

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

PROSPECTUS



Q-Free ASA

(Q-Free ASA is incorporated in Norway as a public limited company with its registered seat in Trondheim, Norway)

Listing of 17,844,689 Private Placement Shares, issued in a Private Placement

The information in this prospectus (the "**Prospectus**") relates to the contemplated listing of 17,844,689 new shares (the "**Private Placement Shares**") issued by Q-Free ASA ("**Q-Free**" or the "**Company**"), and together with its subsidiaries, the "**Group**") in a private placement directed towards Norwegian and international institutional and professional investors completed on 28 September 2016 (the "**Private Placement**"). The contemplated listing of the Private Placement Shares is expected to take place on or about 10 October 2016.

The Company's shares (the "**Shares**") are listed on Oslo Børs under the ticker code "QFR".

This Prospectus does not constitute an offer or an invitation to buy, subscribe or sell the securities described herein and the Prospectus relates solely to the listing. Prospective investors should read this Prospectus in its entirety. Investing in the Shares involves high risk. See Section 2 "Risk Factors" beginning on page 13.

Manager:



The date of this Prospectus is 7 October 2016

IMPORTANT INFORMATION

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (Nw. verdipapirhandelloven) (the “**Norwegian Securities Trading Act**”) and related secondary legislation, including the Commission Regulation (EC) no. 809/2004, as amended, implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses (the “**Prospectus Directive**”) as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (“**Prospectus Regulation**”). This Prospectus has been prepared solely in the English language. However, a summary in Norwegian has been prepared in Section 15 “Norwegian Summary” (Norsk Sammendrag). The content of this Prospectus is based on the following checklists: “ANNEX XXV Minimum Disclosure Requirements for the Share Registration Document for SMEs and companies with reduced market capitalization”, and “Annex III Minimum Disclosure Requirements for the Share Securities Note”. The Financial Supervisory Authority of Norway (Nw. Finanstilsynet) (the “**Norwegian FSA**”) has reviewed and on 7 October 2016 approved this Prospectus in accordance with sections 7-7 and 7-8 of the Norwegian Securities Trading Act. This Prospectus is valid for a period of twelve months following the date of approval by the Norwegian FSA. The Norwegian FSA has not verified or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of verification or approval relating to corporate matters described in or referred to in this Prospectus.

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus that are capable of affecting the assessment of the Shares between the time when this Prospectus is approved and the date of admission to trading of the Shares on the Oslo Børs, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, nor the delivery of any Shares, shall under any circumstances create any implication that there has been no change in the Group’s affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

The Company has engaged ABG Sundal Collier ASA as manager (the “**Manager**”) in connection with the Private Placement and the listing of the Private Placement Shares on the Oslo Børs. The Manager is acting for the Company and no one else in relation to the Private Placement and the listing of the Private Placement Shares on the Oslo Børs. The Manager will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Manager or for providing advice in relation to the Private Placement or the listing.

No person is authorised to give information or to make any representation in connection with the Private Placement other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Manager or by any of the affiliates or advisors of any of the foregoing.

The distribution of this Prospectus may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Private Placement Shares and no one has taken any action that would permit a public offering of Shares to occur. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable law and regulation. The

Company and the Manager require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions.

The Private Placement Shares may, in certain jurisdictions, be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents is prohibited.

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

TABLE OF CONTENTS

1	SUMMARY	5
2	RISK FACTORS	13
3	RESPONSIBILITY OF STATEMENT.....	18
4	GENERAL INFORMATION.....	19
5	THE PRIVATE PLACEMENT AND THE OFFERING	20
6	PRESENTATION OF THE COMPANY	26
7	MARKET AND INDUSTRY OVERVIEW	37
8	BOARD, MANAGEMENT AND EMPLOYEES	49
9	OPERATING AND FINANCIAL INFORMATION.....	60
10	SHARE CAPITAL, SHAREHOLDER MATTERS	79
11	SECURITIES TRADING IN NORWAY	87
12	TAXATION	91
13	SELLING AND TRANSFER RESTRICTIONS.....	95
14	ADDITIONAL INFORMATION	95
15	NORWEGIAN SUMMARY (NORSK SAMMENDRAG)	97
16	DEFINITION AND GLOSSARY TERMS	105

Appendices:

Appendix 1: Articles of Association

1 SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a Summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of "not applicable".

1.1 Section A – Introduction and Warnings

A.1	Warnings	<ul style="list-style-type: none">• This summary should be read as introduction to the Prospectus;• Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;• Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and• Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities
A.2	Resale and final placement by financial intermediaries	Not applicable. No resale will take place. No financial intermediaries will be used for the final placement of the offer.

1.2 Section B – Issuer

B.1	Legal and Commercial Name	Q-Free ASA / Q-Free
B.2	Domicile/ Legal Form/ Legislation/ Country of Incorporation	The Company is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies

		Act. The Company was incorporated on 30 July 1984. The Company's registration number in the Norwegian Register of Business Enterprises is 935 487 242.
B.3	Key factors relating to operations/ Activities/ Products sold/ Services performed/ Principal markets	The Group is a global supplier of products and solutions within the global Intelligent Transport Systems (ITS) market. It has a presence in most major ITS technology areas. The Group has delivered systems which are now operational in Europe, the Asia-Pacific region, and North and South America. The Group has approximately 470 employees, is headquartered in Trondheim, Norway, and has local offices around the world.
B.4a	Recent significant trends	<p>2015 demonstrated a continued challenging tolling product market. However, the Company experiences increased tendering and project activity for tolling systems in 2016. Within traffic management, Q-Free experienced growth both organically and through acquisitions in 2015. The Company furthermore describes order intake during 2016 as good and the order backlog into 2H 2016 as satisfactory. Q-Free aims to continue the transformation from a pure tolling company into an ITS company in 2016 and build a profitable growth company serving the global ITS market.</p> <p>Following are the most significant recent trends since the end of the year ended 31 December 2015:</p> <p>The backlog continues to increase due to a strong order intake. As at 30 June 2016, the order backlog was at its highest since 2009, amounting to NOK 806 million. This is an increase of NOK 58 million, or 7.8%, since 31 December 2015. Amongst the larger orders signed since 31 December 2015 is a Central System Autopass extension with Statens Vegvesen (Norwegian Public Roads Administration) valued at approximately NOK 170 million over a three years period. On 6 September 2016 the Company was awarded the Slovenia Truck Tolling project valued at approximately NOK 470 million. On 3 October 2016, the Company announced that Q-Free Open Roads has entered into a contract to implement and maintain a new Statewide Advanced Transportation Management System for the Virginia Department of Transportation in the US, with an order value of approximately NOK 200 million.</p>
B.5	Group	The Group consists of many foreign subsidiaries. The parent company is Q-Free ASA with head office in Trondheim, Norway.
B.6	Persons having an interest in the Issuer's capital or voting rights	As of 3 October 2016 the Company has 2,057 shareholders. Shareholders owning 5% or more of the Company's shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities

		<p>Trading Act.</p> <p>Insofar as known to the Company, the following shareholders will hold an ownership interest of 5% or more in the Company after the Private Placement; Kapsch Trafficcom AG Erste Group Bank AG¹ owns 13,650,458 Shares corresponding to 15.29% of the issued share capital and voting rights after the Private Placement, Funds managed by Storebrand Asset Management AS² will own 7,163,531 Shares corresponding to 8.03% of the issued share capital and voting rights after the Private Placement, and AS Atlantis Vest³ will own 4,700,000 Shares corresponding to 5.27% of the issued share capital and voting rights after the Private Placement.</p> <p>The Company is not aware of other shareholders that directly or indirectly have a shareholding of more than 5% of the issued share capital.</p>
B.7	Selected historical key financial information	<p>The following information has been extracted from the audited consolidated financial statements as at end of the years ended 31 December 2015 and 2014 and the unaudited consolidated financial statements for the financial periods ending on 30 June 2015 and 2016. The selected financial information presented below should be read in conjunction with the financial statements incorporated by reference to the Prospectus.</p>
	Selected statement of income data	

¹ Shares owned directly or indirectly through Kapsch Trafficcom AG Erste Group Bank AG and its subsidiary Kapsch Trafficcom AG

² Referring to disclosure of large shareholdings per 30 September 2016

³ Referring to disclosure of large shareholdings per 29 September 2016

(NOK 1,000)	H1 2016 (Unaudited)	H1 2015 (Unaudited)	2015 (Audited)	2014 (Audited)
Total Operating revenues	465,213	369,662	803,525	788,584
Total operating expenses	448,159	336,825	819,501	703,839
EBITDA	17,054	32,837	(15,976)	84,745
Total depreciation, amortisation and impairment	28,946	43,614	144,482	76,309
EBIT	(11,892)	(10,777)	(160,458)	8,436
Total financial items	5,165	(7,612)	(21,640)	(24,805)
Profit before tax	(6,727)	(18,389)	(182,098)	(16,369)
Taxes	54	(4,449)	(12,600)	(10,589)
Net profit/loss for the year	(6,673)	(22,838)	(194,698)	(26,958)
Selected balance sheet data				
(NOK 1,000)	H1 2016 (Unaudited)	H1 2015 (Unaudited)	2015 (Audited)	2014 (Audited)
Assets				
Non-current assets	579,395	642,602	628,097	525,312
Current assets	385,003	377,235	369,218	458,494
Total assets	964,398	1,019,837	997,315	983,806
Equity and liabilities				
Equity	394,764	535,751	416,499	529,401
Non-current liabilities	279,203	280,547	167,299	192,561
Current liabilities	290,431	203,539	413,517	261,844
Total liabilities	569,634	484,086	580,816	454,405
Total equity and liabilities	964,398	1,019,837	997,315	983,806
Selected statement of cash flow data				

	(NOK 1,000)	H1 2016 (Unaudited)	H1 2015 (Unaudited)	2015 (Audited)	2014 (Audited)
	Cash flow from operating activities	(62,768)	(25,812)	(17,244)	63,310
	Cash flow from investing activities	(37,905)	(90,569)	(123,413)	(172,480)
	Cash flow from financing activities	53,010	50,000	41,873	1,826
	Change in cash and cash equivalents	(47,663)	(66,381)	(98,784)	(107,344)
	Cash and cash equivalents per period beginning	65,349	164,133	164,133	271,477
	Cash and cash equivalents per period end	17,686	97,752	65,349	164,133
	Significant subsequent changes	On 3 August 2016, the Company was awarded a frame agreement for deliveries of tolling tags to Via Verde in Portugal with an estimated value of NOK 75-90 million and the Company was on 6 September 2016 awarded the Slovenia Truck Tolling project valued at approximately NOK 470 million. On 3 October 2016, the Company announced that Q-Free Open Roads has entered into a contract to implement and maintain a new Statewide Advanced Transportation Management System for the Virginia Department of Transportation in the US, with an order value of approximately NOK 200 million. Please see Section 9.12 for further information. On 28 September 2016 the Company completed the Private Placement. Beside from this there has been no other significant changes.			
B.8	Selected key pro forma financial information	Not applicable.			
B.9	Profit forecast or estimate	Not applicable.			
B.10	Qualifications in audit report	There has been none qualifications in the audit report in the last ten years.			
B.11	Working capital	The Company is of the opinion that its working capital is sufficient to cover the Group's present requirements for the 12-month period following the date of this Prospectus.			

1.3 Section C – Securities

C.1	Type of class of securities being offered	The Company has only one class of Shares and there are no voting restrictions. The Shares have been created under the Norwegian Public Limited Companies Act and are registered in book-entry form with the VPS under ISIN NO. 0003103103.
C.2	Currency	The Private Placement Shares are issued in NOK.
C.3	Number of shares/ Par value	The share capital of the Company is NOK 33,904,909.48 divided into 89,223,446 shares with a face value of NOK 0.38 each. The Shares are validly issued and fully paid.
C.4	Rights attached	The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies

		Act, all Shares in that class provide equal rights in the Company. Each of the Company's Shares carries one vote.
C.5	Restrictions	The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board.
C.6	Listing and admission to trading	<p>The Shares are admitted to trading on the Oslo Børs.</p> <p>The listing on Oslo Børs of the Private Placement Shares is subject to approval of the Prospectus by the Norwegian FSA under the rules of the Norwegian Securities Trading Act. Such approval was granted on 7 October 2016 and the Private Placement Shares are expected to be listed on Oslo Børs at 10 October 2016.</p> <p>The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.</p>
C.7	Dividend policy	It is the Company's policy to maintain a high equity ratio to provide a platform for the Company's expected expansion and growth. Based on this assumption, the Company does not expect any dividend to be paid out to the shareholders in the coming years.

1.4 Section D – Risks

Element	Description of Element	Disclosure requirements
D.1	Key risks specific to industry or its issuer	<ul style="list-style-type: none"> • Q-Free's order backlog includes elements of demanding and complex large-scale project deliveries, which may involve considerable risk in terms of timing and costs • Tolling projects and some projects within traffic management are normally directly or indirectly subject to governmental concessions, and Q-Free is exposed to political risk from lead identification through contract award to final project implementation. • Q-Free is exposed to risk both related to the quality of own work and the quality of deliveries from subcontractors.
D.3	Key risks specific to securities	<ul style="list-style-type: none"> • The price of the Shares could fluctuate significantly. • Future issuances of Shares or other securities in the Company could dilute the holdings of shareholders and could materially affect the price of the Shares. • Investors may not be able to exercise their voting rights for Shares registered in a nominee account. • Investors in other jurisdictions than Norway may not be able to enforce any judgement obtained in such

		<p>jurisdiction against the Company or its directors or executive officers in Norway.</p> <ul style="list-style-type: none"> The transfer of the Shares may be subject to restrictions on transferability and resale in certain jurisdictions.
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1.5 Section E – Offer

Element	Description of Element	Disclosure requirements												
E.1	Net proceeds/ Estimated Expenses	<p>The gross proceeds to the Company for the Private Placement Shares issued in the Private Placement was NOK 133.8 million.</p> <p>Transaction costs related to the Private Placement Shares and all other directly attributable costs in connection with the Private Placement will be paid by the Company. The total costs is expected to be about NOK 6,5 million, implying net proceeds from the Private Placement Shares of about NOK 127.3 million.</p>												
E.2a	Reasons for the offer/ Use of proceeds	<p>A higher activity level requires increased financial flexibility in order to cater for working capital needs and earnings volatility. The Company sees a need to strengthen its cash balance given the current contract portfolio and future opportunities.</p> <p>The proceeds are expected to in its entirety be used for working capital and general company purposes.</p>												
E.3	Terms and conditions of the Private Placement	<p>On 28 September 2016, the Company raised NOK 133.8 million in gross proceeds through a Private Placement of 17,844,689 new shares, each with a par value of NOK 0.38 and a subscription price of NOK 7.50 per share. The Private Placement was directed towards Norwegian and international institutional and professional investors.</p> <p>Below is an overview of the terms and timetable for the Private Placement:</p> <table border="1"> <tr> <td>Number of new shares in the Private Placement:</td> <td>17,844,689</td> </tr> <tr> <td>Private Placement Subscription Price:</td> <td>NOK 7.50</td> </tr> <tr> <td>Payment date:</td> <td>4 October 2016.</td> </tr> <tr> <td>Registration of share capital increase:</td> <td>5 October 2016.</td> </tr> <tr> <td>Delivery of the Private Placement Shares:</td> <td>On or about 10 October 2016.</td> </tr> <tr> <td>Listing of the Private Placement Shares:</td> <td>The Private Placement Shares are expected to be</td> </tr> </table>	Number of new shares in the Private Placement:	17,844,689	Private Placement Subscription Price:	NOK 7.50	Payment date:	4 October 2016.	Registration of share capital increase:	5 October 2016.	Delivery of the Private Placement Shares:	On or about 10 October 2016.	Listing of the Private Placement Shares:	The Private Placement Shares are expected to be
Number of new shares in the Private Placement:	17,844,689													
Private Placement Subscription Price:	NOK 7.50													
Payment date:	4 October 2016.													
Registration of share capital increase:	5 October 2016.													
Delivery of the Private Placement Shares:	On or about 10 October 2016.													
Listing of the Private Placement Shares:	The Private Placement Shares are expected to be													

			listed on Oslo Børs at 10 October 2016.
		Number of Shares pre Private Placement:	71,378,757, each Share with a par value of NOK 0.38.
		Number of Shares post Private Placement:	89,223,446, each Share with a par value of NOK 0.38.
		Rights to the Private Placement Shares:	The Private Placement Shares are in all respects equal to the ordinary Shares of the Company.
		Dilution:	Shareholders who did not participate in the Private Placement were subject to a dilution of their ownership of approximately 20%.
E.4	Material interests in the Private Placement.	<p>The Manager and its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own existing Shares in the Company. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Manager will receive a success fee of a fixed percentage of the gross proceeds raised in the Private Placement and, as such, have an interest in the Private Placement.</p> <p>Other than what is set out above, there are no other interests (including conflict of interests) of natural and legal persons involved in the Private Placement.</p>	
E.5	Selling Shareholders/ Lock-up	Not applicable. There are no selling shareholders in the Private Placement, nor are there any lock-up restrictions on the shares offered in the Private Placement.	
E.6	Dilution	<p>The Company's total number of Shares increased by 17,844,689 shares following the Private Placement, resulting in a total number of 89,223,446 outstanding Shares.</p> <p>Shareholders who did not participate in the Private Placement were subject to a dilution of their ownership of approximately 20%.</p>	
E.7	Estimated expense charged to the investor	Not applicable. The expenses related to the Private Placement will be paid by the Company and not charged to the investor.	

2 RISK FACTORS

2.1 Operational risks

2.1.1 Project risk

Q-Free's order backlog includes elements of demanding and complex large-scale project deliveries, which may involve considerable risk in terms of timing and costs. Q-Free holds in-depth knowledge of customer requirements as well as the boundaries of its own project capabilities, and seeks to reduce risk in contract negotiations.

2.1.2 Political risk

Tolling projects and some projects within traffic management are normally directly or indirectly subject to governmental concessions, and Q-Free is exposed to political risk from lead identification through contract award to final project implementation.

Political risk often correlates with the scope and size of the project, such that large projects hence entail relatively more risk than smaller projects. Complaints on public purchasing process in the tolling market are examples on political risks that we have experienced in larger infrastructure projects. Such complaints tends to postpone projects significantly. But the broadened scope of business in the tolling market is expected to mitigate this risk, and the entry into the ITS market will add new revenue streams less exposed to political risk.

2.1.3 Technology risk

Q-Free is exposed to risk both related to the quality of own work and the quality of deliveries from subcontractors. Technology risk like reduced product quality as a result own developed technology could impose quality costs. 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.

The management and Board performs quarterly risk reviews on a group level, and make the provisions necessary to cater for possible financial implications of identified risks.

2.1.4 Competitive situation

The Group operates in a highly competitive industry, and if the Group is unable to compete effectively, its market positions and sales volumes could be adversely affected, which could have a material adverse effect on the business, results of operations and financial condition of the Group.

2.1.5 Dependence on key personnel

The Group is dependent upon attracting and retaining key employees and management personnel. The ITS business faces competition for skilled personnel, and it is always a risk that management personnel or other key employees may decide to leave the Group. Competition for qualified personnel is intense and the Group may be unable to identify and recruit such personnel if and when needed on short notice. The loss of the services of management personnel or other key employees could have a

material adverse effect on the financial condition of the Group.

2.1.6 Risk of corruption

Q-Free operates in some geographies and industries exposed to corruption. Q-Free attempts to mitigate this risk through review of markets before market entry, review of partners and enforcement of the Company's code of conduct amongst employees worldwide.

2.2 Financial risks

2.2.1 Currency risk

Q-Free reported revenues of NOK 804 million in 2015, of which NOK 620 million were generated outside of Norway, leaving Q-Free with a considerable exposure to foreign currencies. Q-Free operates businesses outside of Norway and buys a substantial share of equipment and components abroad. This mitigated the Group's net foreign currency exposure down to approximately 10 percent of revenues in 2015. The Group's most important trading currencies are NOK, USD, EUR and GBP.

Q-Free's policy is to limit currency risk while actively assessing various currencies' importance as competitive parameters. The Group strategy is to compare estimated future sales and purchases and hedge the net cash flow in the foreign currency by using forward / future contracts.

2.2.2 Counterparty credit risk

Risk related to our customers' ability to fulfil their financial obligations is generally considered to be low, given that the Group's main customers are often government-controlled entities, or relatively large and solid private companies. The Company has historically had a low bad debt to accounts receivables ratio. Sovereign risk related to governments failing to honour their debt obligations may have increased in several markets, although Q-Free has to date not incurred any losses on debt to any government-related entity in any market.

The Group seeks to conduct business with parties with an acceptable credit record. The Group has guidelines to ensure that outstanding amounts are kept below given credit limits and that sales are made only to customers with no history for significant credit problems.

When Q-Free enters a new market, the credit risk will be assessed in each individual case and appropriate actions like letters of credit, Norwegian Export Credit Agency guarantees, advance payments, or other similar tools are being used in order to reduce credit risk.

The Group has not provided any guarantees for third parties' liabilities.

2.2.3 Interest rate risk

The interest level has significant influence on the Group profit. The actual interest rates might change between the point when the Company identifies the need to borrow or invest and the actual date when we enter into the transaction. An increased interest rate will increase the cost for borrowing funds and impact our costs when delivering projects to customers. This risk is more present in projects with significant lifespan rather than shorter products deliveries. To ensure predictability and to

mitigate our interest rate risk the Group has preferred short-term interest rates (NIBOR 3 months plus a small mark-up) on its debt and deposits.

2.2.4 Liquidity risk

Our main liquidity risk is defined as the risk of not being able to participate in larger projects and bid's based on un-sufficient financial capacity. Larger projects tend to ask for financial capacities that are challenging for the Q-Free Group. We mitigate this risk by participating in consortiums that are able to qualify, e.g. like in Slovenia where we deliver a nationwide Truck Tolling project together with Telecom Slovenia.

2.3 Risks relating to the Shares

2.3.1 The price of the Shares may fluctuate significantly, which could cause investors to lose a significant part of their investment

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the Company or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the Company, its products and services or its competitors, lawsuits against the Company, unforeseen liabilities, changes in management, changes to the regulatory environment in which it operates or general market conditions.

In recent years, Oslo Børs has experienced wide price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies.

2.3.2 The Company's ability to pay dividends is dependent on the availability of distributable reserves

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the Company's general meeting of shareholders (the "**General Meeting**"). Dividends may only be declared to the extent that the Company has distributable funds and the Company's Board finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest.

As a general rule, the General Meeting may not declare higher dividends than the Board has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

2.3.3 Future sales, or the possibility for future sales, including by existing shareholders, of

substantial number of shares may affect the Shares' market price

The market price of the Shares could decline as a result of sales of a large number of Shares in the market on the perception that such sales could occur, or any sale of Shares by any of the Company's existing shareholders from time to time. Such sales, or the possibility that such sales may occur, might also make it more difficult for the Company to issue or sell equity securities in the future at a time and at a price it deems appropriate.

2.3.4 Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares

It is possible that the Company may in the future decide to offer additional Shares or other equity-based securities through directed offerings without pre-emptive rights for existing holders. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share.

2.3.5 Pre-emptive rights to secure and pay for Shares in any additional issuance may not be available to U.S. or other shareholders

Under Norwegian law, unless otherwise resolved at a General Meeting, existing shareholders have pre-emptive rights to participate on the basis of their existing share ownership in the issuance of any new shares for cash consideration. Shareholders in the United States, however, may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and shares and doing so in the future may be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new shares, their proportional interests in the Company will be reduced.

2.3.6 Investors may not be able to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names with the VPS prior to the General Meetings. The Company can provide no assurances that beneficial owners of the Shares will receive the notice of a General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

2.3.7 The Company may be unwilling or unable to pay any dividends in the future

Pursuant to the Company's dividend policy, dividends are only expected to be paid if certain conditions described in Section 10.2 "Dividend policy" are fulfilled. In addition, the Company may choose not, or may be unable, to pay dividends in future years. The amount of dividends paid by the Company, if any, for a given financial period, will depend on, among other things, the Company's future operating results, cash flows, financial position, capital requirements, the sufficiency of its distributable

reserves, the ability of the Company's subsidiaries to pay dividends to the Company, credit terms, general economic conditions, legal restrictions and other factors that the Company may deem to be significant from time to time.

2.3.8 Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway

The Company is a public limited liability company organised under the laws of Norway. The majority of the members of the Board and Management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

2.3.9 Norwegian law may limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

2.3.10 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

2.3.11 Shareholders outside of Norway are subject to exchange rate risk

The Shares are priced in NOK, and any future payments of dividends on the Shares will be denominated in NOK. Accordingly, investors outside Norway may be subject to adverse movements in the NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares or of the price received in connection with any sale of the Shares could be materially adversely affected.

2.3.12 Market interest rates may influence the price of the Shares

One of the factors that may influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

3 RESPONSIBILITY STATEMENT

This Prospectus has been prepared in connection with the listing of the Private Placement Shares.

The Board of Q-Free ASA accepts responsibility for the information contained in this Prospectus. The members of the Board confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

7 October 2016

The Board of Directors of Q-Free ASA

Charlotte Brogren Karlberg
Chairperson

Tore Valderhaug
Vice Chairman

Ragnhild Wahl
Board Member

Snorre Kjesbu
Board Member

Sissel Nina Lillevik Larsen
Board Member

Rune Jøraandstad
Board Member

4 GENERAL INFORMATION

4.1 Third party information

In certain Sections of this Prospectus, information sourced from third parties has been reproduced. In such cases, the source of the information is identified. Such third party information has been accurately reproduced, and as far as the Company is aware and is able to ascertain from information published by that relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4.2 Forward looking statements

This Prospectus contains forward-looking statements ("**Forward Looking Statements**") relating to the Company's business and the sectors in which it operates. Forward Looking Statements include all statements that are not historical facts, and can be identified by words such as (what follows are examples without excluding words having the same meaning): "anticipates", "believes", "expects", "intends", "may", "projects", "should", or the negatives of these terms or similar expressions. These statements appear in a number of places in this Prospectus, in particular in Section 7 "Market and Industry overview" and Section 9 "Operating and Financial Information" and include statements regarding the Company's management's intent, belief or current expectations with respect to, among other things:

- strategies for the Company's services, segments and business;
- global and regional economic conditions;
- sales volumes, price levels, costs and margins;
- competition and actions by competitors and others affecting the global or regional market of the Company;
- the Company's planned capacity and utilization rates;
- fluctuations in foreign exchange rates, interest rates, earnings, cash flows, dividends and
- other expected financial results and conditions;
- cash requirements and use of available cash;
- financing plans;
- anticipated capital spending;
- growth opportunities;
- development, production, commercialization and acceptance of new services and
- technologies;
- environmental and other regulatory matters;
- legal proceedings; and
- intellectual property.

No Forward Looking Statements contained in this Prospectus should be relied upon as predictions of future events. No assurance can be given that the expectations expressed in these Forward Looking Statements will prove to be correct. Actual results could differ materially from expectations expressed in the Forward Looking Statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealized.

5 THE PRIVATE PLACEMENT

This Section provides information on the completed Private Placement. Please note that the Private Placement Shares issued in the Private Placement have already been subscribed for, paid and issued.

5.1 The background for, the purpose of and the use of proceeds

Over the past months and quarters, the Company has won several major contracts and the combination of the reported order backlog of NOK 806 million plus, amongst others, the Slovenia contract with a value of approximately NOK 470 million per the end of the second quarter of 2016 represents a record high level. However, even excluding the Slovenia project the order backlog is the highest since 2009.

This higher activity level requires increased financial flexibility in order to cater for working capital movements and earnings volatility. Q-Free has a strong focus on cost efficiency and cash management throughout the entire organisation and has undertaken processes which enable improvements in cash flow generation going forward. Despite this, the Company has seen a need to strengthen its cash balance given the current contract portfolio and future opportunities.

Most ITS projects today that relates to governmental customers involve significant upfront investments in working capital by suppliers, as these projects normally do not get paid before completion of the project delivery. Q-Free has won several substantial contracts over the last years and currently has an all-time high order book if including the award of the Slovenia project and other contracts described in Section 6.3.1 "Contract awards exceeding NOK 25 million since 1 January 2014". All contracts mentioned in Section 6.3.1 with closing date before 6 September 2016 are already financed through the existing cash funds and credit facilities. The last two projects won, Truck Tolling Slovenia and the Statewide Advanced Transportation Management System for Virginia Department of Transportation, will be financed through new credit facilities. However, as described in this Section 5.1, in order to position the Company for tendering for new projects and maintain financial flexibility, the Company seeks to raise additional capital to cater for any additional working capital requirements from future project awards.

It is the Company's opinion that the net proceeds of NOK 127 million will provide the Company with the necessary financial headroom to successfully complete the awarded projects and to allow continued growth and development of the business. The proceeds are expected in its entirety to be used for working capital and general company purposes. However, the Company will continue to monitor the market for selective value accretive acquisition opportunities and may elect to use some of the proceeds also for M&A purposes.

5.2 The Private Placement

5.2.1 Description of the Private Placement

On 29 September 2016, the Company publicly announced that it had raised a minimum subscription of NOK 133.8 million in gross proceeds through a private placement of 17,844,689 Private Placement Shares, each with a par value of NOK 0.38, at a subscription price of NOK 7.50 per share.

The Private Placement Shares issued in the Private Placement were placed by the Manager to Norwegian and international institutional and professional investors after market close on 28

September 2016. The total gross proceeds from the Private Placement amounted to NOK 133,835,167.50. The successful completion of the Private Placement was announced through a stock exchange announcement on 29 September 2016 and the share capital increase was registered in the Norwegian Register of Business Enterprises on 5 October 2016.

The Private Placement Shares will, upon Listing, be registered on the same ISIN as the existing Shares, being ISIN NO 0003103103, and will be listed on Oslo Børs under ticker code "QFR". First day of listing of the Private Placement Shares is expected to be on or about 10 October 2016. The Company's registrar is DNB ASA.

5.2.2 Resolutions relating to the Private Placement and the issue of the Private Placement Shares

On 19 September 2016 the Company's General Meeting adopted the following resolution to authorize the Board to increase the Company's share capital:

"The authorisation to the Board to increase the share capital with up to NOK 2,712,392,50, given by the General Meeting 26 May 2016 in case 12, is withdrawn.

The Board of Directors is given a new authorisation to increase the share capital, one or more times, with up to NOK 6,780,981.82 by the issuance of up to 17,844,689 shares, equivalent to approximately 25 % of the company's issued shares, each with a par value of NOK 0.38, with a right to disregard the shareholders' pre-emptive rights according to sections 10-4 and 10-5 of the Public Limited Liability Companies Act, and to determine that non-cash share deposits shall be made or the right to subject the company to special obligations pursuant to section 10-2 of the Public Limited Liability Companies Act, and mergers according to section 13-5 of the Public Limited Liability Companies Act. 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 ordinary general meeting in 2017, however not longer than to 30 June 2017."

On 28 September 2016, the Company's Board resolved to issue the Private Placement Shares (translated from Norwegian):

"On basis of the authorization to increase the share capital resolved by the Company's general meeting on 19 September 2016 it is resolved to increase the share capital of the Company as follows:

- 1. The Company's share capital shall be increased with NOK 6,780,981.82 from NOK 27,123,927.66 to NOK 33,904,909.48.*
- 2. The capital increase is made through issuance of 17,844,689 new ordinary shares each of nominal value NOK 0.38.*
- 3. The capital increase is carried out as an directed issue and the new shares will be subscribed by and allocated to those persons that have submitted orders for subscription of new shares by the entering into of an subscription agreement that comprises an authorization to ABG Sundal Collier ASA to subscribe for new shares and have been allocated new shares as evident from Appendix 1 to these minutes;*
- 4. The subscription price for the new shares shall be NOK 7.50 per share, of which 0.38 per share is share capital while the exceeding amount shall be treated as share premium. The aggregate subscription amount is NOK 133,835,167.50 of which a total of NOK 127,054,185.68 is share premium.*

5. *The new shares shall be subscribed for by ABG Sundal Collier ASA, acting by proxy on behalf of the investors, in the minutes from this board meeting.*
6. *The subscription amount shall be settled by cash payment to a separate share contribution account with the Company no later than 4 October 2016 and shall be settled through cash payment to the company's specified bank account with account number 8601.69.20209 in Danske Bank Norge.*
7. *The existing shareholders' pre-emptive rights to subscribe for new shares pursuant to section 10-4, cf. section 10-5, of the Norwegian Public Limited Liability Companies Act, are waived.*
8. *The new shares give full shareholder rights, including rights to dividends, from and including the date of registration of the capital increase in the Register of Business Enterprises.*
9. *The expenses related to the share capital increase are estimated to amount to approximately NOK 6.5 million."*

The Private Placement deviated from the rules on equal treatment and existing shareholders preferential right for new shares as set out in Securities Trading Act section 5-14 and the Public Limited Liability Companies Act section 10-4, as the Private Placement was not directed towards all existing shareholders. Accordingly, the shareholders that participated in the Private Placement has benefitted from such deviation. The Board believes this to be in the best interest of the Company and the shareholders, as the Private Placement secures financing of both working capital requirements and provides the necessary balance sheet strength for the Company to make the most out of its strategic alternatives. The Board has considered other sources of financing, but have not deemed such sources as suitable or more preferable than raising of equity through the Private Placement.

The Board considered a waiver of the existing shareholders' preferential rights necessary in order to be able to complete the Private Placement. The Board is of the opinion that the Private Placement allowed the Company to raise capital more quickly and at more favourable terms than a rights issue would have allowed. Furthermore, the Private Placement has strengthened the Company's shareholder base, attracting several new Norwegian and international institutional and professional investors.

Considering that the subscription price involves a premium compared to the average share price in the book-building period, that a representative selection of the Company's existing shareholders have been offered to participate in the Private Placement, that the Private Placement does not change the balance of power amongst the shareholders and taking into account the liquidity in the Company's shares and that expected costs of implementing a subsequent issue potentially will exceed the proceeds from such an offering, the Board has concluded that it is not in the shareholders' common interest to implement a subsequent issue.

5.2.3 The Private Placement Shares

The Private Placement Shares issued in the Private Placement are ordinary Shares in the Company each having a nominal value of NOK 0.38, and were delivered electronically in registered book-entry form in the VPS.

The Private Placement Shares carry full shareholder rights, in all respects equal to the Company's existing Shares, from the time of registration of the share capital increase pertaining to the Private Placement with the Norwegian Register of Business Enterprises on 5 October 2016, and will from the time of registration carry equal rights in the Company.

All Shares, including the Private Placement Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law.

5.2.4 Dilution

The immediate dilutive effect for the Company's shareholders who do not participate in the Private Placement was approximately 20 %.

5.2.5 The subscription price in the Private Placement

The subscription price in the Private Placement was determined through a book building process following the exploration of the various funding alternatives available to the Company. The following factors were also taken into account; the Company's historical and expected earnings, the limited range of funding alternatives available to the Company, future market prospects, and a comparison of these factors with the market valuation of comparable companies, the expected liquidity of the Shares as well as a wider assessment of the stock market in general.

The subscription price represented a 0.92% discount compared to the closing price for the Company's Shares on Oslo Børs on 28 September 2016.

5.2.6 Listing of the Private Placement Shares

The Norwegian FSA approved this Prospectus on 7 October 2016. The Private Placement Shares are expected to be listed on Oslo Børs at 10 October 2016.

5.3 VPS-registration and transferability of the Private Placement Shares

The Private Placement Shares will be registered electronically in book entry form with VPS under ISIN NO. 0003103103. The registrar for the Shares is DNB ASA, with address Dronning Eufemias gate 30, 0191 Oslo, Norway.

The Private Placement Shares may not be transferred or traded on Oslo Børs before they are fully paid, the share capital increase has been registered with the Norwegian Register of Business Enterprises and the Private Placement Shares have been registered in the VPS, delivered to the subscribers and the Company has announced that the Private Placement Shares have been listed on Oslo Børs.

The Private Placement Shares are expected to be delivered to the subscribers' VPS accounts on or about 10 October 2016.

5.4 The Company's share capital following the Private Placement

As of the date of this Prospectus, following the Private Placement, the Company's share capital is NOK 33,904,909.48, divided into 89,223,446 Shares, each with a par value of NOK 0.38.

See Section 10.1 "Share capital" below for a more detailed description of the Company's share capital.

5.5 Shareholder's rights relating to the Private Placement Shares

The Private Placement Shares are ordinary Shares in the Company each having a par value of NOK 0.38. The Private Placement Shares are issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The rights attached to the Private Placement Shares will be the same as those attached to the Company's existing Shares. The Private Placement Shares will rank pari passu with existing Shares in all respects from such time as the share capital increases in connection with the issuance of the Private Placement Shares, are registered in the Norwegian Register of Business Enterprises. The holders of the Private Placement Shares will be entitled to dividend from the date of registration of the respective share capital increase in the Norwegian Register of Business Enterprises.

5.6 Lock-up restrictions

No lock-up agreements were entered into in connection with the Private Placement.

5.7 Expenses and net proceeds

Transaction costs and all other directly attributable costs in connection with the Private Placement that will be borne by the Company are estimated to approximately NOK 6.5 million, thus resulting in net proceeds of approximately NOK 127 million from the Private Placement.

The Company will not charge any expenses directly to any investor in connection with the Private Placement.

5.8 Participation of major existing shareholders and members of the Company's management, supervisory or administrative bodies in the Private Placement – allocation of more than 5 per cent of the shares in the Private Placement

The table below set out investors that were allocated more than 5 per cent of the shares in the Private Placement:

Investor	No. of shares in Private Placement	Percentage share of Private Placement
Atlantis Vest AS	4,700,000	26.34%
KLP Kapitalforvaltning AS	1,780,000	9.97%
Storebrand Asset Management AS	1,700,000	9.53%
DNB Asset Management AS	1,650,000	9.25%
Total placement	17,844,689	100%

No member of the Company's management, supervisory or administrative bodies subscribed for and were allocated Private Placement Shares in the Private Placement.

The Company is not aware of any conflicting interest by any subscriber in the Private Placement that is material to the Private Placement.

The Company has not entered into any underwriting agreement, stabilization agreements, market making agreements or similar agreements for trading of its Shares on Oslo Børs. The Shares are not listed or traded on any other regulated market or stock exchange than Oslo Børs.

5.9 **Manager and advisers**

ABG Sundal Collier ASA, PO-Box 1444, NO-0115 Oslo, Norway is acting as Manager in the Private Placement.

Advokatfirmaet CLP DA is acting as legal advisor to the Company.

5.10 **Jurisdiction and choice of law**

The Private Placement Shares have been issued in accordance with the rules of the Norwegian Public Limited Companies Act.

This Prospectus, the Private Placement and the Private Placement Shares are subject to Norwegian law, unless otherwise indicated herein. Any dispute arising in respect to this Prospectus, the Private Placement and the Private Placement Shares shall be referred to the ordinary courts of Norway and is subject to the exclusive jurisdiction of Oslo City Court as legal venue.

5.11 **Mandatory anti-money laundering procedures**

The Private Placement is subject to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively, the "**Anti-Money Laundering Legislation**").

5.12 **Interest of natural and legal persons involved in the Private Placement**

The Manager and its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own existing Shares in the Company. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Manager will receive a success fee of a percentage of the gross proceeds raised in the Private Placement. The percentage increases if the gross proceeds raised in the Private Placement exceed a prearranged threshold. See section 5.7 "Expenses and net proceeds" for expenses related to the Private Placement.

Other than the above mentioned and as set out in Section 5.8 "Participation of major existing shareholders and members of the Company's management, supervisory or administrative bodies in the Private Placement – allocation of more than 5 per cent of the shares in the Private Placement", the Company is not aware of any interest (including conflict of interests) of any natural or legal persons involved in the Private Placement.

6 PRESENTATION OF THE COMPANY

6.1 Overview

The Company was founded in 1984 as a private limited liability company under the name Micro Design AS in Selbu, Norway. It was incorporated as a public limited liability company (*Allmennaksjeselskap*) pursuant to the Norwegian Public Limited Companies Act, under the law of Norway, on 3 April 2002 under the name Q-Free ASA. The Company's commercial name is Q-Free. The headquartered is in Trondheim, Norway, with address Strindfjordvegen 1, 7053 Ranheim and telephone 73 82 65 00. The Company's registration number in the Norwegian Register of Business Enterprises is 935 487 242.

6.2 Principal activities

Q-Free is a global supplier of Intelligent Transport Systems ("ITS"). The Group provides a broad range of ITS-based products and solutions to its customers. Q-Free's products and solutions enable its customers to address needs concerning road infrastructure financing, improving road safety, reducing congestions and reducing the negative environmental impact of road traffic. The Company currently has a presence within most major ITS technology areas.

Q-Free products and system are being produced according to open standards in the markets we operate. We participate in several governmental standardization bodies to ensure that we monitor the standardization processes and the technology development. During this work we reduce and control a potential risk regarding our technological development. See Section 9.11 "Research and development" for further information.

The Group deploys its ITS solutions to maximize profitability for its customers while at the same time benefiting society by making transportation safer, more effective and more environmentally friendly. In total, the Company has delivered systems that are now operational in Europe, the Asia-Pacific region, and North and South America.

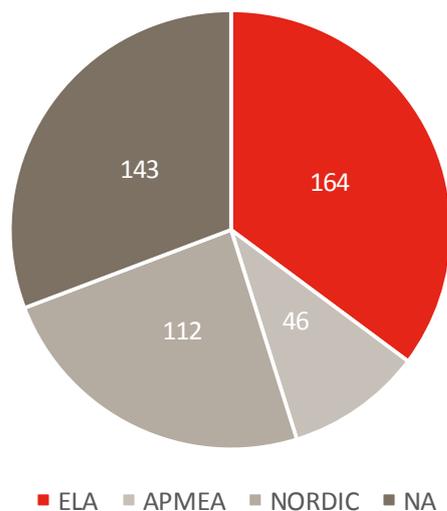
6.2.1 Geographical areas of operation

The Group is organized into geographical areas based on the location of its customers, and has four regions as follows:

- ELA: Europe and Latin America.
- NORDIC: Norway, Sweden, Denmark, Finland, Iceland and the Faroe Islands.
- APMEA: Asia Pacific, Middle East and Africa.
- NA: North America

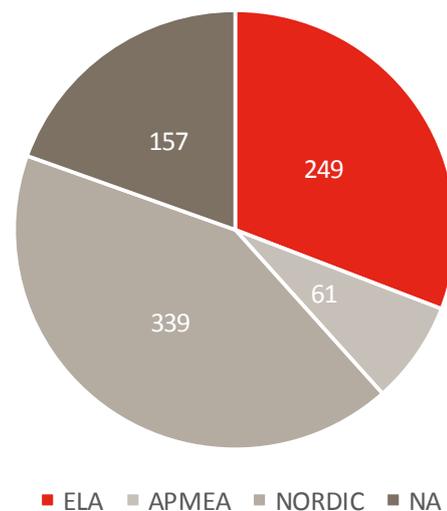
Measured in terms of revenues generated in 2015 and the order backlog at 31 December 2015, ELA was the largest geographical market for Q-Free. The second and third largest markets were the Nordics and North America with 30% and 28%, respectively, of total revenues for the full year.

Revenues per region, H1 2016 (NOKm)



Source: Annual Report 2015, Q-Free

Backlog per 30 June 2016 (NOKm)



Source: Annual Report 2015, Q-Free

6.2.2 ITS service lines

Q-Free segments its operations into the following six business areas, based on the services provided:

- **Tolling:** Q-Free provides a broad range of tolling technologies and systems. The company's tolling applications include Multi-Lane Free Flow electronic toll collection systems for vehicles and trucks using DSRC (Dedicated Short-Range Communication) or RFID (Radio Frequency IDentification) technology, video tolling systems based on Automatic License-Plate Recognition solutions, congestion charging systems etc. Q-Free can deliver complete solutions covering On-Board Units (OBUs), roadside equipment, and back-office systems.
- **Parking:** Q-Free offers an end-to-end range of solutions for car parking management. Traffic monitoring, data processing and communication are combined to give drivers dynamic and efficient real-time information about parking availability at facilities and in single spaces. Additionally, Q-Free offers Automatic License Plate Recognition technology that enables solutions such as barrier-free parking and automatic exit. Q-Free's main applications are parking guidance systems in North America and parking management systems delivered to customers in Europe.
- **Urban:** Q-Free provides traffic and mobility management solutions for the urban environment based on common protocols and open standards. The key product is smart traffic/signal controllers to customers in North America.
- **Inter-Urban:** Q-Free offers road operators and jurisdictions with traffic management solutions based on open standards. The company's main product is Traffic Management centers, mainly delivered to customers in the U.S.
- **Infomobility:** Q-Free provides a range of data-gathering products, back office data hosting, processing and distribution capabilities, and customer-facing products that deliver traffic information. More specifically, Q-Free delivers traffic counters, cycle and pedestrian detection systems, Bluetooth journey time monitoring and weigh-in-motion systems.
- **Homeland Security:** Q-Free has separated its integrated security systems business into an autonomous company, Prometheus Security Group Global, Inc. ("**PSG Global**"). It offers integrated security systems and provides innovative, cost-effective technical solutions for securing critical assets.

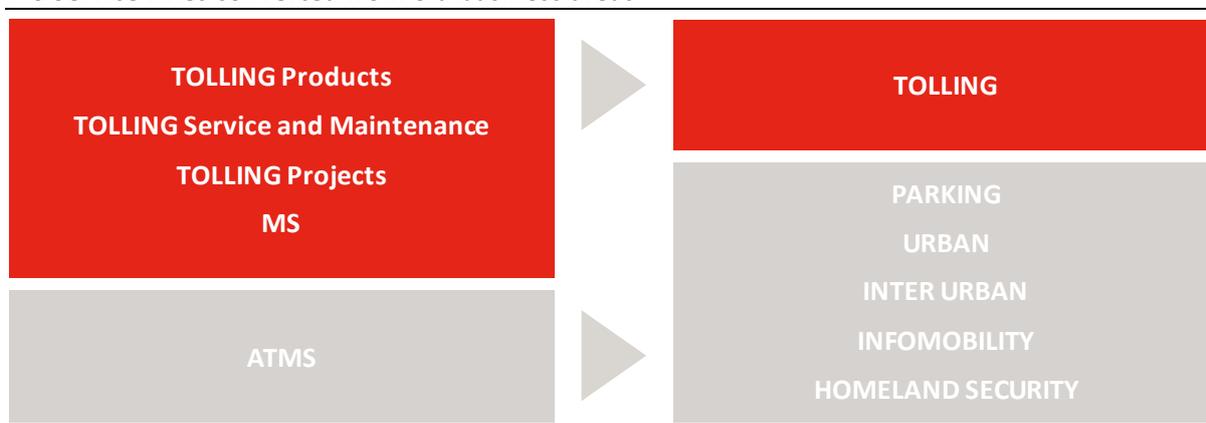
For a further description of each service line, please refer to Section 7.2 "The ITS market".

Q-Free has different contract structures and revenue compositions in its different service lines.

- Tolling: revenues within tolling come from delivery of toll system infrastructure projects, delivery of products to tolling operators, and service and maintenance services to tolling operators. Infrastructure projects are normally one-off revenues, but will normally be accompanied by recurring business through ongoing delivery of products and service and maintenance to the same customer after the system has reached an operational phase. In addition to this, Q-Free delivers products to various toll operators of tolling systems where other suppliers have delivered the toll system.
- Parking: Revenues from sale of parking management solutions to private and public parking operators are normally recognized upon delivery and generate insignificant recurring revenues. However, the Company's strategy is to win frame agreements with big parking operators to generate repeat business in other parking locations.
- Urban: Q-Free provides urban traffic and mobility management solutions to the Department of Transportation in various states in the US. These contracts are normally one-off, but with 1-4 years duration and options to extend the contracts with 1-5 years with some recurring revenues related to these.
- Inter-Urban: Q-Free provides Traffic Management centers mainly to the Department of Transportation in various states in the U.S. These contracts are normally one-off, but with 1-4 years duration and options to extend the contracts with 1-5 years with some recurring revenues related to these.
- Infomobility: Q-Free provides a range of products and solutions to private and public customers in various countries. These contracts are normally one-off, but contracts with public customers will often have 1-2 years duration and options to extend with 1-5 years with some recurring revenues related to these.
- Homeland Security: Contracts for securing critical assets to the U.S military are normally regular sales contracts, but with some recurring revenues.

In 2015, Q-Free initiated a transformation and restructuring program, from being a road user charging company towards being a fully integrated ITS company. The Company changed its reporting standard from four business areas, classified under tolling and ATMS, to the six areas stated above, as of Q1 2016. Previously, ATMS comprised the latter five areas above, whereas tolling comprised four areas of business, as illustrated in the chart below.

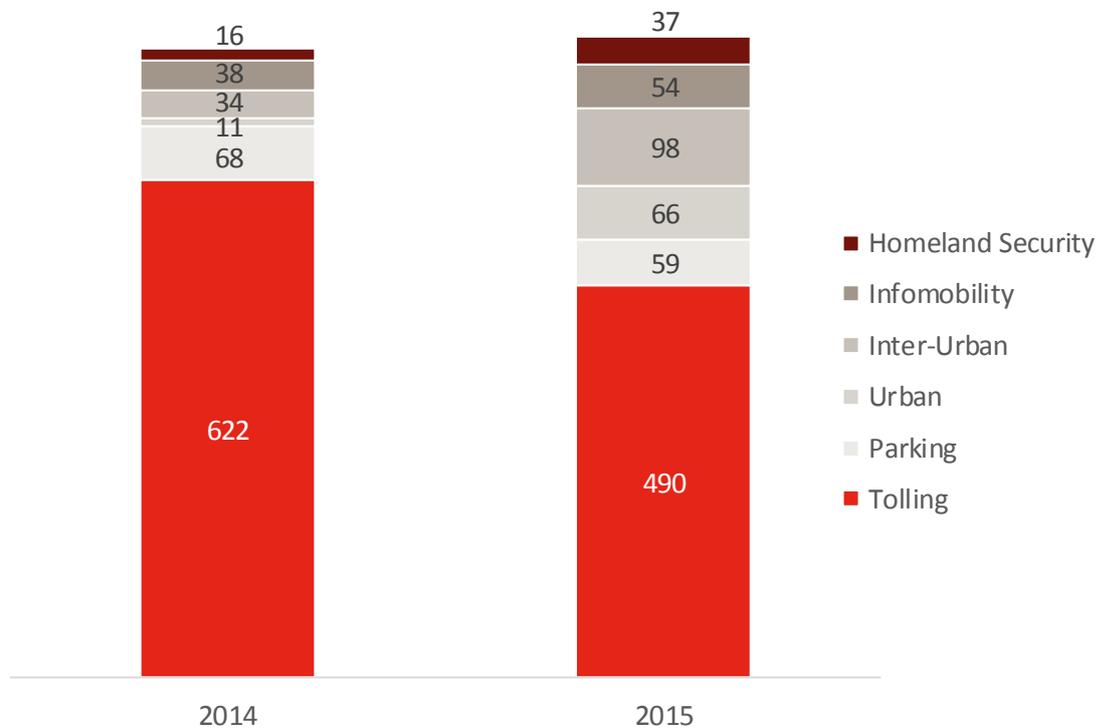
ITS Service Lines converted from old business areas



Source: Q-Free ASA, "Q-FREE – NEW ITS REPORTING FORMAT", announcement, 26 April 2016

The tolling segment is Q-Free's largest service line, with revenues for the year ended 31 December 2015 amounting to NOK 490 million. The remaining five service lines, comprising the ATMS segment, had total revenues of NOK 313 million for the year ended 31 December 2015.

Revenues per service line (MNOK)



Source: Q-Free ASA, Annual Report 2015

6.3 Material contracts

6.3.1 Contract awards exceeding NOK 25 million since 1 January 2014

Announced	Customer	Country	Size (NOKm)	Description
03.10.2016	Virginia Department of Transportation	US	200	Entered into contract to implement and maintain a new Statewide Advanced Transportation Management System for the Virginia Department of Transportation in the US. The order value is approximately MNOK 200, and the contract has a duration of four years. In addition, there are three optional two-year extensions.
06.09.2016	DARS d.d.	Slovenia	470	Awarded a contract for a nationwide truck tolling

				system, comprising system delivery, incl. enforcement back office tags, and service and maintenance with a value of approximately NOK 470 million. Delivery period duration of one year, followed by a service and maintenance agreement period of 10 years with a 3-year option.
03.08.2016	Via Verde	Portugal	75-90	Awarded a three-year frame agreement for the delivery of DSRC tags to Via Verde.
30.03.2016	Norwegian Public Roads Administration	Norway	170	NRPA has awarded an extension of the ongoing contract for the operation of the central system for toll collection in Norway with three years.
20.01.2016	Transcore	The U.S.	45	Awarded a tolling contract for the delivery of the Intrada Image Review system incl. back office solution.
30.10.2015	Norwegian Public Roads Administration	Norway	27	Awarded an AutoPass contract for Bypakke Grenland for installation and service maintenance for 90 months.
11.09.2015	Norwegian Public Roads Administration	Norway	37	Awarded a tolling contract for four projects for the installation of charging points and service and maintenance.
31.08.2015	Norwegian Public Roads Administration	Norway	33	Extension of ongoing contract for operations of the central system for toll collection in Norway. Duration of six months.
25.08.2015	Sociedad Concesionaria Vespucio Norte Express S.A.	Chile	34	Awarded a contract for design and installation for renewal of an existing ETC system. Project completion by end-2017, followed by three-year service and maintenance, with 7-year option.
10.08.2015	Ascendi	Portugal	156	Awarded contract for renewal and service and maintenance with a duration of six years.
27.07.2015	Georgia Department of Transportation	The U.S.	82	Intelight Inc. has been awarded an ATMS frame

				agreement for Traffic controllers
26.05.2015	Roads and Maritime Services (RMS)	Australia	25	Awarded an order for tags, where delivery started in Q3/15 and ended in Q2/16.
16.02.2015	Norwegian Public Roads Administration	Norway	52	Awarded five new contracts for a 5-in-1 AutoPass delivery. The delivery includes installation of charging points with corresponding service and maintenance, with options.
16.02.2015	Norwegian Public Roads Administration	Norway	50	Awarded a contract in Oslo for the replacement of AutoPass roadside equipment, comprising dismantling of existing roadside equipment and installation of new roadside equipment with corresponding service and maintenance.
07.11.2014	Vinci Autoroutes	France	29	Extension of frame agreement for tags with estimated value of minimum NOK 29 million.
27.10.2014	Norwegian Public Roads Administration	Norway	32	Extension of the contract for operation of the central system for toll collection in Norway.
21.10.2014	Sociedad Soncesionaria Autopista Central S.A.	Chile	25	New tag order with three years duration.
13.02.2014	Expressway Authorities of Thailand	Thailand	34	New tag order with delivery from contract date to end of Q2 2014.

The Company is dependent on entering into this type of agreements to generate and increase revenue.

6.3.2 Material contracts outside the ordinary course of normal business

The Company has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus.

With regards to potential dependency of patents or licenses, Q-Free products and system are using third party software, licenses and patents that are typically standard off the shelves such as Microsoft, Linux, free ware, open ware. To the extent these are more specific these are licenses etc. we can replace by own development, should that be necessary. The Q-Free Group see no other significant dependencies that are material to our normal business.

6.4 History and development

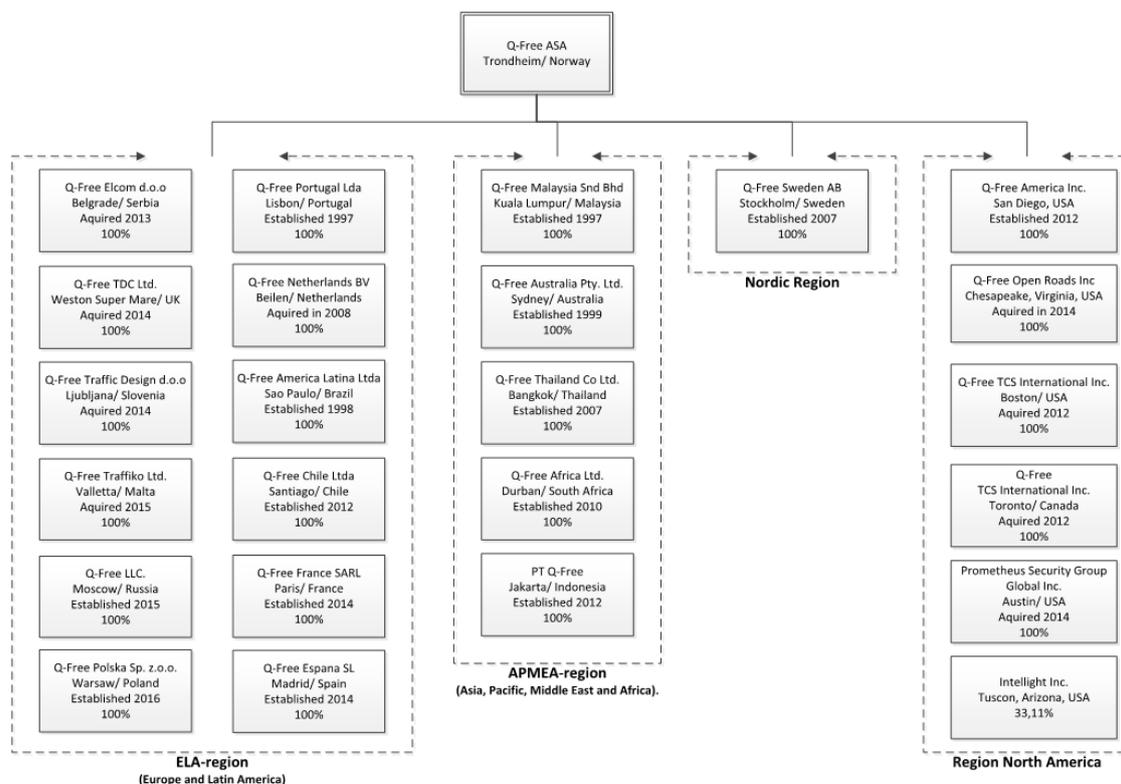
The following table highlights the Company's most significant events from its incorporation until the date of this Prospectus.

Year	Event
1984	The company is established under the name <i>Micro Design AS</i> .
1986	Micro Design's first breakthrough comes when it is awarded the contract with Statens Vegvesen (Norwegian Public Roads Administration) for the development of the 'Q-Free' Tolling System.
1988	The first Q-Free tolling system is installed in Trondheim, Norway.
1990	The Q-Free tolling system is installed in Oslo, Norway.
1991	5.8GHz is proposed as the new standard in Europe for radio communications for tolling systems.
1994	Micro Design AS achieves certification for ISO 9001:2000.
1995	Micro Design AS expand internationally. It installs the Q-Free system and establishes the first Q-Free subsidiary in Portugal.
1997	The common European standard for electronic toll collection, based on 5.8GHz, is introduced. The world's first automatic environmental charging system is installed in Austria using Q-Free equipment.
1998	Micro Design AS changes its name to Q-Free ASA. Q-Free enters the market in China and Holland and expands into new business areas with the creation of two new divisions: Q-Free Access and Q-Free Ticketing. New subsidiaries are established in Malaysia and Brazil, and a representative office in China is opened. Norway's first installation of integrated smart card based ticketing is awarded to Q-Free's Ticketing division.
1999	Q-Free ASA enters the tolling market in Brazil with orders for tolling equipment to the state of Sao Paulo. Q-Free acquires Nera Mobildata's ticketing division.
2000	Q-Free ASA enters the Australian market and creates a new subsidiary.
2001	Q-Free ASA acquires 53 percent of Noca Assembly AS.
2002	Q-Free ASA carries out an IPO. The Company is listed on the Oslo Børs on 3 April 2002.
2004	Q-Free ASA wins its largest-ever contract with IBM, to supply all tolling equipment to the Stockholm Congestion Charging project. In the last half of the year, the company manages to break into the Chilean tolling market with large contracts for tags.
2006	Q-Free ASA is contracted to supply the transport infrastructure to the Winter Olympics in Turin. In collaboration with GTT (Turin's public transport company) and its partner Ativa, the Italian highway operator Sitaf devises a system called Si.Pass – Europe's first integrated public and private transport system payable via one tolling method.
2008	Q-Free ASA acquires Dacolian, a company developing ALPR software for the ITS market. The acquisition strengthens Q-Free's position as a leading company within the RUC market, and enables the offering of a broader range of solutions and competence as Dacolian also utilizes its solution for other applications such as travel time estimation, access control, law enforcement and surveillance.
2009	Q-Free ASA purchases 100 percent of the shares of Building Capital Ltd. Q-Free becomes one of the main players for supplying cashless tolling based on DSRC (tag) and ALPR (camera). Through combining Building Capital's proven GNSS technology and its existing experience, Q-Free is able to bring to market an advanced GNSS-based RUC offering.

	<p>In January, SkyToll in the Slovak Republic signs a €50 million contract with Q-Free ASA for the delivery of a GPS-based truck tolling system. Q-Free signs a significant contract in Portugal to provide its MultiLane Free Flow solution to Ascendi.</p> <p>Q-Free signs a contract with Bangkok Expressway Company Ltd (BECL) in February.</p> <p>In August, Q-Free ASA is awarded an AutoPASS contract by the Norwegian Public Roads Administration (NPRA).</p> <p>In August, Q-Free ASA receives an order from the Spanish Company Grupo Ferrovial SA relating to its concessionaire in Portugal, Euroscut Norte SA, which is owned by the Spanish company Cintra SA.</p>
2012	<p>Q-Free ASA is awarded the Gothenburg congestion-charging project in Sweden.</p> <p>Increased focus on Advanced Transportation Management Systems (ATMS) through the acquisition of the U.S. Company TCS International, Inc.</p>
2013	<p>Q-Free ASA continues its move into the ATMS segment with the acquisitions of the Serbian company Elcom and taking a 10 %-stake the U.S. company Intelight.</p>
2014	<p>Q-Free ASA acquires TDC, Traffic Design and Open Roads Consulting, both developers and suppliers of ATMS products and services. Q-Free ASA sells its 53 percent of Noca AS.</p>
2015	<p>Q-Free ASA acquires Traffiko, a leading developer and supplier of parking management solutions. Q-Free also takes control of the U.S company Intelight who provides traffic controller solutions in the U.S market.</p> <p>Q-Free ASA announces the ITS Transformation Programme – a reorganization of the Company towards being a leading supplier of ITS products and solutions.</p>
2016	<p>Q-Free is awarded a NOK 470 million (approximately) truck tolling contract in Slovenia.</p> <p>Håkon Volldal is appointed CEO of Q-Free ASA.</p>

6.5 Legal structure

Below is an overview of the current corporate structure of the Group:



All subsidiaries are wholly-owned by the Company (directly or indirectly), except for Intelight Inc.

6.6 Property, plant and equipment

The Group's fixed tangible assets consists of machinery, fixtures and equipment with a book value of NOK 44 million as at 31 December 2015. In addition, intangible assets represent a substantial portion of the Group's total assets. Following several acquisitions, Q-Free has accumulated a total goodwill of NOK 367 million as at 31 December 2015. Furthermore, significant investments in research and development have been capitalized as product development, constituting assets of NOK 215 million as at 31 December 2015.

6.7 Environmental and other regulations

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). Q-Free conducted an environmental aspect analysis in 2015 and a review in 2016 and none of our activities have significant negative impact on the environment. Our products are used to control and reduce traffic (environmental taxes) in several cities around the world and causes great improvement to the environment. Non-external environmental issues have significant impact on use of our assets.

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.

6.8 Major shareholders

As of 3 October 2016, the Company has 2,057 shareholders. The table below sets out the 20 largest shareholders in the Company as of 3 October 2016:

No.	Shareholder	No. of shares	No. of votes	Percentage
1	Kapsch Trafficcom AG Erste Group Bank AG	9,900,000	9,900,000	13.87%
2	Storebrand Vekst	4,028,475	4,028,475	5.64 %
3	Kapsch Trafficcom AG	3,750,458	3,750,458	5.25 %
4	Verdipapirfondet KLP Aksjenorge	3,297,118	3,297,118	4.62 %
5	Kommunal Landspensjonskasse	3,176,442	3,176,442	4.45 %
6	Mark John Phillips	3,174,932	3,174,932	4.45 %
7	Verdipapirfondet DNB	1,855,041	1,855,041	2.60 %
8	Statoil Pensjon	1,783,766	1,783,766	2.50 %
9	Lars Oddgeir Andresen	1,633,600	1,633,600	2.29 %
10	Redback AS	1,627,000	1,627,000	2.28 %
11	Eika Norge	1,296,106	1,296,106	1.82 %
12	Verdipapirfondet DNB Norge Selektiv	1,290,349	1,290,349	1.81 %
13	Ulsmo Finans AS	1,254,477	1,254,477	1.76 %
14	Verdipapirfondet Storebrand Optima	1,192,801	1,192,801	1.67 %
15	Verdipapirfondet Alfred Berg Norge	1,168,586	1,168,586	1.64 %
16	Verdipapirfondet DNB SMB	1,112,399	1,112,399	1.56 %
17	Mons Holding AS	1,040,000	1,040,000	1.46 %
18	JP Morgan Chase Bank	1,000,000	1,000,000	1.40 %
19	August Holding AS	999,000	999,000	1.40 %
20	Forte Trønder	753,200	753,200	1.06 %
	TOP	45,333,750	45,333,750	63.51 %
	Others	26,045,007	26,045,007	36.49 %
	TOTAL	71,378,757	71,378,757	100.00 %

Insofar as is known to the Company, the following shareholders will hold an ownership interest of 5% or more in the Company after the Private Placement:

No.	Shareholder	No. of shares	No. of votes	Percentage
1	Kapsch Trafficcom AG Erste Group Bank AG ⁴	13,650,458	13,650,458	15.29%
2	Funds managed by Storebrand Asset Management AS ⁵	7,163,531	7,163,531	8.03%
3	AS Atlantis Vest ⁶	4,700,000	4,700,000	5.27%

KLP Kapitalforvaltning AS filed a disclosure of large shareholdings per 29 May 2015 stating that funds under its management represent more than 5% of the Shares in the Company. DNB Asset Management AS (previously named DnB NOR Kapitalforvaltning AS) filed a disclosure of large shareholdings per 3 June 2010 stating that funds its under management represent more than 5% of the Company. None of the two has disclosed that they have fallen below the threshold after the Private Placement. As of the date of this Prospectus, the Company is not aware of which funds that have been allocated Shares in the Private Placement, and thus does not know the amount of each shareholders' interest after the Private Placement.

The Company is not aware of any other persons or entities that, directly or indirectly, have an interest of 5% or more of the Shares as registered in the VPS on 3 October 2016 or after the Private Placement. There are no differences in voting rights.

Insofar as is known to the Company, there are no persons or entities that, directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

The Company is not aware of any arrangements that may result in, prevent, or restrict a change in control of the Company.

6.9 Related party transactions

The sales to and purchases from related parties and between companies within the Q-Free Group are made at arm's length prices. Outstanding balances at 30 June 2016 are unsecured, and balances from operational activities are interest free while long-term loans between Group companies have interest based on LIBOR plus a mark-up of 1-3% and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

6.9.1 Transactions carried out with related parties in the period from 31 March 2016 to the date of

⁴ Shares owned directly or indirectly through Kapsch Trafficcom AG Erste Group Bank AG and its subsidiary Kapsch Trafficcom AG

⁵ Referring to disclosure of large shareholdings per 30 September 2016

⁶ Referring to disclosure of large shareholdings per 29 September 2016

the Prospectus

The company received for 2016 invoices for consultancy services from Kjelstrup & Wiggen Consulting AS (KWC AS) that totalled NOK 266,800 (ex. VAT), which was paid in August 2016. Vice Chairman of the Board, Tore Valderhaug, was part of the team that delivered the consultancy services to the Company. All transactions between related parties are based on arm's length principles and the services was according to an agreement between Q-Free ASA and the Board concerning consultancy services.

6.9.2 Transactions carried out with related parties in the three months period ended 30 March 2016

There has been no transactions between the company and any parties in the Management or in The Board in the three months period ended 30 March 2016.

6.9.3 Transactions carried out with related parties in the year ended 31 December 2015

There has been no transactions between the company and any parties in the Management or in The Board in the year ended 31 December 2015.

6.9.4 Transactions carried out with related parties in the year ended 31 December 2014

The company received for 2014 invoices for consultancy services from Tell IT AS that totalled NOK 96 thousand, which was paid in April 2014. Tell IT AS is owned by the former Chairman of the Board Terje Christoffersen. All transactions between related parties are based on arm's length principles and the invoicing was according to an agreement between Q-Free ASA and the Chairman of the Board concerning consultancy services.

7 MARKET AND INDUSTRY OVERVIEW

7.1 Introduction

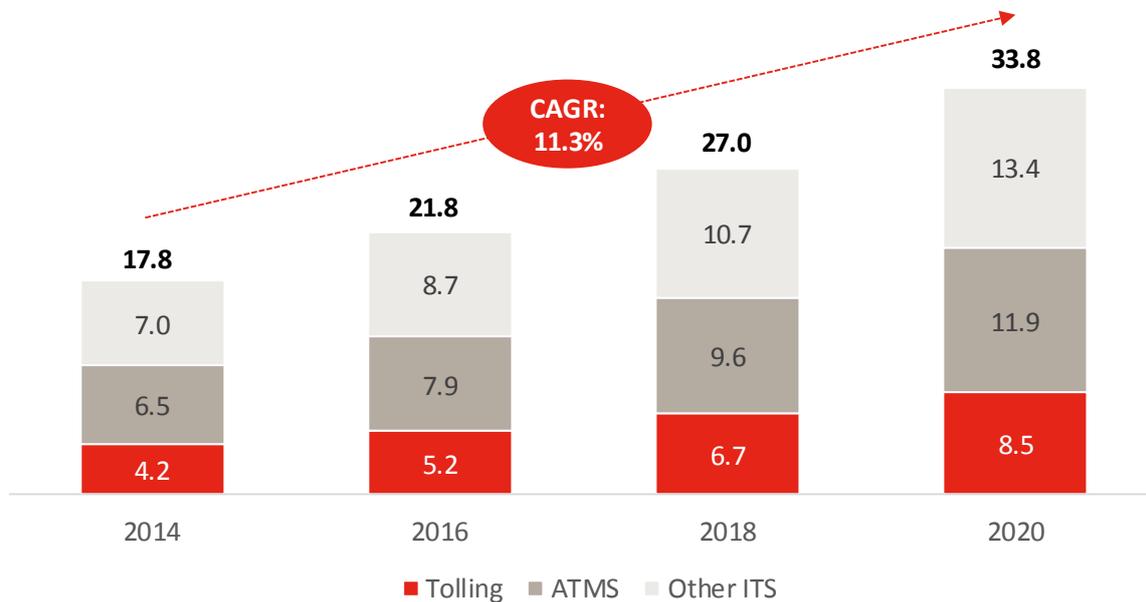
Q-Free offers solutions to the global Intelligent Transport Systems ("ITS") market. The ITS market spans information and communication technologies applied to transport infrastructure and vehicles. The aim is to improve road safety, reduce pollution, increase mobility and provide road financing. ITS also includes the use of information and communication technologies for rail, water and air transport, including navigation systems. ITS solutions are described as a key part of the "smart city" concept, that is, an urban environment that integrates multiple information and communication technology solutions to manage the city and make urbanization sustainable.

7.2 The ITS market

The global ITS market develops, produces and applies information and technology solutions that enable users to be better informed and make safer, more coordinated and efficient use of transportation networks. The global ITS market covers a wide variety of services and solutions, hence segmenting the market in a clear and consistent way is challenging. One might classify the market along several lines, hereunder according to application, systems, components or geographical region. An overall classification, however, can be done into the main markets Electronic Toll Collection ("ETC"), Advanced Traffic Management System ("ATMS"), and other ITS services. Whereas estimates

of the total market size vary from report to report, the market is in general considered to be in the USD 15-20 billion range and expected to grow more than 10% per year in the coming years:

Global ITS market by segment (USDbn)



Source: *Intelligent Transport Systems Market, MarketsandMarkets, (report available for purchase)*

7.2.1 Tolling

Tolling provides public and private operators with a sustainable means of funding roads and associated infrastructure such as bridges and tunnels. This type of funding is argued as equitable, in that those who use a facility the most are typically charged the most. In addition, the amount to be paid by each vehicle is determined by its classification. Key sub-segments of the tolling market are manual toll collection and electronic toll collection.

Manual toll collection systems have an operator in a tollbooth collecting payments for each vehicle passing. Because manual collection requires the vehicle to stop completely, traffic congestions arise more easily. Manual toll collection is also expensive in markets where the cost of labour is high.

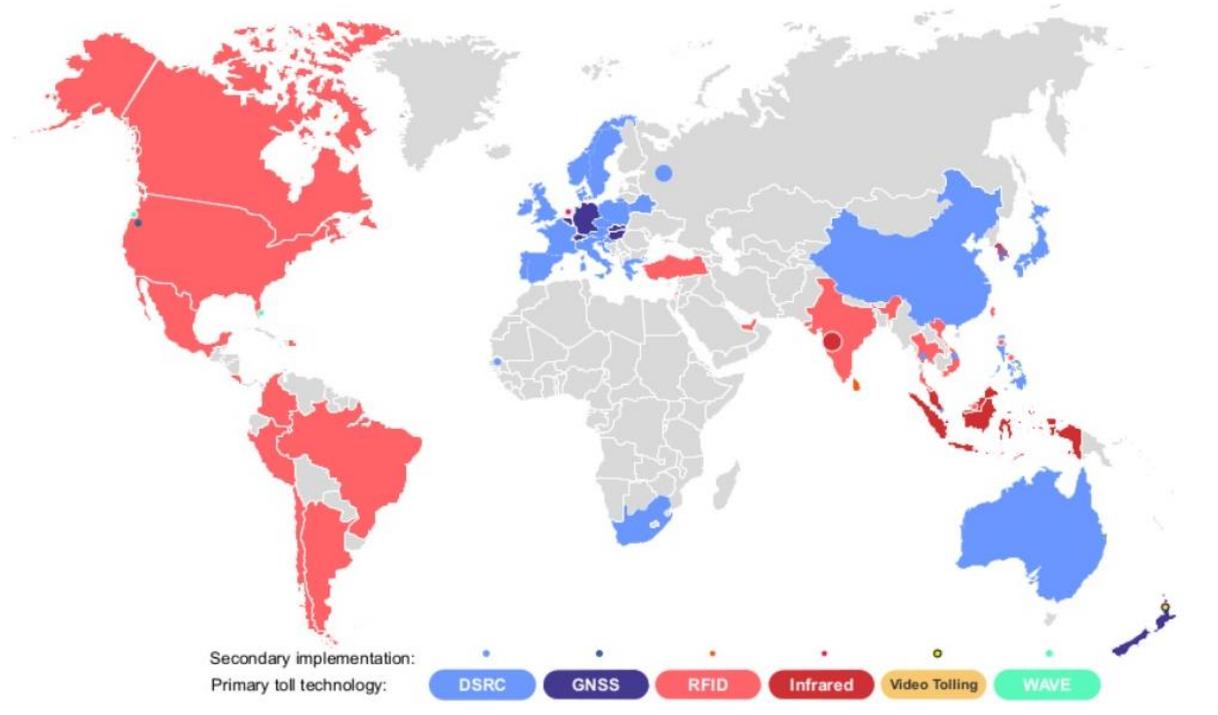
ETC involves collection of tolls electronically. ETC systems determine whether the cars passing are enrolled in the program, register those that are not, and electronically debit the accounts of registered car owners without necessarily requiring them to stop. The main benefit of ETC solutions is the efficiency gain by not needing to stop the cars, in addition to being more environmental friendly and more cost effective than manual toll collection in many cases.

Several technologies exist within ETC solutions, such as RFID, DSRC, GNSS ("**Global Navigation Satellite Systems**"), infrared, video tolling and WAVE ("**Wireless Access in Vehicular Environments**"). However, DSRC ("**Dedicated Short Range Communications**") and RFID ("**Radio-Frequency Identification**") are the two most widespread technologies. Reportedly, DSRC and RFID accounted for approximately 40% each of the total market in the year 2014⁷. In terms of characteristics, RFID-based ETC systems are sensitive to weather conditions, have a high investment cost, low operational cost,

⁷ Intelligent Transport Systems Market, MarketsandMarkets (2014) (report available for purchase)

and requires vehicles to keep a low to medium speed. Comparatively, DSRC is not that sensitive to weather conditions, have a high investment and operational cost, but enables vehicles to maintain a high speed when passing⁸.

Technological solutions to ETC worldwide



Source: *ETC Global Study*, PTOLEMUS Consulting Group (2015) (report available for purchase)

Tolling systems are also used as a means of managing traffic and reducing pollution. Congestion charging schemes seek to reduce and redistribute urban traffic, improve journey times and impose higher charges on road users travelling during peak hours that contribute to overload the traffic capacity. Moreover, congestion charging may be used to increase costs for drivers in order to incentivise them to choose other means of transportation with less environmental impact.

7.2.2 Advanced Traffic Management System (ATMS)

ATMS combines information and communication technologies in order to deliver real-time traffic solutions, primarily to improve the flow of vehicle traffic and road safety. ATMS solutions collect real-time traffic data, which is integrated and processed to deliver relevant information to road users and transportation management centres⁹.

The ATMS market contains several sub-segments and niches. The paragraphs below set out some of the larger sub-segments relevant for Q-Free.

Traffic management

Traffic management concerns the planning, monitoring and control of physical transport. Traffic management comprises several solutions and offerings, such as road/highway management, bridge and tunnel management, intersection control (traffic lights and controllers), speed enforcement etc.

⁸ Intelligent Transport Systems Market, MarketsandMarkets (2014) (report available for purchase)

⁹ Transportation management centers are hub or nerve centers that monitor and manage road networks

These services and solutions connect the road infrastructure and the traffic management centres, allowing real-time monitoring, signalling and enforcement capability.

Parking

The parking management market provides solutions for both off-street and on-street parking. Off-street parking consists mainly of parking garages and surface lots in city centres, shopping centres, airports and parks, whereas on-street parking consists primarily of regulated parking spaces on the side of public roads. In the US and Europe alone, there are more than 150 million parking spaces, of which 65% are off-street spaces¹⁰. The off-street parking facilities are primarily run by large private parking operators, which purchase parking management solutions externally. Examples of parking management solutions include technologies for monitoring availability, access control, payment collection and processing, account management, enforcement and guidance systems.

Infomobility

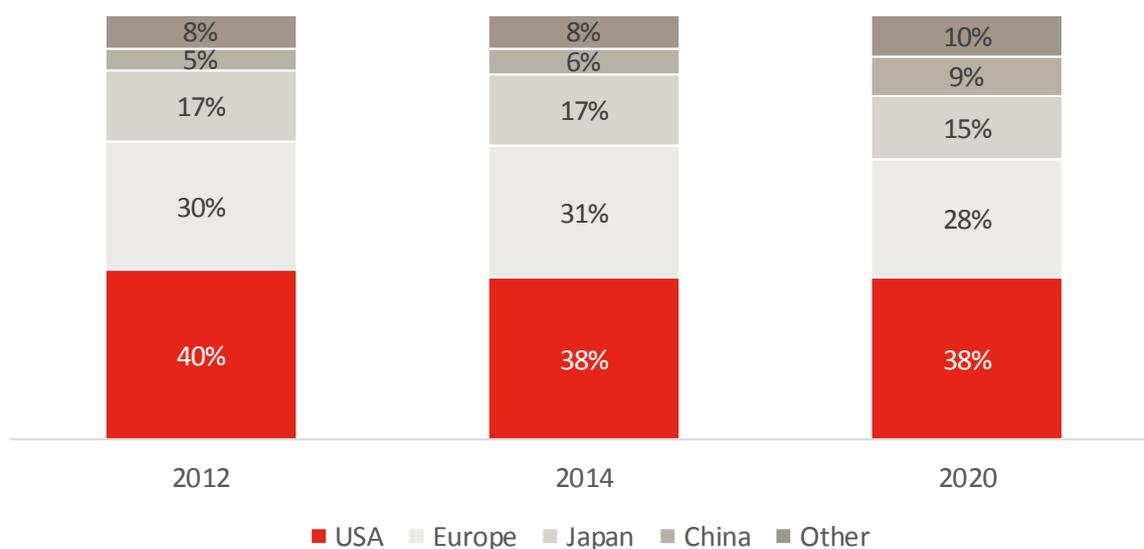
Infomobility concerns the collection and accurate interpretation of traffic data, and its effective and timely distribution. These solutions are deployed by inter-city and urban traffic network managers to improve the overall performance of traffic networks. Infomobility solutions provide users with real-time information and sharing of information with all stakeholders within the transport domain to optimize capacity and throughputs/journey times while maximizing safety and minimizing the negative environmental impact. Examples of infomobility applications are solutions for vehicle detection, vehicle classification, congestion monitoring, and V2V (Vehicle-to-Vehicle), V2I (Vehicle-to-Infrastructure) and V2X (Vehicle-to-Everything) information.

7.3 Geographical overview

The ITS market is a global market, as the solutions offered are needed in most infrastructure networks around the world. As illustrated in the chart below, the U.S., Europe, Japan and China are the four largest ITS markets.

¹⁰ EPA booklet, European Parking Association (2016), *Transportation Cost and Benefit Analysis*, Victoria Transport Policy (2016)

Global ITS markets



Source: *Intelligent Transport Systems Market, MarketsandMarkets (2014) (report available for purchase)*

7.3.1 Americas

Americas comprises the U.S., Canada, Mexico and other, encompassing the remainder of Latin America. The region is the largest ITS market on a global level, mainly because of the U.S. being a driving factor for growth and size. The large number and extensive usage of vehicles in the Americas require effective transportation systems, leading to increased adoption of ITS technologies.

The ITS market in Americas is expected to increase 10% yearly from USD 6.6 billion in 2014 to USD 11.7 billion in 2020.¹¹

7.3.2 Europe

The European region's increasing concerns and attention regarding traffic safety and security on roads have led to an extensive adoption of ITS solutions. Several large European organizations and councils, such as ERTICO and ETSC, have road safety and ITS as their main focus, which have helped emphasize its significance and consequently been important for the development of ITS in the region.

The European ITS market is expected to increase 10% yearly from USD 6.2 billion in 2014 to USD 11.1 billion in 2020.¹²

7.3.3 APAC

The APAC region includes China, Japan, South Korea, India, Australia and others. Whereas Americas and Europe are more mature markets, the APAC region is the fastest growing in terms of deploying ITS solutions. Because of factors such as economic growth, rising urban population, and rising income, greater amount of attention has been directed towards ensuring the safety and quality of life for the population in this region.

¹¹ Intelligent Transport Systems Market, MarketsandMarkets (2014) (report available for purchase)

¹² Intelligent Transport Systems Market, MarketsandMarkets (2014) (report available for purchase)

The ITS market in the APAC region is expected to increase 15% yearly from USD 3.3 billion in 2014 to USD 7.7 billion in 2020, making it the fastest growing ITS region.¹²

The Q-Free Group is well positioned in Indonesia, Thailand, Malaysia and in Australia in this region. The expected growth in these markets represents huge opportunities for the Company.

7.3.4 ROW

The ROW region mainly comprises the Middle East and Africa. Both regions are immature in terms of deployment of ITS solutions. However, the Middle East experiences fast growth with respect to infrastructure, electronics and technology. The ITS market experiences corresponding growth. In Africa, the ITS market is primarily limited to South Africa.

The ITS market for the rest of the world is expected to increase with 13% yearly from USD 1.6 billion in 2014 to USD 3.3 billion in 2020.¹²

7.4 Value chain and overview of players

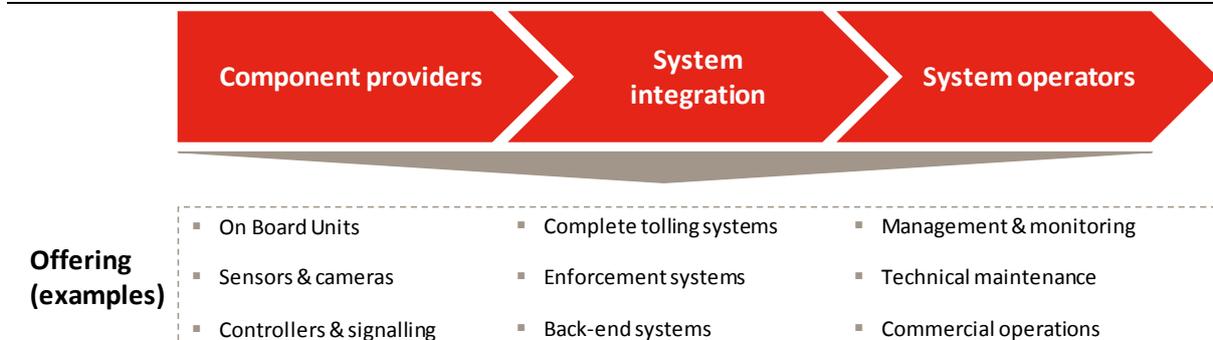
In Tolling, Q-Free is one of only three companies offering core DSRC technology components on a Commercial-Off-The-Shelf basis. Besides Q-Free, only Kapsch Trafficom and Norbit deliver OBUs (On-Board Units) and roadside equipment based on the DSRC standard. As one of the first companies entering this market space, Q-Free has pioneered the development and standardization of CEN DSRC technology since the late 80s, Q-Free benefits from the fact that the technology requires high skills in microwave technology and that the technology offered by Q-Free is made through an extreme degree of automated manufacturing and a highly integrated product. This means that the barriers for other technology companies to establish such a product line are perceived as high. Commercially, the customer relationship in tolling systems are characterized by being long term. As tolling projects typically run for 15 – 20 years, customers focus on getting a stable supplier presence in their market to ensure that their system is always supported. Hence, local presence in the market and references to existing customer operations become very important factors when competing for new projects. System integrators combine core technology from one of the three key CEN DSRC product suppliers with own deliveries, in particular software systems and standard equipment such as lasers, imaging systems, vehicle classification systems and control computers to provide a total solution for the market. Product vendors are subject to thorough testing and qualification processes in each market. Future technology breakthroughs, such as tags/on-board units integrated in cars directly from car manufacturers, could change the competitive landscape, but this will take time and play out differently from market to market as national legislation and regulations will vary. The main driver for the continued use of CEN DSRC technology systems is their unsurpassed economic performance in tolling applications.

In the other service lines, the main differentiation points are related to accuracy of sensors and modularity and scalability of software systems. New technology that changes the competitive landscape might emerge, but Q-Free is currently taking a forefront position in innovation within our selected ITS segments. Q-Free aims at being a technology leader in segments such as parking, weigh-in-motion, connected vehicle-infrastructure systems, traffic controllers and traffic management systems. As in tolling, the main barriers to entry in these segments are both technical (hardware and software know-how) and commercial (references and local presence). To qualify as a provider of solutions for mission-critical infrastructure requires proven solutions and solid, well-functioning

systems. This is not easily accomplished, so the visibility in terms of future competition is relatively high.

7.4.1 Tolling

Electronic tolling value chain



Source: *Intelligent Transport Systems Market, MarketsandMarkets (2014) (report available for purchase)*

The component providers develop technologies and manufacture the physical components needed for tolling systems, such as On Board Units (OBUs), transceivers/antennas, cameras and roadside controllers. This segment is dominated by a few niche players and some global ETC specialists with broad product portfolios. Companies within this segment include Q-Free, Norbit, and Kapsch TrafficCom.

Complete tolling systems are provided by system integrators. In addition to Q-Free and Kapsch Trafficom, which deliver turn key systems to customers, these are typically multinational technology and engineering companies incorporating the products and technologies of the component providers into complete tolling systems. Q-Free, Kapsch TrafficCom, IBM, Teccidel, Raytheon, GEA, TransCore, CubicTransportation, Vitronic, Siemens and Mitsubishi are examples of system integrators. With respect to a particular, and very popular, system implementation called Multilane Free-Flow, where there is no physical toll plaza at the charging point, this system solution can only be delivered by Q-Free and Kapsch Trafficom. To the extent that other system integrators offer such solutions, they are depending on a complete system delivery from either Q-Free or Kapsch Trafficom, as was the case in Stockholm where Q-Free delivered a complete Multilane Free-Flow system for the Stockholm Congestion Tax System through a contract with IBM.

The day to day operation of tolling systems is handled by system operators or concessionaries responsible for collecting tolls, performing maintenance of equipment and operating the backend transaction systems. Examples of such operators are Via Verde, Fjellinjen,, Vinci, SkyToll, Atlantia, Sanef and TransCore.

7.4.2 ATMS

ATMS solutions can be sold as stand-alone solutions for a specific motorway, bridge, tunnel or intersection, or as major programs targeting several big road systems or complete cities. As ATMS comprises everything from bicycle counters and traffic signals to sophisticated urban and inter-urban traffic management centres, the value chain for ATMS is harder to describe than for tolling. However, as for tolling, you typically have technology companies that offer specific technology solutions and

system integrators that source solutions from several suppliers and combine these with their own offerings to provide more complex solutions.

There are several hundred companies providing ATMS solutions. Some of the key players in ATMS include Q-Free, Kapsch TrafficCom, Swarco, PEEK, Serco, Atkins, 3M, Xerox, Siemens and Thales.

7.5 Customers

Most tolling projects are initiated by a government or national road administrator, which announces a tender for a new tolling project. Component providers, system integrators and system operators frequently form consortiums to submit joint offers, where the system integrator typically acts as the consortium leader. If a highway is run and operated by a private concessionaire, this will be the end customer for tolling system providers.

The primary customers for ATMS solutions are government institutions on national, regional or local level. As an example, almost every state in the US has its own Department of Transportation (DOT) responsible for traffic management. Contracts for state and interstate highways are with these DOTs, whereas intersection control systems are typically sold to municipalities or cities. An important segment of the ATMS industry is parking. It is worth noting that the off-street parking segment is dominated by private customers. Big private parking operators include companies such as INDIGO, APCOA, Q-Park, SP+, Impark, LAZ and ABM.

7.6 Demand drivers and market outlook

7.6.1 General drivers

The need for ITS solutions is expected to increase going forward, as it will play a crucial role in sustaining urban growth and quality of life. The overall main market drivers for the ITS market are increasing populations and urbanization (smart cities), increased environmental awareness and focus, and autonomous vehicles.

The size of the global ITS market was estimated at USD 18 billion in 2014. The global ITS market is expected to grow about 11% annually to a total of USD 34 billion in 2020.¹³

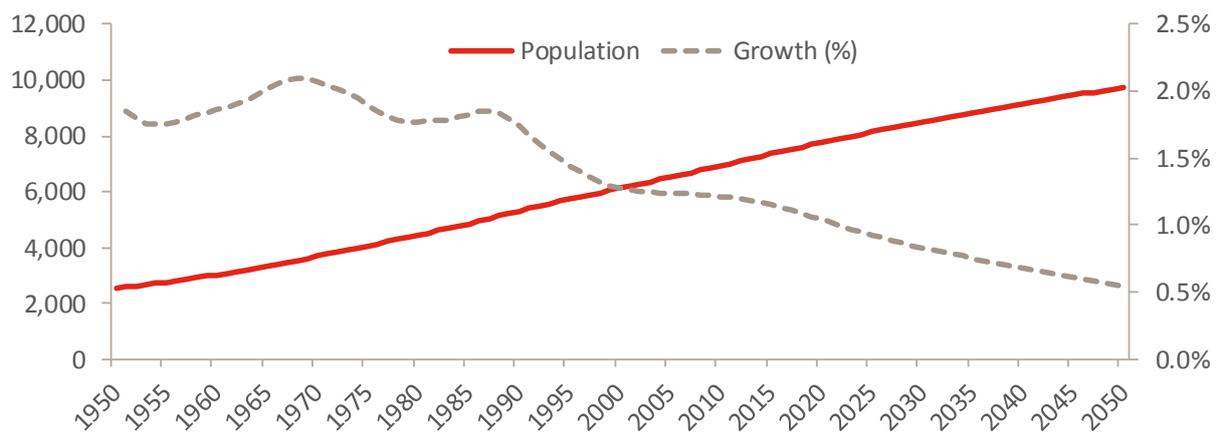
Population growth and urbanization

Growth in world population and increased urbanization are key drivers for the application of ITS solutions.

The United Nations estimates the world population to increase by 67.8 million, or 0.8%, yearly, from 7,349 million in 2015 to 9,725 million in 2050. Out of the forecasted total population increase of 2,376 million, 2,165 million, or 91%, is expected to come from Asia and Africa. As the world population increases, the need for transportation increases and the complexity of transportation systems grows accordingly. More vehicles will require additional road infrastructure, which in turn will necessitate infrastructure solutions such as ITS.

¹³ *Intelligent Transportation Systems (ITS): A Global Strategic Business Report*, Global Industry Analysts (2014) (report available for purchase)

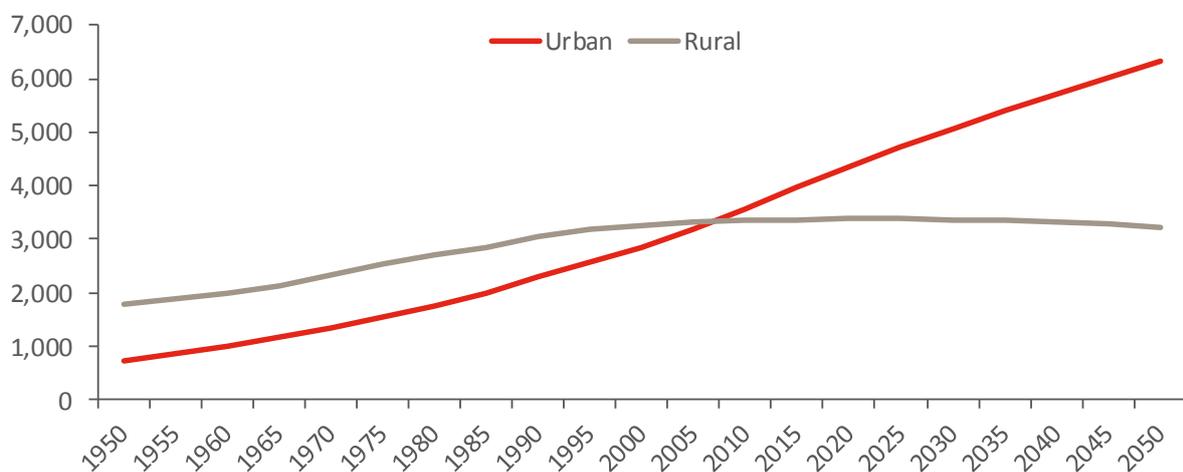
Global population (million) and yearly growth (%)



Source: *World Population Prospects*, United Nations Department of Economic and Social Affairs (2015)

Rapid urbanization is placing further pressure on current road infrastructure. United Nations projects that 66% of the world’s population will live in an urban area by year 2050, an increase from 54% in year 2015.¹⁴ In addition, PwC, a consultancy, estimates that 1.5 million people are added to the global urban population every week, and by year 2025 there could be about 40 cities with a population of more than 10 million.¹⁵ Consequently, urbanization is expected to lead to increased urban and inter-urban traffic loads and congestions. The demand for solutions that facilitate sustainable road financing, efficient vehicle flows and improved road safety, all imposed by greater urbanization, will in turn drive growth in the ITS market.

Global urban and rural population (million)



Source: *World Population Prospects*, United Nations Department of Economic and Social Affairs (2015)

Governments have strong incentives for investing in efficient transportation infrastructure. The socioeconomic cost of traffic congestion is substantial. In 2014 the US population was estimated to lose approximately USD 160 billion in productivity due to congestions¹⁶, and in 2013, the cost of UK

¹⁴ *World Population Prospects*, United Nations Department of Economic and Social Affairs (2015)

¹⁵ *Shaping our future: Global Annual Review*, PwC (2015)

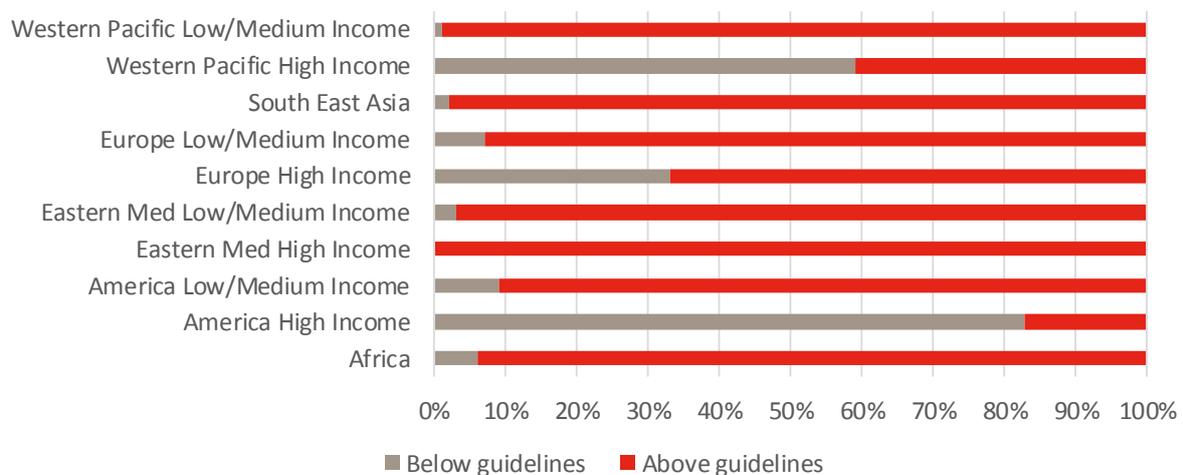
¹⁶ *2015 Urban Mobility Scorecard*, Texas A&M Transportation Institute and INRIX, 2015

congestions amounted to GBP 13.1 billion¹⁷. Over-populated roads do also lead to higher rates of serious and fatal accidents.

Environmental focus

Transportation is a significant contributor to carbon emissions and a major source of airborne particulates, which can severely affect the long-term health of the world’s population. The chart below illustrates the annual mean PM¹⁸ concentration in towns and cities compared to WHO air quality guidelines, found in a study by WHO. It concluded that 98% of cities in low and middle-income countries and 56% of cities in high-income countries do not meet WHO air quality guidelines, and that more than 80% of people in urban areas are exposed to pollution levels that exceed WHO guidelines¹⁹.

Annual mean PM concentration compared to WHO Air Quality Guidelines



Source: WHO Global Urban Ambient Air Pollution Database (2016)

Increasing traffic volumes have contributed to growth in emissions from vehicles worldwide. In the period 1970-2014, global greenhouse gas emissions in the transport sector increased by 2.5 times.²⁰ Transport emissions are also often more concentrated near densely populated areas, in urban centers and near roadways. Because air pollution is linked to health problems such as stroke, heart disease, lung cancer, and both chronic and acute respiratory diseases, increasing traffic volumes imposes major environmental risk to the population health²¹.

The WHO has suggested journey avoidance and optimization as a central means of reducing emissions in the future. ITS technologies can be applied to road management to help reduce emissions and address environmental issues.

¹⁷ Cost of Congestion Report, INRIX (2014) (report available for purchase)

¹⁸ Annual mean PM₁₀: 20 microgram/m³; annual mean PM_{2.5}: 10 microgram/m³. PM₁₀: Particulate matter 10 microgram or less in diameter. PM_{2.5}: Particulate matter 2.5 microgram or less in diameter, small enough to invade even the smallest airways.

¹⁹ WHO Global Urban Ambient Air Pollution Database (2016)

²⁰ Reducing Global Health Risks Through mitigation of short-lived climate pollutants, Scoping Report for Policy-makers, WHO (2015)

²¹ Ambient (outdoor) air quality and health, WHO Factsheet No. 313, updated March 2014

Autonomous vehicles

Connectivity and active safety are described as key areas for innovation in the auto industry. In a recent study, the Boston Consulting Group (BCG) found that U.S. consumers rank connectivity and safety features amongst the top five features when considering purchasing a new car. More than 50% of respondents believe active safety should be a top priority in the continued innovation. Furthermore, BCG argue that automakers should expect an increasing demand for connectivity among the Millennial generation and for safety among aging baby boomers²².

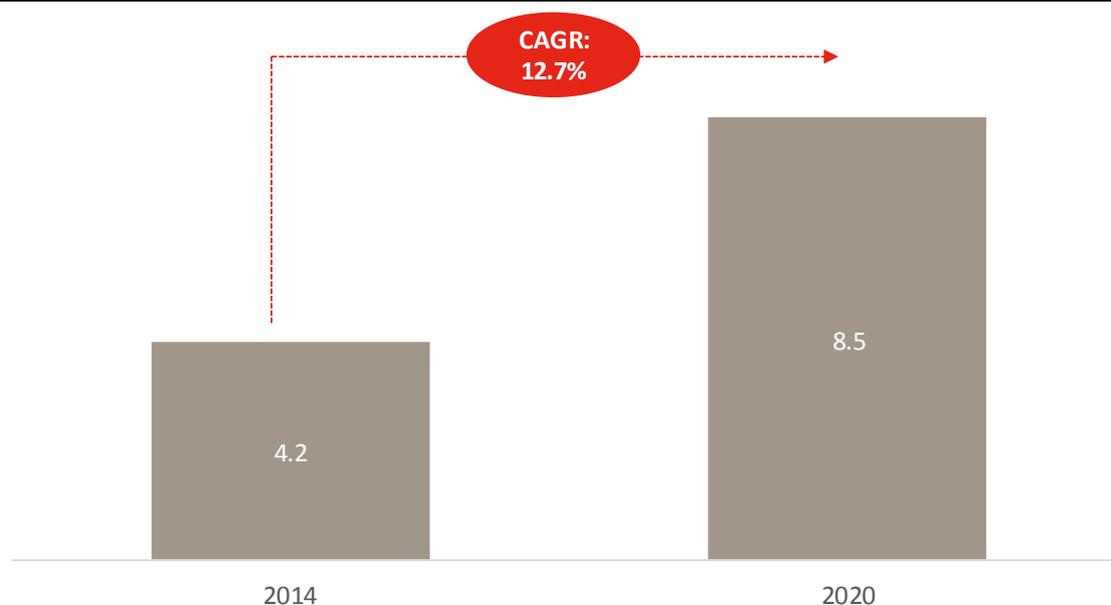
Improvements in the capabilities and cost of technology and communication are allowing for efficient real-time connections from car to car, car to infrastructure, car to the cloud and car to personal devices. Furthermore, the technologies and components that make driverless vehicle and active safety possible already exists and will only grow in prevalence, according to BCG.

Increased application of software in vehicles combined with more connectivity between infrastructure and vehicles is expected to drive demand for and penetration of new ITS solutions over the coming years.

7.6.2 Tolling

Current and future demand for tolling solutions are driven by several factors. Increasing demand for road infrastructure will require efficient and sustainable financing, which ETC offers. Furthermore, congestion charging schemes may be used to reduce and redistribute urban traffic, which, in turn, will lead to improved journey times and/or make them less variable. Tolling may also be used to reduce the demand for transportation by private vehicles, which will contribute to lower road traffic and, consequently, reduced transportation pollution. These strong underlying drivers underpin an expected ETC market growth of 78% from 2014 to 2020.

Global Electronic Toll Collection (ETC) market size (USDbn)



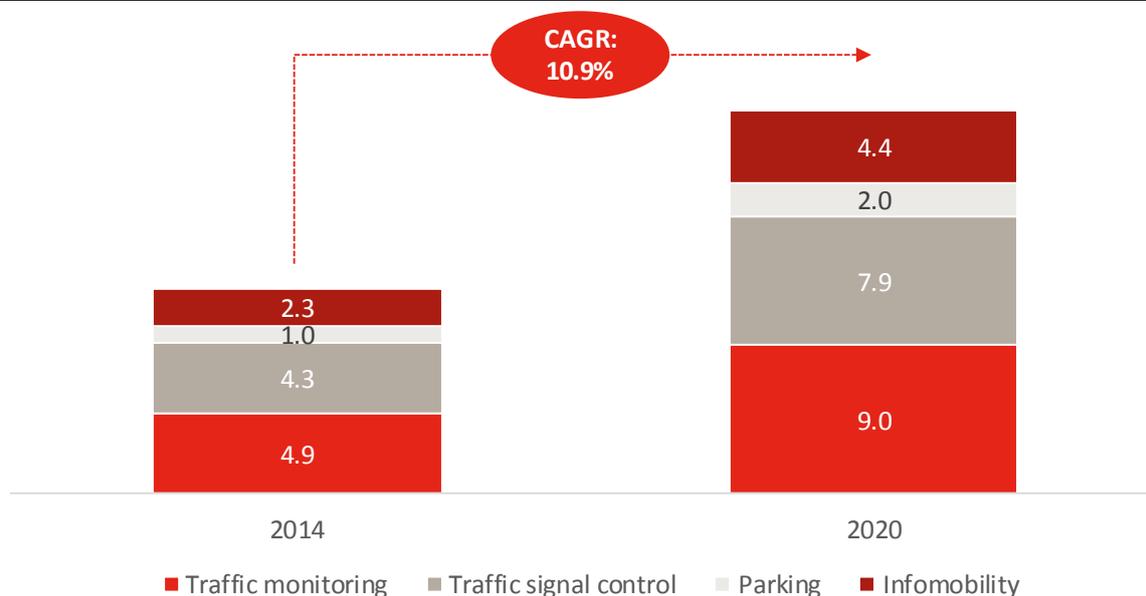
Source: *Global Electronic Toll Collection System Market*, MarketsandMarkets (2014) (report available for purchase)

²² *Accelerating Innovation: New Challenges for Automakers*, Boston Consulting Group (2014), retrieved from URL: https://www.bcgperspectives.com/Images/Accelerating_Innovation_Jan_2014_tcm80-153102.pdf

7.6.3 ATMS

The ATMS market is expected to benefit increased urbanisation, a growing number of vehicles and the demand for increased connectivity between vehicles and infrastructure (C-ITS). The market for ATMS solutions is expected to reach USD 18bn by 2020.

Global (ATMS) market size (USDbn)



Source: *Intelligent Transport Systems Market*, MarketsandMarkets (2014) (report available for purchase)

7.6.4 Recent market developments and outlook

Before Q-Free can market its tolling products and solutions, a certain technology standard needs to be established. Since EU introduced the CEN DSRC (**CEN**: European Standardisation Committee, **DSRC**: Dedicated Short-Range Communication) standards in 1997, making the use of CEN DSRC technology mandatory for Electronic Toll Collection in all European Union and EEA-states, the number of countries outside EU adopting this standard has been steadily growing. In recent years, Thailand and Indonesia have chosen CEN DSRC as the standard technology for Electronic Toll Collection. CEN DSRC is the only technology used by countries on all continents, and its popularity is growing as the technology's superior capabilities within Electronic Toll Collection have been demonstrated for many years. DSRC is the only technology enabling true interoperability between system operators, as demonstrated CEN in the EasyGo co-operation where the tolling systems of Austria, Sweden, Denmark and Norway works seamlessly together. The promotion of CEN DSRC to national authorities in emerging markets is important as a national standard reduces the technical disputes often found during public procurements. As such, it is important to maintain presence and engagement in large markets where CEN DSRC-systems can be introduced. The power of standards is clearly demonstrated in Europe, where the use of CEN DSRC is mandatory by law, making the combined market of the European states the biggest market for Electronic Toll Collection in the world.

In our other service lines, such as Parking and Infomobility, are segments where we are free to invest in regular market development activities to establish end-customer relationships or agreements with local partners and distributors. Thus, these service lines are facing a market where

value-add for each individual customer and functionality adapted to the local conditions are key factors to succeed.

8 BOARD, MANAGEMENT AND EMPLOYEES

8.1 General

The General Meeting is the Company's supreme governing body, and all shareholders are entitled to participation and the opportunity to exercise their rights pursuant to applicable law and articles of association of the Company. The Annual General Meeting has adopted the Articles of Association where §6 regulates the notice period, right to attend, and agenda proposals.

The Board has the ultimate responsibility for the management of the Company and for supervising its day-to-day business, and activities in general. The main responsibility is to determine the Company's overall vision, goal and strategy. The Board also ensures that the activities are soundly organized and keeps itself informed about the financial situation of the company, and ensures that the management handles risks faced by the company in an appropriate way.

The Management is responsible for the day-to-day management of the Group's operations in accordance with applicable law and instructions set out by the Board. Among other responsibilities, the Group's Chief Executive Officer, or CEO, is responsible for keeping the Group's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Group's assets in a responsible manner. In addition, the CEO must according to Norwegian law brief the Board about the Group's activities, financial position and operating results at least once a month.

8.2 Overview of the members of the Board

Pursuant to the Company's Articles of Association §5, the Board shall have 3–8 members. The members of the Board are elected for a period of two years and may be re-elected. The General Meeting normally elects the Chairman of the Board, but in the event the General Meeting has elected no Chairman the Board will constitute oneself. The Board elects a Vice Chairman for a period of one year.

As of the date of this Prospectus, the Board consisted of six members, whereof two elected by, and amongst, the Group's employees. The Board consisted of three women and three men, and hence met the gender diversity requirements pursuant to Norwegian legislation.

Name	Position	Served since	Term expire	Remuneration paid in 2015
Charlotte Brogren Karlberg	Chairman	2011	2017	NOK 112,500
Tore Valderhaug	Vice Chairman	2016	2018	N.A
Ragnhild Wahl	Board Member	2015	2017	N.A
Snorre Kjesbu	Board Member	2016	2018	N.A
Sissel Lillevik Larsen	Employee elected	2016	2018	N.A
Rune Jøraandstad	Employee elected	2016	2018	N.A

8.2.1 Brief biographies of the Board Members

Set out below are brief biographies of the members of the Board of Q-Free as of the date of this Prospectus. The biographies include their relevant management expertise and experience, and an indication of any significant principal activities performed by the Board Members outside the Company and names of companies and partnerships of which a Board Member is or has been a member of the administrative, management or supervisory bodies or partner at any time in the previous 5 years, not included subsidiaries of the Company.

Charlotte Brogren Karlberg (born 1963), Chairman of the Board

Ms. Karlberg has served the Board since 2011.

Charlotte Brogren Karlberg is General Director of Verket för innovationssystem, VINNOVA, a Swedish governmental administration authority, organized under the Ministry of Enterprise and Innovation, Energy and Communication. Brogren Karlberg has previously held management positions in the R&D origination of ABB. Brogren Karlberg is a Chemical engineer and holds a Ph.D. from Lunds Tekniska Högskola (1997). Brogren Karlberg is Chairman of the Board of Industrifonden and HMS AB, and a member of the Board of Gunnebo AB. Brogren Karlberg is a Swedish citizen and resides in Stockholm, Sweden. Brogren Karlberg owns 20,000 shares in Q-Free ASA. Ms. Karlberg's business address is Mäster Samuelsgatan 56, 4 tr, Sweden.

Current directorship and management positions

Previous directorship and management positions last five years

General Director, VINNOVA

Chairman, HMS AB

Chairman, Industrifonden

Board member, Gunnebo AB

Tore Valderhaug (born 1960), Vice Chairman of the Board

Mr. Valderhaug has served the Board since 2016.

Tore Valderhaug serves as an advisor through the company Proventi AS. He is a Norwegian State-Authorized Public Accountant with 10 years of external audit experience, mainly from Arthur Andersen & Co. Valderhaug also has close to 20 years of experience as CFO for the Norwegian publicly listed companies Cermaq, EDB Business Partner, ASK Proxima, Ocean Rig and Uitor. Valderhaug was CFO and head of business development in PHARMAQ AS, a leading pharmaceutical company supplying the aquaculture industry until the company was sold late 2015. He is currently also a member of the board and head of audit committee in the publicly listed companies Nordic Semiconductor ASA and XXL ASA. Valderhaug is a Norwegian citizen and resides in Oslo, Norway. Indirectly through Proventi AS, Valderhaug owns 25,000 shares in Q-Free ASA. Mr. Valderhaug's business address is Bestemorstien 11, 1177 Oslo, Norway.

Current directorship and management positions

Previous directorship and management positions last five years

Board member and head of Audit Committee in XXL ASA, Nordic Semiconductor ASA and Q-Free ASA, Board member in inApril AS and Proventi AS.

N.A

Ragnhild Wahl (born 1967), Board Member

Ms. Wahl has served the Board since 2015.

Ragnhild Wahl is Head of R&D at the Norwegian National Rail Administration. She is furthermore Chairman of the Board of ITS Norge, the interest group for the ITS sector in Norway, and is a member of the Board of Itema AS and of TRANSPORT 2025, the Research Council of Norway's strategic project on research and innovation within the transport sector. Wahl has previously been Research Director of Transport Research at SINTEF, where she was a central contributor to R&D cooperation between the transportation authorities, industry and other stakeholders. Wahl holds an MSc in industrial economy and holds a Ph.D. in transportation and logistics from the Norwegian University of Science and Technology. Ragnhild Wahl is a Norwegian citizen and resides in Trondheim, Norway. Wahl owns no shares in Q-Free ASA. Ms. Wahl's business address is Osloveien 105, Marienborg, 7017 Trondheim, Norway.

Current directorship and management positions

Head of R&D at the Norwegian National Rail Administration, Chairperson of the board of directors in ITS Norway, Board member in Itema AS and Board member in TRANSPORT 2025.

Previous directorship and management positions last five years

Research Director of Transport Research at SINTEF and Board member Smarttrans (a project administrated by the Research Council of Norway)

Snorre Kjesbu (born 1969), Board Member

Mr. Kjesbu has served the Board since 2016.

Snorre Kjesbu is the Vice President and General Manager for the Collaboration systems and Video Technology Group (CVTG) in Cisco. He is responsible Cisco's global video division. Before joining Cisco, Kjesbu was Senior Vice President for Tandberg's Endpoint Product Division. Prior to Tandberg, he was at ABB responsible for wireless communications. Kjesbu and his team at ABB were awarded the Wall Street Journal Innovation award for their work on wireless sensors in 2002.

Kjesbu serves on the board of directors of several IT-companies, and holds more than 20 patents in the area of communications and video conferencing. Kjesbu is a Norwegian citizen and resides in Oslo, Norway. Kjesbu owns 25,000 shares in Q-Free ASA. Mr. Kjesbu's business address is Philip Pedersensvei 1, 1366 Lysaker.

Current directorship and management positions

Vice President/General manager CVTG Cisco Systems Inc., General manager of Cisco Systems Norway AS, Cisco Norway Holdings AS and Cisco Norway AS, Chairman of the board of directors of Cisco Systems Norway AS, Cisco Norway Holdings AS and Cisco Norway AS, Board

Previous directorship and management positions last five years

member in Nextgentel Holding ASA and Q-Free ASA

General Manager of Tandberg ASA and Tandberg Telecom, Board member in Telio Holding ASA and PDLabs.

Sissel Lillevik Larsen (born 1961), Employee-elected Board Member

Ms. Larsen has served the Board since 2016.

Sissel Lillevik Larsen has been with Q-Free since 2000. Larsen holds the position as Technical Lead Tolling Solutions. Larsen has more than 30 years of experience within the IT industry, and has extensive experience within project and solution/product Management. Larsen has previously held leading position in Cubic Transportation Systems. Larsen is a Norwegian citizen and resides in Trondheim, Norway. Larsen own no shares in Q-Free ASA. Ms. Larsen's business address is Strindfjordvegen 1, 7053 Ranheim, Norway.

Current directorship and management positions

Technical Lead Tolling Solutions, Board member in Q-Free ASA

Previous directorship and management positions last five years

Various positions within Q-Free ASA

Rune Jøraandstad (born 1977), Employee-elected Board Member

Mr. Jøraandstad has served the Board since 2016.

Rune Jøraandstad has been with Q-Free since 2009. Jøraandstad holds the position as Global Director Bid Management. Jøraandstad has an MSc in Electronics and Telecommunications from the Norwegian University of Science and Technology in Trondheim, Norway. Jøraandstad is a Norwegian citizen and resides in Trondheim, Norway. Jøraandstad owns no shares in Q-Free ASA. Mr. Jøraandstad's business address is Strindfjordvegen 1, 7053 Ranheim, Norway.

Current directorship and management positions

Global Director of BM, Board member in Q-Free ASA

Previous directorship and management positions last five years

Various positions within Q-Free ASA

8.2.2 Remuneration and benefits

The benefits received from the Company by the members of the Board are described in Section 8.2 "Overview of the members of the Board."

8.2.3 Shares held by members of the Board

The following table sets forward the shareholdings of each Board member as of the date of this Prospectus:

Name	Position	Number of shares owned
Charlotte Brogren Karlberg	Chairman	20,000
Tore Valderhaug	Vice Chairman	25,000
Ragnhild Wahl	Board Member	0
Snorre Kjesbu	Board Member	25,000
Sissel Lillevik Larsen	Employee elected	0
Rune Jøraandstad	Employee elected	0

8.2.4 Loans and guarantees

As the date of this Prospectus, the company has no outstanding loans or guarantees to any member of the Board, nor to close associates of these individuals.

8.3 Executive Management

8.3.1 Overview of the Executive Management

The Executive Management of Q-Free comprises six individuals with experience from both inside and outside the IT sector. The Executive Management of Q-Free currently includes the following persons:

Name	Position	Served since
Håkon Volldal	President & Chief Executive Officer	2016
Roar Østbø	Chief Financial Officer	2009
Morten Andersson	Chief Operating Officer and Vice President ELA	2012
Jos A. G. Nijhuis	Chief Technology Officer	2008
Per Fredrik Ecker	Vice President APMEA	2007
Pål Rune Johansen	Vice President Nordic	2014

8.3.2 Brief biographies of the Executive Management

Håkon Volldal (born 1976), President & Chief Executive Officer

Håkon Volldal, a Norwegian citizen, has held the position as President & CEO in Q-Free since August 2016. Prior to joining Q-Free, Volldal spent more than 12 years with Tomra Systems ASA where he held several senior positions such as Director M&A, VP Investor Relations, SVP Business Development, and finally Executive Vice President and Head of business area Collection Solutions. Volldal has also worked as a management consultant for McKinsey & Company. He graduated with a Master of Science degree in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU) in Trondheim, Norway. Volldal has 630,828 share options in Q-Free ASA. Mr. Volldal's business address is Strindfjordvegen 1, 7053 Ranheim, Norway.

Current directorship and management positions

President & CEO in Q-Free ASA

Previous directorship and management positions last five years

*Deputy board member, Corporate assembly Statoil ASA
EVP, Head of Collection Systems, Tomra Systems ASA (2013-2016)
SVP, Head of Collection Solutions, Tomra Systems ASA (2011-2013)
SVP, Business Development, Tomra Systems ASA (2009-2011)*

Roar Østbø (born 1961), Chief Financial Officer

Roar Østbø has held the position of acting CEO from November 2015 before resuming to his former role as Chief Financial Officer, a position he has held since 2009. Østbø came from the same position in Aqualyng Group and has previously held the CFO position in CorrOcean ASA, in the oil service company Reslab AS and in Sintef. Østbø is a Certified Public Accountant from the Norwegian School of Economics and Business Administration (he qualified in 1988) and has also worked as an auditor in Arthur Andersen & Co. Østbø has 138,000 shares and 150,000 synthetic share options in Q-Free ASA. Mr. Østbø's business address is Strindfjordvegen 1, 7053 Ranheim, Norway.

Current directorship and management positions

*CFO in Q-Free ASA
Board member, Interwell AS
Board member, Varmbo AS*

Previous directorship and management positions last five years

Acting CEO, Q-Free ASA

Morten Andersson (born 1957), Chief Operating Officer and Vice President ELA

Morten Andersson has been employed by Q-Free since 2012. Andersson has held similar positions in Peek and Swarco, and has more than 30 years of experience in the traffic management industry. Andersson has 17,700 shares and 100,000 synthetic share options in Q-Free ASA. Mr. Andersson's business address is Strindfjordvegen 1, 7053 Ranheim, Norway.

Current directorship and management positions

COO and VP ELA in Q-Free ASA

Previous directorship and management positions last five years

-

Dr. Jos A. G. Nijhuis (born 1965), Chief Technology Officer

Dr. Jos Nijhuis has been employed since 2008. Nijhuis holds a M.Sc. (with honours) in Electrical Engineering 1987, and a Ph.D. in Natural Sciences from Nijmegen University in 1992. Nijhuis has extensive experience in ITS software development from various positions within academia and industry. Nijhuis is also the General Manager of Q-Free Netherlands (former Dacolian B.V., Q-Free acquired in 2008). Nijhuis has 533,552 shares and 60,000 synthetic share options in Q-Free ASA. Dr. Nijhuis' business address is Q-Free Netherlands, Eursing 2, 9411 XC Beilen, The Netherlands.

Current directorship and management positions

CTO in Q-Free ASA

Previous directorship and management positions last five years

-

Per Fredrik Ecker (born 1968), Vice President APMEA

Per Fredrik Ecker has been with the company since 2007. Ecker came from the position of Sales Director in Siemens Mobile Networks (where he was from 1992 to 2007) where he had particular

responsibility for Eastern European markets. Ecker has extensive experience of international sales, both in Asia and Europe. As a Second Lieutenant, he was educated in electronics by the Norwegian Army Officers Training School (1986-1989). Ecker has 33,500 shares and 70,000 synthetic share options in Q-Free ASA. Mr. Ecker's business address is Q-Free Indonesia, Sentral Senayan 3, 15th floor, Jl. Afrika No. 8, Gelora, Tanah Abang, Jakarta Pusat 10270, Indonesia.

Current directorship and management positions

VP APMEA in Q-Free ASA, Board member in INBC (Indonesia Norway Business Council), Indonesia

Previous directorship and management positions last five years -

Pål Rune Johansen (born 1969), Vice President Nordic

Pål Rune Johansen has been working for Q-Free since 2014, holding the position of VP Nordic. Johansen holds a Master Degree in Mechanical Engineering from Norwegian University of Science and technology. This is his second period in the company. Johansen also worked in Q-Free from 2000-2008 and has extensive global experience in Q-Free project management. In the period 2004-2006 Pål Rune Johansen was member of the Board. Johansen has been the general manager of Noca AS in the period between 2008 and 2014. In the period between 1995 and 2000, Johansen worked for AF Gruppen ASA a large Norwegian construction company. Johansen has 10,000 shares and 70,000 synthetic share options in Q-Free ASA. Mr. Johansen's business address is Strindfjordvegen 1, 7053 Ranheim, Norway.

Current directorship and management positions

VP Nordic in Q-Free ASA, Board member in ITS Norge

Previous directorship and management positions last five years

General manager, Noca AS, Board member in NCEI, Simpro Holding AS, Noca AS, Simpro AS

8.3.3 Shareholdings and options of the members of the Executive Management and key personnel

The table below sets out the shareholding and number of options held for each of the members of the Executive Management and selected key personnel of Q-Free, as of the date of the Prospectus.

Name	Position	Shares owned ²³	Options owned	Options granted in 2015	Strike price options	Option period
Håkon Volldal	CEO	-	630,828 ²⁴	N/A	NOK 10.95, NOK 15.33 NOK 18.62	**
Roar Østbø	CFO	138,000	150,000 ²⁵	150,000	NOK 13.07	*
Morten Andersson	COO and VP ELA	15,700	100,000 ²⁶	100,000	NOK 13.07	*
Dr. Jos A. G. Nijhuis	CTO	533,552	60,000 ²⁷	60,000	NOK 13.07	*
Per Fredrik Ecker	VP APMEA	33,500	70,000 ²⁸	70,000	NOK 13.07	*
Pål Rune Johansen	VP Nordic	10,000	70,000 ²⁹	70,000	NOK 13.07	*
Stein-Tore Nybrodahl	Global Director HR	27,000	40,000 ³⁰	40,000	NOK 13,07	*
Rita Bøe Isaksen	Exec. Adm. Manager	500	40,000 ³¹	40,000	NOK 13,07	*
Frank Robert Kjelsli	Team manager Backoffice, SL Tolling	25,000	70,000 ³²	70,000	NOK 13.07	*

*From 1 July 2015 to 30 days after Q4/2018 presentation

** From 1 August 2016 to 1 August 2022. See further information in Section 8.5.2.

For the synthetic program, three vesting and exercise periods applies. Tranche one is vested upon and exercisable within 30 days after the reporting of Q4/2016. Corresponding vesting and exercise periods for tranche two and three is upon and after the reporting of Q4/2017 and Q4/2018, respectively.

²³ Per 19 August 2016

²⁴ Mr. Volldal was in 2016 granted 630,828 share options in Q-Free ASA in a five-year scheme with three vesting periods

²⁵ Synthetic options

²⁶ Synthetic options

²⁷ Synthetic options

²⁸ Synthetic options

²⁹ Synthetic options

³⁰ Synthetic options

³¹ Synthetic options

³² Synthetic options

8.3.4 Remuneration and benefits to the Executive Management

The salaries and other benefits paid to the current members of the Executive Management as of the date of the Prospectus for the financial year ended 31 December 2015 are set out in the table below.

(TNOK)	Salary	Bonus	Pension service cost	Other remuneration	Share option cost	Total
Name						
Håkon Volldal	3,000.0 ³³	-	-	180.0	-	3,180.0 ³³
Roar Østbø	2,332.6	524.1	78.8	145.2	-	3,080.6
Morten Andersson	1,673.2	404.5	77.3	15.2	-	2,170.3
Jos A. G. Nijhuis	1,727.8	137.7	44.1	129.3	-	2,038.9
Per Fredrik Ecker	2,531.2	150.6	184.9	15.2	-	2,881.9
Pål Rune Johansen	1,238.2	146.8	74.4	15.2	-	1,474.6

The severance pay for the CEO shall not exceed twelve (12) months' pay, calculated from the end of the CEO's resignation day. In individual cases, other arrangements concerning 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.

Other than set out in this Section 8.3.4, no members of the administrative, management or supervisory bodies' service contracts with the Company or any of its subsidiaries provide for benefits upon termination of employment.

8.3.5 Loans and guarantees

As the date of this Prospectus, the Group has no outstanding loans or guarantees to the Chief Executive Officer, nor to close associates of him.

8.4 Audit and remuneration committee

8.4.1 Audit committee

The Norwegian Public Limited Liability Companies Act stipulates that large companies must have an Audit Committee. The Board has elected two out of six members of the Board to the Audit Committee for a period of two years in 2016.

The Audit Committee's main responsibilities are to supervise the Company's internal control systems and to ensure that the auditor is independent and that the annual accounts and quarterly reporting gives a fair view of the company's financial results and financial condition in accordance with generally accepted accounting principles.

With effect from 30 March 2016, the Audit Committee is composed as follows:

Tore Valderhaug, Chairperson
Charlotte Brogren Karlberg

³³ Contractual fixed yearly compensation. Mr. Volldal commenced his position as CEO 1 August 2016, thus his total remuneration for the financial year ended 31 December 2015 was NOK 0

8.4.2 Compensation committee

Three members of the Board have been elected by the Board to act as Compensation Committee, for a period of two years.

The Board approved an instruction for the Compensation Committee in 2006, which was further revised in 2008.

The Compensation Committee makes proposals to the Board regarding employment terms and conditions and total remuneration of the CEO and incentive based remuneration for other senior management employees. These proposals are also relevant for other employees entitled to variable salaries. The Board makes comparisons with other companies when deciding the terms and conditions and remuneration of the CEO.

With effect from 20 June 2016, the Compensation Committee was composed as follows:

Snorre Kjesbu, Chairperson
Ragnhild Wahl
Sissel Lillevik Larsen

8.5 Employees

8.5.1 General

The tables below sets out both the development in employees. The first table illustrates the change in number of employees year-over-year, both at year-end and average over the year. The second table sets out average number of man years and the average number of employees in 2015 for each geographic region Q-Free operates in.

Year	2015	2014	2013	2012	2011
Employees (end)	429	399	291	305	273
Employees (avg.)	411	346	291	287	290

The increase from 399 employees at the end of the year ending 31 December 2014 to 429 employees at the end of the year ending 31 December 2015 was primarily due to the acquisitions of Traffiko and Intelight. As of 30 June 2016 the Company has 466 employees.

Region	ELA	APMEA	NORDIC	NA	Total
Avg. man years	128	38	125	113	404
Avg. employees	130	38	128	115	411

8.5.2 Share option program for the CEO

The Company has implemented a five-year option program for the CEO that is 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. Each option gives the right to acquire one share in Q-Free at given strike price.

Tranche one of 273,973 options is exercisable in the period from 1 August 2019 to 1 August 2022. Tranche two of 195,695 options is exercisable in the period from 1 August 2020 to 1 August 2022. Tranche three of 161,160 options is exercisable in the period from 1 August 2021 to 1 August 2022.

The strike price for each tranche shall be based upon the closing price for shares in Q-Free ASA on April 20, 2016 for the first tranche (that is, NOK 10.95 per share), and a mark-up equivalent to 40 % (that is, NOK 15.33 per share) for the second tranche and 70 % (that is, NOK 18.62 per share) for the third tranche. For each tranche, if Q-Free's share price exceeds NOK 40 at the time of exercise, the strike price is adjusted upwards equal to the difference between the price of one Q-Free share at the time of exercise and NOK 40 per exercised option.

If a shareholder, company, business or a group (as per definition in the Norwegian Securities Trading Act § 2-5) acquires control of more than two thirds of the stocks and/or votes in the Company, and the Company is consequently delisted from Oslo Børs, each and all of outstanding options mature. This entails that the CEO can exercise each and all of his options in a period of 30 days from the date final decision of delisting is made. If the options are not exercised within this period, the options expire without any form of compensation.

8.5.3 Employee incentive scheme

The Group previously had a share option program for key employees whereby the employees render services as consideration for equity instruments (share options). The program expired in May 2015 and was replaced by a synthetic-based option programme.

Key employees participating in the new synthetic-based employee incentive scheme was allocated a respective amount of options, divided into three periods of maturity. For the synthetic program, three vesting and exercise periods applies. Tranche one is vested upon and exercisable within 30 days after the reporting of Q4/2016. Corresponding vesting and exercise periods for tranche two and three is upon and after the reporting of Q4/2017 and Q4/2018, respectively.

The strike price for the options is the volume-weighted average market price for the Q-Free share in the month prior to the allocation. The employee's right to exercise the options shall, unless the Board in the specific instance decides otherwise, be divided into three tranches. Each tranche has its own maturity date. The employee may exercise the options within a 30-day time window in each such period, where the payment to the employee shall be the positive difference between the Strike price and the volume weighted average market price for the Q-Free ASA share in the relevant 30-day time window. Each synthetic option not exercised during tranche one and two may be allocated towards tranche two and three, respectively.

The CFO has regulations in the agreement for immediate vesting of the options if a take-over situation takes place for more than 50 % of the Q-Free shares.

The Board can limit the sum of payment to two times the fixed yearly salary for leading employees and key personnel at the time when this limit is met.

The Board shall, as a principal rule, stipulate that 25 % of the payment shall be used to purchase shares in Q-Free, unless the Board in the specific instance finds that there are grounds to derogate from the principal rule.

8.6 Shareholdings, stock options, remuneration and benefits

For an overview of shareholdings and share options of and remunerations to the executive management, please refer to Sections 8.3.3 “Shareholdings and options of the members of the Executive Management and key personnel” and Section 8.3.4 “Remuneration and benefits to the Executive Management”.

8.7 Conflict of interest, etc.

There are no conflicts of interest between any duties to the Company of the members of the administrative, management of supervisory bodies, and their private interests and/or duties.

During the last five years preceding the date of this Prospectus no member of the Board or the senior management has:

- any convictions in relation to fraudulent offences;
- been involved of any bankruptcies, receiverships or liquidations in his capacity as a member of the administrative, management or supervisory bodies and;
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified from a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct affairs of any issuer

8.8 Corporate governance

Pursuant to the Norwegian Accounting Act section 3–3b, listed companies shall present their principles for corporate governance and review the compliance with the recommendations set out in the Norwegian Code of Practice for Corporate Governance.

Q-Free had no deviations from the recommendations in the Code of Practice in 2015.

9 OPERATING AND FINANCIAL INFORMATION

9.1 Introduction and basis for preparation

The following Section presents selected financial information derived from the Group’s audited consolidated statements as of, and including the years ended, 31 December 2015 and 2014 (the “Financial Statements”) and the Group’s unaudited consolidated financial statements for the financial period ended 30 June 2016 and 2015 (the “Interim Financial Statements”). The Financial Statements have been audited by BDO. The Company’s consolidated financial statements for the financial years ended 31 December 2015 and 2014 have been audited by BDO. The Financial Statements have been prepared in accordance with IFRS, as adopted by the EU. The Interim Financial Statements have been prepared in accordance with IAS 34 and has neither been reviewed or audited.

The Financial Statements and the Interim Financial Statements have been incorporated by reference, and may be found on the Company's website, www.q-free.com, or is available upon request from Q-Free's registered office in Trondheim. For documents incorporated by reference, please refer to Section 14.2 "Incorporation by reference".

9.2 Accounting principles and policies

For information regarding accounting principles and policies, and the use of estimates and judgements, please refer to Note 2 of the Financial Statement for the year ended 31 December 2015.

9.3 Selected historical financial information

9.3.1 Consolidated statement of income

(NOK 1,000)	H1 2016 (Unaudited)	H1 2015 (Unaudited)	2015 (Audited)	2014 (Audited)
Revenues	462,969	368,346	800,286	784,644
Other operating income	2,244	1,316	3,239	3,940
Total Operating revenues	465,213	369,662	803,525	788,584
Cost of goods sold	141,045	97,381	232,352	282,173
Personnel expenses	160,687	124,003	304,419	230,917
Other operating expenses	146,427	115,441	282,730	190,750
Total operating expenses	448,159	336,825	819,501	703,839
EBITDA	17,054	32,837	(15,976)	84,745
Depreciation of PPE	21,033	34,762	16,564	21,532
Amortisation of intangible assets	7,913	8,852	72,395	54,777
Impairment of intangible assets	-	-	55,523	-
Total depreciation, amortisation and impairment	28,946	43,614	144,482	76,309
EBIT	(11,892)	(10,777)	(160,458)	8,436
Financial income	26,354	50,859	76,999	29,763
Financial expenses	(21,189)	(58,471)	(98,639)	(54,568)
Total financial items	5,165	(7,612)	(21,640)	(24,805)
Profit before tax	(6,727)	(18,389)	(182,098)	(16,369)
Taxes	54	(4,449)	(12,600)	(10,589)
Net profit/loss for the year	(6,673)	(22,838)	(194,698)	(26,958)
Attributable to:				
Non-controlling interests	-	-	-	1,802

Equity holders of the parent	(6,673)	(22,838)	(194,698)	(28,760)
Earnings in NOK per share	(0,10)	(0.33)	(2.79)	(0.42)
Diluted earnings in NOK per share	(0.10)	(0.33)	(2.79)	(0.42)
Other comprehensive income:				
Exchange differences on translation of foreign operators	(27,461)	16,310	72,983	64,572
Nett (loss)/gain on available-for-sale financial investments	-	-	(3,370)	1,217
Gain/(loss) on defined benefits plans	-	-	(695)	(9,638)
Comprehensive income for the year	(34,134)	(6,528)	(125,780)	29,193
Attributable to				
Non-controlling interest	-	-	-	1,802
Equity holders of the parent	(34,134)	(6,528)	(125,780)	27,391

9.3.2 Consolidated statement of financial position

(NOK 1,000)	H1 2016 (Unaudited)	H1 2015 (Unaudited)	2015 (Audited)	2014 (Audited)
Assets				
Deferred tax assets	-	-	-	15,349
Product development assets	195,839	263,598	214,526	215,036
Goodwill	343,059	328,811	367,465	227,969
Machinery, fixtures and fittings, etc.	38,052	48,854	43,854	51,799
Investments in other companies	393	545	660	13,001
Other receivables	2,052	794	1,592	2,158
Total non-current assets	579,395	642,602	628,097	525,312
Inventories	79,785	74,646	81,378	48,223
Work in progress	75,621	36,219	44,269	56,903
Accounts receivables	172,898	143,172	149,606	167,378
Other current assets	39,013	25,446	28,616	21,857
Cash and cash equivalents	17,686	97,752	65,349	164,133
Total current assets	385,003	377,235	369,218	458,494
Total assets	964,398	1,019,837	997,315	983,806
Equity and liabilities				
Subscribed share capital	27,124	26,627	26,627	26,143
Share premium reserve	451,252	439,350	439,350	426,956
Other paid-in capital	20,529	20,529	20,529	20,529

Other equity	(104,141)	49,245	(70,007)	55,773
Total equity	394,764	535,751	416,499	529,401
Debt to financial institutions	150,000	150,000	-	100,000
Other non-current liabilities	99,820	108,373	135,894	54,460
Pension liabilities	18,775	18,293	18,775	18,293
Deferred tax	10,608	3,881	12,630	19,808
Total non-current liabilities	279,203	280,547	167,299	192,561
Debt to financial institutions	66,756	-	150,000	-
Accounts payable	90,239	67,120	77,913	74,155
Advance payments from customers	19,557	11,790	12,576	18,914
Tax payable	2,233	4,382	2,051	8,201
Public duties payable	19,783	14,528	19,713	19,721
Other current liabilities	91,863	105,719	151,264	140,853
Total current liabilities	290,431	203,539	413,517	261,844
Total liabilities	569,634	484,086	580,816	454,405
Total equity and liabilities	964,398	1,019,837	997,315	983,806

9.3.3 Consolidated statement of cash flow

(NOK 1,000)	H1 2016 (Unaudited)	H1 2015 (Unaudited)	2015 (Audited)	2014 (Audited)
Cash flow from operations				
Profit before tax	(6,727)	(18,389)	(182,098)	(16,369)
Paid taxes	(3,145)	(7,750)	(19,272)	(10,198)
Depreciation and impairment of PPE	7,913	8,852	16,564	21,532
Amortisation and impairment of intangible assets	21,033	34,762	127,918	54,777
Other operational items	(81,842)	(43,287)	39,644	13,568
Net cash flow from operations	(62,768)	(25,812)	(17,244)	63,310
Cash flow from investments				
Investments in tangible and intangible assets	(14,060)	(32,016)	(64,860)	(69,074)
Acquisition of a subsidiary, net of cash acquired	(23,845)	(63,434)	(63,434)	(103,406)
Other investments	-	4,881	4,881	-
Net cash flow from investments	(37,905)	(90,569)	(123,413)	(172,480)
Cash flow from financing				
Proceeds from new loans	53,010	50,000	50,000	-
Down payments of debt to financial institutions	-	-	(8,127)	-
Other financial items	-	-	-	1,826

Net cash flow from financing	53,010	50,000	41,873	1,826
Net change in cash and cash equivalents for the year	(47,663)	(66,381)	(98,784)	(107,344)
Cash and cash equivalents per 01.01	65,349	164,133	164,133	271,477
Cash and cash equivalents per 31.12	17,686	97,752	65,349	164,133

9.3.4 Statement of changes in equity

(NOK 1,000)	Share capital	Share premium reserve	Other paid-in capital	Other equity	Available-for-sale reserve	Exchange differences, translation of foreign	Actuarial gains and losses	Non-controlling interests	Total equity
Equity per 01.01.2014	25,830	415,553	20,529	43,574	2,088	(15,349)	(1,932)	20,789	511,083
Profit for the period	-	-	-	(28,760)	-	-	-	1,802	(26,958)
Other comprehensive income	-	-	-	-	1,217	64,572	(9,638)	-	56,151
Total comprehensive income for the period	-	-	-	(28,760)	1,217	64,572	(9,638)	1,802	29,193
Share issue arising from acquisitions	314	11,402	-	-	-	-	-	-	11,716
Sale of non-controlling interests	-	-	-	-	-	-	-	(22,591)	(22,591)
Equity per 31.12.2014	26,144	426,956	20,529	14,814	3,305	49,223	(11,570)	-	529,401
Equity per 01.01.2015	26,144	426,956	20,529	14,814	3,305	49,223	(11,570)	-	529,401
Profit for the period	-	-	-	(194,698)	-	-	-	-	(194,698)
Other comprehensive income	-	-	-	-	(3,370)	72,983	(695)	-	68,918
Total comprehensive income for the period	-	-	-	(194,698)	(3,370)	72,983	(695)	-	(125,780)
Share issue arising from acquisitions	484	12,394	-	-	-	-	-	-	12,878
Equity per 31.12.2015	26,627	439,350	20,529	(179,884)	(65)	122,206	(12,265)	-	416,499
Equity per 01.01.2016	26,627	439,350	20,529	(179,884)	(65)	122,206	(12,265)	-	416,499
Profit for the period	-	-	-	(6,673)	-	-	-	-	(6,673)
Other comprehensive income	-	-	-	-	-	(27,461)	-	-	(27,461)
Total comprehensive income for the period	-	-	-	(6,673)	-	(27,461)	-	-	(34,134)
Share issue arising from acquisitions	497	11,903	-	-	-	-	-	-	12,400
Total equity of the Group per 30.06.2016	27,124	451,253	20,529	(186,557)	(65)	94,745	(12,265)	-	394,764

9.4 Operating and financial review

The following Section sets forward a review of Q-Free's operational and financial results stated in Section 9.3 "Selected historical financial information".

9.4.1 Review of Q-Free's operating and financial results for the first half of 2016 compared to the first half of 2015

Q-Free's total revenues for the six months ended 30 June 2016 amounted to NOK 465,213 thousand, compared to NOK 369,662 thousand in the six months ended 30 June 2015. The increase of NOK 95,551 thousand, or 25.8%, was primarily due to organic growth, amounting to approximately 23%,

whereas acquisitions contributed to the remaining 3%. The total growth in the period was primarily driven by an increase in tolling activities. Tolling revenues increased with NOK 43m, or 17.4%, from the six months ended 30 June 2015 to the six months ended 30 June 2016.

Gross profits amounted to NOK 324,168 thousand for the six months ended 30 June 2016, compared to NOK 272,281 thousand for the six months ended 30 June 2015. The increase of NOK 51,887 thousand was primarily due to the increase in revenues. Moreover, gross margins decreased, from 74% in the six months ended 30 June 2015 to 70% in 2016. The decrease in gross margin is partly due to the negative mix effect of a higher portion of project revenues and several projects in a start-up phase in the six months ended 30 June 2016 where a conservative profit margin was recognised.

Operating expenses amounted to NOK 307,114 thousand for the six months ended 30 June 2016, compared to NOK 239,444 thousand for the six months ended 30 June 2015. The increase of NOK 67,670 thousand, or 28.3%, was due to higher project activity, preparation for new projects as well as completed acquisitions in 2015, which was not completed during the six months ended 30 June 2016.

Operating profit before interest, tax, depreciation, amortisation and impairment ("**EBITDA**") for the six months ended 30 June 2016 amounted to NOK 17,054 thousand, compared to NOK 32,837 thousand for the six months ended 30 June 2015. The decrease of NOK 15,783 thousand was primarily due to lower gross margins in the period. Moreover, EBITDA margins decreased from 8.9% for the six months ended 30 June 2015 to 3.7% in the six months ended 30 June 2016.

Depreciation, amortisation and impairment for the six months ended 30 June 2016 amounted to NOK 28,946 thousand, compared to NOK 43,614 thousand for the six months ended 30 June 2015. The decrease in depreciation, amortisation and impairment was primarily due to the impairment of tolling technology in the three months ended 31 December 2015.

Operating profit ("**EBIT**") amounted to NOK (11,892) thousand for the six months ended 30 June 2016, compared to NOK (10,777) thousand for the six months ended 30 June 2015. The decrease in EBIT is due to lower depreciation and amortisation for the six months ended 30 June 2016.

Net financial items for the six months ended 30 June 2016 amounted to NOK 5,165 thousand, compared to NOK (7,612) thousand for the six months ended 30 June 2015. The increase in net financial items is mainly due to an increase of 2,878 thousand in realised and unrealised agio/disagio and a positive increase in earnouts of NOK 12,383.

The pre-tax loss amounted to NOK (6,727) thousand for the six months ended 30 June 2016, compared to NOK (18,389) thousand for the six months ended 30 June 2015. Tax expenses amounted to NOK (54) thousand and NOK 4,449 for the respective period. Net loss for the six months ended 30 June 2016 amounted to NOK (6,673) thousand, compared to a net loss of NOK (22,838) thousand for the six months ended 30 June 2015.

9.4.2 Review of Q-Free's financial position and financial result for 2015

Q-Free's total revenues for the year ended 31 December 2015 amounted to NOK 803,525 thousand, compared to NOK 788,584 thousand in the year ended 31 December 2014. The increase of NOK 14,941 thousand, or 1.9%, was due to several factors. ATMS revenues grew in total 88% from the year ended 31 December 2014 to the year ended 31 December 2015. This was primarily due to acquisitions of smaller players within the ATMS segment. Adjusted for acquisitions, the ATMS revenues growth was

25% in the period. The overall growth was constrained by a 51% decrease in product revenues, due to the decreased tag volumes in Brazil and Asia. Project revenues, however, increased by 55%, reflecting higher activity levels in Norway and Sweden. Service and maintenance revenues decreased 6% in the period.

Operating expenses amounted to NOK 819,501 thousand in the year ended 31 December 2015, compared to NOK 703,839 thousand in the year ended 31 December 2014. The increase of NOK 115,662 thousand was mainly due to increased personnel expenses and other operating expenses. Personnel expenses increased from NOK 230,917 thousand in the year ended 31 December 2014 to NOK 304,419 thousand in the year ended 31 December 2015. The increase of NOK 73,502 thousand, or 31.8%, mostly reflects new employees in the acquired companies. Other operating expenses amounted to NOK 282,730 thousand in the year ended 31 December 2015 compared to NOK 190,750 thousand in the year ended 31 December 2014. The increase of NOK 91,980 thousand was mainly explained by NOK 80 million as restructuring costs accounted for in the fourth quarter of 2015 in relation to the Q-Free ITS Transformation Program.

Operating profit before interest, tax, depreciation, amortisation and impairment ("**EBITDA**") for the year ended 31 December 2015 was NOK (15,976) thousand, compared to NOK 84,745 thousand in the year ended 31 December 2014. Adjusting for restructuring costs in 2015, the EBITDA amounted to NOK 65 million, representing an EBITDA-margin of 8% compared to 11% in 2014.

Depreciation, amortisation and impairment amounted to NOK 144,482 thousand for the year ended 31 December 2015, compared to NOK 76,309 thousand for the year ended 31 December 2014. The increase of 68,173 thousand, or 89.3%, reflects an impairment of the tolling technology of NOK 55,523 thousand in 2015.

Operating profit before interest and tax ("**EBIT**") amounted to NOK (160,458) thousand for the year ended 31 December 2015, compared to NOK 8,436 thousand for the year ended 31 December 2014. EBIT adjusted for restructuring cost and write-down of intangible assets was NOK (25) million for 2015.

Net financial items amounted to NOK (21,640) thousand for the year ended 31 December 2015, compared to NOK (24,805) thousand for the year ended 31 December 2014. The financial cost is in line with the previous financial year, but higher than earlier years, mainly caused by increased provision on future earn-out payments. This is due to higher-than-expected profits in the companies with earn-out clauses, in addition to currency fluctuations leading to increased provisions on these payments.

The reported pre-tax loss amounted to NOK (182,098) thousand in the year ended 31 December 2015, compared to a pre-tax loss of NOK (16,369) thousand in the year ended 31 December 2014. Tax expenses amounted to NOK 12,600 thousand and NOK 10,589 thousand for the same respective periods. Net loss after tax for the year amounted to NOK (194,698) thousand, compared to NOK (26,958) thousand for the year ending 31 December 2014.

9.4.3 Review of Q-Free's financial position and financial result for 2014

Q-Free's total revenues for the year ended 31 December 2014 amounted to NOK 788,584 thousand, compared to NOK 606,072 thousand in the year ended 31 December 2013. The increase of NOK 182,512 thousand, or 30.1%, follows the acquisitions in the ATMS segment, accounting for half of the overall growth. Remaining growth is due to generally higher activity and order intake in the other

segments. ATMS 2014 revenues amounted increased NOK 65 million, or 64.4%, from NOK 101 million in 2013 to NOK 166 million in 2014. Product revenues increased with NOK 45 million, or 14.9%, to NOK 347 million in the year ended 31 December 2014, reflecting higher activity levels in Brazil and Asia. Service & Maintenance revenues rose by NOK 25 million, or 17.9%, from NOK 140 million in 2013 to NOK 165 million in 2014, primarily due to higher activity levels in Norway and Sweden. Additionally, product revenues increased with NOK 10 million, or 10%, from NOK 100 million in 2013 to NOK 110 million in 2014, mainly due to higher volume in Norway and in the US.

Operating expenses amounted to NOK 703,839 thousand in the year ended 31 December 2014 compared, to NOK 637,871 thousand in the year ended 31 December 2013. The increase of NOK 65,968 thousand was mainly due to increased personnel expenses and cost of goods sold. Personnel expenses increased from NOK 196,727 thousand in the year ended 31 December 2013 to NOK 230,917 thousand in the year ended 31 December 2014. The increase of NOK 34,190 thousand, or 17.4%, mostly reflects new employees in the acquired companies. Cost of goods sold amounted to NOK 282,173 thousand in the year ended 31 December 2014 compared to NOK 224,791 thousand in the year ended 31 December 2013. The increase of NOK 57,382 thousand was mainly explained by the growth in revenues for the period.

Operating profit before interest, tax, depreciation, amortisation and impairment ("**EBITDA**") for the year ended 31 December 2014 was NOK 84,745 thousand, compared to NOK (31,799) thousand in the year ended 31 December 2013. Adjusting for one-off costs in 2013, the EBITDA for 2013 was positive by NOK 53 million, representing an EBITDA-margin of 9% compared to 11% in 2014.

Depreciation and amortisation amounted to NOK 76,309 thousand for the year ended 31 December 2014, compared to NOK 62,915 thousand for the year ended 31 December 2013. The increase of 13,394 thousand, or 21.3%, mainly reflects higher amortisations of intangible assets related to acquisitions in 2014.

Operating profit before interest and tax ("**EBIT**") amounted to NOK 8,436 thousand for the year ended 31 December 2014, compared to NOK (94,713) thousand for the year ended 31 December 2014.

Net financial items amounted to NOK (24,805) thousand for the year ended 31 December 2014, compared to NOK (3,246) thousand for the year ended 31 December 2013. The financial cost was higher than earlier years, mainly due to potential future earn-out payments on the ATMS acquisitions. All entities performed better than expected in 2014, leading to increased provisions for future earn-out payments. This effect was further strengthened by the weakening of the NOK. In addition, net financial items decreased partly due to currency fluctuations on working capital items.

The reported pre-tax loss amounted to NOK (16,369) thousand in the year ended 31 December 2014, compared to a pre-tax loss of NOK (97,959) thousand in the year ended 31 December 2013. Tax expenses amounted to NOK 10,589 thousand and NOK 12,811 thousand for the same respective periods. Net loss after tax for the year amounted to NOK (26,958) thousand, compared to a net loss after tax of NOK (110,770) thousand for the year ending 31 December 2014.

9.5 Capitalisation and indebtedness

The tables below list the Group's capitalization and indebtedness per 30 June 2016 and the changes following the Private Placement. The figures are derived from the Company's last published financial statement (unaudited Q2 2016 report) and are presented on a consolidated basis.

9.5.1 Capitalisation

The following table sets forth information about the Group's unaudited consolidated capitalization as of 30 June 2016 and adjusted to reflect if the material changes of the private placement had been in place at that time.

(NOK 1,000)	30.06.2016 (Unaudited)	Changes related to the Private Placement	As adjusted (Unaudited)
Total current debt			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/unsecured	290,431	-	290,431
Total current debt	290,431	0	290,431
Total non-current debt			
Guaranteed	-	-	-
Secured	150,000	-	150,000 ³⁴
Unguaranteed/unsecured	129,203	-	129,203
Total non-current debt	279,203	0	279,203
Total debt (a)	569,634	0	569,634
Shareholder's equity			
Share capital	27,124	6,781 ³⁵	33,905
Additional paid-in capital	451,252	127,054 ³⁶	578,306
Other reserves	20,529	-	20,529
Retained earnings	(104,141)	-	(104,141)
Non-controlling interests	-	-	-
Total shareholders' equity (b)	394,764	133,835	528,599
Total capitalization (a+b)	964,398	133,835	1.098,233

9.5.2 Indebtedness

The following table sets forth information about the Group's unaudited consolidated indebtedness as of 30 June 2016 and adjusted to reflect if the material changes of the private placement had been in place at that time.

³⁴ Bank loans are further described in Section 9.5.3 "Secured bank loan"

³⁵ Share capital will be increased with NOK 6,781 after issued 17,844,689 new shares with face value NOK 0.38

³⁶ Additional paid-in capital will be increased with NOK 127,054 as share premium reserve

(NOK 1,000)	30.06.2016 (unaudited)	Changes related to the Private Placement	As adjusted (unaudited)
(A) Cash	17,686	133,835 ³⁷	151,521
(B) Cash equivalents	-	-	-
(C) Trading securities	-	-	-
(D) Total liquidity (A)+(B)+(C)	17,686	133,835	151,521
(E) Current financial receivables	-	-	-
(F) Current bank debt	66,756	-	66,756
(G) Current portion of non-current debt	-	-	-
(H) Other current financial debt	-	-	-
(I) Current financial debt (F)+(G)+(H)	66,756	0	66,756
(J) Net current financial indebtedness (I)-(E)-(D)	49,070	(133,835)	(84,765)
(K) Non-current bank loans	150,000	-	150,000 ³⁸
(L) Bond issued	-	-	-
(M) Other non-current loans	-	-	-
(N) Non-current financial indebtedness (K)+(L)+(M)	150,000	0	150,000
(O) Net Financial Indebtedness (J)+(N)	199,070	(133,835)	65,235

There have been no other material changes regarding capitalisation and indebtedness since last reporting date 30.06.2016. Please refer to Section 9.6.1 "Cash flow for six months ended 30 June 2016 compared to the six months ended 30 June 2015".

9.5.3 Secured bank loan

The Company has a mortgage loan with Danske Bank of NOK 150,000,000. The loan was disbursed in 2015 and is included in Debt to financial institutions in table Consolidated statement of financial position in Section 9.3.2. The loan is a bullet loan that is repayable within 3 years from 30th April 2015. The applicable interest rate is 3 month NIBOR plus 160 bp. The agreement governing the loan contain a gearing covenant regarding a NIBD / EBITDA ratio of maximum 2.5. The covenant is not applicable as long as the Group has positive NIBD. The loan is secured as follows: pledge over accounts receivables, pledge over the carrying amount of projects in progress recognised in the balance sheet, charge of inventory and charge on machinery and plant/fixtures limited to the book value of these assets as recognised in the balance sheet of the Company.

³⁷ Paid in capital from share issue increases cash at hand

³⁸ Bank loans are further described in Section 9.5.3 "Secured bank loan"

The covenant with Danske bank includes a negative pledge preventing the Company pledging the same collateral to multiple lenders.

9.6 Capital resources

The following table sets forth a summary of the Group's unaudited consolidated cash flow overview for the six months ended 30 June (1H) 2016 and 2015, in addition to the Group's audited consolidated cash flow overview of the years ended 31 December 2015 and 2014.

(NOK 1,000)	1H 2016	1H 2015	2015	2014
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Cash flow from operating activities	(62,768)	(25,812)	(17,244)	63,310
Cash flow from investing activities	(37,905)	(90,569)	(123,413)	(172,480)
Cash flow from financing activities	53,010	50,000	41,873	1,826
Change in cash and cash equivalents	(47,663)	(66,381)	(98,784)	(107,344)
Cash and cash equivalents at start of period	65,349	164,133	164,133	271,477
Cash and cash equivalents at end of period	17,686	97,752	65,349	164,133

The Q-Free Group strategy to manage the liquidity risk is to hold sufficient cash and cash equivalents in addition to have credit facilities available at any time to be able to finance our operations and planned investments over the next three years. Surplus cash funds are deposited in banks with the purpose of securing a low-risk return on the invested capital. In addition to secure liquidity, the Company has for the Truck Tolling project in Slovenia entered into a single risk insurance policy with GIEK Kredittforsikring, securing payment of up to 90% of the contract value.

The Board assessed the liquidity at the end of 2015 to be sufficient to cover the Company's planned operations and investment requirements. Strict execution of the announced cost reductions as well as focusing on reducing working capital, are critical mitigating factors to fulfil the above requirements. Other measures will be implemented if considered needed. The higher activity level in 2016 requires increased financial flexibility, and in the Company's opinion the proceeds from the Private Placement will provide the Company with the necessary financial headroom. The Company will also consider the possibilities for further financing through single purpose credit facilities to finance new projects.

9.6.1 Cash flow for six months ended 30 June 2016 compared to the six months ended 30 June 2015

Cash flow from operating activities for the six months ended 30 June 2016 amounted to NOK (62,768) thousand, compared to NOK (25,812) thousand for the six months ended 30 June 2015. The decrease of NOK 36,956 thousand reflects lower profitability in the period and increased working capital.

The decrease of cash flow from operational activities 1H 2016 compared to 1H 2015 increase in working capital is explained heavily impacted by significant invoicing late in the second quarter 2016, thus increasing the accounts receivables with NOK 29,726 thousand and due to a ramp-up

phase in several projects NOK 39,402 thousand representing an increased work in progress value, and decreased other short term balance sheet items on NOK 32,172 thousand.

Cash flow from investing activities for the six months ended 30 June 2016 amounted to NOK (37,905) thousand, compared to NOK (90,569) thousand for the six months ended 30 June 2015. The increase of NOK 52,664 thousand was primarily due to lower investments in intangible assets for the six months ended 30 June 2016 as well as higher investments in acquisitions of subsidiaries in the six months ended 30 June 2015.

Cash flow from financing activities for the six months ended 30 June 2016 amounted to NOK 53,010, thousand compared to NOK 50,000 thousand for the six months ended 30 June 2015. The positive cash flow from financing activities in both periods was the result of proceeds from new loans.

With regards to significant changes in cash flow since 30 June 2016, Q-Free has paid NOK 29,000 thousand as earn out related to the acquisition of Open Roads Consulting Inc., located in US after the first half of 2016. All payments related to earn-outs are based on Share Purchase Agreements described in Note 6, Business combinations in Annual Report 2015 in detail and deposited as Other current liabilities in the balance sheet, see Section 9.3.2.

Available cash at hand, cash equivalents and credit facilities is not changed significantly since last reporting date, 30. June 2016. As at 30. June 2016 the Q-Free Group had NOK 18,000 thousand as cash at hand and NOK 85,000 thousand as available unused credit facilities.

9.6.2 Cash flow for the year ended 31 December 2015 compared with the year ended 31 December 2014

Cash flow from operating activities for the year ended 31 December 2015 amounted to NOK (17,244) thousand compared to NOK 63,310 thousand for the year ended 31 December 2014. The decrease was primarily due to reduced EBITDA from NOK 84,745 thousand in 2014 to negative NOK 15,976 thousand in 2015, minor currency fluctuations and other changes in working capital items and increased taxes. .

Cash flow from investing activities for the year ended 31 December 2015 amounted to NOK (123,413) thousand compared to NOK (172,480) thousand for the year ended 31 December 2014. The increase was primarily due to larger investment in acquisitions for the year ended 31 December 2014. Payments relating to acquisitions and earn-out payments on previous acquisitions amounted to NOK (63,434) thousand for the year ended 31 December 2015, compared to NOK (103,406) thousand for the year ended 31 December 2014.

Cash flow from financing activities for the year ended 31 December 2015 amounted to NOK 41,873 thousand compared to NOK 1,826 thousand for the year ended 31 December 2014. The increase was primarily due to proceeds from increased borrowings at Danske Bank of NOK 50 million and down payment of a long term loan of NOK (8) million in the acquired company, Intelight Inc, in the year ended 31 December 2015.

9.7 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

9.8 Trend information

There are no general trends known to the Company with regards to production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document.

However 2015 demonstrated a continued challenging tolling product market. The Company experiences increased tendering and project activity for tolling systems into 2016. Over the last years the one trend in the tolling market is that larger infrastructure projects, such as nationwide tolling schemes, are dependent of finance capacity for the implementation. The road owners or authority will try to connect the payment to the implementation with when the system starts to create funding.

This is the main reason for Q-Free's desire to strengthen the company's financial capacity, since this will enable us to be even better positioned for the market and business trends going forward.

Within traffic management, Q-Free experienced growth both organically and through acquisitions. The Company furthermore describe order intake during 2015 as good and the order backlog into 2016 as satisfactory. Q-Free aims to continue the transformation in 2016 and build a profitable growth company serving the global ITS market.

As at 30 June 2016, the order backlog amounted to NOK 806 million, an increase of NOK 58 million, or 7.7%, from 31 December 2015. Out of a total order intake of NOK 523 million, NOK 279 million was from smaller, unannounced orders. Profitability in the first half decreased somewhat from the six months ended 30 June 2015, partly due to the negative mix effect of a higher portion of project revenues and several projects in a start-up phase in the six months ended 30 June 2016.

In the period after 30 June 2016 and to the date of this Prospectus, Q-Free has further strengthened its order backlog. The company was awarded a NOK 75-90 million frame agreement for the delivery of tags in Portugal. Furthermore, the approximately NOK 470 million Slovenia tolling contract the Company initially was awarded during the three months ended 31 March 2016, but which pended final conclusion due to complaints, was awarded to Q-Free 6 September 2016.

9.9 Investments

9.9.1 Historical investments

The table below shows the Group's investments in intangible assets for the period from 1 January 2014 to 30 June 2016:

(NOK 1,000)	Goodwill	Development assets	Total
Acquisition cost as at 01.01.2014	76,796	350,457	427,253
Additions	-	60,587	60,587

Acquisitions of a subsidiary	121,686	64,206	185,892
Exchange rate difference	29,487	10,742	40,229
Acquisition cost as at 31.12.2014	227,969	485,992	713,961
Accumulative depreciation and impairments as at 01.01.2014	-	216,179	216,179
Depreciation of the year	-	54,777	54,777
Accumulated depreciation and impairments as at 31.12.2014	-	270,956	270,956
Net book value as at 01.01.2014	76,796	134,278	211,074
Total changes of the year	151,173	80,758	231,931
As at 31.12.2014	227,969	215,036	443,005
Acquisition cost as at 01.01.2015	227,969	485,992	713,961
Additions	-	54,220	54,220
Acquisitions of a subsidiary	91,274	54,671	145,945
Exchange rate difference	48,222	18,516	66,738
Acquisition cost as at 31.12.2015	367,465	613,399	980,864
Accumulative depreciation and impairments as at 01.01.2015	-	270,956	270,956
Depreciation of the year	-	72,395	72,395
Impairment	-	55,523	55,523
Accumulated depreciation and impairments as at 31.12.2015	-	398,874	398,874
Net book value as at 01.01.2015	227,969	215,036	443,005
Total changes of the year	139,496	(510)	138,986
As at 31.12.2015	367,465	214,526	581,991
Acquisition cost as at 01.01.2016	367,465	613,399	980,864
Additions	0	10,358	10,358
Acquisitions of a subsidiary	0	0	0
Disposals	0	0	0
Exchange rate differences	-24,406	-8,012	-32,418
Acquisition cost as at 30.06.2016	343,059	615,745	958,804
Accumulative depreciation and impairments as at 01.01.2016	0	398,874	398,874
Depreciation of the year	0	21,033	21,033
Impairment	0	0	0
Accumulated depreciation disposals	0	0	0
Accumulated depreciation and impairments as at 30.06.2016	0	419,907	419,907
Net book value as at 01.01.2016	367,465	214,526	581,991
Total changes of the year	-24,406	-18,687	-43,093

As at 30.06.2016	343,059	195,839	538,898
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The table below shows the Group's investments in property and equipment for the period from 1 January 2014 to 30 June 2016:

(NOK 1,000)	Machine and fixtures	Equipment	Total
Acquisition cost as at 01.01.2014	145,696	119,151	264,847
Additions	6,030	2,457	8,487
Acquisitions of a subsidiary	5,474	-	5,474
Disposals	(3,701)	-	(3,701)
Acquisition cost as at 31.12.2014	153,499	121,608	275,107
Accumulative depreciation and impairments as at 01.01.2014	117,113	84,663	201,776
Depreciation of the year	10,242	11,290	21,532
Accumulated depreciation and impairments as at 31.12.2014	127,355	95,953	223,308
Net book value as at 01.01.2014	28,583	34,488	63,071
Total changes of the year	(2,439)	(8,833)	(11,272)
As at 31.12.2014	26,144	25,655	51,799
Acquisition cost as at 01.01.2015	153,499	121,608	275,107
Additions	5,055	1,854	6,909
Acquisition of a subsidiary	1,710	-	1,710
Acquisition cost as at 31.12.2015	160,264	123,462	283,726
Accumulative depreciation and impairments as at 01.01.2015	127,355	95,953	223,308
Depreciation of the year	9,040	7,524	16,564
Accumulated depreciation and impairments as at 31.12.2015	136,395	103,477	239,872
Net book value as at 01.01.2015	26,144	25,655	51,799
Total changes of the year	(2,275)	(5,670)	(7,945)
As at 31.12.2015	23,869	19,985	43,854
Acquisition cost as at 01.01.2016	160,264	123,462	283,726
Additions	3,627	73	3,700
Exchange rate differences	-865	-725	-1,590
Acquisition cost as at 30.06.2016	163,026	122,810	285,836
Accumulative depreciation and impairments as at 01.01.2016	136,395	103,477	239,872
Depreciation of the year	4,307	3,606	7,913
Accumulated depreciation and impairments as at 30.06.2016	140,702	107,083	247,785

Net book value as at 01.01.2016	23,869	19,985	43,854
Total changes of the year	-1,545	-4,258	-5,803
As at 30.06.2016	22,324	15,727	38,051

The table below shows the Group's changes in carrying amount of Goodwill for the period from 1 January 2014 to 30 June 2015:

(NOK 1,000)	1H 2016	1H 2015	2015	2014
Total amount of Goodwill recognised in balance sheet as at 01.01:	367,465	227,969	227,969	76,796
Goodwill obtained through the acquisition of:				
- Intelight Inc.		86,194	86,194	
- Traffiko Ltd.		5,080	5,080	
- TDC Systems LTD				62,669
- Traffic Design d.o.o.				7,906
- Open Roads Consulting Inc.				51,111
Exchange rate differences in other comprehensive income	-24,406	9,568	48,222	29,487
Total amount of Goodwill recognised in balance sheet as at 31.12:	343,059	328,811	367,465	227,969

Below is a summary of the Group's principal investments carried out in 2014, 2015 and 2016 to the date of this Prospectus.

2014:

- Acquisition of TDC Systems LTD in March of 2014. Q-Free paid an initial consideration of GBP 5 million, of which GBP 4 million in cash and GBP 1 million through issuance of new shares. Additional consideration was dependent on financial performance in 2014 and 2015, capped at GBP 7.5 million. The earn-out component may comprise at least 50 percent cash and up to 50 percent new shares in Q-Free, payable in 2015 and 2016.
- Acquisition of Traffic Design d.o.o. Q-Free ASA signed on 22 April a share purchase agreement for the acquisition of Traffic Design d.o.o. for a cash and equity consideration of EUR 2.3-3.6 million pending future financial performance.
- Acquisition of Open Roads Consulting Inc. Q-Free signed a share purchase agreement for the acquisition of Open Roads Consulting Inc. for a cash consideration of approximately USD 8.0 million in Q3 2014. Q-Free is expected to pay an addition to this purchase price in 2015 and 2016 pending finalization of a working capital adjustment and earn-out payments based on future financial performance.
- Capitalised costs consist of product development of a new generation of OBUs and road side units that are parts of the company's toll road system. Furthermore, the Group has capitalised cost that prepares the company's products for future wireless communications solutions that will enable continuous communication between vehicles and the roadside infrastructure.

2015:

- Acquisition of Intelight Inc. in Q2 2015. Q-Free signed a share purchase agreement and a shareholders agreement to acquire 100% of the shares in Intelight Inc. This will be done through a five year option program, giving shareholders option to sell shares at closing in 2015 and in five subsequent years valid from 2016, giving Q-Free the opportunity to each year add approximately 15 percent of Intelight-shares to the former 10.2 percent shareholding. At end of the 5 year period in the second quarter of 2020, Q-Free has a call option to acquire the rest

of the shares. The range of possible outcomes for the contingent consideration is between USD 5.2 million to USD 18.6 million.

- Acquisition of Traffiko Ltd. in Q2 2015 for EUR 1.0 million. The transaction includes an earn-out clause with potential pay out maximised to an additional EUR 1 million.
- Capitalised costs consist of product development that prepares the company to be a fully integrated ITS company, providing systems and services within traffic management.

2016

- No acquisitions in 2016 to the date of this Prospectus.
- Capitalised costs 1H 2016 is NOK 10,359 , consists of respectively NOK 3,872 thousand in new technology for parking systems, NOK 3,031 thousand for upgrading tolling systems and NOK 3,456 thousand in infomobility products.

9.9.2 Ongoing investments

Ongoing investments are earn-outs from previous acquisitions and investing in technology development projects.

Ongoing investments consist of product development that prepares the company to be a fully integrated ITS company, providing products and systems within the tolling market and within traffic management systems. Investments in parking systems is done in the US and Norway and primary related to the US market and technology in Sweden, Norway and France. For tolling technology our investments are done in Norway but related to operational backoffice systems for the US market and product improvements for roadside equipment to be used worldwide. Infomobility is an important part of the ITS segment and we are investing in the UK in technology for weight-in-motion systems and bicycle counting use in Norway, UK and the US market.

For the six months ended 30 June 2016, the Company invested a total of NOK 10,359, respectively NOK 3,872 thousand in new technology for parking systems, NOK 3,031 thousand for upgrading tolling systems and NOK 3,456 thousand in infomobility products. This enables Q-Free to provide their customers with solutions that are cost effective and meeting market demands.

All ongoing investments will be completed during 2016 and we expects similar investment levels in the second half of 2016. The remaining investments are expected to amount to approximately NOK 10,000 thousand, represented by , NOK 2,500 thousand in new technology for parking systems, NOK 5,000 thousand for upgrading tolling systems and NOK 2,500 thousand in infomobility products. These investments has been financed 100 % through existing cash funds and existing undrawn credit facilities.. All technology investments are based on budgets approved by the Board.

In addition, Q-Free has invested NOK 23,845 thousand related to earn-outs from previous acquisitions, respectively NOK 7,932 thousand for Intelight, NOK 11,655 thousand for TDC and NOK 4,258 thousand for Traffic Design.

9.9.3 Future investments

Q-Free is expected in the coming years to have an investment level in technology and through acquisitions which is significant lower than the last three years. The future level of technology investment is best explained by comparing investment 1H 2016 of NOK 10,359 thousand with 1H 2015 of NOK 26,109 thousand. The company expects the 2016 level to continue and that the activities are within the same technology as specified in the Section above. Non of these investments are based on

contractual obligations, but based on market intelligence and our objective to deliver cost efficient equipment in our projects.

In addition Q-Free expects to pay NOK 32,400 thousand related to earn-outs from previous acquisitions after the second quarter of 2016 and before the end of 2017. Future payments related to earn-outs are based on Share Purchase Agreements described in Annual Report 2015 in detail and deposited as liabilities in the balance sheet. Of the NOK 32,400 we have paid 29,000 during Q3-16 in earn out related to the acquisition of Open Roads Consulting Inc., located in US. The remaining provision NOK 3,400 is related the acquisition of Traffiko located on Malta.

The awarded contracts after Q2/2016, specified in Section 6.3 "Material contracts", does not require significant investments.

9.10 Financial statements and auditors

The Company's auditor BDO AS and its auditors are members of The Norwegian Institute of Public Accountants (Nw.: Den Norske Revisorforening). The auditor's address is Klæbuveien 127, 7031 Trondheim, Norway. BDO AS has been the Company's auditor since 2013. The Financial Statements have been audited by BDO AS, and the auditor's reports are included together with the Financial Statements as incorporated hereto, see Section 14.2 "Incorporation by reference". BDO AS has not audited, reviewed or produced any report on any other information provided in this Prospectus.

9.11 Research and development

Research and development in Q-Free are organized and planned around three focus areas. Under the head line research we have a future looking activity both participating in standardisation work and trial projects in the field of "future ITS solutions". Further under research we have dedicated time to test and keep up to date with new technologies, the purpose is both to increase efficiency (reduce cost) and quality on our existing products as well as innovating new product ideas. Last but not least we have the majority of resources behind classical development projects where we develop products and solutions for sale based on approved business cases. Expenses for research activities are recognised and expensed as they accrue.

Expenses related to product development activities are capitalised if the product development activities comply with defined criteria for capitalisation. Capitalisation assumes it is possible to identify the intangible asset to be developed and demonstrated that it is likely that the development work will be successful, and that the future financial benefits attached to the intangible asset will accrue to the enterprise. Depreciation is carried out using the straight-line method over the estimated useful lifetime. The estimated useful lifetime is continuously evaluated.

If the criteria are satisfied, expenses recognised on the balance sheet will include the cost of materials, direct payroll expenses and a percentage of the directly allocated administration expenses. Capitalised development costs are recognised on the balance sheet at acquisition cost less accumulated depreciation and impairments.

Expenses related to ongoing efforts to improve a product or enhance a product's quality are defined as product maintenance and expensed as they are incurred. Research expenses in the profit and loss were immaterial in 2014, 2015 and per 30 June 2016, and will amount to approximately NOK 100 thousand in 2016, that is equal to the amounts expensed in 2014 and 2015 as well.

For an overview of the capitalization of investments in the development of assets in the two prior fiscal years, please refer to Section 9.9.1 "Historical investments".

9.12 Significant changes in financial and trading position after 30 June 2016

All new information on the company's positions at the balance sheet date is taken into account in the last quarterly report (1H /2016). Events after the balance sheet date that will effect the company's position in the future but do not affect the company's position at the balance sheet date are stated if significant. There has been no such event.

On 3 August 2016, Q-Free was awarded a frame agreement for deliveries of tolling tags to Via Verde in Portugal with an estimated value of NOK 75-90 million. All complaints related to the NOK 470 million tender award in Slovenia was rejected 8 August 2016 and the contract was signed 6 September 2016. Please refer to Section 6.3 "Material contracts" for an overview of the company's material contracts. On 3 October 2016, the Company announced that Q-Free Open Roads has entered into a contract to implement and maintain a new Statewide Advanced Transportation Management System for the Virginia Department of Transportation in the US, with an order value of approximately NOK 200 million.

No other significant events has occurred since the last balance sheet date.

Other than the Private Placement there have not been any significant changes in the financial or trading position of the group since 30 June 2016.

9.13 Legal and arbitration proceedings

The Company is not, or have not been during period covering at least the previous 12 months, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had, in the recent past significant effects on the Company's and/or the Group's financial position or profitability.

9.14 Historical Financial Information

The consolidated financial statements of Q-Free ASA and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU.

9.15 Auditing of historical annual financial information

This Prospectus includes the audited annual financial statements for the Group as of and for the years ended 31 December 2015 and 2014 (the "Financial Statements"). Such Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU") and audited by BDO AS, the Group's independent auditor, as set forth in their report thereon included therein. See Section 9.10 "Financial statements and auditors".

10 SHARE CAPITAL, SHAREHOLDER MATTERS

10.1 Share capital

As of the date of this Prospectus, the Company's share capital is NOK 33,904,909.48 divided into 89,223,446 Shares with each Share having a nominal value of NOK 0.38. All the Shares have been created under the Norwegian Public Limited Companies Act, and are validly issued and fully paid.

The Company has one class of shares. Other than the share options held by the CEO described in Section 8.5.2 and the other synthetic options described in Section 8.5.3 (i.e. the option holder is not entitled to delivery of shares but only a financial settlement), there is no share options or other rights to subscribe for or acquire Shares issued by the Company. Neither the Company nor any of its subsidiaries directly or indirectly owns shares in the Company.

On 19 September 2016 the Company's General Meeting adopted a resolution to authorize the Board to increase the Company's share capital with up to NOK 6,780,981.82 by the issuance of up to 17,844,689 new shares. On the basis of this authorization the Company's Board resolved on 28 September 2016 to increase the share capital with NOK 6,780,981.82 and to issue the Private Placement Shares.

Other than the authorization resolved by the Company's general meeting on 19 September 2016, there is no authorizations for the Board to increase the share capital of the Company.

The table below shows the development in the Company's share capital for the period from 1 January 2014 to the date hereof:

Date	Type of change	Share capital increase / decrease (NOK)	New share capital (NOK)	Total number of Shares	Par value per share (NOK)	Price per share (NOK)
04.04.2014	Share issue	267.534,06	26.097.053,28	68,676,456	0.38	14,22097036
08.05.2014	Share issue	46.240,68	26.143.293,96	68,798,142	0.38	14
26.03.2015	Share issue	483,515.80	26,626,809.76	70.070.552	0.38	10,6180 (38,964 shares) and 10,1052 (1,233,446 shares)
31.03.2016	Share issue	497,117.90	27,123,927.66	71,378,757	0.38	9,4784
28.09.2016	Share issue	6,780,981.82	33,904,909.48	89,223,446	0.38	7.50

No part of the Company's share capital has been issued against contribution in kind.

10.2 Dividend policy

In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account legal restrictions, as set out in the Norwegian Public Limited Companies Act (see Section 8.2 "Legal constraints on the distribution of dividends"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that any credit agreements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial

flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board.

It is the Company's policy to maintain a high equity ratio to provide a platform for the Company's expected expansion and growth. The Company has not paid any dividends for the years ended 31 December 2015, 2014 or 2013.

10.3 The Articles of Association and certain aspects of Norwegian law

The information in this Section is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and applicable law.

10.3.1 The Articles of Association

The Company's Articles of Association are set out in [Appendix 1](#) to this Prospectus. Below is a summary of provisions of the Articles of Association.

Objective of the Company

The company's objective is to be engaged in research, development, production, operation and sales of information technology products and systems and everything else in this connection.

Registered office

The Company's registered office is in the municipality of Trondheim, Norway.

Share capital and nominal value

The share capital of the company is NOK 33,904,909.48 distributed between 89,223,446 shares, each with a par value of NOK 0.38.

The Board

The Company's Board shall consist of a minimum of 3 and a maximum of 8 members. The Board represents the Company, and has the right to sign the Company. In addition, the Chairman of the Board and one member of the Board jointly have the right to sign the Company. The Board may grant powers of procuration.

Restrictions on transfer of Shares

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board.

General Meetings

An Ordinary General Meeting will be held prior June 30th each year. General Meetings are to take place either in Trondheim Municipal or Oslo Municipal.

Notice of the General Meeting is to be sent with at least a 21 days written notice to all shareholders with an address known to the Company.

The Board may decide that relevant documents to be discussed in the General Meeting shall not be distributed by mail if the documents are made available on the Company's website. This shall also

apply for documents which, according to legislation, shall be a part of or attached to the notice. A shareholder may nevertheless, by application to the Company, demand to be sent the documents which relate to the agenda of the General Meeting.

The right to attend to, and vote in 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). Shareholders themselves, or represented by legal representative, planning to participate at the General Meeting, shall notify the Company within a deadline set by the Board in the notice. The deadline cannot expire earlier than five days before the date of the General Meeting.

The Ordinary General Meeting shall handle:

1. Pass resolution of result and balance.
2. Allocation of profit or covering of loss in accordance with the stipulated balance and distribution of dividends.
3. Election of members to the Board and Chairman of the Board.
4. Pass resolution of remuneration for the members of the board.
5. Elect members to the election committee.
6. Pass resolution of remuneration for the members of the election committee.
7. Pass resolution of the auditor's remuneration.
8. Other matters which the Board includes to the agenda, or which is proposed by a shareholder, provided the proposed issue is sent to the Board in writing within seven days before the deadline for the notice of the General Meeting, together with a proposed resolution or the background of the issue to be set on the agenda. If the notice of the General Meeting is already distributed, a new notice shall be distributed, if the deadline for the notice has not expired.
9. Other cases that according to Law falls within the powers of the General Meeting.

Election committee

The Company shall have an election committee. The election committee's task is to submit nomination to the General Meeting for the election of shareholder-elected members to the Board, and to suggest remuneration to the Board. The election committee consists of three members who shall be shareholders or representatives for the shareholders. The General Meeting elects the members. The election committee members are elected for two years at a time. The General Meeting can pass regulations governing the election committee.

Management

The Articles of Association do not contain provisions regarding the Company's management.

Changes in the Company's capital

The Articles of Association do not contain restrictions or other conditions governing changes in the capital that deviate from conditions required by law.

10.3.2 Certain aspects of Norwegian law

General Meetings

Through the General Meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual General Meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of annual General Meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than 21 days before the annual General Meeting of

Norwegian public limited liability company listed on a stock exchange or other regulated market shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the General Meeting either in person or by proxy appointed at their own discretion. The right to attend to, and vote in 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). Shareholders themselves, or represented by legal representative, planning to participate at the General Meeting, shall notify the Company within a deadline set by the Board in the notice. The deadline cannot expire earlier than five days before the date of the General Meeting.

Apart from the annual General Meeting, extraordinary General Meetings of shareholders may be held if the Board considers it necessary. An extraordinary General Meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual General Meeting also apply to extraordinary General Meetings. However, the annual General Meeting of a Norwegian public limited company may with a majority of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a General Meeting resolve that extraordinary General Meetings may be convened with a fourteen days' notice period until the next annual General Meeting provided the company has procedures in place allowing shareholders to vote electronically. The Company's Articles of Association does not permit electronic voting and extraordinary General Meetings may accordingly not be convened with a fourteen days' notice period, provided that the Company has established procedures for voting electronically at such meetings.

Voting rights—amendments to the Articles of Association

Each of the Company's Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Company's Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue against cash payment in the Company, to approve a merger or demerger of the Company, to amend Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the Board to purchase the Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a General Meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the General Meeting in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS at the latest the fifth workday before the date of the General Meeting is entitled to vote for such Shares. Beneficial owners of the Shares that are

registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account (NOM-account). A shareholder must, in order to be eligible to register, meet and vote for such Shares at the General Meeting, transfer the Shares from such NOM-account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest the fifth workday before the date of the General Meeting.

There are no quorum requirements that apply to the General Meetings.

Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to the Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company against cash payment. Preferential rights may be derogated from by resolution in a General Meeting passed by the same vote required to approve amending the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The General Meeting may, by the same vote as is required for amending the Articles of Association, authorise the Board to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be effected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder may not receive the rights at all and the rights may be sold on the shareholder's behalf by the Company. The same may apply for certain other jurisdictions in which the participation in a future share capital increase or rights offering would be unlawful.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of General Meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board or the Company's shareholders made at the General Meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Board convene an extraordinary General Meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any General Meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the General Meeting has not expired.

Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a General Meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board has been granted an authorisation to do so by the General Meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet or an interim balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting of the Company's shareholders cannot be granted for a period exceeding two years.

Shareholder vote on certain reorganisations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the General Meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the General Meeting. A merger plan, or demerger plan signed by the Board along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the company's website, at least one month prior to the General Meeting to pass upon the matter.

Liability of members of the Board

Members of the Board owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the General Meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the General Meeting passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by the General Meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's directors from liability or not to pursue claims against the Board Members is made by such

a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

Indemnification of Directors

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the General Meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

Dividends

Dividends may be paid in cash or in some instances in kind. The Companies Act provides several constraints on the distribution of dividends applicable to the Company:

- (i) Dividends are payable only out of distributable equity. Pursuant to section 8-1 of the Companies Act, the Company may only distribute dividends provided that, following such distribution, it retains net assets that provide coverage for the Company's share capital and other non-distributable equity pursuant to sections 3-2 and 3-3 of the Companies Act. The calculation shall be made on the basis of the balance sheet total in the Company's last approved annual accounts, such, however, that it is the registered share capital at the time the resolution is adopted that forms the basis for the calculation. A deduction shall also be made for credit and security etc. furnished pursuant to sections 8-7 to 8-10 of the Companies Act prior to the balance sheet date, which, pursuant to these provisions, shall be within the limits of the assets the Company may distribute as dividend. A deduction shall nonetheless not be made for credit and furnished security etc. that has been repaid or cancelled before the resolution is adopted, or for credit furnished to a shareholder insofar as the credit is cancelled by being offset against the dividend.
- (ii) In connection with the calculation above, a deduction shall be made for other transactions after the balance sheet date that, pursuant to the Companies Act, shall be within the limits of the assets the Company may utilize for the distribution of dividends.
- (iii) The Company may only distribute dividends provided that it has sound equity and liquidity following such distribution, cf. section 3-4 of the Companies Act.
- (iv) The amount of dividends the Company can distribute is calculated on the basis of the Company's annual financial statements, not the Group's consolidated financial statements.

Distribution of dividends is resolved by the general meeting on the basis of a proposal from the Board. The general meeting cannot resolve a larger dividend than proposed or accepted by the Board.

The shareholders have, through the entitlement to dividends, a right to share in the Company's profits. Shareholders holding in aggregate 5% or more of the Company's share capital have a right to request that the courts set a higher dividend than decided by the general meeting. The courts may set a higher dividend to the extent the resolved dividend is considered to be unreasonably low.

There is no time limit after which entitlement to dividends lapses under the Companies Act or the Company's Articles of Association. Further, there are no dividend restrictions or specific procedures for non-Norwegian resident shareholders in the Companies Act or the Company's Articles of Association.

Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will, however, receive dividends by check in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of DNB, being the Company's VPS registrar, to issue a check in a local currency, a check will be issued in USD. The issuing and mailing of checks will be executed in accordance with the standard procedures of DNB. The exchange rate(s) that is applied will be DNB's rate on the date of issuance. Dividends will be credited automatically to the VPS registered shareholders' NOK accounts, or in lieu of such registered NOK account, by check, without the need for shareholders to present documentation proving their ownership of the Shares.

10.3.3 Shareholder agreements

The Company is not aware of any shareholders' agreements related to the Shares.

11 SECURITIES TRADING IN NORWAY

11.1 Introduction

The Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As at 31 December 2015, the total capitalisation of companies listed on the Oslo Børs amounted to approximately NOK 1.839 billion. Shareholdings of non-Norwegian investors as a percentage of total market capitalisation as at 31 December 2015 amounted to approximately 36.8%.

The Oslo Børs has entered into a strategic cooperation with the London Stock Exchange group with regards to, inter alia, trading systems for equities, fixed income and derivatives.

11.2 Trading of equities and settlement

Trading of equities on the Oslo Børs is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange, including the Borsa Italiana, as well as by the Johannesburg Stock Exchange.

Official trading on the Oslo Børs takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on the Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Oslo Clearing ASA, a wholly-owned subsidiary of SIX x-clear AG, a company in the SIX group, has a license from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on the Oslo Børs.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Børs except for the general obligation of investment firms that are members of the Oslo Børs to report all trades in stock exchange listed securities.

11.3 Information, control and surveillance

Under Norwegian law, the Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Børs may levy fines on companies violating these requirements.

11.4 The VPS and transfer of Shares

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Børs are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorised securities brokers in

Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

11.5 Shareholder register

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in General Meetings on behalf of the beneficial owners.

11.6 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

11.7 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or

exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

11.8 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must generally be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a General Meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

11.9 Compulsory acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the General Meeting, and the offeror pursuant to section 4-25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

12 TAXATION

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on the laws in force in Norway as at the date of

this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

12.1 Norwegian shareholders

12.1.1 Taxation of dividends

Norwegian Personal Shareholders.

Dividends distributed to shareholders who are individuals resident in Norway for tax purposes ("Norwegian Personal Shareholders") are taxable in Norway for such shareholders at an effective tax rate of 28.75% to the extent the dividend exceeds a tax-free allowance (i.e. dividends received, less the tax free allowance, shall be multiplied by 1.15 which are then included as ordinary income taxable at a flat rate of 25%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 28.75%).

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a risk free interest rate based on the effective rate after tax of interest on treasury bills (Nw.: statskasseveksler) with three months maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realisation, of the same share.

Norwegian Corporate Shareholders.

Dividends distributed to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("Norwegian Corporate Shareholders"), are effectively taxed at rate of 0.75% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of 25%).

Non-Norwegian Personal Shareholders.

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("Non-Norwegian Personal Shareholders"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (please see "Taxation of dividends – Norwegian Personal Shareholders" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Non-Norwegian Corporate Shareholders.

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("Non-Norwegian Corporate Shareholders"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

12.1.2 Taxation of capital gains on realisation of shares

Norwegian Personal Shareholders.

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realised by Norwegian Personal Shareholders is currently 28.75%; i.e. capital gains (less the tax free allowance)

and losses shall be multiplied by 1.15 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 25%, increasing the effective tax rate on gains/losses realised by Norwegian Personal Shareholders to 28.75%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 12.1.1 "Taxation of dividends — Norwegian Personal Shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Norwegian Corporate Shareholders.

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of shares qualifying for participation exemption, including shares in the Company. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

Non-Norwegian Personal Shareholders.

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Non-Norwegian Corporate Shareholders.

Capital gains derived by the sale or other realisation of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

12.1.3 Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is equal to the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

12.1.4 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

12.1.5 Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

13 SELLING AND TRANSFER RESTRICTIONS

The Shares may, in certain jurisdictions, be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute an offer or solicitation to buy, subscribe or sell the securities described herein, and no securities are being offered or sold pursuant to this Prospectus in any jurisdiction.

United States

No shares are being offered or sold, directly or indirectly, in or into the United States pursuant to this prospectus and no shares have been, or will be, registered under the U.S. securities act, or under the securities laws of any state of the United States and, accordingly, the shares may not be offered or sold, directly or indirectly, in or into the United States (as defined in regulation S under the U.S. securities act), unless registered under the U.S. securities act or pursuant to an exemption from the registration requirements of the U.S. securities act and in compliance with any applicable state securities laws of the United States.

14 ADDITIONAL INFORMATION

14.1 Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Strindfjordvegen 1, 7053 Ranheim, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus.

- The Company's Articles of Association and Certificate of Incorporation.
- The Group's audited consolidated annual financial statements for the years ended 31 December 2015 and 2014.
- The Group's interim report for the three months ended 30 June 2016.
- This Prospectus.

14.2 Incorporation by reference

The following table sets forth an overview of documents incorporated by reference in this Prospectus. No information other than the information referred to in the table below is incorporated by reference. Where parts of a document are referenced, and not the document as a whole, the remainder of such document is either deemed irrelevant to an investor in the context of the requirements of this Prospectus, or the corresponding information is covered elsewhere in this Prospectus.

Sections in the Prospectus	Disclosure requirements of the Prospectus	Reference document and link
	Audited consolidated historical financial information	Q-Free ASA – Annual Report 2015 https://www.q-free.com/wp-content/uploads/2015/04/Q-FREE-ANNUAL-REPORT-2015.pdf?37e67b
		Q-Free ASA – Annual Report 2014 https://www.q-free.com/wp-content/uploads/2014/04/Q-FREE-ANNUAL-REPORT-2014.pdf?37e67b
	Unaudited interim financial information	Q-Free ASA –Q2/H1 2016 Interim Financial Report http://mb.cision.com/Public/1584/2060824/9f8fd121f5f83a57.pdf
		Q-Free ASA –Q2/H1 2015 Interim Financial Report http://mb.cision.com/Public/1584/9814919/a9367b5fee0eb414.pdf

14.3 Statement regarding expert opinions

This Prospectus does not refer to any expert opinions.

15 NORWEGIAN SUMMARY (NORSK SAMMENDRAG)

This section is a translation of section 1 "Summary" incorporated in this Prospectus. In the event there are any discrepancies between the contents of this Norwegian text and the English text, the English text will take precedence.

Sammendrag består av informasjon som skal gis i form av "Elementer." Elementene er nummerert i punktene A – E (A.1 – E.7) nedenfor.

Dette sammendraget inneholder alle Elementer som skal være inkludert i et sammendrag for denne type verdipapir og utsteder. Som følge av at enkelte Elementer ikke må beskrives, kan det være huller i nummereringen av Elementene.

Selv om man kan være pålagt å innta et Element i sammendraget på grunn av typen verdipapir og utsteder, er det mulig at det ikke kan gis relevant informasjon knyttet til Elementet. I så fall er det inntatt en kort beskrivelse av Elementet i sammendraget sammen med benevnelsen "ikke aktuelt."

I dette norske sammendraget skal definerte ord og uttrykk (angitt med stor forbokstav) som er oversatt til norsk forstås i samsvar med tilsvarende engelskspråklige ord eller uttrykk slik disse er definert i det engelskspråklige Prospektet. Ta inn eksempler? Noen eksempler på slike engelskspråklige motstykker til definerte ord og uttrykk som er oversatt til norsk er som følger: Med "Prospektet" forstås "Prospectus", med "Selskapet" forstås "Company", med "Konsernet" forstås "the Group", med "Aksjene" forstås "the Shares" osv.

Dette kapittelet er en oversettelse av kapittel 1 "Summary" inkludert i dette Prospektet. Dersom det oppstår motstrid, går den engelske versjonen foran.

15.1 Avsnitt A – Introduksjon og Advarsel

A.1	Advarsel	<ul style="list-style-type: none">• Dette sammendraget bør leses som en innledning til Prospektet• Enhver beslutning om å investere i verdipapirene bør baseres på investorens vurdering av Prospektet i sin helhet• Dersom et krav knyttet til informasjonen i Prospektet fremsettes for en domstol, kan saksøkende investor, i henhold til nasjonal lovgivning i sitt medlemsland, bli pålagt å dekke kostnadene med å oversette Prospektet før rettsforhandlingene igangsettes; og• Kun de personer som har satt opp sammendraget, herunder oversatt dette, kan pådra seg sivilrettslig ansvar, men kun dersom sammendraget er misvisende, ikke korrekt eller usammenhengende når det leses i sammenheng med de øvrige deler av prospektet eller dersom sammendraget, når det leses sammen med de øvrige deler av Prospektet, ikke gir slik nøkkelinformasjon som investorene behøver når de vurderer om de skal investere i slike verdipapirer.
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A.2	Videresalg og endelig plassering av finansielle mellommenn/ finansinstitusjoner	Ikke aktuelt. Videresalg vil ikke finne sted. Ingen finansielle mellommenn vil bli brukt for den endelige plasseringen av tilbudet.
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15.2 Avsnitt B – Utsteder

B.1	Juridisknavn og forretningsnavn	Q-Free ASA / Q-Free
B.2	Hjemstat/ Rettslig organisering/ Lovgivning/ Stiftelsesland	Selskapet er et allmennaksjeselskap, organisert og underlagt norsk lovgivning i henhold til allmennaksjeloven. Selskapet ble stiftet den 30 juli 1984. Selskapets organisasjonsnummer i Foretaksregisteret er 935 487 242.
B.3	Viktige faktorer knyttet til virksomhet/ Aktiviteter/ Produkter/ Tjenester/ Markeder	Konsernet er en global leverandør av produkter og løsninger innenfor det globale "Intelligent Transport System" (ITS) markedet. Konsernet er tilstedeværende i de aller fleste store ITS teknologiområder. Konsernet har levert systemer som nå er i drift i Europa, Asia- og Stillehavs-regionen og Nord- og Sør-Amerika. Konsernet har ca. 470 ansatte, hovedkontoret er i Trondheim i Norge, og har lokale kontorer rundt om i verden.
B.4a	Vesentlige aktuelle trender	<p>Året 2015 viste at det fortsatt er utfordringer i markedet for innkreving av bompenger. Likevel opplever Selskapet en økende anbuds- og prosjektaktivitet for veiprisingssystem i 2016. Innenfor trafikkregulering opplevde Q-Free vekst, både organisk og gjennom oppkjøp i 2015. Selskapet beskriver videre ordrettilgangen i 2016 som god og ordreserven inn i andre halvår av 2016 som tilfredsstillende. Q-Free tar sikte på å fortsette omleggingen i 2016 fra et bompengeselskap til et ITS selskap og bygge opp et lønnsomt vekstselskap som kan betjene det globale ITS markedet.</p> <p>De følgende trendene er de viktigste siden årsslutt 31. desember 2015:</p> <p>Ordreserven fortsetter å øke på grunn av en sterk ordreinngang. Per 30. juni 2016 var ordreserven på NOK 806 millioner, det høyeste siden 2009. Dette er en økning på NOK 58 millioner, eller 7,8%, siden 31. desember 2015. Blant de største ordrene siden 31. desember 2015 er en Central System Autopass utvidelse med Statens Vegvesen verdsatt til ca. NOK 170 millioner over en tre års periode. Selskapet ble 6. september 2016 tildelt et prosjekt om bombetalingsystem for lastebiler i Slovenia verdsatt til ca. NOK 470 millioner. Den 3. oktober 2016 annonserte selskapet at Q-Free Open Roads har inngått en kontrakt om å implementere og vedlikeholde et Advanced</p>

		Transportation Management Systems for Department of Transportation i Virginia i USA. Kontrakten har en ordreverdi på ca. NOK 200 millioner.
B.5	Konsernet	Konsernet består av et stort antall utenlandske datterselskaper. Morselskapet er Q-Free ASA, med hovedkontor i Trondheim i Norge.
B.6	Interesser i utsteder og stemmeretter	<p>Per 3. oktober 2016 har Selskapet 2,057 aksjeeiere. Aksjonærer som eier 5% eller mer av Aksjene i Selskapet, har en interesse i Selskapets aksjekapital som er meldepliktig i henhold til verdipapirhandelloven.</p> <p>Etter det Selskapet kjenner til, vil følgende aksjonærer eie 5% eller mer av Aksjene i Selskapet etter den Rettete Emisjonen: Kapsch Trafficom AG Erste Group Bank AG³⁹ eier 13,650,458 Aksjer, tilsvarende 15.29% av utstedt aksjekapital og stemmerettigheter etter den Rettete Emisjonen, fond forvaltet av Storebrand Asset Management AS⁴⁰ vil eie 7,163,531 Aksjer, tilsvarende 8.03% av utstedt aksjekapital og stemmerettigheter etter den Rettete Emisjonen, AS Atlantis Vest⁴¹ vil eie 4,700,000 Aksjer tilsvarende 5.27% av utstedt aksjekapital og stemmerettigheter etter den Rettete Emisjonen.</p> <p>Selskapet er ikke kjent med andre aksjonærer som direkte eller indirekte har en eierandel på mer enn 5% av Selskapets aksjekapital.</p>
B.7	Sammendrag av historisk viktig økonomisk informasjon	<p>Følgende utvalgt finansiell informasjon er hentet fra Selskapets ureviderte konsoliderte delårsregnskap av og for tre- og seks månedersperiodene avsluttet 30. juni 2016 (med sammenlignbare tall for tre- og seks månedersperiodene avsluttet 30. juni 2015) (Delårsregnskapene) og Selskapets reviderte regnskap av og for årene avsluttet 31. desember 2014 og 2015 (de Reviderte Regnskapene).</p> <p>Den utvalgte finansielle informasjonen som presenteres her bør leses i sammenheng med, og er i sin helhet kvalifisert med henvisning til de Reviderte Regnskapene og Delårsregnskapene inntatt dette Prospektet ved henvisning, og bør leses i sammenheng med kapittel 9.</p>
Sammendrag av resultatregnskapet		

³⁹ Aksjer eide direkte eller indirekte gjennom Kapsch Trafficom AG Erste Group Bank AG og dets datterselskap Kapsch Trafficom AG

⁴⁰ I henhold til flaggemelding av 30. september 2016

⁴¹ I henhold til flaggemelding av 29. september 2016

(NOK 1,000)	H1 2016 (Urevidert)	H1 2015 (Urevidert)	2015 (Revidert)	2014 (Revidert)
Sum inntekter	465,213	369,662	803,525	788,584
Sum driftskostnader	448,159	336,825	819,501	703,839
Driftskostnader før avskrivning, amortisering, nedskrivning og skatt	17,054	32,837	(15,976)	84,745
Sum avskrivning, amortisering og nedskrivning	28,946	43,614	144,482	76,309
Driftsresultat	(11,892)	(10,777)	(160,458)	8,436
Netto finansielle poster	5,165	(7,612)	(21,640)	(24,805)
Resultat før skatt	(6,727)	(18,389)	(182,098)	(16,369)
Skatt	54	(4,449)	(12,600)	(10,589)
Årsresultat	(6,673)	(22,838)	(194,698)	(26,958)
Sammendrag av balanseregnskapet				
(NOK 1,000)	H1 2016 (Urevidert)	H1 2015 (Urevidert)	2015 (Revidert)	2014 (Revidert)
Eiendeler				
Anleggsmidler	579,395	642,602	628,097	525,312
Omløpsmidler	385,003	377,235	369,218	458,494
Sum eiendeler	964,398	1,019,837	997,315	983,806
Egenkapital og gjeld				
Egenkapital	394,764	535,751	416,499	529,401
Langsiktig gjeld	279,203	280,547	167,299	192,561
Kortsiktig gjeld	290,431	203,539	413,517	261,844
Total gjeld	569,634	484,086	580,816	454,405
Total egenkapital og gjeld	964,398	1,019,837	997,315	983,806
Sammendrag av kontantstrømoppstillingen				

	(NOK 1,000)	H1 2016 (Urevidert)	H1 2015 (Urevidert)	2015 (Revidert)	2014 (Revidert)
	Kontantstrøm operasjonelle aktiviteter	(62,768)	(25,812)	(17,244)	63,310
	Kontantstrøm investeringsaktiviteter	(37,905)	(90,569)	(123,413)	(172,480)
	Kontantstrøm finansielle aktiviteter	53,010	50,000	41,873	1,826
	Endring I betalingsmidler	(47,663)	(66,381)	(98,784)	(107,344)
	Betalingsmidler ved periodens begynnelse	65,349	164,133	164,133	271,477
	Betalingsmidler ved periodens utgang	17,686	97,752	65,349	164,133
	Vesentlige etterfølgende endringer	Den 3. september 2016 ble Selskapet tildelt en rammeavtale for leveranse av bombrikker til Via Verdi i Portugal med en estimert verdi på NOK 75-90 millioner, og den 6. september 2016 ble selskapet tildelt kontrakten i Slovenia med en verdi på ca. NOK 470 millioner. Den 3. oktober 2016 annonserte selskapet at Q-Free Open Roads har inngått en kontrakt om å implementere og vedlikeholde et Advanced Transportation Management Systems for Department of Transportation i Virginia i USA. Kontrakten har en ordreverdi på ca. NOK 200 millioner. Se punkt 9.12 for ytterligere informasjon. Den 28. september 2016 ble den Rettete Emisjonen i Selskapet fullført. Bortsett fra dette har det ikke vært andre vesentlige endringer.			
B.8	Utvalgt pro forma finansiell nøkkelinformasjon	Ikke aktuelt.			
B.9	Resultatprognose eller estimat	Ikke aktuelt.			
B.10	Forbehold I revisjonsrapport	Det har ikke vært tatt forbehold I revisjonsrapporten de siste ti årene.			
B.11	Arbeidskapital	Selskapet er av den oppfatning at arbeidskapitalen som er tilgjengelig for Konsernet er tilstrekkelig for Konsernets nåværende behov for en periode som dekker minst 12 måneder fra datoen for dette Prospektet.			

15.3 Avsnitt C – Verdipapirene

C.1	Type og klasse av verdipapirer som tilbys	Selskapet har kun én aksjeklasse, og det er ingen stemmerettsbegrensninger. Aksjene er utstedt i henhold til allmennaksjeloven og er registrert i VPS i book-entry form under ISIN nr. NO. 0003103103.
C.2	Valuta	Emisjonsaksjene (The Private Placement Shares) er utstedt i NOK.
C.3	Antall aksjer/ Pålydende	Selskapets aksjekapital er NOK 33,904,909.48 fordelt på 89,223,446 aksjer, hver pålydende NOK 0,38. Aksjene er gyldig utstedt og fullt innbetalt.

C.4	Tilknyttet rettigheter	Selskapet har en aksjeklasse, og i samsvar med allmennaksjeloven gir samtlige aksjer like rettigheter i Selskapet. Hver aksje gir én stemme.
C.5	Begrensninger	Det er ingen restriksjoner på aksjenes omsettelighet i vedtektene, og heller ikke forkjøpsrett for Selskapet. Overføring av aksjene er ikke betinget av samtykke fra Styret.
C.6	Opptak til notering	Aksjene er opptatt til notering på Oslo Børs. Notering av Emisjonsaksjene på Oslo Børs er betinget av Finanstilsynets godkjenning av Prospektet i henhold til verdipapirhandelloven. En slik godkjenning ble gitt 7. oktober 2016 og Selskapet forventer at første handelsdag for Emisjonsaksjene er på eller rundt den 10. oktober 2016. Selskapet har ikke søkt om opptak til notering av aksjene på en annen børs eller regulert marked.
C.7	Utbyttepolitikk	Det er Selskapets policy å opprettholde en høy egenkapitalandel for å etablere en plattform for Selskapets forventet ekspansjon og vekst. På denne bakgrunn forventer ikke Selskapet å utbetale utbytte til aksjonærene i de kommende årene.

15.4 Avsnitt D – Risiko

Element	Beskrivelse av Element	Opplysningskrav
D.1	Vesentlige, spesifikke risikoer knyttet til industri eller utsteder	<ul style="list-style-type: none"> • Q-Frees ordresreserve inkluderer elementer av krevende og komplekse, store prosjektleveranser, hvilket kan innebære en betydelig risiko i forhold til planlegging og kostnader • Prosjekter innenfor veiprisingsystemer og trafikkregulering er normalt, direkte eller indirekte, underlagt statlige konsesjoner. Q-Free er utsatt for politisk risiko i perioden mellom kontraktstildeling og endelig gjennomføring av prosjektet • Q-Free er eksponert for risiko både knyttet til kvaliteten på eget arbeid og kvaliteten på leveranser fra underleverandører
D.3	Vesentlige risikoer knyttet til verdipapirene	<ul style="list-style-type: none"> • Prisen på Aksjene kan svinge betydelig. • Fremtidig utstedelse av Aksjer eller andre verdipapirer i Selskapet kan utvanne eierandelene til aksjonærene og kan ha vesentlig innvirkning på prisen til Aksjene. • Investorene kan være forhindret fra å utøve sine stemmerettigheter for Aksjer registrert på en forvalterkonto. • Investorer i andre jurisdiksjoner enn Norge kan være forhindret fra å håndheve en dom avgitt i den andre jurisdiksjonen mot Selskapet eller dets styremedlemmer eller ledere i Norge.

		<ul style="list-style-type: none"> I enkelte jurisdiksjoner kan overføring og videresalg av Aksjene være underlagt restriksjoner.
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15.5 Avsnitt E – Tilbudet

Element	Beskrivelse av Element	Opplysningskrav																
E.1	Nettoproveny og estimerte kostnader	<p>Brutto provenyet til Selskapet for Emisjonsaksjene som utstedes i den Rettede Emisjonen var NOK 133.8 millioner.</p> <p>Transaksjonskostnader knyttet til Emisjonsaksjene og alle andre direkte kostnader i forbindelse med den Rettede Emisjonen vil bli betalt av Selskapet. De totale kostnadene forventes å være om lag NOK 6,5 millioner, hvilket innebærer et nettoproveny fra de Emisjonsaksjene på ca. NOK 127.3 millioner.</p>																
E.2a	Bakgrunnen for tilbudet og bruk av provenyet	<p>Et høyere aktivitetsnivå krever økt finansiell fleksibilitet for å imøtekomme arbeidskapitalbehov og svingninger i inntjening. På bakgrunn av dagens kontraktsporfølje og for å ta høyde for fremtidige muligheter har Selskapet sett et behov for å styrke sin kontantbeholdning.</p> <p>Provenyet fra emisjonene forventes i sin helhet å brukes som arbeidskapital og til generelle selskapsformål.</p>																
E.3	Vilkår for den Rettede Emisjonen	<p>Selskapet fikk gjennom den Rettende Emisjonen gjennomført 28. september 2016 et brutto proveny på NOK 133.8 millioner ved utstedelse av 17,844,689 nye aksjer, hver aksje pålydende NOK 0.38 og med en tegningskurs på NOK 7.50 per aksjer. Den Rettede Emisjonen var rettet mot norske og internasjonale institusjonelle og profesjonelle investorer.</p> <p>Nedenfor er en oversikt over vilkårene og datoer i forbindelse med den Rettede Emisjonen:</p> <table border="1"> <tr> <td>Antall nye aksjer i den Rettede Emisjonen:</td> <td>17,844,689</td> </tr> <tr> <td>Tegningskurs i den Rettede Emisjonen:</td> <td>NOK 7.50</td> </tr> <tr> <td>Betalingsdato:</td> <td>4. oktober 2016.</td> </tr> <tr> <td>Registrering av kapitalforhøyelsen:</td> <td>5. oktober 2016.</td> </tr> <tr> <td>Levering av Emisjonsaksjene:</td> <td>Rundt den 10. oktober 2016.</td> </tr> <tr> <td>Notering av Emisjonsaksjene:</td> <td>Emisjonsaksjene forventes å bli notert på Oslo Børs den 10. oktober 2016.</td> </tr> <tr> <td>Antall Aksjer før den Rettede Emisjonen:</td> <td>71,378,757, hver pålydende NOK 0.38.</td> </tr> <tr> <td>Antall Aksjer etter den Rettede Emisjonen</td> <td>89,223,446, hver pålydende NOK 0.38.</td> </tr> </table>	Antall nye aksjer i den Rettede Emisjonen:	17,844,689	Tegningskurs i den Rettede Emisjonen:	NOK 7.50	Betalingsdato:	4. oktober 2016.	Registrering av kapitalforhøyelsen:	5. oktober 2016.	Levering av Emisjonsaksjene:	Rundt den 10. oktober 2016.	Notering av Emisjonsaksjene:	Emisjonsaksjene forventes å bli notert på Oslo Børs den 10. oktober 2016.	Antall Aksjer før den Rettede Emisjonen:	71,378,757, hver pålydende NOK 0.38.	Antall Aksjer etter den Rettede Emisjonen	89,223,446, hver pålydende NOK 0.38.
Antall nye aksjer i den Rettede Emisjonen:	17,844,689																	
Tegningskurs i den Rettede Emisjonen:	NOK 7.50																	
Betalingsdato:	4. oktober 2016.																	
Registrering av kapitalforhøyelsen:	5. oktober 2016.																	
Levering av Emisjonsaksjene:	Rundt den 10. oktober 2016.																	
Notering av Emisjonsaksjene:	Emisjonsaksjene forventes å bli notert på Oslo Børs den 10. oktober 2016.																	
Antall Aksjer før den Rettede Emisjonen:	71,378,757, hver pålydende NOK 0.38.																	
Antall Aksjer etter den Rettede Emisjonen	89,223,446, hver pålydende NOK 0.38.																	

		Rettigheter tilknyttet Emisjonsaksjene:	Emisjonsaksjene er på alle måter like de ordinære Aksjene i Selskapet.
		Utvanning:	Aksjonærer som ikke deltok i den Rettede Emisjonen fikk sin eierandel utvannet med ca. 20%.
E.4	Vesentlige og motstridende interesser	<p>Tilrettelegger og dets nærstående har fra tid til annen ytet, og kan i fremtiden yte, investeringstjenester og kommersielle banktjenester til Selskapet og dets nærstående som ledd i sin ordinære virksomhetsutøvelse. For slike tjenester kan de ha mottatt og vil kunne fortsette å motta vanlige honorarer og provisjoner. Tilrettelegger, dets ansatte og ethvert tilknyttet selskap kan på nåværende tidspunkt eie eksisterende Aksjer i Selskapet. Tilrettelegger har ikke til hensikt å fremlegge omfanget av slike investeringer eller transaksjoner, annet enn i samsvar med rettslig eller regulatoriske forpliktelser til gjøre dette. Tilrettelegger vil motta et sukseshonorar på en fastsatt prosentandel av bruttoprovenyet fra den Rettede Emisjonen, og har som sådan en interesse i den Rettede Emisjonen.</p> <p>Utover det ovennevnte, er det ingen andre fysiske eller juridiske personer med interesser (inkludert interessekonflikter) som er involvert i den Rettede Emisjonen.</p>	
E.5	Selgende aksjonær og bindingsavtaler	Ikke aktuelt. Det er ingen selgende aksjonærer i den Rettede Emisjonen. Det er heller ingen bindingsavtaler ("lock-up" restriksjoner) på aksjene tilbudt i den Rettede Emisjonen.	
E.6	Utvanning	<p>Selskapets totale antall Aksjer økte med 17,844,689. Dette medfører et totalt antall på 89,223,446 utestående aksjer.</p> <p>Aksjonærer som ikke deltok i den Rettede Emisjonen fikk sin eierandel utvannet med ca. 20%.</p>	
E.7	Estimerte kostnader som vil kreves fra investorene	Ikke aktuelt. Utgiftene knyttet til den Rettede Emisjonen vil bli betalt av selskapet og vil ikke belastes investoren.	

16 DEFINITION AND GLOSSARY TERMS

Definitions denoting the singular number shall include the plural and vice versa.

Term	Definition
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009.
Articles of Association	The Company's articles of association.
ATMS	Advanced Traffic Management System
Board	The board of directors of the Company.
CAGR	Compound annual growth rate.
CEN:	European Standardisation Committee
Company	Q-Free ASA
DSRC	Dedicated Short Range Communications
EBIT	Earnings before Interest and Tax.
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization.
EEA	The European Economic Area.
ETC	Electronic Toll Collection
EU	The European Union.
EUR	Euro, the lawful common currency of the EU member states who have adopted the Euro as their sole national currency.
Executive Management	The executive management of the Company.
Forward Looking Statements	Means statements relating to the Company's business and the sectors in which it operates. Forward Looking Statements include all statements that are not historical facts, and can be identified by words such as (what follows are examples without excluding words having the same meaning) "anticipates", "believes", "expects", "intends", "may", "projects", "should", or the negatives of these terms or similar expressions. Please refer to Section 4.2 "Forward looking statements" for further information.
General Meeting	The general meeting of the shareholders of Company.
GNSS	Global Navigation Satellite Systems
Group	The Company and its consolidated subsidiaries.
IAS	International Accounting Standard.
IASB	International Accounting Standards Board.
IFRIC	The IFRS Interpretations Committee.
IFRS	International Financial Reporting Standards.
ISIN	International Securities Identification Number
ITS	Intelligent Transport Systems
Listing	The listing of the Private Placement Shares on Oslo Børs.
Manager	ABG Sundal Collier ASA
Private Placement Shares	Any new Shares in Q-Free issued in the Private Placement
Norwegian FSA	The Norwegian Financial Supervisory Authority.
NOK	Norwegian Kroner, the lawful currency of the Kingdom of Norway.

Norwegian Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance, as amended from time to time.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Liabilities Companies Act	The Norwegian Public Limited Liabilities Companies Act of 13 June 1997 no. 45 (Nw: Allmennaksjeloven)
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (Nw: <i>Verdipapirhandelloven</i>).
Oslo Børs	The Oslo Stock Exchange, operated by Oslo Børs ASA. Q-Free is listed on the main list of Oslo Børs.
Private Placement	The private placement of Private Placement Shares announced on 29 September 2016.
Private Placement Shares	The 17,844,689 shares issued by Q-Free ASA in the Private Placement.
Private Placement Subscription Price	The price to be paid per Private Placement Share in the Private Placement, being NOK 7.50.
Prospectus	This prospectus dated 7 October 2016, and its appendices.
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003.
Prospectus Regulation	Commission Regulation (EC) no. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC.
PSG Global	Prometheus Security Group Global, Inc.
Q-Free	Q-Free ASA
RFID	Radio-Frequency Identification
Shares	The shares issued by the Company.
USD	United States Dollar, the lawful currency of the United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933.
VPS	The Norwegian Central Securities Depository (<i>Nw: Verdipapirsentralen</i>)
VPS Registrar	DNB ASA
WAVE	Wireless Access in Vehicular Environments



Translation from Norwegian

Vedtekter i Q-Free ASA	Articles of Association for Q-Free ASA
<p>Paragraf 1. Selskapets navn er Q-Free ASA. Selskapet skal være et allmennaksjeselskap.</p>	<p>Article 1. The name of the Company shall be Q-Free ASA. The Company shall be a public limited company.</p>
<p>Paragraf 2. Selskapets forretningskontor er i Trondheim kommune.</p>	<p>Article 2. The Company's registered place of business shall be in the City of Trondheim.</p>
<p>Paragraf 3. Selskapets formål er å drive forskning, utvikling, produksjon drift og salg av informasjonsteknologi produkter og systemer samt alt som herved står i forbindelse.</p>	<p>Article 3. The Object of the Company is to engage in research, development, production, operation and sale of information technology products and systems plus everything therewith connected.</p>
<p>Paragraf 4. Selskapets aksjekapital er NOK 33.904.909,48 fordelt på 89.223.446 hver aksje pålydende NOK 0,38.</p> <p>Selskapets aksjer skal være registrert i Verdipapirsentralen.</p>	<p>Article 4. The Company's share capital shall be NOK 33,904,909.48 divided between 89,223,446 shares, each of NOK 0.38 face value.</p> <p>The Company's shares shall be registered in the Norwegian Central Securities Depository (<i>VPS</i>).</p>
<p>Paragraf 5. Selskapets styre skal ha fra 3-8 medlemmer etter generalforsamlingens nærmere beslutning. Styret representerer selskapet utad, og tegner dets firma. Selskapets firma kan også tegnes av styrelederen og ett styremedlem i fellesskap. Styret kan meddele prokura.</p>	<p>Article 5. The Board of the Company shall have between three and eight members, as the general meeting shall stipulate. The Board shall represent the Company outwardly, and sign for it. The signature of the Company is also vested in the Chairman of the Board and one other Board member acting jointly. The Board may grant procuration (registered power of attorney).</p>
<p>Paragraf 6. Ordinær generalforsamling avholdes før 30. juni. Generalforsamlingen avholdes enten i Trondheim kommune eller i Oslo kommune.</p> <p>Innkalling til generalforsamling skjer med minst 21 dagers skriftlig henvendelse til alle aksjeeiere med kjent adresse.</p> <p>Styret kan beslutte at dokumenter som gjelder saker som skal behandles på generalforsamlingen ikke sendes til aksjeeierne når disse dokumentene gjøres tilgjengelig på selskapets internettsider. Det samme gjelder for dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel, ved henvendelse til selskapet, kreve å få tilsendt</p>	<p>Article 6. The annual general meeting shall be held before 30 June, in either the City of Trondheim or the City of Oslo.</p> <p>Invitation to the general meeting shall require at least 21 days' written application to all shareholders with known addresses.</p> <p>The Board may determine that documents pertaining to matters for discussion at the general meeting shall not be sent to the shareholders when these documents are made available on the Company's Web pages. The same shall apply to documents that by statute must be</p>



dokumenter som gjelder saker som skal behandles på generalforsamlingen.

Retten til å delta og stemme på generalforsamlingen kan bare utøves for aksjer som er innført i aksjeeierregisteret (VPS) den femte virkedagen før generalforsamlingen (registreringsdatoen).

Aksjeeiere som, enten selv eller ved fullmektig, vil delta i generalforsamlingen, skal meddele dette til selskapet innen den frist som styret har fastsatt i innkallingen. Slik frist kan ikke utløpe tidligere enn fem dager før møtet.

Den ordinære generalforsamling skal behandle:

1. Fastsettelse av resultat og balanse.
2. Anvendelse av overskudd eller dekning av underskudd i henhold til den fastsatte balanse samt utdeling av utbytte.
3. Valg av styre og styrets leder.
4. Fastsettelse av styrets godtgjørelse.
5. Valg av medlemmer til valgkomiteen.
6. Fastsettelse av valgkomiteens godtgjørelse.
7. Fastsettelse av revisors godtgjørelse.
8. Andre saker som styret setter på dagsordenen eller som en aksjeeier ønsker å behandle, når slik sak er meldt skriftlig til styret innen syv dager før fristen for innkalling til generalforsamling, sammen med et forslag til beslutning eller en begrunnelse for at spørsmålet settes på dagsordenen. Har innkallingen allerede funnet sted, skal det foretas en ny innkalling dersom fristen for innkalling til generalforsamling ikke er ute.
9. Andre saker som i henhold til lov hører under generalforsamlingen.

Paragraf 7.

Selskapet skal ha en valgkomité. Valgkomiteens oppgaver er å avgi innstilling til generalforsamlingen om valg av aksjonærvalgte

incorporated into or appended to the invitation to the general meeting. A shareholder may nevertheless, by application to the Company, demand to be sent documents pertaining to matters for discussion at the general meeting.

The right to participate and vote at the general meeting may only be exercised for shares that are entered in the Register of Shareholders (VPS) on the fifth working day prior to the general meeting (the date of registration).

Shareholders who, either in their own persons or by proxies, wish to participate in the general meeting, shall communicate this to the Company within the deadline that the Board has stipulated in the invitation. Such deadlines cannot expire earlier than five days prior to the meeting.

The annual general meeting shall consider:

1. Adoption of profit and loss account and balance sheet.
2. Application of profit or coverage of loss pursuant to the adopted balance sheet and distribution of dividend.
3. Election of the Board and the Chairman of the Board.
4. Stipulation of the Board's remuneration.
5. Election of members of the Nominations Committee.
6. Stipulation of the compensation to the Nominations Committee.
7. Stipulation of the compensation to the auditor.
8. Other matters that the Board places on the agenda, or that a shareholder wants considered, when such an item is notified in writing to the Board within seven days before the deadline for invitation to the general meeting, together with a proposal for decision or a justification for putting the proposal on the agenda. If the invitation has already taken place, a new invitation shall be made if the deadline for invitation to the general meeting has not passed.



medlemmer til styret, samt foreslå godtgjørelse til styret.

Valgkomiteen består av tre medlemmer som skal være aksjeeiere eller representanter for aksjeeiere. Medlemmene velges av generalforsamlingen. Valgkomiteens medlemmer velges for to år av gangen. Generalforsamlingen kan vedta instruks for valgkomiteen.

Paragraf 8. For øvrig vises til den til enhver tid gjeldende aksjelovgivning.

Vedtekter pr. 28 september 2016
Aksjonærene i Q-Free ASA

9. Other matters that pursuant to statute pertain to the general meeting.

Article 7.

The Company shall have a Nominations Committee, whose mission shall be to make recommendations to the general meeting for shareholder-elected members to the Board, and also propose the Board's emoluments.

The Nominations Committee shall consist of three members who shall be shareholders or representatives of shareholders. The members shall be elected by the general meeting. The members of the Nominations Committee shall be elected for two years at a time. The general meeting may decide on instructions for the Nominations Committee.

Article 8. Reference is otherwise made to the current companies legislation.

Articles of Association as of 28 September 2016
The shareholders of Q-Free ASA