



Q4

FOURTH QUARTER

2020

FOURTH QUARTER
AND PRELIMINARY FULL
YEAR 2020 RESULTS

THE PRIME MOVER IN
TRAFFIC TECHNOLOGY

Highlights

Q4 2020

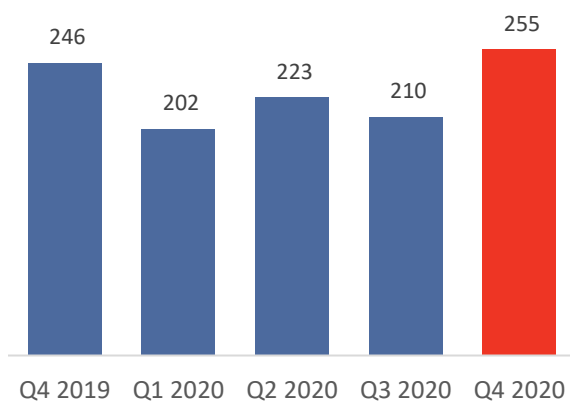
- 255 MNOK in revenues, up 4% YoY
- 25 MNOK in EBITDA (10% margin), up from 11 MNOK (4% margin) in Q4-19
- 31 MNOK in positive cash flow from operations
- 205 MNOK in order intake + new 30 MNOK frame agreement

FY 2020

- 889 MNOK in revenues, down 8% from FY2019 amid low product sales caused by Covid-19
- 76 MNOK in EBITDA (8.5% margin), up from 73 MNOK (7.5% margin) in FY2019
- 67 MNOK in positive cash flow from operations
- 949 MNOK in order intake (excluding frame agreements), and a book-to-bill-ratio of 1.07
- 1 083 MNOK in order backlog (excluding frame agreements)

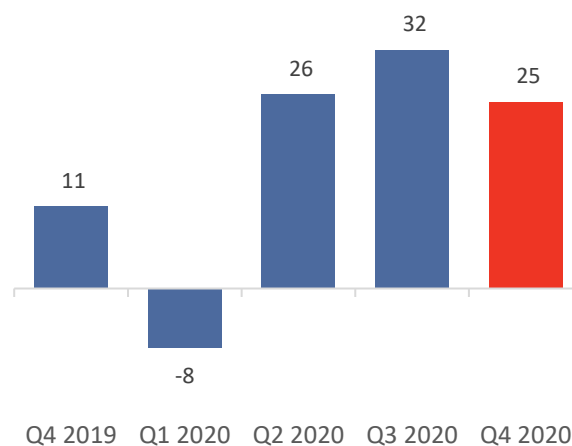
REVENUES LAST 5 QUARTERS

MNOK



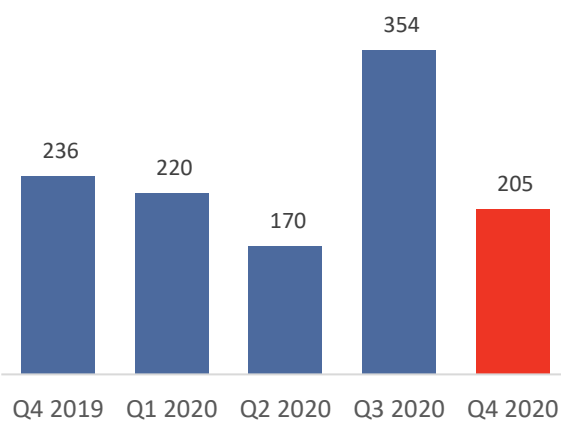
EBITDA LAST 5 QUARTERS

MNOK



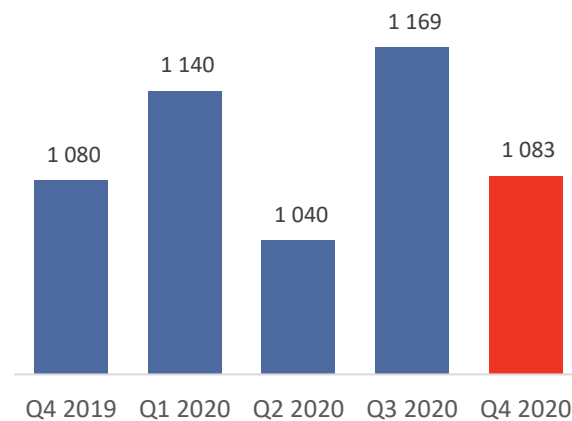
ORDER INTAKE LAST 5 QUARTERS

MNOK



ORDER BACKLOG LAST 5 QUARTERS

MNOK



Financial review

KEY FIGURES

NOK 1.000	Q4 2020	Q4 2019	Y/Y-%	FY 2020	FY 2019	Y/Y-%
Revenues	254 689	245 723	3,7%	889 305	962 317	-7,6%
Gross contribution	146 215	134 261	8,9%	545 145	539 389	1,1%
Gross margin - %	57,4%	54,6%		61,3%	56,1%	
Operating expenses*	120 872	123 741	-2,3%	469 368	466 746	0,6%
EBITDA excl non-recurring items	25 343	15 020	68,7%	75 777	71 018	6,7%
EBITDA margin excl non-recurring items	10,0 %	6,1 %		8,5 %		
Non-recurring items**	0	4 500		0	-1 625	
EBITDA	25 343	10 520	140,9 %	75 777	72 643	4,3%
EBITDA margin	10,0%	4,3%		8,5%	7,5%	
Depreciation and amortisation	17 706	14 074	25,8%	64 039	68 692	-6,8%
Impairment	20 538	58 332		20 538	58 332	
Operating profit - EBIT	-12 901	-61 886		-8 800	-54 381	
EBIT margin	-5,1%	-25,2%		-1,0%	-5,7%	
Profit before tax	-23 329	-60 310		-32 446	-50 050	
Profit margin	-9,2%	-24,5%		-3,6%	-5,2%	
Profit after tax	-25 543	-52 686		-40 995	-49 981	
Profit for the period	-25 543	-52 686		-40 995	-49 981	
EPS	-0,29	-0,59		-0,46	-0,56	
Number of employees	378	390		378	390	

*Operating expenses in Q4 2020 and FY 2020 negatively impacted by 4 MNOK in fees related to structural processes.

**Cost of goods sold in FY 2019 negatively impacted by 3 MNOK in write down of parking inventory. Operating expenses in FY 2019 negatively impacted by 4.5 MNOK in fees related to structural processes. FY 2019 positively impacted by 9 MNOK from reduced pension obligations in Norway.

Profit and loss fourth quarter 2020

Q-Free generated total revenues of 255 MNOK in the fourth quarter of 2020, up 4 percent from Q4-19. Tolling revenues ended at 158 MNOK, a slight increase from 155 MNOK in Q4-19. Traffic Management revenues ended at 55 MNOK as in Q4-19. The Covid-19 pandemic had a negative impact on product sales in both segments in the quarter.

The gross contribution of 146 MNOK was up 9 percent from Q4-19. Gross margin increased by 2.8 percentage points on the back of high SW revenues in Tolling.

Operating expenses in Q4-20 amounted to 121 MNOK compared to 124 MNOK in Q4-19. The Q4-20 figure includes 4 MNOK in expenses related to structural processes.

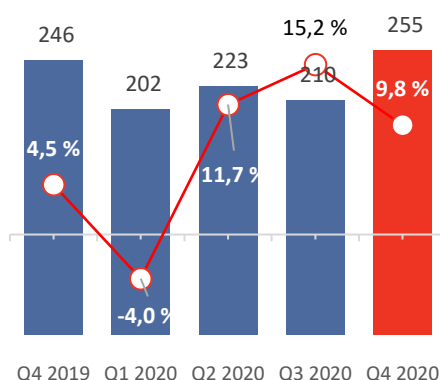
Reduced personnel and travel expenses explain the YoY-decrease.

EBITDA in the quarter ended at 25 MNOK (10 percent margin), significantly up from 11 MNOK in Q4-19. An attractive revenue mix and lower operating expenses were the main drivers of the improvement.

Depreciation and amortization in Q4-20 ended at 18 MNOK compared to 14 MNOK in Q4-19.

Impairment of assets amounted to 21 MNOK in the fourth quarter compared to 58 MNOK in Q4-19. The impairment in Q4-20 was triggered by a reduction in parking intangibles given recent market value indications.

QUARTERLY REVENUES AND EBITDA MARGIN MNOK & Percent



Operating profit (EBIT) in the fourth quarter ended at -13 MNOK compared to -62 MNOK in Q4-19.

Net financial items in the quarter were negative by 10 MNOK, a decrease from 2 MNOK in Q4-19. The change is mainly explained by large negative currency effects in the quarter and interest expenses.

Reported pre-tax profit ended at -23 MNOK, up from -60 MNOK in Q4-19.

Earnings per share was -0.29 NOK in the fourth quarter of 2020 versus -0.59 NOK in Q4-19.

Preliminary profit and loss FY 2020

Accumulated revenues in 2020 amounted to 889 MNOK, down 8 percent from 962 MNOK in FY 2019. Tolling had a negative growth of 7 percent in the period, whereas Traffic Management delivered a negative growth of 11 percent. Revenues in both segments have been negatively impacted by the Covid-19 pandemic with lower product sales and postponed project deliveries.

Gross contribution ended at 545 MNOK, slightly up from 539 MNOK in 2019. The 1.1 percentage point increase in gross margin is explained by a favourable revenue mix with a higher share of SW and project sales.

Operating expenses in 2020 were 469 MNOK, up 2 MNOK compared to 2019. Operating expenses were negatively influenced by a weak NOK against the USD, EUR and AUD.

EBITDA in 2020 amounted to 76 MNOK compared to 73 MNOK in 2019. The EBITDA margin was 8.5 percent versus 7.5 percent in 2019.

Operating profit (EBIT) ended at -9 MNOK versus -54 MNOK.

Net financial items were -24 MNOK in 2020 compared to -4 MNOK in 2019. The change is mainly explained by negative currency effects.

Pre-tax profit was -32 MNOK compared to -50 MNOK in 2019.

Balance sheet

Total assets as of 31 December 2020 were 846 MNOK, down from 915 MNOK at the end of Q3-20 and down from 883 MNOK as of Q4-19. Total assets were negatively influenced by impairments and currency. Total currency effects on assets were mainly driven by the strengthening of the NOK against USD both in 2020 and in Q4-20, partially offset by the weakening of the NOK against EUR.

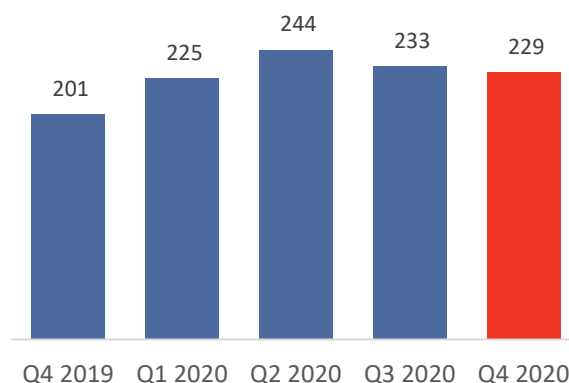
Total equity ended at 311 MNOK, down from 388 MNOK at the end of Q3-20 and 358 MNOK at the end of Q4-19. The equity ratio was 37 percent, down from 42 percent at the end of Q3-20 and 40 percent at the end of Q4-19. The equity proportion of the issued convertible bond was MNOK 11, while the decrease in equity in the fourth quarter is explained by negative profit for the period and material negative currency effects on assets in USD and EUR.

Non-current liabilities ended at 270 MNOK, down from 286 MNOK end of Q3-20 and up from 197 MNOK at the end of Q4-19. The decrease compared to Q3-20 is mainly explained by reduced bank borrowings.

Current borrowings to financial institutions were 54 MNOK at the end of the fourth quarter 2020, on the same level as at the end of Q3-20 and down from 72 MNOK at the end of Q4-19. Granted, but unused, credit facilities were 100 MNOK at the end of Q4-20, unchanged from the previous quarter and up from 53 MNOK at the end of Q4-19.

Net interest-bearing debt ended at 229 MNOK, down from 233 MNOK in Q3-20 and up from 201 MNOK at the end of 2019. The reduction versus Q3-20 is explained by positive cash flow from operations.

QUARTERLY NIBD MNOK



Current liabilities were 265 MNOK at the end of the quarter compared to 241 MNOK at the end of Q3-20 and 328 MNOK at the end of Q4-19. The increase from Q3-20 is mainly explained by an increase in advance payments from customers, accounts payable and liabilities held for sale.

Net working capital (defined as current assets excluding cash less current liabilities excluding current borrowings) amounted to 146 MNOK at the end of Q4-20, down from 195 MNOK at the end of Q3-20. Net working capital at the end of Q4-19 was 134 MNOK. Compared to Q4-19, net working capital was negatively impacted by a reclassification of certain non-current assets and non-current liabilities to assets and liabilities held for sale. The working capital ratio based on 12-month trailing revenues ended at 16 percent at end of Q4-20 versus 22 percent as at the end of Q3-20 and up from 14 percent at the end of Q4-19.

On December 15, Rieber & Søn AS increased their ownership in Q-Free above 33.3%. This triggered a "change of control event" for the holders of convertible bonds, enabling the bondholders to convert the bonds to shares at a price of 3.6329 per share. As a subsequent event, Bond-holders representing a nominal value of 77 MNOK have converted in January and February 2021. This will strengthen the equity and reduce future debt obligations of the company.

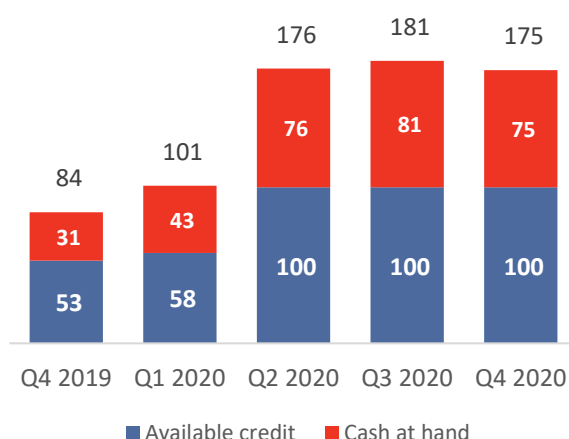
Cash flow

Net cash flow from operating activities was 31 MNOK in Q4-20 compared to 50 MNOK in Q4-19. The decrease is explained by large customer payments in Q4-19.

Net cash flow from investing activities was -7 MNOK in Q4-20 compared to -15 MNOK in Q4-19.

Net cash flow from financing activities was -22 MNOK in Q4-20 versus -35 MNOK in Q4-19. The YoY reduction is mainly explained by lower repayment of borrowings and interest expenses.

QUARTERLY AVAILABLE CREDIT AND CASH AT HAND MNOK



The net change in available cash in the period was -6 MNOK explained by reduced cash at hand. Q-Free had 175 MNOK in available funds at the end of Q4-20, significantly up from 84 MNOK at the end of Q4-19.

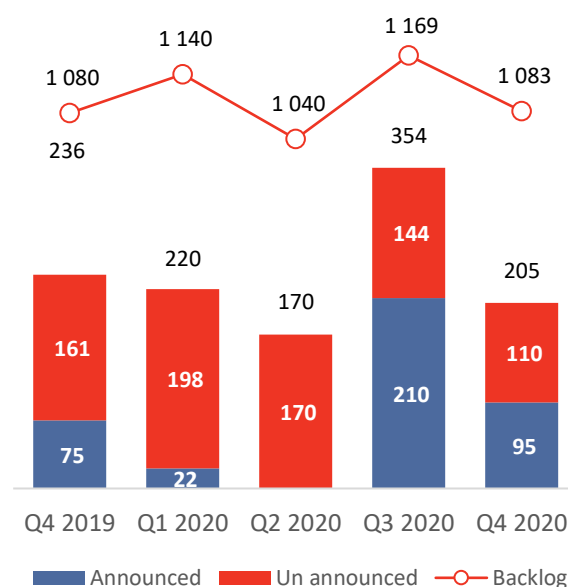
Order intake and backlog

Total reported order intake in the fourth quarter of 2020 was 205 MNOK compared to 236 MNOK in Q4-19. Book-to-bill in the quarter ended at 0.80. The order intake consisted of several small and medium-sized contracts. Contracts with a value in excess of 400 MNOK have been awarded to Q-Free, but are not yet signed and booked as order intake. Q-Free expects these contracts to be signed in 2021.

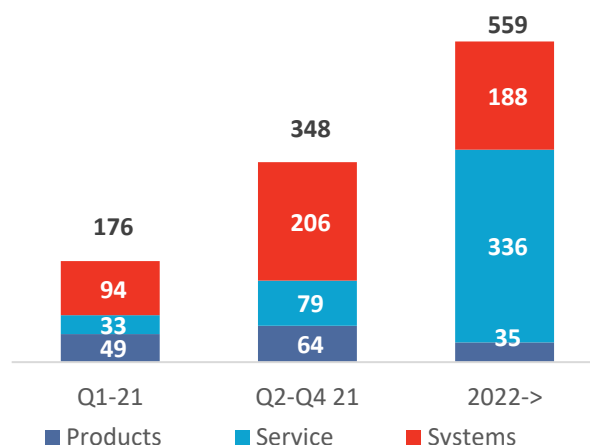
The order backlog at the end of Q4-20 was 1 083 MNOK, up from 1 080 MNOK at the end Q4-19 and down from 1 169 MNOK at the end of the previous quarter. 176 MNOK of the backlog is scheduled for delivery in Q1-21, 348 MNOK in in Q2-Q4 2021, and 559 MNOK for the period 2022 and beyond.

In terms of revenue mix, the order backlog is composed of 14 percent product deliveries, 41 percent service and maintenance contracts, and 45 percent system projects.

ORDER BACKLOG AND ORDER INTAKE MNOK



ORDER BACKLOG COMPOSITION MNOK



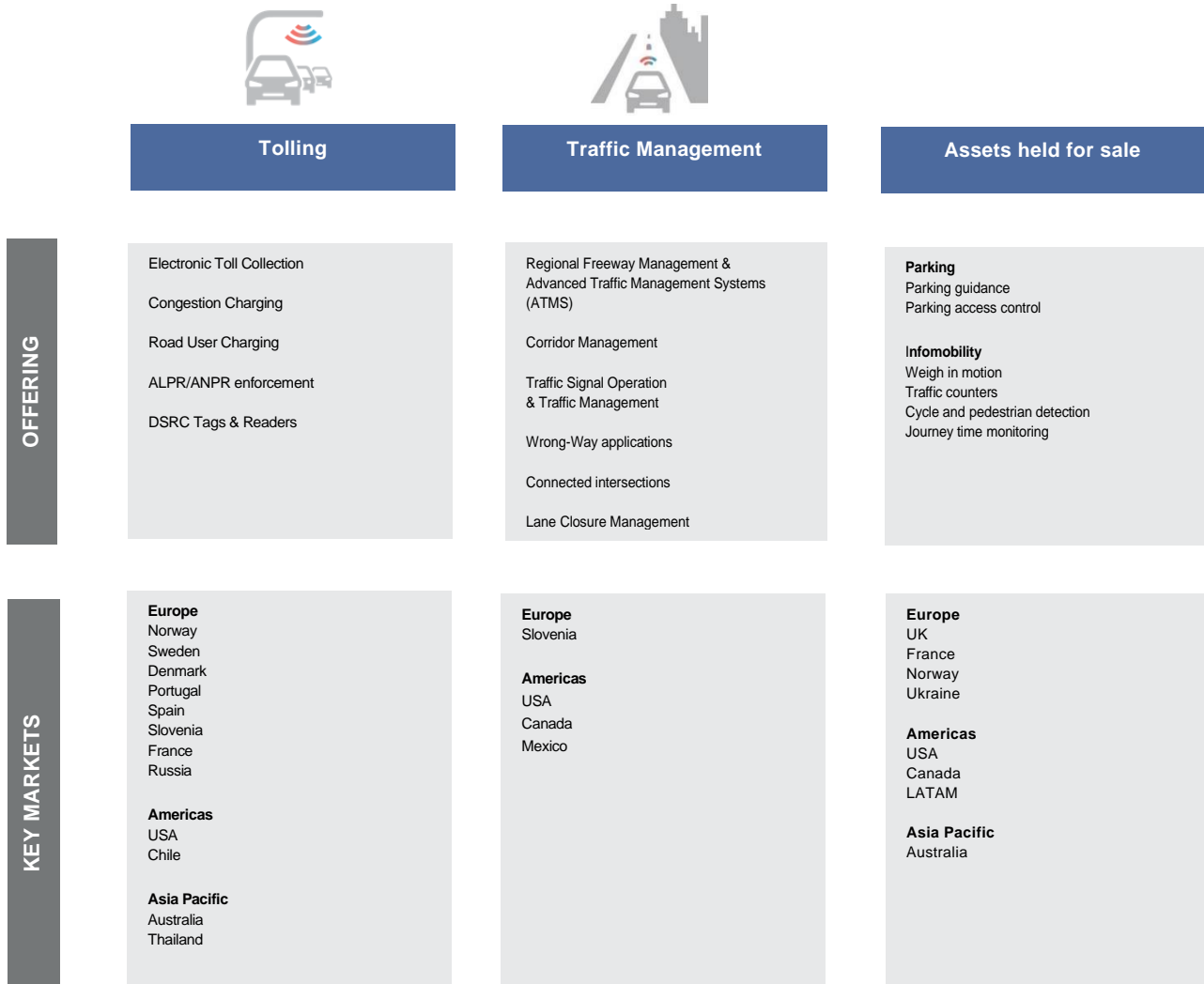
Covid-19 impact

As commented above, the Covid-19 outbreak has had a negative effect on revenue and order intake in 2020. Swift implementation of various cost-cutting measures in the spring of 2020 partly compensated for reduced revenues in FY2020.

Revenues, more specifically product and system deliveries, will continue to be negatively impacted in the first months of 2021. Travel restrictions and lockdowns also make certain cross-border activities like divestment processes and partnership discussions challenging. However, costs remain under control and considering the ongoing vaccination programs, Q-Free does not expect long-term adverse effects on the business.

Segment overview

Q-Free's segment structure per Q4 2020:





Tolling

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

REVENUES AND MARGINS

Tolling revenues in Q4-20 amounted to 158 MNOK, up from 155 MNOK in Q4-19. Revenues from S&M, system projects and software sales increased whereas product revenues decreased. Total 2020 revenues came in at 572 MNOK, down from 616 MNOK in 2019. The YoY decrease was caused by lower product sales and delayed project deliveries caused by Covid-19.

Tolling achieved an EBITDA of 31 MNOK in Q4-20, an increase of 20 MNOK from Q4-19. A higher gross margin and lower operating expenses drove the improvement. Full year EBITDA in Tolling ended at 104 MNOK in 2020, up from 89 MNOK in 2019.

The figures are impacted by the new segment reporting from January 1, 2020. Certain group expenses have been allocated to the Tolling segment, hence figures on segment level have been restated for comparison. Reference is made to note 3 in the Q4-20 report.

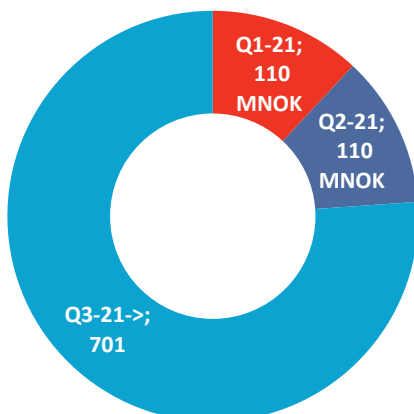
ORDER INTAKE AND BACKLOG

Q-Free booked Tolling contracts worth 130 MNOK in the quarter. The order intake consisted of various small and medium-sized orders.

The order backlog ended at 921 MNOK, up from 914 MNOK in Q4-19. Product deliveries account for 7 percent of the backlog value and are typically sold with short lead-times, while the remaining 93 percent consists of system projects and long-term service & maintenance contracts.

TOLLING ORDER BACKLOG DISTRIBUTION

MNOK



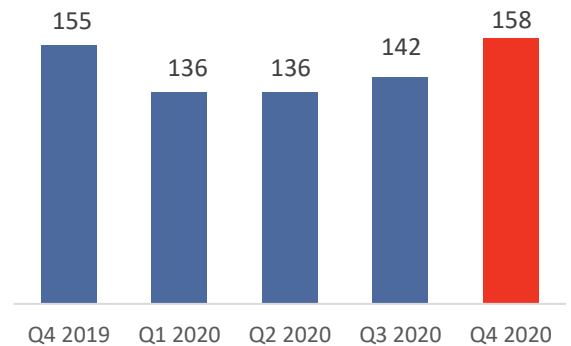
TOLLING REVENUES AND EBITDA

MNOK

	Q4-20	Q4-19	FY-20	FY-19
REVENUES	158	155	572	616
EBITDA	31	11	104	89

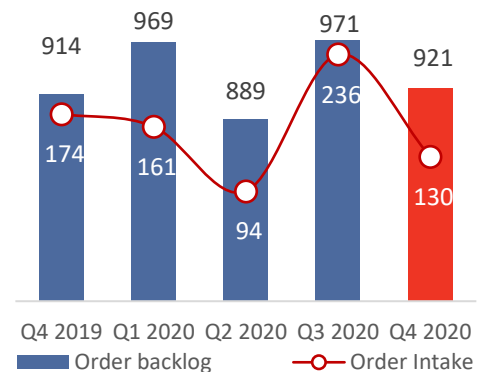
LAST 5 QUARTERS TOLLING REVENUES

MNOK



TOLLING ORDER BACKLOG & ORDER INTAKE

MNOK





Traffic Management

- Regional Freeway Management and Advanced Traffic Management Systems (ATMS)
- Corridor Management
- Traffic Signal Operation & Traffic Management
- Wrong-Way applications
- Connected Intersections
- Lane Closure Management

REVENUES AND MARGINS

Traffic Management revenues ended at 55 MNOK in Q4-20, unchanged from Q4-19. For 2020 revenues came in at 206 MNOK, down from 231 MNOK in 2019. The Covid-19 pandemic has caused temporary delays in deliveries, which impacted revenues negatively.

EBITDA ended at 1 MNOK in the quarter compared to 0 MNOK in Q4-19. The slight increase is mainly due to somewhat lower operating expenses. Full year EBITDA in Traffic Management ended at -2 MNOK in 2020, down from 7 MNOK in 2019. The decrease is caused by reduced revenues, offset by lower operating expenses.

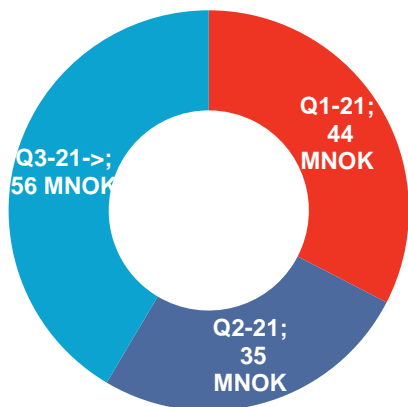
The figures are impacted by the new segment reporting from January 1, 2020. Figures on segment level have been restated for comparison. Reference is made to note 2 in the Q4-20 report.

ORDER INTAKE AND BACKLOG

Q-Free booked Traffic Management contracts in the quarter worth 38 MNOK compared to 35 MNOK in Q4-19. The order intake comprised several small and medium-sized orders in the US.

The order backlog ended at 135 MNOK. Most of the backlog is due for delivery in the coming 2 to 6 months.

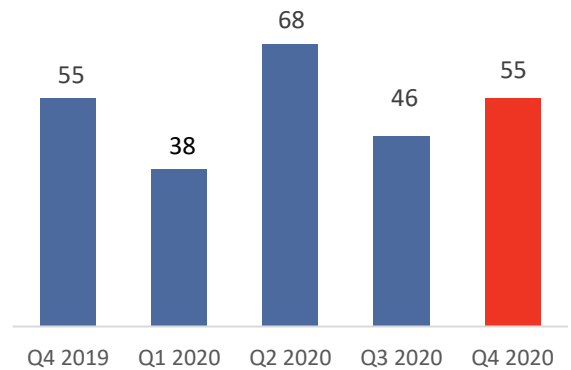
TRAFFIC MANAGEMENT ORDER BACKLOG DISTRIBUTION MNOK



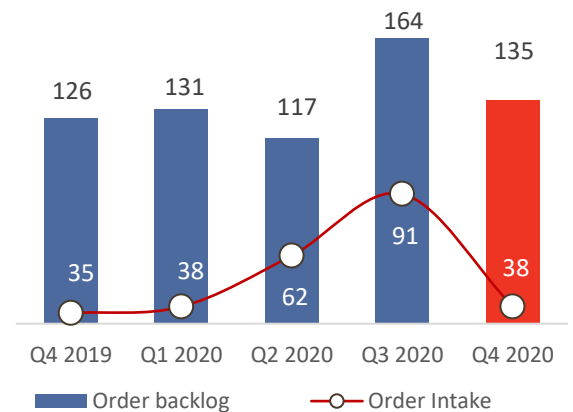
TRAFFIC MANAGEMENT REVENUES AND EBITDA MNOK

	Q4-20	Q4-19	FY-20	FY-19
REVENUES	55	55	206	231
EBITDA	1	0	-2	7

LAST 5 QUARTERS TRAFFIC MANAGEMENT REVENUES MNOK



TRAFFIC MANAGEMENT ORDER BACKLOG & ORDER INTAKE MNOK



ASSETS HELD FOR SALE

REVENUES AND MARGINS

Q4-20 revenues came in at 42 MNOK, up from 36 MNOK in Q4-19. The increase is mainly explained by higher revenues in the Infomobility business. For 2020 revenues came in at 111 MNOK, down from 116 MNOK in 2019.

EBITDA was -1 MNOK in Q4-20, down from 2 MNOK last year. Full year EBITDA in ended at 3 MNOK in 2020, down from 4 MNOK in 2019.

The figures are impacted by the new segment reporting from January 1, 2020. Figures on segment level have been restated for comparison. Reference is made to note 3 in the Q4-20 report.

ORDER SITUATION

Q-Free booked 37 MNOK in new orders in Q4-20. The order intake was primarily from Europe.

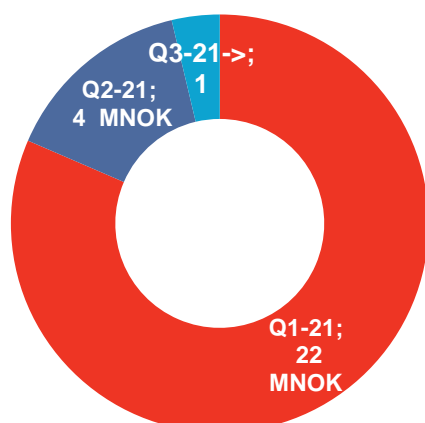
The business normally consists of small and medium sized orders with a typical delivery time of 4-8 weeks. 22 MNOK of the order backlog is scheduled to be delivered during Q1 2021, and 5 MNOK is scheduled for delivery in Q2 2021 and beyond.

DIVESTMENT PROCESS

Several potential buyers have made contact regarding our "assets held for sale", and some processes have been initiated. However, the Covid-19 pandemic creates a general market uncertainty and makes cross border transaction processes challenging. Q-Free will continue to explore divestment opportunities in the coming months.

ASSETS HELD FOR SALE ORDER BACKLOG DISTRIBUTION

MNOK



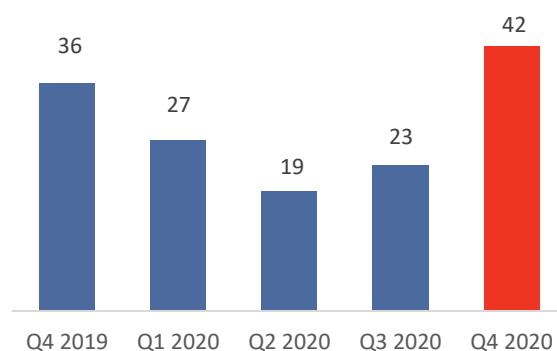
ASSETS HELD FOR SALE REVENUES AND EBITDA

MNOK

	Q4-20	Q4-19	FY-20	FY-19
REVENUES	42	36	111	116
EBITDA	-1	2	3	4

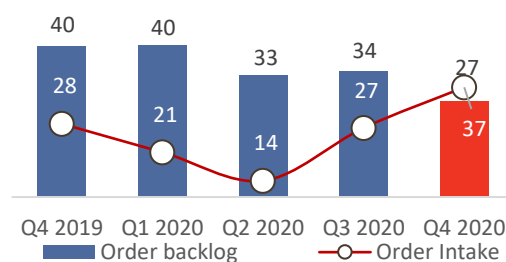
LAST 5 QUARTERS ASSETS HELD FOR SALE REVENUES

MNOK



ASSETS HELD FOR SALE ORDER BACKLOG & ORDER INTAKE

MNOK



Outlook

After a weak Q1-20, Q-Free has delivered three quarters in a row with good profitability, positive cash flow, and several important contract wins. The good momentum is expected to continue in 2021 and beyond.

Revenues declined in 2020 due to reduced product sales and delayed project deliveries caused by Covid-19. However, even if the pandemic continues to negatively impact the industry, Q-Free targets double-digit revenue growth in 2021. Almost 40 percent of revenues are recurring and combined with a strong 2021 backlog and recent contract wins (including the 130 MNOK Stockholm contract and the 90 MNOK US ATMS contract announced in February), this is possible.

With higher anticipated revenues, a solid gross margin structure, and reduced operational expenses, profitability is expected to remain solid in the coming quarters. An increasing share of revenues is also coming from high-margin software services. Q-Free will continue to shift its business more towards recurring SaaS-revenues in 2021 and beyond to continue its margin expansion. The goal for 2021 is to achieve an EBITDA margin above 10 percent.

Good cash management and improved profitability enabled Q-Free to generate 67 MNOK in positive cash flow from operations in 2020. The company more than doubled its available liquidity reserves YoY to 175 MNOK at the end of Q4-20. Q-Free has sufficient funding to manage its debt and finance its ambitious growth plans. The ongoing conversion of big parts of the convertible bond issued in May to equity, will further strengthen Q-Free's capital structure and reduce its debt obligations.

Q-Free managed to significantly improve its customer offering in 2020. Several software platforms and hardware products have been upgraded and improved, and several new development efforts were initiated. The recent contract wins are a testament to Q-Free's improved competitiveness in the market. Moreover, the technology advances also enable Q-Free to scale its solutions more cost-effectively and convert project-based sales models to recurring sales models. This will improve margins and enable higher revenue growth as more orders can be handled in parallel.

Looking further into the future, Q-Free has established a set of financial goals for 2025. An annual growth rate in excess of 10 percent leading to 2025 revenues of 1.3-1.5 billion NOK looks achievable. Potential growth from bolt-on acquisitions to strengthen and scale certain market offerings will come on top. The expected increase in high-margin software revenues combined with improved scalability of Q-Free's solutions will enable margin expansion from current levels. Hence, in 2025 Q-Free aims to deliver an EBITDA margin in the 15-20 percent range and an EBIT margin in the 10-15 percent range.

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

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- 4 Borrowings
- 5 Net financial items
- 6 Assets held for sale
- 7 Changes in accounting principles

ALTERNATIVE PERFORMANCE MEASURES

Interim condensed consolidated statement of profit or loss

31 DECEMBER 2020

Amounts in TNOK	Note	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue from customers	3	254 689	245 723	889 305	962 317
Total operating revenue		254 689	245 723	889 305	962 317
Cost of goods sold		65 693	69 811	236 609	304 556
Project contractor expenses		42 781	41 651	107 551	118 372
Employee benefit expenses		82 692	85 379	331 338	328 788
Other operating expenses		38 180	38 362	138 030	137 958
Total operating expenses		229 346	235 203	813 528	889 674
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		25 343	10 520	75 777	72 643
Depreciation of property, plant and equipment		8 601	7 613	30 315	29 128
Amortisation of intangible assets		9 105	6 461	33 724	39 564
Impairment of intangible assets and PP&E		20 538	58 332	20 538	58 332
Total depreciation, amortization and impairment		38 244	72 406	84 577	127 024
Earnings before interest and taxes (EBIT)		-12 901	-61 886	-8 800	-54 381
Financial income	5	3 893	63 835	56 865	89 777
Financial expenses	5	-14 321	-62 259	-80 511	-85 446
Net financial items	5	-10 428	1 576	-23 646	4 331
Profit before tax		-23 329	-60 310	-32 446	-50 050
Tax expense		-2 214	7 624	-8 549	69
Profit / (-) loss for the period		-25 543	-52 686	-40 995	-49 981
Earnings per share		-0,29	-0,59	-0,46	-0,56
Diluted earnings per share		-0,24	-0,59	-0,39	-0,56

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 DECEMBER 2020

Amounts in TNOK	Note	Q4 2020	Q4 2019	FY 2020	FY 2019
Profit / (-) loss for the period		-25 543	-52 686	-40 995	-49 981
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Currency translation differences, net of tax		-51 193	14 472	-15 790	4 852
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-51 193	14 472	-15 790	4 852
Other comprehensive income for the period, net of tax		-51 193	14 472	-15 790	4 852
Total comprehensive income for the period, net of tax		-76 736	-38 214	-56 785	-45 129

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 financial position

31 DECEMBER 2020

Amounts in TNOK	Note	31.12.2020	30.09.2020	30.06.2020	31.03.2020	2019
ASSETS						
Deferred tax assets		18 823	5 465	4 573	5 322	15 564
Intangible assets		65 286	91 511	94 629	98 931	114 245
Goodwill		266 576	291 744	296 122	285 130	285 270
Property, plant and equipment	1	63 311	63 408	64 758	72 878	78 785
Non-current receivables		-	-	-	262	382
TOTAL NON-CURRENT ASSETS		413 997	452 128	460 082	462 522	494 246
Inventories		38 450	33 953	41 865	49 098	76 143
Contract assets		93 560	101 551	98 247	99 351	103 957
Accounts receivable		109 945	107 576	113 707	133 253	140 265
Other current assets		24 354	34 765	37 623	35 589	37 506
Cash and cash equivalents		74 961	81 280	76 147	42 551	31 051
Assets held for sale	6	91 003	103 643	90 192	142 868	-
TOTAL CURRENT ASSETS		432 273	462 767	457 781	502 711	388 922
TOTAL ASSETS		846 270	914 895	917 863	965 233	883 168

Interim condensed consolidated statement of financial position

31 DECEMBER 2020

Amounts in TNOK	Note	31.12.2020	30.09.2020	30.06.2020	31.03.2020	2019
EQUITY AND LIABILITIES						
Subscribed share capital		33 905	33 905	33 905	33 905	33 905
Share premium		578 307	578 307	578 307	578 307	578 307
Other paid-in capital		21 223	21 199	21 140	21 118	21 183
Retained earnings		-321 991	-245 274	-245 926	-222 975	-275 893
TOTAL EQUITY		311 444	388 137	387 426	410 355	357 502
Non-current borrowings	4	179 200	191 700	208 400	144 000	160 000
Convertible bond		69 983	67 931	65 940	-	-
Non-current financial liabilities	1	20 271	26 067	25 200	33 984	37 197
Total non-current liabilities		269 454	285 698	299 540	177 984	197 197
Current borrowings	4	54 300	54 300	46 100	123 086	72 022
Advance payments from customers		11 050	9 894	12 512	11 587	4 253
Accounts payable		58 220	44 774	49 016	86 655	117 609
Taxes payable		1 744	926	1 434	593	3 531
Public duties payable		14 118	11 119	14 877	18 204	20 167
Current financial liabilities	1	20 110	21 527	20 186	57 691	54 414
Other current liabilities		78 674	69 378	69 181	52 198	56 473
Liabilities held for sale	6	27 157	29 142	17 592	26 879	-
Total current liabilities		265 372	241 060	230 897	376 894	328 469
TOTAL LIABILITIES		534 826	526 758	530 437	554 878	525 666
TOTAL EQUITY AND LIABILITIES		846 270	914 895	917 863	965 233	883 168

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 DECEMBER 2020

Amounts in TNOK	Q4 2020	Q4 2019	FY 2020	FY 2019
Cash flow from operations				
Profit before tax	-23 329	-60 310	-32 446	-50 050
Paid taxes	-1 545	-2 278	-5 330	-8 034
Depreciation and impairment of property, plant and equipment	29 139	7 613	50 853	29 128
Amortisation and impairment of intangible assets	9 105	64 793	33 724	97 896
Accrued interest expense	225	51	1 442	-173
Share-based payment expense	-	81	-233	348
<i>Working capital adjustments:</i>				
Changes in inventory	2 996	-2 712	18 337	-4 147
Changes in contract assets	7 531	19 666	8 991	-26 738
Changes in accounts receivable	-9 997	29 668	2 093	20 554
Changes in advance payments from customers	2 394	-34 307	10 840	-10 086
Changes in accounts payable	13 949	16 235	-47 058	21 617
Changes in other items	387	11 151	25 374	-32 630
Net cash flow from operations	30 855	49 651	66 587	37 685
Cash flow from investing activities				
Investments in PP&E and intangible assets	-7 406	-14 797	-24 011	-35 454
Acquisition of a subsidiary, net of cash acquired	-	-	-32 491	-44 765
Cash flow from investing activities	-7 406	-14 797	-56 502	-80 219
Cash flow from financing activities				
Cash proceeds from borrowings	-	-	182 114	73 033
Repayment of borrowings	-12 500	-25 785	-115 585	-56 533
Equity share of convertible bond	-	-	10 727	-
Payments of lease liabilities	-6 003	-5 031	-21 863	-19 801
Net interest paid	-3 792	-3 900	-13 700	-13 023
Cash flow from financing activities	-22 295	-34 716	41 693	-16 324
Effect on cash and cash equivalents of changes in foreign exchange rates	-7 473	-960	-7 868	209
Net change in cash and cash equivalents for the period	-6 319	-822	43 910	-58 649
Cash and cash equivalents beginning of period	81 280	31 873	31 051	89 700
Cash and cash equivalents end of period	74 961	31 051	74 961	31 051

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.

See note 7 regarding changes in accounting principles.



Interim condensed consolidated statement of changes in equity

31 DECEMBER 2020

Amounts in TNOK

	Subscribed share capital	Share premium	Other paid-in capital	Retained earnings	Currency translation differences, net of tax	Total
Total equity 31.12.2019	33 905	578 307	21 223	-360 965	85 031	357 502
Profit / (-) loss for the period	-	-	-	-40 995	-	-40 995
Other comprehensive income	-	-	-	-	-15 790	-15 790
Total comprehensive income for the period	33 905	578 307	21 223	-401 960	69 241	300 717
Convertible bond issue	-	-	-	10 727	-	10 727
Total equity 31.12.2020	33 905	578 307	21 223	-391 233	69 241	311 444
Total equity 31.12.2018	33 905	578 307	20 950	-310 984	80 219	402 397
Profit / (-) loss for the period	-	-	-	-49 981	-	-49 981
Other comprehensive income	-	-	-	-	4 812	4 812
Total comprehensive income for the period	33 905	578 307	20 950	-360 965	85 031	357 228
Share-based payment expense	-	-	274	-	-	274
Total equity 31.12.2019	33 905	578 307	21 224	-360 965	85 031	357 502

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

On May 19, 2020, The Company issued Convertible Bonds at a par value of tNOK 80 000. In accordance with IAS 32, the proceeds have been split between a debt element valued at fair market value, while the residual (option element for conversion right) should be considered equity. Net after deduction for transaction cost, the debt is valued at tNOK 65 050 at time of issue, while the equity is valued at net tNOK 10 727. Accrued interest have been added to the debt.



The Bonds bear interest at 6 months NIBOR + 4.00% per annum with deferral optionality, have a tenor of three years and an initial conversion price of NOK 4.3669 equal to a premium of 25% over the volume weighted average price of the Shares on the Oslo Stock Exchange the 22 April 2020 of NOK 3.4935. The Bonds are not listed. See note 4 regarding subsequent event – conversion of bonds.

Notes to the condensed interim financial statements Q4 2020

NOTE 1 – GENERAL INFORMATION & ACCOUNTING POLICIES

The Q-Free Group provides leading technology solutions to the global ITS market. Q-Free has 378 employees, is headquartered in Trondheim Norway, and has local offices in 16 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 2020, 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 2019. The consolidated financial statements for 2019 are available upon request from the company's registered office in Trondheim or at our website, www.q-free.com. The consolidated condensed interim financial statements were approved by the Board of Directors at its meeting on 11 February 2021.

The preparation of the Q-Free Group's 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 Q4 2020 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 2019.

In the interim condensed consolidated statement of cash flows as reported in the interim condensed financial statements for Q4 2020, Net interest paid is classified as an element in cash flow from financing activities. This has previously been classified as a part of cash flow from operations.

Under IFRS, the reclassification is considered a change in accounting principles. The corresponding figures for previous accounting periods have been restated. Also refer to note 7 in the interim condensed consolidated financial statements of the Q-Free Group for Q4.

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. As of January 1 2020, the Group changed the segment reporting from the previously five segments Tolling, Parking, Urban, Inter-Urban and Infomobility to the two segments Tolling and Traffic Management. Parking and Infomobility is classified as held for sale. As a consequence, 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), Corridor Management, Traffic Signal Operation & Traffic Management, Wrong-Way Applications, Connected Intersections, Lane Closure Management

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		Assets held for sale		Global functions		TOTAL	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
<i>Amounts in TNOK</i>										
Revenue from customers	157 812	155 420	54 954	54 748	41 923	35 556	- -	0	254 689	245 724
Cost of goods sold	30 950	49 633	19 219	12 564	15 524	7 615	0	0	65 693	69 811
Project contractor expenses	28 142	26 918	1 012	3 314	13 627	11 418	0	0	42 781	41 651
Gross Contribution	98 719	78 869	34 724	38 869	12 772	16 523	- -	0	146 215	134 262
Gross margin - %	62,6 %	50,7 %	63,2 %	71,0 %	30,5 %	46,5 %			57,4 %	54,6 %
Total OPEX	67 552	67 680	33 950	38 706	14 165	14 085	5 205	3 271	120 872	123 742
EBITDA	31 167	11 189	775	164	-1 393	2 438	-5 205	-3 271	25 343	10 520
EBITDA margin	19,7 %	7,2 %	1,4 %	0,3 %	-3,3 %	6,9 %			10,0 %	4,3 %
Depreciation and amortisation	8 301	6 903	5 873	3 673	24 070	61 828	0	0	38 245	72 404
EBIT	22 866	4 286	-5 099	-3 509	-25 464	-59 390	-5 205	-3 271	-12 902	-61 885
EBIT margin	14,5 %	2,8 %	-9,3 %	-6,4 %	-60,7 %	-167,0 %			-5,1 %	-25,2 %

SEGMENTS <i>Amounts in TNOK</i>	TOLLING		Traffic Management		Assets held for sale		Global functions		TOTAL			
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019		
Revenue from customers	572 320	615 705	206 404	231 077	110 582	115 535	-	0	-	0	889 306	962 317
Cost of goods sold	133 252	195 830	64 171	69 653	39 187	39 073		0		0	236 609	304 557
Project contractor expenses	82 504	82 992	3 529	13 354	21 518	22 025		0		0	107 551	118 371
Gross Contribution	356 565	336 882	138 704	148 070	49 877	54 437	-	0	-	0	545 146	539 389
Gross margin - %	62,3 %	54,7 %	67,2 %	64,1 %	45,1 %	47,1 %					61,3 %	56,1 %
Total OPEX*	252 821	247 662	140 673	140 691	46 943	50 613		28 931		27 782	469 367	466 748
EBITDA	103 744	89 220	-1 969	7 379	2 935	3 824		-28 931		-27 782	75 779	72 641
EBITDA margin	18,1 %	14,5 %	-1,0 %	3,2 %	2,7 %	3,3 %					8,5 %	7,5 %
Depreciation and amortisation	29 893	34 370	21 613	20 162	33 072	72 491		0		0	84 578	127 023
EBIT	73 851	54 850	-23 581	-12 784	-30 137	-68 667		-28 931		-27 782	-8 799	-54 382
EBIT margin	12,9 %	8,9 %	-11,4 %	-5,5 %	-27,3 %	-59,4 %					-1,0 %	-5,7 %

The revenues and expenses as reported in the previous segment reporting structure and the new segment reporting structure are shown in the tables below.

SEGMENTS	TOLLING		TRAFFIC MANAGEMENT		URBAN	INTER-URBAN	HELD FOR SALE	PARKING	INFOMOBILITY	GLOBAL FUNCTIONS		TOTAL								
Amounts in TNOK	Q4 2019 New segment	Q4 2019	Q4 2019 New segment	Q4 2019	Q4 2019	Q4 2019	Q4 2019	Q4 2019	Q4 2019	Q4 2019	Q4 2019	Q4 2019	Q4 2019							
EUROPE		94 300		43	21 991			9 752	17 019			-	143 104							
APMEA		18 298		-	-			53	1 213			-	19 564							
AMERICAS		12 794		32 435	22 283			13 063	2 481			-	83 056							
Revenue from customers	155 420	125 391	54 748	32 477	44 274	35 556	22 867	20 713	-	-		245 724	245 724							
Cost of goods sold	49 633	37 927	12 564	12 564	8 217	7 615	5 223	5 881	-	-		69 811	69 811							
Project contractor expenses	26 918	23 436	3 314	2 354	4 019	11 418	11 460	382	-	-		41 651	41 651							
Gross Contribution	78 869	64 036	38 870	17 560	32 039	16 523	6 184	14 450	-	-		134 262	134 262							
Gross margin - %	50,7 %	51,1 %	71,0 %	54,1 %	72,4 %	46,5 %	27,0 %	69,8 %				54,6 %	54,6 %							
Total OPEX	67 680	56 290	38 706	17 080	23 648	14 085	3 751	14 054	3 271	8 918		123 741	123 741							
EBITDA before non-recurring items	11 189	7 740	165	480	8 391	2 438	2 432	396	-	3 271	-	10 521	10 521							
EBITDA margin	7,2 %	6,2 %	0,3 %	1,5 %	19,0 %	6,9 %	10,6 %	1,9 %				4,3 %	4,3 %							
Depreciation and amortization	6 903	5 154	3 673	3 795	1 076	61 828	33 568	28 813				72 405	72 405							
EBIT before non-recurring items	4 286	2 587	-	3 509	-	7 315	-	59 390	-	31 135	-	28 417	-	3 271	-	8 918	-	61 883	-	61 883
EBIT margin	2,8 %	2,1 %	-6,4 %	-10,2 %	16,5 %	-167,0 %	-136,2 %	-137,2 %				-25,2 %	-25,2 %							

SEGMENTS	TOLLING		TRAFFIC MANAGEMENT	URBAN	INTER-URBAN	HELD FOR SALE	PARKING	INFOMOBILITY	GLOBAL FUNCTIONS		TOTAL	
	31.12.2019 New segment	31.12.2019	31.12.2019 New segment	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
Amounts in TNOK												
EUROPE		401 360		439	43 564		25 065	67 059			-	537 486
APMEA		74 884		-	-		2 102	2 114			-	79 100
AMERICAS		60 213		142 710	90 274		43 630	8 904			-	345 731
Revenue from customers	615 705	536 457	231 077	143 148	133 838	115 535	70 797	78 078	-	-	962 317	962 317
Cost of goods sold	195 830	169 321	69 653	69 660	17 732	39 073	23 875	23 962			304 557	304 557
Project contractor expenses	82 992	77 551	13 354	5 600	11 703	22 025	22 144	1 374			118 371	118 371
Gross Contribution	336 882	289 585	148 070	67 889	104 403	54 436	24 778	52 742	-	-	539 389	539 389
Gross margin - %	54,7 %	54,0 %	64,1 %	47,4 %	78,0 %	47,1 %	35,0 %	67,6 %			56,1 %	56,1 %
Total OPEX	247 662	203 197	140 691	64 165	80 807	50 613	32 670	47 792	27 782	38 123	466 746	466 746
EBITDA before non-recurring items	89 220	86 388	7 379	3 724	23 596	3 824	- 7 892	4 950	- 27 782	- 38 123	72 643	72 643
EBITDA margin	14,5 %	16,1 %	3,2 %	2,6 %	17,6 %	3,3 %	-11,1 %	6,3 %			7,5 %	7,5 %
Depreciation and amortization	34 370	20 779	20 162	16 516	12 582	72 491	39 803	37 345			127 023	127 023
EBIT before non-recurring items	54 850	65 609	- 12 783	- 12 792	11 014	- 68 667	- 47 695	- 32 394	- 27 782	- 38 123	- 54 379	- 54 379
EBIT margin	8,9 %	12,2 %	-5,5 %	-8,9 %	8,2 %	-59,4 %	-67,4 %	-41,5 %			-5,7 %	-5,7 %

NOTE 3 REVENUES

Revenue from customers is disaggregated in the table below by type of product or project category, by the timing of the reception of revenue, and by segment.

Disaggregation of revenue from customers

Amounts in TNOK

	TOLLING		TRAFFIC MANAGEMENT		ASSETS HELD FOR SALE		TOTAL	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
Revenue from customers	157 812	155 420	54 954	54 748	41 923	35 556	254 689	245 724
At a point in time revenue recognition								
Product deliveries (not related to projects)	26 435	30 550	25 406	14 540	5 259	7 077	57 101	52 167
Total at a point in time revenue recognition	26 435	30 550	25 406	14 540	5 259	7 077	57 101	52 167
Over time revenue recognition								
Service & Maintenance	42 200	29 764	7 418	186	1 180	1 584	50 797	31 533
System Projects (includes over-time product deliveries related to projects)	89 176	95 106	22 130	40 022	35 484	26 896	146 791	162 024
Total over time revenue recognition	131 376	124 870	29 548	40 208	36 664	28 479	197 588	193 557

Amounts in TNOK

	TOLLING		TRAFFIC MANAGEMENT		ASSETS HELD FOR SALE		TOTAL	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenue from customers	572 320	615 705	206 404	231 077	110 582	115 535	889 306	962 317
At a point in time revenue recognition								
Product deliveries (not related to projects)	117 476	214 129	89 889	86 692	25 830	28 382	233 195	329 204
Total at a point in time revenue recognition	117 476	214 129	89 889	86 692	25 830	28 382	233 195	329 204
Over time revenue recognition								
Service & Maintenance	159 925	134 935	31 208	32 858	3 379	4 055	194 512	171 848
System Projects (includes over-time product deliveries related to projects)	294 919	266 640	85 306	111 527	81 373	83 097	461 598	461 265
Total over time revenue recognition	454 844	401 576	116 515	144 386	84 752	87 152	656 111	633 113

NOTE 4 BORROWINGS

Type	Effective interest rate***	Maturity	31.12.2020	31.12.2019
Non-current				
Nordea - Term loan	3,2 %	01.06.2022	25 000	70 000
Nordea - Term loan	3,2 %	01.06.2022	29 230	34 730
Nordea - Term loan*	3,16 %	28.05.2022	69 700	-
Nordea - Revolving Credit Facility (RCF)	3,2 %	01.06.2022	55 270	55 269
Total non-current borrowings			179 200	160 000
Convertible bond				
Convertible bond (NIBOR + 4.00%)	12,53 %	19.05.2023	69 983	-
Current				
Nordea - Term loan	3,2 %	01.06.2022	25 000	15 000
Nordea - Term loan	3,2 %	01.06.2022	17 000	10 000
Nordea - Term loan*	3,16 %	28.05.2022	12 300	-
Nordea - Credit line **	-	01.06.2022	-	47 021
Total current borrowings			54 300	72 022
Total			303 483	232 022

* The facility is partly guaranteed by GIEK as part of the Norwegian government's Covid-19 support packages.

** Credit line is renewed annually. Cost of facility is partially interest on actual overdraft with an additional overdraft facility fee. The available credit of tNOK 100 000 is currently not utilized.

*** Effective October 20 onwards

Convertible Bond

On May 19, 2020 the Company issued Convertible Bonds at a par value of tNOK 80 000. In accordance with IAS 32, the proceeds have been split between a debt element valued at fair market value, while the residual (option element for conversion right) should be considered equity. Net after deduction for transaction cost, the debt is valued at tNOK 65 050 at time of issue, while the equity is valued at net tNOK 10 727. Accrued interest have been added to the debt.

The Bonds will bear interest at 6 months NIBOR + 4.00% per annum with deferral optionality, have a tenor of three years and an initial conversion price of NOK 4.3669 equal to a premium of 25% over the volume weighted average price of the Shares on the Oslo Stock Exchange the 22 April 2020 of NOK 3.4935. The Bonds will not be listed.

Under IAS 32, all interest on nominal amount is charged to the debt proportion of the convertible bond. For accounting purposes, the effective interest is therefore significantly higher than the nominal interest.

On December 15, Rieber & Søn AS increased their ownership in Q-Free past 33,3%. This triggered a "change of control event" for the holders of convertible bonds, enabling the bond-holders to convert the bonds to shares at a price of 3,6329 per share. As a subsequent event, bond-holders representing a nominal value of 77 MNOK have converted in January and February 2021. This will reduce the convertible bond debt by almost 68 MNOK

Debt covenants

Following a revision of the financial contract with its main bank in April 20, the following loan covenants apply:

There is a minimum equity ratio covenant of 35%, where equity ratio is defined as equity plus subordinated convertible bond divided on total assets.

At the end of Q4-2020 the covenant structure requires 12M reported EBITDA to exceed MNOK 30 and pr. end of Q1-2021 12M rolling EBITDA should exceed MNOK 45. Starting Q2-2021, covenant is based on measurement of leverage ratio (NIBD (excluding convertible bond)/EBITDA) that should not be higher than 3.50 in Q2 2021 before being reduced to 3.25 in Q3 2021, 2.75 in Q4 2021 and 2.5 in Q1 2022 onwards.



The effective interest rate of selected facilities/borrowings are dependent if Q-Free's leverage ratio is above or below 2,75. The interest is currently (Effective October 20) on the lowest level but will increase if leverage ratio increases above 2,75.

NOTE 5 NET FINANCIAL ITEMS

Amounts in TNOK

Financial items	Q4 2020	Q4 2019	FY 2020	FY 2019
Interest income	254	-99	1 217	134
Realised exchange rate differences	3 639	232	17 579	9 462
Unrealised exchange rate differences	-	1 845	19 964	8 723
Fair value change in contingent consideration and other liabilities*	-	7 995	-	17 596
Financial income	3 893	9 973	38 760	35 915
Interest expense	-441	-1 326	-2 298	-5 394
Interest on borrowings	-983	-2 475	-11 618	-7 763
Realised exchange rate differences	-6 295	-1 992	-18 017	-10 186
Unrealised exchange rate differences	-2 487	-1 724	-21 366	-3 786
Fair value change in contingent consideration and other liabilities*	-	927	-	644
Other financial expense	-4 115	-1 806	-9 108	-5 098
Financial expense	-14 322	-8 396	-62 407	-31 583
NET FINANCIAL ITEMS	-10 429	1 577	-23 648	4 332

* Change in contingent consideration and other liabilities is explained by currency effects on the liability for the purchase of the remaining shares of Intelight Inc. The remaining shares in Intelight Inc. was purchased during Q2-20. The currency effect on settlement is classified as realized exchange rate differences.

Until to Q4-20, inter-company accounts have been considered as monetary items, and exchange differences arising on those inter-company accounts have been recognized in profit and loss. As of Q4 -20, the Group considers certain inter-company accounts as intragroup financing. Such accounts are considered as long-term trading balances. Consequently, exchange differences arising on those inter-company accounts are recognized in other comprehensive income from Q4-20.

NOTE 6 ASSETS HELD FOR SALE

Amounts in TNOK	31.12.2020	31.12. 2019	2019
ASSETS			
Development, goodwill	34 025	-	-
Property, plant and equipment	6 502	-	-
Inventories	19 356	-	-
Contract assets	1 406	-	-
Accounts receivable	28 227	-	-
Other current assets	1 487	-	-
ASSETS HELD FOR SALE	91 003	-	-

Amounts in TNOK	31.12.2020	31.12. 2019	2019
LIABILITIES			
Non-current financial liabilities	3 739		
Accounts payable	12 331	-	-
Public duties payable	3 111	-	-
Other current liabilities	7 975	-	-
LIABILITIES HELD FOR SALE	27 157	-	-

NOTE 7 CHANGES IN ACCOUNTING PRINCIPLES

In the interim condensed consolidated statement of cash flows as reported in the interim condensed financial statements for Q3 2020, Net interest paid is classified as an element in cash flow from financing activities. This has previously been classified as a part of cash flow from operations.

Under IFRS, the reclassification is considered a change in accounting principles. The corresponding figures for previous accounting periods have been restated, and the impacts on the relevant items are stated in the table below.

For the purpose of the statement of cash flows to give a relevant and reliable view of the nature of the business and the origin of the cash flows in the Group, management has deemed the reclassification necessary.

For the sake of good order, there is no change in total cash flows or in cash and cash equivalents in any of the accounting periods.

Amounts in TNOK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	12M 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	12M 2020
Net cash flow from operations - before reclassification	-12 672	-44 910	36 493	45 751	24 662	-15 920	20 592	21 152	27 063	52 887
Reclassification	2 414	2 494	4 215	3 900	13 023	3 224	3 590	3 094	3 792	13 700
Net cash flow from operations - after reclassification	-10 258	-42 416	40 708	49 651	37 685	-12 696	24 182	24 246	30 855	66 587
Cash flow from financing activities - before reclassification	35 086	16 688	-24 259	-30 816	-3 301	29 936	57 309	-13 349	-18 503	55 393
Reclassification	-2 414	-2 494	-4 215	-9 123	-18 246	-3 224	-3 590	-3 094	-3 792	-13 700
Cash flow from financing activities - after reclassification	32 672	14 194	-28 474	-39 939	-21 547	26 712	53 719	-16 443	-22 295	41 693

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.

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.

Amounts in TNOK

Gross contribution and gross margin	Q4 2020	Q4 2019	12M 2020	12M 2019 [↑]	2019
Revenue from customers	254 689	245 723	889 305	962 317	962 317
Cost of goods sold	-65 693	-69 811	-236 609	-304 556	-304 556
Project contractor expenses	-42 781	-41 651	-107 551	-118 372	-118 372
Gross contribution	146 215	134 261	545 145	539 389	539 389
Gross margin	57,4 %	54,6 %	61,3 %	56,1 %	56,1 %

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 Amortisation. 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 2019. The same applies for EBIT.

EBITDA margin:

Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) in percentage of revenues.

Amounts in TNOK

EBITDA margin	Q4 2020	Q4 2019	12M 2020	12M 2019 [↑]	2019
Revenue from customers	254 689	245 723	889 305	962 317	962 317
EBITDA	25 343	10 520	75 777	72 643	72 643
EBITDA margin	10,0 %	4,3 %	8,5 %	7,5 %	7,5 %

EBIT margin:

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

Amounts in TNOK

EBIT margin	Q4 2020	Q4 2019	12M 2020	12M 2019 [↑]	2019
Revenue from customers	254 689	245 723	889 305	962 317	962 317
EBIT	-12 901	-61 886	-8 800	-54 381	-54 381
EBIT margin	-5,1 %	-25,2 %	-1,0 %	-5,7 %	-5,7 %

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.

Amounts in TNOK

Non-recurring items	Q4 2020	Q4 2019	12M 2020	2019
Termination of wage compensation for lost pension benefits	-	-	-	-9 125
Restructuring costs	-	7 500	-	7 500
Non-recurring items in EBITDA	-	7 500	-	-1 625
Impairment	20 538	-	20 538	58 332
Non-recurring items in EBIT	20 538	7 500	20 538	56 707

Net Interest Bearing Debt (NIBD):

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

Amounts in TNOK

Net Interest Bearing Debt	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Non-current borrowings from financial institutions	175 100	191 700	160 000	144 000	160 000
Convertible bond	69 983	67 931	-	-	-
Current borrowings from financial institutions	58 400	54 300	72 022	123 086	72 022
Gross Interest Bearing Debt	303 483	313 931	232 022	267 086	232 022
Cash and cash equivalents	74 961	81 280	31 051	42 551	31 051
Net Interest Bearing Debt	228 522	232 651	200 971	224 535	200 971

Net working capital:

Defined as Current assets excluding Cash less Current liabilities, and excluding Current borrowings and the Intelight share purchase liability classified as Current financial liabilities.

Amounts in TNOK

Net Working Capital	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Inventories	38 450	33 953	66 566	49 098	76 143
Contract assets	93 560	101 551	111 797	99 351	103 957
Accounts receivable	109 945	107 576	170 737	133 253	140 265
Other current assets	115 358	138 408	35 703	178 457	37 506
Current Assets (excl Cash and cash equivalents)	357 312	381 487	384 803	460 160	357 871
Advance payments from customers	11 050	9 894	26 742	11 587	4 253
Accounts payable	58 220	44 774	76 877	86 655	117 609
Taxes payable	1 744	926	2 317	593	3 531
Public duties payable	14 118	11 119	16 767	18 204	20 167
Current financial liabilities	20 110	21 527	69 762	57 691	54 414
Other current liabilities	105 831	98 520	57 330	79 077	56 473
Intelight share purchase liability	-	-	-48 280	-36 322	-32 651
Current liabilities (excl Current borrowings from financial institutions)	211 072	186 760	201 515	217 486	223 796
Net Working Capital	146 240	194 727	183 288	242 674	134 075

ALTERNATIVE PERFORMANCE MEASURES

Working capital ratio:

Defined as Current assets excluding Cash less Current liabilities and excluding Current borrowings and the Intelight share purchase liability classified as Current financial liabilities in percentages of last 12 months Revenue from customers.

Amounts in TNOK

	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Working Capital ratio					
12 months Revenue from customers	880 339	880 339	912 592	940 588	962 317
Net Working Capital	146 240	194 727	196 837	242 674	134 075
Working Capital ratio	16,6 %	22,1 %	21,6 %	25,8 %	13,9 %

Equity ratio:

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

Amounts in TNOK

	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Equity ratio					
Total equity	311 444	388 137	387 426	410 355	357 502
Total assets	846 270	914 895	917 863	965 233	883 168
Equity ratio	36,8 %	42,4 %	42,2 %	42,5 %	40,5 %

For the purpose of covenant calculation on the loans from financial institutions, the debt element of the convertible bond is considered equity. Hence, an equity ratio for covenant calculation purposes is provided below.

Amounts in TNOK

	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Equity ratio for covenant calculation purposes					
Total equity, Debt element of convertible bond considered equity	381 427	456 068	453 366	410 355	357 502
Total assets	846 270	914 895	917 863	965 233	883 168
Equity ratio for covenant calculation purposes	45,1 %	49,8 %	49,4 %	42,5 %	40,5 %

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:

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

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO have today considered and approved the condensed financial statements for 2020 and the financial information in this report that is relevant for 2020.

The report for 2020 has been prepared in accordance with IAS 34 Interim Financial Statements and additional disclosure requirements as stated in the Norwegian Verdipapirhandelloven (Securities Trading Act).

We confirm that, to the best of our knowledge, the condensed set of financial statements for 2020 gives a true and fair view of the Q-Free Group's consolidated assets, liabilities, financial position and results of operations. To the best of our knowledge the report provides a fair review of important events in the period and their effects on the condensed set of financial statements, with a description of the principal risks and uncertainties that the Q-Free Group is facing that may have a material effect on the financial position or results for the Q-Free Group.

Oslo, 11 February 2021.

The Board of Directors and

Chief Executive Officer of Q-Free ASA

Trond Valvik	Chairman of the Board
Snorre Kjesbu	Vice Chairman of the Board
Ingeborg Molden Hegstad	Member
Trine Strømsnes	Member
Geir Bjørlo	Member
Brage Blekken	Employee elected member
Yngve Halmø	Employee elected member
Håkon Rypørn Volldal	President & CEO

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