



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 920 771 793
Organisasjonsform: Aksjeselskap
Foretaksnavn: Q-FREE NORGE AS
Forretningsadresse: Strindfjordvegen 1
7053 RANHEIM

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Trond Christensen
Dato for fastsettelse av årsregnskapet: 30.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 07.09.2023



Resultatregnskap

| Beløp i: NOK | Note | 2021 | 2020 |
|--|------|--------------------|--------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Salsinntekt | 3,18 | 30 202 000 | 34 977 000 |
| Salgsinntekt kunder | 3 | 370 116 000 | 330 971 000 |
| Sum inntekter | | 400 318 000 | 365 948 000 |
| Kostnader | | | |
| Varekostnad | 4 | 124 966 000 | 103 112 000 |
| Lønnskostnader | 5 | 116 245 000 | 110 273 000 |
| Avskrivning Immaterielle eiendeler | 9 | 14 682 000 | 12 254 000 |
| Avskrivninger Driftsmidler | 10 | 11 455 000 | 28 397 000 |
| Annen kostnader | 6 | 47 796 000 | 48 936 000 |
| Prosjektkostnader | 6 | 36 717 000 | 57 893 000 |
| Sum kostnader | | 351 861 000 | 360 865 000 |
| Driftsresultat | | 48 457 000 | 5 083 000 |
| Finansinntekter og finanskostnader | | | |
| Annen renteinntekt | 7 | 403 000 | 13 000 |
| Urealisert Agio | 7 | 2 880 000 | 392 000 |
| Realisert Agio | 7 | 5 321 000 | 9 837 000 |
| Sum finansinntekter | | 8 604 000 | 10 242 000 |
| Annen rentekostnad | 7 | 464 000 | 824 000 |
| Urealisert Disagio | 7 | 1 456 000 | 4 168 000 |
| Realisert Disagio | 7 | 6 441 000 | 8 269 000 |
| Annen finanskost | 7 | 3 000 | 2 000 |
| Sum finanskostnader | | 8 364 000 | 13 263 000 |
| Netto finans | | 240 000 | -3 021 000 |
| Ordinært resultat før skattekostnad | | 48 697 000 | 2 062 000 |
| Skattekostnad | | -5 316 000 | 0 |
| Ordinært resultat etter skattekostnad | | 54 013 000 | 2 062 000 |
| Årsresultat | | 54 013 000 | 2 062 000 |



Resultatregnskap

| Beløp i: NOK | Note | 2021 | 2020 |
|---------------------|-------------|-------------|-------------|
|---------------------|-------------|-------------|-------------|



Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|---|-------|--------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Imaterielle eiendeler | 9 | 55 345 000 | 43 772 000 |
| Utsatt skattefordel | 1,8 | 5 316 000 | 0 |
| Goodwill | | | |
| Sum immaterielle eiendeler | | 60 661 000 | 43 772 000 |
| Varige driftsmidler | | | |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende | 10 | 50 644 000 | 32 847 000 |
| Sum varige driftsmidler | | 50 644 000 | 32 847 000 |
| Finansielle anleggsmidler | | | |
| Andre fordringer | 19 | 75 000 000 | 0 |
| Sum finansielle anleggsmidler | | 75 000 000 | 0 |
| Sum anleggsmidler | | 186 305 000 | 76 619 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Varer | 4 | 17 133 000 | 12 299 000 |
| Sum varer | | 17 133 000 | 12 299 000 |
| Fordringer | | | |
| Kundefordringer | 11,16 | 112 692 000 | 184 118 000 |
| Kontrakt fordringer | 2,3 | 1 265 000 | -1 089 000 |
| Fordringer konsernselskaper | 13 | 37 735 000 | 0 |
| Andre fordringer | 12,16 | 12 203 000 | 9 718 000 |
| Sum fordringer | | 163 895 000 | 192 747 000 |
| Sum omløpsmidler | | 181 028 000 | 205 046 000 |
| SUM EIENDELER | | 367 333 000 | 281 665 000 |

BALANSE - EGENKAPITAL OG GJELD



Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|--|-------|---------------------|---------------------|
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Aksjekapital | | 15 804 000 | 15 804 000 |
| Overkurs | | 125 592 000 | 125 592 000 |
| Annen innskutt egenkapital | | 196 396 000 | 196 396 000 |
| Sum innskutt egenkapital | | 337 792 000 | 337 792 000 |
| Opptjent egenkapital | | | |
| Udekket tap | | 112 702 000 | 166 713 000 |
| Sum opptjent egenkapital | | -112 702 000 | -166 713 000 |
| Sum egenkapital | | 225 090 000 | 171 079 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Finansielle forpliktelser | 16,17 | 28 770 000 | 7 863 000 |
| Sum avsetninger for forpliktelser | | 28 770 000 | 7 863 000 |
| Annen langsiktig gjeld | | | |
| Sum langsiktig gjeld | | 28 770 000 | 7 863 000 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 14,16 | 48 734 000 | 37 319 000 |
| Offentlige avgifter | | 8 230 000 | 12 201 000 |
| Annen kortsiktig gjeld | 15,16 | 48 378 000 | 41 273 000 |
| Annen kortsiktig finansiell gjeld | 16,17 | 8 132 000 | 9 697 000 |
| Annen kortsiktig gjeld fra konsern selskap | | 0 | 2 233 000 |
| Sum kortsiktig gjeld | | 113 474 000 | 102 723 000 |
| Sum gjeld | | 142 244 000 | 110 586 000 |
| SUM EGENKAPITAL OG GJELD | | 367 334 000 | 281 665 000 |



Statsautoriserte revisorer
Ernst & Young AS

Havnegata 9, 7010 Trondheim
Postboks 1299 Pirsenteret, 7462 Trondheim

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Q-Free Norge AS

Opinion

We have audited the financial statements of Q-Free Norge AS (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Trondheim, 30 June 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Christian Ronæss
State Authorised Public Accountant (Norway)

Independent auditor's report - Q-Free Norge AS 2021

A member firm of Ernst & Young Global Limited

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Christian Ronæss

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5994-4-555967

IP: 213.52.xxx.xxx

2022-06-30 19:11:24 UTC



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Skattedirektoratet

| | | |
|--|-------------------------------|------------------------------|
| Saksbehandler Torstein Kinden Helleland | Deres dato 11.02.2013 | Vår dato 11.03.2013 |
| Telefon 22078139 | Deres referanse L 2013-006 | Vår referanse 2013/105998 |

Q-FREE ASA
Postboks 3974 Leangen
7443 TRONDHEIM

| | |
|---------------------|------|
| 12 MARS 2013 | |
| J.nr. | 0009 |
| A.nr. | |
| Til | RC |
| Kopi | |

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Q-Free ASA, org. nr. 935 487 242

Det vises til deres brev av 11. februar 2013 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Q-Free ASA.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Q-Free ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

Q-Free ASA og dets datterselskaper er en ledende leverandør av teknologi innen transportsektoren. Utenlandske aksjonærer representerer en eierandel på 33,89 %. De 20 største aksjonærene i selskapet er profesjonelle/institusjonelle investorer, og representerer 72 % av aksjekapitalen. Q-Free ASA er notert på Oslo Børs og har dispensasjon fra Lov om verdipapirhandel § 5-13 vedrørende krav til språk. Selskapet har en rekke utenlandske datterselskaper som utarbeider sine regnskaper på engelsk språk. Selskapets virksomhet foregår hovedsakelig utenfor Norge. 76 % av omsetningen finner sted i utlandet. Virksomheten retter seg mot private institusjonelle aktører samt statlige aktører. Selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk. Arbeidsspråket i selskapet og konsernet er engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

| | | |
|---|--|---|
| Postadresse Postboks 9200 Grønland 0134 Oslo For elektronisk henvendelse se www.skatteetaten.no | Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318 | Sentrallbord 800 80 000 Telefaks 22 17 08 60 |
|---|--|---|



”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er morselskap i et internasjonalt konsern med en rekke utenlandske datterselskaper. 76 % av omsetningene foregår i utlandet. Selskapet har fått dispensasjon fra Oslo Børs til å benytte engelsk språk. Majoriteten av aksjonærene er profesjonelle/institusjonelle investorer. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Torstein Kinden Helleland



The board of directors' report 2021 for Q-Free Norge AS

Operations and locations

Q-Free Norge AS creates intelligent solutions for efficient, safe and environmentally friendly transportation. Q-Free is headquartered in Trondheim, Norway and has delivered products and solutions in Europe, North America, and the Asia Pacific region.

Q-Free Norge AS was established in November 2018 as part of a drop-down demerger done between Q-Free ASA and Q-Free Norge AS. Q-Free ASA functions solely as the Q-Free Group parent holding company while Q-Free Norge AS is the operational company comprising R&D, Production and Sales of Q-Free's global tolling operations.

A majority of the operations in Q-Free Norge AS is related to Q-Free's tolling operations.

Q-Free Norge AS is a 100% owned subsidiary of Q-Free ASA. The annual report of Q-Free ASA for 2021 is publicly available at www.Q-Free.com

Comments to the financial statements

Accounting year 2021 and 2020 comprises the period January 1-December 31. Comments are provided below.

Total revenues for 2021 was 400 MNOK (2020: 366 MNOK). The increase is explained by increased product and system sales. Profit after tax was 54 MNOK in 2021 (2020: 2 MNOK). Total comprehensive income was 54 MNOK in 2021 (2020: 2 MNOK).

Total assets was 367 MNOK as of 31.12.2021 (282 MNOK as of 31.12.2020). The increase is mainly explained by an increase in non-current assets.

Total equity was 225 MNOK as of 31.12.2021 (171 MNOK as of 31.12.2020). The increase is explained by allocation of net result.

Total liabilities were 142 MNOK as of 31.12.2021 (111 MNOK as of 31.12.2020). The increase is mainly explained by an increase in non-current liabilities.

Cash flow from operations was 64 MNOK (2020: 31 MNOK). The increase is mainly explained by working capital effects. Cash flow from investing activities was -56 MNOK (2020: -22 MNOK). The decrease is explained by increased investments in property plant and equipment and intangible assets. Cash flow from financing activities was -10 MNOK (2020: -10 MNOK). Net change in cash and cash equivalents for the year was 0, as the cash balances are classified as intercompany receivables and intercompany payables as of 31.12.2021 and 31.12.2020.

Organisation

Q-Free Norge AS had 105 employees at the end of 2021. The company has established good working conditions in a non-discriminating, multicultural organisation with operations in 16 countries. Sick leave remains at a satisfactory low level (2,7%). The company reported no serious lost time accidents or injuries during the year.



Please refer to the separate Corporate Social Responsibility Statement in the Q-Free ASA Annual Report for a more detailed review of Q-Free's human rights, labour rights, working conditions, and safety and health policies and performance.

The board members are covered by the Group's Directors and Officers Liability Insurance.

Reporting on the Equality and Anti-Discrimination Act section 26

In line with legal requirements, all Norwegian employers are obliged to work actively and targeted to promote equality and prevent discrimination, and to document and account for their work. According to the "The activity duty and the duty to issue a statement" (Aktivitets- and redegjørelsesplikten – ARP for short – in Norwegian), all employers are required to identify and address challenges regarding equality and diversity in the workplace before any incidents of discrimination take place. As a private sector employer with more than 50 employees, Q-Free has implemented the recommended four-step working method of the duty, and operationalized by a cross functional employee task-force, including representatives from our work environment committee.

The four-step working method consists of the following steps:

- A) investigate whether there is a risk of discrimination or other barriers to equality including by reviewing pay conditions by reference to gender and the use of involuntary part-time work every two years,
- B) analyse the causes of identified risks,
- C) implement measures suited to counteract discrimination and promote greater equality and diversity in the undertaking, and
- D) evaluate the results of efforts made pursuant to A) and C)

Our work for equality and anti-discrimination

Q-Free promotes equality and work systematically to be an engaging workplace with an inclusive working environment. We expect dedicated employees, who treat others with respect and maintain an open communication, and our policy is clear: There shall be no discrimination of age, gender, disability, race, sexual orientation, ethnic origin, religion, or political affiliation within Q-Free. The working environment shall also be free from bullying.

Risks, cause analysis and measurements

As a follow-up of our Sustainability Task Force's risk analysis on the matter of diversity, equality, and inclusion in 2021, we have conducted an extensive risk analysis for diversity and inclusion for the foreseeable future. A cross-functional group of 12 employees has defined the following risks to be the most pressing issues, with related causes, actions, and measurements – to provide us with a road map going forward:

| | Undesired event | Possible causes | Implemented risks and mitigation actions | Suggested risk mitigation actions |
|--|-----------------|-----------------|--|-----------------------------------|
| | | | | |



| | | | | |
|--------------------------------|---|---|---|---|
| Attraction and recruitment | Not reaching the broad and diverse workforce and skillsets needed to fulfill positions and meet current and upcoming needs. | Lack of diverse influential role models at all levels and areas of the organization. Lack of an up-to-date definition across the organization on "talent" in to meet new requirements and expectations. | Defined goals and KPI's to improve results on diversity. Redesign of attraction and recruitment process to ensure diversity focus and representation in all stages. | Implement diversity and inclusion strategy with goals and KPI's on group level. |
| Working conditions | Weak decision making due to too narrow perspectives and insights across teams. | More focus on personal/individual performance than on complementary team members and groups performance. | Dedicated Global Director of People and Organizations to work strategically with D&I. Establishment of several cross-functional groups to strengthen team and diverse opinion sharing. | Establish a clear diversity and inclusion strategy on group level, with goals, KPI's and action plans. Measure managers also on related goals and KPI's. |
| | Loosing employees or get workforce that is outdated due to lack of progressive and holistic development plans. | Weak competence development plans and high pressure on day-to-day deliveries. | In process of hiring a dedicated resource to lead recruitment and competence development activities. | Create a development and inclusion programme that is standardized and that equalizes the opportunities for development. |
| Internal recruitment/Promotion | "Traditional hiring" leading to low degree of diversity and increased risks in decision making and reputation. | Definition of "talent" not up-to-date. Historically promotion of "cultural fits" rather than "cultural adds". Patriarchal and transactional leadership styles that favors a narrow set of traits or skills. | In process of hiring a dedicated resource to lead recruitment and competence development activities. | Incentives and promote positive attitude and leadership performance in D&I. |
| Work/life balance | Increasing rate of employees who are sick or burned out. | Periodically short deadlines and intense workdays that is particularly challenging for certain employee groups. Changing expectations and raising challenges with mental illness in society. | Awareness work on work/life balance. Flexible work conditions. Implementation of regular 1:1 meeting with manager. Implementation of Winningtemp, a tool to measure | |



| | | | | |
|--|--|--|---|--|
| | | | employee satisfaction and uncover stress. | |
|--|--|--|---|--|

Attraction and recruitment

The industry of Intelligent Transportation Solutions is an industry for everyone. Yet, there is still a significant overrepresentation of men, and we believe increased female participation will broaden the general diversity in the industry. If we don't reach a broad and diverse workforce, there is a risk that we will lack the broad skillsets required to meet coming needs and assure high quality solutions for a globalized world. We could also run the risk of not having a broad pool of candidates to fulfill vacant positions.

As a start, Q-Free has set a clear target of increasing our percentage of female employees from 17% to 25% by 2025. We have set in motion several initiatives to reach this goal, such as:

- quantifying gender in the recruitment processes to secure more equality of gender balance
- writing the recruitment text in a gender-neutral language
- promoting our diverse influential role models
- creating awareness around definitions of "a talent"

Internal recruitment and promotion

Q-Free is committed to attracting a diverse pool of candidates. A representative workforce with diverse leaders is crucial to shape the future-proof and sustainable culture we need to thrive now and in the future.

As part of this drive, internal recruitment and promotion are proving very positive and beneficial. All job vacancies are as a rule advertised internally and employees are encouraged to actively apply for new positions in the company.

Diversity and equal opportunities

Q-Free promotes and respects internationally accepted human rights, including those specified by the International Labor Organization. We support the right to freedom of association, and oppose any form of child labor, forced labor, and discrimination. Q-Free actively encourages all representatives, partners, and suppliers to follow the same principles.

We are an international company with employees from more than 35 different nationalities and with diverse backgrounds. Hence, we strive to avoid discrimination of individuals or groups based on their age, gender, disability, race, sexual orientation, ethnic origin, religion, political affiliation, or any other reason. Q-Free has established an anonymous whistle blowing mechanism, where incidents or violation in relation to our working environment can be reported. There have been no reported incidents in recent years.

Status on gender equality in numbers

The table below shows the gender status within Q-Free Norway by December 31st 2021. The employees are divided into different categories of work. This assessment resulted in 5 different groups of work, in addition to our board and top management.



| Type of employment | Total | Women | Men | Women (%) | Men (%) |
|-------------------------|-------|-------|-----|-----------|---------|
| Board | 7 | 2 | 5 | 28,6% | 71,4% |
| Total employees | 107 | 16 | 91 | 15,0% | 85,0% |
| Top Management | 3 | 1 | 2 | 33,3% | 66,7% |
| Development | 49 | 4 | 45 | 8,2% | 91,8% |
| Delivery and operations | 26 | 6 | 20 | 23,1% | 76,9% |
| Service | 7 | 0 | 7 | 0,0% | 100,0% |
| Sales/Marketing | 6 | 1 | 5 | 16,7% | 83,3% |
| Administration/Support | 16 | 4 | 12 | 25,0% | 75,0% |

Status on parental leave and part-time employees

| Parental leave | | Part time employees | | | |
|--|--|---------------------------|--------------------------|-----------------------------|----------------------------|
| | | Voluntary part time | | Involuntary part time | |
| Parental leave women (average number of weeks) | Parental leave men (average number of weeks) | Voluntary part time women | Voluntary part time, men | Involuntary part time women | Involuntary part time, men |
| 3,5* | 15* | 1 | 2 | - | - |

*The number shows only weeks of parental leave in 2021

Risk and environment

Q-Free Norge AS is an international technology company exposed to a number of different risk factors. This section outlines the most prominent operational and financial risk factors and the main risk-mitigation actions and measures:

Project risk

Q-Free handles demanding and complex large-scale project deliveries, which may involve considerable risks in terms of functionality, timing and cost. However, Q-Free has significant experience with and a good understanding of how these risks can be mitigated in contract negotiations and during the delivery period.

Political risk

Q-Free is exposed to political risk in the form of delayed or cancelled public tender processes and contract awards. Project implementation and payment are normally less risky as governments usually honor their obligations.

Technology risk

Q-Free is exposed to risks related to the quality of own work and the quality of deliveries from subcontractors. Q-Free attempts to mitigate this risk through internal auditing and a non-conformance reporting system ensuring that employees carry out their work in accordance with well-defined processes. Q-Free clearly states its quality expectations in contracts with subcontractors and carries out regular quality reviews and supplier audits.



Financial risk

Q-Free is exposed to credit risk related to customers' ability to fulfil their financial obligations. This risk is considered to be low, given that the customers are government-controlled entities in Norway or abroad, or relatively large and solid private companies.

The company has historically had a low ratio of bad debt on accounts receivables.

The Board of Directors assesses the available liquidity at the end of 2021 to be sufficient to finance the company's ordinary operations and operational investments for 2022.

Risk of corruption

Q-Free Norge AS operates in some geographies and industries exposed to corruption. The mother company Q-Free ASA has established a Code of Conduct, as well as conducted a corruption risk analysis and revised and completed a program to increase awareness and limit our exposure. For further information, please see the Corporate Social Responsibility report section in the Q-Free ASA Annual report

Environment

Q-Free fulfils all environmental requirements imposed by the Norwegian authorities, as well as the EU. Q-Free ASA is certified in accordance with NS-EN ISO 14001:2004. All products introduced after 2005 are produced without the use of lead and other hazardous substances, as defined in the EU's directive on Restriction of Hazardous Substances (RoHS), and shall also be recyclable in line with the EU's directive on Waste Electrical and Electronic Equipment (WEEE). Furthermore, the Group is working actively to encourage our sub-contractors to choose the most environmental-friendly alternatives wherever possible. Q-Free also has a focus on the reduction of natural resources, with the use of electronic document sharing rather than printing on paper, utilising videoconferencing instead of travelling, and coordinating travel activities, are some examples of the company's determination to protect the environment. The use of Q-Free's products and services contribute to reduced traffic congestion and consequently give less pollution. With the exception of our travel related activities, the companies activities have no negative impact on the external environment.

The Q-Free Group's Environmental Policy is available on www.q-free.com.

Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the year 2022 and the Group's long-term strategic forecasts.

Allocation of net income

The result after tax in 2021 was a profit of 54 MNOK and the Board of Directors has proposed the profit of Q-Free Norge AS to be attributed to retained earnings.

The proposal reflects the owners' desire to strengthen the equity position of the company.

Trondheim 30. June 2022



Trond Christensen
Chairman

Tor Erik Reksen Nergård
Board member

Arne Kristian Hoset
Board member





Statement of profit and loss
Q-Free Norge AS

| Amounts in TNOK | Note | 2021 | 2020 |
|--|-------|----------------|----------------|
| Revenue | 3, 18 | 30 202 | 34 977 |
| Revenue from customers | 3 | 370 116 | 330 971 |
| Total operating revenue | | 400 318 | 365 948 |
| Cost of goods sold | 4 | 124 966 | 103 112 |
| Project contractor expenses | 6 | 36 717 | 57 893 |
| Employee benefit expenses | 5 | 116 245 | 110 273 |
| Other operating expenses | 6 | 47 796 | 48 936 |
| Total operating expenses | | 325 724 | 320 214 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | | 74 594 | 45 734 |
| Depreciation of property, plant and equipment | 10 | 14 682 | 12 254 |
| Amortisation and impairment of intangible assets | 9 | 11 455 | 28 397 |
| Earnings before interest and taxes (EBIT) | | 48 456 | 5 083 |
| Financial income | 7 | 8 603 | 10 242 |
| Financial expenses | 7 | -8 364 | -13 263 |
| Net financial items | | 239 | -3 021 |
| Profit before tax | | 48 695 | 2 062 |
| Tax expense | 8 | -5 316 | - |
| Profit / (-) loss for the year | | 54 011 | 2 062 |

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



Statement of comprehensive income

Q-Free Norge AS

| Amounts in TNOK | Note | 2021 | 2020 |
|--|------|---------------|--------------|
| Profit / (-) loss for the year | | 54 011 | 2 062 |
| Total comprehensive income for the period, net of tax | | 54 011 | 2 062 |

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



Statement of financial position

Q-Free Norge AS

| ASSETS | Amounts in TNOK | Note | 2021 | 2020 |
|-------------------------------------|-----------------|--------|----------------|----------------|
| Deferred tax assets | | 1, 8 | 5 316 | - |
| Intangible assets | | 9 | 55 345 | 43 772 |
| Goodwill | | | | |
| Property, plant and equipment | | 10 | 50 644 | 32 847 |
| Investments in other companies | | | - | - |
| Non-current receivables | | 19 | 75 000 | - |
| TOTAL NON-CURRENT ASSETS | | | 186 305 | 76 618 |
| Inventories | | 4 | 17 133 | 12 299 |
| Contract assets | | 2, 3 | 1 265 | -1 089 |
| Accounts receivable | | 11, 16 | 112 692 | 184 118 |
| Other current assets | | 12, 16 | 12 203 | 9 718 |
| Current receivables group companies | | 13 | 37 735 | - |
| TOTAL CURRENT ASSETS | | | 181 028 | 205 046 |
| TOTAL ASSETS | | | 367 333 | 281 664 |

| EQUITY AND LIABILITIES | Amounts in TNOK | Note | 2021 | 2020 |
|---|-----------------|--------|----------------|----------------|
| Subscribed share capital | | | 15 804 | 15 804 |
| Share premium | | | 125 592 | 125 592 |
| Other paid-in capital | | | 196 396 | 196 396 |
| Retained earnings | | | -112 702 | -166 713 |
| TOTAL EQUITY | | | 225 090 | 171 079 |
| Non-current financial liabilities | | 16, 17 | 28 770 | 7 863 |
| Total non-current liabilities | | | 28 770 | 7 863 |
| Current borrowings from group companies | | | - | 2 233 |
| Accounts payable | | 14, 16 | 48 734 | 37 319 |
| Public duties payable | | | 8 230 | 12 201 |
| Current financial liabilities | | 16, 17 | 8 132 | 9 697 |
| Other current liabilities | | 15, 16 | 48 378 | 41 273 |
| Total current liabilities | | | 113 474 | 102 722 |
| TOTAL LIABILITIES | | | 142 244 | 110 585 |
| TOTAL EQUITY AND LIABILITIES | | | 367 333 | 281 664 |

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

Trondheim, 30. June 2022

Trond Christensen
Chair of the Board

Arne Kristian Hoset
Board member

Tor Erik Reksen Nergård
Board member

**Statement of cash flows****Q-Free Norge AS**

| Amounts in TNOK | Notes | 2021 | 2020 |
|---|-------|----------------|----------------|
| Cash flow from operations | | | |
| Profit before tax | | 48 695 | 2 062 |
| Depreciation and impairment of property, plant and equipment | 10 | 14 682 | 12 254 |
| Amortisation and impairment of intangible assets | 9 | 11 455 | 28 397 |
| <i>Working capital adjustments:</i> | | | |
| Changes in inventory | | -4 834 | 7 411 |
| Changes in contract assets | | -2 354 | 14 055 |
| Changes in accounts receivable | | 71 426 | -938 |
| Changes in advance payments from customers | | | |
| Changes in accounts payable | | 11 415 | -32 724 |
| Changes in other items | | -86 713 | 321 |
| Net cash flow from operations | | 63 773 | 30 839 |
| Cash flow from investing activities | | | |
| Investments in PP&E and intangible assets | 9, 10 | -55 507 | -21 897 |
| Net cash flow from investing activities | | -55 507 | -21 897 |
| Cash flow from financing activities | | | |
| Payment of lease liabilities | 17 | -10 191 | -9 585 |
| Interest received | | 403 | 13 |
| Interest paid | | -464 | -674 |
| Net cash flow from financing activities | | -10 252 | -10 246 |
| Effect on cash and cash equivalents of changes in foreign exchange rates | | 1 986 | 1 304 |
| Net change in cash and cash equivalents for the year | | 0 | 0 |
| Cash and cash equivalents per 31.12. | 13 | 0 | 0 |



Statement of changes in equity

Q-Free Norge AS

Amounts in TNOK

| | Subscribed share capital | Share premium | Other paid-in capital | Retained earnings | Total equity |
|--|-----------------------------|---------------|--------------------------|----------------------|--------------|
| Total equity 01.01.2021 | 15 804 | 125 592 | 196 396 | -166 713 | 171 079 |
| Profit / (-) loss for the year | | | | 54 011 | 54 011 |
| Other comprehensive income | | | | - | - |
| Total comprehensive income for the period | - | - | - | 54 011 | 54 011 |
| Total equity 31.12.2021 | 15 804 | 125 592 | 196 396 | -112 702 | 225 090 |
| Total equity 01.01.2020 | 15 804 | 125 592 | 196 396 | -168 775 | 169 017 |
| Profit / (-) loss for the year | | | | 2 062 | 2 062 |
| Other comprehensive income | | | | - | - |
| Total comprehensive income for the period | - | - | - | 2 062 | 2 062 |
| Total equity 31.12.2020 | 15 804 | 125 592 | 196 396 | -166 713 | 171 079 |



Note 1 Corporate Information and accounting policies

Corporate information

Q-Free Norge AS is a Norwegian limited liability company founded in 2018. Its headquarters are located in Strindforvegen 1, 7053 Ranheim, Trondheim, Norway.

The financial statements have been prepared on a historical cost basis except for certain assets, liabilities and financial instruments, which are measured at fair value. Preparation of financial statements including note disclosures requires management to make estimates and assumptions that affect amounts reported. Actual results may differ. See Note 2 Critical accounting judgements and changes accounting policies. For further information refer also to the Q-Free Group Annual Report 2021.

As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column.

Significant accounting policies

The financial statements of Q-Free Norge AS are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and Norwegian authorities and are effective as of 31 December 2021. Q-Free also provides the disclosures as specified under the Norwegian Accounting Law (Regnskapsloven).

The following description of accounting principles applies to Q-Free Norge AS's financial reporting, including all comparative figures. See Note 2 Critical accounting judgments and new accounting policies for additional information related to the presentation, classification and measurement of Q-Free Norge AS's financial reporting.

Foreign currency

The financial statements are presented in NOK, which is Q-Free Norge AS's functional currency. Transactions in foreign currencies are initially recorded at the appropriate exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated as of the reporting date exchange rate. All differences regarding translation are included in financial income or financial expense in the statement of profit or loss.

Financial instruments

Financial assets and liabilities includes accounts receivable and other current assets, cash and cash equivalents, accounts payable and current financial liabilities.

A financial instrument is recognised when the Company becomes party to the instrument's contractual terms. Upon initial recognition, financial assets at amortised cost are measured at fair value plus transaction costs. Transaction costs relating to the acquisition of financial assets at fair value through profit or loss are recognised in profit or loss as they are incurred. An ordinary purchase or sale of financial assets is recognised and derecognised from the time an agreement is effective. Financial assets are derecognised when the Company's contractual rights to receive cash flows from the assets expire, or when the Company transfers the asset to another party and does not retain control, or transfers practically all risks and rewards associated with the asset.

Financial liabilities represent a contractual obligation by Q-Free Norge AS to deliver cash in the future, and are classified as either current or non-current. Financial liabilities include borrowings and accounts payable. Financial liabilities are initially recognised at fair value including transaction costs directly attributable to the transaction and are subsequently measured at amortised cost. Financial liabilities are



derecognised when the obligation is discharged through payment or when Q-Free Norge AS is legally released from the primary responsibility for the liability.

A financial asset or a group of financial assets is impaired using the expected credit loss 3-stage model (ECL) or the practical expedient of lifetime ECL for accounts receivable in accordance with IFRS 9.

Revenue recognition

Q-Free Norge AS recognises revenue from customers in accordance with IFRS 15 *Revenue from contracts with customers*. Q-Free Norge AS delivers products and system projects to their customers, and offers service and maintenance for the hardware sold. Revenue for product sales is recognised at a point in time, when control transfers to the customer, whereas for system projects and service and maintenance revenue recognition is over time. Over time revenue recognition for system projects is estimated using an input based percentage of completion method, and service and maintenance is based on as the services are delivered.

Employee benefit expenses and pension expense

Payments to employees, such as wages, salaries, social security contributions, paid annual leave, as well as bonus agreements are accrued in the period in which the associated services are rendered by the employee. Contributions to defined contribution plans are recognized in the statement of profit or loss in the period in which they accrue.

Intangible assets

Intangible assets acquired individually or in a group are recognized at fair value when acquired. Following initial recognition, intangible assets are carried at historical cost less any accumulated amortisation and any accumulated impairment losses.

All the intangible assets currently held by Q-Free Norge AS are assessed as having finite lives. Intangible assets with finite lives are amortised over their estimated useful life. Useful lives and the amortisation method is reviewed annually. The straight-line depreciation method is used as this best reflects the consumption pattern of the assets.

Expenses related to product development activities are capitalised if the product development activities comply with the defined criteria for capitalisation. Capitalisation assumes it is possible to identify the intangible asset and demonstrate that it is probable that the development work will be successful, and that the future financial benefits attached to the intangible asset will accrue to Q-Free Norge AS.

If the criteria are satisfied, capitalised amounts will include the cost of materials and direct payroll expenses. Capitalised development costs are subsequently recognised at historical cost less accumulated amortization and accumulated impairment losses.

Property, plant and equipment

Property, plant and equipment (PP&E) is recognised at acquisition cost. The carrying value of PP&E is the historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is measured on a straight-line basis over the estimated useful lives of the asset as follows:

- Leasehold improvements: 5 years with a maximum useful life no greater than the lease term
- Project-related equipment: 5 years
- Office equipment: 3-5 years

The assets' residual values, useful lives and method of depreciation are reviewed annually and adjusted prospectively if appropriate. Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with IAS 36 *Impairment of Assets*.



Leases

In accordance with the implementation of IFRS 16, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company (the commencement date). Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses, as well as any required adjustments due to a remeasurement of the lease liability. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an operating expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less at the commencement date of the lease. Low-value assets are relating to IT and other office equipment.

Impairment of non-financial assets

All non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with IAS 36 *Impairment of Assets*.

The recoverable amount of an asset or cash-generating unit is its value in use or fair value less costs to sell, whichever is higher. Value in use is calculated as the net present value of future cash flows. The calculation of net present value reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is calculated on the basis of the estimated future cash flow based on board and management approved budgets and strategic plans for the Company.

An impairment is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment reduces the carrying amount of the assets. These assets will normally be property, plant and equipment, and other intangible assets.

Taxes



Taxes payable is based on taxable profit for the year which excludes items of income or expense that are taxable or deductible in other years. Taxable profit also excludes items that are never taxable or deductible. Q-Free Norge AS's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the balance sheet date.

Deferred income tax expense is calculated using the liability method in accordance with IAS 12 *Income Taxes*. Deferred tax assets and liabilities are classified as non-current in the statement of financial position and are measured based on the difference between the carrying value of assets and liabilities for financial reporting and their tax basis when such differences are considered temporary in nature. Temporary differences related to intercompany profits are deferred using the buyer's tax rate. Deferred tax assets are reviewed for recoverability every balance sheet date, and the amount probable of recovery is recognized.

Deferred income tax expense represents the change in deferred tax asset and liability balances during the year, except for the deferred tax related to items recognized in Other comprehensive income or resulting from a business combination or disposal.

Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates become effective or are substantively enacted. Uncertain tax positions are recognized in the financial statements based on management's expectations.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its current tax assets and liabilities on a net basis.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying financial benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed on each balance sheet date and reflect the best estimate of the liability. When the passage of time is insignificant to the expense estimate, the provision will be recognized at nominal value. When the effect of time is significant, the provision will be the discounted present value of the estimated future payments required to settle the liability.

Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value is calculated as the selling price less cost to sell. For manufactured products, the acquisition cost is calculated as direct and indirect costs.

Accounts receivable

Accounts receivable are initially recognised at fair value when the Company has an unconditional right to receive the consideration and the payment is only dependent on the passage of time. Accounts receivable are subsequently measured at amortised cost less any loss allowance. Accounts receivable are managed as held for collection and meet the criteria for solely payment of principal and interest (SPPI). The loss allowance is based on the lifetime expected credit loss model and adjusted for market and economic conditions based on management judgement.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position includes cash, bank deposits and all other monetary instruments with a maturity of less than three months from the date of acquisition, and are measured at amortised cost.

Statement of cash flows



The statement of cash flows is prepared according to the indirect method. Interest and dividends received as well as interest paid is included in cash flows from operating activities. Dividends paid is included in cash flows from financing activities.

Segment reporting

For information about segment reporting in Q-Free Norge AS see Note 3 Revenue, contract assets and advanced payments from customers in the Annual Report 2021.

Risk management

For information about risk management in Q-Free Norge AS see Note 16 Financial instruments in the Annual Report 2021.

Events after the balance sheet date

New information at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that will affect Q-Free Norge AS in the future but do not affect Q-Free Norge AS at the balance sheet date are disclosed if significant.

Note 2 Critical accounting judgements and changes in accounting policies

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future reporting periods.

Management has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. The following accounting policies represent areas that are considered more critical, involving a higher degree of judgment and complexity.

Complex project revenue and contract asset recognition

Q-Free Norge AS delivers ITS systems solutions in many different locations world-wide, and at different levels of project size, duration and complexity. Projects that are of a shorter duration and/or lower complexity (due to the delivery of previously developed systems, for example) are generally straight-forward and do not require significant management judgement related to the recognition and measurement of project progress or project contract assets. Significant management judgement is, however, exercised over the life of the more complex projects.

Measurement and recognition of revenue and contract assets for complex projects with longer duration and a significant degree of new development (green field projects) requires management to make judgements based on their expectations of future customer behaviour, expected future costs, system viability and delivery in accordance with customer expectations. Revenue recognition requires an assessment of the possibility of breach of contract and acceptance of the delivery by the customer, as the customer of complex projects is very often a governmental unit with the ability to refuse acceptance or change the requirements during the project lifetime.

Contract assets represent Q-Free Norge AS's right to consideration in exchange for goods or services that Q-Free has transferred to the customer when that right is conditioned on something other than the passage of time. In some cases complex project contracts have generous terms towards the customer which can give



rise to be a significant contract risk for Q-Free as a supplier. Assessment of the risk of the customer accepting the project deliveries requires management judgement and affects the timing and recognition of the contract asset (and correspondingly the project revenue) for these projects. Management makes assessments regarding what should be delivered within the contract, changes in project scope and/or time schedule changes that can affect the total cost structure and margin. Judgment is required related to estimating the probability of a possible or perceived breach of contract by the customer, rejection of the deliveries or progress made to-date or significant project specification changes not covered in the original transaction price agreement.

Contract management can be challenging, as there often are discussions regarding what deliveries are within the contract and which change orders are or are not to be included in the contract. Complex contracts usually include discussions during the lifetime of the project regarding changes and potential liability assessments related to errors and/or delays. All of these management assessments affect the timing and recognition of contract assets / revenue and may not reflect the actual outcome of future reporting periods.

Deferred tax assets

Valuation of deferred tax assets is dependent on Management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures, all of which may be uncertain. In certain tax jurisdictions deferred tax assets may or may not be recognised when there are tax loss carryforwards.

Management recognises a deferred tax asset based on a tax loss carryforward position only to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Management exercises significant judgement in assessing if it is probable that future income will be available to utilise the deferred tax asset. The assessment is based on the order backlog, prior years' profitability margins, and the progress and margins realised to date on existing on-going projects. Deferred tax asset recognition is reassessed at each reporting date and additional deferred tax assets are recognised only to the extent that convincing evidence exists to support that taxable profits will allow the deferred tax asset to be recovered.

The carrying value of recognised deferred tax assets as of 31 December 2021 was TNOK 5 316. (2020: TNOK 0). For additional information related to taxes see Note 8 Taxes.



Note 3 Revenue, contract assets and advanced payments from customers

Disaggregation of revenue

In accordance with IFRS 15 management analyses the revenue contracts with customers and disaggregates the revenue into the following product / project categories, which depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

- Product deliveries
- Service & Maintenance
- System projects

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

Table 3.1 Disaggregation of revenue from contracts with customers

| Amounts in TNOK | 31-Dec-21 | TOLLING |
|--|-----------|----------------|
| EUROPE | | 347 409 |
| APMEA | | 10 439 |
| AMERICAS | | 12 268 |
| Revenue from contracts with customers | | 370 116 |

| | | |
|---|--|---------------|
| At a point in time revenue recognition | | |
| Product deliveries (not related to projects) | | 77 778 |
| Total at a point in time revenue recognition | | 77 778 |

| | | |
|--|--|----------------|
| Over time revenue recognition | | |
| Service & Maintenance | | 45 895 |
| System Projects (includes over-time product deliveries related to) | | 246 443 |
| Total over time revenue recognition | | 292 338 |

| Amounts in TNOK | 31-Dec-20 | TOLLING |
|--|-----------|----------------|
| EUROPE | | 299 330 |
| APMEA | | 22 325 |
| AMERICAS | | 9 316 |
| Revenue from contracts with customers | | 330 971 |

| | | |
|---|--|----------------|
| At a point in time revenue recognition | | |
| Product deliveries (not related to projects) | | 134 113 |
| Total at a point in time revenue recognition | | 134 113 |

| | | |
|--|--|----------------|
| Over time revenue recognition | | |
| Service & Maintenance | | 39 829 |
| System Projects (includes over-time product deliveries related to) | | 157 029 |
| Total over time revenue recognition | | 196 858 |

Revenue recognition

Product deliveries

Under the revenue category "Product deliveries" Q-Free delivers hardware products to their customers.

A customer contract includes either one single delivery or a series of deliveries of the products specified. Each delivery contains one or more products, and each product or batch order of the same product constitute one performance obligation, since the customer can benefit from each good on its own or together with other resources already available. The fixed transaction price is separately stated for each product or batch of products within the contract. In some customer contracts Q-Free offers prospective volume discounts to the customers. In these situations the transaction price contains a variable component. That only affects future revenue recognition. Management uses the expected value method to determine the total amount of consideration for the contract. Revenue from the sale of products is recognised at a point in time, either on delivery to the customer or at the point of shipping depending on when the specifics of a particular contract result in control of the goods being passed to the customer.

Service & Maintenance

Revenue relating to Service & Maintenance contracts is recognised over time, in accordance with IFRS 15. Revenue is recognised as the Service & Maintenance is performed, since the customer simultaneously receives and benefits from the delivery. Service & Maintenance is defined as one performance obligation, but is often negotiated together with System projects in the same customer contract. In this case the transaction price between the performance obligation Service & Maintenance and project delivery has to be allocated, since the contract contains more than one performance obligation. See discussion below regarding the definition of performance obligations, as well the allocation of transaction price between Service & Maintenance and project deliveries. The transaction price for Service & Maintenance is usually a fixed price for the entire period of the service, unless the contract is linked to a service line agreement with special requirements. In that case the transaction price can be variable and management uses the expected value method to estimate the amount consideration.



Service & Maintenance on Q-Free products is offered to customers within all segments.

System projects

Q-Free offers system projects that are tailored to the customer's needs and will vary from contract to contract. Some projects contain completely new concepts and products, for which Q-Free capitalizes internal development costs (see Note 9 Intangible assets). The length of the projects also varies from project to project. However, the main characteristics for determining a customer contract and revenue recognition under the IFRS 15 requirements are the same for all projects and are as described below:

Contracts with customers within System projects are set up in writing and are signed by both parties typically.

Projects consist of the delivery of hardware, installations, software, Service & Maintenance, as well as options for additional deliveries.

- Options to acquire additional deliveries within the project are a separate performance obligation only if they provide a material right to the customer, i.e. if the price for the additional deliveries is significantly lower than the market price. If the option does not contain a material right, the option is not a separate performance obligation and is combined with the hardware, installations and software into one single performance obligation. Q-Free did not have any material rights in their 2018 contracts related to System projects.
- Hardware, installations and software together form one performance obligation, since they together secure a combined output, which is the project delivery, and the customer cannot benefit from each individual item on its own.
- Service & Maintenance are one separate performance obligation, since the customer can benefit from those services on its own or together with other resources already available and the promise is separately identifiable from other promises.

The transaction price for the whole project is a fixed amount and is stated in each individual contract. A variable component can be included in the contract for late deliveries or performance bonuses. Management uses critical judgment, as well as the expected value method to estimate the amount of consideration to which Q-Free is entitled, as Q-Free has a large number of contracts with similar characteristics and experience with this type of projects.

The stand-alone selling price is used as a basis for the allocation of the transaction price to the different performance obligations, for example the allocation between Service & Maintenance and the other performance obligations in the project customer contract. In cases where no stand-alone selling price is readily available, management uses a cost plus margin method to determine the stand alone selling prices to be used in the transaction price allocations.

Revenue relating to system projects is recognised over time since Q-Free develops an asset for their customers that has no alternative use and is delivered at the customer's location. Q-Free is also entitled to payment for work performed up to any point in time during the life of the contract. Revenue is recognised by measuring progress towards completion of the performance obligation. The method used to measure the progress and percentage of completion of each individual project is an input method which determines costs incurred to date and compares these costs to the expected overall cost for the project. Judgement is used in determining cost incurred to date and in estimating

Significant ongoing projects

The following table shows the total amount of contractually agreed transaction prices which are allocated to performance obligations that have not been satisfied as of year-end. This amount belongs to the outstanding part of the projects and will be recognised as revenue in

Table 3.2 Total amount of the transaction price for all ongoing system projects not yet recognised

| Amounts in TNOK | 2021 | 2020 |
|--|--------|---------|
| Total amount of the transaction price for all ongoing system projects not yet recognised | 51 908 | 142 510 |

Management expects that 55 % of the transaction price allocated to the unsatisfied contracts as of 31 December 2021 will be recognised as revenue during the next financial year and 25 % in the 2023 financial year. The remaining 20 % is expected to be recognised in 2024. The amount disclosed above does not include variable consideration which is constrained.

Contract assets and advance payments from customers

Contract assets and advance payments from customers are disclosed in the Statement of financial position.

Contract assets

Contract assets are recognised whenever a performance obligation is satisfied before consideration is received. Contract assets are assessed for impairment in accordance with IFRS 9. As of 31 December 2021, contract assets have been reviewed for impairment, and are impaired in an amount of TNOK 0.

Advance payments from customers

Advance payments from customers is recognized if Q-Free receives consideration or if it has the unconditional right to receive consideration in advance of performance. Q-Free Norge AS has not received advanced payments from customers in 2021 of TNOK 1 227 (2020: TNOK 1 500). Nothing has been recognised as revenue in 2021 (2020: 0).



Note 4 Inventory and costs of goods sold

Amounts in TNOK

| Inventory specification: | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| Finished goods | 19 070 | 14 728 |
| Inventory for maintenance contracts | 1 523 | 1 333 |
| Provision for obsolescence | -3 460 | -3 763 |
| Total | 17 133 | 12 299 |

All inventories are valued at the lower of cost and net realisable value. Change in inventory write-down to net realisable value recognised as an expense for the company TNOK -303 in 2021 (TNOK -822 in 2020), which is recognised in cost of goods sold.

Amounts in TNOK

| COGS specification: | 2021 | 2020 |
|------------------------------------|----------------|----------------|
| Inventory transferred to customers | 115 616 | 95 398 |
| Freight, customs etc. | 5 596 | 4 617 |
| Warranty cost | 4 751 | 3 920 |
| Write-down to net realisable value | -996 | -822 |
| Total | 124 966 | 103 113 |



Note 5 Employee benefit expenses

Amounts in TNOK

| Employee benefit expenses | 2021 | 2020 |
|-----------------------------------|----------------|----------------|
| Salaries | 109 252 | 103 380 |
| Social security costs | 13 601 | 12 449 |
| Pension costs (contribution plan) | 7 331 | 6 651 |
| Capitalised personnel costs | -16 137 | -11 117 |
| Other personnel related costs | 2 198 | -1 091 |
| Total | 116 245 | 110 273 |
| Average number of employees | 105 | 107 |
| Average number of man-years | 105 | 107 |

For information on the management and Board of directors remuneration, please see Note 12 Management and Board of directors remuneration and Note 13 Share based compensation in the consolidated financial statements for Q-Free Group.

Pension cost

Q-Free Norge AS has a defined contribution pension plan for the employees. As of 31 December 2021, 105 employees (31 December 2020: 107) are included in the defined contribution pension plan. The company contributes with 7% of salaries between 0 – 7.1 G and 15% of salaries between 7.1 – 12 G to the defined contribution pension plan total TNOK 7,331 in 2021 (2020 total TNOK 6,652).



Note 6 Other operating expenses

Amounts in TNOK

| Other operating expenses | 2021 | 2020 |
|---------------------------------|---------------|---------------|
| External services | 15 647 | 13 016 |
| Travel expense | 2 107 | 2 164 |
| Office supplies | 17 173 | 15 330 |
| Insurance | 3 293 | 3 028 |
| Freight | 189 | 193 |
| Rent machinery & tools | 584 | 664 |
| Marketing / promotions | 655 | 1 998 |
| Service & Maintenance | 32 | 11 |
| Operating materials | 1 081 | 4 948 |
| Credit losses | - | 1 054 |
| Other | 7 035 | 6 529 |
| Total | 47 796 | 48 936 |

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. These expenses are not included as part of other operating expenses.

Audit fees

The company has the following audit related fees, provided by our elected auditor, included in the "External services" in the table above (all figures excl. VAT).

| Category | 2021 | 2020 |
|------------------------------|-------------|-------------|
| Audit services | 320 | 310 |
| Other audit related services | 29 | 31 |
| Total | 349 | 341 |



Note 7 Financial items

Amounts in TNOK

| Financial items | 2021 | 2020 |
|--------------------------------------|---------------|----------------|
| Interest income | 403 | 13 |
| Realised exchange rate differences | 5 321 | 9 837 |
| Unrealised exchange rate differences | 2 880 | 392 |
| Financial income | 8 603 | 10 242 |
| Interest expense | -464 | -824 |
| Realised exchange rate differences | -6 441 | -8 269 |
| Unrealised exchange rate differences | -1 456 | -4 168 |
| Other financial expense | -3 | -2 |
| Financial expense | -8 364 | -13 263 |
| NET FINANCIAL ITEMS | 239 | -3 021 |



Note 8 Taxes

| | 2021 | 2020 |
|--|----------------|----------------|
| Taxes payable for the year | | |
| Profit before tax | 48 695 | 2 062 |
| Permanent differences | 75 | 1 130 |
| Change in temporary differences | -4 738 | 2 919 |
| Group contribution | -43 379 | - |
| Utilisation of previously unrecognised tax losses | -653 | -6 111 |
| Basis for taxes payable | 0 | 0 |
| Specification of taxes payable | | |
| Taxes payable on this years profit | - | - |
| Total taxes payable | - | - |
| Specification on basis for deferred tax | | |
| <i>Differences evaluated to be offset:</i> | | |
| Property, plant and equipment | -8 761 | -9 409 |
| Non-current receivables | - | - |
| Current assets | -3 460 | -3 763 |
| Liabilities | -12 254 | -16 248 |
| Tax losses carry -forward | - | - |
| Other differences | 314 | -3 576 |
| Total | -24 161 | -32 996 |
| Specification of deferred tax assets (-) / deferred tax liabilities (+) | | |
| <i>Differences evaluated to be offset:</i> | | |
| Property, plant and equipment | -1 927 | -2 070 |
| Non-current receivables | - | - |
| Current assets | -761 | -828 |
| Liabilities | -2 696 | -3 575 |
| Tax losses carry -forward | - | - |
| Other differences | 69 | -787 |
| Total | -5 316 | -7 259 |
| Unrecognised deferred tax assets | - | 7 259 |
| Net recognised deferred tax assets (-) / deferred tax liabilities (+) | -5 316 | - |
| Reconciling the tax expense | | |
| Earnings before tax | 48 695 | 2 062 |
| Calculated tax at domestic tax rate per country | 10 713 | 454 |
| Tax result permanent differences and tax rate difference | 17 | 249 |
| Previous years' adjustment | -7 259 | 34 |
| Change in unrecognised deferred tax assets | 757 | -737 |
| Group contribution | -9 543 | - |
| Tax expense | -5 315 | 0 |

Based on expectations to future taxable profits, the company has as of 31 December 2021 recognized deferred tax assets from temporary differences.



Note 9 Intangible assets

| | Capitalized development cost | Acquired intangible assets | Total |
|---|---------------------------------|-------------------------------|----------------|
| Acquisition cost 01.01.2021 | 141 722 | | 141 722 |
| Additions | 23 028 | | 23 028 |
| Disposals | - | | - |
| Foreign currency translation effect | - | | - |
| Acquired cost 31.12.2021 | 164 750 | - | 164 750 |
| Accumulative amortisation and impairment 01.01.2021 | 97 949 | | 97 949 |
| Amortisation of the year | 11 455 | | 11 455 |
| Impairment | - | | - |
| Accumulated amortisation disposals | - | | - |
| Accumulated amortisation and impairment 31.12.2021 | 109 404 | - | 109 404 |
| Carrying value 31.12.2021 | 55 346 | - | 55 346 |

| | Capitalized development cost | Acquired intangible assets | Total |
|---|---------------------------------|-------------------------------|----------------|
| Acquisition cost 01.01.2020 | 126 152 | - | 126 152 |
| Additions | 15 570 | - | 15 570 |
| Disposals | - | - | - |
| Foreign currency translation effect | - | - | - |
| Acquired cost 31.12.2020 | 141 722 | - | 141 722 |
| Accumulative amortisation and impairment 01.01.2020 | 69 552 | - | 69 552 |
| Amortisation of the year | 12 115 | - | 12 115 |
| Impairment | 16 282 | - | 16 282 |
| Accumulated amortisation disposals | - | - | - |
| Accumulated amortisation and impairment 31.12.2020 | 97 949 | - | 97 949 |
| Carrying value 31.12.2020 | 43 772 | - | 43 772 |

| | | |
|-----------------------|-----------------|-----------------|
| Estimated lifetime | average 5 years | average 5 years |
| Amortisation schedule | Straight line | Straight line |

Capitalized development cost

Development costs are capitalised in accordance with the accounting policy in Note 2 Significant accounting policies and the capitalised amount less accumulated amortisation is presented in the statement of financial position as "Intangible assets". Initial recognition of the capitalised cost is based on management's judgment that technological and financial feasibility has been confirmed. This confirmation normally occurs when a Systems project that includes product development has reached a defined milestone according to the project management model. In determining the amount to be capitalised, management makes a judgement as to the level of expected future cash flows from the product, the discount rate to be applied, and the expected product lifetime.

Capitalised development costs mainly consist of personnel expenses, purchase of materials, as well as external services. Capitalised development costs are amortised over the products expected lifetime. The estimated useful lifetime is continuously evaluated.

Capitalised development costs as of 31 December 2021 consist of product development that supports the company to deliver fully integrated ITS projects, products, systems and services.



Note 10 Property, plant and equipment

Amounts in TNOK

| | Right-of-use- asset | Leasehold improvement | Project related equipment | Office equipment | Total |
|--|------------------------|--------------------------|------------------------------|---------------------|---------------|
| Accumulated acquisition cost | | | | | |
| Acquisition cost 01.01.2021 | 34 965 | 5 498 | 17 025 | 7 141 | 64 629 |
| Additions | 28 655 | - | 3 824 | - | 32 479 |
| Acquisitions of a subsidiary | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Transferred to assets held for sale | - | - | - | - | - |
| Foreign currency translation effect | - | - | - | - | - |
| Acquired cost 31.12.2021 | 63 620 | 5 498 | 20 849 | 7 141 | 97 108 |
| Accumulated depreciation and impairment | | | | | |
| Accumulated depreciation and impairments 01.01.2020 | 16 887 | 4 546 | 6 733 | 3 618 | 31 784 |
| Depreciation of the year | 9 518 | 635 | 3 025 | 1 504 | 14 682 |
| Impairment of the year | 0 | - | - | - | - |
| Accumulated depreciation disposals | - | - | - | - | - |
| Foreign currency translation effect | - | - | - | - | - |
| Accumulated depreciation and impairments 31.12.2021 | 26 405 | 5 181 | 9 758 | 5 122 | 46 466 |
| Carrying value 31.12.2021 | 37 215 | 317 | 11 092 | 2 019 | 50 644 |
| | Right-of-use- asset | Leasehold improvement | Project related equipment | Office equipment | Total |
| Accumulated acquisition cost | | | | | |
| Acquisition cost 01.01.2020 | 34 488 | 5 181 | 12 357 | 6 276 | 58 302 |
| Additions | 477 | 317 | 4 668 | 865 | 6 327 |
| Acquisitions of a subsidiary | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Transferred to assets held for sale | - | - | - | - | - |
| Foreign currency translation effect | - | - | - | - | - |
| Acquired cost 31.12.2020 | 34 965 | 5 498 | 17 025 | 7 141 | 64 629 |
| Accumulated depreciation and impairment | | | | | |
| Accumulated depreciation and impairments 01.01.2020 | 8 522 | 3 938 | 4 761 | 2 309 | 19 530 |
| Depreciation of the year | 8 365 | 608 | 1 972 | 1 309 | 12 254 |
| Impairment of the year | 0 | - | - | - | - |
| Accumulated depreciation disposals | - | - | - | - | - |
| Foreign currency translation effect | - | - | - | - | - |
| Accumulated depreciation and impairments 31.12.2020 | 16 887 | 4 546 | 6 733 | 3 618 | 31 784 |
| Carrying value 31.12.2020 | 18 078 | 952 | 10 293 | 3 523 | 32 847 |

| | | | |
|-----------------------|-----------------|-----------------|---------------|
| Estimated lifetime | average 5 years | average 5 years | 3-5 years |
| Depreciation schedule | Straight line | Straight line | Straight line |

The average term for the office leases is 2-9 years and the average term for the car rentals is 1-3. See note 2 for implementation of IFRS 16 and note 17 for associated Lease liability.



Note 11 Accounts receivable

| | 2021 | 2020 |
|----------------------------------|----------------|----------------|
| Accounts receivable | 24 920 | 29 342 |
| Intercompany accounts receivable | 88 025 | 154 956 |
| Currency adjustments | -253 | -180 |
| Total | 112 692 | 184 118 |

There is no single customer who represents a large share of the accounts receivable and therefore pose a material credit risk. The accounts receivable are spread across all segments and in different countries.

Accounts receivable are denominated in different currencies spread across the different operating segments. The table below shows the distribution in NOK of the different currencies. There is no one single customer who represents a significant share of the account receivables. Accounts receivable are generally not guaranteed, and the Company continually evaluates the credit risk associated with the receivables. The balance in accounts receivable as of 31 December 2021 is the maximum exposure for the Company.

Distribution by currency

| Amounts in TNOK | 2021 | 2020 |
|----------------------------|----------------|----------------|
| Accounts Receivables EUR | 62 891 | 35 899 |
| Accounts Receivables USD | 20 726 | 46 214 |
| Accounts Receivables GBP | 1 002 | 2 455 |
| Accounts Receivables SEK | 2 202 | 8 003 |
| Accounts Receivables AUD | 2 730 | 10 237 |
| Accounts Receivables THB | 8 838 | 25 857 |
| Accounts Receivables NOK | 14 933 | 55 343 |
| Accounts Receivables other | -377 | 111 |
| Total | 112 945 | 184 118 |

The Company has adopted IFRS 9 and measures the impairment loss on accounts receivable using a lifetime expected credit loss (ECL) model. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates in the provision matrix are based on the payment profiles of sales over a period of 24 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the estimated ability of the customers to settle the receivables. Management has identified the probability of a customers' bankruptcy and geographic location of the customer to be the most relevant factors, and accordingly adjusts the historical loss rates appropriately.

Aging of gross trade receivables

| Amounts in TNOK | Total | Not due | < 30 days | 30-60 days | 60-90 days | >90 days |
|-----------------------|---------------|---------|-----------|------------|------------|----------|
| 31-Dec-21 | 24 920 | 22 639 | 1 052 | 1 | 28 | 1 200 |
| Loss allowance | - | - | - | - | - | -180 |
| Net value 2021 | 24 920 | | | | | |
| 31 December 2020 | 29 342 | 24 589 | 2 662 | | | 2 091 |
| Loss allowance | - | - | - | - | - | -180 |
| Net value 2020 | 29 342 | | | | | |

Aging of gross intercompany trade receivables

| Amounts in TNOK | Total | Not due | < 30 days | 30-60 days | 60-90 days | >90 days |
|-----------------------|----------------|---------|-----------|------------|------------|----------|
| 31-Dec-21 | 88 025 | 53 719 | 2 155 | 2 619 | 2 166 | 27 366 |
| Loss allowance | - | - | - | - | - | - |
| Net value 2021 | 88 025 | | | | | |
| 31 December 2020 | 154 956 | 55 905 | 4 721 | 338 | 2 164 | 91 828 |
| Loss allowance | - | - | - | - | - | - |
| Net value 2020 | 154 956 | | | | | |



Note 12 Other current assets

Amounts in TNOK

| Other current assets | 2021 | 2020 |
|--------------------------------------|---------------|--------------|
| Prepaid rent | 716 | 754 |
| Prepaid software licenses | 3 904 | 1 754 |
| Prepaid insurance | 1 078 | 927 |
| Prepaid system project expenses | - | - |
| Other prepaid expenses | 2 335 | 826 |
| Other receivables | 4 170 | 5 457 |
| Other receivables to Group companies | | |
| Total | 12 203 | 9 718 |

Q-Free Norge AS is part of the Group's cash pool system. Closing balances are recognized as Other current assets/Other current liabilities.



Note 13 Current receivables group companies

The company takes part in the Group's Global Cash Pool. Balances are classified as intercompany receivables or intercompany payables according to the respective cash position. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and the interest earnings at the respective short-term

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 December:

Amounts in TNOK

| Liquidity funds | 2021 | 2020 |
|---|---------------|--------------|
| Current receivables group companies | 37 735 | - |
| Current borrowings from group companies | - | 2 233 |
| Total cash and cash equivalents | 37 735 | 2 233 |



Note 14 Accounts payable

| | 2021 | 2020 |
|-------------------------------|---------------|---------------|
| Accounts Payable | 46 370 | 30 563 |
| Intercompany accounts payable | 2 364 | 6 756 |
| Total | 48 734 | 37 319 |

Amounts in TNOK

| Accounts payable | 2021 | 2020 |
|-------------------------|---------------|---------------|
| Accounts payable NOK | 34 144 | 13 296 |
| Accounts payable USD | 8 786 | 9 635 |
| Accounts payable EUR | 4 836 | 7 602 |
| Accounts payable DKK | - | 217 |
| Accounts payable SEK | 967 | 5 435 |
| Accounts payable GBP | 1 | 1 048 |
| Accounts payable AUD | - | 86 |
| Accounts payable other | - | 1 |
| Total | 48 734 | 37 319 |



Note 15 Other current liabilities

Amounts in TNOK

| Other current liabilities | 2021 | 2020 |
|---|---------------|---------------|
| Accrued wages (Holiday pay and bonus scheme) | 12 723 | 9 218 |
| Warranty provisions (see specification for changes during the year) | 13 520 | 15 159 |
| Accrued expense | 22 135 | 16 896 |
| Total | 48 378 | 41 273 |

Warranty provision

The company estimates probable warranty expense on sales based on historical data and an evaluation of the portfolio of delivered products still under warranty.

Provision for warranty expense is calculated depending on the remaining guarantee period for various products, and based on the historical effect of defects and a calculation of probability for the defect to occur for the remaining products under warranty. The calculation is made on an individual basis per product, and the assumptions vary for the different products and also take into account the expected expenses associated with new warranty claims that are identified. Unused accruals for warranties are reversed at the end of the guarantee-period. All provisions specified in the table below are classified as current liabilities and are presented as part of Other current liabilities in the consolidated statement of financial position.

| <i>Amounts in TNOK</i> | Warranty provision |
|------------------------|---------------------------|
| Amount 01.01.2021 | 15 159 |
| Utilised during 2021 | -331 |
| Additions during 2021 | -1 308 |
| Total 31.12.21 | 13 520 |
| Amount 01.01.2020 | 11 239 |
| Utilised during 2020 | -3 134 |
| Additions during 2020 | 7 054 |
| Total 31.12.20 | 15 159 |



Note 16 Financial instruments

Table 16.1 Financial liability maturity schedule

| Year ended 31 December 2021: | On demand | Less than 3 months | 3 - 6 months | 6 - 12 months | 1 - 2 years | 2 - 5 years | 6 years - maturity | Total |
|------------------------------------|---------------|--------------------|--------------|---------------|---------------|--------------|--------------------|---------------|
| Non-current borrowings | - | - | - | - | - | - | - | - |
| Non-current financial liabilities | - | - | - | - | 22 139 | 6 631 | - | 28 770 |
| Current borrowings | - | - | - | - | - | - | - | - |
| Accounts payable | 37 400 | 10 220 | 4 | 1 111 | - | - | - | 48 734 |
| Current financial liabilities | - | 2 060 | 2 721 | 3 351 | - | - | - | 8 132 |
| Other financial liabilities | - | - | - | - | - | - | - | - |
| Total financial liabilities | 37 400 | 12 280 | 2 725 | 4 462 | 22 139 | 6 631 | - | 85 636 |

| Year ended 31 December 2020 : | On demand | Less than 3 months | 3 - 6 months | 6 - 12 months | 1 - 2 years | 2 - 5 years | 6 years - maturity | Total |
|------------------------------------|---------------|--------------------|--------------|---------------|--------------|--------------|--------------------|---------------|
| Non-current borrowings | - | - | - | - | - | - | - | - |
| Non-current financial liabilities | - | - | - | - | 6 050 | 1 812 | - | 7 862 |
| Current borrowings | - | - | - | - | - | - | - | - |
| Accounts payable | 28 639 | 7 826 | 3 | 850 | - | - | - | 37 319 |
| Current financial liabilities | - | 2 456 | 3 245 | 3 996 | - | - | - | 9 697 |
| Other financial liabilities | - | - | - | - | - | - | - | - |
| Total financial liabilities | 28 639 | 10 282 | 3 248 | 4 846 | 6 050 | 1 812 | - | 54 878 |

Table 16.2 Financial instruments by measurement category

The following tables lists all financial instruments by measurement category in accordance with IFRS 9 as of 31 December for 2021.

Financial instruments by category

| 31. December 2021 | Amortised cost | Fair value | Non financial instruments | Total |
|-----------------------------------|----------------|------------|---------------------------|----------------|
| Financial assets | | | | |
| Accounts receivable | 112 692 | - | - | 112 692 |
| Other current assets | - | - | 12 203 | 12 203 |
| Cash and cash equivalents | - | - | - | - |
| Total | 112 692 | - | 12 203 | 124 895 |
| Financial liabilities | | | | |
| Non-current financial liabilities | - | - | 28 770 | 28 770 |
| Accounts payable | 48 734 | - | - | 48 734 |
| Current financial liabilities | - | - | 8 132 | 8 132 |
| Other current liabilities | - | - | 48 378 | 48 378 |
| Total | 48 734 | - | 85 280 | 134 014 |

| 31 December 2020 | Amortised cost | Fair value | Non financial instruments | Total |
|-----------------------------------|----------------|------------|---------------------------|----------------|
| Financial assets | | | | |
| Accounts receivable | 184 118 | - | - | 184 118 |
| Other current assets | - | - | 9 718 | 9 718 |
| Cash and cash equivalents | - | - | - | - |
| Total | 184 118 | - | 9 718 | 193 836 |
| Financial liabilities | | | | |
| Non-current financial liabilities | - | - | 7 863 | 7 863 |
| Current borrowings | - | - | - | - |
| Accounts payable | 37 319 | - | - | 37 319 |
| Current financial liabilities | - | - | 9 697 | 9 697 |
| Other current liabilities | - | - | 41 273 | 41 273 |
| Total | 37 319 | - | 58 833 | 96 152 |



Note 17/ Lease commitments/Lease Liability

Q-Free Norge AS has entered into commercial leases mainly on office rentals but also on certain motor vehicles and items of machinery. These leases have an average life of between 3 and 5 years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

As of 31 December 2021 the company has not entered into any contracts as lessor.

As of 31 December 2021 there were no contingent liabilities.

Lease Liability in accordance with IFRS 16

| <i>Amounts in TNOK</i> | 2021 | 2020 |
|-------------------------------|---------------|---------------|
| As at 01.01 | 17 560 | 25 633 |
| Additions/Disposals | 29 549 | 1 512 |
| Payments | -10 191 | -9 585 |
| Lease Liability 31.12. | 36 901 | 17 560 |

Current Lease Liabilities amounted to TNOK 8,132 (2020: 9,697) and are presented within Current financial liabilities. Non-current Lease Liabilities amounted to TNOK 28,770 (2020: 7,863) and are presented within Non-Current financial liabilities.



Note 18 Related parties

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at arm's length prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Related parties

There was no transactions between the company and any parties in the Management or in the Board during 2021.

The company performs business activities together with other group companies. Transactions generated in such activities are listed below.

| | 2021 | 2020 |
|---|---------|--------|
| Revenues from product deliveries, service & maintenance contracts and system projects | 151 775 | 75 105 |
| Recharge of expenses | 30 202 | 34 977 |
| Cost of goods sold | 1 338 | 1 939 |
| Other operating expenses | 27 242 | 25 104 |

For an overview of accounts receivables and accounts payables against group companies, see note 11 and note 14 respectively.



Note 19 Non-current receivables Group companies

As part of the Group's cash management policy, the company has in 2021 issued a long term loan to the parent company. Regular market conditions apply.

Amounts in TNOK

| | 2021 | 2020 |
|---|--------|------|
| Non-current receivables group companies | 75 000 | - |
| Total non-current receivables group companies | 75 000 | - |



Note 20 Subsequent events

The management is not aware of any subsequent events that would affect the statement of profit and loss, the statement of financial position, the statement of cash flows and the accompanying notes.



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.

| Gross contribution and gross margin | Amounts in TNOK | 2021 | 2020 |
|--|-----------------|----------------|----------------|
| Revenue from customers | | 400 318 | 365 948 |
| Cost of goods sold | | -124 966 | -103 112 |
| Project contractor expenses | | -36 717 | -57 893 |
| Gross contribution | | 238 635 | 204 942 |
| Gross margin | | 59,6 % | 56,0 % |

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 2021. The same applies for EBIT.

EBITDA margin:

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

| EBITDA margin | Amounts in TNOK | 2021 | 2020 |
|-------------------------|-----------------|---------------|---------------|
| Total operating revenue | | 400 318 | 365 948 |
| EBITDA | | 74 594 | 45 734 |
| EBITDA margin | | 18,6 % | 12,5 % |

EBIT margin:

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

| EBIT margin | Amounts in TNOK | 2021 | 2020 |
|------------------------|-----------------|---------------|--------------|
| Revenue from customers | | 400 318 | 365 948 |
| EBIT | | 48 456 | 5 083 |
| EBIT margin | | 12,1 % | 1,4 % |