



Q4

FOURTH QUARTER

2020

FOURTH QUARTER
AND PRELIMINARY FULL
YEAR 2020 RESULTS

Håkon Volldal, President & CEO
Trond Christensen, Interim CFO

**THE PRIME MOVER IN
TRAFFIC TECHNOLOGY**



IN THE FUTURE...

...most people will have chosen a life in the cities, driven by the promise of prosperity, in a place where mobility and progress are not limited by infrastructure.



WE WILL...

...use our solutions and expertise to shape communities where people and goods flow safely and sustainably, together with our ambitious partners and clients. **Together we are changing the movements of life.**

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

COMPANY & PEOPLE



FOUNDED IN
1984



HEADQUARTERED IN
NORWAY



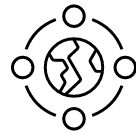
OFFICES IN
16
COUNTRIES



378
EMPLOYEES



35
NATIONALITIES



50+
REFERENCE MARKETS

BUSINESS AREAS & SOLUTIONS

Tolling:



>40 million tags sold



*~2 000 tolling lanes
in operation*



*>50 000 active
ALPR SW licenses*

Traffic Management:



> 35 000 traffic controllers installed



*>500 000 highway lane miles
monitored and managed*



*Road information services for more
than 25 million people*

...HAS A STRONG AND COMPELLING PURPOSE...

KEY MOBILITY CHALLENGES

CONGESTION



Q-FLOW

Optimize how people
and goods move

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

ACCIDENTS



Q-SAFE

Make roads and travel
safe

- Connected Intersections
- Incident Management
- Lane Closure Management
- ALPR Enforcement
- Smart Digital Tachographs

POLLUTION



Q-CLEAN

Stimulate sustainable
transportation

- Congestion Charging & low-emission zones
- Urban Geofencing
- Traffic Signal Operations and Management
- Pay by Weight and Plate

...AND A REAL, POSITIVE IMPACT ON THE WORLD

ETC Fast Lanes, Thailand



- **420 000** hrs of congestion time saved p.a.
- PM2.5 significantly reduced

Congestion Charging, Sweden



- **20%** reduction in traffic
- **13%** reduction in air-borne pollutants and **9%** reduction in NOX emissions

Truck Tolling, Slovenia



- **30 million kg** of CO2 and **84 000 kg** of NOX abated p.a.
- **1700 kg** of PM2.5 abated p.a.

Ramp Metering, NC Carolina, USA



- **7.3%** decrease in drive time per day for a commuter

Event Management, GA, USA



- From **2 hours** to **45 minutes** to clear 70 000 fans from the Super Bowl LIII stadium in Atlanta

Lane Closure, VA, USA



- **42 693** valid lane closures managed in 2019, saving lives and preventing injuries



SUMMARY



A SOLID QUARTER

Growth

- 4% YoY growth



Profitability

- 25 MNOK and 10% EBITDA margin despite 4 MNOK in extraordinary expenses



Cash flow and liquidity

- 31 MNOK in cash flow from operations
- 175 MNOK in available liquidity entering 2021



Order intake & pipeline

- 205 MNOK in order intake + 30 MNOK frame agreement
- >400 MNOK in awarded contracts pending signing EOQ



HIGHLIGHTS

FOURTH QUARTER 2020

- 255 MNOK in revenues, up 4% YoY
- 25 MNOK in EBITDA (10% margin), up from 11 MNOK (4% margin) in Q4-19
- 31 MNOK in cash flow from operations and 175 MNOK in available credit and cash at hand
- 205 MNOK in order intake + new 30 MNOK frame agreement
- >400 MNOK in awarded but not yet signed contracts (of which 240 MNOK have been signed YTD 2021)

FULL YEAR 2020

- 889 MNOK in revenues, down 8% from 2019 amid low product sales caused by Covid-19
- 76 MNOK in EBITDA (8.5% margin), up from 73 MNOK (7.5% margin) in 2019
- 67 MNOK in cash flow from operations
- 949 MNOK in order intake, book-to-bill-ratio of 1.07
- 1 083 MNOK in order backlog (not incl. frame agreements) versus 1 080 MNOK end of Q4-19

FINANCIAL SUMMARY

MNOK	Q4 2020	Q4 2019	YoY Change
Revenues	255	246	+3.7%
Gross contribution	146	134	+8.9%
<i>Gross margin</i>	57.4%	54.6%	+2.8 pp
OPEX	121	124	-2.3%
EBITDA	25	11	+141%
<i>EBITDA margin</i>	10.0%	4.3%	+5.7 pp
EBIT*	-13	-62	

FY 2020	FY 2019	YoY Change
889	962	-7.6%
545	539	+1.1%
61.3%	56.1%	+5.2 pp
469	467	+0.6%
76	73	+4.3%
8.5%	7.6%	+0.9 pp
-9	-54	

* Q4-20/FY 2020 EBIT includes 21 MNOK and Q4-19/FY 2019 EBIT 58 MNOK in impairment of intangible assets and PP&E



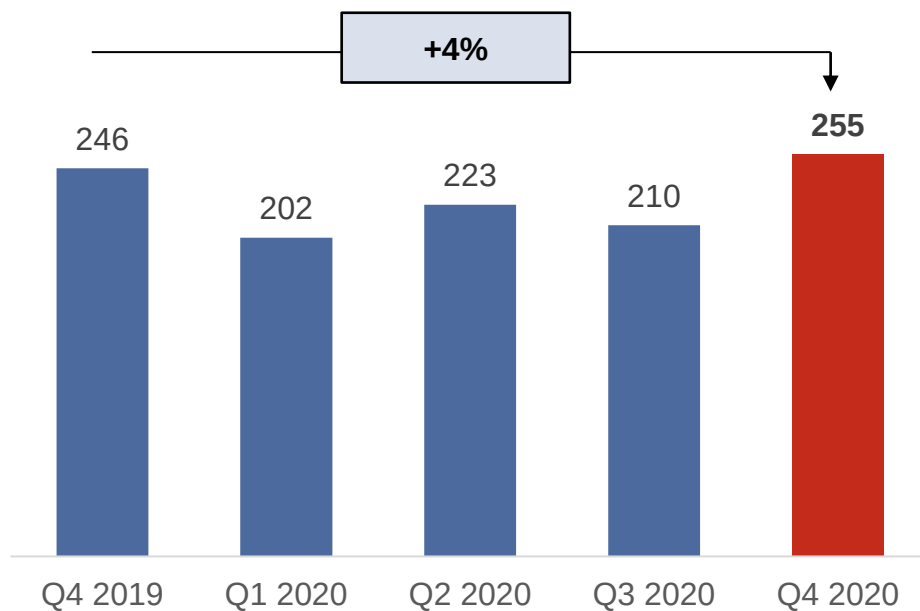
FINANCIAL UPDATE



REVENUE DEVELOPMENT

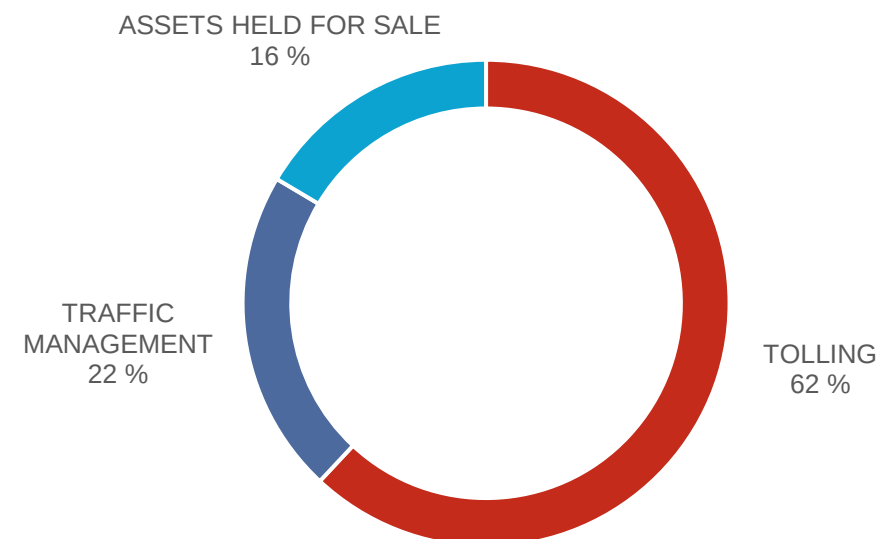
QUARTERLY REVENUES

NOK million



Q4-20 REVENUES PER BUSINESS AREA

Percent



SEGMENT REVENUE DETAILS

NOK million

SEGMENT	Q4-20	Q4-19	YoY Change
Tolling	158	155	+2%
Traffic Management	55	55	-
Assets held for sale	42	36	+18%
REVENUES	255	246	+4%

FY 2020	FY 2019	YoY Change
572	616	-7%
206	231	-11%
111	116	-4%
889	962	-8%

NOTE: Figures are rounded

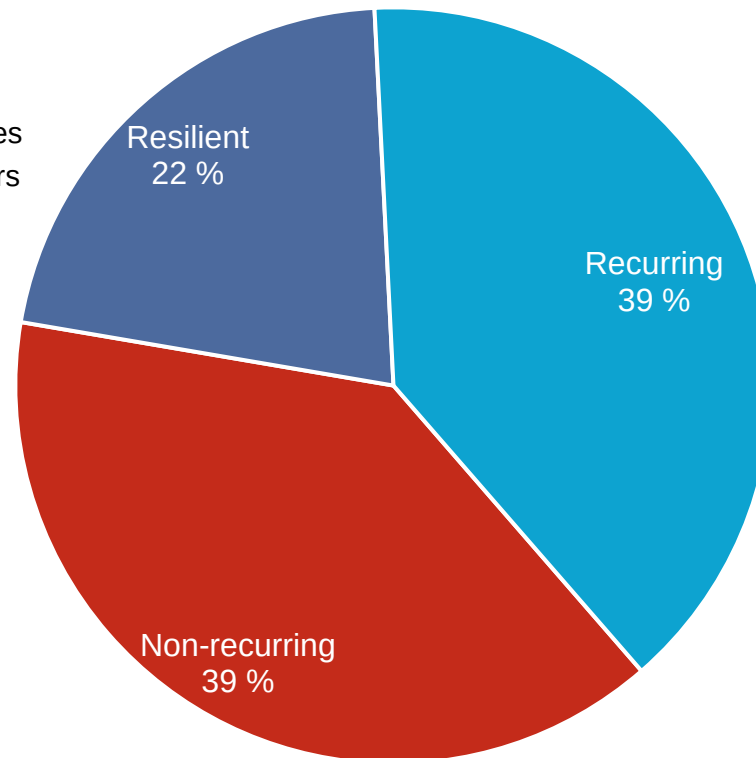
~40% OF Q-FREE'S REVENUES ARE NOW «RECURRING»

DECOMPOSITION OF 2020 REVENUES

Percent, 100% = 889 MNOK

- Tolling products
- Tolling ALPR firmware licenses
- Traffic Management controllers

- Tolling projects
- Tolling S&M upsales
- Traffic Management projects
- Infomobility/Parking projects

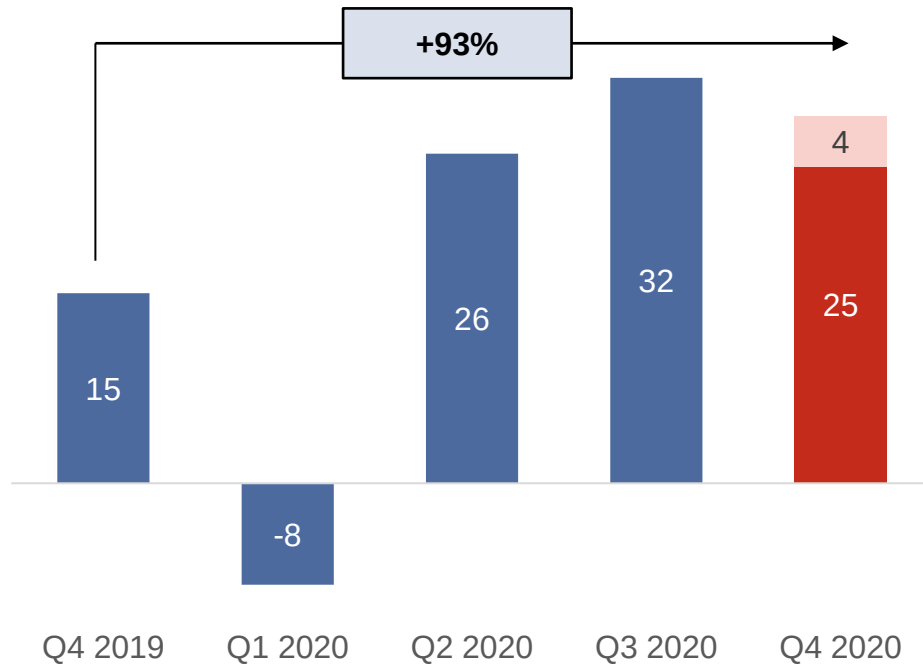


- Tolling S&M contracts
- Tolling back-office SW contracts
- Tolling Ferry services
- Tolling ALPR solutions
- Tolling multi-year tag contracts
- ATMS O&M contracts
- ATMS multi-year controller contracts

EBITDA DEVELOPMENT

EBITDA EXCL. NON-RECURRING ITEMS

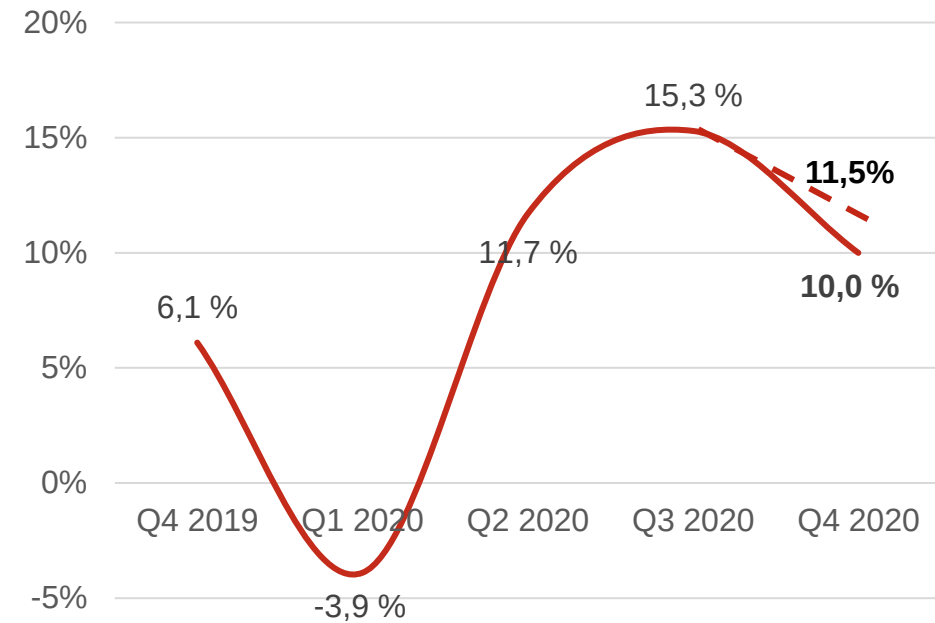
NOK million



- Q4-20 negatively impacted by 4 MNOK in extraordinary expenses related to structural processes

EBITDA MARGIN EXCL. NON-RECURRING ITEMS

Percent



SEGMENT EBITDA DETAILS

EBITDA

NOK million

SEGMENT	Q4-20	Q4-19	Margin change
Tolling	31	11	+12.5 pp
Traffic Management	1	0	+1.1 pp
Assets held for sale	-1	2	-10.2 pp
Group Functions	-5	-3	
EBITDA	25	11	+5.7 pp

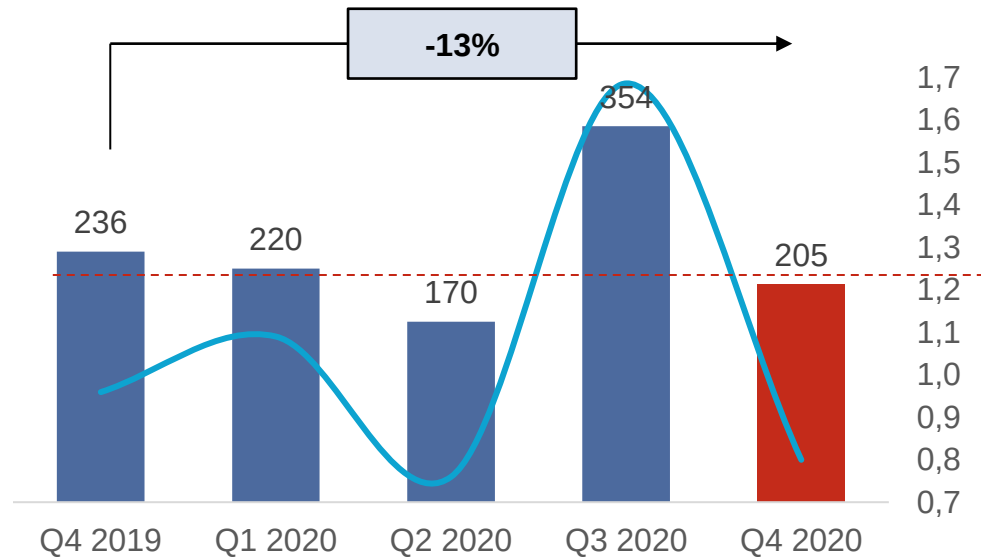
FY 2020	FY 2019	Margin change
104	89	+3.6 pp
-2	7	-4.2 pp
3	4	-0.6 pp
-29	-28	
76	73	+1.0 pp

NOTE: Figures are rounded

ORDER INTAKE DEVELOPMENT

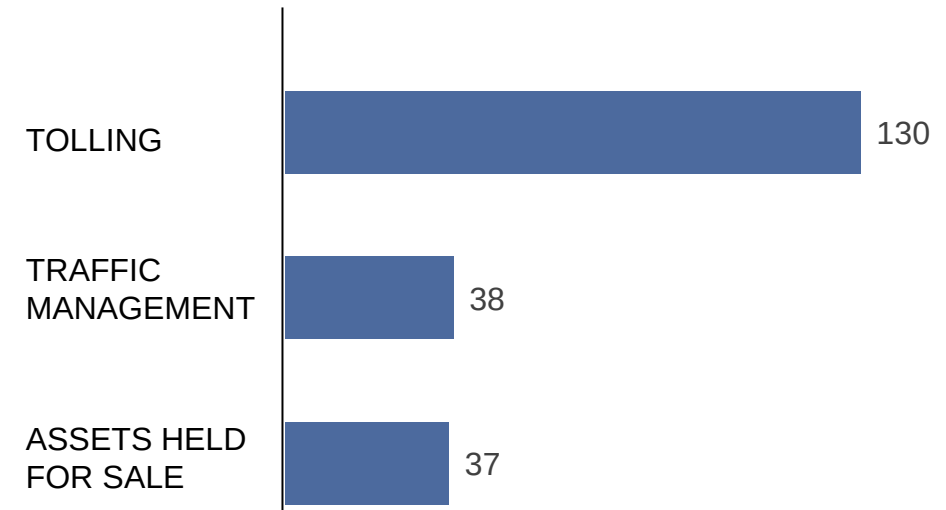
ORDER INTAKE & BOOK-TO-BILL PER QUARTER

NOK million / ratio



Q4-20 ORDER INTAKE PER BUSINESS AREA

NOK million



- Order intake does not include frame agreements, i.e. the 30 MNOK Tolling contract in Norway announced in Q4-20
- >400 MNOK in awarded contracts pending final signatures not included in order intake/backlog (of which 240 MNOK have been signed YTD 2021)

KEY CONTRACT WINS IN Q4-20

NORWAY – 30 MNOK



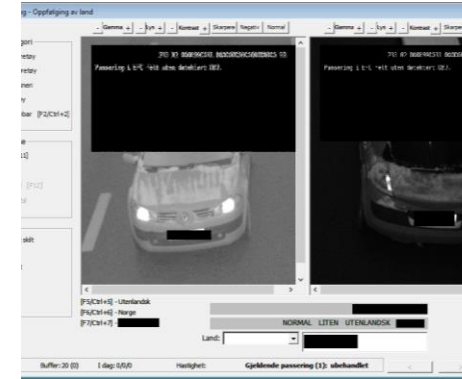
- Tolling roadside equipment to Vegfinans + long-term recurring S&M
- 4-year frame agreement, first delivery expected in 2021
- New mini-tenders possible

MISC WIM – 30 MNOK



- Weigh-in-motion solutions to Ukraine and Saudi Arabia
- Deliveries started in Q4-20, will continue in 2021
- Additional sales possible (some new systems already won)

NORWAY – 30 MNOK



- Extension of current back-office SW contract
- Secures transaction services until January 2022

USA – 15 MNOK



- ALPR and manual image review SW
- 21-month initial contract, extension possible

KEY CONTRACTS SIGNED AFTER CLOSING OF Q4-20

SWEDEN - 130 MNOK



- Upgrade of congestion tax system in Stockholm (originally delivered by Q-Free in 2005)
- Roadside equipment deliveries in 2021 and 2022
- 10 years of recurring S&M
- Potential extensions on top

USA - 90 MNOK

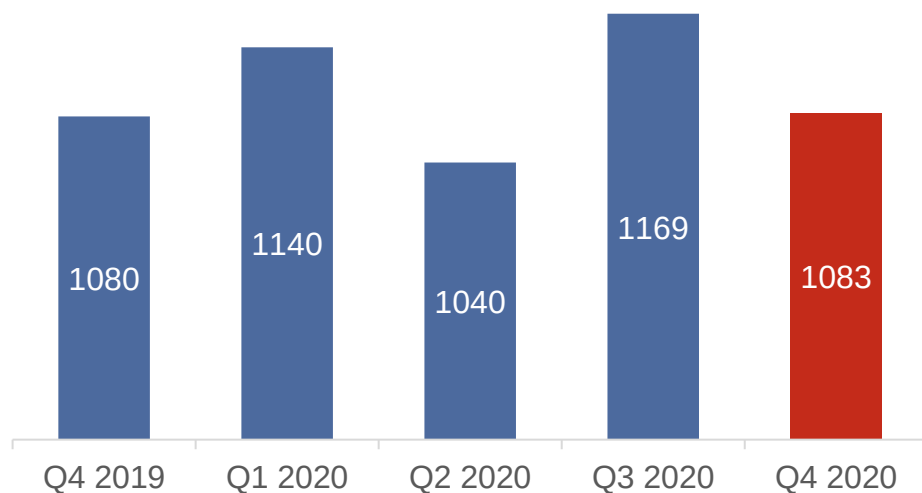


- New statewide ATMS System
- Initial deployment in 2021 (~20% of contract value)
- 10 years of recurring O&M (~80% of contract value)
- Potential new task orders on top

ORDER BACKLOG DEVELOPMENT

ORDER BACKLOG

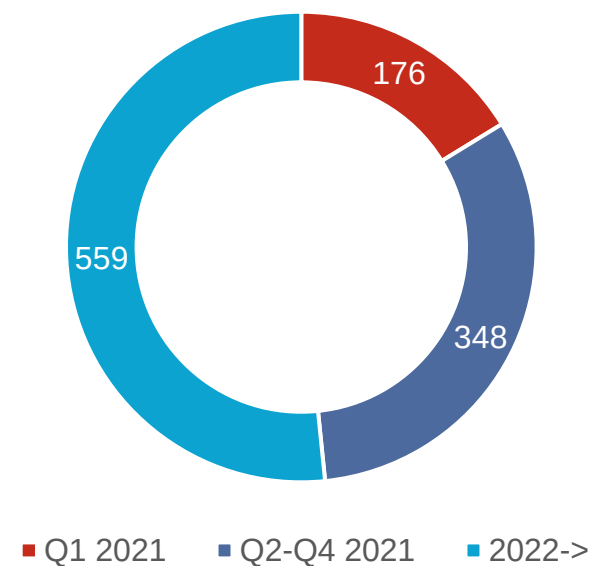
NOK million



- Frame contracts with no committed minimum volumes and awarded but not yet signed contracts are NOT included in the backlog

EXPECTED DELIVERY SCHEDULE

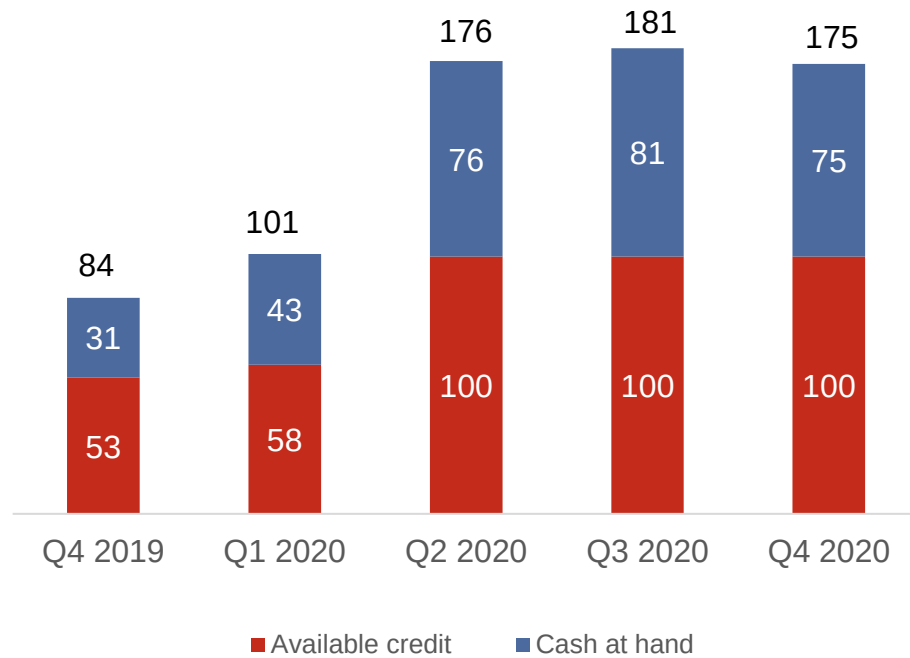
NOK million



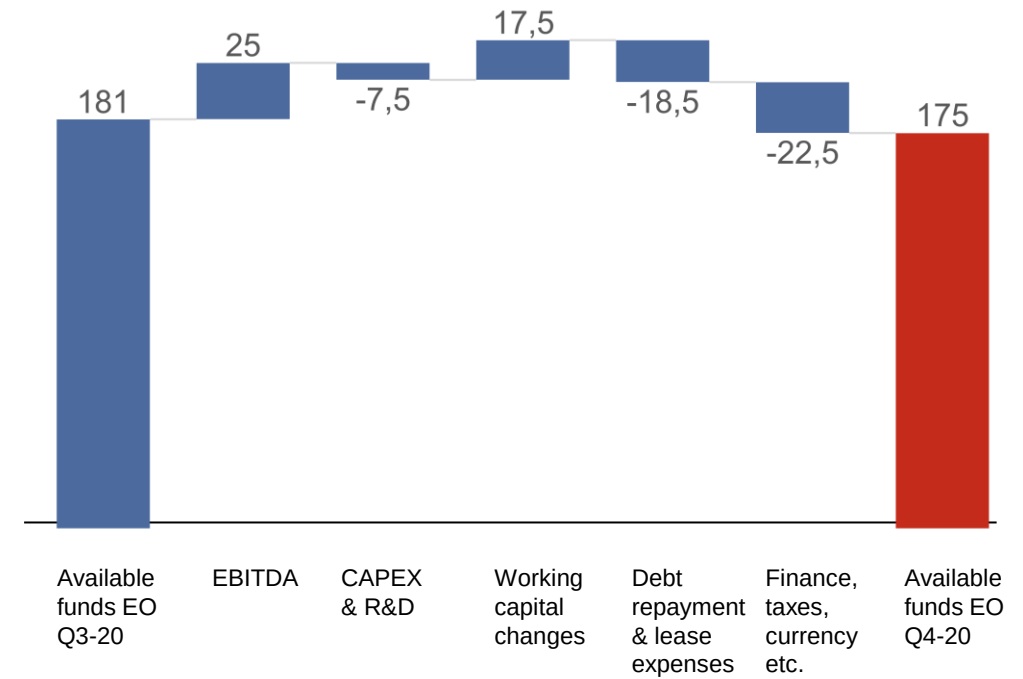
- Healthy backlog for 2021 (+ new contract wins in Q1-21)
- Some changes to planned delivery schedules might occur as a result of the Covid-19 pandemic

AVAILABLE FUNDS

AVAILABLE CREDIT AND CASH AT HAND NOK million



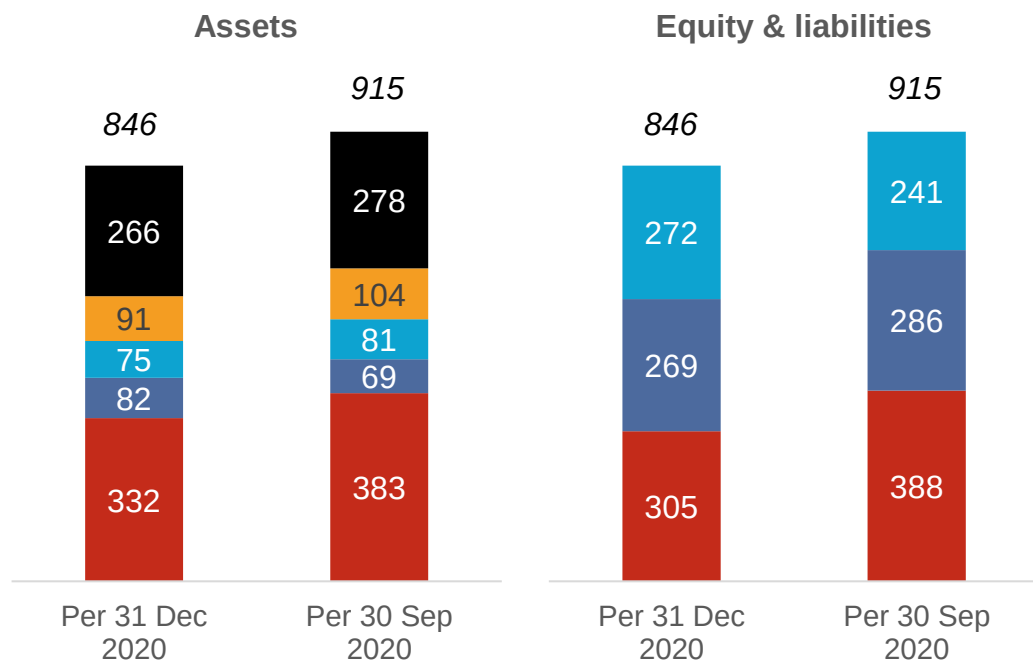
RECONCILIATION OF Q4-20 AND Q3-20 AVAILABLE FUNDS



BALANCE SHEET AND NIBD

BALANCE SHEET ITEMS

NOK million

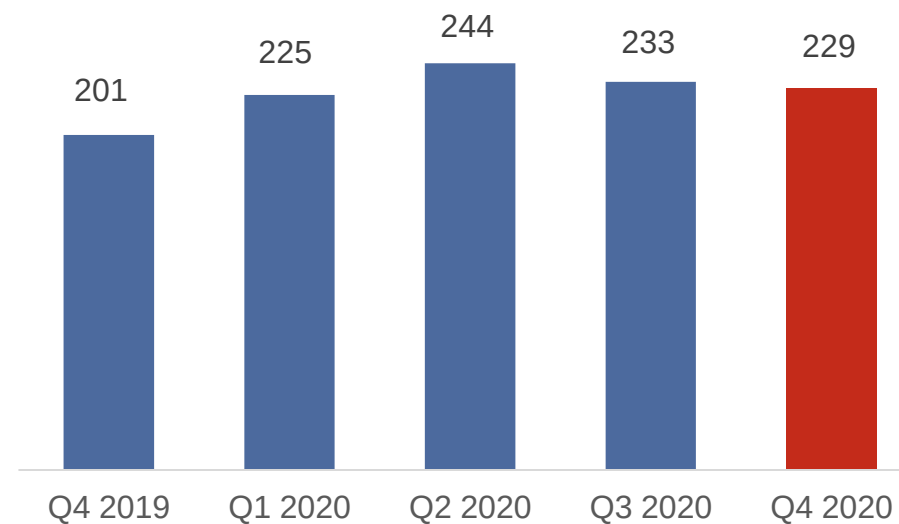


- Other current assets
- Assets held for sale
- Cash
- Other non-current assets
- GW & other intangible assets

- Current liabilities
- Non-current liabilities
- Equity

NET INTEREST BEARING DEBT

NOK million



- NIBD/EBITDA ratio well inside loan covenant for Q4-20 and Q1-21

A wide-angle photograph of a city skyline at sunset. The sun is a bright, glowing orb on the right side of the frame, casting a warm orange and yellow light across the sky and the city. The sky is filled with soft, wispy clouds. In the background, a large, dark mountain range stretches across the horizon. The city below is a dense collection of buildings, with several tall skyscrapers standing out. The foreground shows the tops of some trees and the lower parts of the buildings. The overall mood is peaceful and majestic.

OUTLOOK & SUMMARY

OUR 2020-2023 PLAN

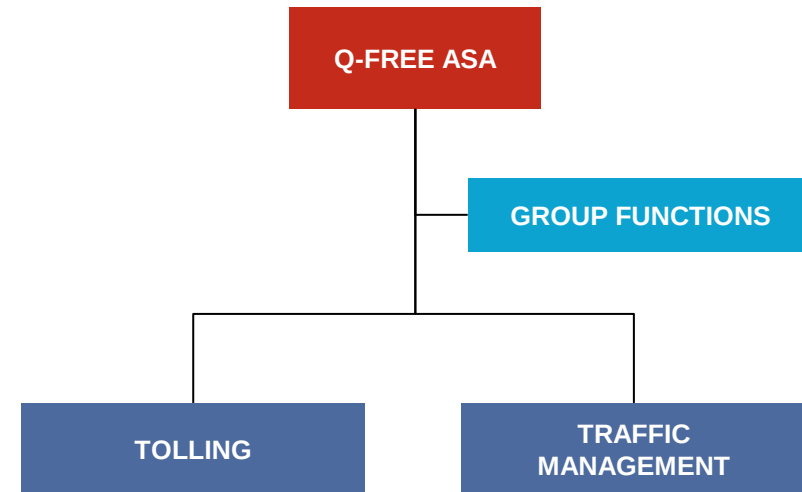
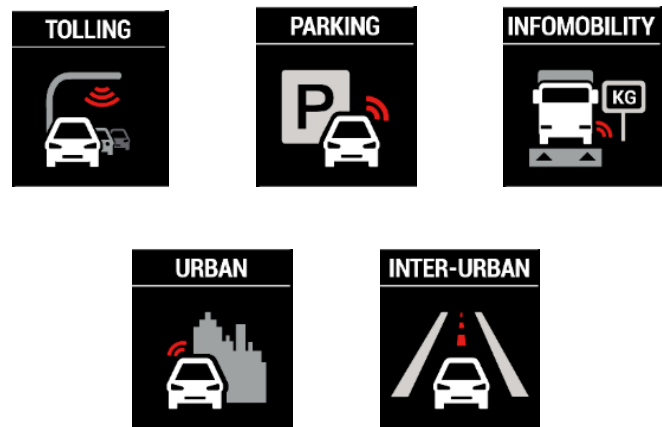


A MORE FOCUSED SETUP WAS IMPLEMENTED IN 2020



FROM 5 BUSINESS UNITS...

...TO 2 BUSINESS UNITS

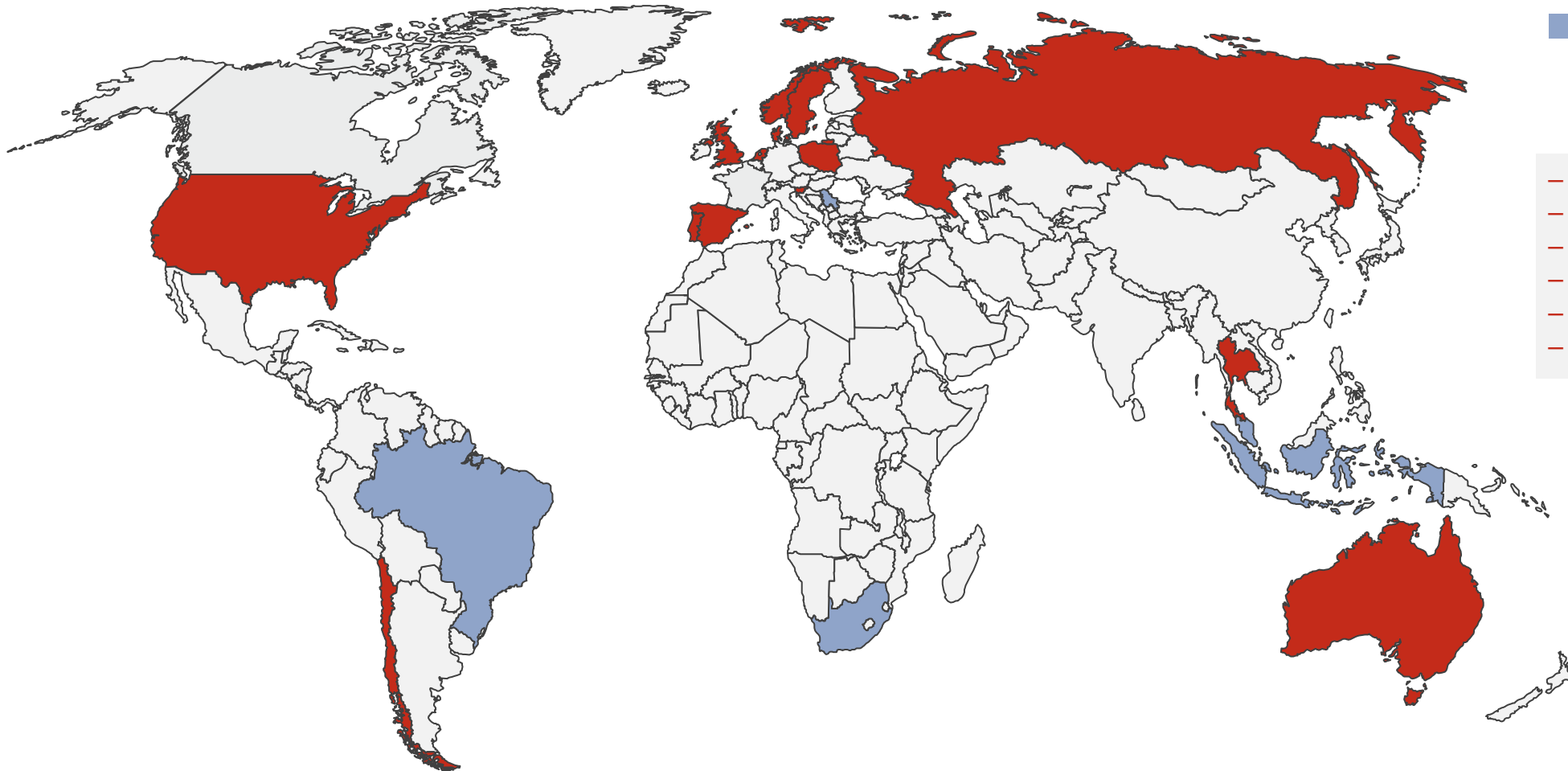


MARKET EFFORTS HAVE BEEN CONCENTRATED AND REFOCUSSED OVER THE PAST YEARS

1
FOCUS

■ Markets w/Q-Free office
■ Q-Free office closed

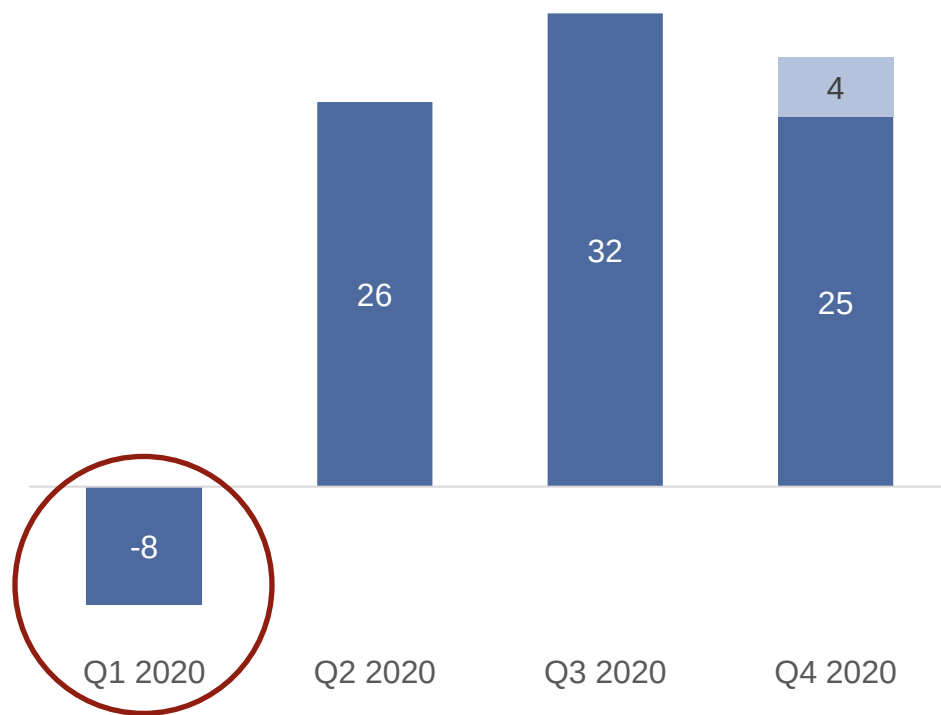
— Brazil (2016)
— South Africa (2017)
— Malta (2018)
— Serbia (2018)
— Indonesia (2018)
— Malaysia (2019)



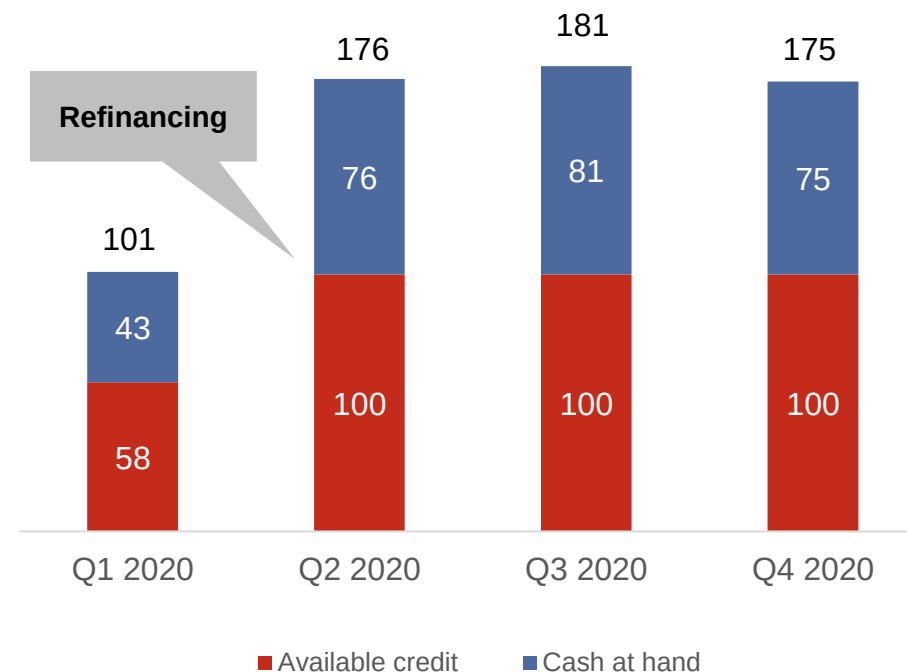
PROFITABILITY AND LIQUIDITY WERE RESTORED AFTER A CHALLENGING Q1-20



EBITDA EXCL. NON-RECURRING ITEMS
NOK million



AVAILABLE CREDIT AND CASH AT HAND
NOK million



OUR 2020-2023 PLAN



IN TOLLING CORE MARKETS ARE «SECURED» AND CONTINUE TO OFFER EXCITING OPPORTUNITIES



Norway



- ~25 MNOK in annual toll service revenues
- ~20 MNOK in annual ferry tolling revenues
- ~70 MNOK in annual transaction-based SW revenues
- **~30 MNOK Vegfinans contract won in Q4-20**

Sweden



- ~35 MNOK in annual service revenues
- **~130 MNOK Stockholm upgrade project won**

Portugal



- ~40 MNOK in annual toll service revenues
- ~130 MNOK Ascendi MLFF contract won
- **~20 MNOK A28 upgrade contract won**

Slovenia



- ~15 MNOK in annual truck tolling service revenues
- ~20 MNOK in annual revenues from ATMS systems

Australia



- ~15 MNOK in annual service revenues
- ~20 MNOK Cross-City Tunnel contract won & delivered
- ~55 MNOK Queensland contract won

Thailand



- ~25 MNOK in annual tag sales
- ~70 MNOK DMT contract won

Chile



- ~6-8 MNOK in annual toll service revenues
- ~20 MNOK Ruta 68 contract won & delivered
- ~20 MNOK multi-year tag contract won

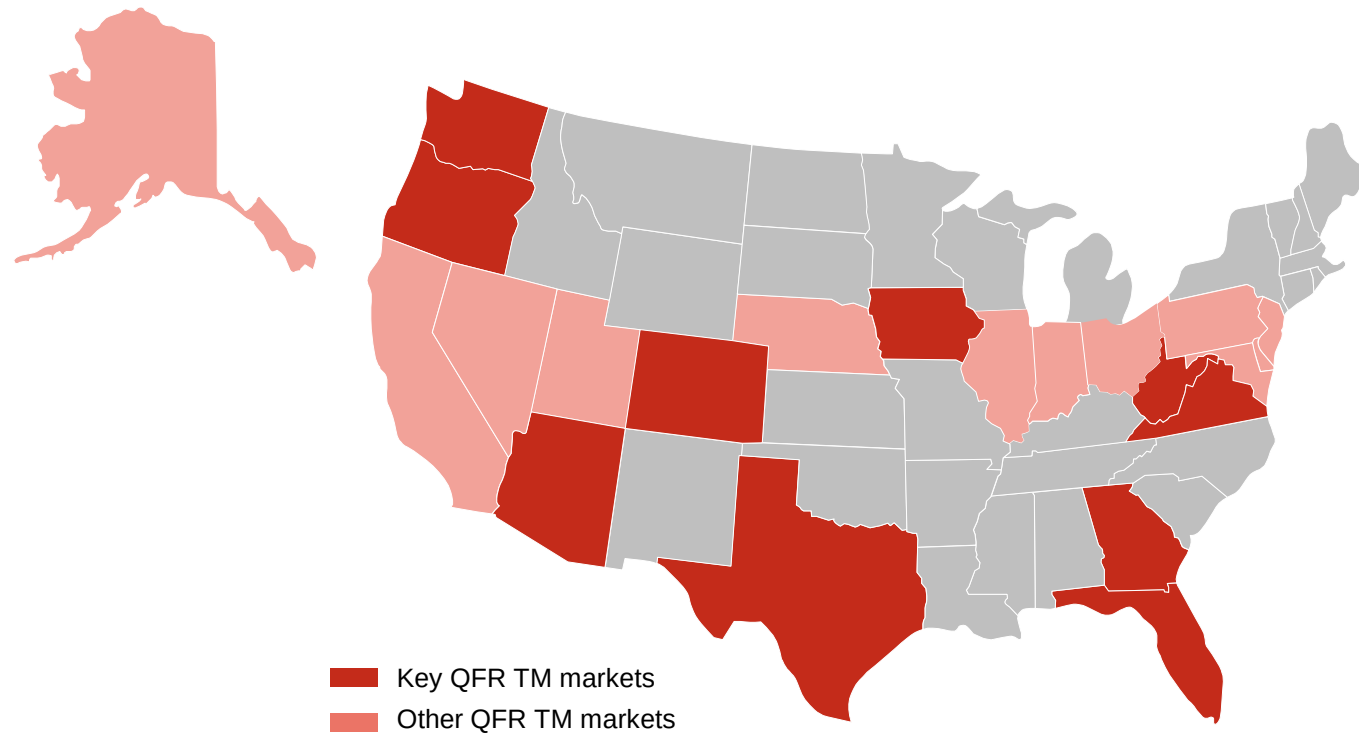
USA



- ~25 MNOK in annual ALPR SW revenues
- **~15 MNOK ALPR contract won in Q4-20**

IN TRAFFIC MANAGEMENT LONG-TERM CONTRACTS WITH KEY DOTs NOW DRIVE INCREASING ARR

BUILD
2



- Statewide ATMS customer since 2008



- Statewide traffic signalling customer since 2015



- Statewide ATMS customer since 2016



- Statewide ATMS customer since 2020

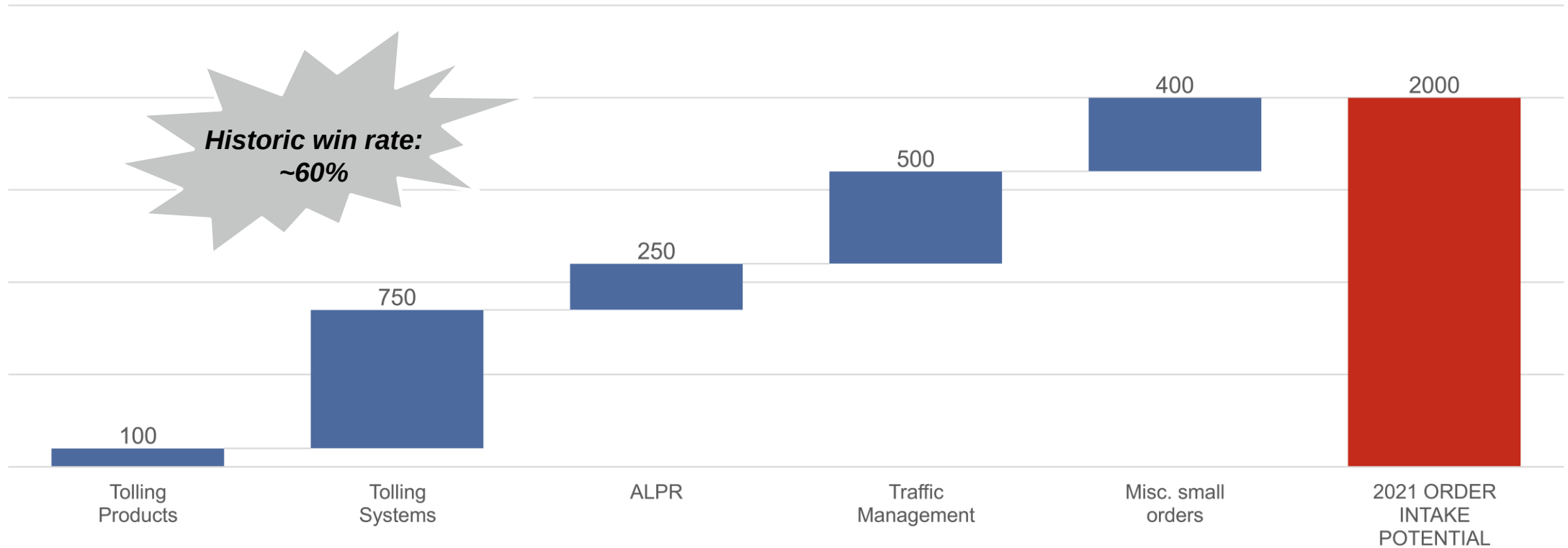


- Statewide ATMS customer

THE OPPORTUNITY PIPELINE LOOKS PROMISING



ADDRESSABLE OPPORTUNITIES WITH VALUE >1 MEUR EXPECTED TO BE TENDERED/AWARDED IN 2021
MNOK



An aerial photograph of a two-lane highway running parallel to a rocky coastline. The ocean is a vibrant turquoise color, and white waves are crashing against the shore. A single red car is visible on the highway, moving away from the viewer. The surrounding landscape is lush with green vegetation.

Q-FREE

THE PRIME MOVER IN INTELLIGENT
TRAFFIC SOLUTIONS



Q-FREE CONTINUES TO INNOVATE AND IMPROVE ITS OFFERING TO DRIVE PROFITABLE GROWTH!



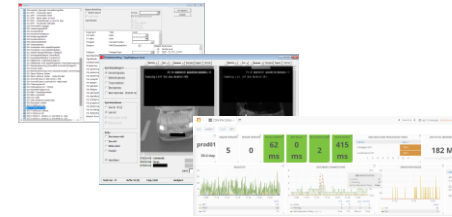
Continued leadership in DSRC technology



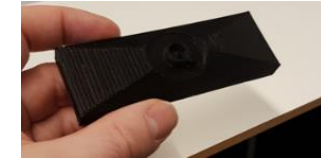
World-class ALPR & imaging systems



Scalable Tolling back-office SW platform



Pioneering future RUC technology



Industry-leading ATMS SW platforms



Advanced transportation controllers & cabinets



TOLLING ADVANCEMENTS: A NEW CAMERA GENERATION & ROAD USER CHARGING TECHNOLOGY



NEW IMAGING SYSTEM



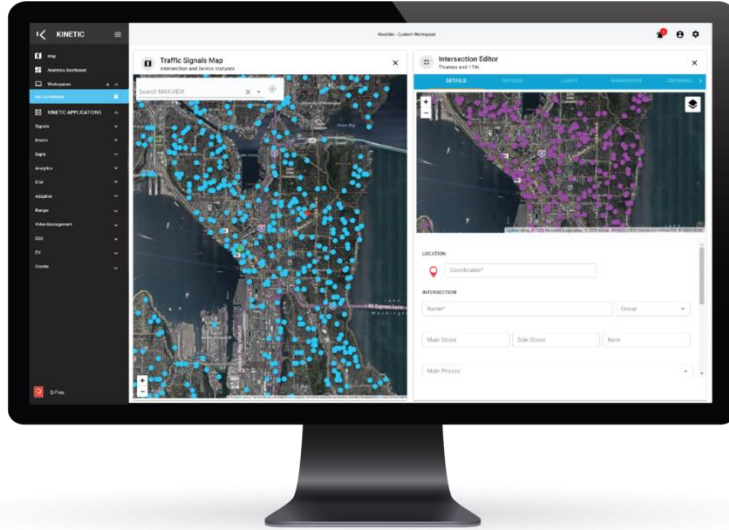
- All-in-one unit: flash, camera, video triggering and ALPR
- Vehicle tracking for single-gantry operation
- Improved dirt/dust/snow resilience
- Covers multiple lanes
- Reduced weight & size
- Flexible and easy installation

NEW ROAD USER CHARGING TECHNOLOGY



- Highly flexible
- Secure and enforceable
- Allows interaction with user
- Protects privacy
- Applicable to all eligible vehicles
- EETS compatible

TRAFFIC MANAGEMENT ADVANCEMENT: THE KINETICS SW PLATFORM



- Single, off-the-shelf ATMS solution
- Unifies freeway and signal management
- Fosters a truly open traffic ecosystem
- Improves mobility across local, intercity, and regional traffic operations.



Signals
(formerly **Intelligent MAXVIEW**)



Event Management
(formerly **OpenTMS**)



Center to Center



Analytics



Connected Vehicles



Video Management



Ramp Metering



Adaptive Signal Control

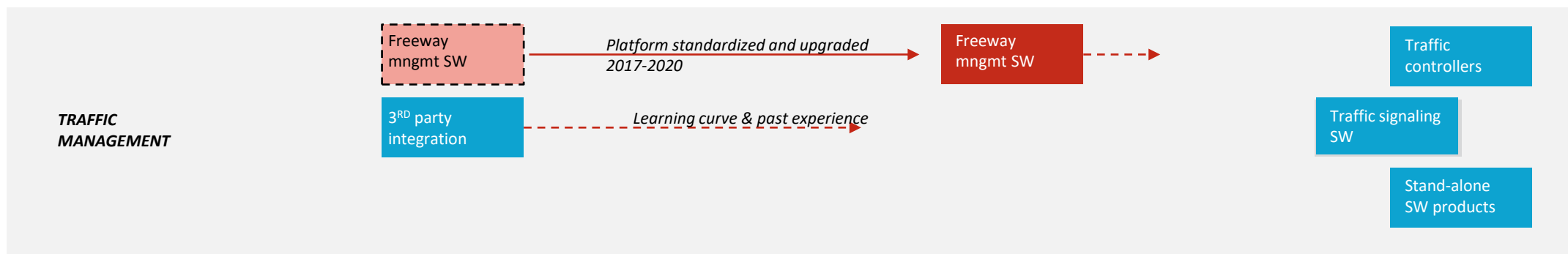
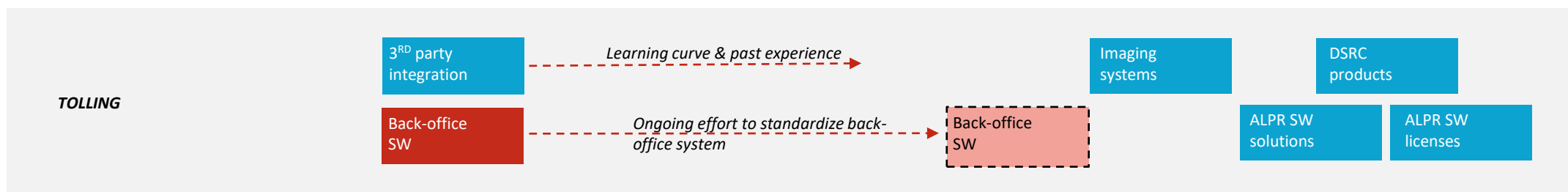
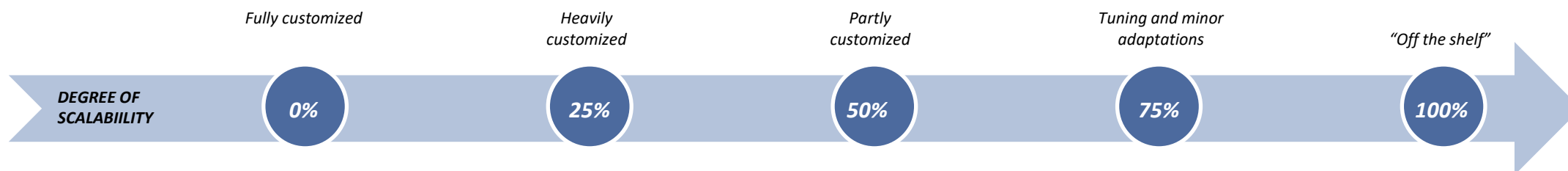


Dynamic Message Signs

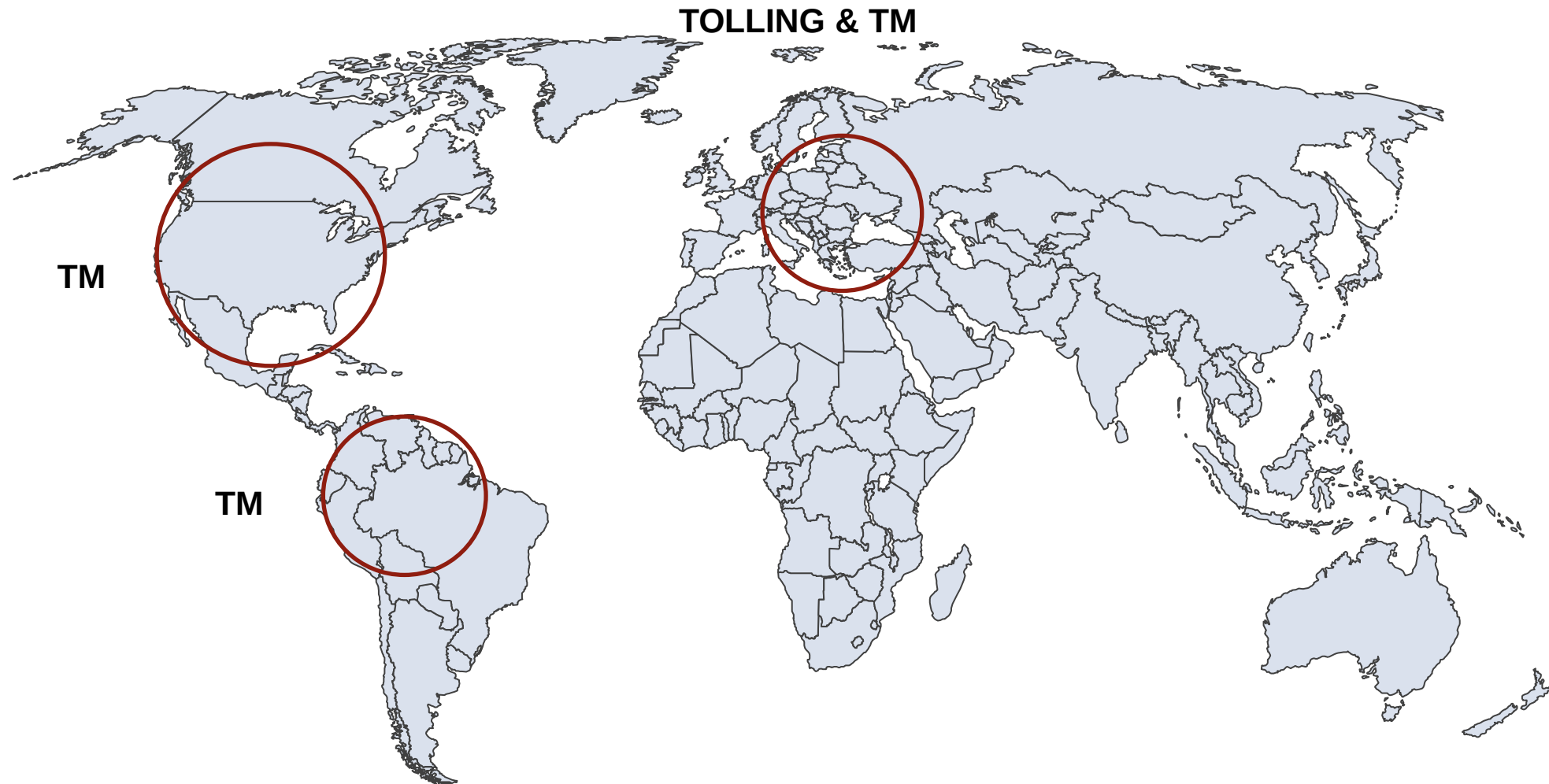
OUR 2020-2023 PLAN



THE SCALABILITY OF OUR OFFERING IS INCREASING SIGNIFICANTLY



OUR SCALABLE SOLUTIONS WILL BE SOLD IN SELECTED NEW MARKETS



OUR 2021 OUTLOOK

GOALS

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

ENABLERS

- Increasing ARR, solid backlog & several recent contract wins
- Attractive contract pipeline and competitive offering
- Solid gross margin structure and reduced OPEX base

OUR 2025 AMBITIONS

GOALS

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

ENABLERS

- Attractive mega trends, increasing ARR & bolt-on acquisitions
- Increasing SW share and high scalability of solutions
- Continuous innovation & clear roadmaps



QUESTIONS & ANSWERS

FOURTH QUARTER 2020





CHANGING THE MOVEMENTS *of* LIFE

Q-Free

info@q-free.com

www.q-free.com

[@qfreeasa](https://twitter.com/qfreeasa)

#QFreeITS

#LiveQFree

Copyright © 2020 Q-Free. May not be distributed or
reproduced without written consent. Updated 17 Nov 2020

