

**INNKALLING TIL / NOTICE OF**  
**ORDINÆR / ANNUAL**  
**GENERALFORSAMLING I / GENERAL MEETING IN**  
**Q-FREE ASA 2017**  
**("Selskapet / the Company")**

(The English wording in this document is an office translation, and in case of any discrepancy the Norwegian wording will prevail.)

<b>Til aksjeeierne i Q-Free ASA</b>	<b>To the shareholders of Q-Free ASA</b>
Trondheim, 28. april 2017	Trondheim, 28 April 2017
Det innkalles herved til ordinær generalforsamling i Q-Free ASA 24. mai 2017 kl. 10.00.	The Board of Directors hereby call the annual General Meeting of Q-Free ASA 24 May 2017 at 10.00 hours.
Generalforsamlingen avholdes på selskapets lokaler i Parkveien 55, 0256 Oslo.	The General Meeting is held at the Company's office in Parkveien 55, 0256 Oslo.
<b>DAGSORDEN</b>	<b>AGENDA</b>
Generalforsamlingen åpnes av styrets leder Charlotte Brogren Karlberg, som opptar fortegnelse over de aksjonærer som møter, enten selv eller ved fullmektig, jf allmennaksjeloven § 5-13.	The General Meeting is opened by the chairman of the Board Charlotte Brogren Karlberg, including the making of record of the shareholders who are present, either in person or by proxy, cf the Public Limited Companies Act, Section 5-13.
<b>1. Valg av møteleder</b>	<b>1. Election of a Chairman of the meeting</b>
<b>2. Valg av én person til å undertegne protokollen sammen med møteleder</b>	<b>2. Election of one person to co-sign the minutes together with the Chairman of the meeting</b>

<p><b>3. Godkjenning av innkalling og dagsorden</b></p> <p><b>4. Godkjenning av årsregnskapet og årsberetningen for 2016 for Q-Free ASA og konsernet, herunder disponering av årets resultat</b></p> <p><b>5. Valg av medlemmer til styret</b></p> <p><b>6. Valg av medlemmer til valgkomiteen</b></p> <p><b>7. Fastsettelse av godtgjørelse til styrets medlemmer, medlemmer av underutvalg av styret, for perioden frem til neste ordinære generalforsamling</b></p> <p><b>8. Fastsettelse av godtgjørelse til valgkomiteens medlemmer, for perioden frem til neste ordinære generalforsamling</b></p> <p><b>9. Fastsettelse av revisors godtgjørelse</b></p> <p><b>10. Styrets erklæring om fastsettelse av lønn og annen godtgjørelse til ledende ansatte</b></p> <p><b>11. Redegjørelse for foretaksstyring etter regnskapsloven § 3-3 b (ikke gjenstand for avstemning)</b></p> <p><b>12. Fullmakt til styret til forhøyelse av aksjekapitalen ved nytegning av aksjer</b></p>	<p><b>3. Approval of the Notice and the Agenda</b></p> <p><b>4. Approval of the annual accounts and the directors' report for the financial year 2016 for Q-Free ASA and the group, including disposal of annual results</b></p> <p><b>5. Election of members of the Board</b></p> <p><b>6. Election of a members of the Nomination Committee</b></p> <p><b>7. Determination of remuneration to the members of the Board, members of subcommittees to the Board, for the period until the next Annual General Meeting</b></p> <p><b>8. Determination of remuneration to the members of the Nomination Committee, for the period until the next Annual General Meeting</b></p> <p><b>9. Determination of remuneration to the auditor</b></p> <p><b>10. The Board's declaration on determination on salaries and other remuneration to leading executives</b></p> <p><b>11. Report on corporate governance in accordance with the Accounting Act, Section 3-3 b (not up for voting)</b></p> <p><b>12. Board authorization to increase the share capital by the subscription of new shares</b></p>
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### **Saksdokumenter og forslag**

Denne innkallingen, samt påmeldings- og fullmaktsskjema, er sendt til alle aksjonærer med kjent adresse. I henhold til selskapets vedtekter er innkallingen og saksdokumentene, med forslag til vedtak i de enkelte saker, inkludert utkast til årsregnskap for 2016, valgkomiteens innstilling, styrets erklæring om fastsettelse av lønn og annen godtgjørelse til ledende ansatte, samt også påmeldings- og fullmaktsskjema, tilgjengelig på selskapets internett sider; [www.q-free.com](http://www.q-free.com). De dokumentene som skal behandles på generalforsamlingen sendes dermed ikke ut sammen med innkallingen. Aksjeeiere som ønsker å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen, kan rette en henvendelse til selskapets kontoradresse.

### **Aksjene i selskapet og retten til å stemme**

Selskapet er et norsk allmennaksjeselskap omfattet av norsk lovgivning, herunder allmennaksjeloven og verdipapirhandelloven. Det er på tidspunktet for innkallingen utstedt i alt 89.223.446 aksjer i selskapet, hvor hver aksje gir rett til en stemme, slik at det per dato i alt foreligger 89.223.446 stemmerettigheter i selskapet.

Aksjene har også for øvrig like rettigheter. Selskapet har per datoen for innkallingen ingen egne aksjer.

Dersom aksjer er registrert i VPS på en forvalter, jf allmennaksjeloven § 4-10, og den reelle aksjeeieren ønsker å avgi stemme for sine aksjer, må den reelle aksjeeieren omregistrere aksjene på en separat VPS-konto i den reelle aksjeeierens navn forut for avholdelse av generalforsamlingen, innen registreringsdatoen, jf under.

Retten til å delta og stemme på generalforsamlingen kan i henhold til selskapets vedtekter § 6 bare utøves for aksjer som er innført i aksjeeierregisteret (VPS) den femte virkedagen før generalforsamlingen (registreringsdatoen); den 16. mai 2017.

### **Aksjeeiernes rettigheter**

Aksjeeierne har følgende rettigheter i forbindelse med en generalforsamling:

- rett til å møte og delta i generalforsamlingen, enten personlig eller ved fullmektig (jf under)
- talerett
- rett til å ta med rådgiver og gi denne talerett

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### **Agenda papers and proposals**

This notice, including the registration- and proxy form, is sent to all shareholders whose address is known. In accordance with the Company's Articles of Association, the notice and the agenda papers, with proposed resolutions for the respective items on the agenda, including the 2016 annual accounts, the proposal of the Nomination Committee, the statement from the Board of Directors in connection with the determination of wages and other remuneration to leading executives, as well as the registration- and proxy form, are all available on the Company's website; [www.q-free.com](http://www.q-free.com). The documents to be dealt with by the General Meeting are consequently not distributed together with the notice. Shareholders who wish to receive documents regarding the items on the agenda by regular mail, can address their request to the Company's business address.

### **The Company's shares and the right to vote**

The Company is a Norwegian public limited company subject to Norwegian legislation, hereunder the Public Limited Companies Act and the Securities Trading Act. At the time of this notice a total of 89,223,446 shares in the Company have been issued carrying one vote each, giving 89,223,446 voting rights as of today.

The shares also hold equal rights in other aspects. The Company holds no own shares.

If shares are registered by a nominee in the VPS-register, cf section 4-10 of the Public Limited Companies Act, and the beneficial shareholder wishes to vote for his / her shares, then the beneficial shareholder must re-register the shares in a separate VPS account in his/her own (the beneficial shareholders') name prior to the general meeting, within the registration date, cf below.

Pursuant to Article 6 in the Company's Articles of Association, the right to attend to, and vote in the General Meeting may only be exercised for shares which are registered in the shareholders' register (VPS) at the latest the fifth workday before the date of the General Meeting (the registration date); 16 May 2017.

### **The Shareholders' rights**

The shareholders have the following right in connection with a general meeting:

- the right to attend and participate in the general meeting, either in person or by proxy (see below)

<ul style="list-style-type: none"> <li>• rett til å kreve at styrets medlemmer og adm. direktør gir tilgjengelige opplysninger om forhold som kan innvirke på bedømmelsen av (i) godkjenningen av årsregnskapet og årsberetningen (ii) saker som er forelagt aksjeeierne til avgjørelse og (iii) selskapets økonomiske stilling, herunder om virksomheten i andre selskaper som selskapet deltar i, og andre saker som generalforsamlingen skal behandle, med mindre de opplysninger som kreves, ikke kan gis uten uforholdsmessig skade for selskapet, jf allmennaksjeloven § 5-15</li> <li>• rett til å fremsette alternative forslag til beslutninger i de saker som generalforsamlingen skal behandle, herunder kandidater for valg til styret eller valgkomiteen, forutsatt at alternative forslag er innenfor rammen av den saken som foreligger til behandling, jf allmennaksjeloven § 5-11</li> <li>• rett til å få behandlet spørsmål på generalforsamlingen som vedkommende har meldt skriftlig til styret innen syv dager før fristen for innkalling til generalforsamlingen (21 dager), sammen med et forslag til beslutning eller en begrunnelse for at spørsmålet settes på dagsorden. Har innkallingen allerede funnet sted, skal det foretas en ny innkalling dersom fristen for innkalling ikke er ute, jf. allmennaksjeloven § 5-11.</li> </ul> <p><b>Fullmakt</b> Aksjeeiere som ønsker å møte og stemme i generalforsamlingen ved fullmektig, bes sende inn vedlagte fullmaktseddel, datert og signert, og innen fristen for påmelding som angitt under, til DNB Bank ASA, med følgende adresse:</p> <p><b>E-post:</b> <a href="mailto:genf@dnb.no">genf@dnb.no</a>. <b>Postadresse:</b> DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo</p> <p>Alternativt kan det foretas elektronisk innsendelse av fullmakt via selskapets hjemmeside <a href="http://www.q-free.com">www.q-free.com</a> eller via Investortjenester. For å få tilgang til elektronisk påmelding via selskapets hjemmeside, må pinkode og referansenummer som følger av møteseddel/påmeldingsskjema oppgis. Fullmaktseddel i original må også medbringes til generalforsamlingen.</p>	<ul style="list-style-type: none"> <li>• the right to speak</li> <li>• the right to bring a counsel and give him the right to speak</li> <li>• the right to demand that the members of the Board and the CEO provide available information about issues which may affect the assessment of (i) the approval of the annual accounts and the annual report (ii) any matters that have been submitted to the shareholders for decision and (iii) the Company's financial position, hereunder the business of other companies in which the Company participates, and other matters that the general meeting shall consider, unless the information required cannot be given without causing disproportionate damage to the Company, cf. section 5-15 of the Public Limited Companies act</li> <li>• the right to present alternative proposals / amendments to matters to be decided by the general meeting, hereunder candidates for election to the Board or the Nomination Committee, provided that alternative proposals are within the limits of the matter to be considered, cf. section 5-11 of the Public Limited Companies Act</li> <li>• the right to have questions addressed at the general meeting which have been notified in writing to the board within seven days prior to the deadline for notice to the general meeting (21 days), together with proposed resolutions or a reason that an issue has been put on the agenda. If the notice has already been sent, a new notice must be prepared granted that the deadline for giving notice has not been reached, cf. section 5-11 of the Public Limited Companies act.</li> </ul> <p><b>Proxy</b> Shareholders who wish to attend and vote by proxy at the General Meeting, are requested to send the attached proxy form, dated and signed, within the time limit for the notice of attendance as set out below, to DNB Bank ASA, with the following address:</p> <p><b>E-mail:</b> <a href="mailto:genf@dnb.no">genf@dnb.no</a>. <b>Post-address:</b> DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway</p> <p>The proxy form may alternatively be sent electronically through the Company's website <a href="http://www.q-free.com">www.q-free.com</a> or through VPS Investor Services. To access the electronic system for notification of attendance through the Company's website, the</p>
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<p>Legitimasjon for fullmektig og for fullmaktsgiver, og eventuelt firmaattest dersom aksjeeieren er en juridisk person, må vedlegges fullmakten.</p> <p>Fullmakten kan inneholde instruks om hvordan fullmektigen skal stemme i den enkelte sak.</p> <p>Fullmaktsskjema er vedlagt, med nærmere instruksjon for bruken av fullmaktsskjemaet.</p> <p>Fullmakt kan om ønskelig gis til styrets leder Charlotte Brogren Karlberg, som av styret er oppnevnt til å kunne stemme for aksjeeierne som fullmektig. Fullmakter som er utstedt uten særskilt angivelse av navn på fullmektigen, vil i henhold til dette bli ansett som gitt til styrets leder.</p> <p><b>Påmelding</b> I henhold til vedtektene § 6 har styret bestemt at de aksjeeiere som ønsker å delta på generalforsamlingen, enten selv eller ved fullmektig, for å ha rett til å møte og avgi stemme på generalforsamlingen må meddele dette senest <b>innen den 22. mai 2017 kl. 12.00.</b></p> <p>Vedlagte påmeldingsskjema bes benyttet, som innen påmeldingsfristen over, sendes til:</p> <p><b>E-post:</b> <a href="mailto:genf@dnb.no">genf@dnb.no</a> <b>Postadresse:</b> DNB Bank ASA, Verdipapirservice, postboks 1600 Sentrum, 0021 Oslo</p> <p>Påmelding kan også foretas elektronisk via selskapets hjemmeside <a href="http://www.q-free.com">www.q-free.com</a> eller via Investortjenester. For å få tilgang til elektronisk påmelding via selskapets hjemmeside, må pinkode og referansenummer som følger av møteseddel/påmeldingsskjema oppgis.</p>	<p>reference number and PIN code mentioned in the proxy form must be stated. The proxy form in original must also be brought to the General Meeting.</p> <p>Both the ID of the proxy and the shareholder, and possibly also a certificate of registration if the shareholder is a legal person, must be attached to the proxy.</p> <p>The proxy authorization may include instructions as to how the proxy shall vote in each matter.</p> <p>A proxy form is attached to this notice, with a detailed description of the use of the proxy form.</p> <p>Proxy can, if desired, be given to the Chairman of the Board, Charlotte Brogren Karlberg, who has been appointed by the Board to vote as proxy for the shareholders. Proxies issued without a specified name of the shareholder, will in accordance with this, be regarded as proxies issued to the Chairman of the Board.</p> <p><b>Notice of attendance</b> Pursuant to Article 6 of the Articles of Association, second paragraph, the Board has decided that the shareholders who wish to attend the General Meeting in person or by proxy, in order to hold the right to attend and vote, must give notice of this at the latest <b>within 22 May 2017 at 12.00 hrs.</b></p> <p>Please use the attached registration form, which, within the time limit for the notice of attendance as set out above, is sent to:</p> <p><b>E-mail:</b> <a href="mailto:genf@dnb.no">genf@dnb.no</a>. <b>Post-address:</b> DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway</p> <p>The notice of attendance may be send electronically through the Company's website <a href="http://www.q-free.com">www.q-free.com</a> or through VPS Investor Services. To access the electronic system for notification of attendance and advance voting through the Company's website, the reference number and PIN code mentioned in the notice of attendance must be stated.</p>
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Trondheim, 28. april 2017

Trondheim, 28 April 2017

Styret for Q-Free ASA

The Board of Directors of Q-Free ASA

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Charlotte Brogren Karlberg  
Styrets leder / Chairman of the Board  
for styret / on behalf of the Board



## Annual General meeting of Q-Free ASA 24 May 2017

**Ref no:**

**PIN code:**

### Notice of Annual General Meeting

Annual General Meeting of Q-Free ASA will be held on 24 May 2017 at 10 a.m. at Q-Free, Parkveien 55, Oslo, Norway

If the above-mentioned shareholder is an enterprise, it will be represented by:

\_\_\_\_\_  
Name of enterprise's representative  
(To grant a proxy, use the proxy form below)

### Notice of attendance

The undersigned will attend the Annual General Meeting on May 24, 2017 and vote for:

A total of \_\_\_\_\_  
Own shares  
Other shares in accordance with enclosed Power of Attorney  
Shares

This notice of attendance must be received by DNB Bank ASA no later than 12 p.m. on May 22, 2017

**Notice of attendance may be sent electronically through the Company's website [www.q-free.com](http://www.q-free.com) or through VPS Investor Services.**

To access the electronic system for notification of attendance or to submit your proxy, through the Company's website, the above-mentioned reference number and PIN code must be stated.

Notice of attendance may also be sent by e-mail: [genf@dnb.no](mailto:genf@dnb.no), or by regular mail to DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway.

\_\_\_\_\_  
Place

\_\_\_\_\_  
Date

\_\_\_\_\_  
Shareholder's signature  
(If attending personally. To grant a proxy, use the form below)

**Proxy (with voting instructions)**
**Ref no:**
**PIN code:**

This proxy form is to be used for a proxy with voting instructions. If you are unable to attend the Annual General Meeting in person, you may use this proxy form to give voting instructions. You may grant a proxy with voting instructions to a person authorised by you, or you may send the proxy without naming the proxy holder, in which case the proxy will be deemed to have been given to the Chairman of the Board of Directors or a person authorised by her.

The proxy form must be received by DNB Bank ASA, Registrar's Department, **no later than 12 p.m. on May 22, 2017**. It may be **sent by e-mail: [genf@dnb.no](mailto:genf@dnb.no)** / Regular mail to DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway.

The undersigned (in capital letters \_\_\_\_\_)  
hereby grants (tick one of the two)

☐ the Chairman of the Board of Directors Charlotte Brogren Karlberg (or a person authorised by her); or

☐ \_\_\_\_\_  
Name of proxy holder (in capital letters)

a proxy to attend and vote for my/our shares at the Annual General Meeting of Q-Free ASA on May 24, 2017.

The votes shall be exercised in accordance with the instructions below. Please note that if any items below are not voted on (not ticked off); this will be deemed to be an instruction to vote "for" the proposals in the notice. However, if any motions are made from the floor in addition to or replacement of the proposals in the notice, the proxy holder may vote or abstain from voting at his discretion. In such case, the proxy holder will vote on the basis of his reasonable understanding of the motion. The same applies if there is any doubt as to how the instructions should be understood. Where no such reasonable interpretation is possible, the proxy holder may at her discretion either vote or abstain from voting.

Agenda Annual General Meeting 24 May 2017	For	Against	Abstention
1 Election of a Chairman of the meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of one person to co-sign the minutes together with the Chairman of the meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of the Notice and Agenda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of the annual accounts and the directors report for the financial year 2016 for Q-Free ASA and the group, hereunder disposal of annual results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Election of members of the Board			
5.1 The Nomination Committee's candidate as Chairman of the Board: Tore Valderhaug	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2 The Nomination Committee's candidate as member of the Board: Charlotte Brogren Karlberg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3 The Nomination Committee's candidate as member of the Board: Ragnhild Wahl	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.4 The Nomination Committee's candidate as member of the Board: Trond Valvik	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Election of members of the Nomination Committee:			
6.1 The Nomination Committee's candidate as Chair of the Nomination Committee: Heidi Finskas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2 The Nominations Committee's candidate as member of the Nomination Committee: Øystein Elgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Determination of remuneration to the members of the Board, members of subcommittees to the Board, for the period until the next Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Determination of remuneration to the members of the Nomination Committee, for the period until the next Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Determination of remuneration to the auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10The Board's declaration on determination on salaries and other remuneration to leading executives			



Annual General meeting of Q-Free ASA 24 May 2017

a) The Board's guidelines on determination of salaries and other remuneration to leading executives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Establishment of a share option program for the leading executives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Report on corporate governance in accordance with the Accounting Act, Section 3-3 b			
12 Board authorization to increase the share capital by the subscription of new shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Place

Date

Shareholder's signature

(Only for granting proxy with voting instructions)

With regard to rights of attendance and voting, reference is made to the Norwegian Public Limited Liability Companies Act, in particular Chapter 5. If the shareholder is a company, the company's certificate of registration must be attached to the proxy.

## Proxy (without voting instructions)

Ref no:

PIN code:

This proxy form is to be used for a proxy without voting instructions. To grant a proxy with voting instructions, please go to page 2.

If you are unable to attend the Annual General Meeting in person, this proxy may be used by a person authorised by you, or you may send the proxy without naming the proxy holder, in such case, the proxy will be deemed to be given to the Chairman of the Board of Directors or a person authorised by her.

The proxy form must be received by DNB Bank ASA, Registrar's Department **no later than 12 p.m. on 22 May 2017.**

**The proxy may be sent electronically through Q-Free ASA's website <http://www.q-free.com>, or through VPS Investor Services.** It may also be sent by e-mail: [genf@dnb.no](mailto:genf@dnb.no). Regular mail to DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway.

The undersigned (in capital letters) \_\_\_\_\_  
hereby grants (tick one of the two):

☐ the Chairman of the Board of Directors Charlotte Brogren Karlberg (or a person authorised by her), or

☐ \_\_\_\_\_  
(Name of proxy holder in capital letters)

a proxy to attend and vote for my/our shares at the ordinary General Meeting of Q-Free ASA on 24. May 2017.

\_\_\_\_\_  
Place\_\_\_\_\_  
Date\_\_\_\_\_  
Shareholder's signature  
(Signature only when granting a proxy)

With regard to rights of attendance and voting, reference is made to the Norwegian Public Limited Liability Companies Act, in particular Chapter 5. If the shareholder is a company, the company's certificate of registration must be attached to the proxy.

# **ORDINÆR GENERALFORSAMLING I / ANNUAL GENERAL MEETING IN**

**Q-FREE ASA 2017**

## **SAKSUNDERLAG / AGENDA PAPERS**

### **OG FORSLAG TIL VEDTAK / AND PROPOSALS**

(The English wording in this document is an office translation, and in case of any discrepancy the Norwegian wording will prevail.)

<p><b>1. Valg av møteleder</b></p> <p>Styret foreslår at generalforsamlingen treffer følgende vedtak:</p> <p>«Styrets leder Charlotte Brogren Karlberg velges som møteleder.»</p> <p><b>2. Valg av én person til å undertegne protokollen sammen med møteleder</b></p> <p><b>3. Godkjennelse av innkalling og dagsorden</b></p> <p>Styret foreslår at generalforsamlingen treffer følgende vedtak:</p> <p>«Innkallingen og dagsorden godkjennes.»</p>	<p><b>1. Election of a Chairman of the meeting</b></p> <p>The Board proposes that the General Meeting passes the following resolution:</p> <p>“The Chairman of the Board, Charlotte Brogren Karlberg, is elected as Chairman of the meeting.”</p> <p><b>2. Election of one person to co-sign the minutes together with the Chairman of the meeting</b></p> <p><b>3. Approval of the Notice and the Agenda</b></p> <p>The Board proposes that the General Meeting passes the following resolution:</p> <p>“The notice and agenda are approved.”</p> <p><b>4. Approval of the annual accounts and the directors’ report for the financial year 2016 for Q-Free</b></p>
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<p><b>4. Godkjenning av årsregnskapet og årsberetningen for 2016 for Q-Free ASA og konsernet, herunder disponering av årets resultat</b></p> <p>Styret foreslår at generalforsamlingen treffer følgende vedtak:</p> <p>«Styrets forslag til årsregnskap for 2016 for Q-Free ASA og for konsernet, herunder forslag til resultatregnskap og balanse med noter, samt forslag til årsberetning for Q-Free ASA og for konsernet, samt styrets forslag om disponering av årets resultat godkjennes.»</p> <p><b>5. Valg av medlemmer til styret</b></p> <p>Forslag om valg av medlemmer til styret fremgår av valgkomiteens innstilling, som er offentliggjort sammen med innkallingen.</p> <p><b>6. Valg av medlemmer til valgkomiteen</b></p> <p>Forslag om valg av medlemmer til valgkomiteen fremgår av valgkomiteens innstilling, som er offentliggjort sammen med innkallingen.</p> <p><b>7. Fastsettelse av godtgjørelse til styrets medlemmer, medlemmer av underutvalg av styret, for perioden frem til neste ordinære generalforsamling</b></p> <p>Forslag til fastsettelse av godtgjørelse til medlemmer av styret og styrets underutvalg for perioden frem til neste ordinære generalforsamling fremgår av valgkomiteens innstilling, som er offentliggjort sammen med innkallingen</p>	<p><b>ASA and the group, including disposal of annual results</b></p> <p>The Board proposes that the General Meeting passes the following resolution:</p> <p>”The Board of Directors’ proposed annual accounts and annual report for 2016 of Q-Free ASA and the group, hereunder proposed income statement and balance sheet, annual report of Q-Free ASA and the group, as well as the Board’s proposal of disposal of the annual results, are approved.”</p> <p><b>5. Election of members of the Board</b></p> <p>The proposal to the election of members of the Board appears from the report from the Nomination Committee, which is published together with the notice.</p> <p><b>6. Election of a members of the Nomination Committee</b></p> <p>The proposal to the election of members of the Nomination Committee appears from the report from the Nomination Committee, which is published together with the notice.</p> <p><b>7. Determination of remuneration to the members of the Board, members of subcommittees to the Board, for the period until the next Annual General Meeting</b></p> <p>The proposal to the determination of the remuneration of the members of the Board and sub-committees to the Board for the period until the next Annual General Meeting appears from the report from the Nomination Committee, which is published together with the notice.</p>
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**8. Fastsettelse av godtgjørelse til valgkomiteens medlemmer, for perioden frem til neste ordinære generalforsamling**

Styret foreslår at generalforsamlingen treffer følgende vedtak mht godtgjørelse til valgkomiteen, for perioden fra ordinær generalforsamling i 2017 til ordinær generalforsamling i 2018:

«Valgkomiteens leder: NOK 45.000

Øvrige medlemmer av valgkomiteen: NOK 30 000.»

**9. Fastsettelse av revisors godtgjørelse**

Forslag til revisors godtgjørelse for 2016 fremgår av revisors honoraranmodning, og tilsvarer NOK 375.000.

For ytterligere informasjon om revisors godtgjørelser, se note 27 til årsregnskapet.

Styret foreslår at generalforsamlingen treffer følgende vedtak:

«Generalforsamlingen godkjenner revisors godtgjørelse for 2016.»

**10. Styrets erklæring om fastsettelse av lønn og annen godtgjørelse til ledende ansatte**

Styrets erklæring om fastsettelse av lønn og annen godtgjørelse til ledende ansatte er offentliggjort sammen med innkallingen. Styrets retningslinjer skal

**8. Determination of remuneration to the members of the Nomination Committee, for the period until the next Annual General Meeting**

The Board of Directors proposes that the General Meeting passes the following resolution with regards to the remuneration to the members of the Nomination Committee for the period from the 2017 Annual General Meeting to the 2018 Annual General Meeting:

“The Chairman of the Nomination Committee: NOK 45,000.

The remaining members of the Nominations Committee: NOK 30,000

**9. Determination of remuneration to the auditor**

The proposal of the auditor’s fee for 2016 is presented in the auditor’s fee request, and is equivalent to NOK 375,000.

For further information regarding the auditors’s fee, see note 27 to the annual accounts.

The Board proposes that the General Meeting passes the following resolution:

“The auditor’s fee for 2016 is approved by the General Meeting.”

**10. The Board’s declaration on determination on salaries and other remuneration to leading executives**

<p>forelegges generalforsamlingen for rådgivende avstemning, og skal videre godkjennes av generalforsamlingen i den grad erklæringen omfatter tildeling av aksjer, tegningsretter, opsjoner og andre former for godtgjørelse som er knyttet til aksjer eller utviklingen av aksjekursen i selskapet. Styrets retningslinjer for godtgjørelse til ledende ansatte legges frem for generalforsamlingen, og det foreslås at det fattes følgende vedtak:</p> <p><b>«a) Styrets retningslinjer om fastsettelse av lønn og annen godtgjørelse til ledende ansatte</b></p> <p>Generalforsamlingen gir sin tilslutning til styrets retningslinjer for fastsettelse av lønn og annen godtgjørelse til ledende ansatte.</p> <p><b>b) Etablering av aksjeopsjonsprogram for ledende ansatte</b></p> <p>Generalforsamlingen godkjenner etablering av et fem-årig aksjeopsjonsprogram for ledende ansatte.</p> <p><b>11. Redegjørelse for foretaksstyring etter regnskapsloven § 3-3 b</b></p> <p>Styret viser til kravet i allmenn-aksjeloven § 5-6 fjerde ledd at generalforsamlingen skal behandle redegjørelse for foretaksstyring som er avgitt i henhold til kravet i regnskapsloven § 3-3b, hvorav følger at det i årsberetningen eller i dokument det er henvist til i årsberetningen skal</p>	<p>The Board of Directors' declaration on salaries and other remuneration of the leading executives is published together with the notice. The report shall include guidelines for the determination of salaries and other remuneration of leading executives and key employees for the next fiscal year, and shall be subject to a consultative vote from the General Meeting. If they include issuance of shares, subscription rights, options or other remuneration which is linked to shares or the share price, they shall be approved by the General Meeting. The Board's guidelines for the remuneration of the leading executives will be presented for the General Meeting, and the following resolution is proposed:</p> <p><b>“a) The Board's guidelines on determination of salaries and other remuneration to leading executives</b></p> <p>The Board of Director's guidelines for the determination of salaries and other remuneration to leading executives are approved by the General Meeting.</p> <p><b>b) Establishment of a share option program for leading executives</b></p> <p>Establishment of a five-year share option program for leading executives are approved by the General Meeting.”</p> <p><b>11. Report on corporate governance in accordance with the Accounting Act, Section 3-3 b</b></p> <p>The Board refers to the provision in the Public Limited Companies Act, Section</p>
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<p>redegjøres for prinsipper og praksis vedrørende foretaksstyring.</p> <p>Q-Free følger den norske anbefalingen for eierstyring og selskapsledelse av 30.10.2014, utgitt av Norsk utvalg for eierstyring og selskapsledelse (NUES, offentliggjort på <a href="http://www.nues.no">www.nues.no</a>). Styret har i årsberetningen for 2016 redegjort for selskapets prinsipper og praksis vedrørende foretaksstyring, og styret viser derfor til redegjørelsen i årsberetningen, som er offentliggjort sammen med innkallingen og de øvrige saksdokumentene til den ordinære generalforsamlingen. Styret viser videre til at det ikke er forutsatt at generalforsamlingen særskilt skal godkjenne denne redegjørelsen, slik at redegjørelsen tas til orientering.</p> <p><b>12. Fullmakt til styret til forhøyelse av aksjekapitalen ved nytegning av aksjer</b></p> <p>For at selskapet skal ha mulighet for å kunne utnytte potensielle strategiske muligheter innenfor ITS-sektoren, hovedsakelig ved større prosjekter og anbud mv, foreslår styret overfor generalforsamlingen at styret blir gitt en fullmakt til å foreta kapitalforhøyelse ved nytegning av aksjer, med varighet av ett år.</p> <p>Under henvisning til ovennevnte foreslår styret at generalforsamlingen fatter følgende vedtak:</p> <p>«For at selskapet skal ha mulighet for å kunne utnytte potensielle strategiske muligheter innenfor ITS-sektoren, hovedsakelig ved større prosjekter og</p>	<p>5-6 fourth paragraph, regarding the General Meeting's discussion of the report on corporate governance, submitted in accordance with the Accounting Act, Section 3-3b.</p> <p>Q-Free ASA adapt to the Norwegian recommendation on corporate governance of 30 October 2014, issued by Norsk utvalg for eierstyring og selskapsledelse (NUES, published on <a href="http://www.nues.no">www.nues.no</a>). The Board has in the annual report of 2016 given an account of the Company's principles and practice regarding corporate governance, and the Board therefore refers to the statement in the annual report, which is published together with the notice and the other agenda papers to the annual General Meeting. Further, The Board refers to the fact that the report is not provided to any special approval from the General Meeting, thus meant for the General Meeting's information.</p> <p><b>12. Board authorization to increase the share capital by the subscription of new shares</b></p> <p>In order to enable the Company to make use of any strategic potentials within the ITS sector, mainly by way of larger projects and tenders etc., the Board proposes for the General meeting that the Board is given an authorisation to increase the capital by issue of new shares, for a period of one year.</p> <p>With reference to the above, the Board proposes that the General Meeting passes the following resolution:</p>
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<p>anbud mv, gis styret en ny fullmakt til å utvide aksjekapitalen med inntil NOK 3.390.490,72, ved utstedelse av inntil 8.922.344 aksjer tilsvarende ca. 10 % av utestående aksjer, hver pålydende NOK 0,38, med rett til å fravike aksjonærenes fortrinnsrett til tegning i henhold til allmennaksjelovens §§ 10-4 og 10-5.</p> <p>Styret får fullmakt til å bestemme tegningsvilkår ved kapitalutvidelser samt til å endre vedtektene i henhold til den til enhver tid gjeldende kapitalutvidelse. Fullmakten skal gjelde til neste ordinære generalforsamling, dog ikke lenger enn til den 30. juni 2018.»</p>	<p>“In order to enable the Company to make use of any strategic potentials within the ITS sector, mainly by way of larger projects and tenders etc., The Board of Directors is given an authorisation to increase the share capital with as much as NOK 3,390,490.72 by the issue of as much as 8,922,344 shares, equivalent to approximately 10 % of the issued shares, each with a par value of NOK 0.38, with a right to disregard the existing shareholders preferential rights according to the Public Limited Companies Act sections 10-4 and 10-5</p> <p>The Board of Directors is authorised to determine the terms and conditions for the subscription of shares, and to amend the company’s Articles of Association in compliance with the increase of the share capital at all times. The authorisation shall be valid until the next Annual General Meeting, but nevertheless no longer than 30 June 2018.”</p>
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## Annual General Meeting in Q-Free ASA

(The English wording in this document is an office translation, and in case of any discrepancy the Norwegian wording will prevail)

Oslo, April 24 2017

### **PROPOSAL FROM THE NOMINATION COMMITTEE - Q-FREE ASA (QFR)**

The Company's Articles of Association state that the Company shall have a Nomination Committee with three members. The Nomination Committee's tasks are to submit to the General Meeting a recommendation regarding the election of members of the Board of Directors elected by the shareholders, and to propose the Board of Directors' remuneration. The Nomination Committee further submit to the General Meeting recommendation regarding the election of members of the Nomination Committee, including the Chairman of the Nomination Committee.

The Nomination Committee started its deliberations towards a recommendation to the ordinary General Meeting during the autumn of 2016.

The Nomination Committee consists of the following members:

- Jeanett Bergan - Chairman – elected as a member for the first time in 2015, Chairman from 2016
- Thomas Alexander Vogt – member – elected for the first time in 2012
- Andreas B. Lorentzen – member – elected for the first time in 2016

In accordance with the Norwegian Code of Practice for Corporate Governance, the Nomination Committee has in preparation for the ordinary General Meeting, considered the need for changes in the composition of the Board of Directors and the Nomination Committee. As part of its work, the committee has had dialogue with the majority of the largest shareholders, as well as Board members and the CEO. The Company has published information on its website regarding the Nomination Committee's composition and contact information.

The Company's Articles of Association state that the Board of Directors shall have 3 to 8 members, where the Board members elected by the shareholders are elected for two years. The Board of Directors consists of six members, where four members are elected by the shareholders:

- Charlotte Brogren Karlberg - Chairman - member from 2011, Chairman from 2016. Up for election at the ordinary General Meeting in 2017.
- Ragnhild Wahl – Board member - member from 2015. Up for election at the ordinary General Meeting in 2017.
- Tore Valderhaug – Board member - member from 2016. Up for election at the ordinary General Meeting in 2018.
- Snorre Kjesbu – Board member - elected as a member for the first time in 2016. Up for election at the ordinary General Meeting in 2018.

In its recommendation, the Nomination Committee has in particular focused on the following matters:

- The Board of Directors shall have the relevant competence required for operating a listed company of the size and character of Q-Free ASA, hereunder the members of the Board of Directors must have the necessary competence regarding the current regulations for companies listed on the Oslo Stock Exchange.
- The composition of the Board of Directors should ensure a reasonable degree of continuity, whilst at the same time ensuring the need for renewal and independence.
- The Board of Directors should - in addition to complying with the provisions according to Norwegian company law - also comply with the recommendations in the Norwegian Code of Practice for Corporate Governance, regarding the composition, competence and independence of the Board of Directors.
- The Board of Directors should, in a relevant way, reflect the shareholders' structure.
- The Board of Directors should have a composition which, in the best possible way, ensures the Company's interests. The Nomination Committee has in this respect been concerned with ensuring that the composition of the Board, and the framework for the work of the Board, is suitable to ensure that others cannot misuse sensitive information, and thus jeopardizing the Company's competitive situation.
- The members of the Board of Directors must have the capacity to perform their tasks.

Q-Free ASA, as a listed company, is obliged to have an audit committee elected by and amongst the members of the Board of Directors. The Nomination Committee has assessed that one or more of the members of the Board of Directors has the necessary competence, in light of the Company's organization and activity, to fulfil the responsibilities of the audit committee, is independent from the Company, and has qualifications within accounting and/or auditing.

The Nomination Committee has verified that the candidates are eligible, and further that they fulfil the requirements of composition, independence and competence pursuant respectively to the recommendations of the Norwegian Code of Practice for Corporate Governance and the Stock-Exchange regulations.

The Nomination Committee has reviewed the results of the Board's self-evaluation, and had dialogues with the individual board members, management and shareholders.

Through Atlantis Vest, the company has received a new major shareholder. The shareholder has signaled a desire to engage in the business through participation in the Board and the Nomination Committee. The Nomination Committee considers it positive that a major shareholder wishes such an engagement and this is also the feedback the Nomination Committee has received from several shareholders.

With this background, the Nomination Committee considers that there is no need for major changes to Q-Free's Board at the Annual General Meeting in 2017. The Board works well and the Board has a good dialogue with the daily management. Nevertheless, the Nomination Committee proposes a change in the chairman, as well as a new member to the Board at the Annual General Meeting 2017.

## **1. Election of members of the Board of Directors**

The Nomination Committee recommends the current Board member Tore Valderhaug to the new Chairman and Trond Valvik as a new member to the Board with a term of office until the Annual General Meeting 2019. The Nomination Committee further proposes that Ragnhild Wahl and Charlotte Brogren Karlberg are to be re-elected as Board members with term of office until the Annual General Meeting in 2019.

### ***Tore Valderhaug (1960)***

During the past 20 years, Tore Valderhaug has been CFO and CFO in the listed companies Cermaq, EDB Business Partner, Proxima / InFocus, Ocean Rig and Unitor. In Cermaq, he was, for a period, also interim CEO. Valderhaug was until the end of 2015 CFO and responsible for business development in the private equity company Pharmaq AS. He has also worked within corporate finance and private equity.

Tore Valderhaug is an educated state-authorized public accountant and worked for the first ten years of his career in auditing, mainly at Arthur Andersen & Co. Valderhaug is also currently in the board of listed companies Nordic Semiconductor ASA and XXL ASA in addition to being a board member of the unlisted company inApril AS. In addition, he is affiliated with the consulting company KWC AS as a financial advisor. Valderhaug lives in Oslo.

Shareholding in Q-Free ASA: 25,000 (April 2017)

***Charlotte Brogren Karlberg (1963)***

Charlotte Brogren is Director General of the Innovation System, VINNOVA, a Swedish government agency under the Ministry of Enterprise and Industry. Prior to this, Brogren has held positions in ABB's research and development organization, and has been the Group Vice President of ABB Robotics. Brogren is a Chemical engineer and holds a PhD from Lund University of Technology (1997). Brogren is a Board member of Gunnebo AB and is Chairman of the Board of Industrifonden and HMS Networks AB. She is a member of and has been in the Board of the Royal Swedish Academy of Engineering Sciences. Charlotte Brogren Karlberg lives in Stockholm.

Shareholding in Q-Free ASA: 20,000 (April 2017)

***Ragnhild Wahl (1967)***

Ragnhild Wahl is Senior Advisor R & D and ITS in the Norwegian Railway Directorate. She was Head of R&D at the Norwegian National Rail Administration until the rail reform came into force in January 2017. Wahl has previously had positions in research and research positions in transport research at SINTEF. Wahl holds a MSc in Industrial economics (1991) and a PhD in Logistics from The Norwegian University of Science and Technology (NTNU) (1998). She is Chairman of ITS Norway, Board member of Itema AS and member of the Research Council of Norway's Transport Administration for Transport 2025. Ragnhild Wahl lives in Trondheim.

Shareholding in Q-Free ASA: 0 (April 2017)

Furthermore, the Nomination Committee proposes the following for new election:

***Trond Valvik (1980)***

Trond Valvik is Investment Director and responsible for the business area direct investment in Atlantis Vest, which is the investment company of the Rieber family in Bergen, and has previously been a partner in the Private Equity company, Borea Opportunity. Through its work as responsible for investing and exercising active ownership, Valvik has significant Board experience from several different industries. Valvik also has operational experience as interim manager in selected portfolio companies in connection with restructuring and change processes, e.g. in the field of IT and software, where he has, among others, been the CEO of Software Innovation for a period. Valvik also has experience from transaction support and audit in EY. Valvik holds a MSc Business degree from the Norwegian School of Economics (NHH).

Shareholding in Q-Free ASA: 0

All of the candidates have confirmed their candidacy for Board position in Q-Free ASA.

It is recommended that the General Meeting is invited to vote separately for the respective candidates for the positions in the Company's bodies.

If the Nomination Committee's proposal for the composition of the Board is approved by the General Meeting of Q-Free ASA, the Board will thereafter be comprised of the following shareholder-elected members:

Tore Valderhaug (Chairman)  
Charlotte Brogren  
Ragnhild Wahl  
Snorre Kjesbu  
Trond Valvik

## 2. Determination of remuneration to the Board of Directors

For the period starting at the annual General Meeting 2017 until the annual General Meeting 2018, the Nomination Committee proposes the following remuneration to the Board:

The Chairman of the Board	NOK 416.000
Vice Chairman of the Board	NOK 280.000
Shareholder elected Board members	NOK 234.000
Employee elected Board members	NOK 80.000

The Nomination Committee proposes the following remuneration for subcommittees of the Board of Directors:

Chairman of the subcommittee	NOK 11,000 per day of meeting
Members of the subcommittee	NOK 8,500 per day of meeting

The proposal for remuneration to the Board reflects the Board's responsibility, competence, hours spent and the complexity of the business. The reason for the higher remuneration to the Chairman of the Board, compared to the other members of the Board, is the higher workload connected to this position. The same applies to the Vice Chairman of the Board.

## 3. Election of members to the Nomination Committee

The Nomination Committee in Q-Free ASA comprises the following members:

Jeanett Bergan (Chair), elected in 2015  
Thomas Alexander Vogt, elected in 2012  
Andreas B. Lortenzen, elected in 2016

As the chair and one member of the Nomination Committee have changed employer and no longer represents Q-Free's shareholders, it has been necessary for the Nomination Committee to replace these individuals. The Nomination Committee, following discussions with and input from shareholders, proposes the following new elections to the Nomination Committee:

Heidi Finskas is appointed as new Chair of the Nomination Committee. Øystein Elgan is appointed as a new member of the Nomination Committee. Both are set with a merger period of 2 years.

### Heidi Finskas (1981)

Heidi Finskas holds a Master of Political Science from the University of Oslo. She works as Director of Corporate Social Responsibility in KLP and has many years of experience from following up on investments, ownership and corporate governance. She has been a member of the election committee in Kongsberg Automotive since 2011.

### Øystein Elgan (1955)

Øystein Elgan holds a cand. jur. Degree from the University of Bergen (1980). Partner/attorney at law in Thommessen (1981 - 1998). Director of AS Atlantis Vest since 1998. Chairman and Board member, present and former office, in a number of Norwegian and foreign companies.

The Nomination Committee has when drafting its proposal taken into account the interest of all shareholders in the company. The majority of the members of the Nomination Committee are independent of the Board and executives of the company and none of the members are member of the Board. The CEO and members of the executive management are not members of the Nomination Committee.



If the proposal from the Nomination Committee regarding the composition of the Nomination Committee is approved by the General Meeting in Q-Free ASA, the Nomination Committee will thereafter consist of the following members:

Heidi Finskas (Chair)  
Andreas B. Lorentzen  
Øystein Elgan

Oslo, 24.04.2017

The Nomination Committee of Q-Free ASA

Jeanett Bergan

Thomas Alexander Vogt

Andreas B. Lorentzen

(The English wording in this document is an official translation, and in case of any discrepancy the original Norwegian wording will prevail)

## **DECLARATION REGARDING THE DETERMINATION OF SALARY AND OTHER REMUNERATION TO THE CEO AND OTHER LEADING EMPLOYEES**

### **1 INTRODUCTION**

Pursuant to the Public Limited Companies Act § 6-16a, the Company's Board shall prepare a declaration regarding the salary and other remuneration to the General Manager (CEO) and other leading employees.

The declaration shall include guidelines for the stipulation of salary and other remunerations, and hereunder state the main principles of the Company's wage policy for the management/leading employees for the coming fiscal year.

Furthermore, the statement shall also include a review of the wage policy for the management/leading employees in the previous financial year, hereunder how the guidelines for the stipulation of salary has been implemented.

According to the above, this declaration is submitted to the General Meeting in Q-Free ASA. Further reference is made to the annual accounts of 2016, cf. note 15.

### **2 THE BOARD'S GUIDELINES FOR THE DETERMINATION OF SALARY AND OTHER REMUNERATIONS TO LEADING EMPLOYEES**

Q-Free is a leading international Company within its area of business. To maintain and to strengthen its market position, and to reach the objectives the Board has set for the Company, Q-Free is dependent on recruiting and keeping highly competent employees, leaders included. The Company must therefore grant competitive wages to its leading employees.

The Board therefore states that the fixed monthly salary for the respective leaders shall represent competitive wages, and that this shall reflect the respective leaders' personal responsibilities and competence.

In addition to the fixed monthly salary, there should be the option to grant a bonus that will depend on the results of the company and on performance of the individual employee. The Board has therefore established a bonus plan for the Company's employees, leaders included. For the CEO, such bonus shall be at most 75 % of the fixed yearly salary, whereof at least 25 % of the bonus payment shall be used to buy shares in Q-Free ASA. For the other members of the management team, such bonus shall be at most 40% of the fixed yearly salary. The bonus shall in general terms be linked to Q-Free's fulfillment of further defined objectives for the period, result targets, and/or other established objectives for the Company. These objectives shall each year be established by the Company's Board, and may be linked to financial results, results within research and development, quality objectives, and/or further established individual result targets or objectives for the individual leader.

In addition to the fixed monthly salary, bonus according to achieved results, and adopted option plans, the agreement with the individual leader can include that he or she may receive minor payment in kind. In individual cases, it can also be agreed that the leader concerned shall have a Company car at their disposal, or receive a fixed car allowance according to the prevailing regulations.

Q-Free has established a collective pension plan for its employees that also includes the leading employees. Q-Free has established a group life insurance for the management team.

The Board furthermore specifies that there shall be a mutual period of notice of up to six (6) months for agreements made with leading employees. The severance pay for the CEO shall not exceed twelve (12) months pay, calculated from the CEO's resignation day. In case of mergers/acquisitions, resulting in substantial changes in the managerial position, severance pay shall not exceed twelve (12) months, calculated from the CEO's resignation day. In individual cases, other arrangements with regards to resignation can be agreed, hereunder agreements of payment after the termination of employment of the leader in question. The Board may depart from the principles above in individual cases.

After a defined period of employment, the Board can grant right to education with pay for the leading employees based on an individual assessment of the value such education would have for the Company.

### **3 INCENTIVE PROGRAM TOWARDS LEADING EXECUTIVES**

#### **3.1 Incentive program for executives established in the General Meeting on 20 May 2015**

The Board refers to the fact that an incentive scheme for executives and key employees with synthetic options was approved in the General Meeting on 20 May 2015, with a maximal duration of four years, and with a maximum number of synthetic options of 2,200,000. As per date, 450,000 synthetic options are granted in this program.

#### **3.2 Share option program for the Chief Executive Officer**

The Board refers to the fact that an incentive scheme for the CEO with share options was approved in the General meeting on 26 May 2016, for a five-year program distributed upon three tranches (which are vested over three years), and with a maximum number of share options of 630 828, where each tranche may be exercised two years after it has been vested.

#### **3.3 Share option program for leading executives**

The Board proposes that the Board is given the opportunity to establish agreements for share options with leading executives for a five-year program distributed upon three tranches (which are vested over three years), and with a maximum number of share options of 2 500 000, where each tranche may be exercised two years after it has been vested. No consideration will be paid for the share options.

The strike price for the first tranche is calculated based on average volume weighted price for the Q-Free share in the month prior to the allocation. Strike price for the second tranche has a mark-up equivalent to 40%, and 70% for the third tranche.

The agreements will include clauses to limit the maximum profit. If the share price for one Q-Free ASA share at the time of exercise of share options is higher than NOK 40 per share, the strike price shall be adjusted up with the difference between the share price for one Q-Free ASA share for the above-mentioned time and NOK 40 per exercised share option.

The Board may determine the remaining terms and conditions of the share option scheme.

The Board is given power to offer share options under this program to leading executives who previously has been awarded synthetic share options under the program approved in 2015 (3.1), provided leading executives give up their synthetic options.

#### **4 FURTHER PROCEDURE**

According to the Public Limited Companies Act § 5-6, third section, the Company's ordinary General Meeting shall consider this statement from the Board about determination of salary and other remuneration to leading executives.

According to the Public Limited Companies Act § 5-6, third section, the General Meeting shall also conduct a consultative vote with regards to the Board's guidelines for the determination of salary to leading executives, cf. separate agenda papers with the Board's proposals to the General Meeting.

According to the Public Limited Companies Act § 5-6, third section, the Board's guidelines for remuneration with shares or remuneration based on the value of shares (share- and option plans etc.,) cf. the Public Limited Companies Act § 6-16 a first section, third sentence no. 3, shall also be approved by the General Meeting.

#### **5 STATEMENT FOR 2016**

The Board of Directors declares that the main principles for the determination of salary and other remuneration to leading employees, approved by the General Meeting on May 26<sup>th</sup> 2016, has been complied with in 2016, within the frames of the guidelines.

To the General Meeting of Q-Free ASA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### Opinion

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We have audited the financial statements of Q-Free ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2016, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Basis for Opinion

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We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included 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 as required by laws and regulations, 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.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Description of key audit matters</i>	<i>How the key audit matters were addressed in the audit</i>
<b>Recognition of revenue on long-term projects</b>	
<p>Accounting for revenues long-term projects in the group's financial reporting is dependent on percentage of completion for current projects. Contracts that form a base for the group's project revenue are frequently complex and involve a substantial element of judgements in relations to several factors like percentage of completion and transfer of risk. We refer to Note 2 for further description of the group's accounting policies.</p> <p>In addition to various measurable parameters, the estimated percentage of completion will be the basis for revenue recognition related to the group's contracts. The group's projects represent a significant part of the group's revenues, and assessing the measurement of project revenues therefore, is a significant risk in our audit.</p>	<p>Our audit procedures related to long-term projects include:</p> <ul style="list-style-type: none"> <li>• Revenue of significant project contracts and assessment of any special contract clauses effect on the transfer of risk to the buyer, etc.</li> <li>• Test of controls related to signed contracts and signed alteration contracts</li> <li>• Review of calculation of projects' capitalized costs and an assessment of estimates of remaining costs to final completion.</li> <li>• Review of the deposited and expected warranty costs related to ongoing and recently completed projects.</li> </ul>
<b>Valuation of goodwill and product development assets</b>	
<p>According to IFRS, the group is required to perform an annual impairment test of capitalized goodwill and product development assets. The purpose of the test is to verify if the goodwill and product development assets booked value, exceeds the net present value of future cash flows, i.e. fair value of goodwill and product development assets. In our audit, the annual impairment test is a focus area, as</p>	<p>As a part of our audit, we performed a thorough and detailed review of the model used by management to calculate the fair value of goodwill and product development assets, including assessment of assumptions such as WACC. We also challenged the assumptions for future cash flows provided by management. We evaluated their views on the general market developments as well as the</p>

<p>booked value of goodwill per 31 December 2016 is MNOK 316 and product development assets is MNOK 179. Accordingly, valuation of goodwill and product development assets has been identified as risks in connection with the audit of the group financial statements. We refer to note 11 to the financial statements for further description of the group's goodwill and product development valuation.</p> <p>The impairment test was performed as at 31 December 2016 by the management, resulting in no impairment as at this date.</p>	<p>interpretations and use of these views in light of the requirements to use reasonable and supportable data as set forth in IAS 36. We also evaluated the appropriateness of defining the Cash Generating Units (CGUs) compare to the requirements in IAS 36.</p>
<p><b>Accounting for deferred tax</b></p>	
<p>Several entities in the group have accumulated significant unused tax losses. In addition, several of the subsidiaries have material temporary differences linked to the fixed assets, current assets and liabilities. In the financial statements for 2016, the group reported a tax income of MNOK 2 and a net deferred tax asset of MNOK 2. Deferred tax asset not recognized amounts to MNOK 70 for Q-Free ASA and MNOK 130 for the Group. The complexity and materiality of this matter has lead us to identify this as a significant risk in our audit. We refer to Note 23 to the financial statements.</p>	<p>We obtained a specification of all tax positions for the different entities in the group. We also obtained management assessment of how to account for the tax positions. We performed a review of the tax positions and management assessment to ensure that the treatment and disclosures in the financial statements where in compliance with the requirements in IAS 12.</p>

#### Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, statements on Corporate Governance and Corporate Social Responsibility, but does not include the financial statements and our auditor's report thereon.

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 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, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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The Board of Directors and the Managing Director (management) are 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (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. We 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### Opinion on the Board of Directors' report

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Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

### Opinion on Registration and Documentation

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Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 30 March 2017  
BDO AS

A blue ink signature of John Christian Løvaas, consisting of stylized, overlapping loops and lines.

John Christian Løvaas  
State Authorised Public Accountant

To the Annual Shareholders' Meeting  
of Q-Free ASA

Trondheim, 26. april 2017

**Approval of Audit Fee for 2016**

We hereby ask for the Shareholders' meeting approval of the audit fee for the annual account of 2016 for Q-Free ASA of NOK 375 000.

Yours sincerely  
BDO AS

A handwritten signature in blue ink, appearing to read 'John Christian Løvaas'.

John Christian Løvaas  
State Authorised Public Accountant