ANNUAL REPORT 2017

StrongPoint

Key figures 2015 - 2017

Key figures	2017	2016	2015	
Operating revenue [1)]	951 477	1 120 166	1 146 049	TNOK
Annual growth	-15,1 %	-2,3 %	38,3 %	%
EBITDA	52 446	111 679	90 479	TNOK
EBT	14 231	79 233	49 564	TNOK
Total assets	695 609	659 323	675 351	TNOK
Equity	281 013	320 981	297 247	TNOK
Equity ratio [2)]	40,4 %	48,7 %	44,0 %	%
Current ratio [3)]	1,02	1,24	1,06	
Earnings per share [4)]	0,23	1,68	0,82	NOK
Number of shares (average for year)	44 271	44 271	44 271	T
Number of shares 31.12	44 376	44 376	44 376	T
Share price (Oslo Børs)	11,10	16,20	14,15	NOK
Number of employees 31.12	580	580	580	

Accounting year	General assembley	Dividend per share
2017	24.04.2018	0,50
2016	20.04.2017	0,50
2016	05.01.2017	1,00
2015	28.04.2016	0,45
2014	30.04.2015	0,35
2013	25.04.2014	0,30
2012	26.04.2013	0,25
2011	08.05.2012	0,25

1) Sales revenue

1) Operating revenue includes profit from associated companies

2) Equity ratio

$$\frac{\text{Equity 31 December x 100}}{\text{Total assets 31 December}}$$

3) Current ratio

$$\frac{\text{Current assets 31 December}}{\text{Current liabilities 31 December}}$$

4) Earnings per share

$$\frac{\text{Annual profit after tax}}{\text{Average no. of shares}}$$

StrongPoint strenghtens its position in Europe

Dear shareholders

We can look back on a year where we strengthened our position as a leading specialist in retail technology. During the year we developed several new technology solutions and strengthened our presence in the European market.

The Group had a turnover of NOK 951 million in 2017 with an EBITDA of NOK 52 million and an operational cash flow of more than NOK 27 million. This was weaker than in 2016, which was a year characterized by major projects in Cash Management and CIT. No similar projects were delivered in 2017. A large proportion of revenue came from recurring revenue (service, licenses and labels), which amounted to approx. 50 per cent of the Groups revenue.

StrongPoint believes it is important to have a predictable dividend policy. In line with this we have decided to propose an ordinary dividend of NOK 0.50 for 2017, the seventh consecutive year. StrongPoint maintained our high level of investments in R&D. During the year, we have expanded our product portfolio in areas where we see great potential, especially within e-commerce. StrongPoint has designated Spain, Germany, France and Russia as its priority markets. We have strengthened our sales and marketing efforts, which resulted in an organic growth of approximately 25 per cent in proprietary retail technology.

The Nordic and The Baltics

There have been no major contracts in the home markets in 2017. We see an exciting development within Click & Collect with several deliveries to one of Sweden's leading grocery chains. The installed base of all of our solution areas have never been larger, which should ensure a good foundation for the years to come.

EMEA

EMEA is becoming an increasingly important market for StrongPoint. A total of 79 per cent of our Cash Management solutions were delivered to countries outside our home markets in 2017. The activity in these markets has never been higher. Several of these markets have reached a critical size, which ensures a profitable organic growth. Our M & A resources and our focus have increased considerably in these countries to accelerate the growth in EMEA.

In June, the rollout project at Alimerka was completed, with more than 700 Cash Management solutions. These are all based on long-term rent that will provide predictable earnings for the years to come. Spain, our largest EMEA market, now employs 22 people, and our Spanish colleagues have delivered a very good year. This market is now approaching 3,000 installed Cash Management solutions.

The acquisition of one of our partners in Spain in December 2016 was successful. We will copy this approach when expanding in Germany and France. France passed 2,000 installed Cash Management solutions, while the figures for Germany and Belgium were somewhat lower. These two countries have a large base Select & Collect.

Russia

Russia has been a major market for our CIT cases for several years. In 2017, we received our largest agreement on our proprietary retail technology in this market with Utkonos. Following a successful Click & Collect pilot, a strategic intention agreement was signed in December, which implies possible deliveries of up to 2,000 units over the next five years. Utkonos, with its 1,800 employees in logistics and e-commerce, became our first customer without physical stores. This could be a major breakthrough for StrongPoint in Russia.

South East Asia

We believe Malysia is an exciting retail market that can offer big opportunities to the Group. The organization also follow up our partner in Australia, which purchased 50 Cash Management solutions in 2017. We have taken measures to reduce costs over time, and will focus more on sales through partners.

Labels

Our business area for adhesive labels has completed a good year. The merger of our two factories, while moving to new location, resulted in some operational disturbances at the beginning of the year. We expect a positive development now that the project has been completed. We have highly qualified employees, Europe's most modern machinery and new functional premises. We consider the future of adhesive labels as a growth market. Labels are important to differentiate the goods for the consumers, while placing high standards of labeling and traceability. Focus on digital technology, production quality and delivery capabilities remain critical success factors.

Outlook

StrongPoint's mission is to increase the shop owners' profits through innovative, integrated technology solutions - both in stores and in various e-commerce concepts. This is realised by streamlining everyday life and increasing well-being and safety for store employees. In addition, we want to give the consumers a functional, efficient and enjoyable shopping experience in-store and online. StrongPoint's vision is to become a recognised global provider of such innovative retail solutions. We believe that the StrongPoint brand is getting stronger for each day. Our offer today and tomorrow will be based on that we carefully analyse shop owners' daily challenges, combining consumer shopping patterns and various digital trends.

At the end of the year, we expanded the e-commerce portfolio with the acquisition of Cub Business Systems AB. We believe the combination of efficient picking in stores and self-service, smart pickup stations will increase the efficiency of our customers.

We are very much a project-driven company. It is not always easy to be predictable from quarter to quarter. However, our annual growth ambitions are driving forces for corporate management – including strategic and value-adding acquisitions.

Our customers always have a choice. We must always deliver greater customer value than our competitors. And we must be able to transform this customer value to attractive shareholder value. Looking forward, we are optimistic that we will succeed with this ambition.

Jørgen Waaler
CEO

About StrongPoint

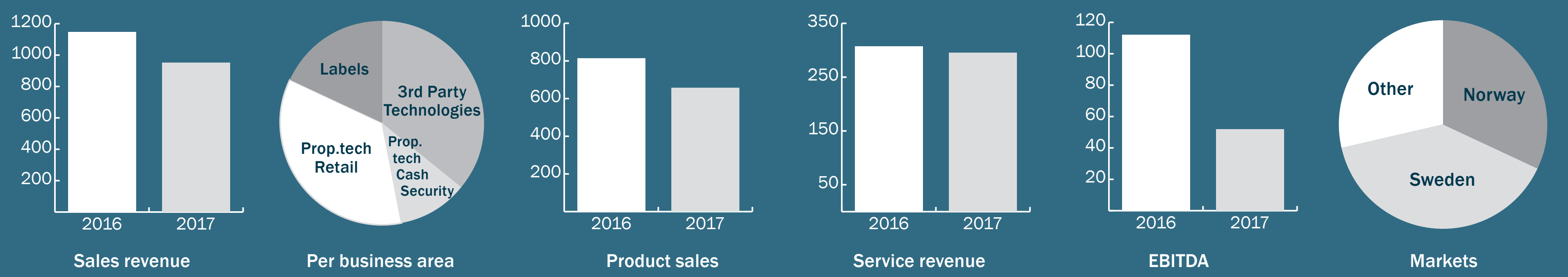
StrongPoint delivers technology that streamlines store operations. The product portfolio consists of proprietary technologies (Proprietary Technologies) and third party products (3rd Party Technologies).

The company is also a leading provider of IBNS (Intelligent Banknote Neutralization System) technology for stores, CIT and ATMs, and is one of Scandinavia's largest label suppliers.

Jørgen Waaler
CEO
StrongPoint ASA

We have invested significantly in sales and marketing activities throughout the year. This has led to a significantly greater recognition of StrongPoint as a brand of technology and productivity to retail. Especially within e-commerce, the company has gained international recognition.

Financial highlights 2016 - 2017 (MNOK)



Mission

Driving retailers' productivity by innovative integrated technology solutions in stores

Vision

Becoming a recognised global provider of retail technology

Proprietary technologies

Select & Collect

Select & Collect stores and ensures high-value products in store. Our customers reduce waste and inventory management becomes even more efficient.

Cash Management

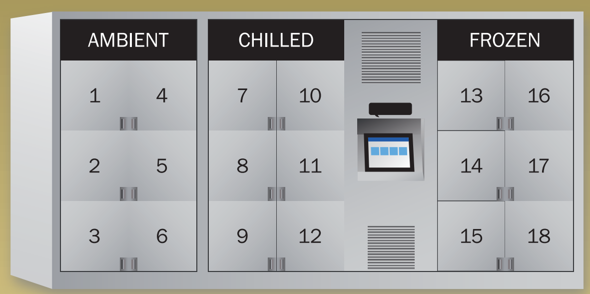
Closed cash handling automates, seals and secures the cash at the cash point and in the back room. Our customers reduces costs and achieves increased flexibility, security and customer service.

CIT-cases

CIT-cases based on IBNS (Intelligent Banknote Neutralisation System) technology which ensures cash during transportation.

Click & Collect and e-commerce

Click & Collect makes it possible to shop online and pick up groceries without having to deal with the shop opening hours. Cub E-Commerce Logistics Suite streamlines retailer's daily routines related to e-commerce.



Self-checkout

Self-checkout is especially suitable for retailers with a high number of transactions and having customers with medium-sized shopping carts. Our customers improve customer experience and reduce queues in the cashier area.

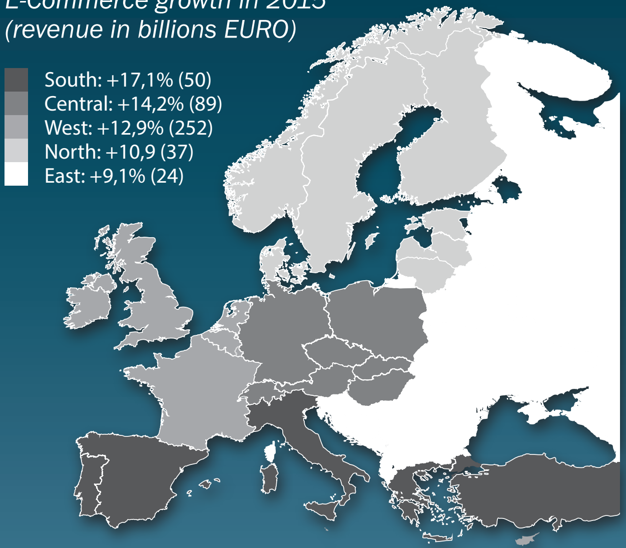
Market situation in Europe

Growth of e-commerce

In Europe, around 450 billion euros were traded online in 2015, and sales will continue to grow in the years to come. Germany, the UK and France accounted for about 60% of the e-commerce in Europe, and according to ecommerce Europe, growth was highest in Ukraine, Turkey and Belgium.

StrongPoint is far ahead in offering technology and solutions for picking up goods through Click & Collect pickup stations. With the acquisition of Cub Business Systems AB, we also offer complementary solutions that streamline warehouse pick-up in stores / warehouses, and provide efficient delivery to customers, home or via Click & Collect pick up stations.

E-Commerce growth in 2015 (revenue in billions EURO)



Source: Ecommerce Foundation (May 2016)

New tobacco law in the EU

The EU's new tobacco directive comes into force on May 20, 2020, including common labeling and packaging of tobacco products. The new rules have resulted in increased interest in automated sales solutions like Select & Collect.

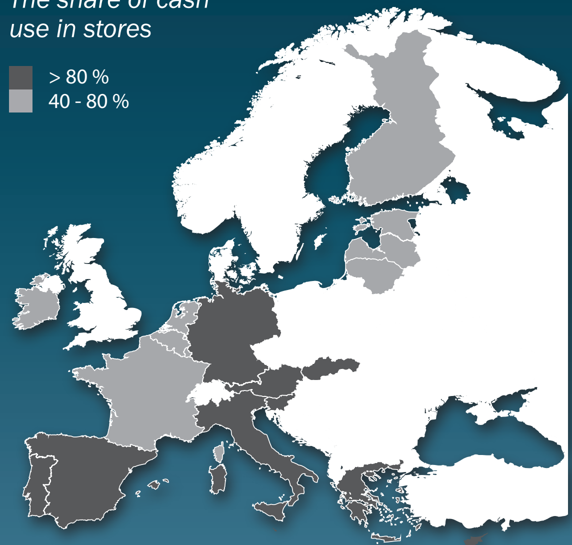
Stable use of cash in the euro zone

Cash accounted for approximately 79 % of all daily transactions in stores in the eurozone in 2016 according to the European Central Bank (ECB). The use of cash varied among the 19 member countries, from 45 % in the Netherlands to 92 % in Malta.

We see that the use of cash in our priority markets remains high for many years to come.

We also believe the developments we have seen in Scandinavia with the efficiency of Cash Management at the cash point will take place in the rest of Europe. This gives a good potential for our Cash Management solutions.

The share of cash use in stores



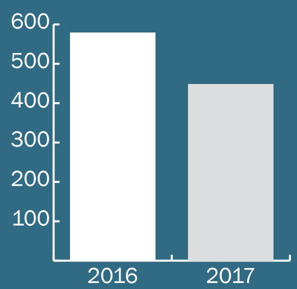
Source: ECB, Deutsche Bundesbank and De Nederlandsche Bank

Proprietary Technologies

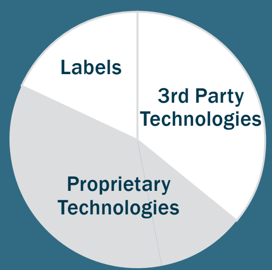
Proprietary Technologies comprises sales and service of solutions based on StrongPoints own technology. The business area consists of Retail and Cash Security. The figures for Proprietary Technologies represent the technology products turnover and result for the entire value chain in StrongPoint.

We have maintained the level of investment in technology development. This has moved the company closer to its vision of becoming a recognized global provider of technology solutions to retail.

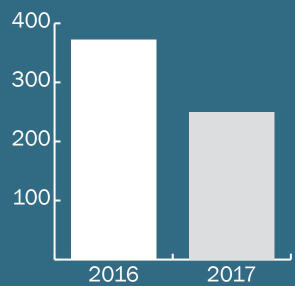
Financial highlights 2016 - 2017 (MNOK)



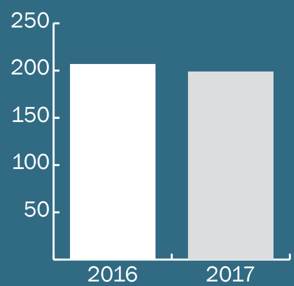
Sales revenue



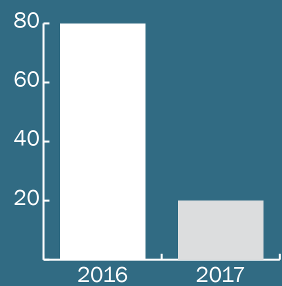
Share of Group revenue



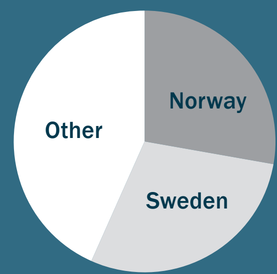
Product sales



Service revenue



EBITDA



Markets

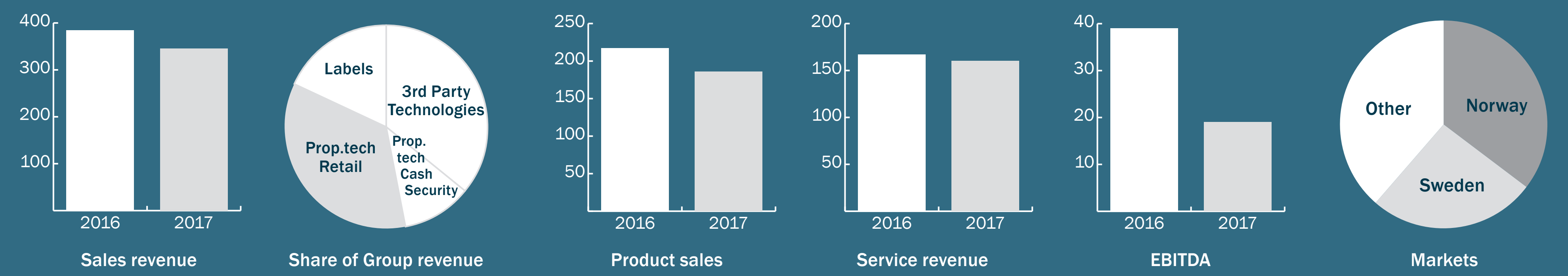
Proprietary Technologies - Retail

Retail delivers StrongPoint's proprietary technology that streamlines store operations and simplifies the shopping experience for the stores' customers. Solutions and services such as Cash Management, Select & Collect, Click & Collect, Self-Checkout and Retail Suite software helps to make life easier for retailers.

Evaldas Budvilaitis
SVP & Managing Director StrongPoint Technology

After a successful launch the year before, we secured new contracts and further developed our Click & Collect solution in 2017. In addition, we expanded our e-commerce product portfolio with the acquisition of Cub. We offer the market's most flexible Click & Collect solution, tailored to every customer.

Financial highlights 2016 - 2017 (MNOK)



StrongPoint strengthens its commitment to e-commerce

Digitalization of merchandise accelerates - and effective multi-channel and logistics solutions represent key elements for StrongPoint's customers.

StrongPoint has had a very successful launch of Click & Collect. The purchase of Cub completes our solution and enables us to deliver future-oriented systems to our customers at home and abroad.

Jørgen Waaler
CEO
StrongPoint ASA

Pick&Collect | QueueManager | DeliveryManager | RouteManager

In the fourth quarter, StrongPoint acquired the Swedish company Cub Business Systems AB. The company offers mobile e-commerce solutions that streamline picking of goods in stores / warehouses, and provide efficient delivery to customers, home or via Click & Collect pickup stations. Cub's mobile logistics platform CubLink® is today used by more than 6,000 stores in Sweden.

In the first quarter, StrongPoint signed a framework agreement with one of Sweden's leading retail chains for deliveries of Click & Collect solutions.

In the fourth quarter, a framework agreement was signed with Utkonos in Russia, a leading e-commerce business in grocery stores without physical stores. The framework agreement includes an intention to deliver 2,000 Click & Collect solutions based on joint development from StrongPoint and Utkonos over the next five years.

The rollout of Cash Management solutions to Alimerka's 170 stores was completed in the second quarter.

In the third quarter, StrongPoint delivered 50 Cash Management solutions to our Australian partner. StrongPoint still sees a potential for its solutions in selected markets in Asia, and has during the year, worked actively and focused on market development in the region.

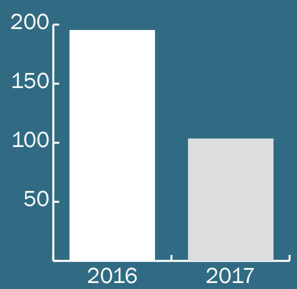
March 5 - 9, StrongPoint participated in EuroShop, one of the world's leading fairs within retail. StrongPoint presented five new solutions in Düsseldorf; Singleslot Cash Management solution for smaller retailers, next generation Select & Collect customized for the company's new Self-Checkout solution, and a new version of Click & Collect with different temperature zones. In addition, the company's Retail Suite was introduced at the fair, a common platform for monitoring, managing, analyzing and managing all of StrongPoint's proprietary solutions.

Proprietary Technologies - Cash Security

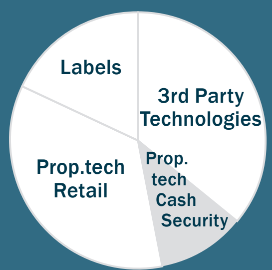
Cash Security offers solutions for secure transport of cash. The business area focuses on innovative IBNS (Intelligent Banknote Neutralisation System) technology. This technology protects cash without the need for weapons or expensive armoured trucks. Cash Security operates mainly in Europe, and partners with most of the leading CIT-companies.

We had no big rollouts except for a larger order from Russia. Service revenues accounted for about 50 % of sales in 2017. Our new CIT cases were certified in France and Belgium. In the future, we will be able to phase out our old product range and increase efficiency.

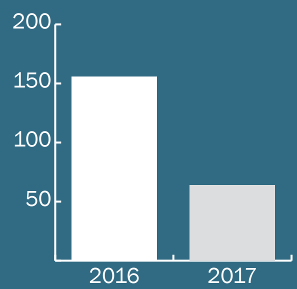
Financial highlights 2016 - 2017 (MNOK)



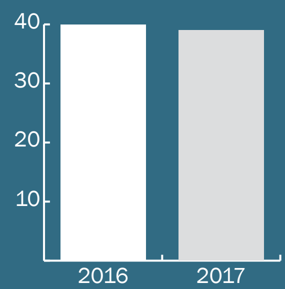
Sales revenue



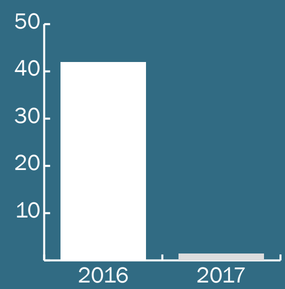
Share of Group revenue



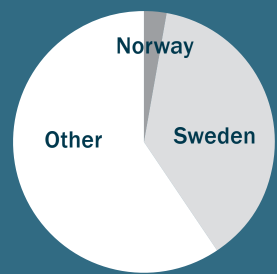
Product sales



Service revenue



EBITDA



Markets

In the first half, StrongPoint's new ergonomic and cost effective product range with CIT cases was certified by Sberbank, the largest bank in Russia, and French authorities. As a result, we received an order for 200 CIT cases in France, which were delivered in the second half. StrongPoint also has fulfilled the certification requirements in Sweden for its new ATM end-to-end IBNS solution for use in ATM cassettes.

In the third quarter, StrongPoint received an order for delivery of 25 SoftCars® from one of Europe's leading CIT companies. Delivery was completed in the fourth quarter.

StrongPoint received a renewed trust from Sberbank in Russia, and signed an agreement for more than 560 CIT cases and accessories. Deliveries were completed in the fourth quarter.

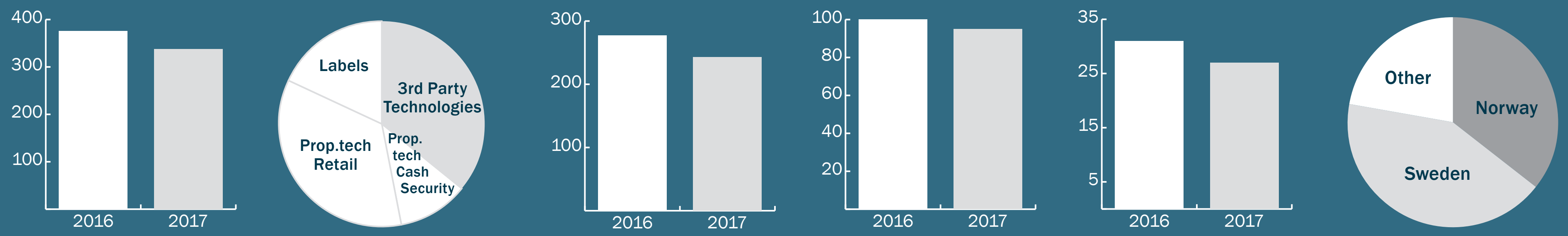
3rd Party Technologies

3rd Party Technologies delivers innovative retail solutions based on solutions from world-leading third party technology providers such as; Pricer, Digi, LS Retail and Microsoft.

Per Haagensen
SVP & Managing Director StrongPoint Norway

Our third-party products have maintained their significant market position, despite an ever stronger competition.

Financial highlights 2016 - 2017 (MNOK)



Sales revenue | Share of Group revenue | Product sales | Service revenue | EBITDA | Markets


StrongPoint
Vi hjälper dig att driva lönsam butik.

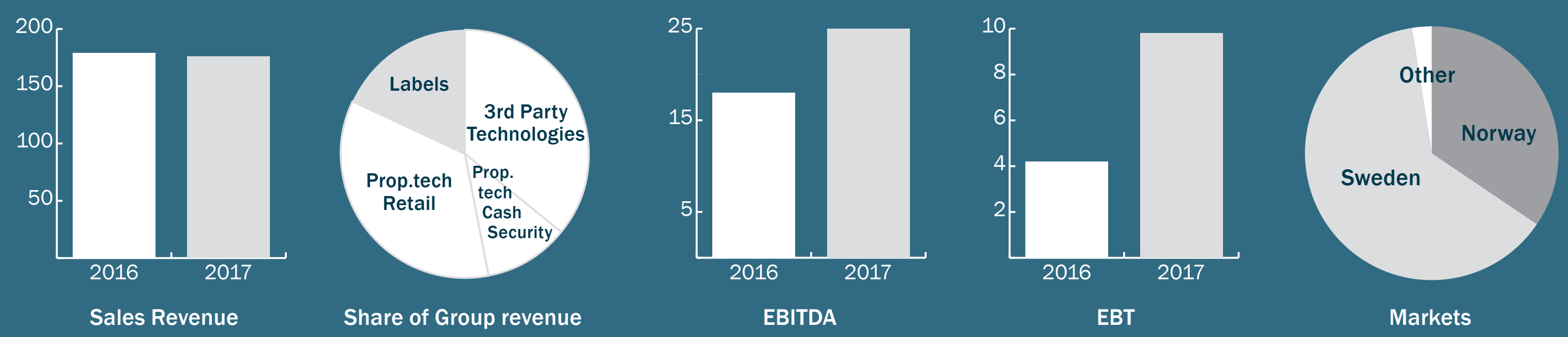
Labels

Labels delivers a wide and complete range of adhesive labels. As a full-service supplier, the business area offers expertise, dedicated personnel and modern printing. This ensures that the label is accurate and in accordance with necessary requirements. Labels has production and sales offices in Sweden and Norway.

Leif Persson
SVP & Managing Director
Label Solutions

In 2017 we delivered as expected, despite a demanding start with the merging of two plants and moving to new premises in Malmö. Production of labels is capital-intensive, and leading to significant investments in new technology that has to be depreciated, which means that EBT is an important measurement parameter. EBT has increased for the year to MNOK 9.8 against 4.2 in 2016.

Financial highlights 2016 - 2017 (MNOK)



In 2017, the label business entered into several agreements for the food industry and other production, as well as deliveries to the wholesale and retail trade.

During the first half of the year, all label operations in Sweden were co-located in new and efficient premises in Malmö. The business area now has modern premises optimized to drive cost-effective sales and production of labels.

StrongPoint was during the year, ranked number one in the world by Hewlett-Packard. HP compares all its users of HP Indigo printing machines based on quality criteria such as; pressure volume, error messages, restarts and optimal use of consumables.

Directors report for the year 2017

We are on our way to reach our goal of growing outside our home markets, as well as taking an important role in e-commerce with retailers. Despite this, there was a decline in operating income and earnings, after a number of good years with major projects in the home markets.

The Group's business

StrongPoint’s vision is to becoming a recognised global provider of retail technology solutions.

The company is listed on the Oslo Stock Exchange and is headquartered at Rælingen outside Oslo. The company's Swedish and Baltic operations are managed from Skellefteå, Kista, Täby Mölndal, Malmö and Vilnius. StrongPoint also conducts its business activities through subsidiaries in France, Germany, Belgium, Estonia, Latvia, Finland, Russia, Spain, Singapore and Malaysia.The Group is organised in three business areas; Proprietary Technologies, 3rd Party Technologies and Labels.

Financial statements for 2017

Group operating revenue decreased to MNOK 951.1 (1 120.2). The decline is mainly due to lower activity in Proprietary Technologies in Norway (Cash Management solutions) and Sweden (CIT cases). These two markets had very high activity in the previous year.

Operating profit before depreciation (EBITDA) was MNOK 52.4 (111.7). The consolidated net income was MNOK 10.0 (74.2).

The Group's total assets as per 31 December 2017 were MNOK 695.6, compared to MNOK 659.3 at the same time in 2016. The equity was MNOK 281.0. This gives an equity ratio of 40.4 per cent.

At year-end 2017, the Group's net interest bearing debt, reduced with cash and cash equivalents, amounted to MNOK 51.4. The Group has a shared CashPool arrangement that generates benefits by streamlining the management of the Group's liquidity and cashflow. The loan agreement with the main financial institution has a covenant in which the ratio of net interest bearing debt and moving 12-month earnings before depreciation (EBITDA) shall not exceed 3.5. This is measured quarterly.

The Group's cash and cash equivalents at year end 2017 amounted to MNOK 54.3, including restricted funds of MNOK 0.0. Available lines of credit amounted to MNOK 12.8.

The cashflow from operational activities was MNOK 26.8 in 2017 (163.3). The working capital increased with MNOK 38.5 in 2017. During the year, MNOK 17.9 has been recognised in the balance sheet as investments in fixed assets.

Highlights

In March 2017, StrongPoint signed a framework agreement with one of Sweden's leading retail chains for deliveries of Click & Collect pickup stations, and an order for 7 systems was received.

In June 2017, StrongPoint received an order and partial prepayment from Utkonos in Moscow of 25 Click & Collect pickup stations and software solutions with delivery in October.

In September 2017, StrongPoint received an order for another 16 Click & Collect pickup stations from the same Swedish retail chain.

In November 2017, StrongPoint signed an agreement for more than 560 CIT cases as well as accessories with Russia's largest bank, Sberbank. The order was delivered in the fourth quarter.

In December 2017, StrongPoint entered into a framework agreement with Utkonos. The framework agreement entails an intention to deliver 2,000 Click & Collect pickup stations based on joint development by StrongPoint and Utkonos in the next five years.

In December 2017, StrongPoint acquired 100 per cent of the shares in the Swedish company Cub Business Systems AB, thereby strengthening its commitment to e-commerce. The digitization of the retailers accelerates - and efficient multichannel and logistics solutions represent key elements for StrongPoint's customers.

Post balance sheet events

In January 2018, StrongPoint received an order for CIT cases worth MEUR 0.8 from our Croatian partner. This is expected to be delivered in Q1 2018.

In February 2018, StrongPoint announced that CEO Jørgen Waaler will leave his position. Jacob Tveraabak will be the new CEO with effect from 1 August 2018.

In March 2018, StrongPoint received the first order on Click & Collect pickup stations in the Baltics.

Proprietary Technologies

Proprietary Technologies comprises sales and service, based on StrongPoint's patented technology solutions for Retail and Cash Security. High rate of installation of capital goods, our customers focus on operational efficiency and attractive service solutions has led to a positive development in this business area in the past years, but had a decline in 2017 due to fewer projects.

Proprietary Technology - Retail focuses on four regions, Norway, Sweden, EMEA / APAC and the Baltic States / Russia. The latter region currently has a marginal turnover in this business area, but we have great expectations for this region in the years to come, especially within Click & Collect.

The activity level of Cash Security has been significantly lower than in last year, when the business area completed two major project deliveries.

The business area has spent significant amounts each year on the development and improvement of its proprietary technology. Among other, new software has been developed for Select & Collect, a new single-slot Cash Management solution and solutions for Self-Checkout and Click & Collect.

Proprietary Technologies (MNOK)	2017	2016
Product Sales	249,8	372,3
Service	199,2	207,3
Revenue	**449,1**	**579,6**
EBITDA	20,4	80,5
EBITDA-margin	4,5 %	13,9 %
EBT	7,5	68,8

3rd Party Technologies

3rd Party Technologies delivers innovative retail solutions from world leading technology providers. The largest product groups were ESL, scales and wrapping machines, as well as consulting and development services within ERP and POS.

3rd Party Technologies (MNOK)	2017	2016
Product Sales	243,1	276,6
Installation og service	95,5	100,0
Revenue	**338,6**	**376,5**
EBITDA	27,0	30,9
EBITDA-margin	8,0 %	8,2 %
EBT	19,6	23,4

Labels

The business area offers leading expertise in the design and production of adhesive labels to customers in Norway and Sweden.

All operations in Sweden were co-located in Malmö in early 2017. The business area has modern premises optimized to cost-effective sales and production of labels. The start of the year was somewhat weaker than expected due to startup problems.

Labels (MNOK)	2017	2016
Product Sales	**176,4**	**179,0**
EBITDA	24,9	18,2
EBITDA-margin	14,1 %	10,2 %
EBT	9,8	4,2
EBT-margin	5,6 %	2,3 %

Employees

The Group had 580 employees as per 31 December 2017.

The company has a share program for their employees. Through these programs, employees subscribed for a total 95,511 shares in 2016 and 67,494 shares in 2017.

The Board's policy regarding the CEO's remuneration involves mainly a fixed salary plus a bonus in the range of up to 40 per cent of base salary. The criteria for payment of bonus will vary from year to year and may include elements of financial performance, balance sheet development and organisational development. In 2018 no bonus has been paid to the CEO based on the results in 2017.

Research & development

The Group devotes substantial resources each year to research and development (R&D). No development costs were activated during 2017.

The business area Proprietary Technologies has gathered all the development of retail technology solutions in Norway, Sweden and Lithuania under one management. This business area develops its own technology solutions for retail and IBNS solutions for securing cash in ATM and CIT. In recent years, it has been focused on developing and complement existing solutions.

The business area 3rd Party Technologies develops integrations and software solutions integrated with technologies from third-party suppliers.

Some of the projects has been partially financed under the Skattefunn scheme.

Risk

Historically, the company's home markets in Norway and Sweden have proven robust during economic downturns. Financial and macroeconomic trends have historicaly only had minor effects on the investments in the retail sector. At the same time the Norwegian and Swedish retail markets are dominated by few players, all important customers of StrongPoint.

The Group's business is exposed to foreign exchange and interest-rate risks. Normally, no financial instruments are employed to reduce the level of this risk. Receivables and liabilities are also exposed to financial risk. The Group's interest-bearing debt is subject to floating rates of interest. Prevailing market conditions may lead to increased challenges in relation to accounts receivables and as such may affect the company's credit risk. In the light of the circumstances outlined above, the Group's liquidity risk will also be affected. The Group manages liquidity risk by monitoring that the expected future cash from operations and available cash and credit facilities are adequate to cover the operational and financial liabilities.

Based on a comprehensive evaluation of customer satisfaction, market position, market needs and financial situation, the Board concludes that the basis for continued operations are in place, and the financial statement is prepared based on these assumptions.

The Board considers the presented statement of comprehensive income along with the balance sheet and notes to portray a correct overview of the company’s position and operational result in 2017. In addition to the aspects presented hereby and in the financial statements, the Board does not know of matters of any importance to assess the company.

Corporate governance

The Group's corporate governance principles can be found in the back of the company's annual report, as well as on the company's website. These principles include the information required by Section 3.3b of the Norwegian Accounting Act. The Group's strategy, development, composition and capital structure were the main focus of board meetings held during 2017.

The board has two sub-committees: the audit committee and the compensation committee. The audit committee consists of two board members and had four meetings in 2017. The committee reviewed, among other matters, the quarterly and annual financial statements, together with the Group's most important categories of risk. The committee also evaluated the Group's internal control, including internal control of its financial reporting, together with the quality of its risk management systems and the work of the auditors.

Ethics and Social Responsibility

Wide confidence and credibility is essential if StrongPoint is to achieve our business objectives. We will achieve this by creating and maintaining a culture based on high ethical standards and responsible behaviour in society. These principles include the information required by Section 3.3c of the Norwegian Accounting Act.

Environmental considerations

Group entities shall comply with statutory procedures designed to prevent the pollution of the external environment. Some subsidiaries sell or store products classified as environmentally hazardous, if disposed in improper ways. Subsidiaries have contracts with authorised recovery and recycling organisations. There has been no discharge of environmentally harmful substances in 2017, and our clear goal is that this will not occur in 2018 either.

Customers can return the products at the end of life to ensure that they are managed in an environmentally sound manner. This is a service many of our customers has utilised, and that we will maintain in the future.

Our employees

The Group aims to provide a workplace with good working environment. The Group is implementing measures to promote the employees' professional development, prevent illness and improve the overall work environment. All employees in our subsidiaries have standardised employment contracts.

The overall rate of sick leave was 2.5 per cent, compared to 3.0 per cent for the previous year. No employees have been injured or involved in accidents at work during the year. The company is working actively to prevent injuries and repetitive strain injuries.

The Group aims to provide an inclusive workplace where there is equality between women and men, based on qualifications, without regard to age, religion and origin. 40 per cent of the Group's Board of Directors are female. As per year end 2017, 132 of the Group's 580 employees were women. There are no women in the Group's executive management. Ten women are employed in management positions in the Group's business areas. The Group has not implemented special measures to promote the inclusion of groups that are underrepresented in the labour market. Qualifications will be the decisive factor when recruiting future employees. Our work otherwise does not have any direct impact on fundamental human rights.

Supplier and product responsibility

StrongPoint has introduced responsible supplier management, where the Group's Code of Conduct is part of all agreements concluded with major suppliers to our own production. The Code of Conduct includes the group's ethical guidelines, environmental policy and supplier management.

Corruption and whistle blowing

StrongPoint has a zero tolerance for corruption, and has established notification procedures. This includes all employees of the Group and company and persons acting on behalf of the Group. The Group's zero tolerance means among others that it must not be offered or received gifts (beyond a symbolic value), offsets, etc. on behalf of either the Company or the employee as an individual.

Shareholder relations

As per 31 December 2017, the company had a share capital of NOK 27,513,144.80 divided into 44,376,040 shares each with a value of NOK 0.62. The company's holding of treasury shares was at year-end 2017 104,544 shares at an average cost price of NOK 5.37.

There were 1,879 shareholders in the company as at yearend 2017. The 20 largest shareholders accounted for 56.1 per cent of the total share capital. At year-end 2017, 314 shareholders owned 10,000 or more shares.

The company's Articles of Association do not restrict the right to buy/sell shares in the company. To the best of the company's knowledge, no agreement exists between shareholders restricting either transfers of shares or the rights to exercising or voting in respect of shares in the company. The loan agreement with the company's main bank contains a clause providing that company's loans may be called in prematurely in the event of material changes in ownership.

Outlook

The Group's strategic priorities have been a topic for discussion by the Board throughout 2017. The Board prioritises organic growth by strengthening international sales and dealership structures for Proprietary Technology. The Board is also continuously assessing possibilities other than organic growth. These may involve the acquisition of additional printing facilities, supplemental retail technologies or expanding our geographical market.

We also expect that the work done within the professionalisation of sales, production and product development across the legal entities will provide future results. The Board believes that StrongPoint is well positioned to improve revenue and profitability in the years to come.

Parent company – StrongPoint ASA

The primary function of the parent company is to maximise shareholder value. This shall be achieved by increasing the share price and by implementing a predictable dividend policy. Shares in the parent company are listed on the Oslo Stock Exchange.

The parent company StrongPoint ASA has six employees: the CEO, the Group finance director, the Group controller and three FTE's in business development M&A.

The parent company StrongPoint ASA achieved a profit for the year of MNOK 40.9, compared to a profit of MNOK 66.1 in 2016. The net financial result was MNOK 46.8 for 2017 (73.4).

Proposed allocation of profit for the year

The Board will make the following proposals to the annual general meeting regarding the allocation of the profit for the year for the parent company StrongPoint ASA in respect of 2017:

Profit for the year:
NOK 40 932 789

Transfer to other reserves:
NOK 18 797 041

Proposed dividend:
NOK 22 135 748, equivalent to NOK 0.50 per share.

Rælingen, 15 March 2018

Svein S Jacobsen	**Klaus de Vibe**	**Camilla AC Tepfers**	**Inger Johanne Solhaug**	**Morthen Johannessen**	**Jørgen Waaler**
Chairman	*Director*	*Director*	*Director*	*Director*	*CEO*

Board of Directors in StrongPoint ASA

Svein S. Jacobsen
Chairman

Svein S. Jacobsen was Group CEO of Tomra ASA for nearly ten years - during a period where the company expanded substantially – and currently he serves as Board Member in several companies. Mr. Jacobsen has a CPA and MBA from Norwegian School of Economics (NHH). He has been a member of the board in StrongPoint ASA since January 9, 2009.

Klaus De Vibe
Director

Klaus De Vibe has been working with investments in several companies. Since 2009 he has been CEO of Stromstangen AS. De Vibe has a MSc (Sivilokonom) with specialisation in Finance and Financial Economics from Norwegian School of Economics (NHH). He has been a member of the board in StrongPoint ASA since October 28, 2011.

Camilla AC Tepfers
Director

Camilla AC Tepfers has more than 20 years experience from DnB NOR and NTNU. She has worked with innovation since 2001. She is founder and partner of the analysis and advisory firm inFuture. She has written several textbooks, and she has a MSc (siv.ing) in computer engineering from NTNU. Tepfers has been a member of the board of StrongPoint ASA since 26 April, 2013.

Inger Johanne Solhaug
Director

Inger Johanne Solhaug has extensive experience from the retail industry. She has held senior positions in Orkla for 20 years, including Executive Vice President and member of Orkla's Executive Group and Managing Director of Nidar. Solhaug is currently Partner at XO Executive Advisors. She has been a member of the board in StrongPoint ASA since April 30, 2015.

Morthen Johannessen
Director

Johannessen has more than 20 years experience as CEO in global FMCG and tech companies such as PepsiCo and Tomra. Currently he serves as PE Advisor and Board member across a wide range of industries. Johannessen has an MBA from Copenhagen Business School. He has been a member of the board in StrongPoint ASA since April 28, 2016.

Jørgen Waaler
CEO

Jorgen Waaler has been CEO of StrongPoint ASA since 2006 and prior to that he was vice CEO for four years. Waaler has worked within IT his whole carrier, as CEO in Norsk Computer Industri AS, sales manager in Norsk Data AS, managing director in European Trading Corporation AS and CEO in iGroup ASA. He has studied economics and has an MBA from University of Wyoming from 1983.

Consolidated Financial Statements

Consolidated statement of comprehensive income

KNOK	Note	2017	2016
Sales revenue	3	**951 388**	**1 119 565**
Share of profit associated companies	6	**90**	**601**
Cost of goods sold	12	472 003	572 732
Payroll	9	298 916	309 587
Other operating expenses	5, 16, 27	128 112	126 168
Total operating expenses		**899 032**	**1 008 487**
EBITDA		**52 446**	**111 679**
Depreciation	10, 11	32 541	31 885
Impairments and reversed earn-out New Vision	11, 22	-	1 479
Total depreciations and impairments		**32 541**	**33 364**
Operating profit		**19 905**	**78 315**
Interest income	8	2 131	1 792
Other financial income	8	718	4 534
Total financial income		**2 849**	**6 326**
Interest expenses	8	4 340	3 691
Other financial expenses	8	4 183	1 716
Total financial expenses		**8 523**	**5 407**
Net financial items		**-5 674**	**919**
Profit before tax		**14 231**	**79 233**
Income tax expense	26	4 197	5 035
Net income		**10 034**	**74 199**

KNOK	Note	2017	2016
Other income and expenses			
Items that may be reclassified through profit or loss in later periods			
Currency translation differences		16 405	-30 543
Total comprehensive income		**26 439**	**43 656**
Of which:			
Controlling interest		26 439	43 656
Non-controlling interest		-	-
		26 439	**43 656**
Profit for the year after tax			
Controlling interest		10 034	74 199
Non-controlling interest		-	-
		10 034	**74 199**
Earnings per share			
Earnings per share	23	0,23	1,68
Fully diluted earnings per share	23	0,23	1,68

Consolidated balance sheet

KNOK	Note	31.12.2017	31.12.2016
ASSETS			
Intangible assets	11	81 796	55 903
Goodwill	11	139 213	113 253
Equipment	10	77 384	81 100
Land and buildings	10	3 957	4 340
Associated companies	6	634	1 144
Other long-term investments	7	476	481
Deferred tax assets	26	20 930	31 445
Total fixed assets		**324 391**	**287 665**
Inventories	12	131 455	101 200
Accounts receivables	13, 17	160 027	161 202
Prepaid expenses	13	14 061	10 799
Other current receivables	13	24 172	31 367
Bank deposits etc.	14	41 503	67 090
Total current assets		**371 218**	**371 658**
TOTAL ASSETS		**695 609**	**659 323**

KNOK	Note	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
Share capital	24	27 513	27 513
Treasury shares	24	-65	-65
Other equity		253 564	293 533
Total equity		**281 013**	**320 981**
Long term interest bearing liabilities	15	24 623	32 982
Other long term liabilities	22	27 422	5 093
Total long term liabilities		**52 046**	**38 075**
Current interest bearing liabilities	15	68 229	28 706
Accounts payable		93 070	102 480
Tax payable	26	1 852	399
Public duties payable		36 645	31 082
Other short term liabilities	22, 27	162 755	137 600
Total short term liabilities		**362 551**	**300 267**
Total liabilities		**414 597**	**338 342**
TOTAL EQUITY AND LIABILITIES		**695 609**	**659 323**

Rælingen, 15 March 2018

Svein S Jacobsen
Chairman

Klaus de Vibe
Director

Camilla AC Tepfers
Director

Inger Johanne Solhaug
Director

Morthen Johannessen
Director

Jørgen Waaler
CEO

Consolidated cash flow statement

KNOK	Note	2017	2016
Profit before tax		14 231	79 233
Net interest		2 209	1 899
Tax paid		3 596	2 792
Share of profit, associated companies	6	-90	-601
Ordinary depreciation	10, 11	32 541	31 885
Impairments	11	-	24 817
Profit on sale of fixed assets	10	-390	503
Reversed earn-out New Vision (StrongPoint Baltic)		-	-23 338
Change in inventories		-24 508	21 933
Change in accounts receivables		17 861	17 027
Change in accounts payable		-22 553	11 148
Change in other accrued items		3 863	-4 007
Net cash flow from operational activities		**26 760**	**163 291**
Payment for fixed assets	10	-15 446	-29 417
Payment from sale of fixed assets	10	2 772	1 249
Net effect acquisition		-462	-7 521
Interest income	8	2 131	1 792
Net cash flow from investment activities		**-11 004**	**-33 897**

KNOK	Note	2017	2016
Payment long-term debt		-22 060	-32 409
Change in overdraft		49 559	-27 377
Interest expenses	8	-4 340	-3 691
Dividends paid		-66 407	-19 922
Net cash flow from financing activities		**-43 249**	**-83 399**
Net change in liquid assets		-27 493	45 995
Cash and cash equivalents at the start of the period		67 090	22 610
Effect of foreign exchange rate fluctations on foreign curency deposits		1 905	-1 514
Cash and cash equivalents at the end of the period	**14**	**41 503**	**67 090**

Consolidated statement of changes in equity

KNOK	Share capital	Treasury shares	Other paid-in equity	Translation variances	Other equity	Total equity
Equity at 31.12.2015	**27 513**	**-65**	**351 262**	**66 454**	**-147 917**	**297 247**
Profit for the year after tax					74 199	74 199
Other comprehensive income and expenses				-30 543		-30 543
Dividend 2015					-19 922	-19 922
Equity at 31.12.2016	**27 513**	**-65**	**351 262**	**35 912**	**-93 641**	**320 981**
Profit for the year after tax					10 034	10 034
Other comprehensive income and expenses				16 405		16 405
Dividend 2016					-66 407	-66 407
Equity at 31.12.2017	**27 513**	**-65**	**351 262**	**52 316**	**-150 014**	**281 013**

Other paid in equity are funds which can be allocated by the General Assembly.

Note 1 - General information

General information

StrongPoint ASA is based in Norway with its registred office at Slynga 10 in the municipality of Rælingen. The company is listed at the Oslo Stock Exchange with the ticker STRONG. The group's main business is the supply of innovative and integrated technology solutions to stores, labels, and secure transportation and ATM solutions for the handling of cash. The company is divided into three business areas: Proprietary Technologies, 3rd Party Technologies and Labels.

The proposed annual financial statements were adopted by the board and CEO on the date shown on the signed balance sheet. The annual financial statements will be reviewed by the ordinary general meeting for final approval.

The consolidated financial statements have been prepared in

Note 2 - Accounting principles

accordance with the EU approved International Financial Reporting Standards (IFRS) and associated interpretations and with additional Norwegian disclosure requirements pursuant to the Accounting Act, Stock Exchange Regulations and stock exchange rules applicable to financial statements completed by 31.12.2017. The consolidated financial statements have been produced based on historical costs with the exception of certain financial instruments, which have been given at their fair value. The group has incorporated all standards and statements required to financial statements prepared as at 31.12.2017. The introduction of changes and new standards has not resulted in adjustments, as StrongPoint not has engaged in transactions or events during 2017 that are affected by the changes.

The consolidated financial statements are presented in thousand Norwegian kroner unless otherwise stated.

Estimates and judgements

Estimates and underlying assumptions for valuation are reviewed and evaluated continually. Changes in accounting estimates are factored in in the period the estimates are changed and in any future periods that are affected. Areas particularly affected by judgements and estimates include the recognition of intangible assets, goodwill, deferred tax assets, obsolete stock and warranty provisions . The judgements made are detailed in Note 25.

Consolidation principles

The consolidated financial statements have been prepared to show StrongPoint as a unit. This involves consolidating all companies where Strongpoint has direct or indirect control and elimination of internal transactions and balances. An entity is consolidated from the date when the Group achieve control and closes when control is no longer achieved.

Associated companies are evaluated using the equity method within the group. Associated companies are entities over which the group has considerable influence but no overall control (normally in the case of stakes between 20% and 50%) over their financial and operational management. In the case of a transfer from shares available for sale to associated companies, former assets are valued at fair value, and unrealised increase in value which earlier have been recognised directly as income and costs in the statement of comprehensive income, will be reversed. Share of profit after tax in associated companies are recognized on a separate line in the P&L below the sales revenue. Investments in associated companies are tested for impairment indicators based on the principles in IAS 39. If there are objective indications of impairment, impairment tests are conducted in accordance with IAS 36.

Any other investments are considered to be investments available for sale and are recognised in accordance with IAS 39 at their fair value and with any change in value through the comprehensive income.

Translation of foreign currency

The accounts of individual entities within the group are measured in the local currency in each country (functional currencies). The functional currencies mainly consist of NOK, SEK and EUR. The consolidated financial statements have been prepared in NOK, which is both the functional currency and the reporting currency of the parent company and the Norwegian subsidiary.

When converting units in foreign currency, the balance sheet is converted to the closing rate on the balance sheet date, while the income statement is converted to the average monthly exchange rate. The net effect of the translation is recognized as translation differences in the comprehensive income.

Loans from an entity within the group to overseas entities where repayment has not been planned or is not likely in the foreseeable future, are considered as part of the net investment in overseas activities, while foreign exchange gains or losses linked to such loans are recognised as translation differences in the statement of comprehensive income.

Fixed assets

Fixed assets are recognised at their acquisition cost less any accumulated impairments and depreciation. Costs of existing assets are capitalized, while ongoing maintenance is expensed.

The assets are subject to straight line depreciation in order that the acquisition cost of the assets is depreciated at the residual value after the expected useful life of the assets, which is:

Fixtures and equipment 3–5 years
Machinery 3-10 years
Plant and property (production and warehouse facilities) 20 years
Land values are not depreciated

The useful life of the assets, depreciation method and their residual value are revalued on each balance sheet date and adjusted if necessary. When the balance sheet value of a fixed asset is higher than the estimated recoverable amount, the value is reduced to the recoverable amount. Any profit and loss on disposal of the asset is recorded as the difference between sale price and balance sheet value.

Any fixed assets hired on terms that predominantly sees the transfer risk and rewards to StrongPoint (financial leasing) are activated as fixed assets at the current value of the minimum hire amount, alternatively at their fair value if this is lower. The commitment is recognised as a long-term liability.

In the case of any other hire agreements the hire amount is carried as an operating cost and distributed systematically throughout the hire period (operational leasing).

Financial leasing

Assets that have been financed by financial leasing, and where there is not reasonable assurance that StrongPoint acquires ownership at the end of the lease are depreciated over the duration of the shortest period of the leasing contract or the asset's useful life.

Intangible assets

Intangible assets are assessed at their cost price, less any accumulated write-downs and depreciation, and are considered periodically for depreciation in the case of a fall in value. Any losses in relation to fall in value are recognised as operating costs.

Economic life is either specific or indefinite. Intangible assets with specific lives are amortized over economic life and tested for impairment when there are indications on this. The depreciation method and -period are considered at least yearly. Changes in depreciation method and -period are treated as changes in estimates.

Intangible assets with indefinite lives are impairment tested at least yearly, either individually or as part of a cash-generating unit. Intangible assets with indefinite lives are not amortized. The lifetime are considered yearly with regard to whether the assumption of an indefinite useful life can be defended.

Goodwill and other intangible assets on acquisitions

Any differences between the acquisition compensation and the fair value of net identifiable acquired assets are classified as goodwill. In the case of gradual acquisitions made in stages, former assets are valued at fair value at the time of acquisition. Any alterations related to booked value on former assets are recognized in the statement of comprehensive income.

On the balance sheet date the group evaluates the book value of the goodwill. Expensing of loss due to fall in value is recognised if the recoverable amount related to the entity in question falls below book value of the entity included goodwill.

Negative goodwill related to acquisitions is realized immediately as income on the date of acquisition.

Goodwill is not depreciated.

Identifiable intangible assets from acquisitions are booked at fair value at the time of acquisition. This includes items such as technology, brand and customer relationships. Brand value/trademarks are not depreciated, but they are tested annually for impairment along with goodwill. The other items are depreciated throughout their estimated life cycle as with development cost.

Development costs

Product development costs that can be reliably measured and if the products are likely to be finalized, utilized and provide future financial benefits, are capitalised as intangible assets and depreciated. Research into new products and maintenance of existing products are expensed as costs. Capitalised expenses include in-house payroll costs and outsourced services. Capitalixed expenses are reduced with any government grants received related to this development.

Capitalised development is depreciated over the period during which the products are expected to generate earnings. Activated development, expected earnings and any residual value are reassessed on each balance sheet date and adjusted if necessary.

Inventories

Inventories are assessed at its acquisition cost or net realisable value, whichever is lower. The acquisition cost of inventories is based on the "first in, first out method" (FIFO) and includes costs in relation to the acquisition, the cost of production or reworking, as well as any other cost of bringing the inventories to its present location and condition.

The net realisable value is the estimated sale price under ordinary condition less the estimated cost of preparation and completion at the transfer date.

Provisions for obsolescence are, where possible, made on an individual basis. If it is not possible to carry out an individual assessment, provisions for obsolescence are made based on the current speed of inventory turnover.

Accounts receivables

Accounts receivable is measured in line with classification and measurement rules of IAS 39 for loans and receivables at amortised cost. Provisions are made for expected losses. Changes in provision are booked as other operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits.

Pension commitments, bonus schemes and other staff compensation schemes

a) Pension commitments

The Norwegian employees have a pension schemes in line with the statutory and obligatory company pension sheme, and is a defined contribution plan. The Swedish subsidiaries have collective pension schemes in place for their employees. Due to the lack of data available and the structure of the plan it is considered a multi-employer plan in accordance with IFRS and is recognised as a contribution-based plan.

b) Bonus schemes
The group recognises a commitment and a cost for bonus schemes. The group recognises a provision where there are contractual obligations or a precedent that generates a self-imposed obligation.

c) Share program
The Group has a share program for the executive management where members have the opportunity to buy shares for up to NOK 500 000 per year with 20 per cent discount. In addition, all employees in the Norwegian, Swedish and Baltic companies are offered to buy shares for up to NOK 25 000 with 20 per cent discount. The discount after tax decuction are paid to the employee. The discount is recognized as a personnel cost.

Income
Income from the sale of goods and services is stated at its fair value, net after deductions for value added tax, returns, reductions and discounts. Intercompany sales are eliminated. Revenue from the sale of goods is recorded when an entity within the group has delivered the goods to the customer, the customer has accepted the product and the customer's ability to settle the account has been satisfactory confirmed. Services are recorded as income based on the number of hours supplied.

Long-term service agreements are recognised straight line over the period that the agreement is in force.

Tax
Tax expenses are linked to the recorded profit and comprise tax payable and changes in deferred tax.

Deferred tax is calculated on temporary differences between the taxable value and consolidated accounting value of assets and debts, with the exception of goodwill, which is not tax deductible. Deferred tax is calculated by applying rates of tax and tax legislation that are in force, or all but in force, on the balance sheet date and that are expected to be applied when the deferred tax asset is realised or when the deferred tax is settled. Positive and negative differences are assessed against each other within the same time interval. Deferred tax assets are recognised on the balance sheet to the extent that it is likely that future taxable earnings will be present and the temporary differences can be deducted from these earnings.

Equity and cost of equity
Debts and equity:
Financial instruments are classified as debt or equity in accordance with the signed agreement at the time of payment.

Interest, dividends, profits and losses relating to a financial instrument classed as debts are reported as costs or income. Dividend to holders of financial instruments classed as equity will be recognised directly against the equity.

Cost of equity transactions
Transaction costs directly linked to an equity transaction are recognised directly through equity after the deduction of tax.

Provisions
A provision is recognised when the group has an obligation (legal or selfimposed) resulting from a previous event if it is likely (more likely than not) that there will be a financial settlement as a result of this obligation, and if the size of the amount can be reliably measured. If the effect is significant the provision is calculated by expected future cash flows and, if relevant, any risks specifically linked to the obligation. Provisions for warranties are recognised when the underlying products and services are sold. The provisions are based on historic information about warranties and on a weighting of the possible outcomes compared with the likelihood that they will occur.

Financial instruments
A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group has classified its financial assets and liabilities in the following categories: accounts receivables and other financial assets and current assets, available for sale (shares), cash and cash equivalents, accounts payable and other non-interest bearing financial liabilities and interest bearing liabilities. The categorization of the financial assets and liabilities for measurement purposes is done based on the nature and purpose of the financial instrument and is determined at initial recognition. The group does not use fair value options.

The Group has financial assets classified in the following categories: loans, receivables and available for sale. Loans and receivables comprise unlisted assets with payments that are fixed or determinable and which are not derivatives. Financial assets available for sale consist of assets that are not derivatives designated as available for sale or classified in any of the other categories. The Group has financial liabilities classified in the following categories: financial liabilities at amortized cost. Financial liabilities at amortized cost consist of liabilities that do not fall under the category of fair value through profit and loss.

The financial instruments is recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions, through the recognition of the contract date. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right and intention to settle the contracts net, otherwise the financial assets and liabilities are presented gross.

Gains and losses on derecognition of financial assets and financial liabilities are classified by type of financial instrument and by accounting portfolio. For each item net realized gains or losses attributable to the transaction which is deducted is reported. The net amount is the difference between realized gains and realized losses.

Borrowing costs
Borrowing costs are recorded when the borrowing costs occurs. Borrowing costs are capitalized when directly related to the purchase or manufacture of a fixed asset.

Segment reporting
For management purposes the group is divided into three separate units according to their product/service definition. The units form the basis for segment reporting.

Government grants
Government grants are recognised if there are reasonable grounds to believe that the company will meet the criteria of the grant and the grant will be awarded. The recognition of operating grants shall be recognised systematically during the grant period.

Fixed assets held for sale and discontinued operations
Fixed assets and groups of fixed assets and debts are classified as held for sale if their carrying amount primarily can be recovered through a sales transaction rather than continued use.

New standards and interpretations not yet taken into use
A number of new standards, changes to standards and interpretations that have not been applied will be effective for annual accounts starting after January 1, 2018. StrongPoint has chosen not to implement any of the standards early.

IFRS 9 Financial instruments
IIFRS 9 Financial instruments will replace today's IAS 39 Financial Instruments - Recognition and Measurement. IFRS 9 deals with recognition and derecognition, classification and measurement, impairment, and hedge accounting. IFRS 9 is effective from 1 January 2018 and is approved by the EU. StrongPoint has made an assessment of the accounting consequences of the new standard and has concluded that the standard at the time of implementation will not have a significant effect on the accounts. New principles for impairment of financial assets with increased focus on forward-looking information could result in increased volatility in the accounts in the future.

Classification and measurement
Financial assets
According to IFRS 9, financial assets are to be classified into one of three measurement categories: fair value with changes in value through profit or loss, fair value with changes in value other income and expenses (OCI) and amortized cost. For financial assets, it is distinguished between debt instruments, derivatives and equity instruments, where debt instruments are all financial assets that are not derivatives or equity instruments.

Financial assets that are debt instruments
Debt instruments with contractual cash flows that are only payment of interest and principal on given dates and held in a business model for the purpose of receiving contractual cash flows shall be measured at amortized cost. Instruments with contractual cash flows that are only payment of interest and principal on dates given in a business model both for receiving cash flow and for sale shall be measured at fair value over the OCI, with interest income, currency translation effects and any write-downs presented in the ordinary result. Changes in value carried over OCI shall be reclassified to profit or loss on sale or other disposal of the assets. Other debt instruments shall be measured at fair value through profit or loss. This applies to cash flow instruments that are not only payment of interest and principal, and instruments held in a business model where the purpose is not receipt of contractual cash flows. Instruments that are initially measured at amortized cost or at fair value over the OCI can be designated at fair value through profit or loss if this eliminates or substantially reduces an accounting mismatch.

Derivatives and investments in equity instruments
All derivatives should initially be measured at fair value with a change in value in the income statement, but derivatives designated as hedging instruments shall be accounted for in accordance with the principles of hedge accounting. Investments in equity instruments shall be measured in the balance sheet at fair value. Changes in value are generally included in the ordinary result, but an equity instrument that is not held for trading purposes and which is not a conditional consideration after a business transfer can be designated for measurement at fair value over the OCI.

Impairment of financial assets
Under current rules, write-downs for losses will only take place when there is objective proof that a loss event has occurred after the first time capitalization. According to IFRS 9, loss provisions will be recognized based on the expected credit loss (ECL). The general model for write-downs of financial assets in IFRS 9 will apply to financial assets measured at amortized cost or at fair value over OCI and which had no impairment losses on initial recognition. In addition, there are also loan commitments, financial guarantee contracts that are not measured at fair value through profit or loss and lease agreements are included. The measurement of the provision for expected losses in the general model depends on whether credit risk has increased significantly since first-time capitalization. At initial recognition, and when credit risk has not increased significantly after initial recognition, it will be deducted for 12-month expected loss. 12-month expected loss is the loss that is expected to occur over the life of the instrument, of which can be linked to events occurring in the first 12 months. If the credit risk has increased significantly after initial recognition, it will be deducted for expected loss over the entire life span. Expected credit losses are calculated based on the present value of all cash flows over the remaining expected life, ie the difference between the contractual cash flows under the contract and the cash flow that the company expects to receive, discounted at the effective rate of interest on the instrument.

For account receivables without significant financing component, a simplified model should be used, where a provision is made for expected loss over the entire lifetime of initial capitalization. It is possible to use a simplified model for accounts receivable with significant financing elements and rent receivables.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers regulates revenue recognition and replaces all existing standards and interpretations for revenue recognition and has an accounting effect from 1 January 2018. The core principle in IFRS 15 is that revenue is recognized to reflect the transfer of agreed goods or services to customers , and then to an amount reflecting the consideration the company is expected to be entitled to in return for these goods or services. The standard applies with a few exceptions to all income-generating contracts with customers and contains a model for recognition and measurement of sales of certain non-financial assets (eg sale of property, plant and equipment).

In 2017, the Group conducted an analysis of its revenue recognition principles and assessed necessary changes in relation to the implementation of IFRS 15. The main content of these assessments has been identification of delivery obligations and assessment of time-fixing of income according to the five-step model in IFRS 15.

StrongPoint's revenues consist mainly of sales of products and sales of services, both of which are covered by IFRS 15. The Group has considered that sales of products and services are considered as separate delivery obligations where the current revenue principle is not considered to be significantly affected by implementation of IFRS 15.

Consequently, the Group does not expect any significant changes in the measurement or recognition of the Group's revenues as of the date of entry into force 1.1.2018, and it is not expected that the standard will result in significant changes in revenue recognition in the future. IFRS 15 will be implemented using a full retrospective method.

IFRS 16 Leases

IFRS 16 Leases replace the existing IFRS standard for leases, IAS 17 Leases. IFRS 16 sets out the principles for recognition, measurement, presentation and information about leases for both parties in a lease, ie the customer (lessee) and supplier (lessor). The new standard requires the lessee to recognize assets and liabilities for most leases, which is a significant change from today's principles. The standard enters into force on 1 January 2019 and is approved by the EU. New standard will take effect for fiscal years starting January 1, 2019 or later.

New IFRS 16 on leases will lead to a significant change in accounting policies related to rental costs. All significant leases shall, for accounting years beginning 2019 or later, be capitalized. This will provide a right of use on the asset side and a corresponding liability on the debt side. The Group's preliminary assessment is that IFRS 16 will mainly include rent and lease of operating assets (see note 16) and that implementation of the standard will result in significant changes at the effective date compared with total assets and liabilities. The group has not taken a final position on how the standard will be implemented (full retrospective method or modified retrospective method) and will complete the analysis of expected effects in 2018.

Note 3: Segment information

The segment information is based on reported revenues, EBITDA, EBT and assets for the legal entities included in the segment, with eliminations of internal items within the segment. Intra-group items are included in the column Eliminations. Eliminations consists of internal sales with associated costs, intercompany balances, goodwill, intangible assets and other group postings. Internal sales are based on market prices.

Management fee invoiced from StrongPoint ASA to subsidiaries are not included in the numbers below.

a) Business segment

	Proprietary Technologies		3rd Party Technologies		Labels		StrongPoint ASA		Eliminations		Consolidated	
KNOK	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Sales revenue, external customers	449 061	578 387	337 007	374 791	165 320	166 386	-	-	-	-	951 388	1 119 565
Sales revenue, internal customers	-	1 218	1 485	1 151	11 111	12 626	-	240	-12 597	-15 236	-	-
Total sales revenue	**449 061**	**579 606**	**338 492**	**375 943**	**176 431**	**179 012**	**-**	**240**	**-12 597**	**-15 236**	**951 388**	**1 119 565**
Share of profit associated companies	-	-	90	601	-	-	-	-	-	-	90	601
Spesification sales revenue and share of profit associated companies:												
Sale of products, external customers	249 839	371 048	241 628	275 408	165 320	166 386	-	-	-	-	656 787	812 843
Sale of products, internal customers	-	1 218	1 485	1 151	11 111	12 626	-	240	-12 597	-15 236	-	-
Sale of installation and service, external customers	199 222	207 339	95 469	99 984	-	-	-	-	-	-	294 690	307 323
EBITDA	20 400	80 480	27 031	30 851	24 931	18 223	-17 916	-17 876	-2 000	-	52 446	111 679
EBT	7 507	68 847	19 622	23 396	9 805	4 199	28 433	55 041	-51 135	-72 250	14 231	79 233
Assets	665 877	541 685	137 671	148 441	113 863	118 704	454 083	395 012	-675 885	-544 519	695 609	659 323
Liabilities	372 134	243 896	85 624	88 864	25 982	80 570	204 920	120 373	-274 063	-195 363	414 597	338 342
Working capital	117 491	95 562	57 127	37 088	25 354	26 734	-1 229	-358	-330	895	198 413	159 921
Investment in fixed assets	9 637	18 015	7 138	5 806	834	5 279	332	318	-	-	17 941	29 417

EBITDA is operating profit before depreciation and amortization
EBT is profit before tax
Working capital is inventory plus accounts receivables minus accounts payables

Business area
The group is divided into three business areas. This is done because the group want to show sales and profit generated by each business area throughout the value chain within StrongPoint. This forms the basis of the various segments and of reporting to the Group management and board. The group management has in the fiscal year 2016 followed up the business area based on reported sales revenues, EBITDA and EBT.

Proprietary Technologies
Comprises sales and services of solutions, based on StrongPoints patented technology solutions. The major solution areas are Cash Management, Click & Collect, Select & Collect and Cash Security. The figures in the business area show sales and profit generated by the technology products throughout the value chain within StrongPoint.

3rd Party Technologies
The business area delivers innovative retail solutions from third party world leading technology providers. The figures in the business area show sales and profit generated by the technology products throughout the value chain within StrongPoint.

Labels
The business area offers leading expertise and production of adhesive labels in Norway and Sweden. The figures in the business area show sales and profit generated by the technology products throughout the value chain within StrongPoint.

B) Geographical information

	Norway		Sweden		Other markets		Consolidated	
KNOK	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Sales revenue:								
Proprietary Technologies	124 914	199 555	129 472	202 500	194 675	177 551	449 061	579 606
3rd Party Technologies	120 712	137 380	142 902	152 517	74 967	86 646	338 582	376 543
Labels	60 771	58 375	111 704	117 862	3 956	2 775	176 431	179 012
StrongPoint ASA	-	240	-	-	-	-	-	240
Elimination	-45	-677	-11 195	-12 811	-1 357	-1 747	-12 597	-15 236
	306 352	**394 872**	**372 884**	**460 069**	**272 241**	**265 225**	**951 477**	**1 120 166**
Fixed assets	36 685	44 318	258 118	216 039	29 588	27 308	324 391	287 665
Book value associated companies	634	1 144	-	-	-	-	634	1 144
This years investments in fixed assets	679	1 993	9 827	22 572	7 434	4 852	17 941	29 417

The group is focusing on growth outside its domestic markets in Norway and Sweden and therefore also reports on turnover growth in relation to geographical areas. Geographical location is determined by the customers location.
There are no customers who represent 10% or more of revenues in the individual business areas in 2017.
Revenue per customer is based on sales to legal entities and not the chains.

Note 4: Changes in the group structure

Changes in 2017:

Liquidations and sales

- Vensafe AB and SQS Security Qube System GmbH was liquidated.
- S.P.C Swedish Protection and Consulting AB was sold.

The activities in these companies have been transferred to other companies in the Group.

Acquisition of Cub Business Systems AB

14 December 2017, StrongPoint ASA acquired 100 % of the shares in the Swedish company Cub Business Systems AB.

StrongPoint has designated e-commerce as a focus area, and is far ahead in offering technology and solutions for picking up goods through Click & Collect pickup stations. Cub offers complementary solutions that streamline warehousing in stores / warehouses, and provide effective delivery to customers, home or via Click & Collect pickup stations.

The purchase price is agreed at KSEK 30 000, of which one year's seller credit of 50 per cent of the purchase price. In addition, its agreed performance based earn-out for the years 2018-2020, based on Cubs profit before tax. StrongPoint, in cooperation with Cub, has estimated the profit before tax for the next 3 years, which has been used to estimate future earn-out, resulting in a provision of TSEK 23,194 as at 31 December 2017. The earn-out will be paid to Cub Holding AB yearly after each accounting year in the period 2018-2020, if the goal is achieved.

Cub is located in Täby, outside of Stockholm, and has 22 employees with very high industry knowledge in retail sales, a turnover of KSEK 48 699 in 2017 and a result of KSEK 2 407. Today, Cub has more than 6,000 installations mainly in Sweden, and the potential is considered significant in a number of StrongPoints other markets. The company provides solutions for retail, warehousing and logistics.

Due to the short period from the acquisition date to the end of the balance sheet date, the company's operating income and profit before taxes are insignificant for the consolidated financial statements. Deferred tax liabilities consist of tax profit carried forward.

There are identified additional value related to technology of KSEK 22,825 based on estimated costs for developing the corresponding system itself and added value to faster access to customers of KSEK 13,695. The additional values will be written off over 5 years.
Included in the value of goodwill is employees with special skills and expected synergies with StrongPoint's existing business. These intangible assets do not meet the recognition criteria in IAS 38 and are therefore not recorded separately. Recorded goodwill is allocated to the cash-generating unit Cub Business Systems AB. Goodwill is not amortized. However, it is subject to impairment tests annually.

Allocation of excess values related to acquisition in 2017 distributed as follows:

	Fair value calculated on acquisition
KNOK	**Cub Business Systems AB**
Assets	
Cash and cash equivalents	14 375
Accounts receivables	11 573
Inventories	315
Total assets	**26 263**
Liabilities	
Deferred tax liabilities	-750
Accounts payable	-8 803
Other short term debt	-12 603
Total liabilities	**-22 156**
Net identifiable assets at fair value	4 107
Technology (own developed software)	22 825
Customers relations	13 695
Goodwill	20 021
Deferred tax assets	-8 035
Purchase amount	**52 614**
Cash	14 837
Vendor loan (offset by calculating the final earnout)	37 778
Purchase amount	**52 614**
Paid in cash	14 837
Cash received	-14 375
Net cash out	**462**

The acquisition analysis is not final.

Changes in 2016:

Liquidations

CashGuard SAS, SQS UK and CashGuard Ltd. was liquidated.

Acquisition of PYD Seguridad

16 December 2016, StrongPoint ASA acquired 100 % of the shares in the Spanish company PYD Seguridad S.L.

The purchase price was EUR 451 480 and was paid in full at the signing of the sales- and purchase agreement. The price was based on an expected annual profit of EUR 200 000 in 2017. StrongPoint assumes responsibility for all net interest bearing debt related to operations in PYD Seguridad S.L. at approximately EUR 500 000. In addition, the parties have agreed to an earn-out based on an average annual growth rate of 20 percent in 2017-2019. As at 31.12.16 EUR 389 700 was booked as estimatet amount on earn-out. The earn-out will be paid yearly after each accounting year in the period 2017-2019, if the goal is achieved.

The company had 12 employees and an expected turnover of EUR 3.5 million in 2017. StrongPoints knows PYD Seguridad well through several years of active cooperations. PYD Seguridad S.L. is an ambitious Spanish sales company established in 1999 with headquarters in Madrid. The company covers the whole of Spain through its own sales staff, service technicians and third-party representatives.

PYD Seguridad S.L. has been a reseller of StrongPoint's Cash Management solution, CashGuard, for over 10 years. The company changed its name to StrongPoint S.L.U. and will offer the entire StrongPoint product portfolio. PYD Seguridad S.L. has delivered and installed several hundred CashGuard systems in Spain, Portugal and Andorra. The company played a crucial role in the successful deployment of 524 CashGuard systems to the Spanish retail chain Alimerka in 2016.

The founder and principal owner of PYD Seguridad S.L., Javier Aguilera, continued as Managing Director and joined the StrongPoint EMEA Management team.

Note 5 - Other operating expenses

KNOK	2017	2016
Rent, electricity, cleaning	32 111	31 509
Marketing	5 572	5 463
Vehicles	16 498	17 140
Other fees	24 884	27 416
Travel	10 898	10 758
Maintenance machinery/tools	6 440	7 214
IT/ICT	10 865	11 252
Communications	5 129	5 186
Bad debts	532	-1 070
Audit etc.	2 567	2 703
Government grants (Skattefunn)	-5 000	-4 259
Stock exchange and VPS costs	729	682
Insurance costs	1 840	1 815
Consumables	8 783	2 906
Other costs	6 263	7 453
Total	**128 112**	**126 168**

Specification of recognised auditors fee (KNOK)	2017	2016
Fee for auditing services	2 033	1 535
Fee for tax advise	17	-
Fee for other services 1)	517	1 168
Total 2)	**2 567**	**2 703**

Auditors fee are exclusive of VAT, with the exception of transaction expenses.
1) Includes KNOK 292 (KNOK 426) regarding transaction expenses.
2) Of which TNOK 97 applies to auditors other than EY.

Note 6: Investment in associated companies

StrongPoint ASA owns 49,9997 % of the shares in Vårdal Butikkdata AS. The company carries out servicing on behalf of StrongPoint AS, in areas where the company does not have its own service organisation.

StrongPoint ASA had the following investments in associated companies as at 31 December 2017:

KNOK			Stake	Book value	Book value	Dividend paid in	Share of net profit	Book value
Entity	**Country**	**Industry**	**31.12.2017**	**31.12.2017**	**31.12.2016**	**2017**	**2017**	**31.12.2017**
Vårdal Butikkdata AS	Norway	Service company	50 %	1 700	1 1z44	-600	90	634
Total				**1 700**	**1 144**	**-600**	**90**	**634**

An overview of financial information about the associated company, based on 100 %:

KNOK				2017		
Entity	**Current assets**	**Fixed assets**	**Debt**	**Equity**	**Turnover**	**Profit for year**
Vårdal Butikkdata AS	3 622	473	2 827	1 268	13 557	199
Total	**3 622**	**473**	**2 827**	**1 268**	**13 557**	**199**

KNOK				2016		
Entity	**Current assets**	**Fixed assets**	**Debt**	**Equity**	**Turnover**	**Profit for year**
Vårdal Butikkdata AS	4 325	449	2 485	2 288	15 051	1 201
Total	**4 325**	**449**	**2 485**	**2 288**	**15 051**	**1 201**

Note 7: Shares in other companies

KNOK	2017			2016		
Company	**Number**	**Cost price**	**Market value**	**Number**	**Cost price**	**Market value**
Other long term investments:						
Auka AS	17 000	476	476	17 000	476	476
Other companies		-	-		5	5
Total		**476**	**476**		**481**	**481**

The shares are classified as assets available for sale, and is booked at purchase price.
The shares are classified as available for sale when they are not of strategic importance for the Group.

Note 8: Financial items

KNOK	2017	2016
Interest income	2 131	1 792
Currency adjustment bank and unpaid receivables and liabilities	-	3 443
Other financial income	718	1 090
Total financial income	**2 849**	**6 326**
Interest expense	-4 340	-3 691
Currency adjustment bank and unpaid receivables and liabilities	-2 895	-1 555
Other financial expenses [1)]	-1 288	-161
Total financial expenses	**-8 523**	**-5 407**
Net financial items	**-5 674**	**919**

1) Other financial expenses is primarily related to financial liabilities.
Currency differences relating to the payment of purchases are recorded as cost of goods and constitutes a cost of KNOK 1 092 in 2017 (revenue of KNOK 274 in 2016).
Currency differences relating to the payment of sales revenues are recorded as sales revenues and constitutes a revenue of KNOK 1 869 in 2017 (revenue of KNOK 1 077 in 2016).

Note 9: Payroll costs and number of employees

KNOK	2017	2016
Salaries	211 011	216 582
Severance packages	866	1 294
Director's fee and Nomination Committee	1 423	1 292
Social fee	56 971	58 152
Pension costs	16 359	16 963
Other payroll costs	12 287	15 303
Total payroll costs	**298 916**	**309 587**
Number of full-time employees employed during the year:	556	580
Number of employees at the end of the year:	580	580

The Norwegian employees have a pension schemes in line with the statutory and obligatory company pension sheme, and is a defined contribution plan. The Swedish subsidiaries have collective pension schemes in place for their employees. The pension schemes are signed in the following companies: Collectum / Allecta, Fora, SEB Trygg Liv, SPP Livförsäkring, Skandia Livförsäkring, AMF Pensionsförsäkring, Storebrand Livförsäkring, Nordea and Movestic Livförsäkring AB. A total of 215 employees in Sweden are included in the schemes. Due to the lack of data available and the structure of the plan it is considered a multi-employer plan in accordance with IFRS and is recognised as a contribution-based plan. The pension premium and costs in Sweden was KNOK 12 171 in 2017. In 2016 the pension premium and costs in Sweden totalled KNOK 12 779.

The Board of Directors will submit the following declaration in accordance with the Norwegian Public Limited Companies Act §6-16a for the General Meeting's approval:

Declaration of determination of salaries and other remuneration to the CEO and other Executive Management

The main principle of StrongPoint ASA's managerial salary is that the executive management should be offered terms that are competitive when salaries, fringe benefits and bonus are seen as whole.

Regarding salaries and other remuneration to executives this year it will take place in accordance with the above principle. As a guideline for the executive management there may be an allowance in addition to the salary (bonus), but then limited to a percentage of the salary and linked to the achievement of quantitative and qualitative targets set by the Board.

The company currently has no option schemes for executive employees and does not plan to introduce this. The company has no pension plans for executive employees other than the statutory.

The Board wants the members of the executive management to have shares in the company. It is therefore introduced a share program for the executive management where members have the opportunity to buy shares for up to NOK 500 000 per year with 20 % discount. In addition, a employee share program is conducted, in which all employees in the Norwegian, Swedish and Baltic companies are allowed to buy shares for up to NOK 25 000 with 20% discount.

Executive employees have company car, free phone, internet and newspaper by appointment, but no fringe benefits beyond this. Regarding severance the CEO in StrongPoint ASA and SVP & MD EMEA has, if terminated from the company, a right of 6 months severance beyond salary during the notice period of 6 months. The board sets the CEO's compensation package on an annual basis. Other executives do not have severance beyond the notice period of 6 months for employees in Norway and 12 months for employees in Sweden.

The Board has set a limit regarding performance-based renumeration for the CEO and other executive management. It cannot exceed 40% of the salary. The basis for bonuses consists of both financial and non-financial criteria.

Salaries and remuneration for Group management and Directors:

KNOK	2017	2016
	Director's fee	Director's fee
Board of Directors at StrongPoint ASA		
Svein S. Jacobsen, Chairman	429	432
Erik Pinnås, former Director	-	69
Camilla Tepfers, Director	213	206
Klaus De Vibe, Director	234	242
Inger J. Solhaug, Director	213	206
Morthen Johannessen, Director	213	137
Total Board of Directors [1]	**1 303**	**1 292**

1) Transactions with close associates are described in note 18.

KNOK	2017					2016				
	Salary	Bonus	Company car	Other remuneration	Pension expenses	Salary	Bonus	Company car	Other remuneration	Pension expenses
Group management										
Jørgen Waaler, CEO	2 563	-	29	9	155	2 315	477	29	20	77
Anders Nilsen, CFO	1 274	-		7	155	1 242	326	-	29	82
Per Herseth, SVP Business development / M&A	1 304	-		23	152	1 298	150	-	30	74
Total Group management	**5 142**	**-**	**29**	**39**	**461**	**4 854**	**953**	**29**	**79**	**233**

1) Bonus to Executive Management in 2017 is based on the achieved revenue and EBITDA compared to budget in 2017, and growth ambitions, and will be paid in 2018. The bonus is not related to the development in the stock-price.
2) As at 31 December 2017, no loans have been given or security put up on behalf of members of the management team or board of directors.
3) The Norwegian Executive Management have a pension scheme in line with the collective and obligatory company pension sheme.

The following members of the management team and Board of Directors own shares or share options in the company as at 31.12:

	31.12.17	31.12.16
Board of Directors at StrongPoint ASA		
Svein S. Jacobsen, Chairman [1)]	400 000	400 000
Klaus de Vibe, Director [2)]	78 660	78 660
Total Board of Directors	**478 660**	**478 660**

	31.12.17	31.12.16
Group management		
Jørgen Waaler, CEO [3)]	1 000 000	1 060 000
Anders Nilsen, CFO	66 500	66 500
Per Herseth, SVP Business development / M&A [4)]	129 043	124 043
Total	**1 195 543**	**1 250 543**

1) Svein S. Jacobsen's shares are owned through the company Sveinja Invest AS.
2) Klaus de Vibes shares are owned through the company De Vibe AS.
3) The CEO's shares are privately owned and through the company Waaler AS.
4) Per Herseths shares are owned through the companies Herseth AS and Gardd McGillan & Co. AS.
No employees or Directors have stock options.

Note 10: Fixed assets

Buildings and land (KNOK)	Land Norway	Buildings Sweden	Buildings Norway	2017 Total	Land Norway	Buildings Sweden	Buildings Norway	2016 Total
Acquisiton costs 01.01.	825	2 056	6 675	9 556	825	2 056	6 675	9 556
Acquisiton costs 31.12	**825**	**2 056**	**6 675**	**9 556**	**825**	**2 056**	**6 675**	**9 556**
Accumulated depreciations 01.01.	-	-2 048	-3 160	-5 208	-	-2 033	-2 777	-4 810
Accumulated depreciations 31.12.	-	-2 048	-3 543	-5 590	-	-2 048	-3 160	-5 208
Translation differences	-	-8	-	-8	-	-8	-	-8
Book value 31.12	**825**	**-**	**3 132**	**3 957**	**825**	**-**	**3 515**	**4 340**
Depreciations of the year	-	-	-383	-383	-	-15	-383	-398
Depreciation ratio	0%	5%	5%		0%	5%	5%	
Depreciation method		Straight line	Straight line			Straight line	Straight line	

Equipment, vehicles, inventories (KNOK)	Equipment	Financial leasing carried on	2017 total	Equipment	Financial leasing carried on	2016 Total
Acquisiton costs 01.01.	99 822	73 338	173 160	89 148	50 312	139 460
Acquired by aquisition	-	-	-	676	-	676
Acquired	15 446	2 495	17 941	28 512	25 001	53 513
Divestment	-35 969	-2 423	-38 392	-17 077	-842	-17 918
Translation differences	1 498	1 463	2 962	-1 438	-1 133	-2 571
Acquisiton costs 31.12	**80 797**	**74 874**	**155 670**	**99 822**	**73 338**	**173 160**
Accumulated depreciations 01.01.	-57 188	-34 872	-92 060	-60 877	-28 263	-89 140
Acquired by aquisition	-	-	-	-372	-	-372
Divestment	35 195	374	35 569	14 399	-	14 399
Accumulated depreciations 31.12.	-34 897	-43 390	-78 286	-57 188	-34 872	-92 060
Book value 31.12	**45 900**	**31 484**	**77 384**	**42 634**	**38 466**	**81 100**
Depreciations of the year	-9 130	-8 892	-18 022	-8 861	-6 609	-15 470
Depreciations of the year Alimerka booked as cost of gods sold	-3 774			-1 477		
Depreciation ratio	10-33%	10-33%		10-33%	10-33%	
Depreciation method	Straight line	Straight line		Straight line	Straight line	

See note 16 for information about the comittments related to the financial leasing. Some equipment has been fully depreciated as of 31 December 2017 but is still in use. StrongPoint has no contractual purchasing obligations.

Note 11: Intangible assets

Other intangible assets (KNOK)	2017						2016					
	Technology	Brand	Customer	Software	Other	Total	Technology	Brand	Customer	Software	Other	Total
Acquisiton costs 01.01.	148 220	36 353	66 737	18 728	566	270 604	153 241	36 353	63 770	17 560	549	271 473
Acquired by aquisition	22 825	-	13 695	-	-	36 521	-	-	2 967	-	17	2 984
Acquired	-	-	-	10	375	385	180	-	-	725	-	905
Divestment	-5 100	-	-	-	-549	-5 649	-5 201	-	-	443	-	-4 758
Acquisiton costs 31.12.	**165 946**	**36 353**	**80 432**	**18 738**	**392**	**301 861**	**148 220**	**36 353**	**66 737**	**18 728**	**566**	**270 604**
Accumulated impairments and depreciations 01.01.	-137 048	-15 678	-50 712	-12 835	-504	-216 777	-134 173	-15 678	-43 861	-10 525	-500	-204 737
Access depreciation acquisitions	-	-	-	-	-	-	-	-	-	-	-4	-4
Accumulated impairments and depreciations 31.12.	-137 162	-15 678	-57 937	-14 526	-34	-225 336	-137 048	-15 678	-50 712	-12 835	-504	-216 777
Translation differences	-1 309	3 095	4 119	-633	-1	5 271	-1 857	1 944	2 976	-969	-18	2 075
Book value 31.12.	**27 476**	**23 770**	**26 614**	**3 578**	**358**	**81 796**	**9 315**	**22 620**	**19 001**	**4 923**	**44**	**55 903**
Depreciations of the year	-5 213	-	-7 225	-1 627	-71	-14 137	-6 964	-	-6 851	-2 202	-	-16 018
Impairment of the year	-	-	-	-	-	-	-1 111	-	-	-361	-	-1 472
This year change in translation differences	549	1 151	1 143	336	17	3 196	-1 462	-2 290	-1 585	-1 377	11	-6 702
Depreciation schedule	10 and 15 years	Impairment test	1-7 years	4-7 years	3 years		10 and 15 year	Impairment test	1-7 years	4-7 years	3 years	
Depreciation ratio	7-10%		14-100%	14-25%	33%		7-10%		14-100%	14-25%	33%	

Intangible assets relate to product development at StrongPoint Cash Security and StrongPoint Technology as well as intangible assets identified in relation to the merger between CashGuard AB and StrongPoint ASA in 2008, the aqcuisition of Etikett-Produsenten AS and Sydetikett AB in 2013, the aqcuistion of New Vision Baltija UAB in 2014, the aqcuistion of PYD Seguridad S.L. in 2016 and the aqcuistion of Cub Business Systems AB in 2017. In 2017 there have been expensed KNOK 38 518 (KNOK 34 458 in 2016) in research and development costs. Intangible assets regarding brand are related to the cash generating unit StrongPoint Technology AB.

Goodwill (KNOK)	StrongPoint AS	StrongPoint AB	StrongPoint Labels AB	StrongPoint Technology AB	StrongPoint BalticJ	StrongPoint S.L.U	Cub Business Systems AB	Total 2017	Total 2016
Acquisiton costs 01.01.	17 416	2 612	14 850	81 127	23 318	4 431	-	143 754	139 323
Acquired	-	-	-	-	-	-	20 021	20 021	4 431
Acquisiton costs 31.12.	**17 416**	**2 612**	**14 850**	**81 127**	**23 318**	**4 431**	**20 021**	**163 776**	**143 754**
Accumulated impairment and depreciations 01.01.	-14 689	-229	-	-	-23 345	-	-	-38 263	-14 918
Accumulated impairment and depreciations 31.12.	-14 689	-229	-	-	-23 345	-	-	-38 263	-38 263
Translation differences	-	-	1 523	8 806	2 719	440	213	13 701	7 761
Book value 31.12.	**2 726**	**2 383**	**16 373**	**89 933**	**2 692**	**4 871**	**20 234**	**139 213**	**113 253**
Impairment of the year	-	-	-	-	-	-	-	-	-23 345
This year change in translation differences	-	-	793	4 354	206	373	213	5 939	-12 380
Depreciation schedule	Impairment test	Impairment test	Impairment test	Impairment test	Impairment test	Impairment test	Impairment test		

The final payment related to the acquisition of New Vision (now StrongPoint Baltic) led to a reversal of the earn-out provision of MNOK 23,3. At the same time, the goodwill of New Vision was impaired by MNOK 23.3. This is due to lower results in the earnout period than estimated at the time of acquisition.

Goodwill is not depreciated. Impairment tests are carried out every year. Impairment tests have been carried out for cash generating units with significant goodwill items stated on the balance sheet:

		Goodwill (KNOK)	
Acquired company	**Cash generating unit**	**31.12.2017**	**31.12.2016**
StrongPoint AS	StrongPoint AS	2 726	2 726
StrongPoint AB	StrongPoint AB	2 383	2 383
StrongPoint Labels AB	StrongPoint Labels AB	16 373	15 581
StrongPoint Technology AB	StrongPoint Technology AB with subsidiaries	89 933	85 579
StrongPoint UAB	StrongPoint Baltic	2 692	2 486
StrongPoint S.L.U	StrongPoint S.L.U	4 871	4 498
Cub Business Systems AB	Cub Business Systems AB	20 234	-
Total goodwill		**139 213**	**113 253**

Impairment test of goodwill and intangible assets with indefinite useful life

Impairment tests are carried out in order to assess the prospects of each cash flow-generating entity based on value in use. Value in use is then measured against net book value for the cash flow-generating entity. Legal entity has been applied as cash flow-generating entity. By analysing the product portfolio and market position a conclusion has been reached on expected growth for the entities. Next, the current value of future cash flows has been estimated to determine whether the goodwill item is justifiable or not. The budget/forecast period is five years, after which the terminal value is estimated.

Impairment test - StrongPoint Technology AB

The expected cash flows are based on the budgeted revenue for 2018, followed by 3 % annual growth in external sales until 2022. It is expected that the increase in turnover will be somewhat weaker in Norway and Sweden, while growth in sales will be far stronger in the rest of Europe. Then a terminal value with a growth in net cash flow corresponding to an expected inflation by 2.5 % annually. 2.5 % annual growth is applied for other operating expenses and personnel expenses. These assumptions give an EBITDA margin of 9 % in 2018 to 2022. No change in working capital is expected, and MSEK 1 has been applied as expected investment in the period 2018-2022. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 8.28 % after tax. Based on these assuptions, value in use exceed the carrying value with MNOK 231.

Significant assumptions are related to turnover growth, achieved EBITDA margin and discount rate. A sensitivity analysis for the period 2018 to 2022 shows that if growth is reduced with 3.9 % annualy, and other assumptions remain unchanged the calculated value is still higher than the book value. Similarly, a reduction of gross margin by 6% in 2018 or 2019, or an increase in WACC to 20 % after tax, gives the same result. Changes beyond this will result in an impairment.

Impairment test - StrongPoint Labels AB

The post constitutes goodwill from the acquisition in Sydetikett AB, which was the leading printing company in Sweden in the field of digital printing of labels. The company is now integrated with StrongPoint's other label business in Sweden. The expected cash flows are based on the budgeted revenue for 2018, followed by 2.5 % annual growth in external sales until 2022, then a terminal value with a growth in net cash flow corresponding to an expected inflation by 2.5 % annually. Expected gross margin is expected to increase from 54 % achieved margin in 2017 to 57 % in the period 2018-2022. 2.5 % annual growth is applied for other operating expenses, and 3.0 % annual growth in personnel expenses. These assumptions give a EBITDA margin of 17 % in the period 2018 to 2019 and 16 % in the periode 2020 - 2022. No change in working capital is expected, and MSEK 11 has been applied as expected investment in the period 2018-2022. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 7.61 % after tax. Based on these assumptions, value in use exceed the carrying value with MNOK 98.

Significant assumptions are related to turnover growth, achieved EBITDA margin and discount rate. A sensitivity analysis shows that if growth is reduced to - 5.6 % annualy, and other assumptions remain unchanged the calculated value is still higher than the book value. A reduction in EBITDA margin to 1.3 % in the period 2018 and 2021, and an increase in WACC to 29.98 % after tax gives the same result. Changes beyond this will result in an impairment.

Other goodwill

There are also smaller goodwill:

- StrongPoint AB, which is our distributor in Sweden.
- StrongPoint UAB, which is our distributor in Lithuania, Estonia, Latvia and Russia.
- StrongPoint S.L.U which is our distributor in Spain.

These goodwill post are very small, each amounting to less than MNOK 5, are all within what we expect of annual EBITDA from these units.

Note 12: Inventories

Inventories (KNOK)	2017	2016
Raw materials	54 735	35 734
Work in progress	48	96
Finished products	86 886	78 817
Provision for obsolete stock	-10 214	-13 447
Total	**131 455**	**101 200**

The respective companies' stock is valued at fair value or acquisition cost, whichever is lower. Reported provision for obsolete stock is KNOK 10 214 compared with KNOK 13 447 in 2016.
The stock is used as security for loans, see note 15.

Provision for obsolete stock (KNOK)	2017	2016
Provision for obsolete stock, opening balance	-13 447	-11 560
Taken to income/charged to expence (-) change in provision	3 233	-1 888
Provision for obsolete stock, closing balance	**-10 214**	**-13 447**

The cost of goods sold of KNOK 472 003 includes direct costs of goods with KNOK 412 386.

Changes in provision for bad debts (KNOK)	2017	2016
01.01	4 809	5 073
Applied provisions	-1 154	497
Reverserd provisions	-2 466	-3 393
New provision for bad debt	3 228	2 632
Total 31.12	**4 416**	**4 809**

Provisions for bad debts in 2017 totalled KNOK 4 416 compared with KNOK 4 809 in 2016. The provisions per 31.12.2017 are not directly related to individual customers. Losses on bad debts are classified as other operating expences in the income statement.

Aging of accounts receivables (KNOK)	2017	2016
Not due	125 101	133 638
0-3 months	30 607	25 368
3-6 months	3 685	1 691
6-12 months	233	285
Older than 12 months	403	220
Total 31.12	**160 029**	**161 202**

When exporting to new markets we require advance payment or bank guarantee. In most of the cases it is used prepayment. There is no bank guarantee on outstanding receivables per 31.12.2017.

Note 13: Other receivables

Receivables (KNOK)	2017	2016
Accounts receivables	160 027	161 202
Prepaid expenses	14 061	10 799
Other receivables	24 172	31 367
Total receivables 31.12	**198 261**	**203 367**

Other receivables includes MNOK 5.0 in expected government grants (skattefunn) refunds for development costs in 2017 and MNOK 4.0 in 2016.

Note 14: Cash and cash equivalents

KNOK	2017	2016
Cash and bank deposits	41 503	67 090
Overdraft	47 240	-
Unused overdraft facilities	12 760	60 000

The Group had liquid assets (bank deposits and unused overdraft facilities) of MNOK 54.3 as at 31.12.2017 (2016: MNOK 127.1). KNOK 0 are restricted funds pr. 31.12.2017 (2016: KNOK 0).

Note 15 - Interest-bearing debt and secured debt

Debt as at 31.12. and borrowing terms. Figures in KNOK

Type of loan	2017	2016	Borrowing terms	Average nominal interest for 2017
Multi-currency, group credit account [1]	47 240	-	Overdraft limit MNOK 60, not time limited	1,86 %
Financial leasing, Printing presses (StrongPoint Labels AB)	-	124	Paid in 2017	
Financial leasing, Printing presses (StrongPoint Labels AB)	-	1 756	Paid in 2017	
Financial leasing, Printing presses KSEK 1 506 (StrongPoint Labels AB)	1 505	2 739	Monthly repayments, last payment 31.05.2018	1,27 %
Financial leasing, Printing presses (StrongPoint Labels AB)	-	675	Paid in 2017	
Financial leasing, Printing presses (StrongPoint Labels AB)	-	323	Paid in 2017	
Financial leasing, Printing presses KSEK 1 371 (StrongPoint Labels AB)	1 370	1 711	Monthly repayments, last payment 31.07.2020	1,06 %
Financial leasing, Printing presses KSEK 13 287 (StrongPoint Labels AB)	13 281	15 367	Monthly repayments, last payment 30.11.2017	1,45 %
Financial leasing, Printing presses KSEK 3 934 (StrongPoint Labels AB)	3 932	4 534	Monthly repayments, last payment 31.12.2021	1,45 %
Financial leasing, Printing presses KSEK 1 781 (StrongPoint Labels AB)	1 780	1 826	Monthly repayments, last payment 28.02.2025	1,45 %
Financial leasing, Printing presses KSEK 301 (StrongPoint Labels AB)	301	321	Monthly repayments, last payment 30.11.2024	1,45 %
Financial leasing, IT (StrongPoint AB)	-	56	Paid in 2017	
Financial leasing, Printing presses (StrongPoint AS)	4 736	6 179	Monthly repayments, last payment 01.02.2021	3,64 %
Financial leasing, cars KEUR 220 (StrongPoint UAB)	2 165	1 890	Monthly repayments, last payment 01.06.2021	2,05 %
Financial leasing, cars KEUR 6 (StrongPoint UAB)	59	173	Monthly repayments, last payment 29.08.2018	2,65 %
Financial leasing, cars KEUR 1 (StrongPoint UAB)	10	127	Monthly repayments, last payment 10.01.2018	1,76 %
Financial leasing, KEUR 41 (StrongPoint S.L.U)	403	-	Monthly repayments, last payment 20.05.2019	3,75 %
Financial leasing, KEUR 6 (StrongPoint S.L.U)	63	-	Monthly repayments, last payment 26.10.2019	6,00 %
Repayment loan, businesses [1] (StrongPoint ASA)	8 642	13 142	Quarterly repayments, last payment 28.02.2018	2,90 %
Long term debt [1] KSEK 4 650 (StrongPoint AB)	4 648	6 540	Quarterly repayments, last payment 31.03.2020	2,67 %
Long term debt [1] KEUR 143 (StrongPoint UAB)	1 417	-	Monthly repayments, last payment 30.06.2022	1,70 %
Short term debt [1] (StrongPoint S.L.U)	-	4 203	Paid in 2017	
Short term debt [1] KEUR 50 (StrongPoint S.L.U)	492	-	Repayment 1st quarter 2018	1,50 %
Short term debt [1] KEUR 82 (StrongPoint S.L.U)	805	-	Repayment 1st quarter 2018	0,50 %
	92 851	**61 687**		

1) The Groups' main bank connection has loan agreements in relation to the ratio between NIBD/EBITDA. The loan agreements are measured on a quarterly basis. Se note 17 for more information. All loans are secured, except a long-term loan of MSEK 4.7 to StrongPoint AB.

Distribution of long-term and short-term interest-bearing debts:

KNOK	2017	2016
Due within one year	20 988	28 706
Bank overdraft	47 240	-
Due after one year	24 623	32 982
Total interest-bearing debts	**92 851**	**61 687**

Book value / nominal security (NOK)

Asset	31.12.2017	31.12.2016
Operating equipment, accounts receivables and inventories for StrongPoint AS	89 620	88 754
Lien over Företagsinnteckning StrongPoint Cash Security AB [1]	51 979	49 462
Lien over Företagsinnteckning StrongPoint Technology AB [1]	35 986	34 243
Lien over Företagsinnteckning StrongPoint AB [1]	30 988	29 487

StrongPoint Technology AB and StrongPoint Cash Security AB's liabilities are limited to the amount the guarantor at any time has drawn.
1) Företagsinnteckning is equivalent to a priority lien over the company's assets.

Note 16: Hire- and leasing commitments

Operational leasing agreements

StrongPoint AS

Tenancy agreements on premises at Slynga 10, are running for 0.5 to 5 years. Total annual rent for these premises is approx KNOK 2 257. Leasing contracts on vehicles has a running period of 1-3.5 years. Annual liability is approx KNOK 680.

StrongPoint AB

Leasing contracts on vehicles has a running period of 1-5 years. Annual liability is approx KNOK 2 205. Leasing of inventory is running for 1-4,5 years. Annual liability is approx KNOK 150. Tenancy agreements on other premises including the companys premises in Mölndal, Kista and Grums, is running for 1 to 7 years. Total annual rent for these premises is approx KNOK 3 607.

StrongPoint Labels AB

Leasing contracts on vehicles has a running period of 0.5 to 2.5 years. Annual liability is approx KNOK 715. Leasing of inventory is running for 1-3 years. Annual liability is approx KNOK 206. Tenancy agreements on the companys premises in Malmö, is running for 7 years. Total annual rent is approx KNOK 3 618.

StrongPoint Cash Security AB

Leasing of company cars is running for 0.5-2.5 years. Annual liability is approx KNOK 129. Leasing of inventory is running for 0.5-3.5 years. Annual liability is approx KNOK 62. Tenancy agreements on premises including Skellefteå, are running for 0.5 to 1 years. Total annual rent for these premises is approx KNOK 2 713.

StrongPoint Technology AB

Leasing of company cars is running for 0.5-3 years. Annual liability is approx KNOK 517. Leasing of inventory is running for 2 years. Annual liability is approx KNOK 78. Tenancy agreements on premises in Kista and car parking, are running for 1-2 years. Total annual rent is approx KNOK 2 530.

StrongPoint UAB

Tenancy agreements on premises are running for 0.5-10.5 years. Total annual rent is approx KNOK 3 365.

StrongPoint BvBA

Leasing of company cars is running for 0.5-3.5 years. Annual liability is approx KNOK 248.

StrongPoint GmbH

Leasing of company cars is running for 0.5-2 years. Annual liability is approx KNOK 390. Tenancy agreements on premises with 3 months notice. Total annual rent is approx KNOK 216.

StrongPoint S.L.U

Leasing of company cars is running for 3.5 years. Annual liability is approx KNOK 56. Leasing of inventory is running for 1 year. Annual liability is approx KNOK 170.

StrongPoint Sarl

Tenancy agreements on premises are running for 4.5 years. Total annual rent is approx KNOK 600. Leasing of company cars is running for 0.5-4 years. Annual liability is approx KNOK 375.

Cub Business Systems AB

Tenancy agreements on premises are running for 1 year. Total annual rent is approx KNOK 526. Leasing of company cars is running for 0.5-3 years. Annual liability is approx KNOK 955.

Future minimum rent for the contracts as at 31.12			The present value of future payments
KNOK	2017	2016	2017
Within one year	24 311	24 424	21 794
After one year, but within five years	54 328	44 291	38 802
Aften more than five years	7 168	13 582	3 721
Total	**85 807**	**82 297**	**64 317**

Financial leasing agreements
The carrying value of financial leasing are included in note 10.

StrongPoint AS
Leasing agreement on printing presses is running for 3,5 years. Annual liability is approx KNOK 1 456.

StrongPoint Labels AB
Leasing agreement on printing presses is running for 0.5 to 7 years. Annual liability is approx KNOK 5 284.

StrongPoint UAB
Leasing agreement on cars is running for 0.5 to 5 years. Annual liability is approx KNOK 1 004.

Future minimum rent for the contracts as at 31.12 **The present value of future payments**

KNOK	2017	2016	2017
Within one year	7 744	9 646	6 942
Aften one year, but within five years	21 174	28 217	15 262
Aften more than five years	811	1 004	421
Total	**29 729**	**38 868**	**22 625**

Note 17: Financial instruments

Financial risks
StrongPoint's activities expose the group to exchange rate-, interest-, credit- and liquidity risks.

(i) Credit risks
The Group's credit risk is related to the sale of goods on credit. The Group has little credit risks beyond accounts receivables. The Group has common guidelines to ensure that sales are only made to customers who have not had significant payment problems earlier and that the outstanding amount do not exceed credit limits. Exporting to new markets require advance payment or bank guarantee. In most cases advance payment are chosen. There are also guidelines to prevent the company incurring the risk associated with loans and guarantees related to employees and customers.

As at 31.12.2017 the Group had KNOK 151 792 in outstanding accounts receivables. Of this KNOK 33 886 were overdue. This relatively high figure is mainly due to customer paying on the due date, but the payment is recognised by the recipient a few days later. Historical speaking the Group has incurred few losses on accounts receivables because a large part of sales of solutions is done through leasing companies and large international customers and since the after sales marked is characterised by a large number of repeatable purchases. This year's expenses in relation to bad debts amounting to a cost of KNOK 532, including realized losses and changes in the provision for bad debts.

The business areas' accounts receivable are reported to the group monthly, in which risk is assessed in relation to non-performing credits. The group considers its maximum risk exposure to be the balance sheet value of its account receivables (see note 13).

Credit exposure is spread over a large customer base, and as at 31.12.2017, 18 customers had an account receivable greater than KNOK 1 000. The total exposure to these 18 customers were KNOK 68 216, of which KNOK 61 216 was not due or past due with less than 31 days. The 18 customers are spread over 2 customers in Norway (KNOK 16 043), 10 customers in Sweden (KNOK 33 787) and 6 European / Asian customers (KNOK 14 386). With the exception of 1 customer in Norway, 1 customer in Sweden and 3 customers in Europe, have all the customers paid the open items per 31.12.2017 by the end of February 2018. This is due both to late payment and that some invoices are yet not due.

For more information on loss and aging see note 13.

Debt ratio:

KNOK	2017	2016
Total interest bearing debt	92 851	61 687
Cash	41 503	67 090
Net interest bearing debt	**51 349**	**-5 403**
Total capital adjusted for Goodwill	556 396	546 070
Debt ratio	9 %	-1%

(ii) Interest rate risk
The company's interest bearing debt increased in 2017. As a result, interest rate risk has also increased. The risk is measured by the group treasury department by simulating the effect of a change in interest rates. The simulation illustrates the cash effect of a change in interest rates given the loan size and the level of any existing interest rate hedging. The results from the simulation are used to support decisions concerning the possible conclusion of fixed-rate contracts. In addition, the fact that interest rates usually move opposite to the general economic development, and that floating rates within certain limits can help to stabilize the group's results. As a result of this the group's interest-bearing debt has a floating interest rate at year-end. It has not been used fixed rate contracts or other hedging instruments in 2017 or 2016. Based on the financial instruments in existence as of 31 December 2017, a general increase in interest rates of two per cent will reduce pre-tax profits by KNOK 1 856.

The average effective rate of interest on financial instruments was as follows:

	2017	2016
Bank overdraft	1,86 %	2,47%
Financial leasing contracts	2,33 %	2,06%
Loans secured with a lien	1,85 %	3,01%

The interest rate on overdraft are based on 1 month NIBOR for the draft in NOK, and 1 month DANBOR SEK and 1 month DANBOR EUR for the other currencies. The interest rate on long-term loans secured by mortages are based on 3 month NIBOR, 7 days STIBOR and 1 month STIBOR. The interest rate is determined monthly. See note 15 for information about long-term loans and note 16 for information about liabilities in relation to financial leasing agreements.

(iii) Liquidity risk

The Group manages liquidity risk by monitoring the expected future cash from operations and available cash and credit facilities are adequate to serve the operational and financial obligations. This is done by preparing cash flow forecasts 12 months ahead, and detailed monthly cash monitoring, based on different outcomes in turnover and productmix. Capital tied up in the individual business units are supervised by the central finance department, focusing on inventory, accounts receivable, financing and accounts payable.

It is the group's strategy to have sufficient cash, cash equivalents or credit facilities available at any time to be able to finance operations and investments for the next 6 months. Excess liquidity is mainly located in the Groups Cash Pool which is netted against overdraft. Unused credit facilities are described in note 14.

The loan agreement with the main financial institution has a claim (covenant) in which the ratio of net interest bearing debt and moving 12-month earnings before depreciation (EBITDA) shall not exceed 3.5. This is measured quarterly. The company did meet this requirement in 2017 and 2016. Interest bearing debt was totally increased by MNOK 51.4 during 2017. This combined with the EBITDA of MNOK 52,4 (MNOK 111.7 in 2016) resulted in net debt divided by 12 month rolling income before depreciation (EBITDA) as at 31.12.2017 was 0.98. As at 31.12.2016 it was measured - 0.03.

(iv) Currency risks

The Company has no material debt or bank deposits in foreign currency, except Norwegian and Swedish kroner. The main exposure to foreign currency derived from accounts payable and accounts receivable in connection with the purchase and sale of goods in foreign currency, and contracts where the sales price is determined in a currency other than the cost of goods sold. The Group is mainly exposed to fluctuations in the price of goods bought in foreign currencies, primarily in SEK, USD, EUR and GBP, and sale of goods in EUR.

It is normally not used forward contracts to hedge this exposure, as the agreed volume of the agreements are usually informal and runs for several years. In such agreements it is agreed with the customer how changes in exchange rates beyond certain limits shall be compensated by selling price. The operating profit of individual companies is therefore rather insensitive to changes in exchange rates.

Overview of maturity structures of financial liabilities:

KNOK	Amount	0-6 months	6-12 months	1-2 year	2-3 year	more than 3 years	Undefined
Secured loans (long and short term interest bearing debt)	15 994	11 208	1 895	3 799	3 054	987	-
Secured loans, interest	NA	99	34	12	7	NA	-
Overdraft (short-term interest bearing debt [1])	47 210	-	-	-	-	-	47 210
Overdraft, interest	NA	440	440	880	880	NA	-
Financial leasing (long-term and short-term interest bearing debt)	29 607	5 034	6 366	10 288	13 534	14 285	-
Financial leasing, interest	NA	254	176	216	91	NA	-
Other long term debt	27 422	-	-	10 688	9 006	7 728	-
Accounts payable	93 070	93 070	-	-	-	-	-
Net liabilities financial instruments	**213 304**	**110 104**	**8 910**	**25 883**	**26 572**	**23 000**	**47 210**

[1]) It is not defined any expiration date on the overdraft in Danske Bank, and the contract runs until renegotiated by either party.
Time of payment of financial obligations is intended to be covered by the payment of accounts receivable, sale of goods and services, and available cash and available credit facilities.

A change of 5% exchange rate as at 31 December 2017 would have resulted in the following effects on the profit in the group:

Sensitivity currency exposure	
SEK weakened by 5% against EUR	-133
SEK weakened by 5% against GBP	3
SEK weakened by 5% against USD	52
NOK weakened by 5% against SEK	59
NOK weakened by 5% against EUR	66
NOK weakened by 5% against GBP	-
NOK weakened by 5% against USD	1 329

(v) Financial investments

Excess liquidity is placed in the Group's cashpool to reduce its short-term interest-bearing debt. The company uses a small degree of financial investments.

(vi) Capital structure

The Board aims to maintain a strong capital base in order to retain the trust of shareholders, creditors and the market in order to continually develop the company. The Board want to create a balance between higher return, which is made possible by higher borrowing levels, and the benefits and security provided by a solid equity. The Board aims to ensure that StrongPoint shareholders will over time gain a competitive return on their investment through a combination of cash dividends and increased value of their shares. In determining the annual dividend, the Board will take into account the expected cash flow, investments in organic growth, plans for growth through mergers and acquisitions, and the need for adequate financial flexibility. The level of net debt is measured in terms of cash flow. The company is comfortable with the level of debt as at 31.12.17.

(viii) Determing of fair value

KNOK	2017		2016	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Financial assets				
Cash	41 503	41 503	67 090	67 090
Accounts receivable	160 027	160 027	161 202	161 202
Total financial assets at amortized cost	**201 530**	**201 530**	**228 292**	**228 292**
Assets held for sale	476	476	481	481
Financial debts				
Overdraft	-47 240	-47 240	-	-
Accounts payable	-93 070	-93 070	-102 480	-102 480
Bank loans	-16 004	-16 004	-32 253	-32 253
Financial leasing liabilities	-29 607	-29 607	-29 433	-29 433
Total financial debts at amortized cost	**-185 921**	**-185 921**	**-164 167**	**-164 167**

Based on characteristics of the financial instruments recognized in the consolidated financial statements, these have been grouped in classes and categories as described below. The estimated fair value corresponds substantially carrying value.

Available for sale investments are carried at cost price. All other items are recorded based on amortized cost.

The balance sheet value of cash and cash equivalents and overdrafts is approximate to the fair value as these instruments have a short expiry period. Similarly, the balance sheet value of accounts receivables and accounts payable is approximate to the fair value as they are agreed on “ordinary” terms.

Book value of debt is deemed to be equivalent to market value, since the company should be able to refinance the loan at the same rate in the market.

Note 18: Transactions with related parties

Transactions with Board Directors

- There have been no transactions with Board members in 2017.

Transactions with employees

- The group carried out a number of transactions with Neto Baltic companies owned by Evaldas Budvilaitis in 2017. All transactions were carried out as part of its ordinary activities and at ordinary business conditions.

KNOK	2017			
	Sale	Purchase	Receivables	Debt
UAB Neto Baltic	674	137	544	-
OU Neto Baltic	547	-	521	-
SIA Neto Baltic	71	-	59	-
Total	**1 292**	**137**	**1 124**	**-**

Transactions with associated companies

The group carried out a number of transactions with Vårdal Butikkdata in 2016 and 2017. All transactions were carried out as part of its ordinary activities and at ordinary business conditions.

KNOK	2017		2016	
	Sale	Purchase	Receivables	Debt
Vårdal Butikkdata AS	698	2 884	743	4 202
Total	**698**	**2 884**	**743**	**4 202**

The balance includes the following amounts resulting from transactions with the associated company:

KNOK	2017		2016	
	Receivables	Debt	Receivables	Debt
Vårdal Butikkdata AS	5	11	-	169
Total	**5**	**11**	**-**	**169**

The Group has no binding future transactions with related parties.

Note 19: Post balance sheet events

In january 2018 StrongPoint received an order from their Croatian partner on CIT-cases worth MEUR 0,8. This is expected to be delivered in Q1 2018.

In february 2018 the board informed that CEO Jørgen Waaler will leave his position to Jacob Tveraabak from August 1 2018.

In March 2018 StrongPoint received the first order on Click & Collect in the Baltics.

Note 20: Overview of subsidiaries

The following subsidiares are included in the consolidated accounts:

Company	Adress	Main area of business	Share of votes	Stake
StrongPoint AS [1)]	Rælingen	Service and product provider	100%	100%
StrongPoint AB	Gøteborg (Sweden)	Service and product provider	100%	100%
StrongPoint Labels AB	Malmø (Sweden)	Printing	100%	100%
StrongPoint Technology AB [2)]	Kista (Sweden)	Hardware and software	100%	100%
StrongPoint Cash Security AB	Skellefteå (Sweden)	Production and sales	100%	100%
StrongPoint Sarl	France	Service and product provider	100%	100%
StrongPoint Retail Solutions Pte Ltd	Singapore	Service and product provider	100%	100%
StrongPoint UAB [3)]	Vilnius (Lithuania)	Service and product provider	100%	100%
StrongPoint S.L.U	Spain	Service and product provider	100%	100%
CUB Business Systems AB [4)]	Täby (Sweden)	Service and product provider	100%	100%

1) StrongPoint AS owns 100 % of its sales companies in Belgium and Germany.
2) StrongPoint Technology AB owns 100 % of its sales company in Germany.
3) StrongPoint UAB owns 100 % of its sales companies in Latvia, Estonia, Finland and Russia.
4) Acquired in December 2017 and is only included in the Balance Sheet.

Note 21: Exchange rates

	2017													2016	
	Average exchange rate												Exchange rate	Exchange rate	
	January	February	March	April	May	June	July	August	September	October	November	December	31.12	Average	31.12
SEK	0,946	0,935	0,954	0,959	0,969	0,974	0,980	0,976	0,978	0,978	0,976	0,990	1,000	0,982	0,951
Euro	8,999	8,860	9,092	9,205	9,405	9,500	9,399	9,320	9,328	9,398	9,608	9,841	9,840	9,293	9,086

Profit or loss items in the overseas subsidiaries are converted to NOK monthly, based on the average exchange rate of that month.
Balance sheet items for the overseas subsidiaries are converted to NOK, based on the exchange rate as at 31.12.2017.

Note 22: Short and long term debt

Long term debt (KNOK)	2017	2016
Balance 01.01	**5 093**	**30 540**
Currency differences	824	-1 010
Additions from acquisition Cub Business Systems AB	14 837	-
Earn-out from acquisition Cub Business Systems AB [1)]	22 941	-
Settlement of liabilities related to the acquisition of New Vision	-	-29 530
Earn-out from acquisition PYD Seguridad S.L.[1)]	-	3 541
Additions from acquisition PYD Seguridad S.L.	-	1 552
Balance 31.12	**43 695**	**5 093**
Of which provisions due within 1 year	16 272	-

1) Earn-out see note 4.

The final payment related to the acquisition of New Vision (now StrongPoint Baltic) in 2016 led to a reversal of the earn-out provision of MNOK 23,3. This is due to lower results in the earnout period than estimated at the time of acquisition.

Note 23: Earnings per share

The Group's time-weighed earnings per share	2017		2016	
Profit for year	10 034		74 199	
--	-------------	= 0,23	------------	= 1,68
Time-weighed average of outstanding ordinary shares	44 271		44 271	

Number of outstanding shares (numbers in thousand)	2017	2016
01.01: Number of shares (after deductions for own shares)	44 271	44 271
31.12: Number of shares (after deductions for 104.5 thousand own shares)	44 271	44 271

Note 24: Shareholder information

Shareholders as at 31.12.2017

No.	Name	No. of shares	%
1	STRØMSTANGEN AS [2)]	3 933 092	8,9 %
2	HOLMEN SPESIALFOND	2 400 000	5,4 %
3	HSBC TTEE MARLB EUROPEAN TRUST	1 976 000	4,5 %
4	AVANZA BANK AB	1 963 404	4,4 %
5	PROBITAS HOLDING AS	1 788 276	4,0 %
6	ZETTERBERG, GEORG (incl. fully owned companies)	1 610 000	3,6 %
7	NORDNET LIVSFORSIKRING AS	1 593 773	3,6 %
8	NORDNET BANK AB	1 526 111	3,4 %
9	V. EIENDOM HOLDING AS	1 007 134	2,3 %
10	WAALER, JØRGEN (incl. fully owned companies) [1)]	1 000 000	2,3 %
11	GLAAMENE INDUSTRIER AS	873 549	2,0 %
12	RING, JAN	869 372	2,0 %
13	GRESSLIEN, ODD ROAR	830 000	1,9 %
14	MP PENSJON PK	777 402	1,8 %
15	NORDEA BANK AB	556 070	1,3 %
16	SKANDINAVISKA ENSKILDA BANKEN AB	528 803	1,2 %
17	JOHANSEN, STEIN	450 000	1,0 %
18	BUDVILAITIS, EVALDAS (incl. fully owned companies) [1)]	408 561	0,9 %
19	SVENSKA HANDELSBANKEN AB	406 485	0,9 %
20	NHO - P665AK	405 342	0,9 %
	Total 20 largest shareholders	**24 903 374**	**56,1 %**
	Total 1 859 other shareholders	**19 472 666**	**43,9 %**
	Total all 1 879 shareholders	**44 376 040**	**100,0 %**

1) Primary insiders
2) Board member Klaus De Vibe is CEO of Strømstangen AS

As at 31.12.2017 StrongPoint ASA had a share capital om NOK 27 513 144 spread over 44 376 040 shares with a nominal value of NOK 0,62. As at 31.12.2017 StrongPoint ASA has no outstanding options. All shares have equal voting rights.

Changes in share capital:

	Number of shares		Share capital	
KNOK	2017	2016	2017	2016
Ordinary shares 01.01	44 376	44 376	27 513	27 513
Ordinary shares 31.12	44 376	44 376	27 513	27 513

Own shares:

Numbers in 1000	2017	2016
01.01	105	105
31.12	105	105
Nominal value	0,62	0,62
Own shares specified in equity (KNOK):	65	65

As at 31.12.2017 the Group owned 104 544 own shares. Cost price of these was KNOK 561, giving an average share price of NOK 5,37.

It was paid KNOK 22 136 in dividend in 2017, which was NOK 0,50 per share. In addition an extraordinary dividend of KNOK 44 271, which was NOK 1,00 per share, was paid in January 2017. The Board has proposed a dividend of NOK 0,50 per share in 2018. Total dividends to external shareholders will be KNOK 22 136. The tax effect of dividends does not affect the company's current or deferred tax.

Note 25: Estimation uncertainties

When preparing the annual accounts in accordance with IFRS the company management has used estimates based on best judgement and assumptions that are considered to be realistic. Situations or changes in market conditions may occur that may lead to estimates being adjusted, thus affecting the company's assets, debts, equity and profit.

The company's most significant accounting estimates are linked to the following items:

- Depreciation and impairment of intangible assets.
- Impairment assessment of goodwill.
- Recognition of deferred tax on balance sheet.
- Obsolete stock and warranty provisions.

StrongPoint must allocate the cost price of acquired entities to acquired assets and transferred debts based on estimated fair value. Significant intangible assets that StrongPoint has recognized includes customer contracts, customer base, brands, own technology and commitments in relation to any royalty agreements entered into. Assumptions taken into account when valuing assets include, but are not limited to, the replacement cost of fixed assets and fair value. The management's estimates of fair value are based on assumptions that are considered to be reasonable, but that are by nature uncertain. As a result the actual results may differ from the estimates. Depreciation periods and amounts are given in note 11.

Goodwill and brands as stated on the balance sheet are evaluated for impairment whenever there are indications of impairment, at least annually. The valuation is based on value in use when discounting expected future cash flows. The valuation is carried out with starting points in next year's budget and in a forecast for the next four years. Next, a terminal value is calculated based on 2.5% growth in net cash flow. The most sensitive assumption used in the estimates is that of future turnover growth, but EBITDA and discount rate are also important. The assumptions and sensitivity analysis are detailed in note 11.

The company recognises deferred tax assets on the balance sheet. At the end of 2017 deferred tax assets of MNOK 21,3 have been recognised. When assessing the recognition of deferred tax assets on the balance sheet, the reversal of deferred tax liabilities has been taken into account, as has their utilisation in relation to future profit and the utilisation of tax planning opportunities. Further details are provided in note 26.

The management has used estimates and assessments when making provisions for obsolete stock and future warranty costs. The provisions have been made with basis in a historical assessment of provision requirements, past figures for returns and under-warranty repairs and the age distribution of stock. Further details are provided in note 12 for stock and note 27 for warranty provisions.

Note 26: Tax

Tax expense:

KNOK	2017	2016
Tax payable	1 852	399
Change from 24 % to 23 % tax in Norway (from 25 % to 24 % in 2016)	466	894
Change in deferred tax	1 878	3 742
Tax expense	**4 197**	**5 035**
Included as tax expense in the financial statements	4 197	5 035

Reconsiliation of the nominal tax rate

KNOK	2017	2016
Profit before tax	**14 231**	**79 233**
Tax calculated at a rate of 24 % (25 % in 2016)	3 415	19 808
Taxing related to companies in other countries with other tax rate	218	-900
Change from 24 % to 23 % tax in Norway	466	894
Non-taxable items (24 % of permanent differences)	-630	-2 679
Effect of reversal of depreciation of deffered tax	-	-15 020
Non-listed deffered tax	727	2 931
Tax expense	**4 197**	**5 035**

Deferred tax assets and deferred tax liabilities:

	Consolidated balance sheet		Consolidated income statement	
KNOK	**2017**	**2016**	**2017**	**2016**
Deferred tax assets				
Current assets	2 427	3 241	1 099	-3 317
Liabilities	5 025	7 046	2 021	-3 847
Fixed assets	-19 371	-13 845	-2 594	1 499
Losses carried forward	32 849	35 003	1 818	10 301
Deferred tax assets	**20 930**	**31 445**	**2 345**	**4 636**

The Company has no liabilities / deferred tax assets that effect Total comprehensive income.

From fiscal year 2018, the tax rate on ordinary income in Norway is reduced to 23 percent. Deferred tax assets and deferred tax liabilities as at 31.12.2017 is measured using the new tax rate. The effect on net cost of tax amounts to KNOK 466.

The Group has total losses of MNOK 73.2 to be carried forward as at 31 December 2017 in the Norwegian entities. Deferred tax asset of MNOK 16.8 associated with this are included in the balance sheet as at 31.12.2017. The deficits have no due date. This year's decrease in these losses amounted to MNOK 11,6. The expectations for future operations in Norway, the Group considers that one will be able to utilize the remaining deficit over the five coming years.

The remaining portion of deferred tax assets on losses carried forward amounted to MNOK 16.0 and is related to losses carried forward in the Swedish units and StrongPoint UAB. Most of the deficit is related to StrongPoint Technology AB. Net deferred tax assets in StrongPoint Technology AB per 31.12.2017, amounted to MNOK 16.8. This advantage is expected used in part by future profits in the StrongPoint Technology AB and partly through group contributions from the other Swedish units.

The group has not recognised losses to be carried forward in relation to other overseas sales entities that are in their start-up phase.

Note 27: Other short term debt

KNOK	2017	2016
Holiday pay owed	21 115	20 327
Accrued expenses	20 108	17 236
Deferred income on balance sheet	89 459	73 450
Warranty provisions	6 828	8 342
Other short term debt	25 245	18 246
Total other short term debt	**162 755**	**137 600**

Warranty provisions (KNOK)	2017	2016
Balance 01.01	**8 342**	**5 515**
Provision	6 447	1 772
Currency differences	359	-283
Provision reversed	-4 541	-
Provision used	-3 778	1 340
Balance 31.12	**6 828**	**8 342**
Of which warranties due within 1 year	6 828	8 342

Finacial Statements StrongPoint ASA

Income statement

KNOK	Note	2017	2016
Other operating income	3	10 608	9 960
Total operating income		**10 608**	**9 960**
Payroll	2	10 379	10 556
Depreciation	5	419	530
Other operating expenses	2	7 537	7 560
Total operating expenses		**18 335**	**18 646**
Operating profit		**-7 727**	**-8 686**
Financial income and expenses			
Interest income from group companies		374	-
Other interest income		29	28
Other financial income	6	49 285	75 343
Other interest expenses		1 083	1 473
Other financial expenses	6	1 838	451
Net financial result		**46 768**	**73 447**
Profit before tax		**39 040**	**64 761**
Income tax expense	13	-1 892	-1 321
Net income		**40 933**	**66 082**
Distributions			
Transfer to / from other equity	8	18 797	-325
Proposed dividend	8	22 136	66 407
Total distributions		**40 933**	**66 082**

Balance sheet

KNOK	Note	31.12.2017	31.12.2016
ASSETS			
Tangible assets	5	489	576
Investments in subsidiaries	11	401 570	348 956
Other long term investments		2 176	2 176
Deferred tax	13	10 075	8 183
Total fixed assets		**414 310**	**359 890**
Group receivables	10	39 269	34 761
Prepaid expenses		504	360
Bank deposits	14	-	-
Total current assets		**39 774**	**35 121**
TOTAL ASSETS		**454 083**	**395 012**

KNOK	Note	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
Share capital	7, 8	27 513	27 513
Treasury shares	8	-65	-65
Other equity	8	199 580	180 783
Total equity		**227 028**	**208 231**
Other long term liabilities	4	25 741	-
Total long term liabilities		**25 741**	**-**
Current liabilities to credit institutions	9	128 858	84 111
Short term liabilities to group companies	10	30 267	28 864
Accounts payable		1 229	358
Public duties payable		764	846
Proposed dividend		22 136	66 407
Other short term liabilities	4	18 060	6 194
Total short term liabilities		**201 314**	**186 781**
Total liabilities		**227 055**	**186 781**
TOTAL EQUITY AND LIABILITIES		**454 083**	**395 012**

Rælingen, 15 March 2018

Svein S Jacobsen
Chairman

Klaus de Vibe
Director

Camilla AC Tepfers
Director

Inger Johanne Solhaug
Director

Morthen Johannessen
Director

Jørgen Waaler
CEO

Cash flow statement

KNOK	Note	2017	2016
Cash flow from operational activities:			
Ordinary profit before tax		39 040	64 761
Ordinary depreciation	5	419	530
Change in accounts payable		871	-265
Change in short term group accounts		-3 105	3 298
Change in other accrued items		-396	-1 416
Net cash flow from operational activities		**36 829**	**66 908**
Cash flow from investment activities:			
Payments for fixed assets	5	-332	-318
Aqcuisition of StrongPoint Sarl		-	-1 665
Aqcuisition of PYD Seguridad		-	-4 041
Net effect acquisition New Vision		-	-4 195
Net effect acquisition CUB Business Systems AB		-14 837	-
Net cash flow from investment activities		**-15 169**	**-10 219**
Cash flow from financing activities			
Change in interestbearing debt		-4 500	-12 493
Dividend paid		-66 407	-19 922
Change in overdraft		49 247	-24 274
Net cash flow from financing activities		**-21 661**	**-56 689**
Net change in liquid assets		-	-
Cash and cash equivalents at 01.01		-	-
Cash and cash equivalents at 31.12		**-**	**-**

Note 1: Accounting principles

The financial statements, prepared by the company's Board and management, should be interpreted in light of the Directors' report. The financial statements comprise income statement, balance sheet, cash flow statement and notes and have been prepared in accordance with laws and generally accepted accounting principles in Norway.

Prinsipal rules for valution and classifying assets and liabilities

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Similar criteria are applied when classifiying short-term and long term liabilities.

Fixed assets are valued at the acquistions cost less accumulated depreciation. If the fair value of fixed assets is lower than the carrying amount and the reduction is not expected to be temporary, it is written down to fair value. Fixed assets with limited useful lives are depreciated using the straight line method over their economic life.

Shares in other companies are recorded using the cost method. Dividends and group contributions from subsidiaries are recognized in the year the amount is set aside as a liability in the paying companies. Dividends from other companies are recognized in the year it is paid.

Tangible assets are capitalized and depreciated over the useful life if they have a useful life of more than 3 years. Maintenance costs are expensed as incurred, while improvements are added to the tangible assets and depreciated over the remaining useful life.

Current assets are valued at lower of cost or fair value.

Other long-term liabilities and short-term liabilities are valued at nominal value.

Subsidiaries / associated companies

Subsidiaries and associated companies are valued at cost in the financial statements. The investments are valued at acquisition cost for the shares unless impairment has been required. It is written down to fair value if impairment is not considered to be temporary and it is deemed necessary by generally accepted accounting principles. Impairment losses are reversed when the reasons for the impairment no longer exists.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as appropriated in the subsidiary's accounts.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate on the transaction date. Monetary items in foreign currencies are translated into Norwegian kroner by using the exchange rate at the balance sheet date. Non-monetary items measured at historical cost in a foreign currency are translated into Norwegian kroner at the exchange rate on the transaction date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the time of measurement. Changes in foreign currency exchange rates are recorded in the accounting period under other financial items.

Intangible assets

Intangible assets purchased individually are capitalized at cost. Intangible assets obtained through acquisitions are capitalized at cost when the criteria for capitalization are met.

Intangible assets with a limited useful life are depreciated according to a schedule. Intangible assets are written down to fair value if the expected economic benefits do not cover the carrying value and any remaining production expenses.

Pensions

The company has a statutory obligatory company pension sheme for its employees. The company pension scheme meets the requirements of the law.

Receivables

Accounts receivables and other receivables are stated at nominal value less provisions for expected losses. Provisions for losses are based on an individual assessment of each receivable. For others receivables, a general provision is made to cover any expected losses.

Bank deposits, cash etc.

Cash and cash equivalents include cash, bank deposits and other forms of payment that become due within three months of acquisition.

Tax

Tax expenses are matched with the accounting profit before tax. Tax related to equity transactions are recorded in equity. Tax expensed comprises tax payable (tax on the taxable income for the year) and changes in net deferred tax. Deferred tax is calculated at 23 % on the basis of temporary differences between accounting and tax values and tax losses carried forward at year end. Taxable and deductible temporary differences that reverse or may reverse in the same period are netted. Other deductible temporary differences is not assessed, but recognised on the balance sheet if it is likely that the company can utilise them and net recorded if appropriate. Deferred tax and deferred tax assets are presented at net value in the balance sheet.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term liquid investments.

Note 2: Payroll, number of employees, benefits, loans to employees, etc.

Payroll (KNOK)	2017	2016
Salaries	7 931	8 582
Social fee	1 370	1 396
Pension costs	617	362
Other benefits	461	216
Total	**10 379**	**10 556**
Number of full-time equivalents employed during the year:	4	5
Number of employees at the end of the year:	6	4

Salaries and remuneration for Group management and Directors

	Directors' fee	
KNOK	**2017**	**2016**
Board of Directors		
Svein S. Jacobsen, Chairman	429	432
Erik Pinnås, former Director	-	69
Camilla Tepfers, Director	213	206
Klaus de Vibe, Director	234	242
Inger J. Solhaug, Director	213	206
Morthen Johannessen, Director	213	137
Total Board of Directors [1)]	**1 303**	**1 292**

1) There are also additional transactions with close associates, described in note 18 in the consolidated report.

	2017					2016				
KNOK	Salary	Bonus	Company car	Other remuneration	Pension expenses	Salary	Bonus	Company car	Other remuneration	Pension expenses
Group management										
Jørgen Waaler, CEO	2 563	-	29	9	155	2 315	477	29	20	77
Anders Nilsen, CFO	1 274	-	-	7	155	1 242	326	-	29	82
Per Herseth, SVP Business development/M&A	1 304	-	-	23	152	1 298	150	-	30	74
Total Group management	**5 142**	**-**	**29**	**39**	**461**	**4 854**	**953**	**29**	**79**	**233**

The CEO has a severance arrangement that involves a compensation of 6 months salary after the end of the 6 months notice periode if the employment was terminated as a result of a decision by the Board. There are no loans or security for members of the management team or board members.

The following members of the management team and Board of Directors own shares or share options in the company at the end of the year:

Name, position	Shares as at 31.12.17	Shares as at 31.12.16
Board of Directors		
Svein S. Jacobsen, Chairman [1)]	400 000	400 000
Klaus de Vibe, Director [2)]	78 660	78 660
Group management		
Jørgen Waaler, CEO [3)]	1 000 000	1 060 000
Anders Nilsen, CFO	66 500	66 500
Per Herseth, SVP Business development/M&A [4)]	129 043	124 043
Total	**1 674 203**	**1 729 203**

1) Svein S. Jacobsen's shares are owned through the company Sveinja Invest AS.
2) Klaus de Vibes shares are owned through the company De Vibe AS.
3) The CEO's shares are privately owned and through the company Waaler AS.
4) Per Herseths shares are owned through the companies Herseth AS and Gardd McGillan & Co. AS.
No employees or Directors have stock options.

Salaries and remuneration of the CEO, CFO and other senior executives are described in note 9 in the Group's financial statements.

Remuneration to Ernst & Young for audit and audit-related services in 2017 was NOK 250 250 (against NOK 280 000 in 2016). Remuneration for other services was NOK 194 040 (against NOK 417 618 in 2016).

Note 3: Other operating income

KNOK	2017	2016
Received management fee from Norwegian subsidiaries	1 768	1 620
Received management fee from Swedish subsidiaries	7 072	6 480
Received management fee from other subsidiaries	1 768	1 620
Other operating income	-	240
Total operating income	**10 608**	**9 960**

Note 4: Other short and long term debt

KNOK	2017	2016
Holiday pay owed	894	955
Accrued expenses	894	1 698
Other short term debt [1)]	16 272	3 541
Total other short term debt	**18 060**	**6 194**

1) Second installments of payment for Cub Business Systems AB og earn-out to previous owner of PYD Seguridad S.L.U.

KNOK	2017	2016
Earn-out to previos owner PYD Seguridad S.L.U.	2 557	-
Earn-out previos owner Cub Business Systems AB.	23 185	-
Total other long term debt	**25 741**	**-**

Note 5: Fixed assets

			2017	2016
KNOK	Office machines and inventory	Cars	Total	Total
Acquisiton costs 01.01	1 447	217	1 663	1 345
Acquired	332	-	332	318
Acquisiton costs 31.12	**1 779**	**217**	**1 996**	**1 663**
Accumulated depreciations 01.01	1 015	72	1 087	557
Accumulated depreciations 31.12	1 362	144	1 507	1 087
Book value as at 31.12	**417**	**72**	**489**	**576**
Depreciations of the year	347	72	419	530
Useful economic life	3 years	3 years	3 years	3 years
Depreciaton method	Straight line	Straight line	Straight line	Straight line

Note 6: Other financial items

KNOK	2017	2016
Dividend received from associated companies	600	-
Currency gains	147	3 083
Dividend from subsidiaries	48 535	72 243
Other	3	17
Other financial income	**49 285**	**75 343**

KNOK	2017	2016
Currency loss	1 783	357
Other financial expenses	55	94
Other financial expenses	**1 838**	**451**

Note 7: Share capital and shareholder information

Overview of shareholders as at 31.12.2017

No.	Name	No. of shares	%
1	STRØMSTANGEN AS [2)]	3 933 092	8,9 %
2	HOLMEN SPESIALFOND	2 400 000	5,4 %
3	HSBC TTEE MARLB EUROPEAN TRUST	1 976 000	4,5 %
4	AVANZA BANK AB	1 963 404	4,4 %
5	PROBITAS HOLDING AS	1 788 276	4,0 %
6	ZETTERBERG, GEORG (incl. fully owned companies)	1 610 000	3,6 %
7	NORDNET LIVSFORSIKRING AS	1 593 773	3,6 %
8	NORDNET BANK AB	1 526 111	3,4 %
9	V. EIENDOM HOLDING AS	1 007 134	2,3 %
10	WAALER, JØRGEN (incl. fully owned companies) [1)]	1 000 000	2,3 %
11	GLAAMENE INDUSTRIER AS	873 549	2,0 %
12	RING, JAN	869 372	2,0 %
13	GRESSLIEN, ODD ROAR	830 000	1,9 %
14	MP PENSJON PK	777 402	1,8 %
15	NORDEA BANK AB	556 070	1,3 %
16	SKANDINAVISKA ENSKILDA BANKEN AB	528 803	1,2 %
17	JOHANSEN, STEIN	450 000	1,0 %
18	BUDVILAITIS, EVALDAS (incl. fully owned companies) [1)]	408 561	0,9 %
19	SVENSKA HANDELSBANKEN AB	406 485	0,9 %
20	NHO - P665AK	405 342	0,9 %
	Total 20 largest shareholders	**24 903 374**	**56,1 %**
	Total 1 859 other shareholders	**19 472 666**	**43,9 %**
	Total all 1 879 shareholders	**44 376 040**	**100,0 %**

1) Primary insiders
2) Board member Klaus De Vibe is CEO of Strømstangen AS

The company's share capital as at 31.12.2017 comprises the following share classes:

	Number	Nominal value	Book value
Shares	44 376 040	0,62	27 513 145
Total	**44 376 040**		**27 513 145**

Note 8: Equity

KNOK	Aksje-kapital	Egne aksjer	Annen innskutt egenkapital	Sum 2017
Equity as at 01.01	**27 513**	**-65**	**180 782**	**208 231**
Change of equity for the year:				
Proposed dividend			-22 136	-22 136
Profit for the year			40 933	40 933
Equity as at 31.12	**27 513**	**-65**	**199 579**	**227 028**

Own shares:

Numbers in thousand	2017	2016
01.01	**105**	**105**
31.12	**105**	**105**
Nominal value	0,62	0,62
Treasury shares specified in equity (KNOK)	65	65

As at 31.12.2017 the company owned 104 544 own shares. Cost price of these was KNOK 561, giving an average share price of NOK 5,37.

It was paid KNOK 22 136 in dividend in 2017, which was NOK 0,50 per share. In addition it was paid an extraordinary dividend of KNOK 44 271, which was NOK 1,00 per share. The Board has proposed a dividend of NOK 0,50 per share in 2018. Total dividends to external shareholders will be KNOK 22 136. The tax effect of dividends does not affect the company's current or deferred tax.

Note 9: Interest bearing debt

Distribution repayment loans (KNOK)	2017	2016
Due within one year	8 642	13 142
Debt, not time-restricted (group credit account)	120 216	70 970
Total short term liabilities to credit institutions	**128 858**	**84 111**
Due after more than one year	-	-
Total long term liabilities to credit institutions	**-**	**-**

Debts and terms of borrowing

Lender (KNOK)	2017	2016	Borrowing terms	Interest terms
Multi-currency, group credit account.	120 216	70 970	Overdraft limit MNOK 60, not time limited.	2,15 %
Repayment business loan	8 642	13 142	Quarterly term loans, last payment 29.12.2017.	2,90 %
Total interest bearing debt	**128 858**	**84 111**		

The group's main bank has covenants on the relationship between EBITDA and net interest bearing debt. The group is not in breach of the terms pr. 31.12.17. The loans are secured.

Loan security as at 31.12.2017

Asset (KNOK)	Book value / nominal security
Co-surety Norway, StrongPoint Cash Security AB, StrongPoint Technology AB, StrongPoint AB and StrongPoint Labels AB [1]	135 000

1) The Swedish companies liabilities are limited to the amount the guarantor at any time has drawn.

Note 10: Intercompany balances

KNOK	2017	2016
Debts		
Debt to Group companies	30 267	28 864
Total debts	**30 267**	**28 864**
Receivables		
Short term intercompany balances	39 269	34 761
Total receivables	**39 269**	**34 761**

Note 11: Shares in subsidiaries

Company	Address	Main area of business	Stake	Book Value
StrongPoint AS	Rælingen	Service and product provider	100%	45 990
StrongPoint Labels AB	Malmø (Sweden)	Printing	100%	36 264
StrongPoint AB	Gøteborg (Sweden)	Service and product provider	100%	32 349
StrongPoint Techonolgy AB	Kista (Sweden)	Hardware and software	100%	158 431
StrongPoint Cash Security AB	Skellefteå (Sweden)	Production and sales	100%	46 380
StrongPoint UAB	Vilnius (Lithuania)	Service and product provider	100%	20 348
StrongPoint Sarl	Coigniers (France)	Service and product provider	100%	1 665
StrongPoint Retail Solutions Sdn Bhd	Kualalumpur (Malaysia)	Service and product provider	100%	0
StrongPoint Retail Solutions Pte Ltd	Somerset (Singapore)	Service and product provider	100%	1
StrongPoint S.L.U.	Madrid (Spain)	Service and product provider	100%	7 529
Cub Business Systems AB	Täby (Sweden)	Service and product provider	100%	52 614
Total				**401 570**

Note 12: Shares in associated companies

Company	Main area of business	Stake	Book Value
Vårdal Butikkdata AS	Service company	50%	1 700
Total			**1 700**

Note 13: Tax expense

Tax expenses for the year are as follows (KNOK):	2017	2016
Change in deferred tax	-1 892	-1 321
Tax expense ordinary profit	**-1 892**	**-1 321**
Tax expense	-1 892	-1 321

Reconciliation from nominal to actual tax rate:

KNOK	2017	2016
Ordinary profit before tax	39 040	64 761
Expected income tax based on nominal rate of tax 24 % (25 % in 2016)	9 370	16 190
Tax effect of the following items:		
Permantet differences	-11 700	-17 852
Change in tax rate from 24 % to 23 %	438	341
Tax expense	**-1 892**	**-1 321**
Effectiv tax rate	**-4,8 %**	**-2,0 %**

Overview of deferred tax assets (KNOK):	2017	2016
Fixed assets	-347	-254
Profit and loss account	252	315
Losses carried forward	-43 710	-34 156
Net negative differences	**-43 804**	**-34 094**
Deferred tax assets	10 075	8 183

Deferred tax assets are recognised on the balance sheet, as they are expected to be utilised through future group contribution from subsidiaries in Norway.

Note 14: Cash and cash equivalents

KNOK	2017	2016
Cash and bank deposit	-	-
Unused overdraft facility	**12 760**	**60 000**
Cash and cash flow in the cash flow statement	-	-

The parent company shares an overdraft facility with the rest of the group. The group as whole or the parent company alone may withdraw up to KNOK 60 000 from the group's overdraft facility.

Statement

We confirm that the financial statements for the period 1 January 2017 to 31 December 2017 have been prepared in accordance with applicable accounting standards and that the information in the financial statements give a true view of the assets, liabilities, financial position and results of operations, and that the report includes a correct overview of the development and performance and position of the company and the Group, together with a description of the principal risks and uncertainties the company faces.

Rælingen, 15 March 2018

Svein S Jacobsen
Chairman

Klaus de Vibe
Director

Camilla AC Tepfers
Director

Inger Johanne Solhaug
Director

Morthen Johannessen
Director

Jørgen Waaler
CEO

Corporate Governance

StrongPoint ASA's objective is to create the greatest possible value for its shareholders over time. Good corporate governance is vital to the success of StrongPoint ASA. Thus, corporate governance is a key concern for StrongPoint's Board and employees, and in StrongPoint ASA's relations with its underlying companies. The Board has reviewed and updated the company's corporate governance practice. It is in line with the Accounting Act, paragraph 3-3b and the Norwegian Code of Practice for Corporate Governance. The presentation adheres to the same order of topics as the fifteen items in the Code of Practice recommendations. There is a great deal of concurrence between the recommendations and StrongPoint's practice. Deviations from Code recommendations are listed in the table to the right and discussed under the item in question.

1. Implementation and reporting on corporate governance

StrongPoint ASA's corporate governance principles are determined by the Board of Directors and are set forth in the company's management documents. The Board's role should be based on the principle of independence in relation to the executive management and the principle of equality and responsibility towards the company's shareholders. The company's shares are freely tradable and the Board/executive management considers it a priority to focus on activities that strengthens the liquidity of its shares. The company's shareholder policy is based on the principle of one share – one vote. Related to potential acquisitions and restructuring situations the Board will exercise particular concern so that all shareholder's values and interests are considered closely. One of the Boards main tasks is to ensure that the company is based on an optimized capital structure. Equity transactions, including mandates of rights issues and private placements, are to be justified in terms of extent, form and timing. The Board and executive management must ensure that the company's information politics are carried out such a matter that information regarding the company is to be published correctly, comprehensive and timely, to provide as correct pricing of the company's share as possible. Further the information policy should give shareholders the best available foundation to form decisions related

Chapters in the recommendation Comment	Comments
1. Implementation and reporting on corporate governance	STRONG complies with the recommendations in the chapter
2. Business	STRONG complies with the recommendations in the chapter
3. Equity and dividends	STRONG complies with the recommendations in the chapter, with the exception: The board has authorization to make an overall capital increase of up to 4.500.000 shares that is not limited to the defined circumstances.The shareholders' preferential rights according to cf. section 10-4 of the Public Limited Liability Companies Act can be disregarded. The board has authorization to acquire up to 4.400.000 own shares that is not limited to the defined circumstances
4. Equal treatment of shareholders and transactions with close associates	STRONG complies with the recommendations in the chapter
5. Freely negotiable shares	STRONG complies with the recommendations in the chapter
6. General meetings	With the exception of two items, StrongPoint complies with the recommendations of the chapter. Board members, members of the nomination committee and the auditor are encouraged to participate the general meeting.It is not used independently proxy. Chairman of the Board or the person designated by him chairs the general meeting.
7. Nomination committee	STRONG complies with the recommendations in the chapter
8. Corporate assembly and board of directors: composition and independence	STRONG complies with the recommendations in the chapter
9. The work of the board of directors	STRONG complies with the recommendations in the chapter
10. Risk management and internal control	STRONG complies with the recommendations in the chapter
11. Remuneration the board of directors	STRONG complies with the recommendations in the chapter
12. Remuneration of executive personnel	STRONG complies with the recommendations in the chapter
13. Information and communication	STRONG complies with the recommendations in the chapter
14. Take-overs	STRONG complies with the recommendations in the chapter
15. Auditor	STRONG complies with the recommendations in the chapter

to investments and voting at general meetings as possible.

Values, ethical guidelines and guidelines for corporate social responsibility
The Group's operations shall be conducted in accordance the company's values, ethical guidelines and guidelines for social responsibility determined by the Board and Executive Management. In addition we shall through our activities contribute to a responsible business conduct. StrongPoint ASA's guidelines are presented on the company's website.

2. Business
The company's business objective is described in the company's articles of association
StrongPoint ASA's mission is to be a leading developer, manufacturer, integrator and marketer of retail technology with a focus on cash handling solutions. The business objective ensures that shareholders have control of the business and its risk profile, without limiting the Board or management's ability to carry out strategic and financially commercial correct decisions within the defined purpose. The article of association of StrongPoint ASA is entirely on the group's website: www.strongpoint.com. The company's objectives and main strategies are presented in the annual report and the Board of Directors' report.

3. Equity and dividends
Equity
The Group's equity as of 31 December 2017 amounted to MNOK 281,0, corresponding to an equity ratio of 40,4 per cent.

The company's share capital is NOK 27 513 145 , divided into 44 376 040 shares with a nominal value of NOK 0,62.

Dividends
StrongPoint's shareholders should over time get a competitive return on their investment through a combination of cash dividends and increased value of their shares.

When deciding the annual dividend level, the Board of directors will take into consideration expected cash flows, investments in organic growth, plans for growth through mergers and acquisitions, and needs for appropriate financial flexibility. In addition to cash dividends, StrongPoint ASA may buy back shares as part of its total distribution of capital to the shareholders.

Board authorizations
The Board's proposals for future Board authorizations accord with the recommendations with one exception. This is the Board's authorization to increase share capital of up to 4,500,000 shares that are not limited to specified conditions. The authorization is valid until the next annual general meeting.

The Board has authorizations to acquire treasury shares at par value of up to NOK 2,728,000 and an overall capital increase of up to 4,400,000 shares (the authorizations are valid to 30 June 2018) are however not limited to the defined circumstances. The Board has asked the General Assembly for authorization to increase the Groups maneuverability.

4. Equal treatment of shareholders and transactions with close associates
The company has a single class of shares, and all shares carry the same rights in the company. Equal treatment of all shareholders is crucial. Transactions in own (treasury) shares are executed on the Oslo Stock Exchange, except for the repurchase of shares towards the shareholders with 500 shares or fewer. In the event of material transactions between the company and a shareholder, Board member, member of executive management, or a party closely related to any of the beforementioned, the Board will ensure that independent valuations are available.

Board members and members of executive management shall report to the Chairman of the Board and the group CEO if they directly or indirectly has a significant interest in agreements entered into by StrongPoint ASA or companies where StrongPoint ASA has siginificant interests. Additional information on transactions with related parties appears in note 18 in the consolidated accounts. Existing shareholders shall have pre-emptive rights to subscribe for shares in the event of share capital increases, unless otherwise indicated by special circumstances. If the pre-emptive rights of existing shareholders are waived in respect of a share capital increase, the reasons for such waiver shall be explained by the board of directors and be published through Nasdaq OMX, Newsweb, the Oslo Stock Exchange (ticker: STRONG) and on the company website.

5. Freely negotiable shares
StrongPoint ASA's shares are freely negotiable. No restrictions on transferability are found in the company's articles of association.

6. General meetings
Meeting notification, registration, and participation
The company encourages all shareholders to participate in general meetings. Notice of general meetings and comprehensive accompanying information are made available to shareholders on the company's website and sent to shareholders within the deadlines stated in the Norwegian Public Limited Liability Companies Act. The deadline for shareholders to register to attend a general meeting is set as close to the date of the meeting as possible, normally two or three days prior to the meeting. The company is of the opinion that no adequate systems for handling electronic participation at general meetings are currently available. Thus, the Board has decided not to allow such participation at StrongPoint ASA general meetings.

Proxy
Shareholders who are unable to attend a meeting may vote by proxy. The company has prepared proxy forms that enable shareholders to vote on individual issues. Procedures for using such proxies are available on the company's website. The company does not appoint an independent proxy to vote on behalf of shareholders. The company considers shareholders' interests are adequately maintained by the option of participation via an appointed proxy or by

shareholders authorizing the Chairman of the Board or a person designated by him to vote according to specific proxy instructions. Procedures for attendance registration and granting proxy are presented in the notice of meeting, on the attendance and proxy form, and on the company website.

Meeting chair, voting, etc.

Board members, the chairman of the nomination committee, and the company's auditor are encouraged to attend general meetings. The Board elects indefinitely to deviate from the recommendation that the Board should look at that "there are arrangements to ensure an independent chairman of the general meeting ", and continue to practiced that the general meeting are led by the Chairman of the Board or one elected by the Annual General Meeting.

The nomination committee focuses on composing a board that works as a team, that meets legally established regulations as to equal gender representation on boards of directors, and whose members' experience and qualifications complement each other. Minutes of general meetings are published as soon as practical via Nasdaq OMX, Newsweb, the Oslo Stock Exchange (ticker: STRONG) and on the company website.

7. Nomination committee

The company has a nomination committee, as stated in the articles of associations which comprises of: Kim Wahl (Chairman), Erik Bergöö og Egil Wickstrand Iversen. The nomination committee is to comprise no fewer than three members. Each member is normally elected for a two-year period. The composition of the nomination committee should reflect the interests of shareholders and independence from the Board and executive management.

Nomination committee members and its chairman are elected by the company's general meeting, which also determines remuneration payable to committee members.

Pursuant to StrongPoint ASA's articles of association, the nomination committee recommends candidates for election to the Board of Directors. In addition the nomination committee promotes proposal for Chairman. The nomination committee also makes recommendations as to remuneration of Board members. The nomination committee is to justify its recommendations, how it takes care of the shareholders interests and the companys need for expertise, capacity and diversity. It should be taken into account to enable the Board to function effectively as a collegiate organ. Proposals for Board candidates are to be submitted in reasonable time before the general meeting.

The annual general meeting will, in accordance with the Code of Practice, be presented with the guidelines governing the duties of the nomination committee for approval. The duties of the nomination committee are found on the company website.

8. Corporate assembly and Board of Directors, composition and independence

The company does not meet the requirements to have a corporate assembly.

Pursuant to the company's articles of association, the Board comprises between 3 and 12 members. Board members are elected

for a period of one year. The Board members are independent of the company's executive management and its significant business associates. No member of the company's executive management is a Board member. CEO Jørgen Waaler has ownership interests in StrongPoint ASA privately and trough his fully owned company Waaler AS.

The current composition of the Board is presented on the company website. The Board members' expertise is also presented. In 2017, the Board of Directors had 9 meetings. Average participation at the meetings has been 98%. One Board member has in total been absent from one meeting.

Board members' shareholdings are presented in note 9 to the consolidated accounts. Board members are encouraged to invest in the company's shares. The Board members represent a combination of expertise and experience from finance, industry and organizations.

The nomination committee's proposal and reasons for candidates will be presented on the company website. The General Assembly elects the Chairman of the Board.

9. The work of the Board of Directors

The Board of StrongPoint ASA annually adopts a plan for its work, emphasizing goals, strategies, and implementation. Also, the Board has adopted board instructions that regulate areas of responsibility, tasks, and division of roles of the Board, the Chairman of the Board, and the Managing Director. The Board instructions also feature rules governing Board schedules, notice and chairing of Board meetings, decision-making, the Managing Director's duty and right to disclose information to the Board, professional secrecy, impartiality, and other issues.

The Board evaluates its own performance and expertise once a year. The Board has an audit committee, which consists of Chairman of the Board Svein Jacobsen and the Board member Klaus de Vibe. The audit committee review procedures including the company's in-house reporting systems, risk management, and internal control, keeps in contact with the company's auditor regarding company audits and prepares the Board's review of financial reporting.

10. Risk management and internal control

The Board of Directors of StrongPoint ASA is the group's main responsible for business operations and is to ensure that the company maintains solid in-house control practices and appropriate risk management and systems tailored to the company's business activities.

As becomes apparent from its balance sheet, StrongPoint ASA is exposed to currency and interest risk, market risk, credit risk, and operational risk at its underlying companies. Management of operational risk primarily takes place at each underlying operating company. Nevertheless, StrongPoint acts as a driver through its work on their Boards of Directors. As a rule, all companies have established effective risk management procedures. Management of financial market exposure, including currency, interest, and counterparty risk, is presented in greater detail in note 17 to the parent company accounts.

StrongPoint has adopted a series of policies to support this, including:

- financial reporting, financial and risk management
- ethics and social responsibility
- authorization conditions, including instructions for the Board and CEO, as well as certification authority
- audit committee

StrongPoint has an accounting manual that all companies in the group are following. It contains rules for internal control and accounting, among other things:

- No one can sign for their own costs or acquisition of own equipment
- All bank transactions must be approved by two employees
- Seller Mandate establishing authority and limits for Sellers
- Hiring of new employees must be approved local CEO
- Agreements and contracts that exceed the amount stipulated in the instructions must be approved by the Group CEO.
- Derivatives and foreign exchange contracts must be approved by the Group CFO. There are limits for the amount that can stand on foreign currency accounts to reduce the financial risk

The Audit commitee annually reviews the company's most important risk areas and internal control systems and procedures, and the main elements of these assessments are presented in the Board of Directors' report. The audit committee also serves as a preparatory group in connection with the quarterly report and reviews the major events, the directors' report, balance sheet, income statement items and notes to the interim financial statements together with the administration before the report is presented to the Board.

11. Remuneration of the Board

Board remuneration reflects the Board's responsibility, expertise, time spent, and the complexity of the business. Remuneration does not depend on StrongPoint's financial performance. There are no option programs for any Board members but the majority has chosen to buy shares in the company. The annual general meeting determines Board remuneration following recommendations by the company's nomination committee

Board members are elected because of their expertise and knowledge. Directors or company to which they are attached should not undertake special assignments for the company in addition to their appointment. If they still do that the whole board should be informed. Fees for such assignments must be approved by the Board. All remunerations are specified in the financial statement.
Additional information on remuneration paid to Board members for 2017 is presented in note 9 to the consolidated accounts.

12. Remuneration of executive personnel

The Board has adopted guidelines for remuneration of executive management in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act. The Board of Directors determines the remuneration of the CEO.

StrongPoint ASA does not have stock option plans or other such share awardprograms for employees. Further information on remuneration for 2016 for members of

StrongPoint's executive management is presented in note 9 to the consolidated accounts. The company's guidelines for remuneration to executive management are discussed in note 9 to the consolidated accounts and will be presented to shareholders at the annual general meeting. Some members of StrongPoint's executive management maintain the company's interests as board members of other StrongPoint companies. They do not personally receive board remuneration for these memberships. The Board has limited the performance based reward of the Group CEO to a maximum of 40 % of the fixed salary.

13. Information and communications

The company has prepared a policy for investor relations (IR), which determines guidelines for contact with shareholders outside the general meeting. The company's reporting of financial and other information is based on transparency and equal treatment of interested parties.

The long-term purpose of StrongPoint's IR activities is to ensure access to capital at competitive terms for the company and correct pricing of shares for shareholders. These goals are to be accomplished through accurate and timely distribution of information that can affect the company's share price; the company is also to comply with current rules, regulations, and market practices, including the requirement of equal treatment.

All stock exchange notices and press releases are published on the company's website. Stock exchange notices are also available at: www.newsweb.no. All information that is distributed to shareholders is simultaneously through Newsweb, the Oslo Stock Exchange (ticker: STRONG) and on the company website. The company endeavours to hold public presentations of its financial reporting; these meetings are often broadcast simultaneously via the Internet.

The company's financial calendar is found on the company website.

14. Take-overs

In a bid situation, StrongPoint's Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the Company's business activities are not disrupted unnecessarily.

The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer. The Board of Directors will not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this. Agreements with providers to limit the company's ability to obtain other offerings on the company's shares will only be entered into when it clearly can be attributed to the company and shareholders' common interest. The same applies to an agreement on compensation to the provider if the offer is not completed. Any compensation shall be limited to the cost the provider has upon the submission of the bid.

Agreements between the company and provider of importance for the market's assessment of the offer should be made public and no later than the alert that the offer is made. In the event of a take-over bid for the Company's shares, the Company's Board of Directors will not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid. If an offer is made for the Company's shares, the Company's Board of Directors will issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on the offer will make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the Board's statement. The Board will arrange a valuation from an independent expert. The valuation will include an explanation, and will be made public no later than at the time of the public disclosure of the Board's statement.

15. Auditor

The auditor participates in the Board meeting that deals with the annual accounts, and the auditor has with the Board reviewed any material changes in the company's accounting principles and assessments of material accounting estimates.

Further the auditor has provided the Board with written confirmation that the requirement of independence is met. The Board and the audit committee meet with the auditor without the presence of representatives of executive management. The audit committee determines guidelines for executive management's access to use the auditor for services other than auditing and receives an overview of services rendered by the auditor to the company.

Remuneration of auditing and other services are presented in note 5 to the StrongPoint ASA accounts. Such details are presented to the annual general meeting.

Rælingen, 15 March 2018

Svein S Jacobsen	**Klaus de Vibe**	**Camilla AC Tepfers**	**Inger Johanne Solhaug**	**Morthen Johannessen**	**Jørgen Waaler**
Chairman	*Director*	*Director*	*Director*	*Director*	*CEO*

Auditor's report

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax: +47 24 00 24 01
www.ey.no
Medlemmer av Den norske revisorforening

UAVHENGIG REVISORS BERETNING

Til generalforsamlingen i StrongPoint ASA

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert årsregnskapet for StrongPoint ASA som består av selskapsregnskap og konsernregnskap. Selskapsregnskapet består av balanse per 31. desember 2017, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger. Konsernregnskapet består av balanse per 31. desember 2017, totalresultat, oppstilling av endringer i egenkapitalen og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Etter vår mening

- er årsregnskapet avgitt i samsvar med lov og forskrifter
- gir selskapsregnskapet et rettvisende bilde av selskapets finansielle stilling per 31. desember 2017 og av selskapets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.
- gir konsernregnskapet et rettvisende bilde av konsernets finansielle stilling per 31. desember 2017 og av konsernets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med International Financial Reporting Standards som fastsatt av EU.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i avsnittet *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet og konsernet i samsvar med de relevante etiske kravene i Norge knyttet til revisjon slik det kreves i lov og forskrift. Vi har også overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Sentrale forhold ved revisjonen

Sentrale forhold ved revisjonen er de forhold vi mener var av størst betydning ved revisjonen av årsregnskapet for 2017. Disse forholdene ble håndtert ved revisjonens utførelse og da vi dannet oss vår mening om årsregnskapet som helhet, og vi konkluderer ikke særskilt på disse forholdene. Vår beskrivelse av hvordan vi revisjonsmessig håndterte hvert forhold omtalt nedenfor, er gitt på den bakgrunnen.

Vi har også oppfylt våre forpliktelser beskrevet i avsnittet *Revisors oppgaver og plikter ved revisjonen av årsregnskapet* når det gjelder disse forholdene. Vår revisjon omfattet følgelig handlinger utformet for å håndtere vår vurdering av risiko for vesentlige feil i årsregnskapet. Resultatet av våre revisjonshandlinger, inkludert handlingene rettet mot forholdene omtalt nedenfor, utgjør grunnlaget for vår konklusjon på revisjonen av årsregnskapet.

Building a better working world

Nedskrivningsvurderinger av immaterielle eiendeler, goodwill og aksjer i datter

Konsernets balanseførte immaterielle eiendeler og goodwill pr 31. desember 2017 representerer 32 % av totalkapitalen i konsernet. Goodwill og varemerker knyttet til den kontantgenererende enheten StrongPoint Technology AB utgjør MNOK 113,7 pr 31. desember 2017. Aksjeinvesteringen i StrongPoint Technology AB er balanseført til kost i morselskapsregnskapet og utgjør 35 % av morselskapets totalkapital. Nedskrivningsvurderingene gjøres basert på gjenvinnbart beløp som er definert som det høyeste av salgsverdi og bruksverdi. Bruksverdien er beregnet basert på diskonterte fremtidige kontantstrømmer. Som følge av omfanget av skjønnsmessige vurderinger, usikkerhet i teknologisk utvikling og fremtidige markedsforhold og forutsetninger som benyttes i ledelsens modeller for bruksverdi, har nedskrivningsvurderinger av immaterielle eiendeler og goodwill for konsernet og aksjer i datterselskap for morselskapet vært sentrale forhold ved revisjonen.

Vår revisjon av konsernets og morselskapets nedskrivningsvurderinger har omfattet vurdering av de underliggende nedskrivningsmodellene og kontantgenererende enheter og evaluering av forutsetningene ledelsen har lagt til grunn ved beregningene. Vi har gjennomgått ledelsens forutsetning om fremtidige spesifikke vekstrater og kontantstrømprognoser ved å vurdere mot styregodkjente budsjetter. Vi har i tillegg analysert treffsikkerhet i ledelsens historiske prognoser ved sammenligning mot faktiske resultater. Vi har vurdert konsernets benyttede diskonteringsrente ved å sammenligne forutsetningene som er lagt til grunn med eksterne data som forventet inflasjon og beta-verdier for sammenlignbare selskaper. Vi har også gjennomgått og gjennomført sensitivitetsanalyser for de viktigste forutsetningene som er lagt til grunn.

Vi viser til note 11 immaterielle eiendeler og note 25 estimatusikkerhet i konsernregnskapet og note 11 aksjer i datterselskap i selskapsregnskapet for ytterligere informasjon.

Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og konsernsjef (ledelsen) er ansvarlig for den øvrige informasjonen. Vår uttalelse om revisjonen av årsregnskapet dekker ikke den øvrige informasjonen, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese den øvrige informasjonen med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon, er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge for selskapsregnskapet, og i samsvar med International Financial Reporting Standards som fastsatt av EU for konsernregnskapet. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe annet realistisk alternativ.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke

Auditor's report

Building a better working world

vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll;
- opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll;
- vurderer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige;
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det foreligger vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet. Hvis slike tilleggsopplysninger ikke er tilstrekkelige, må vi modifisere vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapets evne til fortsatt drift ikke lenger er til stede;
- vurderer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde;
- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om konsernregnskapet. Vi er ansvarlige for å fastsette strategien for, følge opp og gjennomføre konsernrevisjonen, og vi har et udelt ansvar for konklusjonen på revisjonen av konsernregnskapet.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen, tidspunktet for vårt revisjonsarbeid og eventuelle vesentlige funn i vår revisjon, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom vårt arbeid.

Vi avgir en uttalelse til styret om at vi har etterlevd relevante etiske krav til uavhengighet, og kommuniserer med dem alle relasjoner og andre forhold som med rimelighet kan tenkes å kunne påvirke vår uavhengighet, og der det er relevant, om tilhørende forholdsregler.

Av de forholdene vi har kommunisert med styret, tar vi standpunkt til hvilke som var av størst betydning for revisjonen av regnskapet for den aktuelle perioden, og som derfor er sentrale forhold ved revisjonen. Vi beskriver disse forholdene i revisjonsberetningen med mindre lov eller forskrift hindrer offentliggjøring av forholdet, eller dersom vi, i ekstremt sjeldne tilfeller, beslutter at forholdet ikke skal omtales i beretningen siden de negative konsekvensene ved å gjøre dette med rimelighet må forventes å oppveie allmennhetens interesse av at forholdet blir omtalt.

Building a better working world

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen og redegjørelsen om eierstyring og selskapsledelse

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen og i redegjørelsen om eierstyring og selskapsledelse om årsregnskapet og forutsetningen om fortsatt drift og forslaget til disponering av resultatet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendige i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

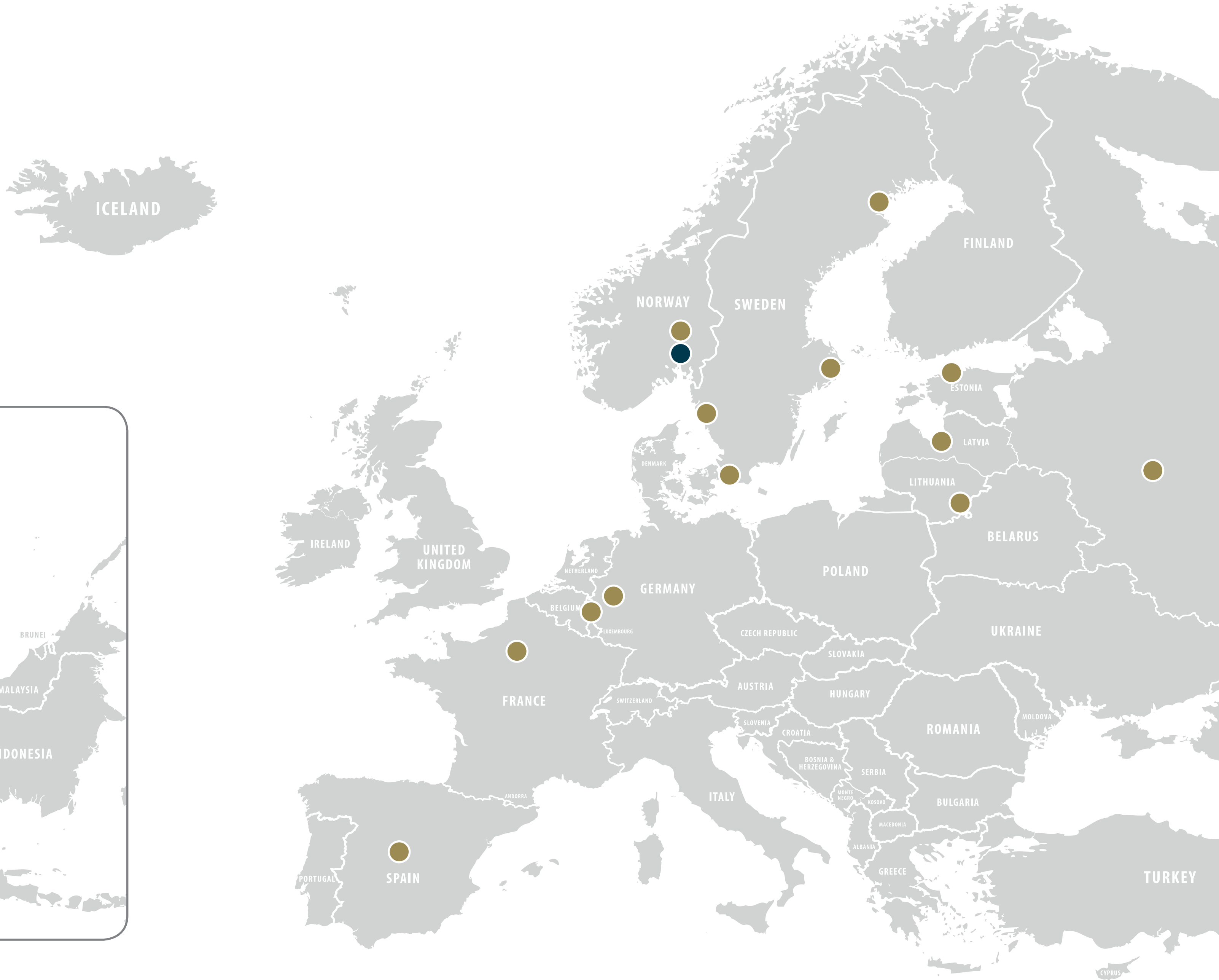
Oslo, 15. mars 2018
ERNST & YOUNG AS

Asbjørn Ler
statsautorisert revisor

StrongPoint ASA
Slynga 10, 2005 Rælingen, Norge
Tel: +47 03254
E-mail: info.no@strongpoint.com
Web: www.strongpoint.com

Headquarters

Branch offices



StrongPoint

StrongPoint ASA
Slynga 10, 2005 Rælingen
Tel: 03254 | www.strongpoint.com