StrongPoint

Annual Report 2016

Financial highlights 2014 - 2016

Key figures	2016	2015	2014	
Operating revenue [1)]	1 120 166	1 146 049	828 514	KNOK
Annual growth	-2,3 %	38,3 %	15,3 %	%
EBITDA	111 679	90 479	60 982	KNOK
EBT	79 233	49 564	-12 290	KNOK
Total assets	659 323	675 351	610 847	KNOK
Equity	320 981	297 247	246 520	KNOK
Equity ratio [2)]	48,7 %	44,0 %	40,4 %	%
Current ratio [3)]	1,24	1,06	1,01	
Earnings per share [4)]	1,68	0,82	-0,04	NOK
Number of shares (average for year)	44 271	44 271	43 981	T
Number of shares 31.12	44 376	44 376	44 376	T
Share price (Oslo Børs)	16,20	14,15	7,25	NOK
Number of employees 31.12	580	580	571	

Accounting year	General assembley	Dividend per share
2016	20.04.2017	0,50
2016	05.01.2017	1,00
2015	28.04.2016	0,45
2014	30.04.2015	0,35

1) Sales revenue

1) Operating revenue for 2016 and 2015 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

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

2016 was a new record-year for StrongPoint

Dear shareholders;

We can look back on a year in which we created record values and performed better than expected. In 2016, StrongPoint delivered the best result and the best cash flow ever.

We are very proud of the company's EBITDA of NOK 111 million for the 2016 fiscal year. Combined with good balance sheet management this gave us an operational cash flow of NOK 163 million.

In December 2016, the Board decided to propose an extraordinary dividend of NOK 1.00, which was adopted at an extraordinary general meeting and scheduled for distribution in January 2017. In addition, the Board has proposed an ordinary dividend of NOK 0,50.

Including dividends, the shareholder values through 2016 increased by 25 percent – after doubling in 2015 and quadrupling since 2012.

In addition to the financial progress, the company has moved closer to its vision of becoming a preferred and recognised global provider of technology solutions to the retail sector. We have become a company with a common identity and common goals.

Our marketing resources have managed to build the StrongPoint brand. We have received encouraging feedback on the StrongPoint name from our customers, shareholders and other stakeholders in all our markets.

StrongPoint Nordics, Baltics and Russia

A particularly important driver behind the 2016 results was the project "New Notes in Norway". Several thousand installed Cash Management solutions had to be replaced and/or upgraded for our customers to handle the new banknotes from the central bank of Norway. Our expertise in complex technical solutions and logistics has been crucial to a successful project.

Another important contributor to the 2016 results was the business area Cash Security. More than 2 000 security cases have been delivered to one of Europe's largest CIT operators. In addition, more than 1 000 cases have been delivered to Russia. Cash Security has never performed better than in 2016.

In the Baltics, StrongPoint started to gain a foothold with Cash Management, Electronic Shelf Labels and Self-Checkouts.

Digi Scales is a stable solution area for the group in Norway, Sweden and the Baltics. New camera scales, that automatically recognise fruit and vegetables, have contributed to the positive results in 2016.

The installed base for the various solution areas in Scandinavia, the Baltics and Russia has never been greater - which bodes well for robust operations in the years ahead.

StrongPoint South-East Asia

Throughout the year, we increased our investment in South-East Asia. We are closer to a breakthrough than a year ago. Our plans are long-term as long as we experience positive development and increasing revenues. We have already made installations within Cash Management, Loss Prevention and Electronic Shelf Labels. In addition, we market Cash Security, Click & Collect and Self-Checkout.

StrongPoint EMEA

StrongPoint's project expertise, as well as comprehensive installations, logistics and support services, have been and will be essential for the successful implementation of more than 500 Cash Management systems at Alimerka in Spain. By June 2017, there are planned 700 systems to be in operation with a monthly lease for years to come. The Alimerka reference, together with our acquisition of one of our Spanish partners in December, mean that we expect good growth in Spain in the future.

We have also strengthened our organisation in Germany, France and Belgium within sales and service. The activity has never been greater and StrongPoint's technology offerings have never been wider. These countries, along with Spain, are our focus in the near future. In France and Belgium, we also have a strong foothold within Cash Security.

In South Africa, we have our most successful and most competent Cash Management Partner - Bullion IT. In 2016, Bullion IT installed 379 Cash Management Systems, which is a new record.

StrongPoint Labels

Our division for adhesive labels stagnated somewhat in 2016. Mainly due an extensive and demanding One Factory project, which has suffered some malfunctions. Labels decided to invest in a new factory in Malmö, which entailed extensive relocations of the old factories in Mölndal and Arlöv. One of the efficiency gains is a new digital press that replaces three traditional presses. Equally important is that all expertise, logistics and customer care are gathered in one place. This is a major positive development in StrongPoint Labels now when the project is completed.

Although hunting for new clients and projects every day, a significant proportion of the Labels turnover is recurring revenue.

We consider the future of adhesive labels promising. More and more goods must be labeled with barcodes and other information for identification and tracking. Focus on digital technology, production quality and deliverability, are critical success factors.

Outlook

StrongPoint's goal 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 and by giving 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 helps us well on our way. Our offer today and tomorrow will be based on that we carefully analyse shop owners' daily challenges, combining consumer shopping patterns and various consumer trends.

A concept we hope to succeed in the future is Click & Collect. Throughout 2016 we have reinforced the confidence in our role in the e-commerce value chain. Maybe we'll get a breakthrough in 2017. Undoubtedly, e-commerce is growing rapidly even for grocery shopping. Time will tell if home deliveries or manual deliveries will win over self pickup inside and outside the store, at railway stations, gas stations or parking lots via StrongPoint's unique storage bins for both dry, refrigerated and frozen products.

We recognise that it will take time for effective concepts to be realised.

We need to focus on store managers' concerns within pricing strategy and price integrity, reducing checkout queues, efficient payment systems, volume-driving loyalty programs, reduced waste and theft and security for employees. At the same time our solutions need to be adapted to consumers' changing shopping habits; How will they act in the future? How will they pay in the future and how do they want to be rewarded?

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. When we look back at 2016, we can proudly say that we have succeeded in this ambition.

Jørgen Waaler
CEO

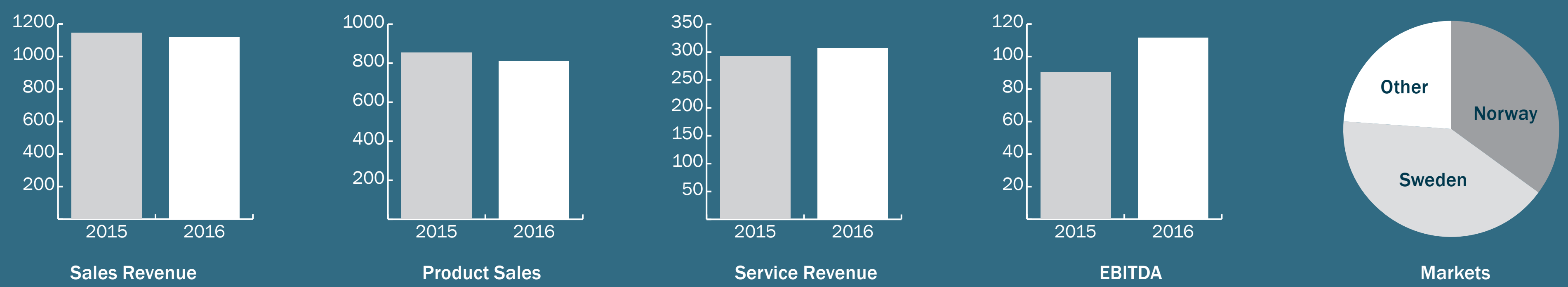
About StrongPoint

Strong Point increases profitability for retailers, streamlines the working day for store employees, and improves their customers' shopping experience.

The company is also a leading provider of IBNS-technology (Intelligent Banknote Neutralisation System) to stores, CIT and ATMs. And is one of Scandinavia's largest label suppliers to a variety of industries; food industry, wholesale and retail, transport and storage.

We have managed to build the StrongPoint brand. We have received encouraging feedback on the StrongPoint name from our customers, shareholders and other stakeholders in all our markets.

Financial highlights 2015 - 2016 (MNOK)



Mission:

Driving retailers' productivity by innovative integrated technology solutions in stores

Vision:

Becoming a recognised global provider of retail technology

StrongPoint streamlines operations

StrongPoint has knowledge and solutions that help retailers with their challenges in everyday life. StrongPoint knows how stores can reduce costs, increase productivity, improve safety and the shopping experience.

1. Closed cash handling automates, seals and secures the cash in the cash register and in the back office.

2. Select & Collect saves and secures high-value products in the store.

3. Self-checkout improves the customer experience and reduce queues at the checkout area.

4. Click & Collect enables online shopping and pick-up of groceries without having to relate to the store's opening hours.

5. Retail Suite is a platform that monitors, analyses and manages all StrongPoint's proprietary solutions.

6. Electronic Shelf Labels provide complete control of pricing and eliminates all traditional sources of pricing errors.

7. Camera scales automatically recognices fruits and vegetables.

8. Modern and specially designed labels catch the customers' attention.

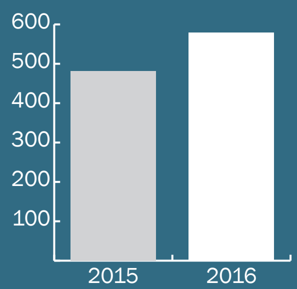
9. IBNS (Intelligent Banknote Neutralisation System) technology that secures cash in transit.

Proprietary Technologies

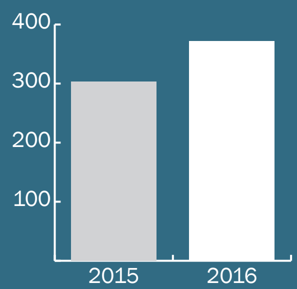
Proprietary Technologies comprises sales and service of solutions based on StrongPoint's own technology. The business area consists of Retail and Cash Security. The figures for Proprietary Technologies represent the technology products turnover and result for the entire value chain in StrongPoint.

StrongPoint has moved closer to its vision of becoming a preferred and recognised global provider of retail technology solutions.

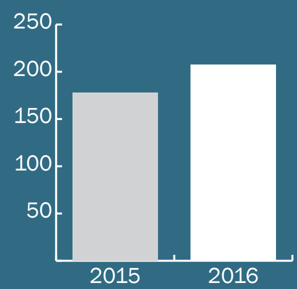
Financial highlights 2015 - 2016 (MNOK)



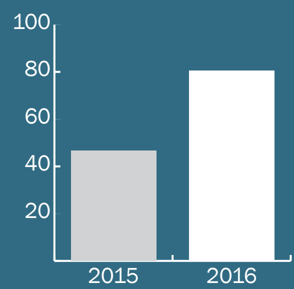
Sales Revenue



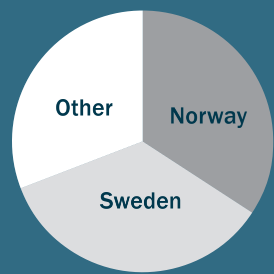
Product Sales



Service Revenue



EBITDA



Markets

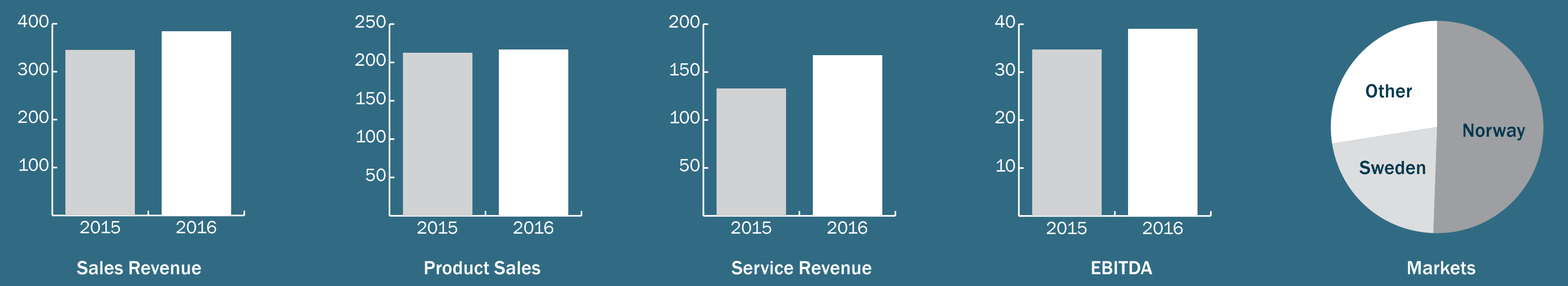
Retail

The business area Retail is comprised of 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 (Vensafe), Click & Collect, Self-Checkouts and the new Retail Suite software make life easier for retailers.

Evaldas Budvilaitis
SVP & Managing Director StrongPoint Technology

We are constantly adapting our own solutions for the benefit of our customers. Our new Retail Suite, which simplifies and streamlines store operations, is a good example of this approach.

Financial highlights 2015 - 2016 (MNOK)



Retail Suite

Retail Suite is a platform that monitors, analyses, and manages all StrongPoint's proprietary solutions.

Retail Suite takes care of daily tasks like establishing user profiles, administration of user rights, managing security and setup. The solution can either operate alone or be integrated with the retailer's existing system. By using KPI dashboards, you can monitor technical performance and each module in Retail Suite.

1. In February 2016, StrongPoint signed a "Cash Management as a service" contract with Alimerka, based on a rental- and service level agreement for no less than five years per system. 524 systems were installed in 2016.

2. 7,500 Cash Management systems was upgraded during the year, in connection with the new banknotes in Norway. In addition, several new systems were installed in the period.

In Malaysia and Singapore, we now present all our own solutions to potential customers. In the fourth quarter, Cash Management solutions were installed in two restaurants of a restaurant chain in Malaysia, with the potential for further deliveries. A major department store bought its first four Cash Management solutions. In addition, the first Loss Prevention solution in Singapore was installed, and a pilot was confirmed in Malaysia.

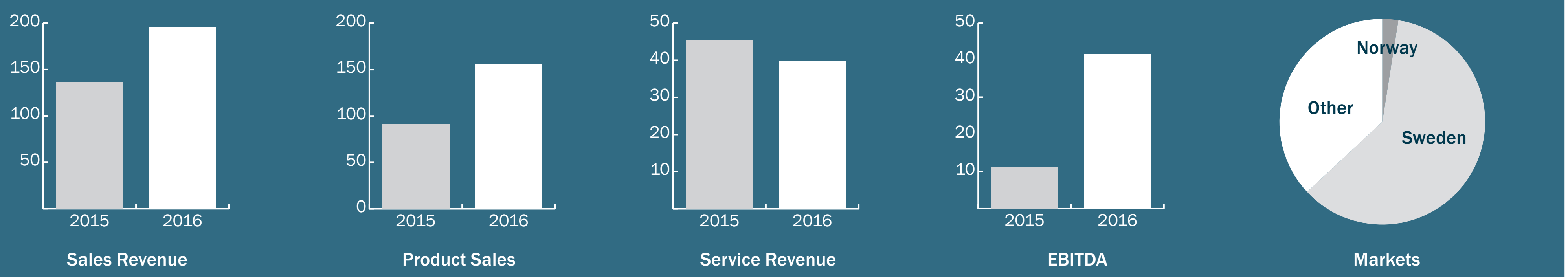
Cash Security

Cash Security offers solutions for cash in transit. The division focuses on IBNS (Intelligent Banknote Neutralisation System) technology. This technology protects cash without the need for weapons or expensive armoured transport. Cash Security operates in more than 10 countries and partners with leading CIT-companies such as Loomis, G4S, Brinks and Sberbank.

Lars-Åke Ericson Köpper
SVP & Managing Director
Cash Security

Cash Security achieved record sales of CIT cases in 2016. Increased sales of our products, as well as entering into long-term service contracts, has contributed to solid growth and predictability. The market has as expected, responded well to our new models with low weight and ergonomic design.

Financial highlights 2015 - 2016 (MNOK)



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1. In the first quarter, StrongPoint entered into an agreement with one of Europe's largest CIT companies. StrongPoint has equipped their entire fleet of vehicles with CIT cases in one of the countries where they are represented. The delivery of 2 000 CIT cases started in the second quarter and was completed in 2016.

2. In the second quarter, StrongPoint signed an agreement for additional delivery of 780 CIT cases with Sberbank, Russia's largest bank. The deliveries of all together 1 000 CIT cases were completed in the fourth quarter. In the third quarter, StrongPoint signed a service agreement with Sberbank for the maintenance of their CIT cases.

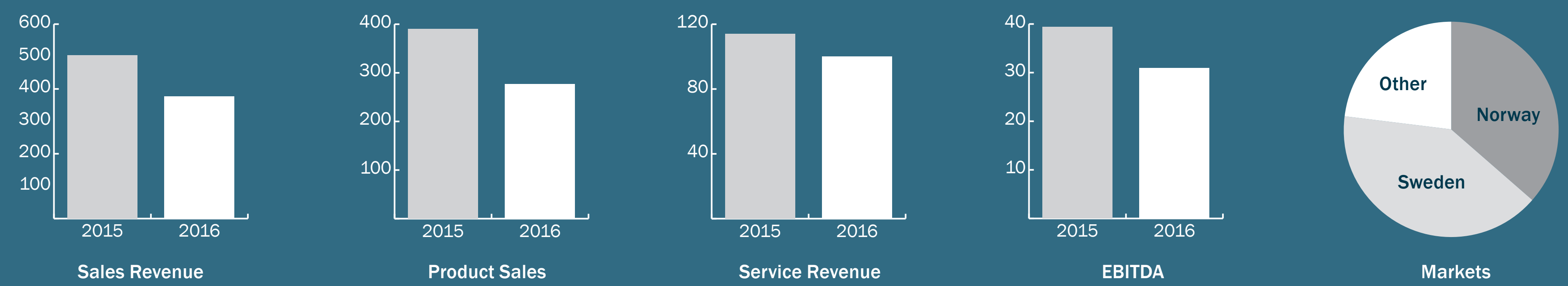
StrongPoint has presented its CIT cases for several CIT companies in Asia and is now examining the potential for these solutions in this market.

Third-Party Technologies

Third-Party Technologies delivers innovative retail solutions from third party world leading technology providers, such as; Pricer, Digi and Microsoft.

Our Third-Party products accounted for a significant proportion of our sales in 2016. We sell these products in an increasing number of our markets and anticipate increased sales in the future.

Financial highlights 2015 - 2016 (MNOK)



1. The deliveries of electronic shelf labels (ESL) to Coop were executed as planned and were completed in 2016. A framework agreement with Bunnpris for the delivery of ESL to their stores was signed in December 2015. Some deliveries were made, but the main part of the project was postponed to 2017. In the fourth quarter, StrongPoint delivered its first delivery of electronic shelf labels in Malaysia.

2. RIMI Lithuania has started to roll out Self-Checkout solutions, based on StrongPoints proprietary software and hardware from a third-party supplier. IKI, the second largest supermarket chain in Lithuania renewed its agreement for Self-Checkout solutions from a third-party supplier. StrongPoint is responsible for deliveries and maintenance.

The sales of camera scales in Norway and Sweden were growing. In Norway, StrongPoint experienced increased interest in this solution in connection with Coop's Shop Express.

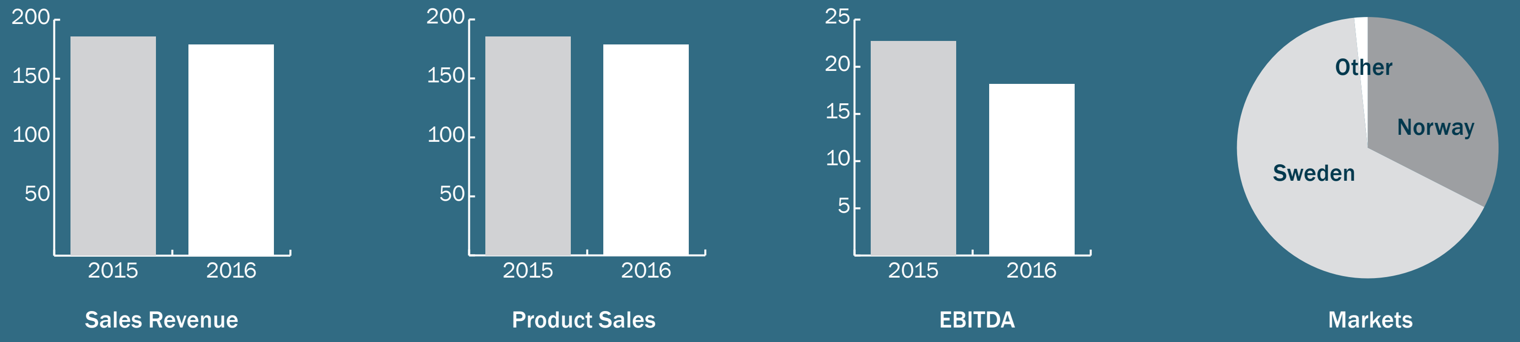
Labels

Labels delivers a wide variety 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

During 2016, we have centralised the production in Sweden, and invested in modern production equipment to meet future needs. In Norway, we continue to win market share in the food industry.

Financial highlights 2015 - 2016 (MNOK)



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1. During 2016, StrongPoint centralised all the production in Sweden into brand new premises in Malmö. StrongPoint has as the first company in the Nordic countries, invested in the new HP Indigo 8000. This will significantly increase the capacity and lower the production costs. The machine was delivered in the fourth quarter.

2. StrongPoint continued its efforts towards food industry in Norway with focus on price, quality and delivery precision. The agreement with Norsk Kjøtthandel was extended with another three years. In the second quarter, StrongPoint signed a framework agreement with Posten Norge for three years with an option for one more year. In fierce competition, StrongPoint were awarded the majority of the agreement. The agreement also includes the delivery of thermo labels in Sweden.

Directors report for the year 2016

StrongPoint has completed yet another strong year. Operating profit before depreciation (EBITDA) was record-high with MNOK 111.7 (90.5), while the turnover of MNOK 1 120.2 (1 146.0) was slightly down from 2015. In recent years, StrongPoint has completed a number of major projects in the home markets, which contributed to good growth in turnover and EBITDA. StrongPoint's further growth depends on the success outside the home markets. Therefore, the company has further developed sales and service offices in Asia, Russia, Germany, France, Belgium and Spain. In 2016, 60 percent of new sales of proprietary retail solutions was in countries outside the home markets, and it is expected that this percentage will increase in the years to come.

Financial statements for 2016

Group operating revenue was flat, ending on MNOK 1 120.2 (1 146.0). It has been a very good year for Proprietary Technologies. The business area has received several major agreements in Sweden, Belgium, France and Russia within Cash Security. In addition, the business area had high activity within retail products in Norway, Sweden, Spain and South Africa. The business area 3rd Party Technologies has had a decline in revenues as a result of a major project within ESL, which was completed in 2015.

Operating profit before depreciation (EBITDA) was record-high, MNOK 111.7 (90.5), due to a larger share of the turnover comming from the business area Proprietary Technologies, where StrongPoint owns and develops the technology itself.

The Group's net income was MNOK 74.2 (36.4). The final payment related to the acquisition of New Vision (now StrongPoint Baltics) led to a reversal of the earn-out provision of MNOK 23,3 in 2016. At the same time, the goodwill regarding New Vision was impaired by MNOK 23.3. This is due to lower results in the earn-out period than estimated at the time of acquisition.

The Group's total assets as per 31 December 2016 were MNOK 659.3, compared to MNOK 675.4 at the same time in 2015. The equity was MNOK 321.0. This gives an equity ratio of 48.7 per cent.

At year-end 2016, the Group had no net interest-bearing debt. Net interest-bearing assets amounted to MNOK 5.4. Based on this, the Board proposed an extraordinary dividend of NOK 1.00 per share, which was approved at the extraordinary general meeting 5 January 2017. The dividend was paid 17 January 2017. The Group has a shared Cash Pool 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 2016 amounted to MNOK 127.1, including restricted funds of MNOK 0.0. Available lines of credit amounted to MNOK 60.0.

The cashflow from operational activities was record high with MNOK 163.3 in 2016 (54.3). The Group had several major ongoing projects that bound working capital at the end of last year, which was delivered and paid in 2016. The working capital was decreased with MNOK 54.4 in 2016.

During the year, MNOK 53.5 has been recognised in the balance sheet as investments in fixed assets.

Highlights

In February 2016, StrongPoint signed a "Cash Management as a service" contract for six years with Alimerka. 524 systems were installed in 2016. These systems are capitalised in StrongPoint, and the turnover and profits of these are distributed over the rental period. These systems therefore have little effect on the results in 2016. The sales value of the systems was approximately MNOK 35.

In February 2016, StrongPoint entered into an agreement with one of Europe's largest CIT companies to equip their entire fleet of vehicles in one of the countries they are represented with CIT cases and intelligent accessories. The delivery of 2 000 CIT cases was completed in 2016.

In June 2016 StrongPoint and Sberbank, Russia's largest bank, signed an agreement for delivery of 780 CIT-cases – the latest model with record-low weight of 6 kg. The delivery was completed in 2016.

In December 2016, StrongPoint acquired 100% of the shares in the Spanish company PYD Seguridad S.L. – an ambitious Spanish sales company with 12 employees and a turnover of MEUR 2.5 in 2016. From its headquarters in Madrid, they cover the whole of Spain, Portugal and Andorra through its own sales staff, service technicians and third-party representatives. The founder and principal owner of PYD Seguridad S.L., Javier Aguilera, will continue as Managing Director for the company and will join the StrongPoint EMEA team.

Post balance sheet events

An extraordinary general assembly 5 January 2017 approved an extraordinary dividend of NOK 1.00. The dividend was paid on 17 January 2017.

Risk

Historically, the company's home markets in Norway and Sweden have proven robust during economic downturns, since investments in the retail sector have traditionally been little affected by financial and macroeconomic trends. At the same time the Norwegian and Swedish retail market is 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 2016. 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 2016.

The board has one sub-committee: the audit committee. The audit committee consists of two board members and had four meetings in 2016. 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.

The Group's business

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

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, Mölndal, Malmö and Vilnius. StrongPoint also conducts its business activities through subsidiaries or branches in France, Germany, Belgium, Estonia, Latvia, Russia, Spain and Malaysia. The Group is organised in three business areas; Proprietary Technologies, Third-Party Technologies and Labels.

Proprietary Technologies

Proprietary Technologies is comprised of sales and service, based on StrongPoint's patented technology solutions for Retail and Cash Security. High rate of installation of capital goods, customer focus on operational efficiency and attractive service solutions has led to a positive development in this business area in the past years.

The operating revenue in the business area increased by 20.4 per cent to MNOK 579.6 (481.5). The business area has had a very good year, both in Retail and Cash Security. The largest markets for retail products were Spain, Norway, South Africa, France and Sweden. As a result of upgrading of existing Cash Management systems in Norway, in order to handle the new banknotes, service revenues increased significantly. Cash Security completed two major projects, and therefore got a record turnover.

EBITDA increased by 72.9 percent to MNOK 80.5 (46.6). Since Strong Point owns the entire value chain in this business area, the high product sales have led to very good profitability. In addition, there is a very efficient service organisation, combined with Cash Security's new products with market leading security, combined with low weight, high quality and lower production cost. This business area has spent significant amounts related to the further development of existing solutions and developing new solutions. New software has been released for the Select & Collect solution (Vensafe). A new single slot Cash Managenent solution and new solutions for Self-Checkout and Click & Collect have been developed.

Proprietary Technologies (MNOK)	2016	2015
Product Sales	372,3	303,3
Service	207,3	178,2
Revenue	**579,6**	**481,5**
EBITDA	80,5	46,6
EBITDA-margin	13,9 %	9,7 %
EBT	68,8	34,1

Thrid-Party Technologies

Thrid-Party Technologies (MNOK)	2016	2015
Product Sales	276,6	390,4
Installation og service	100,0	114,1
Revenue	**376,5**	**504,5**
EBITDA	30,9	39,4
EBITDA-margin	8,2 %	7,8 %
EBT	23,4	29,1

The business area delivers innovative retail solutions from third-party world leading technology providers.

The operating revenue in the business area decreased by 25.4 per cent to MNOK 376.5 (504.5). The largest product groups were sales and installations of ESL, sales and services of scales and packaging machines, as well as consulting and development services within ERP and POS. EBITDA was MNOK 30.9 (39.4). The decline in revenue and EBITDA, is due to the completion of a large ESL contract in Norway in 2015.

Labels

Labels (MNOK)	2016	2015
Product Sales	179,0	185,5
Revenue	**179,0**	**185,5**
EBITDA	18,2	22,7
EBITDA-margin	10,2 %	12,2 %
EBT	4,2	8,5

The business area offers leading expertise in the design and manufacture of adhesive labels to customers in Norway and Sweden. StrongPoint has, as the first company in the Nordic countries, invested in the new HP Indigo 8000. This will significantly increase the capacity for digital printing of labels.

The operating revenue in the business area decreased by 3.5 per cent to MNOK 179.0 (185.5). EBITDA was MNOK 18.2 (22.7). MNOK 3.0 was expensed regarding the centralisation of the production in Sweden into brand-new premises in Malmö.

Employees

The Group had 580 employees as per 31 December 2016.

The company has a share program for the employees in Norway, Sweden and the Baltics. Through these programs, employees subscribed for a total 168,637 shares in 2015 and 95,511 shares in 2016.

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 2017 it is paid NOK 477 000 in bonus to the CEO based on the results in 2016.

Research & Development

The Group devotes substantial resources each year to research and development (R&D). No development costs were activated during 2016.

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 intelligent solutions for securing cash in ATMs and CIT. In recent years, it has been focused on developing and complement existing solutions, but in 2016 it was also invested in several new solutions, such as Self-Checkout and Click & Collect.

The business area Third-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.

Ethics and Social Responsibility

Wide confidence and credibility is essential if StrongPoint are to achieve the business objectives. We will achieve this by creating and maintaining a culture based on high ethical standards and responsible behaviour in society.

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 2016, and our clear goal is that this will not occur in 2017 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 3.0 per cent, compared to 2.6 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 facilitate workplaces 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 at year end 2016, 137 of the Group's 580 employees were women. There are no women in the Group's executive management. Six 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 under-represented 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
We are aware that both human and labour rights may be affected in our supply chain. Therefore, the Group aims at selecting companies that are global leaders within their product range. This ensures that the supplier has documentation and procedures to ensure that products are produced ethically and responsibly. In 2015 StrongPoint 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 at 31 December 2016, the company had share capital of NOK 27,513,144.80 divided into 44,376,040 shares each with value of NOK 0.62. The company's holding of treasury shares was at year-end 2016 104,544 shares at an average cost price of NOK 5.37.

There were 1,503 shareholders in the company as at yearend 2016. The 20 largest shareholders accounted for 64.4 per cent of the total share capital. At year-end 2016, 234 shareholders owned 10,000 or more shares.

After a long time of illness, the company's founder, major shareholder and former Director Erik Pinnås passed away in January 2017.

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 2016. The Board has prioritised 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.

The Board is very satisfied with the development of the Group. 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 four employees: the CEO, the Group finance director, the director for business development M&A and the Group controller.

The parent company StrongPoint ASA achieved a profit for the year of MNOK 66.1, compared to a loss of MNOK 9.1 in 2015. The net financial result was MNOK 73.4 for 2016 (- 3.6).

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 2016:

Profit for the year:
NOK 66 082 139
Transfer from other reserves:
NOK 325 105
Extraordinary dividend paid in January:
NOK 44 271 496, equivalent to NOK 1.00 per share.
Proposed dividend:
NOK 22 135 748, equivalent to NOK 0.50 per share.

Rælingen, 16 March 2017

Svein S Jacobsen
Chairman

Klaus de Vibe
Director

Camilla AC Tepfers
Director

Inger Johanne Solhaug
Director

Morthen Johannessen
Director

Jørgen Waaler
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 18 years experience from DnB NOR and NTNU. The last 15 years of her career she has worked with innovation. 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	2016	2015
Sales revenue	3	**1 119 565**	**1 146 148**
Share of profit associated companies	6	**601**	**-99**
Cost of goods sold	12	572 732	630 353
Payroll	9	309 587	300 624
Depreciation	10, 11	31 885	31 902
Impairments	11	24 817	-
Reversed earn-out New Vision	22	-23 338	-
Other operating expenses	5,16,22	126 168	124 592
Total operating expenses		**1 041 851**	**1 087 472**
Operating profit		**78 315**	**58 577**
Interest income	8	1 792	277
Other financial income	8	4 534	2 151
Total financial income		**6 326**	**2 428**
Interest expenses	8	3 691	4 442
Other financial expenses	6, 8	1 716	7 000
Total financial expenses		**5 407**	**11 442**
Net financial items		**919**	**-9 014**
Profit before tax		**79 233**	**49 564**
Income tax expense	26	5 035	13 121
Net income		**74 199**	**36 443**

KNOK	Note	2016	2015
Other income and expenses			
Items that may be reclassified through profit or loss in later periods			
Currency translation differences		-30 543	29 779
Total comprehensive income		**43 656**	**66 222**
Of which			
Controlling interest		43 656	66 222
Non-controlling interest		-	-
		43 656	**66 222**
Profit for the year after tax			
Controlling interest		74 199	36 443
Non-controlling interest		-	-
		74 199	**36 443**
Earnings per share			
Earnings per share	23	1,68	0,82
Fully diluted earnings per share	23	1,68	0,82

Consolidated balance sheet

KNOK	Note	31.12.2016	31.12.2015	01.01.2015
ASSETS				
Intangible assets	11	55 903	75 469	86 175
Goodwill	11	113 253	144 546	132 896
Equipment	10	81 100	50 320	37 938
Land and buildings	10	4 340	4 749	4 901
Associated companies	6	1 144	508	-
Other long-term investments	7	481	481	481
Other long-term receivables	18	-	-	1 850
Deferred tax assets	26	31 445	36 980	48 084
Total fixed assets		**287 665**	**313 054**	**312 326**
Short term financial investments	7	-	-	27
Inventories	12	101 200	125 042	95 575
Accounts receivables	13	161 202	185 237	156 903
Prepaid expenses	13	10 799	12 092	10 323
Other current receivables	13	31 367	17 317	16 721
Bank deposits etc.	14	67 090	22 610	18 973
Total current assets		**371 658**	**362 297**	**298 522**
TOTAL ASSETS		**659 323**	**675 351**	**610 847**

KNOK	Note	31.12.2016	31.12.2015	01.01.2015
EQUITY AND LIABILITIES				
Share capital	24	27 513	27 513	27 513
Treasury shares	24	-65	-65	-65
Other equity		293 533	269 799	219 072
Total equity		**320 981**	**297 247**	**246 520**
Long term interest bearing liabilities	15	32 982	37 186	39 481
Other long term liabilities	22	5 093	-	28 691
Total long term liabilities		**38 075**	**37 186**	**68 172**
Current interest bearing liabilities	15	28 706	54 025	46 634
Accounts payable		102 480	95 978	105 502
Tax payable	26	399	233	127
Public duties payable		31 082	27 329	26 173
Other short term liabilities	22,27	137 600	163 353	117 717
Total short term liabilities		**300 267**	**340 918**	**296 155**
Total liabilities		**338 342**	**378 104**	**364 327**
TOTAL EQUITY AND LIABILITIES		**659 323**	**675 351**	**610 847**

Rælingen, 16 March 2017

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

Consolidated cash flow statement

KNOK	Note	2016	2015
Profit before tax		79 233	49 564
Net interest		1 899	4 165
Tax paid		2 792	2 359
Share of profit, associated companies	6	-601	99
Ordinary depreciation	10, 11	31 885	31 902
Impairments	11	24 817	-
Profit on sale of fixed assets	10	503	-1 884
Reversed earn-out New Vision (StrongPoint Baltic)		-23 338	-
Change in inventories		21 933	-22 524
Change in accounts receivables		17 027	-19 609
Change in accounts payable		11 148	-15 757
Change in other accrued items		-4 007	25 953
Net cash flow from operational activities		**163 291**	**54 268**
Payments for fixed assets	10	-29 417	-14 677
Payment from sale of fixed assets	10	1 249	2 089
Net effect acquisition	4, 6	-7 521	-10 712
Interest income	8	1 792	277
Net cash flow from investment activities		**-33 897**	**-23 024**

KNOK	Note	2016	2015
Payment long-term debt		-32 409	-25 790
New long-term debt		-	10 000
Change in overdraft		-27 377	7 245
Interest expenses	8	-3 691	-4 442
Dividends paid		-19 922	-15 495
Net cash flow from financing activities		**-83 399**	**-28 483**
Net change in liquid assets		45 995	2 762
Cash and cash equivalents at the start of the period		22 610	18 973
Effect of foreign exchange rate fluctations on foreign curency deposits		-1 514	875
Cash and cash equivalents at the end of the period	**14**	**67 090**	**22 610**

Consolidated statement of changes in equity

KNOK	Share capital	Treasury shares	Other paid-in equity	Translation variances	Other equity	Total equity
Equity at 31.12.2014	**27 513**	**-65**	**351 262**	**36 675**	**-168 864**	**246 520**
Profit for the year after tax					36 443	36 443
Other comprehensive income and expenses				29 779		29 779
Dividend 2014					-15 495	-15 495
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**

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

Note 1: General information

Note 1 - 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 consolidated financial statements include the parent company and subsidiaries (referred to collectively as "the group" or idividually as "group companies" or "subsidiaries"), as well as the group's shares in associated companies. The group's main business is the supply of progressive and advanced technology solutions for the retail sector, efficient solutions and securing of cash for the retail sector, and secure transportation and ATM solutions for the handling of cash. The company is divided into three areas of business: 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.

Note 2: Accounting principles

The consolidated financial statements have been prepared in 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 31.12.2016. 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 31.12.2016. The introduction of changes and new standards has not resulted in adjustments, as StrongPoint not has engaged in transactions or events during 2016 that are affected by the changes.

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

Estimates and judgements

The preparation of financial statements in compliance with IFRS involves judgements, estimates and assumptions that affect the accounting principles applied and the reported amounts for assets, liabilities, revenues and expenses. Actual amounts may deviate from estimated amounts.

Estimates and underlying assumptions 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 include those companies where the parent company and subsidiary directly or indirectly have control. The consolidated financial statements give details of the companies financial position, the results of the year’s activities and cash flow given as a collective financial unit. Uniform accounting principles have been applied to all companies forming part of the group. A company is considered to be controlled by the Group when the Group is exposed or has rights, to variable returns from its involvement in that company, and have the opportunity to influence these returns through its power over the company. Any minority interests share of the profit and equity is shown as a separate item in the income statement but is included in the equity.

Any significant transactions or balances between companies within the group have been eliminated. Stakes in subsidiaries have been eliminated in the consolidated financial statements using the acquisition method. The difference between the historical acquisition price of the assets and the book value of net assets at the time of acquisition is analysed and allocated to individual balance sheet items in accordance with their fair value. Any additional excess value caused by expected future earnings is recognised as goodwill. The compensation of an acquisition is measured at fair value at the time of acquisition. Any conditional compensation is classified as a liability in accordance with IAS 39 and is accounted for at fair value in subsequent periods with changes in value being booked over the result.

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. In the case of reversal, no adjustments are made for previous shares of profit or loss, while goodwill is the total amount of goodwill related to each acquisition. Share of profit after tax in associated companies are recognized on a separate line in the P&L below the sales revenue.

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

(a) Functional currency and reporting currency

The accounts of individual entities within the group are measured in the currency predominantly used in the economic area in which the entity operates (functional currency). 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.

(b) Transactions and balance sheet items

Transactions in foreign currency are translated into the foreign currency using the transaction exchange rate. Foreign exchange gains and losses that occur when paying for such transactions and when translating monetary items (assets and liabilities) in foreign currency at the end of the year at the exchange rate on the balance sheet date are recognised in the income statement. Monetary items in foreign currency are translated into NOK using the exchange rate on the balance sheet date. Non-monetary items measured at their historic exchange rate in foreign currency are translated into NOK using the exchange rate on the transaction date. Non-monetary items measured at their fair value in foreign currency are translated using the exchange rate determined on the valuation date.

(c) Group companies

The income statements and balance sheets for group companies whose functional currencies differ from the reporting currency are translated as follows:
a) The balance is converted to the closing rate on the balance sheet date.
b) The income statement is converted to the average monthly exchange rate.
c) Currency translation differences are recognised in comprehensive income.
d) 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. The acquisition cost includes costs directly linked to the acquisition of the asset. Subsequent costs are added to the value of the asset as recognised on the balance sheet or are recorded on the balance sheet separately if it is likely that any future financial benefits in relation to the asset will fall to the group, provided these costs can be reliably measured. Any other repair and maintenance costs are recognized over the income statement in the period the costs are incurred.

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 Strong Point 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. If not, the change to predetermined useful life.

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. In consideration of future economic benefits there are strict requirements for substantiation of the commercial possibilities of the product. 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.

Decrease in value of non-financial assets

Fixed assets and intangible assets that are depreciated are assessed for a decrease in value when there are indications that future earnings cannot justify their balance sheet value. An impairment is stated as the difference between the balance sheet value and recoverable amount. The recoverable amount is the highest of fair value less sale costs and value in use. When assessing a decrease in value the fixed assets are grouped at the lowest level on which it is possible to extract independent incoming cash flows (cash-generating units). At each date of reporting, an assessment is made whether there is any indication that previously recognized impairment is reversed. As a part of impairment testing of goodwill, the goodwill is allocated to cash-generating units or groups of cash-generating units.

The group tests goodwill for impairment at least annually as well as other non-depreciable intangible assets.

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.

Provisions for estimated losses are recognized in the income statement when there is a loss event and objective evidence that the asset is impaired. Group policy for provisions for estimated losses are calculated based on historical experience of different customer groups and the aging of these customer groups. Specific debts are written off when management believes that they will not be paid wholly or partially.

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.

Treasury shares
In the case of a buyback of treasury shares the purchase price including 100 % of directly attributable costs is reported as changes in equity. Own shares are reported as a reduction in equity. Losses or profits on transactions in treasury shares are not recorded in the income statement.

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

Translation differences
Translation differences occur in connection with currency differences when consolidating foreign entities.

Currency differences on monetary items (debts or receivables) which in reality are part of a company's net investment in an overseas entity are also included as translation differences.

When disposing of a foreign entity, the accumulated translation difference linked to the entity is reversed and recorded in the same period that the profit or loss incurred from the disposal is recorded.

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.

Investments in associated companies
Investments in associated companies are impairment tested based on the principles given in IAS 39. If there are objective indications of a fall in value an impairment test shall be carried out in accordance with IAS 36. Any recoverable amount shall be based on sale value or value in use, whichever is higher. The value shall be written down if the carrying amount exceeds the recoverable amount. Associated companies are accounted for under the equity method.

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.

Changes in standards and interpretations with future effective date

The standards and interpretations adopted until the time of preparing these consolidated financial statements, but the effective date is in the future, are given below. The Groups intention is to implement the relevant changes on the effective date, provided that the EU approves the changes before preparing these consolidated financial statements.

IFRS 9 Financial instruments

In July 2014, IASB published the final project of IFRS 9 and the standard is now completed. IFRS 9 involves changes relating to classification and measurement, hedge accounting and impairment. IFRS 9 will replace IAS 39 Financial Instruments - Recognition and Measurement. The parts of IAS 39 that has not been changed as part of this project is transferred and taken into IFRS 9.

The standard will be implemented retrospectively, except for hedge accounting, but it is not a requirement to prepare comparative figures. The rules for hedge accounting should mainly be implemented prospectively with some exceptions. The Group has no plans for early implementation of the standard. The standard is expected to have effect from 1 January 2018. Implementation of IFRS 9 is not expected to have any impact on the classification and measurement of the Group's financial assets, nor affect the classification and measurement of its financial obligations.

IFRS 15 Revenue from Contracts with Customers

IIASB and FASB has released a new, common standard for revenue recognition, IFRS 15 Revenue from Contracts with Customers. The standard replaces all existing standards and interpretations for revenue. The core principle of IFRS 15 is that revenue is recognized to reflect the transfer of contracted goods or services to customers, and then to an amount that reflects the consideration the company expects to be entitled in exchange for those goods or services. The standard applies with few exceptions, all income-generating contracts with customers and provides a model for recognition and measurement of the sale of certain non-financial assets (for example sales of property, plant and equipment). The group is also considering clarifications in IFRS 15 issued by the IASB in April 2016 and will follow up any further changes to the standard.

IFRS 15 will be implemented using either full retrospective or modified retrospective method. The standard has effect from 1 January 2018. The group is in an ongoing process to evaluate the impact of IFRS 15.

IFRS 16 Leases

IASB has had a joint project with the FASB with the purpose of preparing a new leasing standard. IFRS 16 Lease replaces existing IFRS standard for leases, IAS 17 Leases. IFRS 16 sets out principles for recognition, measurement, presentation and disclosure of leases for both parties in a lease, that the customer (lessee) and provider (landlord). The new standard requires that the lessee recognizes the assets and liabilities of most leases, which is a significant change from current policies. For the landlord, IFRS 16 essentially continues existing principles in IAS 17.

In line with this, a landlord continue to classify their leases as operating leases or finance leases, and accounting for these two types is different.

The standard is expected to have effect from 1 January 2019 and will be implemented using either full retrospective or modified retrospective method.

Implementation of IFRS 16 will result in the Group's operating leases mainly will be capitalized. As at 12.31.16 the Group had an estimated minimum commitment for operating leases of MNOK 82.

IAS 7 Statement of cash flows

The changes are part of the IASB "Disclosure Initiative" and requires entities to provide disclosures that enables users of financial statements to understand the changes in liabilities arising from financing activities, including changes with and without cash effect. The changes will be implemented prospectively and the anticipated effective date is January 1, 2017.

Implementation of IAS 7 is not expected to have any effect on the Group.

IAS 12 Income tax

The amendment clarifies how to account for deferred tax assets related to unrealized losses on debt instruments measured at fair value. It clarified that a company must assess whether tax rules provide limitations in the sources of taxable income which can be deducted in the reversal of temporary differences. Furthermore, the changes give guidance on how an entity should determine future taxable profits. The changes will be implemented retrospectively, and the expected implementation date is 1 January 2017.

Implementation of IAS 12 is not expected to have any effect on the Group.

IFRS 2 Share-based payment

The changes are designed to eliminate disparate practices in the classification and measurement of specific types of share-based payments, and addressing three areas:

- The effects of vesting on measurement of a cash-settled share-based payment transactions
- Classification of a share-based payment transaction with net settlement after tax
- Accounting for changes in classification of cash settlement of share-based payment

The changes will initially be implemented prospectively, but retrospective adoption is permitted if this is done in all three areas. Expected effective date is 1 January 2018.

Implementation of IFRS 2 is not expected to have any effect on the Group.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures

The amendment deals with an inconsistency between the requirements of IFRS 10 and IAS 28 with regard to the sale or transfer of assets between an investor and the investor's associates or joint ventures. The main consequence of this change is that gains or losses are recognized in full when a transaction involves a business (regardless of whether this is placed in a subsidiary or not). Gains or losses are recognized partially when a transaction involves assets that do not constitute a business, even if the assets are placed in a subsidiary.

IASB has postponed the effective date of the amendment indefinitely, but a company that still choose an early application of these changes must implement these prospectively.

It is expected that the changes will have no effects for the Group.

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		Thrid-Party Technologies		Labels		StrongPoint ASA		Eliminations		Consolidated	
KNOK	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Sales revenue, external customers	578 387	473 729	374 791	499 933	166 386	172 487	-	-	-	-	1 119 565	1 146 148
Sales revenue, internal customers	1 218	7 811	1 151	4 690	12 626	13 016	240	240	-15 236	-25 756	-	-
Total sales revenue	**579 606**	**481 540**	**375 943**	**504 623**	**179 012**	**185 502**	**240**	**240**	**-15 236**	**-25 756**	**1 119 565**	**1 146 148**
Share of profit associated companies	-	-	601	-99	-	-	-	-	-	-	601	-99
Spesification sales revenue and share of profit associated companies:												
Sale of products, external customers	371 048	295 490	275 408	385 812	166 386	172 487	-	-	-	-	812 843	853 788
Sale of products, internal customers	1 218	7 811	1 151	4 690	12 626	13 016	240	240	-15 236	-25 756	-	-
Sale of installation and service, external customers	207 339	178 239	99 984	114 121	-	-	-	-	-	-	307 323	292 360
EBITDA	80 480	46 559	30 851	39 384	18 223	22 678	-17 876	-18 475	-	333	111 679	90 478
EBT	68 847	34 098	23 396	29 091	4 199	8 452	55 041	-22 410	-72 250	333	79 233	49 564
Assets	544 719	482 753	128 093	174 343	73 790	59 808	395 012	384 527	-482 292	-426 080	659 323	675 351
Liabilities	243 896	170 124	88 864	121 686	80 570	61 112	120 373	156 049	-195 363	-130 867	338 342	378 104
Working capital	95 562	83 767	37 088	104 368	26 734	31 345	-358	-623	895	-4 557	159 921	214 300
Investment in fixed assets	18 015	9 631	5 806	1 558	5 279	2 881	318	608	-	-	29 417	14 677

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, Loss Prevention and Cash Security. The figures in the business area show sales and profit generated by the technology products throughout the value chain within StrongPoint.

Thrid-Party Technologies
The business area delivers innovative retail solutions from third party world leading technology providers.

Labels
The business area offers leading expertise and production of adhesive labels in Norway and Sweden.

B) Geographical information

	Norway		Sweden		Other markets		Consolidated	
KNOK	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Sales revenue:								
Proprietary Technologies	199 555	128 900	202 500	193 671	177 551	158 969	579 606	481 540
Thrid-Party Technologies	137 380	263 876	152 517	127 796	86 646	112 851	376 543	504 523
Labels	58 375	66 238	117 862	114 432	2 775	4 833	179 012	185 502
StrongPoint ASA	240	240	-	-	-	-	240	240
Elimination	-677	-1 615	-12 811	-16 240	-1 747	-7 901	-15 236	-25 756
	394 872	**457 639**	**460 069**	**419 659**	**265 225**	**268 751**	**1 120 166**	**1 146 049**
Fixed assets	381 175	99 921	-89 339	210 454	-4 170	679	287 665	311 054
Book value associated companies	1 144	508	-	-	-	-	1 144	508
This years investments in fixed assets	1 993	2 733	22 572	11 054	4 852	890	29 417	14 677

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 2016.
Revenue per customer is based on sales to legal entities and not the chains.

Note 4: Changes in the group structure

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 is 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 is 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.

PYD Seguridad S.L. is an ambitious Spanish sales company established in 1999 with headquarters in Madrid. The company has 12 employees and an expected turnover of EUR 3.5 million in 2017. PYD Seguridad S.L. 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 will change 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 has 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, will continue as Managing Director and will join the StrongPoint EMEA management team.

Changes in 2015:

Merger

Vensafe AS and SQS Security Qube System AS was merged with StrongPoint AS.

Liquidations

Vensafe Danmark A/S was liquidated.

Allocation of excess values related to acquisition in 2016 distributed as follows:

	Fair value calculated on acquisition
KNOK	PYD Seguridad S.L.
Assets	
Fixed assets (note 10)	313
Deferred tax assets	58
Cash and cash equivalents	714
Accounts receivables	4 089
Inventories	4 490
Total assets	**9 665**
Liabilities	
Accounts payable	-158
Interest bearing liabilities	-5 670
Other short term debt	-2 964
Total liabilities	**-8 791**
Net identifiable assets at fair value	**873**
Goodwill	6 927
Purchase amount	**7 801**
Cash	4 041
Vendor loan (offset by calculating the final earnout)	3 759
Purchase amount	**7 801**
Paid in cash	4 041
Cash received	-714
Net cash out	**3 327**

The acquired company did not contribute with revenue and profit before tax for the period between the acquisition and 31.12.2016. Deferred tax assets mainly consist of tax losses carried forward. 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 PYD Seguridad S.L. Goodwill is not amortized. However, it is subject to impairment tests annually.

Note 5: Other operating expenses

KNOK	2016	2015
Rent, electricity, cleaning	31 509	32 598
Marketing	5 463	5 061
Vehicles	17 140	17 615
Other fees	27 416	18 914
Travel	10 758	12 414
Maintenance machinery/tools	7 214	7 888
IT/ICT	11 252	10 842
Communications	5 186	5 900
Bad debts	-1 070	1 274
Audit etc.	2 703	2 028
Government grants (Skattefunn)	-4 259	-3 392
Stock exchange and VPS costs	682	561
Insurance costs	1 815	1 903
Consumables	2 906	6 483
Other costs	7 453	4 502
Total	**126 168**	**124 592**

Specification of recognised auditors fee (KNOK):	2016	2015
Fee for auditing services	1 535	1 799
Fee for other services [1)]	1 168	229
Total	**2 703**	**2 028**

Auditors fee are exclusive of VAT, with the exception of Due Diligence expenses.
1) 2016 includes KNOK 426 regarding Due Dilligence.

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 2016:

KNOK			Stake	Cost Price	Book value	Share of net profitt	Impairment	Book value
Entity	Country	Industry	31.12.2016	31.12.2016	31.12.2015	2016	2016	31.12.2016
Vårdal Butikkdata AS	Norway	Service company	50 %	1 700	508	601	35	1 144
Total				**1 700**	**508**	**601**	**35**	**1 144**

An overview of financial information about the associated companies, based on 100 % (dividend for 2016 in the company accounts are not included in the figures):

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**

KNOK			2015			
Entity	Current assets	Fixed assets	Debt	Equity	Turnover	Profit for year
Vårdal Butikkdata AS	2 268	291	1 543	1 016	10 304	143
Total	**2 268**	**291**	**1 543**	**1 016**	**10 304**	**143**

Note 7: Shares in other companies

KNOK	2016			2015		
Company	Number	Cost price	Market value	Number	Cost price	Market value
Other long term investments:						
mCash	17 000	476	476	17 000	476	476
Other companies		5	5		5	5
Total		**481**	**481**		**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	2016	2015
Interest income	1 792	277
Currency adjustment bank and unpaid receivables and liabilities	3 443	2 121
Other financial income	1 090	30
Total financial income	**6 326**	**2 428**
Interest expense	-3 691	-4 442
Currency adjustment bank and unpaid receivables and liabilities	-1 555	-4 168
Impairment Vårdal Butikkdata AS		-1 092
Other financial expenses [1)]	-161	-1 740
Total financial expenses	**-5 407**	**-11 442**
Net financial items	**919**	**-9 014**

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 revenue of KNOK 274 in 2016 (cost of KNOK 4 804 in 2015).
Currency differences relating to the payment of sales revenues are recorded as sales revenues and constitutes a revenue of KNOK 1 077 in 2016 (cost of KNOK 2 002 in 2015).

Note 9: Payroll costs and number of employees

KNOK	2016	2015
Salaries	216 582	211 482
Severance packages	1 294	573
Director's fee and Nomination Committee	1 292	1 313
Social fee	58 152	57 681
Pension costs	16 963	16 309
Other payroll costs	15 303	13 268
Total payroll costs	**309 587**	**300 624**
Number of full-time employees employed during the year:	580	569
Number of employees at the end of the year:	580	577

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, Fora, SEB Trygg Liv, SPP Livförsäkring, Danica Fondförsäkring, Skandia Livförsäkring, AMF Pensionsförsäkring, Storebrand Livförsäkring, Nordea, Movestic Livförsäkring AB, Teknikarbetsgivarna/Unionen, Ledarna, Sveriges ingenjörer and IF Metall. A total of 234 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 12 779 in 2016. In 2015 the pension premium and costs in Sweden totalled KNOK 13 178.

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	2016	2015
	Director's fee	Director's fee
Board of Directors at PSI Group ASA		
Svein S. Jacobsen, Chairman	432	397
Erik Pinnås, former Director	69	204
Selma Kveim, former Director	-	87
Camilla Tepfers, Director	206	204
Klaus De Vibe, Director	242	224
Inger J. Solhaug, Director	206	137
Morthen Johannessen, Director	137	-
Total Board of Directors [1]	**1 292**	**1 253**

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

KNOK	2016					2015				
	Salary	Bonus	Company car	Other remuneration	Pension expenses	Salary	Bonus	Company car	Other remuneration	Pension expenses
Group management										
Jørgen Waaler, CEO	2 315	477	29	20	77	2 143	770	-	20	75
Anders Nilsen, CFO	1 242	326		29	82	1 109	396	-	17	80
Per Herseth, SVP Business development / M&A	1 298	150		30	74	1 152	287	-	61	72
Total Group management	**4 854**	**953**	**29**	**79**	**233**	**4 404**	**1 453**	**-**	**97**	**226**

1) Bonus to Executive Management in 2016 is based on the achieved revenue and EBITDA compared to budget in 2016, and growth ambitions, and will be paid in 2017. The bonus is not related to the development in the stock-price.
2) As at 31 December 2016, 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 statutory 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:

	31.12.16	31.12.15
Board of Directors at StrongPoint ASA		
Svein S. Jacobsen, Chairman [1)]	400 000	400 000
Erik Pinnås, former Director [2)]	4 898 635	4 932 276
Klaus de Vibe, Director [3)]	78 660	78 660
Total Board of Directors	**5 377 295**	**5 410 936**

	31.12.16	31.12.15
Group management		
Jørgen Waaler, CEO [4)]	1 060 000	1 060 000
Anders Nilsen, CFO	66 500	58 000
Per Herseth, SVP Business development / M&A [5)]	124 043	114 043
Total Group management	**1 250 543**	**1 232 043**

1) Svein S. Jacobsen's shares are owned through the company Sveinja Invest AS.
2) Erik Pinnås shares are privately owned, and owned through the companies Pinnås Eiendom AS and Probitas Holding AS.
3) Klaus de Vibes shares are owned through the company De Vibe AS.
4) The CEO's shares are privately owned and owned through the company Waaler AS.
5) Per Herseth's shares are owned through the companies Herseth AS and Gardd McGillan CO AS.
No employees or Directors have stock options.

Note 10: Fixed assets

Building and land (KNOK)	Land Norway	Buildings Sweden	Buildings Norway	2016 total	Land Norway	Buildings Sweden	Buildings Norway	2015 total
Acquisiton costs 01.01.	825	2 056		9 556	825	2 056	6 434	9 315
Acquired	-	-	-	-	-	-	241	241
Acquisiton costs 31.12	**825**	**2 056**	**6 675**	**9 556**	**825**	**2 056**	**6 675**	**9 556**
Accumulated depreciations 01.01.	-	-2 033	-2 777	-4 810	-	-2 017	-2 398	-4 414
Accumulated depreciations 31.12.	-	-2 048	-3 160	-5 208	-	-2 033	-2 777	-4 810
Translation differences	-	-8	-	-8	-	3	-	3
Book value 31.12	**825**	**-**	**3 515**	**4 340**	**825**	**27**	**3 898**	**4 749**
Depreciations of the year	-	-15	-383	-398	-	-16	-380	-396
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	2016 total	Equipment	Financial leasing carried on	2015 total
Acquisiton costs 01.01.	89 148	50 312	139 460	84 168	37 345	121 513
Acquired by aquisition	676	-	676	-	-	-
Acquired	28 512	25 001	53 513	13 551	11 571	25 122
Divestment	-17 077	-842	-17 918	-8 945	-	-8 945
Translation differences	-1 438	-1 133	-2 571	373	1 396	1 769
Acquisiton costs 31.12	**99 822**	**73 338**	**173 160**	**89 148**	**50 312**	**139 460**
Accumulated depreciations 01.01.	-60 877	-28 263	-89 140	-61 853	-21 722	-83 575
Acquired by aquisition	-372	-	-372	8 741	-	8 741
Divestment	14 399	-	14 399	-	-	-
Accumulated depreciations 31.12.	-57 188	-34 872	-92 060	-60 877	-28 263	-89 140
Book value 31.12	**42 634**	**38 466**	**81 100**	**28 271**	**22 049**	**50 320**
Depreciations of the year	-8 861	-6 609	-15 470	-7 765	-6 541	-14 306
Depreciations of the year Alimerka booked as cost of gods sold	-1 477					
Depreciation ratio	10-33%	10-33%				
Depreciation method	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 2016 but is still in use. StrongPoint has no contractual purchasing obligations.

Note 11: Intangible assets

Other intangible assets (KNOK)	2016						2015					
	Teknology	Brand	Customer	Software	Other	Total	Teknology	Brand	Customer	Software	Other	Total
Acquisiton costs 01.01.	153 241	36 353	63 770	17 560	549	271 473	153 091	36 353	63 770	16 824	549	270 588
Acquired by aquisition	-	-	2 967	-	17	2 984	-	-	-	-	-	-
Acquired	180	-	-	725	-	905	150	-	-	736	-	885
Divestment	-5 201	-	-	443	-	-4 758	-	-	-	-	-	-
Acquisiton costs 31.12.	**148 220**	**36 353**	**66 737**	**18 728**	**566**	**270 604**	**153 241**	**36 353**	**63 770**	**17 560**	**549**	**271 473**
Accumulated impairments and depreciations 01.01.	-134 173	-15 678	-43 861	-10 525	-500	-204 737	-126 401	-15 678	-36 739	-8 253	-467	-187 537
Access depreciation acquisitions	-	-	-	-	-4	-4	-	-	-	-	-	-
Accumulated impairments and depreciations 31.12.	-137 048	-15 678	-50 712	-12 835	-504	-216 777	-134 173	-15 678	-43 861	-10 525	-500	-204 737
Translation differences	-1 857	1 944	2 976	-969	-18	2 075	-396	4 234	4 516	408	-29	8 733
Book value 31.12.	**9 315**	**22 620**	**19 001**	**4 923**	**44**	**55 903**	**18 672**	**24 910**	**24 425**	**7 443**	**19**	**75 469**
Depreciations of the year	-6 964	-	-6 851	-2 202	-	-16 018	-7 773	-	-7 122	-2 271	-34	-17 200
Impairment of the year	-1 111	-	-	-361	-	-1 472	-	-	-	-	-	-
This year change in translation differences	-1 462	-2 290	-1 585	-1 377	11	-6 702	1 522	2 088	1 676	321	1	5 608
Depreciation schedule	10 og 15 years	Impairment test	1-7 years	4-7 years	3 years		10 og 15 years	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 and the aqcuistion of PYD Seguridad S.L. in 2016.
In 2016 there have been expensed KNOK 34 458 (KNOK 34 359 in 2015) 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 Baltic	PYD Seguridad S.L.	Total 2016	Total 2015
Acquisiton costs 01.01.	17 416	2 612	14 850	81 127	23 318		139 323	139 323
Acquired						4 431	4 431	-
Acquisiton costs 31.12.	**17 416**	**2 612**	**14 850**	**81 127**	**23 318**	**4 431**	**143 754**	**139 323**
Accumulated impairment and depreciations 01.01.	-14 689	-229	-	-	-		-14 918	-14 918
Accumulated impairment and depreciations 31.12.	-14 689	-229	-	-	-23 345	-	-38 263	-14 918
Translation differences	0	0	731	4 452	2 513	67	7 761	20 142
Book value 31.12.	**2 726**	**2 383**	**15 581**	**85 579**	**2 486**	**4 498**	**113 253**	**144 546**
Write-downs of the year					-23 345		-23 345	-
This year change in translation differences	0	0	-2 228	-8 664	-1 555	67	-12 380	15 197
Depreciation schedule	Impairment test	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 (KNOK)	
Acquired company	Cash generating unit	31.12.2016	31.12.2015
StrongPoint AS	StrongPoint AS	2 726	2 726
StrongPoint AB	StrongPoint AB	2 383	2 383
StrongPoint Labels AB	StrongPoint Labels AB	15 581	17 809
StrongPoint Technology AB	StrongPoint Technology	85 579	94 243
StrongPoint UAB	StrongPoint Baltic	2 486	27 386
PYD Seguridad S.L.	PYD Seguridad S.L.	4 498	-
Total goodwill		**113 253**	**144 546**

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

Impairment test

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. For goodwill relating to StrongPoint Technology AB the cash flow-generating entity is defined as its own group. For other goodwill items the definition of a legal entity has been applied. 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 2017, followed by 10 % annual growth in external sales until 2021 as a result of expected increased turnover outside Norway and Sweden, then a terminal value with a growth in net cash flow corresponding to an expected inflation by 2.5 % annually. Sales to units in the group is expected to be reduced with 10 % annualy until 2021. Expected gross margin is expected to be increased from 30 % achieved margin in 2016 to 37 % in the period 2017-2021. 2.0 % annual growth is applied for other operating expenses, and 2.5 % annual growth in personel expenses. These assumptions give a EBITDA margin of 15 % in 2017, 14 % in 2018, 12 % in 2019, 10 % in 2020 and 9 % in

2021. No change in working capital is expected, and MSEK 4 has been applied as expected investment in 2017 and MSEK 1 in the period 2018-2021. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 11.99 % after tax. Based on these assuptions, value in use exceed the carrying value with MNOK 7.

Significant assumptions are related to turnover growth, achieved EBITDA margin and discount rate. A sensitivity analysis for the period 2018 to 2021 shows that if growth is reduced to 4.1 % annualy, and other assumptions remain unchanged the calculated value is still higher than the book value. A reduction in EBITDA margin to 12 % in 2018 and 2019, and an increase in WACC to 12.51 % after tax gives the same result. Changes beyond this will result in an impairment.

Impairment test - StrongPoint Labels AB

The item include goodwill from the acquisition of Sydetikett AB, a mondern printing facility in Sweden. The expected cash flows are based on the budgeted revenue for 2017, followed by 2.5 % annual growth in external sales until 2021 , 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 45 % achieved margin in 2016 to 56 % in the period 2017-2021. 2.5 % annual growth is applied for other operating expenses, and 3.0 % annual growth in personel expenses. These assumptions give a EBITDA margin of 17 % in 2017 and 16 % in the periode 2018 - 2021. No change in working capital is expected, and MSEK 1 has been applied as expected investment in the period 2018-2021. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 6.26 % after tax. Based on these assuptions, value in use exceed the carrying value with MNOK 333.

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.

Impairment test - StrongPoint AB

The items include goodwill from the acquisition of StrongPoint AB, which makes our Swedish distribution activities. Cash flow is determined by applying 2.5 % turnover growth per year in the budget for the coming seven years, with no terminal value applied at the end of the seventh year. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 12.02 % before tax (10.16 % after tax).

Impairment test - StrongPoint UAB

The expected cash flows are based on the budgeted revenue for 2017, followed by 6 % annual growth in external sales until 2021, then a terminal value with a growth in net cash flow corresponding to an expected inflation by 2.5 % annually. We see great potential for our solutions in this market, and expect that customers will increase investment in line with the increase of payroll expenses. Sales to units in the group is expected to be unchanged until 2021. Expected gross margin is expected to be decreased from 54 % achieved margin in 2016 to 50 % in the period 2017-2021. 1.5 % annual growth is applied for other operating expenses, and 5.0 % annual growth in personel expenses. These assumptions give a EBITDA margin of 5 % in 2017, 6 % in 2018, 7 % in 2019, 7 % in 2020 and 8 % in 2021. No change in working capital is expected, and MEUR 1 has been applied as expected investment in the period 2018-2021. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 6.09 % after tax. Based on these assuptions, value in use exceed the carrying value with MNOK 53.

Significant assumptions are related to turnover growth, achieved EBITDA margin and discount rate. A sensitivity analysis for the period 2018 to 2021 shows that if growth is reduced to 5.1 % annualy, and other assumptions remain unchanged the calculated value is still higher than the book value. A reduction in EBITDA margin to 5 % in 2018 and 2019, and an increase in WACC to 11.91 % after tax gives the same result. Changes beyond this will result in an impairment.

Note 12: Inventories

Inventories (KNOK)	2016	2015
Raw materials	35 734	45 252
Work in progress	96	380
Finished products	78 817	90 970
Provision for obsolete stock	-13 447	-11 560
Total	**101 200**	**125 042**

The respective companies' stock is valued at fair value or acquisition cost, whichever is lower. Reported provision for obsolete stock is KNOK 13 447 compared with KNOK 11 560 in 2015.

The stock is used as security for loans, see note 15.

Provision for obsolete stock (KNOK)	2016	2015
Provision for obsolete stock, opening balance	-11 560	-11 522
Taken to income/charged to expence (-) change in provision	-1 888	-38
Provision for obsolete stock, closing balance	**-13 447**	**-11 560**

The cost of goods sold of KNOK 572 732 includes direct costs of goods with KNOK 478 913.

Changes in provision for bad debts (KNOK)	2016	2015
01.01	5 073	4 383
Applied provisions	497	257
Reverserd provisions	-3 393	-573
New provision for bad debt	2 632	1 006
Total 31.12	**4 809**	**5 073**

Provisions for bad debts in 2016 totalled KNOK 4 809 compared with KNOK 5 073 in 2015. The provisions per 31.12.2016 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)	2016	2015
Not due	133 638	152 804
0-3 months	25 368	31 719
3-6 months	1 691	553
6-12 months	285	56
Older than 12 months	220	105
Total 31.12	**161 202**	**185 237**

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 31.12.2016.

Note 13: Other receivables

Receivables (KNOK)	2016	2015
Accounts receivables	161 202	185 237
Prepaid expenses	10 799	12 092
Other receivables	31 367	17 317
Total receivables 31.12	**203 367**	**214 646**

Other receivables includes MNOK 4.0 in expected government grants (skattefunn) refunds for development costs in 2016 and MNOK 2.5 in 2015.

Note 14: Cash and cash equivalents

KNOK	2016	2015
Cash and bank deposits	67 090	22 610
Overdraft	-	27 667
Unused overdraft facilities	60 000	37 143

The Group had liquid assets (bank deposits and unused overdraft facilities) of MNOK 127.1 as at 31.12.2016 (2015: MNOK 59.8). KNOK 0 are restricted funds pr. 31.12.2016 (2015: KNOK 0).

Note 15: Interest-bearing debt and secured debt

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

Type of loan	2016	2015	Borrowing terms	Average nominal interest for 2015
Multi-currency, group credit account 1)	-	22 857	Overdraft limit MNOK 60, not time limited	2,47 %
Multi-currency, group credit account KEUR (StrongPoint UAB)	-	4 810	Paid in 2016	-
Financial leasing, Printing presses KSEK 130 (StrongPoint Labels AB)	124	235	Monthly repayments, last payment 31.12.2017	9,14 %
Financial leasing, Printing presses KSEK 1 846 (StrongPoint Labels AB)	1 756	2 573	Monthly repayments, last payment 31.03.2019	2,50 %
Financial leasing, Printing presses KSEK 2 880 (StrongPoint Labels AB)	2 739	4 435	Monthly repayments, last payment 31.05.2018	1,32 %
Financial leasing, Printing presses KSEK (StrongPoint Labels AB)	-	444	Monthly repayments, last payment 31.08.2016	-
Financial leasing, Printing presses KSEK 710 (StrongPoint Labels AB)	675	1 791	Monthly repayments, last payment 30.09.2016	0,81 %
Financial leasing, Printing presses KSEK 340 (StrongPoint Labels AB)	323	577	Monthly repayments, last payment 30.11.2017	1,23 %
Financial leasing, Printing presses KSEK 1 799 (StrongPoint Labels AB)	1 711	2 328	Monthly repayments, last payment 31.07.2020	1,11 %
Financial leasing, Printing presses KSEK 16 155 (StrongPoint Labels AB)	15 367	-	Monthly repayments, last payment 30.11.2017	1,45 %
Financial leasing, Printing presses KSEK 4 767 (StrongPoint Labels AB)	4 534	-	Monthly repayments, last payment 31.12.2021	1,45 %
Financial leasing, Printing presses KSEK 1 920 (StrongPoint Labels AB)	1 826	-	Monthly repayments, last payment 31.01.2025	1,45 %
Financial leasing, Printing presses KSEK 337 (StrongPoint Labels AB)	321	-	Monthly repayments, last payment 30.11.2024	1,45 %
Financial leasing, IT KSEK 59 (StrongPoint AB)	56	337	Quarterly repayments, last payment 31.01.2017	1,23 %
Financial leasing, Printing presses (StrongPoint AS)	6 179	7 584	Monthly repayments, last payment 01.02.2021	3,34 %
Financial leasing, cars KEUR 208 (StrongPoint UAB)	1 890	375	Monthly repayments, last payment 01.06.2021	2,05 %
Financial leasing, cars KEUR 19 (StrongPoint UAB)	173	423	Monthly repayments, last payment 29.08.2018	2,65 %
Financial leasing, cars KEUR 14 (StrongPoint UAB)	127	317	Monthly repayments, last payment 10.01.2018	1,76 %
Repayment loan, businesses 1) (StrongPoint ASA)	13 142	19 142	Quarterly repayments, last payment 29.12.2017	2,87 %
Repayment loan, businesses 1), KEUR (StrongPoint ASA)	-	6 493	Quarterly term loans, last payment 11.07.2016	1,96 %
Repayment loan, businesses 1) (StrongPoint AS)	-	2 780	Quarterly term loans, last payment 17.08.2016	2,96 %
Long term debt 1) KSEK (StrongPoint AB)	-	405	Quarterly term loans, last payment 30.06.2016	2,51 %
Long term debt 1) KSEK 6 875 (StrongPoint AB)	6 540	9 532	Quarterly repayments, last payment 31.03.2020	2,57 %
Long term debt 1) KEUR (StrongPoint UAB)	-	3 771	Paid in 2016	-
Short term debt 1) TEUR 463 (StrongPoint S.L.U)	4 203	-	Several loans that will be paid in Q1 2017	5,18 %
	61 687	**91 210**		

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 6,9 to StrongPoint AB.

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

KNOK	2016	2015
Due within one year	28 706	26 358
Bank overdraft	-	27 667
Due after one year	32 982	37 186
Total interest-bearing debts	**61 687**	**91 211**

Pledged assets as at 31.12. and book value:

	Book value / nominal security (KNOK)	
Asset	31.12.2016	31.12.2015
Operating equipment, accounts receivables & inventories for StrongPoint AS	88 754	145 953
Inventories StrongPoint UAB	-	5 085
Lien over Företagsinnteckning StrongPoint Cash Security AB [1)]	49 462	54 470
Lien over Företagsinnteckning StrongPoint Technology AB [1)]	34 243	37 710
Lien over Företagsinnteckning StrongPoint AB [1)]	29 487	32 473

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 agreement for the company's premises at Slynga 10 in Rælingen running until March 2023. Total annual rent was KNOK 2 132 in 2016 (KNOK 3 353 in 2015). The rent will be index-regulated annually. Tenancy agreements on premises in Moss, is running 12 months notice. Total annual rent is approx KNOK 564. Leasing contracts on vehicles has a running period of 3-5 years. Annual liability is approx KNOK 1 126.

StrongPoint AB

Leasing contracts on vehicles has a running period of 3-6 years. Annual liability is approx KNOK 1 624. Tenancy agreements on other premises including the companys premises in Kista and Grums, is running for 0,1 to 8 years. Total annual rent for these premises is approx KNOK 5 450.

StrongPoint Labels AB

Leasing contracts on vehicles has a running period of 0.5 to 3 years. Annual liability is approx KNOK 571. Leasing of inventory is running for 1-4 years. Annual liability is approx KNOK 191. Tenancy agreements on other premises including the companys premises in Mölndal and Malmö, is running for 1-7 years. Total annual rent is approx KNOK 6 479.

StrongPoint Cash Security AB

Leasing of company cars is running for 0.5-1.5 years. Annual liability is approx KNOK 126. Leasing of inventory is running for 0.5-3.5 years. Annual liability is approx KNOK 132. Tenancy agreements on premises including Skellefteå, are running for 0.5 to 1.5 years. Total annual rent for these premises is approx KNOK 2 892.

StrongPoint Technology AB

Leasing of company cars is running for 0.5-3 years. Annual liability is approx KNOK 357. Leasing of inventory is running for 0.5-1.5 years. Annual liability is approx KNOK 70. Tenancy agreements on premises in Kista and car parking, are running for 1-3 years. Total annual rent is approx KNOK 2 352.

StrongPoint UAB

Tenancy agreements on premises are running for 0.3-4 years. Total annual rent is approx KNOK 3 271.

Future minimum rent for the contracts 31.12: Value of future payments:

KNOK	2016	2015	2016
Within one year	24 424	21 938	21 896
After one year, but within five years	44 291	50 366	31 401
Aften more than five years	13 582	20 498	7 050
Total	**82 297**	**92 802**	**60 347**

Financial leasing agreements

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

StrongPoint AS

Leasing agreement on printing presses and production equipment is running for 5 years. Annual liability is approx KNOK 1 421.

StrongPoint AB

Leasing agreement on IT equipment is running for 1 years. Annual liability is approx KNOK 56.

StrongPoint Labels AB

Leasing agreement on printing presses is running for 0.5 to 8 years. Annual liability is approx KNOK 7 496.

StrongPoint UAB
Leasing agreement on cars is running for 0.5 to 4 years. Annual liability is approx KNOK 672.

Future minimum rent for the contracts 31.12: **Value of future payments:**

KNOK	2016	2015	2016
Within one year	9 646	7 328	8 647
After one year, but within five years	28 217	14 198	19 679
Aften more than five years	1 004	234	521
Total	**38 868**	**21 760**	**28 848**

Note 17: Financial instruments

Financial risks
The Group'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 31.12.2016 the Group had KNOK 161 202 in outstanding accounts receivables. Of this KNOK 27 564 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 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 costreduction of KNOK 1 070, 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 31.12.2016, 17 customers had an account receivable greater than KNOK 1 000. The total exposure to these 17 customers were KNOK 50 558, of which KNOK 50 473 was not due or past due with less than 31 days. The 17 customers are spread over 4 customers in Norway (KNOK 8 756). 9 customers in Sweden (KNOK 33 507) and 4 European customers (KNOK 8 295). With the exception of 1 customer in Norway, 3 customers in Sweden and 1 customer in Europe, have all the customers paid the open items per 31.12.2016 by the end of February 2017. 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	2016	2015
Total interest bearing debt	61 687	91 211
Cash	67 090	22 610
Net interest bearing debt	**-5 403**	**68 601**
Total capital adjusted for Goodwill	546 070	521 941
Debt ratio	-1%	13%

(ii) Interest rate risk
The company's interest bearing debt decreased in 2016. As a result, interest rate risk has also decreased.

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 2016 or 2015. Based on the financial instruments in existence as of 31 December 2016, a general increase in interest rates of two per cent will reduce pre-tax profits by KNOK 1 150.

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

	2016	2015
Bank overdraft	2,47%	3,26%
Financial leasing contracts	2,06%	2,53%
Loans secured with a lien	3,01%	2,61%

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 2016 and 2015. Interest bearing debt was totally decreased by MNOK 72.5 during 2016. This combined with the EBITDA increased to MNOK 111.7 (from MNOK 90.5 in 2015) resulted in net debt divided by 12 month rolling income before depreciation (EBITDA) as at 31.12.2016 was - 0.03. As at 31.12.2015 it was measured 0.8.

(iv) Currency risks

The Company has no material debt or bank deposits in foreign currency, except Euro, 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.

(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.

Overview of maturity structures of financial liabilities:

KNOK	Balance sheet amount	0-6 months	6-12 months	1-2 years	2-3 years	over 3 years
Secured loans (long and short term interest bearing debt)	23 885	8 261	11 201	2 116	2 116	190
Secured loans, interest	IA	271	50	46	-	IA
Financial leasing (long-term and short-term interest bearing debt)	37 802	4 405	4 839	8 122	6 770	13 666
Financial leasing, interest	IA	325	241	335	204	IA
Other long term debt	5 093	-	-	5 093	-	-
Accounts payable	102 480	102 480	-	-	-	-
Net liabilities financial instruments	**169 260**	**115 743**	**16 330**	**15 712**	**9 090**	**13 856**

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 2016 would have resulted in the following effects on the profit in the group:

Sensitivity currency exposure	
SEK weakened by 5% against EUR	-24
SEK weakened by 5% against GBP	5
SEK weakened by 5% against USD	131
NOK weakened by 5% against SEK	6
NOK weakened by 5% against EUR	49
NOK weakened by 5% against GBP	-
NOK weakened by 5% against USD	1 125

(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 31.12.16.

(vii) Determing of fair value

KNOK	2016		2015	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Financial assets				
Cash	67 090	67 090	22 610	22 610
Accounts receivable	161 202	161 202	185 237	185 237
Total financial assets at amortized cost	**228 292**	**228 292**	**207 846**	**207 846**
Assets held for sale	481	481	481	481
Financial debts				
Overdraft	-	-	-27 667	-27 667
Accounts payable	-102 480	-102 480	-95 978	-95 978
Bank loans	-32 253	-32 253	-42 123	-42 123
Financial leasing liabilities	-29 433	-29 433	-21 420	-21 420
Total financial debts at amortized cost	**-164 167**	**-164 167**	**-187 188**	**-187 188**

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

- The subsidiary StrongPoint AS has had an agreement for the premises at Slynga 10 with Pinnås Eiendom AS. Board director Erik Pinnås owns 100 % of the shares in Pinnås Eiendom AS. The rent for 2015 was KNOK 2 353. In January 2016, Pinnås Eiendom AS sold the premises to the company Bee AS.
- In 2014 StrongPoint ASA aqcuired New Vision Baltija UAB with its subsidiaries from NV Invest UAB. In connection with the acquisition, NV Invest UAB's main shareholder Evaldas Budvilaitis, was allowed to buy 277 854 shares from StrongPoint ASA with an average price of NOK 6.07. On the acquisition date this amounted to EUR 200 000 which is recorded as short term receivables with KNOK 2 065 including interest as at 31 December 2015. The amount was settled in connection with the final payment of New Vision Baltija UAB in 2016.

Transactions with associated companies

The group carried out a number of transactions with Vårdal Butikkdata in 2015 and 2016. All transactions were carried out as part of its ordinary activities and at arm's length prices. StrongPoint ASA acquired 49,9997 per cent of the shares in Vårdal Butikkdata AS as at 19 November 2015. Sales to and purchases from the associated companies are as follows in the period after StrongPoint ASA acquired the shares:

KNOK	2016		2015	
	Sale	Purchase	Sale	Purchase
Vårdal Butikkdata AS	743	4 202	34	280
Total	**743**	**4 202**	**34**	**280**

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

KNOK	2016		2015	
	Receivables	Debt	Receivables	Debt
Vårdal Butikkdata AS	-	169	33	49
Total	**-**	**169**	**33**	**49**

The Group has no binding future transactions with related parties.

Note 19: Post balance sheet events

An extraordinary general assembly 01.05.17 approved an extraordinary dividend of NOK 1.00. The dividend was paid on 17 January 2017.

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 (Norway)	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)]	Täby (Sweden)	Hardware and software	100%	100%
StrongPoint Cash Security AB [3)]	Skellefteå (Sweden)	Production and sales	100%	100%
StrongPoint Sarl	France	Service and product provider	100%	100%
StrongPoint Retail Solutions Sdn Bhd	Malaysia	Service and product provider	100%	100%
StrongPoint Retail Solutions Pte Ltd	Singapore	Service and product provider	100%	100%
StrongPoint UAB [4)]	Vilnius (Lithuania)	Service and product provider	100%	100%
StrongPoint S.L.U [5)]	Spain	Service and product provider	100%	100%

1) StrongPoint AS owns 100 % of its sales companies in Sweden, Belgium and Germany.
2) StrongPoint Technology AB owns 100 % of its sales company in Germany.
3) StrongPoint Cash Security AB owns 100 % of its sales company in Germany and the branch in Belgium.
4) StrongPoint UAB owns 100 % of its sales companies in Latvia, Estonia, Finland and Russia.
5) Acquired in December 2016 and is only included in the Balance Sheet.

Note 21: Exchange rates

	2016													2015	
	Average exchange rate												Exchange rate	Exchange rate	
	January	February	March	April	May	June	July	August	September	October	November	December	31.12	Gjennomsnittlig	31.12
SEK	1,033	1,016	1,015	1,013	1,002	0,999	0,989	0,980	0,962	0,927	0,922	0,930	0,951	0,956	1,048
Euro	9,590	9,563	9,425	9,322	9,310	9,328	9,369	9,303	9,197	9,001	9,081	9,025	9,086	8,941	9,619

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 31.12.2016.

Note 22: Long term debt and provisions

Long term debt (KNOK)	2016	2015
Balance 01.01	**30 540**	**38 288**
Currency differences	-1 010	1 264
Settlement of liabilities related to the acquisition of Sydetikett	-	-9 012
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	**5 093**	**30 540**
Of which provisions due within 1 year	-	30 540
1) Earn-out see note 4.		

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. This is due to lower results in the earnout period than estimated at the time of acquisition.

Warranty provisions (KNOK)	2016	2015
Balance 01.01	**5 515**	**5 540**
Provision	1 772	1 945
Currency differences	-283	324
Provision reversed	-	-2 295
Provision used	1 340	-
Balance 31.12	**8 342**	**5 515**
Of which warranties due within 1 year	8 342	5 515

Note 23: Earnings per share

The Group's time-weighed earnings per share	2016		2015	
Profit for year	74 199		36 443	
--	-------------	= 1,68	------------	= 0,82
Time-weighed average of outstanding ordinary shares	44 271		44 271	

Number of outstanding shares (numbers in thousand)	2016	2015
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 31.12.2016

No	Name	No. of shares	%
1	PINNÅS, ERIK (incl. fully owned companies)	4 898 635	11,0 %
2	STRØMSTANGEN AS	3 933 092	8,9 %
3	SKAGEN VEKST	3 429 227	7,7 %
4	HOLMEN SPESIALFOND	2 365 000	5,3 %
5	AVANZA BANK AB	1 851 279	4,2 %
6	NORDNET BANK AB	1 589 814	3,6 %
7	ZETTERBERG, GEORG (incl. fully owned companies)	1 565 000	3,5 %
8	GLAAMENE INDUSTRIER AS	1 126 231	2,5 %
9	WAALER, JØRGEN (incl. fully owned companies) [1]	1 060 000	2,4 %
10	V. EIENDOM AS	980 887	2,2 %
11	GRESSLIEN, ODD ROAR	840 000	1,9 %
12	RING, JAN	831 822	1,9 %
13	MP PENSJON PK	615 265	1,4 %
14	ROMULD, ARVE	600 000	1,4 %
15	SKANDINAVISKA ENSKILDA BANKEN AB	566 895	1,3 %
16	BUDVILAITIS, EVALDAS (incl. fully owned companies) [1]	555 709	1,3 %
17	SVENSKA HANDELSBANKEN AB	463 565	1,0 %
18	JOHANSEN, STEIN	450 000	1,0 %
19	NORDEA BANK AB	440 279	1,0 %
20	HSBC TTEE MARLB EUROPEAN TRUST	415 000	0,9 %
	Total 20 largest shareholders	**28 577 700**	**64,4 %**
	Total 1 483 other shareholders	**15 798 340**	**35,6 %**
	Total all 1 503 shareholders	**44 376 040**	**100,0 %**

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

As at 31.12.2016 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 31.12.2016 StrongPoint ASA has no outstanding options. All shares have equal voting rights.

Changes in share capital:

	Number of shares		Share capital	
KNOK	2016	2015	2016	2015
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	2016	2015
01.01	**105**	**105**
31.12	**105**	**105**
Nominal value	0,62	0,62
Own shares specified in equity (KNOK):	65	65

As at 31.12.2016 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 19 922 in dividend in 2016, which was NOK 0,45 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 2017. 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 2016 deferred tax assets of MNOK 35 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 22 for warranty provisions.

Note 26: Tax

Tax expense:

KNOK	2016	2015
Tax payable	399	233
Change from 25 % to 24 % tax in Norway (from 27 % to 25 % in 2015)	894	1 255
Change in deferred tax	3 742	11 634
Tax expense	**5 035**	**13 121**
Included as tax expense in the financial statements	5 035	13 121

Avstemming faktisk mot nominell skattesats

KNOK	2016	2015
Profit before tax	**79 233**	**49 564**
Tax calculated at a rate of 25 % (27 % in 2015)	19 808	13 382
Taxing related to Sweden at a rate of 22 %	-900	-427
Change from 25 % to 24 % tax in Norway	894	1 255
Non-taxable items (25 % of permanent differences)	-2 679	318
Effect of reversal of depreciation of deffered tax	-15 020	-
Non-listed deffered tax	2 931	-1 406
Tax expense	**5 035**	**13 121**

Deferred tax assets and deferred tax liabilities:

	Consolidated balance sheet		Consolidated income statement	
KNOK	2016	2015	2016	2015
Deferred tax assets				
Current assets	3 241	823	-3 317	1 147
Liabilities	7 046	3 199	-3 847	-2 093
Fixed assets	-13 845	-12 346	1 499	1 540
Losses carried forward	35 003	45 304	10 301	12 293
Deferred tax assets	**31 445**	**36 980**	**4 636**	**12 888**

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

From fiscal year 2017, the tax rate on ordinary income in Norway is reduced to 24 percent. Deferred tax assets and deferred tax liabilities as at 31.12.2016 is measured using the new tax rate. The effect on net cost of tax amounts to KNOK 894.

The Group has total losses of MNOK 84.7 to be carried forward as at 31 December 2016 in the Norwegian entities. Deferred tax asset of MNOK 20.3 associated with this are included in the balance sheet as at 31.12.2016. The deficits have no due date. This year's decrease in these losses amounted to MNOK 37,7. 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 14.7 and is related to losses carried forward in the Swedish units and StrongPoint UAB. Most of the deficit is related to StrongPoint Cash Technology AB. Net deferred tax assets in StrongPoint Technology AB per 31.12.2016, amounted to MNOK 13.6. 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	2016	2015
Holiday pay owed	20 327	22 273
Accrued expenses	17 236	14 879
Deferred income on balance sheet	73 450	64 872
Warranty provisions	8 342	5 513
Other short term debt	18 246	55 816
Total other short term debt	**137 600**	**163 353**

Finacial Statements StrongPoint ASA

Income statement

KNOK	Note	2016	2015
Other operating income	3	9 960	10 940
Total operating income		**9 960**	**10 940**
Payroll	2	10 556	11 697
Depreciation	5	530	375
Other operating expenses	2	7 560	7 018
Total operating expenses		**18 646**	**19 090**
Operating profit		**-8 686**	**-8 150**
Financial income and expenses			
Other interest income		28	104
Other financial income	6	75 343	1 083
Other interest expenses		1 473	2 470
Other financial expenses	6	451	2 277
Net financial result		**73 447**	**-3 560**
Profit before tax		**64 761**	**-11 710**
Income tax expense	13	-1 321	-2 608
Net income		**66 082**	**-9 102**
Distributions			
Transfer from other equity	8	-325	-29 024
Proposed dividend	8	66 407	19 922
Total distributions		**66 082**	**-9 102**

Balance sheet

KNOK	Note	31.12.2016	31.12.2015
ASSETS			
Tangible assets	5	576	788
Investments in subsidiaries	11	348 956	363 099
Other long term investments		2 176	2 176
Deferred tax	13	8 183	6 861
Total fixed assets		**359 890**	**372 924**
Intra-group receivables	10	34 761	9 332
Prepaid expenses		360	2 270
Bank deposits	14	0	0
Total current assets		**35 121**	**11 603**
TOTAL ASSETS		**395 012**	**384 527**

KNOK	Note	31.12.2016	31.12.2015
EQUITY AND LIABILITIES			
Share capital	7, 8	27 513	27 513
Treasury shares	8	-65	-65
Other equity	8	180 783	181 108
Total equity		**208 231**	**208 556**
Long term liabilities to credit institutions	9	-	19 635
Total long term liabilities		**-**	**19 635**
Current liabilities to credit institutions	9	84 111	101 243
Short term liabilities to group companies	10	28 864	137
Accounts payable		358	623
Public duties payable		846	592
Proposed dividend		66 407	19 922
Other short term liabilities	4	6 194	33 819
Total short term liabilities		**186 781**	**156 336**
Total liabilities		**186 781**	**175 971**
TOTAL EQUITY AND LIABILITIES		**395 012**	**384 527**

Rælingen, 16 March 2017

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

Cash flow statement

KNOK	Note	2016	2015
Ordinary profit before tax		64 761	-11 710
Ordinary depreciation	5	530	375
Change in accounts payable		-265	356
Change in short term group accounts		3 298	14 625
Change in other accrued items		-1 416	1 745
Net cash flow from operational activities		**66 908**	**5 390**
Payments for fixed assets	5	-318	-608
Aqcuisition of Vårdal Butikkdata AS		-	-1 700
Aqcuisition of SQS Security Qube System AS		-	-2 449
Aqcuisition of StrongPoint Sarl		-1 665	-
Aqcuisition of PYD Seguridad		-4 041	-
Aqcuisition of Sydetikett AB		-	-9 012
Net effect acquisition New Vision		-4 195	-
Net cash flow from investment activities		**-10 219**	**-13 769**
Change in long-term debt		-12 493	2 393
Dividend paid		-19 922	-15 495
Change in overdraft		-24 274	21 481
Net cash flow from financing activities		**-56 689**	**8 379**
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 classifying 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 24 % 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)	2016	2015
Salaries	8 582	9 647
Social fee	1 396	1 337
Pension costs	362	340
Other benefits	187	374
Total	**10 527**	**11 697**
Number of full-time equivalents employed during the year:	5	5
Number of employees at the end of the year:	4	5

Salaries and remuneration for Group management and Directors

	Director's fee	
KNOK	2016	2015
Board of Directors		
Svein S. Jacobsen, Chairman	432	397
Erik Pinnås, former Director	69	204
Selma Kveim, former Director	-	87
Camilla Tepfers, Director	206	204
Klaus de Vibe, Director	242	224
Inger J. Solhaug, Director	206	137
Morthen Johannessen, Director	137	-
Total Board of Directors [1]	**1 292**	**1 253**

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

	2016					2015			
KNOK	Salary	Bonus	Com-pany car	Other remu-nera-tion	Pension expenses	Salary	Bonus	Other remu-nera-tion	Pension expenses
Group management									
Jørgen Waaler, CEO	2 315	477	29	20	77	2 143	770	20	75
Anders Nilsen, CFO	1 242	326	-	29	82	1 109	396	17	80
Per Herseth, VP Business development	1 298	150	-	30	74	1 152	287	61	72
Total Group management	**4 854**	**953**	**29**	**79**	**233**	**4 404**	**1 453**	**97**	**226**

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 31.12.16	Shares as at 31.12.15
Board of Directors		
Svein S. Jacobsen, Chairman [1)]	400 000	400 000
Erik Pinnås, former Director [2)]	4 898 635	4 932 276
Klaus de Vibe, Director [3)]	78 660	78 660
Group management		
Jørgen Waaler, CEO [4)]	1 060 000	1 060 000
Anders Nilsen, CFO	66 500	58 000
Per Herseth, VP Business development [5)]	124 043	114 043
Total	**6 627 838**	**6 642 979**

1) Svein S. Jacobsen's shares are owned through the company Sveinja Invest AS.
2) Erik Pinnås shares are privately owned, and owned through the companies Pinnås Eiendom AS and Probitas Holding AS.
3) Klaus de Vibes shares are owned through the company De Vibe AS.
4) The CEO's shares are privately owned and through the company Waaler AS.
5) 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 2016 was NOK 280 000 (against NOK 260 000 in 2015). Remuneration for other services was NOK 417 618 (against NOK 103 000 in 2015).

Note 3: Other operating income

KNOK	2016	2015
Received management fee from Norwegian subsidiaries	1 620	2 140
Received management fee from Swedish subsidiaries	6 480	8 560
Received management fee from other subsidiaries	1 620	-
Other operating income	240	240
Total operating income	**9 960**	**10 940**

Note 4: Other short term debt

KNOK	2016	2015
Holiday pay owed	955	854
Accrued expenses	1 698	2 424
Other short term debt [1)]	3 541	30 540
Total other short term debt	**6 194**	**33 819**

1) Earn-out to previos owner of PYD Seguridad S.L. (2015 Earn-out to the previous owner of New Vision).

Note 5: Fixed assets

			2016	2015
KNOK	Office machines and inventory	Cars	Total	Total
Acquisiton costs 01.01	1 345	-	1 345	738
Acquired	101	217	318	608
Divestment	-	-	-	-
Acquisiton costs 31.12	**1 447**	**217**	**1 663**	**1 345**
Accumulated depreciations 01.01	557	-	557	182
Accumulated depreciations 31.12	1 015	72	1 087	557
Accumulated depreciations and write-downs 31.12	1 015	72	1 087	557
Book value as at 31.12	**432**	**144**	**576**	**788**
Depreciations of the year	458	72	530	375
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	2016	2015
Profit on exchange	3 083	1 082
Dividend from subsidiaries	72 243	-
Other	17	1
Other financial income	**75 343**	**1 083**

KNOK	2016	2015
Loss on exchange	357	1 910
Other financial expenses	94	367
Other financial expenses	**451**	**2 277**

Note 7: Share capital and shareholder information

Overview of shareholders as at 31.12.2016

No	Name	No. of shares	%
1	PINNÅS, ERIK (incl. fully owned companies)	4 898 635	11,0 %
2	STRØMSTANGEN AS	3 933 092	8,9 %
3	SKAGEN VEKST	3 429 227	7,7 %
4	HOLMEN SPESIALFOND	2 365 000	5,3 %
5	AVANZA BANK AB	1 851 279	4,2 %
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9	WAALER, JØRGEN (incl. fully owned companies) [1]	1 060 000	2,4 %
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	Total 1 483 other shareholders	**15 798 340**	**35,6 %**
	Total all 1 503 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 31.12.2016 comprises the following share classes:

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

Note 8: Equity

KNOK	Share capital	Treasury shares	Other equity	Total 2015
Equity as at 01.01	**27 513**	**-65**	**181 107**	**208 556**
Change of equity for the year:				
Extraordinary dividend, paid in January 2017			-44 271	-44 271
Proposed dividend			-22 136	-22 136
Profit for the year			66 082	66 082
Equity as at 31.12	**27 513**	**-65**	**180 782**	**208 231**

Own shares:

Numbers in thousand	2016	2015
01.01	**105**	**105**
31.12	**105**	**105**
Nominal value	0,62	0,62
Treasury shares specified in equity (KNOK)	65	65

As at 31.12.2016 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 19 922 in dividend in 2016, which was NOK 0,45 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 2017. 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)	2016	2015
Due within one year	13 142	6 000
Debt, not time-restricted (group credit account)	70 970	95 243
Total short term liabilities to credit institutions	**84 111**	**101 243**
Due after more than one year	-	19 635
Total long term liabilities to credit institutions	**-**	**19 635**

Debts and terms of borrowing

Lender (KNOK)	2016	2015	Borrowing terms	Interest terms
Multi-currency, group credit account	70 970	95 243	Overdraft limit MNOK 60, not time limited	2,47 %
Repayment business loan	13 142	19 142	Quarterly term loans, last payment 29.12.2017	2,87 %
Repayment business loan (KEUR)	-	6 493	Quarterly term loans, last payment 11.07.2016	1,96 %
Total interest bearing debt	**84 111**	**120 878**		

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. 31.12.15. The loans are secured.

Loan security as at 31.12.2016

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	2016	2015
Debts		
Debt to Group companies	28 864	137
Total debts	**28 864**	**137**
Receivables		
Short term intercompany balances	34 761	9 332
Total receivables	**34 761**	**9 332**

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	Täby (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
Total				**348 956**

Note 12: Shares in associated companies

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

Note 13: Tax expense

Tax expenses for the year are as follows (KNOK):	2016	2015
Change in deferred tax	-1 321	-2 608
Tax expense ordinary profit	**-1 321**	**-2 608**
Tax expense	-1 321	-2 608

Reconciliation from nominal to actual tax rate:

KNOK	2016	2015
Ordinary profit before tax	64 761	-11 710
Expected income tax based on nominal rate of tax 25 % (27 % in 2015)	16 190	-3 162
Tax effect of the following items:		
Permantet differences	-17 852	4
Change in tax rate from 25 % to 24 %	341	549
Tax expense	**-1 321**	**-2 608**
Effectiv tax rate	**-2,0 %**	**22,3 %**

Overview of deferred tax assets (KNOK):	2016	2015
Fixed assets	-254	-66
Profit and loss account	315	394
Losses carried forward	-34 156	-27 774
Net negative differences	**-34 094**	**-27 446**
Deferred tax assets	8 183	6 861

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	2016	2015
Cash and bank deposit	-	-
Unused overdraft facility	**60 000**	**36 683**
Cash and cash flow in the cash flow statement	0	0

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 50 820 from the group's overdraft facility.

Statement

We confirm that the financial statements for the period 1 January 2016 to 31 December 2016 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, 16 March 2017

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

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

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 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 2016 amounted to MNOK 321,0, corresponding to an equity ratio of 48,7 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 2017) 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.

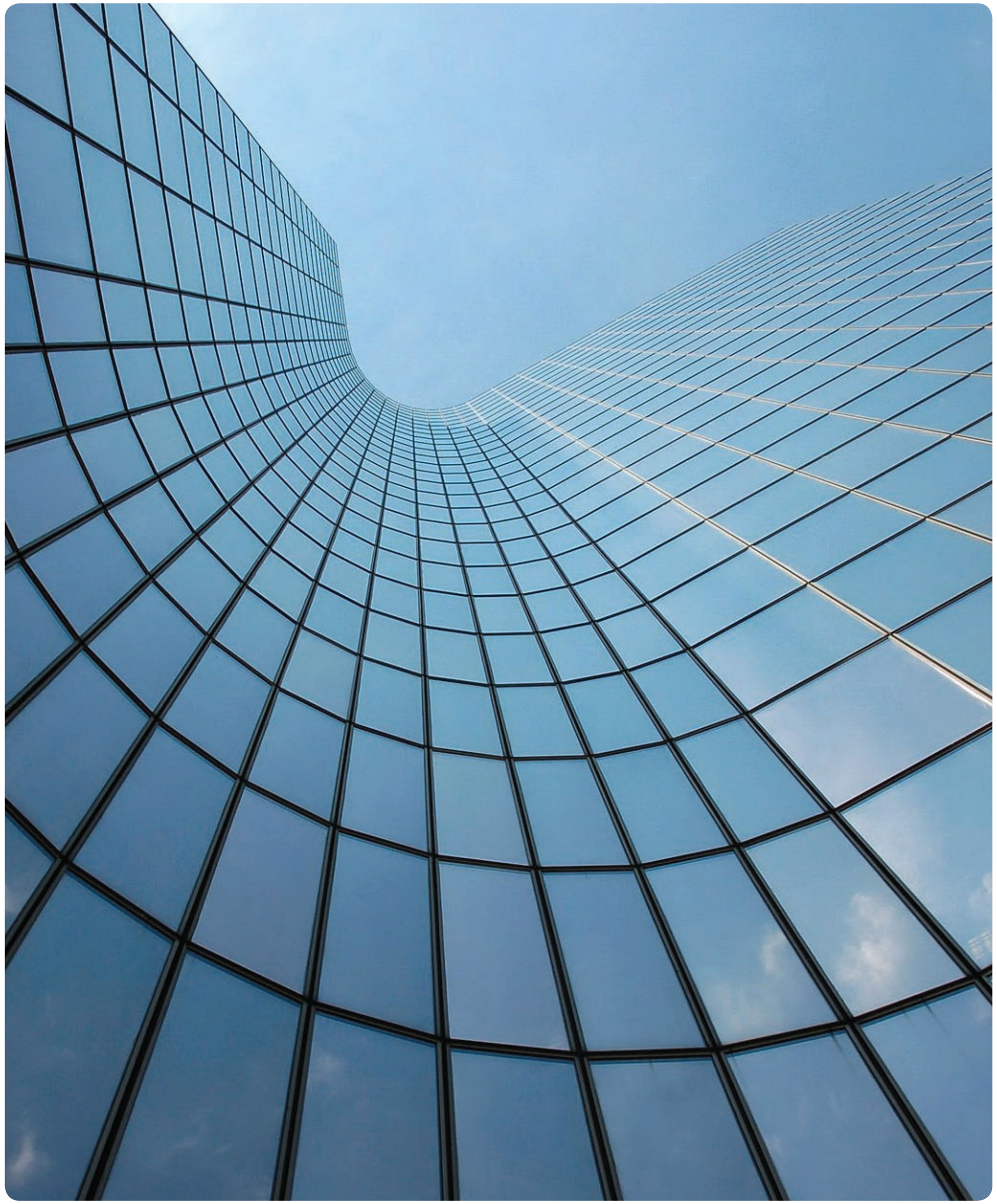
6. General meetings

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 2016, the Board of Directors had 7 meetings. Average participation at the meetings has been 94%. 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 2016 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, 16. March 2017

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

Statsautoriserte revisorer
Ernst & Young AS

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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 2016, 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 2016, oppstilling over totalresultat, oppstilling over andre inntekter og kostnader, 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 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 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 revisjon av årsregnskapet*. Vi er uavhengige av selskapet 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 2016. 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.

Verdsettelse av immaterielle eiendeler og goodwill:

Per 31. desember 2016 viser konsernet balanseført verdi av varemerke på mnok 22,6, og balanseført verdi av goodwill på mnok 113,2. Den balanseførte verdi av varemerke og av goodwill er gjenstand for årlig nedskrivningstest for å vurdere om de balanseførte verdier kan forsvares. Nedskrivningsvurderingene er et sentralt forhold ved revisjonen på grunn av kompleksiteten i vurderingene, ledelsens anvendelse av skjønn og usikkerhet knyttet til fremtidige markedsforhold.

Vi skaffet oss en forståelse av prosessen for nedskrivningstesting for kontantgenererende enheter definert av ledelsen. Vi vurderte dataene som ble brukt i modellen for nedskrivningstesting, herunder de estimerte

framtidige kontantstrømmer og avkastningskravet på kapital basert på tilgjengelig markedsinformasjon, historiske resultater, styrebesluttede budsjetter og ledelsens prognoser. Vi testet at modellen var matematisk korrekt. Vi analyserte sensitiviteten i vesentlige forutsetninger i verdsettelsesmodellen, og vi testet tidligere års estimerte kontantstrømmer mot faktisk kontantstrøm.

Vi viser til informasjon i note 11 Immaterielle eiendeler, note 2 Regnskapsprinsipper (avsnitt om immaterielle eiendeler) og note 25 Estimatusikkerhet i konsernregnskapet om nedskrivningstesting av immaterielle eiendeler, forutsetninger, prinsipper for regnskapsføring av immaterielle eiendeler og estimatusikkerhet.

Øvrig informasjon

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

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den ellers viser seg å inneholde 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 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.

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen og redegjørelsene om foretaksstyring og samfunnsansvar

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen og i redegjørelsene om foretaksstyring og samfunnsansvar om årsregnskapet, 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, 17. mars 2017
ERNST & YOUNG AS

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statsautorisert revisor

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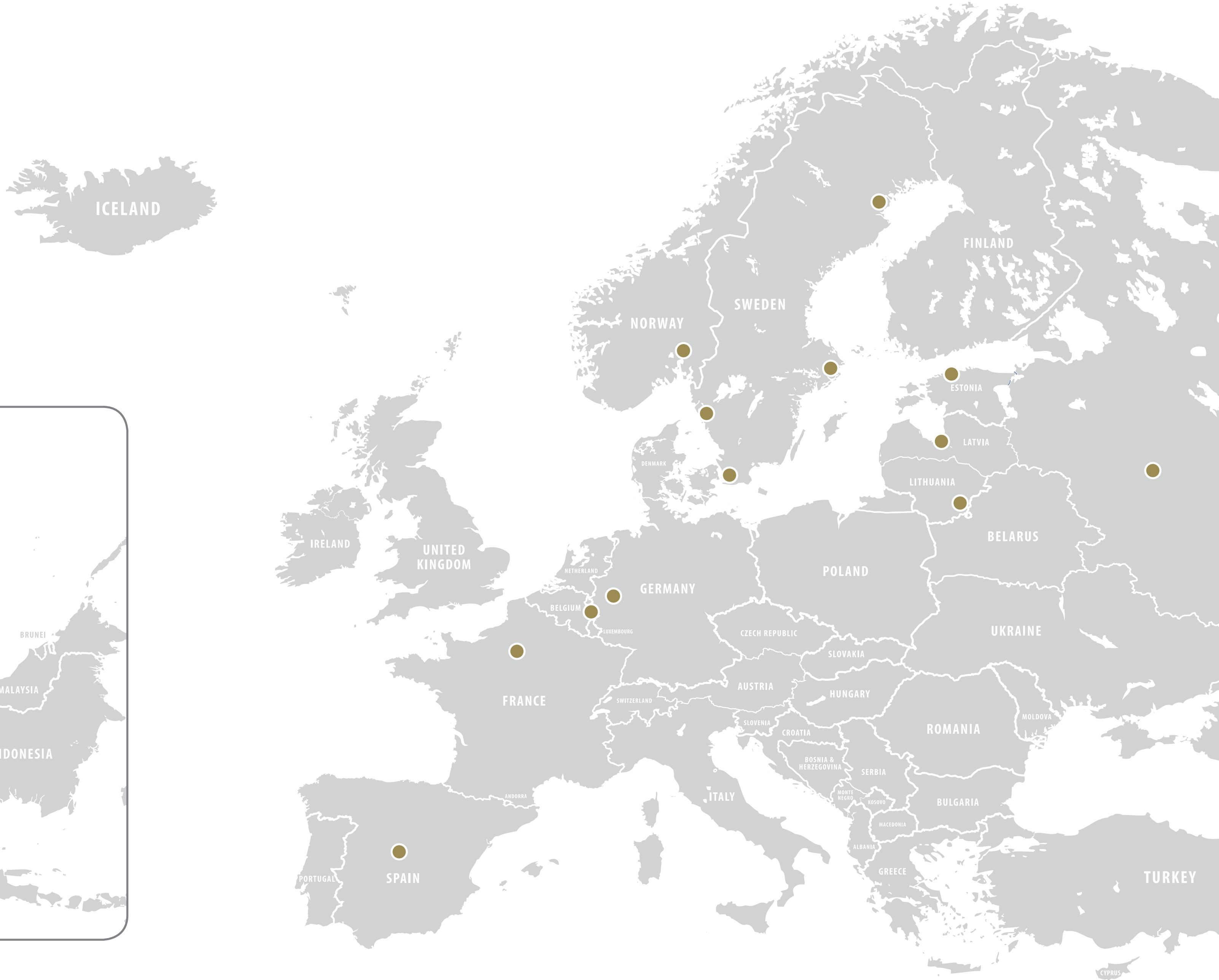

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