order intake in the first quarter of 2023 was 189 MNOK compared to 507 MNOK in Q1-22. Book-to-bill in the quarter ended at 0,77.

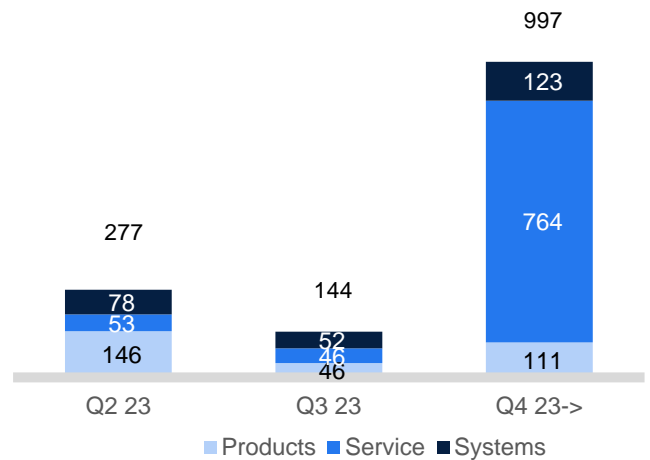
The order backlog at the end of Q1-23 was 1 418 MNOK, up from 1 379 MNOK at the end Q1-22 and slightly up since the end of the previous quarter, affected by exchange-rate fluctuations. 277 MNOK of the backlog is scheduled for delivery in Q2-23, and 1 141 MNOK in Q3 2023 and beyond.

In terms of revenue mix, the order backlog is composed of 21 percent product deliveries, 61 percent service and maintenance contracts and 18 percent system projects.

ORDER BACKLOG AND ORDER INTAKE
MNOK



ORDER BACKLOG COMPOSITION
MNOK



Segment overview

Q-Free's segment structure per Q1 2023:



Tolling

- Electronic Toll Collection
- Congestion Charging
- Road User Charging
- ALPR/ANPR enforcement
- DSRC Tags & Readers



Traffic Management

- Regional Freeway Management & Advanced Traffic Management Systems (ATMS)
- Traffic Signal Management
- Weigh-in-Motion
- Traffic Counting and Classification

OFFERING

KEY MARKETS

Europe
 Norway
 Sweden
 Denmark
 Portugal
 Spain
 Slovenia
 France

Americas
 USA
 Chile

Asia Pacific
 Australia
 Thailand

Europe
 UK
 Ukraine

Americas
 USA
 Canada
 Mexico

Asia Pacific
 Australia



Tolling

- Electronic Toll Collection
- Congestion Charging
- Road User Charging
- ALPR/ANPR enforcement
- DSRC Tags & Readers

REVENUES AND MARGINS

Tolling revenues in Q1-23 amounted to 154 MNOK, at the same level as in Q1-22.

Tolling achieved an EBITDA of 13 MNOK in Q1-23, a decrease from 27 MNOK from Q1-22.

ORDER SITUATION

Q-Free booked Tolling contracts worth 105 MNOK in the quarter. The order intake consisted of various small and medium-sized orders.

The order backlog ended at 1 218 MNOK, down from 1 236 MNOK in Q1-22. Product deliveries account for 17 percent of the backlog value and are typically sold with short lead-times, while the remaining consists of system projects and long-term service & maintenance contracts.

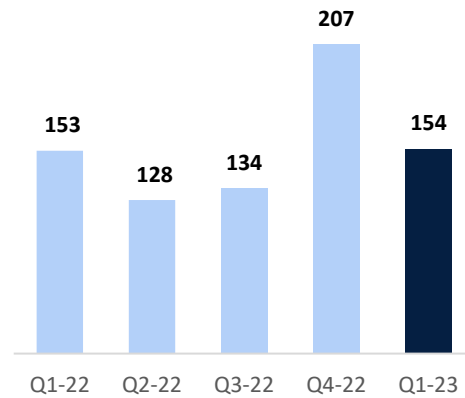
TOLLING REVENUES AND EBITDA

MNOK

	Q1-23	Q1-22
REVENUES	154	153
EBITDA	13	27

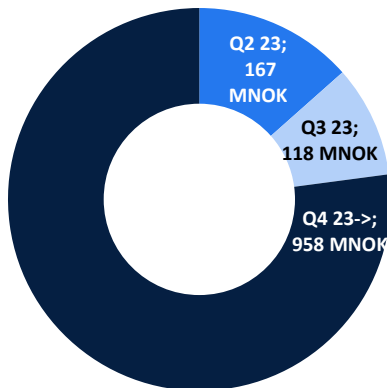
LAST 5 QUARTERS TOLLING REVENUES

MNOK



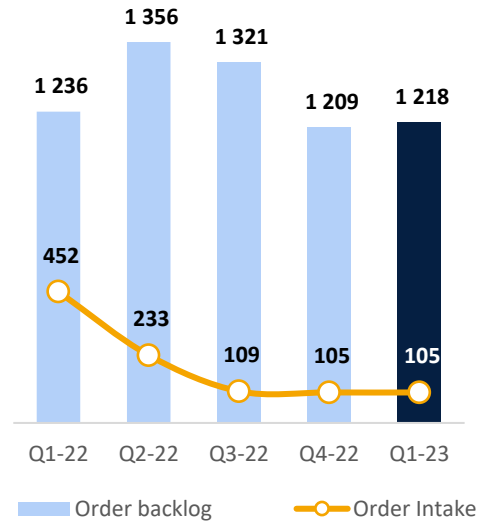
TOLLING ORDER BACKLOG DISTRIBUTION

MNOK



TOLLING ORDER BACKLOG & ORDER INTAKE

MNOK





Traffic Management

- Regional Freeway Management & Advanced Traffic Management Systems (ATMS)
- Traffic Signal Management
- Weigh-in-Motion & Traffic Counting and Classification

REVENUES AND MARGINS

Traffic Management revenues ended at 90 MNOK in Q1-23, up from 63 MNOK in Q1-22.

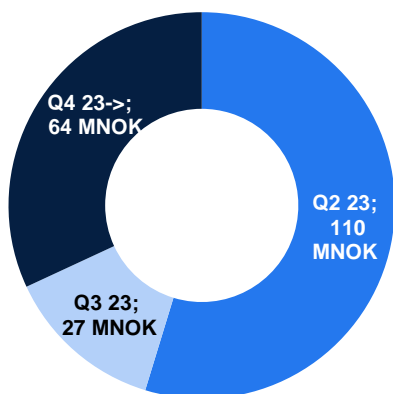
EBITDA ended at 7 MNOK in the quarter compared to -7 MNOK in Q1-22. The increase is mainly due to a more favourable product mix. The Q1-22 figures were impacted by 6 MNOK provision for potential losses on accounts receivables in Ukraine for deliveries made late in 2021 that Q-Free recognized in Q4-21.

ORDER SITUATION

Q-Free booked Traffic Management contracts in the quarter worth 84 MNOK compared to 55 MNOK in Q1-22. The order intake comprised several small and medium-sized orders in the US.

The order backlog ended at 200 MNOK.

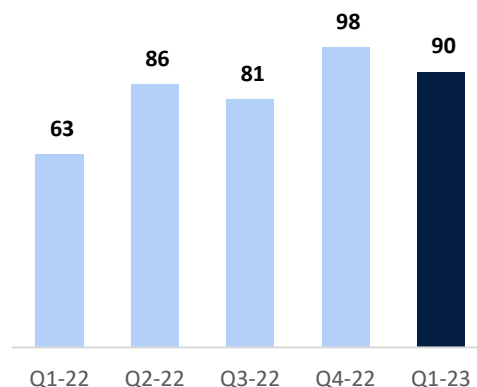
TRAFFIC MANAGEMENT ORDER BACKLOG DISTRIBUTION MNOK



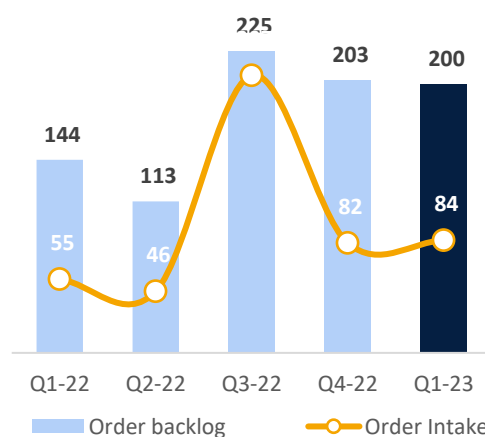
TRAFFIC MANAGEMENT REVENUES AND EBITDA MNOK

	Q1-23	Q1-22
REVENUES	90	63
EBITDA	7	-7

LAST 5 QUARTERS TRAFFIC MANAGEMENT REVENUES MNOK



TRAFFIC MANAGEMENT ORDER BACKLOG & ORDER INTAKE MNOK



Outlook

Q-Free is driving progress in an industry of awakening worldwide interest due to the urgent and unmet needs for free-flowing, clean, and safe transportation. We have spent the last years reducing complexity and optimizing our organizational structure, and now we focus on scaling and expanding our business for continued, measurable impact.

Our focus on recurring revenue builds a stable and predictable business model. Using novel technology and open platforms, we aim to create intelligent solutions for efficient, safe, and eco-friendly transport. In Q4 2022, we launched Kinetic® Mobility, a cloud-based traffic management platform that unites urban, interurban, and infomobility in a single off-the-shelf system, and the Platform is now being implemented with very positive feedback from our customers. Working closely together with our customers to solve future needs is key. A new operational back office (OBO) for tolling projects was also implemented on Customer sites and marks a new era for standardization and synergy across Q-Free's products.

The shift in our business model to recurring revenue, combined with investments in technology and innovation, may reduce short-term revenue. However, recurring models create stable, long-term income and opportunities to upsell. We continue to build a robust sales force as exceeding market and customer needs is crucial to our goal of long-term growth.

As the market conditions change and increased focus on ITS as a whole, Q-Free is now undergoing a review of strategy and goals to ensure that these are in line with

current market conditions, future customer needs and demands and opportunities ahead, so that we ensure that we are at the helm of the ITS industry in the years to come. The balance between continuous improvement, customer outreach, markets upsell and innovation for the future is key.

Q-Free's dedication to innovation drives us forward. Our team in Australia won an ITS Australia Connected and Automated Vehicle Award thanks to our technology and teamwork. We did in Q1 also secure a 16 MNOK grant from the Norwegian Research Council for new GNSS tags used in next-generation Road User Charging in Q1. In America, 1.2 trillion USD in federal funds are available for infrastructure and we have, and will continue, to help US customers get some of this while showcasing the window of opportunity that our ATMS solutions represents. Aiming to deliver the best solutions for customers, the environment, and our business, we know that ESG will be part of our license to operate. We explore analytical and data-driven approaches to ESG that both spur innovation and support regulatory compliance.

The focus from governmental bodies on ITS sector shows the need for Q-Free and companies alike. The global push for sustainability is awakening interest in our portfolio: low-carbon policies are in place, funds are allocated, and pollution hotspots are addressed, with targeted traffic measures to accelerate to green, just mobility. Smart traffic management, tolling and low-emission zones, and connected vehicles are all viable solutions in the transition economy.

Consolidated financial statements

STATEMENT OF PROFIT OR LOSS
STATEMENT OF COMPREHENSIVE INCOME
STATEMENT OF FINANCIAL POSITION
STATEMENT OF CASH FLOWS
STATEMENT OF CHANGES IN EQUITY

INDEX OF NOTES

- 1 General information & Accounting policies
- 2 Operating Segments
- 3 Revenue
- 4 Borrowings
- 5 Net financial items
- 6 Share based compensation
- 7 Employee benefit expenses

ALTERNATIVE PERFORMANCE MEASURES

Interim condensed consolidated statement of profit or loss

31 MARCH 2023

Amounts in TNOK	Note	Q1 2023	Q1 2022	FY 2022
Revenue from customers	3	244 173	215 518	948 968
Total operating revenue		244 173	215 518	948 968
Cost of goods sold		82 767	65 818	291 152
Project contractor expenses		19 731	14 219	65 722
Employee benefit expenses		91 061	82 061	343 809
Other operating expenses		39 084	43 410	161 961
Total operating expenses		232 643	205 508	862 644
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		11 529	10 010	86 324
Depreciation of property, plant and equipment		9 789	8 011	35 573
Amortisation of intangible assets		3 990	5 253	18 261
Gain on disposal of assets		-	-	-
Total depreciation, amortization and impairment		13 779	13 264	53 835
Earnings before interest and taxes (EBIT)		-2 249	-3 254	32 489
Financial income	5	19 808	642	24 540
Financial expenses	5	-19 529	-2 546	-44 696
Net financial items	5	279	-1 904	-20 156
Profit before tax		-1 971	-5 159	12 334
Tax expense		2 609	-288	-9 555
Profit / (-) loss for the year from continuing operations		639	-5 447	2 778
Profit / (-) loss for the year on discontinued operations, net of tax				
Profit / (-) loss for the period		639	-5 447	2 778
Earnings per share		0,01	-0,05	0,02
Diluted earnings per share		0,01	-0,05	0,02

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 2023

Amounts in TNOK	Note	Q1 2023	Q1 2022	FY 2022
Profit / (-) loss for the period		639	-5 447	2 778
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Currency translation differences, net of tax		41 443	10 695	42 888
Other comprehensive income for the period, net of tax		41 443	10 695	42 888
Total comprehensive income for the period, net of tax		42 082	5 248	45 666

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

Interim condensed consolidated statement of financial position

31 MARCH 2023

Amounts in TNOK	Note	Q1 2023	Q1 2022	FY 2022
ASSETS				
Deferred tax assets		52 861	47 449	47 835
Intangible assets		112 295	93 318	102 956
Goodwill		335 184	283 390	313 049
Property, plant and equipment	1	115 542	85 739	113 745
Non-current receivables		3 322	6 549	3 492
TOTAL NON-CURRENT ASSETS		619 204	516 445	581 077
Inventories		104 548	85 348	86 593
Contract assets		95 470	65 659	92 473
Accounts receivable		180 373	144 444	203 253
Other current assets		39 970	26 553	43 562
Cash and cash equivalents		50 946	91 901	76 382
TOTAL CURRENT ASSETS		471 307	413 906	502 264
TOTAL ASSETS		1 090 510	930 351	1 083 339

Interim condensed consolidated statement of financial position

31 MARCH 2023

Amounts in TNOK	Note	Q1 2023	Q1 2022	FY 2022
EQUITY AND LIABILITIES				
Subscribed share capital		42 273	42 273	42 273
Share premium		649 939	649 939	649 939
Other paid-in capital		20 931	21 344	20 931
Retained earnings		-178 028	-281 920	-220 111
TOTAL EQUITY		535 114	431 636	493 031
Non-current borrowings	4	181 896	196 008	176 815
Non-current financial liabilities	1	38 330	49 218	39 722
Total non-current liabilities		220 226	245 226	216 538
Current borrowings	4	20 692	19 097	56 673
Advance payments from customers		94 862	60 230	89 433
Accounts payable		106 685	75 700	101 867
Taxes payable		-	148	975
Public duties payable		12 243	16 543	17 284
Current financial liabilities	1	23 086	12 913	21 947
Other current liabilities		77 604	68 859	85 592
Total current liabilities		335 172	253 490	373 770
TOTAL LIABILITIES		555 397	498 716	590 308
TOTAL EQUITY AND LIABILITIES		1 090 510	930 351	1 083 339

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 2023

Amounts in TNOK	Q1 2023	Q1 2022	FY 2022
Cash flow from operations			
Profit before tax	-1 971	-5 159	12 334
Paid taxes	-	-	-8 830
Depreciation and impairment of property, plant and equipment	9 789	8 011	34 761
Amortisation and impairment of intangible assets	3 990	5 253	18 261
Share-based payment expense	-	-24	390
<i>Working capital adjustments:</i>			
Changes in inventory	-17 955	484	-762
Changes in contract assets	-2 997	-5 969	-32 783
Changes in accounts receivable	22 881	29 986	-28 823
Changes in advance payments from customers	5 429	34 235	63 438
Changes in accounts payable	4 819	-2 485	23 682
Changes in other items	-2 069	-29 176	10 532
Net cash flow from operations	21 916	35 155	92 199
Cash flow from investing activities			
Investments in PP&E and intangible assets	-17 001	-12 072	-70 827
Cash flow from investing activities	-17 001	-12 072	-70 827
Cash flow from financing activities			
Cash proceeds from borrowings	-	-	28 567
Repayment of borrowings	-33 740	-4 702	-19 686
Payments of lease liabilities	-6 415	-5 916	-23 091
Interest received	384	158	476
Interest paid	-2 271	-1 955	-11 855
Cash flow from financing activities	-42 042	-12 415	-25 589
Effect on cash and cash equivalents of changes in foreign exchange rates	11 690	-782	-1 417
Net change in cash and cash equivalents for the period	-25 437	9 886	-5 632
Cash and cash equivalents beginning of period	76 382	82 015	82 015
Cash and cash equivalents end of period	50 945	91 901	76 382

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 2023

Amounts in TNOK

	Subscribed share capital	Share premium	Other paid-in capital	Retained earnings	Currency translation differences, net of tax	Total
Total equity 31.12.2022	42 273	649 939	20 931	-339 589	119 476	493 031
Profit / (-) loss for the period	-	-	-	640	-	640
Other comprehensive income	-	-	-	-	41 443	41 443
Total comprehensive income for the period	42 273	649 939	20 931	-338 949	160 919	535 114
Share-based payment expense	-	-	-	-	-	-
Total equity 31.03.2023	42 273	649 939	20 931	-338 949	160 919	535 114
Total equity 31.12.2021	42 273	649 939	21 320	-342 368	76 588	447 752
Profit / (-) loss for the period	-	-	-	2 779	-	2 779
Other comprehensive income	-	-	-	-	42 888	42 888
Total comprehensive income for the period	42 273	649 939	21 320	-339 589	119 476	493 419
Share-based payment expense	-	-	-389	-	-	-389
Total equity 31.12.2022	42 273	649 939	20 931	-339 589	119 476	493 031

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

Notes to the condensed interim financial statements

Q1 2023

NOTE 1 – GENERAL INFORMATION & ACCOUNTING POLICIES

The Q-Free Group provides leading technology solutions to the global ITS market. Q-Free has 340 employees, is headquartered in Trondheim Norway, and has local offices in 15 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 Q1 2023, 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 the information required for the full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2022. The consolidated financial statements for 2022 are available from the company's website, www.q-free.com. The consolidated condensed interim financial statements were approved by the Board of Directors at its meeting on 26 April 2023.

The preparation of Q-Free Group's interim 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 2023 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 2022.

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 two 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)
Traffic Management	Regional Freeway Management and Advanced Management Traffic Systems (ATMS), Traffic Signal Management, Weight in motion, Traffic Counting and Classification

Global Functions do not represent a separate segment but are expenses that are not relevant to allocate to specific segments. Global 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 table below.

NOTE 2 OPERATING SEGMENTS

SEGMENTS	TOLLING		Traffic Management		Global functions		TOTAL	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
<i>Amounts in TNOK</i>								
Revenue from customers	154 161	152 829	90 012	62 689	-	0	244 173	215 518
Revenue from customers	154 161	152 829	90 012	62 689	-	-	244 173	215 518
Cost of goods sold	52 670	46 460	30 097	19 358	0	0	82 767	65 818
Project contractor expenses	17 057	13 629	2 674	590	0	0	19 731	14 219
Gross Contribution	84 434	92 740	57 241	42 740	-	-	141 675	135 481
Gross margin - %	54,8 %	60,7 %	63,6 %	68,2 %			58,0 %	62,9 %
Total OPEX	71 698	65 862	49 888	49 539	8 560	10 069	130 145	125 471
EBITDA	12 736	26 878	7 353	-6 799	-8 560	-10 069	11 530	10 010
EBITDA margin	8,3 %	17,6 %	8,2 %	-10,8 %			4,7 %	4,6 %
Depreciation and amortisation	10 510	8 374	3 268	4 890	0	0	13 779	13 264
Gain on sale of assets					0	0	0	0
EBIT	2 226	18 504	4 084	-11 689	-8 560	-10 069	-2 249	-3 254
EBIT margin	1,4 %	12,1 %	4,5 %	-18,6 %			-0,9 %	-1,5 %

NOTE 3 REVENUES

Revenue from customers is disaggregated in the table below by type of category and segment.

<i>Amounts in TNOK</i>	Tolling		Traffic Management		Total	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Recurring revenue*						
Service & Maintenance, contracting arrangements	40 151	35 415	17 620	16 182	57 771	51 597
Software	17 208	15 178	15 151	3 108	32 359	18 286
Recurring revenue	57 359	50 593	32 771	19 290	90 130	69 883
Non-recurring revenue						
Product deliveries	48 159	36 543	12 164	24 027	60 323	60 570
System Projects	48 643	65 693	45 077	19 372	93 720	85 065
Non-recurring revenue	96 802	102 236	57 241	43 399	154 043	145 635
Revenue from customers	154 161	152 829	90 012	62 689	244 173	215 518

*Refer to definition in APM section

NOTE 4 BORROWINGS

Type	Effective interest rate %****	Maturity***	31.03.2023	31.03.2022	31.12.2022
Non-current					
Nordea - Term loan *)	4,75%	30 August 2026	82 000	82 000	73 800
Nordea - Revolving Multicurrency Credit Facility (RCF) **)	Interbank + 1,9%	30 June 2025	50 000	50 000	50 000
Nordea - USD term loan	Interbank + 1,9%	30 June 2025	16 502	19 227	17 250
Nordea - EUR term loan	Interbank + 1,9%	30 June 2025	11 394	13 981	11 565
Nordea - NOK term loan	Interbank + 1,9%	30 June 2025	22 000	30 800	24 200
Total non-current borrowings			181 896	196 008	176 815
Current					
Nordea - Term loan *)	4,75%	30 August 2026	-	-	8 200
Nordea - USD term loan	Interbank + 1,9%	30 June 2025	7 334	6 798	6 900
Nordea - EUR term loan	Interbank + 1,9%	30 June 2025	4 558	3 499	4 206
Nordea - NOK term loan	Interbank + 1,9%	30 June 2025	8 800	8 800	8 800
Nordea - Credit line**	Interbank + 1,9%	Anually		-	28 567
Total current borrowings			20 692	19 097	56 673
Total borrowings			202 587	215 105	233 488

* The facility is partly guaranteed by GIEK as part of the Norwegian government's Covid-19 support packages. Repayment Plan shall be negotiated before end of Q2-2023

** The facility is automatically renewed annually. The facility can be drawn in various currencies based on requirements of Q-Free

*** Maturity date is based on the amended contract with the main bank. The termination date is subject to extension options.

**** The effective interest rates of selected facilities/borrowings are dependent on the leverage ratio.

Debt covenants

The following loan covenants apply:

There is a minimum equity ratio covenant of 35%, where equity ratio is defined as equity subordinated loans divided on total assets. The leverage ratio should not exceed 3,50. Leverage ratio is calculated as long term borrowings plus short term borrowings plus lease-obligation less cash and cash equivalents divided on 12M EBITDA.

Capital expenditure should not exceed tNOK 45 000, measured annually. "Right of use Assets" under IFRS16 and any expenditure or obligation in respect of an Approved Norwegian Tolling Contract and capitalized value of ERP project is not considered CAPEX for this purpose. All financial covenants are subject to clauses for possible "repair" either before or after the date of measurement. In addition to financial covenants mentioned above, the contract contains other covenants that are considered common for similar contractual relationships. This includes limitations on acquisitions, disposals, change of control and conditions related to continued listing.

The effective interest rate of selected facilities/borrowings will in the future be dependent on the leverage ratio.

As of Q1-23, Q-Free was compliant with all financial covenants.



NOTE 5 NET FINANCIAL ITEMS

Amounts in TNOK

Financial items	Q1 2023	Q1 2022	FY 2022
Interest income	546	158	477
Realised exchange rate differences	11 953	1 235	12 495
Unrealised exchange rate differences	7 309	-751	11 568
Financial income	19 808	642	24 540
Interest expense	-785	-593	-2 401
Interest on borrowings	-4 358	-1 362	-9 453
Realised exchange rate differences	-2 771	0	-14 439
Unrealised exchange rate differences	-10 679	-2 581	-11 177
Other financial expense	-935	1 990	-7 225
Financial expense	-19 529	-2 546	-44 695
NET FINANCIAL ITEMS	279	-1 904	-20 155

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.

Recurring revenue and annual recurring revenue:

Recurring revenue is revenue that is considered secured based on contractual rights or highly likely based on experience, expected to last for a period of more than twelve months. Typical sources of recurring revenue in Q-Free are software license agreements and service contracts.

Annual recurring revenue is calculated as last quarter's recurring revenue multiplied by 4.

<i>Amounts in TNOK</i>	Tolling		Traffic Management		Total	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Annual recurring revenue						
Service & Maintenance, contracting arrangements	160 605	141 659	70 479	64 729	231 084	206 388
Software	68 831	60 711	60 604	12 432	129 434	73 143
Annual recurring revenue	229 436	202 370	131 083	77 161	360 519	279 531
Recurring revenue - reported	57 359	50 593	32 771	19 290	90 130	69 883
Non-recurring revenue - reported	96 802	102 237	57 241	43 399	154 043	145 635
Total revenues - reported	154 161	152 829	90 012	62 689	244 173	215 518

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.

<i>Amounts in TNOK</i>	Q1 2023	Q1 2022	FY 2022
Gross contribution and gross margin			
Revenue from customers	244 173	215 518	948 968
Cost of goods sold	-82 767	-65 818	-291 152
Project contractor expenses	-19 731	-14 219	-65 722
Gross contribution	141 675	135 481	592 094
Gross margin	58,0 %	62,9 %	62,4 %

ALTERNATIVE PERFORMANCE MEASURES

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 Amortization. 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 Amortization (EBITDA) in percentage of revenues.

Amounts in TNOK

EBITDA margin	Q1 2023	Q1 2022	FY 2022
Revenue from customers	244 173	215 518	948 968
EBITDA	11 529	10 010	86 324
EBITDA margin	4,7 %	4,6 %	9,1 %

EBIT margin:

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

Amounts in TNOK

EBIT margin	Q1 2023	Q1 2022	FY 2022
Revenue from customers	244 173	215 518	948 968
EBIT	-2 249	-3 254	32 489
EBIT margin	-0,9 %	-1,5 %	3,4 %

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.

Net Interest Bearing Debt (NIBD):

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

Amounts in TNOK

Net Interest Bearing Debt	Q1 2023	Q1 2022	FY 2022
Non-current borrowings from financial institutions	181 896	196 008	176 815
Current borrowings from financial institutions	20 692	19 097	56 673
Gross Interest Bearing Debt	202 587	215 105	233 488
Cash and cash equivalents	50 946	91 901	76 382
Net Interest Bearing Debt	151 641	123 204	157 106

Net working capital:

Defined as Current assets excluding Cash less Current liabilities and excluding Current.

Amounts in TNOK

Net Working Capital	Q1 2023	Q1 2022	FY 2022
Inventories	104 548	85 348	86 593
Contract assets	95 470	65 659	92 473
Accounts receivable	180 373	144 444	203 253
Other current assets	39 970	26 553	43 562
Current Assets (excl Cash and cash equivalents)	420 361	322 005	425 881
Advance payments from customers	94 862	60 230	89 433
Accounts payable	106 685	75 700	101 867
Taxes payable	-1 399	148	975
Public duties payable	12 243	16 543	17 284
Current financial liabilities	23 086	12 913	21 947
Other current liabilities	79 002	68 859	85 592
Current liabilities (excl Current borrowings from financial institutions)	314 480	234 393	317 097
Net Working Capital	105 881	87 612	108 784

ALTERNATIVE PERFORMANCE MEASURES

Working capital ratio:

Defined as Current assets excluding Cash less Current liabilities and excluding Current borrowings in percentages of last 12 months Revenue from customers.

Amounts in TNOK

Working Capital ratio	Q1 2023	Q1 2022	FY 2022
12 months Revenue from customers	948 968	902 688	860 017
Net Working Capital	105 881	87 612	108 784
Working Capital ratio	11,2 %	9,7 %	12,6 %

Equity ratio:

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

Amounts in TNOK

Equity ratio	Q1 2023	Q1 2022	FY 2022
Total equity	535 114	431 636	493 031
Total assets	1 090 510	930 351	1 083 339
Equity ratio	49,1 %	46,4 %	45,5 %

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:

$$\begin{aligned}
 & \text{Prior period's backlog} \\
 + & \text{ Received new orders} \\
 \div & \text{ This periods revenues} \\
 + / \div & \text{ Currency adjustments} \\
 = & \text{ End backlog reporting period}
 \end{aligned}$$

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