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THE BOARD OF DIRECTORS REPORT ON SALARY AND OTHER REMUNERATION TO LEADING PERSONNEL IN THE Q-FREE GROUP FOR THE FINANCIAL YEAR 2021

1 INTRODUCTION

1.1 Background

This report on salary and other remuneration to leading personnel in Q-Free ASA (the "**Company**" or together with its subsidiaries, the "**Group**") is based on the guidelines for salary and other remuneration to leading personnel in the Group approved by the Company's general meeting on 20 May 2021 (the "**Guidelines**")

The report is based on the requirements set out in the Norwegian Public Limited Liability Companies Act (the "**Companies Act**"), cf. Section 6-16 b, supplemented by Regulation on guidelines and report on remuneration for leading personnel dated 11 December 2020 (the "**Regulation**"). The report is prepared in accordance with the European Commission's template for reports on remuneration.¹

1.2 General overview of the financial year 2021

An update on the Company's overall results is available in the statement from the CEO, and in the summary and highlights section of the Board of Directors report 2021 in the Annual Report 2021.

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

There have been no key events in the company's business environment affecting the directors' remuneration in the financial year. The composition of the Board of Directors was changed at the Annual General meeting 2021, whereas board members Trine Strømsnes and Ingeborg Molden Hegstad resigned and Lene Diesen and Karin Sandsjö took on the positions as board members.

During 2021, the Company has followed the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process to be applied under the guidelines to determine the remuneration.

Information for the previous financial years is not easily accessible, hence 2021 will be the first reference year and no year-on-year changes for previously reported financial years will be reported in this report for 2021.

No compensation has been reclaimed.

The auditor's opinion on the company's compliance with the guidelines follows in section 7 of this report.

¹ https://ec.europa.eu/info/sites/info/files/rrq_draft_21012019.pdf

2 REMUNERATION TO LEADING PERSONNEL IN 2021

2.1 Total Remuneration to leading personnel

The remuneration principles and compensation elements are described in detail in the Guidelines.

Table 1 below contains the total remuneration split by each salary component received, or to be received, by the Company's leading personnel (acting as such) for the financial year 2021.

One-year variable amounts are attributable to 2021 and are expected to be paid in 2022.

Table 1 – total remuneration split out by component ¹⁾								
All figures in NOK								
Name and position ²⁾	Fixed remuneration			Variable remuneration		Pension expense ³⁾	Total remuneration	Proportion of fixed and variable remuneration ⁴⁾
	Base salary	Fees	Fringe benefits ⁵⁾	One-year variable ⁶⁾	Multi-year variable ⁷⁾			
Trond Valvik (Chairman of the Board)		511 000					511 000	a) 100% b) 0%
Snorre Kjesbu (Vice Chair of the Board)		330 500					330 500	a) 100% b) 0%
Karin Sandsjö (Member of the Board) ⁸⁾		148 000					148 000	a) 100% b) 0%
Geir Bjørlo (Member of the Board)		278 000					278 000	a) 100% b) 0%
Lene Diesen (Member of the Board) ⁹⁾		148 000					148 000	a) 100% b) 0%
Brage Blekken (Employee-elected member of the Board)		101 000					101 000	a) 100% b) 0%
Yngve Halmø (Employee-elected member of the Board)		92 500					92 500	a) 100% b) 0%
Ingeborg Molden Hegstad (former member of the Board) ¹⁰⁾		180 000					180 000	a) 100% b) 0%
Trine Strømsnes (former member of the Board) ¹¹⁾		133 500					133 500	a) 100% b) 0%
Håkon Rypern Volldal (President & CEO)	3 559 274		14 493	1 750 000		128 953	5 452 720	a) 68%

								b) 32%
Trond Christensen (CFO) ¹²⁾		3 035 500		446 131			3 481 631	a) 87% b) 13%
Fredrik Nordh (EVP Tolling)	2 268 371		151 415	266 560		498 802	3 185 147	a) 92% b) 8%
Morten Andersson (EVP Traffic Management)	2 483 661		132 093	275 192		99 106	2 990 052	a) 91% b) 9%
Jan-Erik Sandberg (CTO) ¹³⁾	1 467 428		14 493	155 904		128 459	1 766 284	a) 91% b) 9%
Idunn Hals Bejlland-de Garcia (SVP Brand, Communication & Marketing)	1 007 804		14 493	131 871		99 419	1 253 587	a) 89% b) 11%

1) None have received any extraordinary remuneration (remuneration that, according to the Remuneration Guidelines, can be paid in extraordinary circumstances)

2) Volldal is employed and Christensen contracted in Q-Free ASA. Sandberg and Bjelland are employed in Q-Free Norge AS. Nordh is employed in Q-Free Sverige AB. Andersson employed in Q-Free America Inc. None have received remuneration from other companies in the Group than the company of employment.

3) Refers to all pension costs on pensionable salary that is fixed annual salary.

4) (a) the sum of the fixed remuneration divided by the total remuneration (b) the sum of the variable remuneration divided by the total remuneration; Pension is regarded as fixed remuneration.

5) Mainly relates to company car and other benefits.

6) Amounts are attributable to 2021 and are expected to be paid in 2022

7) Share-based payment expense is the expense recognised in 2021. See note 13 in the Annual Report 2021 for further information

8) Karin Sandsjö serves as Board member from 20.05.2021

9) Lene Diesen serves as Board member from 20.05.2021

10) Ingeborg Molden Hegstad served as Board member until 20.05.2021

11) Trine Strømsnes served as Board member until 20.05.2021

12) Christensen has been on a management for hire contract via a specialist agency. The reported fee is the total fee paid the agency, including all social expenses and fees retained by the agency

13) Jan-Erik Sandberg resigned from his position 28 February 2022.

2.2 Share-based remuneration to leading personnel

The share-based incentive program is described in the Guidelines. [Table 2](#) below includes the number of shares, share options, subscription rights and other forms of remuneration linked to shares or the development of the Company or other companies within the Group which is granted or offered, together with the main conditions for exercising the options, including subscription price, subscription deadline and any changes to these.

Table 2 – share options awarded or due to leading personnel for 2021

Name and position	The main conditions of share option plans							Information regarding the reported financial year					
								Opening balance	During the year		Closing balance		
	Specification of plan	Performance period	Award date	Vesting date	End of holding period	Exercise period	Strike price of the share	Share options awarded at the beginning of the year	Share options awarded	Share options vested	Share options subject to a performance condition	Share options awarded and unvested	Share options subject to a holding period
Håkon Rypern Vollidal (CEO)	CEO share-based option plan	Tranche 1	03.06.2018	03.06.2019	03.06.2021	03.06.2021-03.06.2024	NOK 7.94	377 834	0	0	0	0	0
		Tranche 2	03.06.2018	03.06.2020	03.06.2022	03.06.2022-03.06.2024	NOK 11.12	269 881	0	0	0	0	269 881
		Tranche 3	03.06.2018	03.06.2021	03.06.2023	03.06.2022-03.06.2024	NOK 13.50	222 255	0	222 255	0	0	222 255
Fredrik Nordh (EVP Tolling)	Leading executives share-based option plan	Tranche 1	02.10.2017	02.10.2018	02.10.2020	02.10.2020-02.10.2023	NOK 8.52	228 991	0	0	0	0	0
		Tranche 2	02.10.2017	02.10.2019	02.10.2021	02.10.2021-02.10.2023	NOK 11.93	163 565	0	0	0	0	0
		Tranche 3	02.10.2017	02.10.2020	02.10.2022	02.10.2022-02.10.2023	NOK 14.48	134 700	0	0	0	0	134 700

Morten Andersson (EVP Traffic Management)	Leading executives share-based option plan	Tranche 1 02.10.2017 – 02.10.2023	02.10.2017	02.20.2018	02.10.2020	02.10.2020-02.10.2023	NOK 8.52	117 371	0	0	0	0	0
		Tranche 2 02.10.2017 – 02.10.2023	02.10.2017	02.10.2019	02.10.2021	02.10.2021-02.10.2023	NOK 11.93	83 836	0	0	0	0	0
		Tranche 3 02.10.2017 – 02.10.2023	02.10.2017	02.10.2020	02.10.2022	02.10.2022-02.20.2023	NOK 14.48	69 042	0	0	0	0	69 042
Jan-Erik Sandberg (CTO) ²⁾	Leading executives share-based option plan	Tranche 1 01.04.2019 – 31.03.2025	01.04.2019	01.04.2020	01.04.2022	01.04.2022-01.04.2025	NOK 8.01	174 781	0	0	0	0	174 781
		Tranche 2 01.04.2019 – 31.03.2025	01.04.2019	01.04.2021	01.04.2023	01.04.2023-01.04.2025	NOK 11.21	124 844	0	124 844	0	0	124 844
		Tranche 3 01.04.2019 – 31.03.2025	01.04.2019	01.04.2022	01.04.2024	01.04.2024-01.04.2025	NOK 13.62	102 813	0	0	0	102 813	0
								2 069 913	0	347 099	0	102 813	995 503

1) Håkon Volldal will resign from his position 30 June 2022. The agreement regulates that vested options may be exercised within one month after resignation.

2) Jan-Erik Sandberg resigned from his position 28 February 2022. Tranches 1 and 2 were at the date of resignation vested. The agreement regulated that vested options may be exercised within one month after resignation. The vested options were not exercised and hence terminated.

No share options have been awarded to the directors of the board, hence table 3 is not included in the report.

2.3 Use of the right to reclaim variable remuneration

The Company has the right to terminate awarded but not vested share-options if the option holder resigns from his/her position.

If employment is terminated prior to 1 January following the financial year, the employee is not entitled to any bonus. The bonus agreement to one of the executive managers regulates that if employment is terminated prior to bonus payout, the employee is not entitled to any bonus.

No variable remuneration has been reclaimed in the financial year.

3 COMPLIANCE WITH THE GUIDELINES

3.1 Information on how the remuneration complies with the Guidelines

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

During 2021, the Company has followed the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process to be applied under the guidelines to determine the remuneration.

3.2 Information on how performance criteria were applied

Table 4 below includes information on the performance criteria for the different elements of the remuneration to leading personnel and how it has been applied, including the measured performance and actual award resulting from it on an individual basis. The metrics used for the performance criteria in the short-term incentive program, are recognized for each program. The specific objectives and criteria and ranges of such metrics are not recognized, as the publication of such information could indirectly provide guidance on performance, which the Group does not publish.

General bonus scheme awards in Table 4 are attributable to 2021 and are expected to be paid in 2022.

Table 4 – Performance of leading personnel in 2021 All figures in NOK				
Name and position	Type of bonus programme	Description of the performance criteria and type of applicable remuneration	Relative weighting of the performance criteria	a) Measured performance and b) actual award outcome
Håkon Ryperv Volldal (President & CEO)	General bonus scheme	Financial goals	8/10	a) 65.4%
				b) 1 319 000
		Non-financial goals	2/10	a) 85.4%
				b) 431 000
	Discretionary bonus agreement	Strategic project	10/10	a) 0%
				b) 0
Trond Christensen (CFO)	General bonus scheme	Financial goals	8/10	a) 37%
				b) 337 736
		Non-financial goals	2/10	a) 47,5%
				b) 108 395
	Discretionary bonus agreement	Strategic project	10/10	a) 0%
				b) 0
Fredrik Nordh (EVP Tolling)	General bonus scheme	Financial goals	7/10	a) 10%
				b) 61 939
		Non-financial goals	3/10	a) 77.1%
				b) 204 621
	Discretionary bonus agreement	Strategic project	10/10	a) 0%
				b) 0
Morten Andersson (EVP Traffic Management)	General bonus scheme	Financial goals	7/10	a) 22.5%
				b) 160 531
		Non-financial goals	3/10	a) 37.5%

	General bonus scheme	Non-financial goals	3/10	b)114 661
Jan-Erik Sandberg (CTO)	General bonus scheme	Financial goals	7/10	a)10%
				b)41 182
	Non-financial goals	3/10	a)65%	
			b)114 722	
Discretionary bonus agreement	Strategic project	10/10	a)0%	
				b)0
Idunn Hals-Bjelland De-Garcia (SVP Brand, Communication & Marketing)	General bonus scheme	Financial goals	7/10	a)31.6%
				b)67 228
	Non-financial goals	3/10	a)70.8%	
			b)64 643	

3.3 Information on derogations and deviations from the Guidelines and from the procedure for their implementation

The Guidelines were approved by the Company's general meeting on 20 May 2021 and are valid until the AGM 2025 unless material changes are made that require new approval by the AGM. The Company has made some changes that require approval. The Board of Directors propose to the AGM 2022 that the Guidelines are updated.

In 2021, the Guidelines for remuneration to leading personnel, approved by the Company's general meeting on 20 May 2021, were successfully implemented and remuneration was paid in accordance with the applicable guidelines.

4 COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND GROUP PERFORMANCE

2021 will be the first reference year and no year-on-year changes for previously reported financial years will be reported in this report for 2021.

Table 5 below contains information on the annual remuneration to leading personnel on an individual basis, the performance of the Group and average remuneration on a full-time equivalent basis of employees of the Group other than leading personnel over the last financial years.

Table 5 – Remuneration and the Company’s earnings in 2021 (NOK)

Annual change	Total 2021
Trond Valvik, Chair of the Board	511 000
Snorre Kjesbu, Vice-chair of the Board	330 500
Karin Sandsjö, Member of the Board (from May 2021)	148 000
Geir Bjørlo, Member of the Board	278 000
Lene Diesen, Member of the Board (from May 2021)	148 000
Brage Blekken, Member of the Board	101 000
Yngve Halmø, Member of the Board	92 500
Ingeborg Molden Hegstad, former Member of the Board (until May 2021)	180 000
Trine Strømsnes, former Member of the Board (until May 2021)	133 500
Håkon Rypervoll (President & CEO)	5 452 720
Trond Christensen (CFO)	3 481 631
Fredrik Nordh (SVP Tolling)	3 185 147
Morten Andersson (SVP Traffic Management)	2 990 052
Jan-Erik Sandberg (CTO)	1 766 284
Idunn Hals Bjelland-de Garcia (Marketing, Brand & Communication)	1 253 587
Profit / (-) loss for the year	58 629 000
Average remuneration on a full-time equivalent basis of employees	
Average base salary FTE employees in Norway (excl. leading personnel)*	820.000

*In addition to base salary, employees also receive other remuneration elements such as fringe benefits, one-year variable remuneration and pension.

Q-Free Group has 349 employees world-wide in 15 locations/countries and local salaries are based on competitive wages in the respective country of employment. For a meaningful comparison, average remuneration on a full-time equivalent basis of employees includes only employees in Norway excluding leading personnel.

5 INFORMATION ON SHAREHOLDER VOTE

Pursuant to the Companies Act Section 6-16 b (3), this report shall include an explanation on how the result of the general meeting's advisory vote over the report on salary and other remuneration to leading personnel for the previous year has been regarded. However, as the Guidelines was approved by the general meeting on 20 May 2021 and no report was prepared for 2020, cf. Section 7 (2) of the Regulation, this requirement is not relevant.

6 STATEMENT BY THE BOARD

The Board of Directors has today considered and adopted the remuneration report for Q-Free ASA for the 2021 financial year. The remuneration report has been drawn up in accordance with Section 6-16 b of the Public Limited Companies Act and the regulations pursuant to this Act.

The remuneration report will be presented to the General Meeting on 24 May 2022 for final decision.

The Board of Directors of Q-Free ASA
Oslo, 28 April 2022

Trond Valvik
(Sign.)
Chair of the Board

Snorre Kjesbu
(Sign.)
Vice chair

Karin Sandsjö
(Sign.)
Board member

Karin Sandsjö
(Sign.)
Board member

Geir Bjørlo
(Sign.)
Board member

Lene Diesen
(Sign.)
Board member

Brage Blekken
(Sign.)
Employee-elected Board member

Yngve Halmø
(Sign.)
Employee-elected Board member

Håkon Rypern Volldal
(Sign.)
President & CEO, Q-Free ASA

Independent auditor's assurance report on remuneration report

To the General Meeting of Q-Free ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Q-Free ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Trondheim, 28 April 2022
ERNST & YOUNG AS

The auditor's assurance report is signed electronically

Christian Ronæss
State Authorised Public Accountant (Norway)