2018 Annual Report

Translated version

StrongPoint

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Key figures 2016 - 2018

	2018	2017	2016	
Operating revenue [1]	1 067 684	951 477	1 120 166	KNOK
Annual growth	12.2	-15.1	-2.3	%
EBITDA	67 457	52 446	111 679	KNOK
EBT	26 017	14 231	79 233	KNOK
Total assets	655 386	695 609	659 323	KNOK
Equity	265 137	281 013	320 981	KNOK
Equity ratio [2]	40.5	40.4	48.7	%
Current ratio [3]	1.19	1.02	1.24	
Earnings per share [4]	0.30	0.23	1.68	NOK
Number of shares (average for year)	44 271	44 271	44 271	T
Number of shares 31.12	44 376	44 376	44 376	T
Share price (Oslo Børs)	8.95	11.10	16.20	NOK
Number of employees 31.12	538	580	580	

1) Operating revenue
Operating revenue includes profit from associated companies

2) Equity ratio

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

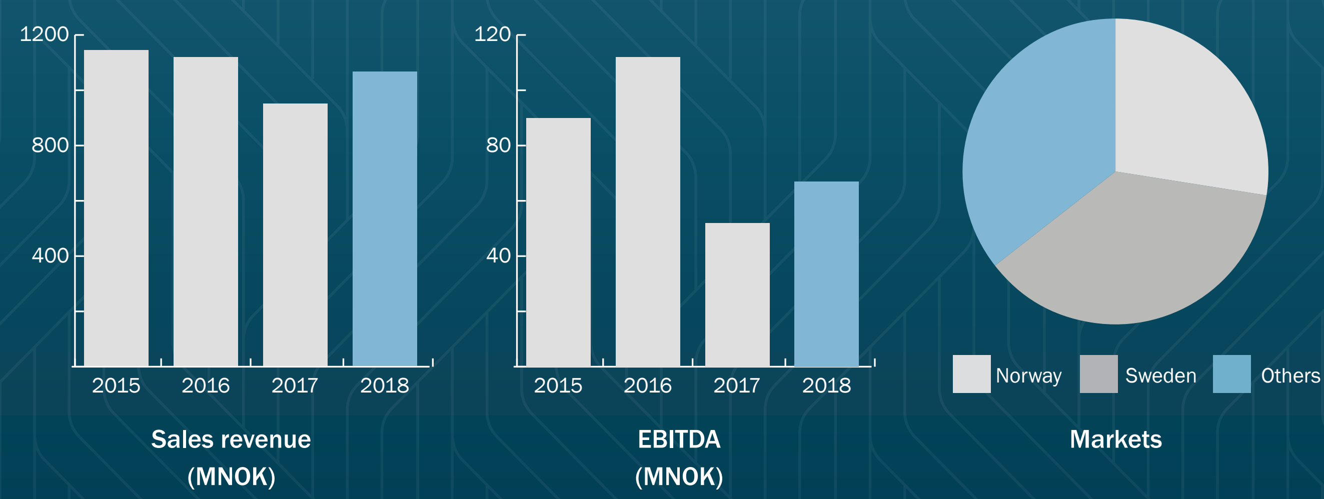
3) Current ratio

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

4) Earnings per share

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

StrongPoint Group



CEO statement

2018 was a year of change for StrongPoint. After 15 years with Jørgen Waaler as CEO, it was a privilege for me to take the helm of the company in August. After a phase of running alongside Jørgen as part of the handover process, I have become acquainted with the organisation, and I am convinced that we have a very exciting journey ahead of us, with great potential.

StrongPoint delivered solid financial results on the top and bottom line in 2018. 12 % growth, of which 7 percentage points were organic, giving a turnover of MNOK 1 068. EBITDA finished at MNOK 67, up MNOK 15 on the previous year. Several events contributed strongly to this development, including substantial deliveries of electronic shelf labels, the sale of the cash management as a service agreement with Alimerka in Spain and two large orders of our cash-in-transit security solutions. The acquisition of Cub Systems in late 2017 also contributed positively to the financial development of the company.

A number of operational measures were initiated in the second half of 2018. First of all, a cost optimisation programme was introduced, which is expected to have an effect of approximately MNOK 30 per year counting from January 2019. Some of these savings will be reinvested in prioritized areas of the business. Secondly, we strengthened our sales efforts by increasing local sales resources, "RoadRunners" (Independent agents selling StrongPoint cash management solutions) and we sharpened our focus on sales of proprietary technology through our partner network. Thirdly, the decision was made to reorganise resources related to M&A and partner development. A number of other organisational changes also took place. Hilde Horn Gilen was appointed as the new CFO, and a new position for SVP People and Organisational Development, which will be a part of the group management, was created; Erik Vaag will take on this role in June 2019.

There is a fundamentally strong market potential for retail technology, which is StrongPoint's core business. E-commerce is becoming increasingly important to the retailers. This represents a double opportunity for StrongPoint: firstly retailers wanting to establish an online presence and, secondly, from retailers that need to improve store productivity due to the switch from store to online that puts pressure on margins. StrongPoint offers a broad portfolio of retail solutions covering both opportunities. We will continue to develop our solutions and products for our customers as the development continues and intensifies in the years ahead.

StrongPoint is one of the market leaders international in IBNS technology, with our security solutions for cash-in-transit and ATM solutions. We are also one of the largest and best-run label manufacturers in Scandinavia. In both cases, I would argue that this is the result of great commitment and effort on the part of our dedicated staff.

In 2019, StrongPoint will continue to strive to maintain and increase its relevance to customers in the home markets, Norway, Sweden and the Baltic. We will increase our ecommerce presence and work with selected international markets – individually or through partners – especially in Spain and Germany. The most important thing for us is to provide solutions that add commercial value for our customers. To achieve this, we will continue to invest in our employees, products and solutions. In short, we aim to be the best owner and employer for all operations under the StrongPoint umbrella.

I am humbled and proud to have had the opportunity to lead StrongPoint into a very exciting phase for the company and, personally, I am very optimistic about the future. I will do my utmost to advance our position as a proactive and forward-looking company, and to support my colleagues to enable us to deliver what our customers require every day.

Jacob Tveraabak
CEO

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Mission

Driving retailers productivity by providing innovative integrated technology solutions

Focus areas

Maintain and grow relevance with retailers in Home Markets Norway, Sweden and Baltic.

Significantly grow presence with retailers in Spain to mirror Home Market penetration.

Grow e-commerce into a substantial portion of StrongPoint's business.

... and be the best owner and employer for all businesses under the StrongPoint-umbrella.

Business areas

StrongPoint develops and markets solutions that streamlines and simplifies e-commerce and store operations. The company is also a leader in IBNS solutions for cash-in-transit (CIT). (Cash Security), and Labels for customers in Norway and Sweden.

Own Technologies

Proprietary technology solutions that improves store efficiency, e-commerce and simplifies the shopping experience, and IBNS (Intelligent Banknote Neutralization System) technology, which secures ATM and CIT.

Retail Technology

E-Commerce Logistics Suite

E-Commerce Logistics Suite handles and optimizes the entire work flow of web orders - from planning, picking to delivery of goods. The solution is easy to integrate with existing systems.

Click & Collect

Click & Collect makes it possible to shop online and pick up groceries without having to deal with the shop opening hours.

ShopFlow Logistics

ShopFlow Logistics linked to mobile devices simplifies your in-store routines while also making them more efficient. Minimize the time put into stocktaking, take control of shipping, prices, orders and loss of goods.

Vensafe

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

Self-checkout

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

Cash Management

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

IBNS Technology

CIT-cases

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

3rd Party Technologies

Innovative retail solutions from leading third-party technology providers, consisting of among others ESL, POS, ERP, consulting services, scales and wrapping machines.

Labels

Leading expertise in the design and manufacturing of adhesive labels.

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Own Technologies

The Own Technologies business area comprises proprietary technology solutions that streamline shop operations and e-commerce, and simplify the shopping experience. StrongPoint shall distribute its own proprietary technologies in its home markets and focus markets. A separate partner organisation is being created to accelerate sales in other markets.

Retail is undergoing a major change. An increasing number of players are looking to starting with e-commerce; margins are under pressure and there is a need to increase store productivity. This provides a double opportunity for StrongPoint, which is well positioned for the European market with its retail solutions.

Click & Collect, E-Commerce Logistics Suite and ShopFlow Logistics

The digitisation of retail is growing rapidly, and efficient multi-channel and logistics solutions are becoming more important to retailers. StrongPoint launched its Click & Collect solution at the beginning of 2017 as part of its e-commerce initiative. The group acquired the Cub Systems software company at the end of the same year, to consolidate its position in this value chain. StrongPoint Cub currently offers complementary solutions to streamline store/warehouse inventory, and to facilitate efficient delivery to customers at home or via Click & Collect pickup points.

Vensafe

The EU new tobacco directive comes into force on 20 May 2020 and includes neutral labelling and packaging of tobacco products. In addition to dealing with the new legal provisions regarding tobacco, Vensafe provides full inventory control. This kind of automated solution means retailers do not need to spend time unnecessarily looking for the right items at the checkout.

Cash Management

Cash accounted for approximately 79 % of all Eurozone day-to-day in-store transactions in 2016, according to the European Central Bank (ECB). Use of cash varied among the 19 Member States, from 45 % in the Netherlands to a total of 92 % in Malta. With an automated cash management solution such as CashGuard, retailers can spend their time on customer service and ongoing work rather than manual cash management. CashGuard reduces human error, theft and wastage.

Self-checkout

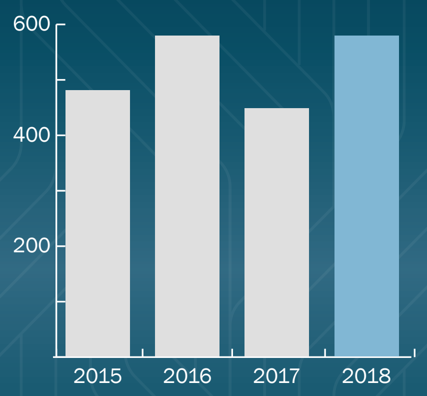
Self-checkout increases capacity and enhances the experience of the actual checkout area of the store. With this type of solution, one store employee can oversee up to eight systems single-handedly, slashing labour costs. StrongPoint performs analyses and presents the best combination of different self-checkout solutions, enabling retailers to harness the necessary synergies and improvements related to their business.

Own Technologies also produces Intelligent Banknote Neutralisation System (IBNS) technology, which secures ATMs and cash-in-transit (CIT).

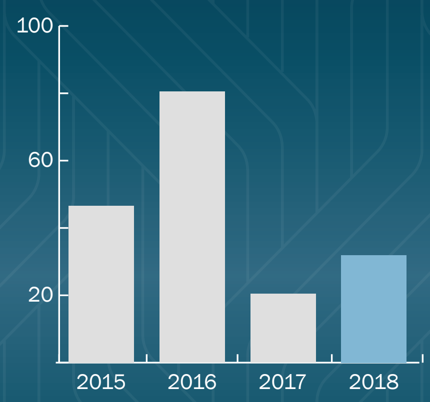
CIT cases

StrongPoint helps cash-in-transit operators to streamline their operations and increase productivity with a unique product portfolio with the lightest security cases on the market. Regardless of the expertise, time, methods and tools used in an attempted robbery, the contents of the cases are always permanently stained. In its development work, StrongPoint has focused on space saving, ergonomics and usability.

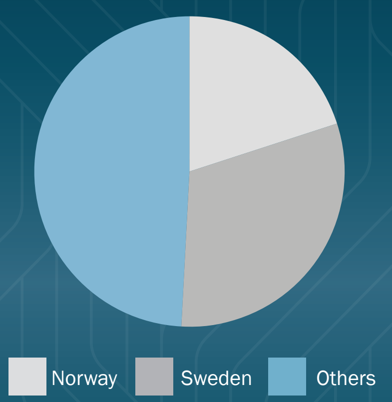
Own Technologies



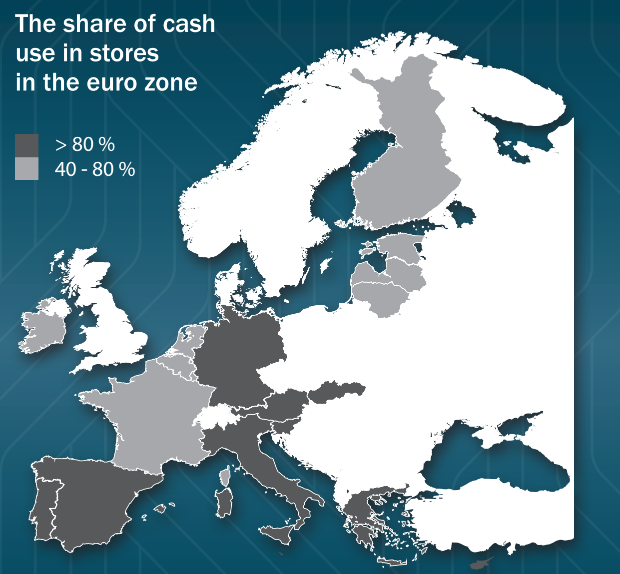
Sales revenue (MNOK)



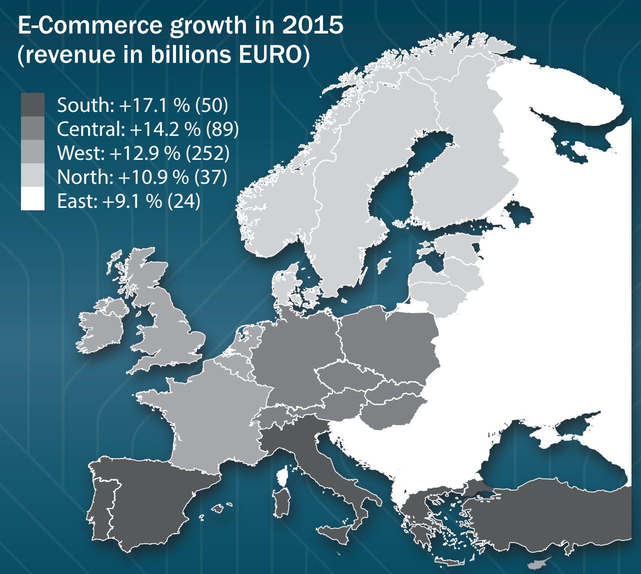
EBITDA (MNOK)



Markets



Source: ECB, Deutsche Bundesbank and De Nederlandsche Bank



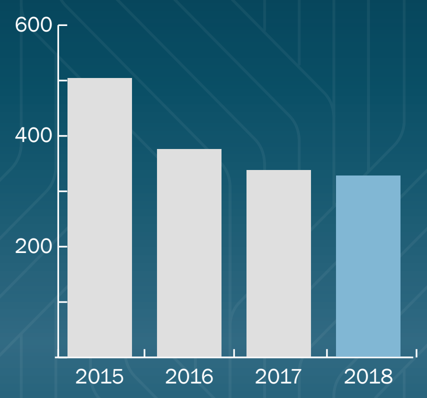
Source: Ecommerce Foundation (May 2016)

3rd Party Technologies

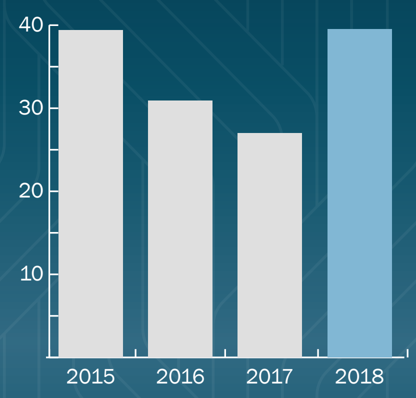
The 3rd Party Technologies business area consists of innovative technological retail solutions from leading third-party providers, including electronic shelf labels (ESL), POS, ERP, consulting services, scales and wrapping machines.

StrongPoint provides solutions from leading third-party providers (Pricer, Digi, LS Retail, Microsoft and NCR) in its home markets, where a nationwide sales and service unit has already been established. StrongPoint distributes third-party products in preference to developing its own where there are existing solutions developed by other providers. The Group works actively to complement proprietary technology with third-party products to streamline operations for its customers. An example of this is the use of the LED light in the ESL chip to flash when an item is to be picked in the E-Commerce Logistics Suite (Pick by Light). The E-Commerce Logistics Suite manages and optimises the entire product flow of online orders – from planning and picking to shipping items.

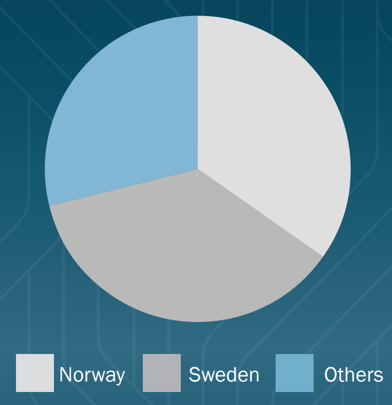
3rd Party Technologies



Sales revenue (MNOK)



EBITDA (MNOK)



Markets

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Photo: Johan Wildhagen/Norges Sjømatråd

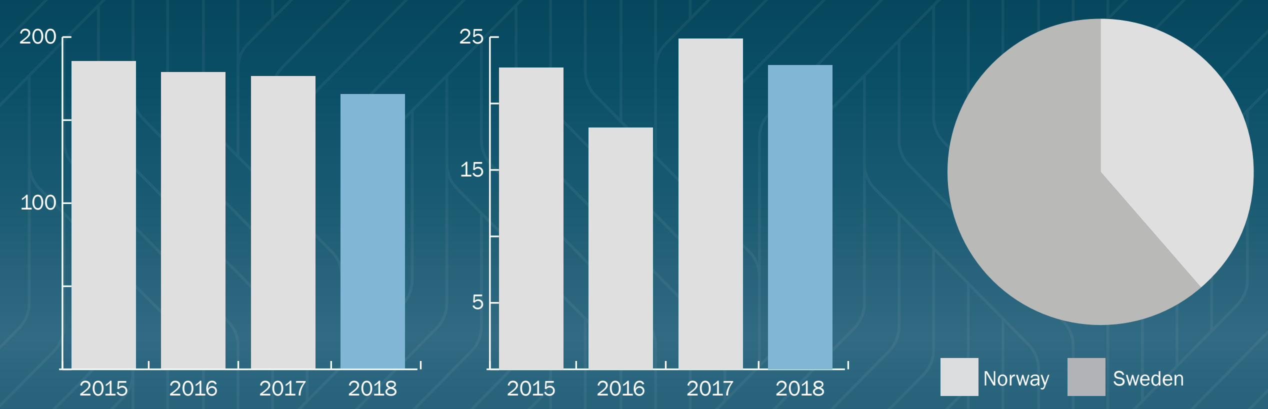
Labels

The Labels business area possesses leading expertise in the design and manufacture of adhesive labels. The Labels business area is well adapted to the current market situation with efficient work processes, new technology and modernised premises.

StrongPoint's label business is one of Scandinavia's leading manufacturers of adhesive labels. Labels delivers products to all types of customers in Norway and Sweden – from charities to retail and the food industry.

Labels offers design services for the customers; this gives us full control of the entire label process – from design to final printing. StrongPoint was one of the first to start digital label printing in Norway and Sweden, building expertise and offering solutions in RFID and NFC technology. Labels also supplies label printers and peripherals, as well as neutral labels for the warehouse and transport industries in Norway.

Labels



Sales revenue (MNOK)

EBITDA (MNOK)

Markets

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Key events 2018

JANUARY

Orders for cash-in-transit cases worth MEUR 0.8 from our Croatian partner.

MARCH

First Click & Collect order in the Baltic states.

Q1

APRIL

Contract to deliver POS solutions to a major retail chain in the Baltic.

MAY

Orders for cash-in-transit cases worth MEUR 0.6 from our Croatian partner.

Alimerka bought the cash management as a service agreement valued at MEUR 3.7.

JUNE

Contract with Coop Norge for electronic shelf labels (ESL) for an additional 70 stores.

Q2

JULY

Frame agreement to supply electronic shelf labels (ESL) to a trade chain in Norway, worth up to MNOK 50.

Selected as the exclusive supplier of 960 CIT cases for Sberbank.

AUGUST

Contract with NorgesGruppen for electronic shelf labels (ESL) for up to 350 Joker stores, worth MNOK 60. Deliveries commenced in 2018 and are scheduled for completion during 2019.

Q3

OCTOBER

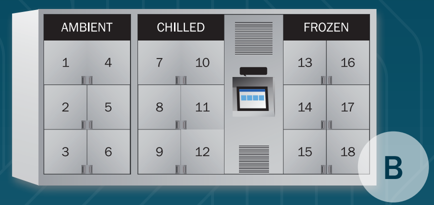
Orders for more than 1 200 cash-in-transit (CIT) cases for a leading European CIT company. Deliveries commenced in Q4 2018, with completion in Q1 2019.

Q4

Own technologies footprint

E-Commerce Logistics Suite

Increased demand for E-commerce Logistics Suite from both existing and new customers in Sweden. One of Denmark's largest grocery chains has chosen the solution, and the first installations are already in place, with additional installations in 2019.



Click & Collect pickup points

A Swedish grocery chain has further expanded its number of Click & Collect pickup points. Meny Strømmen Storsenter has adopted Norway's first pickup point. In addition, pickup points have been installed for Coop Estonia and Barbora in Lithuania, as well as pilot installations in Spain and Italy.

Vensafe

During 2018, successful trade-in campaigns were conducted for Vensafe in Norway and Sweden.

Self-checkout

Eightytwo self-service solutions were supplied to a large grocery chain in the Baltic.

Cash Management

In Spain, Alimerka chose to buy all 725 machines that they were leasing from StrongPoint. The Aramark restaurant chain has chosen StrongPoint as its main supplier of cash management solutions. There are now approximately 5 000 machines installed in Spain. Solutions were also delivered to Plantasjen in Norway, and to Sweden's largest private pharmacy chain, Apoteket Hjärtat. In Germany, a public transport company has chosen cash management by StrongPoint.

CIT cases

A European cash-in-transit company has commissioned more than 1 200 CIT cases, and Russia's largest bank, Sberbank, has chosen StrongPoint as the exclusive supplier of 960 CIT cases.

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Focus areas in 2018

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Environment and sustainability

Corporate social responsibility and sustainability are an integral part of StrongPoint's operations. This means economic, social and environmental aspects are considered before making decisions.

StrongPoint intends to act responsibly and aims to reduce direct and indirect adverse impact on the external environment, and the group seeks to comply with relevant international and local legislation and standards.

StrongPoint has partnered with EMC Europe, a UNICEF partner, for the recycling of used IT and telecom equipment.

StrongPoint seeks to ensure that the products the group manufactures or resells are developed by leading suppliers with a responsible policy who work systematically with sustainability.

StrongPoint's customers have the option to return products at the end of life to ensure it is handled in an environmentally responsible manner.

Retail

Scales and wrapping machines are developed by a leading manufacturer, which systematically implements eco-friendly measures in relation to its products. The production facilities are certified to ISO 14001.

The electronic shelf label supplier offers the longest battery life in the industry for its products.

The cash management products are manufactured by Scanfil in Sweden. The company complies with Swedish work environment and pollution legislation, and its production plant is certified to ISO 14001.

Cash Security

Ink and battery waste from StrongPoint's production of IBNS solutions for CIT and ATM solutions are sent for destruction at a certified supplier. Ink disposal is carried out within Scandinavia.

Labels

StrongPoint uses EU/EEA/UK paper in its label manufacturing to ensure that the wood used and the manufacturing complies with EU work and environment regulations. The Group's customers often have special requests regarding the selection of materials, but StrongPoint always recommends that customers use FSC-certified material. The Group's main paper supplier aims for zero incidental waste. The suppliers of PE and PP material have a strong focus on the reuse of materials, and aim to mix in at least 20 % return materials into their products during 2020. Working with the printing press supplier, StrongPoint actively seeks to reduce waste from label production using modern printing techniques and upgraded machinery with the latest software. It also works actively with suppliers on environmental initiatives, and uses thinner label liners made of alternative material to reduce waste, volume and weight. Ink and dye waste from StrongPoint label production is sent for destruction to a certified supplier, and destruction is carried out in Scandinavia.

2018 Board of Directors' report

Our focus on growth in selected European markets is beginning to yield visible results and, with a reinforced and more cost-effective organisation, we are well positioned for continued profitable growth in the years ahead.

Group activities

StrongPoint is an international supplier of technology and retail solutions, with a local presence in Norway, Sweden, Lithuania, Latvia, Estonia, Spain, Germany, France, Belgium, Russia and Malaysia. The Group is listed on the Oslo Stock Exchange and has its headquarters in Rælingen outside Oslo. The Group is organised in three business areas: Own Technologies, 3rd Party Technologies and Labels.

2018 financial statements

Operating revenues for the Group increased by 12.2 % to MNOK 1 067.7 (951.5). The Group had organic growth of 7.2 %, while the acquisition of Cub Systems contributed to the remaining growth.

Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to MNOK 67.5 (52.4), and profit after tax was MNOK 13.4 (10.0). The Group had several extraordinary events in 2018, including the sale of the cash management as a service agreement with Alimerka, quality issues related to a weakness in the design of a Cash Security product, as well as costs related to organisational changes. These events had an overall positive impact on profits of MNOK 2.2.

Total Group capital as at 31 December 2018 was MNOK 655.4 (695.6), and equity was MNOK 265.1. This resulted in an equity ratio of 40.5 per cent.

Interest bearing liabilities, reduced by bank deposits, amounted to MNOK 54.6 at the end of 2018. The Group has a common cash pool), which offers more efficient utilisation of Group liquidity and cash flow. The loan agreement with the Group's main bank is subject to a covenant whereby the relationship between net interest-bearing debt and 12-month rolling earnings before depreciation (EBITDA) must not exceed 3.5. This is measured on a monthly basis and was 0.8 as of 31 December 2018.

Group liquidity at the end of the year was MNOK 87.0, of which available credit facilities amounted to MNOK 60.0.

Cash flow from operational activities was MNOK 21.4 (26.8), and working capital increased by MNOK 48.5 in 2018. Investments in tangible assets of MNOK 16.7 were capitalised during the year.

Events after the balance sheet date

No significant events occurred after the balance sheet date.

Own Technologies

	Year	
MNOK	2018	2017
Product Sales	346.4	249.8
Service	233.4	199.2
Revenue	579.8	449.1
EBITDA	31.9	20.4
EBITDA-margin	5.5%	4.5%
EBIT	35.1	7.5

Own Technologies includes the sale and service of proprietary technology solutions to retail, and security solutions for cash-in-transit and ATM solutions. In recent years, the Group benefited from high installation rates of capital goods, customer focus on efficient operations, and attractive service solutions.

This business area invests considerable amounts each year to develop and improve its proprietary technology. Development includes a new single-slot cash management solution, new software for Vensafe, and Self-checkout and Click & Collect solutions. In addition, Cub Systems was acquired in December 2017.

3rd Party Technologies

	Year	
MNOK	2018	2017
Product Sales	237.9	243.1
Service	89.9	95.5
Revenue	327.8	338.6
EBITDA	39.5	27.0
EBITDA-margin	12.0%	8.0%
EBIT	29.9	19.6

3rd Party Technologies delivers innovative retail solutions from leading third-party provides. The largest product categories are electronic shelf labels, scales and wrapping machines.

Labels

	Year	
MNOK	2018	2017
Revenue	165.6	176.4
EBITDA	22.9	24.9
EBITDA-margin	13.9%	14.1%
EBIT	9.0	9.8

Labels offers leading expertise and efficient production of self-adhesive labels for customers in Norway and Sweden.

Employees and organisation

The Group had 538 employees as of 31 December 2018. The company has a share program for the executive management and the company's employees. Through these programmes, employees subscribed to 67.494 shares in 2017 and 127.238 in 2018.

Jacob Tveraabak took office as CEO on 1 August after working in parallel with the company's long-standing CEO Jørgen Waaler for four months. The Board wants to thank Jørgen for his significant contribution to the company's development and success over many years and, at the same time, wish Jacob every success in his new role.

Employees

StrongPoint aims to be a workplace with a good working environment. The Group has taken measures aimed at promoting employee professional development, preventing sick leave and improving the overall working environment. All employees in the subsidiaries have standardised employment contracts.

Total sick leave in the company were estimated at 1.5 per cent compared to 2.5 per cent the previous year. No employees were injured and there were no occupational accidents during the year. The Company has endeavoured to arrange workstations to avoid injuries such as repetitive strain injuries.

The Group aims to be an inclusive workplace with full equality between women and men, based on qualifications, without regard to age, religion or origin. The Group's Board of Directors comprises 40 per cent women.

There were 126 women among the Group's 538 employees at the end of the year. There were no women in executive management roles as of 31 December 2018.

In December 2018, Hilde Horn Gilen was elected as the new CFO of StrongPoint ASA, taking up her post on 18 February 2019.

StrongPoint has not put in place any special measures to promote the inclusion of groups underrepresented in the labour market. Qualifications will be decisive in the hiring of future employees.

Product development

The Group has put significant resources into the development of products. No development costs were capitalised in 2018.

The Own Technologies business area has brought together all the development of retail technology in Norway, Sweden and Lithuania under joint management. This business area develops proprietary retail technology solutions and IBNS solutions for securing cash in ATMs and cash-in-transit (CIT). In recent years, the focus has been on developing and supplementing existing solutions.

The 3rd Party Technologies business area develops integrations and software solutions to integrate with third-party technology.

Some of the projects have been part funded by the SkatteFUNN tax incentive scheme.

Risk

Historically, the Group's home markets in Norway and Sweden have been robust in the face of recession, as investments in the grocery trade have not been greatly affected by financial and macroeconomic changes. At the same time, the Norwegian and Swedish grocery markets have been dominated by a handful of players, all key customers of StrongPoint.

The Group's operations have resulted in exposure to currency and interest risk. Financial instruments are not normally used to mitigate this risk. Receivables and liabilities have also resulted in financial risk. The Group's interest-bearing debt has had a floating interest rate. Current market conditions may have resulted in increased challenges in accounts receivable and could thus impact the company's credit risk. These matters also have implications for liquidity risk. The Group has managed liquidity risk by monitoring anticipated future operational cash flow, as well as available cash and credit facilities, to ensure sufficiency for operational and financial commitments.

From an overall assessment of customer satisfaction, market position, market demand and financial position, the Board of Directors considers that there is a basis for continued operations, and the annual financial statements were prepared with the assumption of a going concern.

In the opinion of the Board, the income statement, balance sheet and notes presented are a true and fair view of the company's position and profit from activities in 2018.

The Board of Directors is not aware of any other matters relevant for assessing the company beside what is stated in the annual report.

Ownership and corporate governance

StrongPoint's policy on corporate governance is presented at the end of the Group's annual report and on the website. The policy contain information pursuant to Section 3-3b of the Accounting Act. The Group's strategy, development, organisation and capital structure were the main focus of Board meetings in 2018. The Board has two subcommittees: an audit committee and remuneration committee. The audit committee comprises two Board members, and four meetings were held in 2018. The committee reviewed quarterly and annual financial statements, as well as the Group's main risk categories. The committee also assessed its internal controls, including internal controls related to financial reporting, as well as the quality of risk management systems and audit work.

An Extraordinary General Meeting on 21 November resolved to change the Board's renumeration model and introduce a mandatory share purchase program as part of the Board's remuneration. The programme came into effect at the end of the year.

Ethics, environment and corporate social responsibility

Corporate social responsibility and sustainability are integral to StrongPoint's operations. This means economic, social and environmental aspects are considered before making decisions. Broad confidence and credibility are essential for StrongPoint to meet its business objectives. The Group has achieved this by creating and maintaining a culture built on high ethical standards and responsible conduct. The policy includes information pursuant to Section 3-3c of the Accounting Act.

StrongPoint's operations follow established public procedures to prevent pollution of the external environment and comply with relevant international and local legislation and standards. Some subsidiaries sell and store products classified as environmentally hazardous if the waste is not managed in accordance with applicable regulations. Subsidiaries have contracts with authorised return organisations. There were no emissions of environmentally harmful substances in 2018, and the Group's clear goal is for there to be none in 2019.

StrongPoint's customers have the option to return products at the end of their life to ensure they are handled in an environmentally responsible manner. Many of our clients have utilized this option, and the Group will maintain it going forward. For more about the environment and sustainability, please see page 20 of this report.

Corruption and whistleblowing

StrongPoint has zero tolerance for corruption. This applies to all employees, companies and persons acting on behalf of the Group. StrongPoint's zero tolerance means, among other things, that no gratuities may be offered or received (beyond a symbolic value), and no benefits etc. may be received on behalf of either the Group or any employee personally.

The Group has put whistleblowing procedures in place. It is important to report policy violations or inappropriate conduct in a responsible manner. If it proves difficult to notify responsible managers within the Group, we want employees to contact StrongPoint's audit committee. The members of the audit committee are listed on StrongPoint's website.

Shareholder relations

As of 31 December 2018, StrongPoint had share capital of NOK 27.513.144.80 allocated to 44.376.040 shares with a face value of NOK 0.62. At the end of 2018, the Group held 104.544 treasury shares at an average price of NOK 5.37.

There were 1 618 shareholders in the company at the end of 2018. The 20 largest shareholders represented 60.6 per cent of total share capital. At the end of 2018, 264 shareholders owned 10 000 shares or more.

StrongPoint's articles of association do not contain any provisions restricting rights to convert Group shares.

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Furthermore, StrongPoint is not aware of any agreement between shareholders limiting the ability to trade shares or exercising voting rights represented by shares in the Group. StrongPoint's bank loan agreement contains clauses stating that the bank may demand premature loan repayment if there is any significant change in ownership.

Future prospects

During 2018, the Board of Directors discussed strategic priorities for the Group. The Board focused on organic growth by strengthening Own Technologies' international sales and resellers. The Board also assessed opportunities beyond organic growth. This could be the acquisition of companies with supplementary retail technology or expansion of the geographic market.

Work being done in terms of sales, production and product development coordination across the legal entities is also expected to bring efficiency gains, going forward. In the opinion of the Board, StrongPoint is well placed to consolidate sales and profitability in the years ahead.

Parent company – StrongPoint ASA

The Parent company's main function is to maximise value for shareholders. This is accomplished by share price growth, and by a having a predictable dividend policy. The shares in the parent company are listed on the Oslo Stock Exchange.

The parent company, StrongPoint ASA, has three employees.

StrongPoint ASA's loss for the year was MNOK -0.5 compared to MNOK 40.9 in 2017. Net financial result for the year was MNOK 10.8 in 2018 (46.8).

Proposal for allocation of profit (loss) for the year

The Board of Directors will propose to the general meeting the following allocation of profit (loss) for the year in the parent company StrongPoint ASA for 2018:

Profit (loss) for the year:
NOK -492.685

Proposed ordinary dividend:
NOK 24.354.619, equivalent to NOK 0.55 per share.

Transferred from other equity:
NOK 24.847.304

Rælingen, 21 March 2019

Morthen Johannessen
Chairman

Klaus De Vibe
Director

Camilla Tepfers
Director

Inger J. Solhaug
Director

Peter Wirén
Director

Jacob Tveraabak
CEO

Board of Directors of StrongPoint

Morthen Johannessen
Chairman

Morthen Johannessen has more than 20 years' experience as CEO/ managing director of international businesses. He served as European Director and COO in charge of the Global Business Development division of Tomra, and led PepsiCo's European business. He currently works as an industrial advisor and is a board member of a number of companies in various industries. Johannessen is an economist (HD) graduate of CBS, Copenhagen. He has been on the Board of StrongPoint since 28 April 2016.

Klaus De Vibe
Director

Klaus De Vibe has 20 years' experience from finance and investment operations, including with IK Investment Partners and Morgan Stanley. Since 2009, he has been managing director of the investment company Strømtangen AS. De Vibe has a MSc specialising in finance and financial economics from the Norwegian School of Economics. He has been a member of the Board of StrongPoint since 28 October 2011.

Camilla AC Tepfers
Director

Camilla AC Tepfers has more than 20 years' experience including with DnB NOR and NTNU, and she has been working with innovation since 2001. She is co-founder and partner of the analysis and consultancy firm inFuture. She has written a number of professional books, and she is a graduate engineer with an MSc in computer technology from NTNU. She has been a member of the Board of StrongPoint since 26 April 2013.

Inger Johanne Solhaug
Director

Inger Johanne Solhaug has extensive experience from the grocery industry. She has held senior positions in Orkla for 20 years, including serving as executive vice president and a member of the Orkla executive committee, and as CEO of Nidar. Solhaug is currently a Partner at XO Executive Advisors. She has been a member of the board of StrongPoint since 30 April 2015.

Peter Wirén
Director

Peter Wirén has 18 years' experience from the payments industry as CEO and executive vice president of Teller, Nets and Bambora. He has extensive experience of managing change processes, preparing and implementing growth strategies and handling acquisitions and mergers in international markets. Wirén currently works as a consultant and PE advisor, and he has been a member of the board of StrongPoint since 24 April 2018.

Jacob Tveraabak
CEO

Jacob Tveraabak was previously CEO of Miklagruppen, director of business development at Rema 1000 and a consultant with McKinsey & Company. He is also a founding member and rotating chairman of the board of Directors of Nabobil.no. Tveraabak has MSc degrees from the Norwegian School of Economics and Bocconi University. He has been CEO of StrongPoint since August 2018.

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Investor relations

StrongPoint ASA strives to have an open IR policy towards its shareholders and the market in general. The Group uses its website www.strongpoint.com and e-mail to provide investors and analysts with relevant information.

Information for shareholders is available at www.strongpoint.com and www.ose.no (ticker STRONG). StrongPoint ASA has frequent contact with investors and analysts to provide the best possible information regarding the Group's financial situation and development. The Market is informed of orders/contracts worth MNOK 10 or more, as well as orders that are considered strategically important. StrongPoint ASA is a public limited company and is established under Norwegian law. The Company is listed on the Oslo Stock Exchange. The Group's issued share capital is NOK 27.513.144.80 allocated as 44.376.040 shares, each with a par or nominal value of NOK 0.62, all fully paid up and issued in accordance with Norwegian law. The Company has one class of shares.

Hilde Horn Gilen
CFO

Horn Gilen has been CFO at StrongPoint since February 2019. Hilde came from the post of CFO of Ahlsell Norge, a subsidiary of the Ahlsell Group, a position she held from 2014. Prior to that, Hilde worked in various positions at Kongsberg Gruppen ASA for seven years, latterly as CFO of Kongsberg Oil & Gas Technologies. Hilde also has ten years with PwC, the audit and assurance firm.

Financial Calendar 2019

Q1 – 26.04
Q2 – 16.07
Q3 – 31.10
Annual General Meeting – 26.04

The presentations (with the exception of the Q2) will take place at Hotel Continental, Stortingsgaten 24/26 in Oslo.

Webcast will be available at our website strongpoint.com from CET 08.15, the same time as the presentation starts.

For more information:

Hilde Horn Gilen
CFO
Tel: +47 920 60 158
E-mail: hilde.gilen@strongpoint.com

The Share 2018

Consolidated Financial Statements

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Consolidated statement of comprehensive income

KNOK	Note	2018	2017
Sales revenue	3	1 067 468	951 388
Share of profit associated companies	6	215	90
Cost of goods sold	12	534 661	472 003
Payroll	9	331 908	298 916
Other operating expenses	5, 16, 27	133 658	128 112
Total operating expenses		1 000 227	899 032
EBITDA		67 457	52 446
Depreciation	10, 11	37 587	32 541
Total depreciations and impairments		37 587	32 541
Operating profit		29 870	19 905
Interest income	8	843	2 131
Other financial income	8	631	718
Total financial income		1 474	2 849
Interest expenses	8	3 972	4 340
Other financial expenses	8	1 355	4 183
Total financial expenses		5 328	8 523
Net financial items		-3 853	-5 674
Profit before tax		26 017	14 231
Income tax expense	26	12 570	4 197
Net income		13 447	10 034
Other income and expenses			
Items that may be reclassified through profit or loss in later periods			
Currency translation differences		-7 187	16 405
Total comprehensive income		6 260	26 439
Of which:			
Controlling interest		6 260	26 439
Non-controlling interest			
		6 260	26 439
Profit for the year after tax			
Controlling interest		13 447	10 034
Non-controlling interest		-	-
		13 447	10 034
Earnings per share	**Note**		
Earnings per share	23	0.30	0.23
Fully diluted earnings per share	23	0.30	0.23

Consolidated balance sheet

KNOK	Note	31.12.2018	31.12.2017
ASSETS			
Intangible assets	11	60 280	81 796
Goodwill	11	141 429	139 213
Equipment	10	54 511	77 384
Land and buildings	10	3 575	3 957
Associated companies	6	849	634
Other long-term investments	7	-	476
Deferred tax assets	26	13 601	20 930
Total fixed assets		274 245	324 391
Inventories	12	127 897	131 455
Accounts receivables	13, 17	200 340	160 027
Prepaid expenses	13	11 641	14 061
Other current receivables	13	14 278	24 172
Bank deposits etc.	14	26 985	41 503
Total current assets		381 141	371 218
TOTAL ASSETS		655 386	695 609
EQUITY AND LIABILITIES			
Share capital	24	27 513	27 513
Treasury shares	24	-65	-65
Other equity		237 689	253 564
Total equity		265 137	281 013
Long term interest bearing liabilities	15	49 800	24 623
Other long term liabilities	22	20 694	27 422
Total long term liabilities		70 494	52 046
Current interest bearing liabilities	15	31 789	68 229
Accounts payable		81 326	93 070
Tax payable	26	2 990	1 852
Public duties payable		41 337	36 645
Other short term liabilities	22, 27	162 313	162 755
Total short term liabilities		319 755	362 551
Total liabilities		390 249	414 597
TOTAL EQUITY AND LIABILITIES		655 386	695 609

Rælingen, 21 March 2019

Morthen Johannessen
Chairman

Klaus De Vibe
Director

Camilla Tepfers
Director

Inger J. Solhaug
Director

Peter Wirén
Director

Jacob Tveraabak
CEO

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Consolidated cash flow statement

KNOK	Note	2018	2017
Profit before tax		26 017	14 231
Net interest		3 129	2 209
Tax paid		2 092	3 596
Share of profit, associated companies	6	-215	-90
Ordinary depreciation	10, 11	37 587	32 541
Profit on sale of fixed assets	10	-505	-390
Unrealised loss on fiacial instruments	8	476	-
Change in inventories		1 781	-24 508
Change in accounts receivables		-41 955	17 861
Change in accounts payable		-10 424	-22 553
Change in other accrued items		3 383	3 863
Net cash flow from operational activities		21 365	26 760
Payments for fixed assets	10	-11 070	-15 446
Payment from sale of fixed assets	10	38 882	2 772
Profit on sale to Alimerka		-21 299	-
Net effect acquisition		-	-462
Interest income	8	843	2 131
Net cash flow from investment activities		7 356	-11 004
Payment long-term debt		-28 942	-22 060
New long-term debt		58 804	-
Change in overdraft		-46 830	49 559
Interest expenses	8	-3 972	-4 340
Dividends paid		-22 136	-66 407
Net cash flow from financing activities		-43 076	-43 249
Net change in liquid assets		-14 355	-27 493
Cash and cash equivalents at the start of the period		41 503	67 090
Effect of foreign exchange rate fluctations on foreign curency deposits		-163	1 905
Cash and cash equivalents at the end of the period	14	26 985	41 503

Consolidated statement of changes in equity

KNOK	Majority interest					
	Share capital	Treasury shares	Other paid-in equity	Translation variances	Other equity	Total equity
Equity at 31.12.2016	27 513	-65	351 262	35 912	-93 641	320 981
Profit for the year after tax	-	-	-	-	10 034	10 034
Other comprehensive income and expenses	-	-	-	16 405	-	16 405
Dividend 2016	-	-	-	-	-66 407	-66 407
Equity at 31.12.2017	27 513	-65	351 262	52 316	-150 014	281 013
Profit for the year after tax	-	-	-	-	13 447	13 447
Other comprehensive income and expenses	-	-	-	-7 187	-	-7 187
Dividend 2017	-	-	-	-	-22 136	-22 136
Equity at 31.12.2018	27 513	-65	351 262	45 130	-158 703	265 137

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

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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 group's main business is the supply of innovative, integrated technology solutions to stores, labels, and secure transportation and ATM solutions for the handling of cash. The company is divided into three business areas: Own 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

Basic 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 31.12.2018. 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 31.12.2018. The introduction of changes and new standards has not resulted in adjustments, as StrongPoint not has engaged in transactions or events during 2018 that are affected by the changes.

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

Estimates and judgements

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

Consolidation principles

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

Associated companies are evaluated using the equity method within the group. Associated companies are entities over which the group has considerable influence but no overall control (normally in the case of stakes between 20 % and 50 %) over their financial and operational management. In the case of a transfer from shares available for sale to associated companies, former assets are valued at fair value, and unrealised increase in value which earlier have been recognised directly as income and costs in the statement of comprehensive income, will be reversed. Share of profit after tax in associated companies are recognized on a separate line in the P&L below the sales revenue. Investments in associated companies are tested for impairment indicators based on the principles in IFRS 9. If there are objective indications of impairment, impairment tests are conducted in accordance with IAS 36.

Any other investments are considered to be investments available for sale and are recognised in accordance with IFRS 9 at their fair value and with any change in value through the comprehensive income.

Translation of foreign currency

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

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

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

Fixed assets

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

The assets are subject to straight line depreciation in order that the acquisition cost of the assets is depreciated at the residual value after the expected useful life of the assets, which is:
Fixtures and equipment 3–5 years
Machinery 3-10 years
Plant and property (production and warehouse facilities) 20 years
Land values are not depreciated

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

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

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

Financial leasing

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

Intangible assets

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

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

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

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Goodwill and other intangible assets on acquisitions

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

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

Negative goodwill related to acquisitions is realized immediately as income on the date of acquisition. Goodwill is not depreciated.

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

Development costs

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

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

Inventories

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

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

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

Accounts receivables

Accounts receivable is measured in line with classification and measurement rules of IFRS 9 for loans and receivables at amortised cost. Provisions are made for expected losses. Changes in provision are booked as other operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits.

Pension commitments, bonus schemes and other staff compensation schemes

a) Pension commitments

The Norwegian employees have a pension schemes in line with the statutory and obligatory company pension sheme, and is a defined contribution plan. The Swedish subsidiaries have collective pension schemes in place for

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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 35 000 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 products 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 products is recorded when an entity within the group has delivered the products 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.

The Group's sales of products and services are considered to be separate delivery obligations according to IFRS 15. The assessment is supported by independence between produtsales and sales of services and that both types of sales are based on market prices without cross-subsidisation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New standards and interpretations not yet taken into use
A number of new standards, changes to standards and interpretations that have not been applied will be effective for annual accounts starting after January 1, 2019. StrongPoint has chosen not to implement any of the standards early.

IFRS 16 Leases

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

New IFRS 16 on leases will lead to a significant change in accounting policies related to rental costs. All significant leases shall, for accounting years beginning 2019 or later, be capitalized. This will provide a right of use on the asset side and a corresponding liability on the debt side. The present value of the lease liability is calculated by discounting the lease payments with the implicit interest in the lease, or the company's marginal interest rate if the implicit interest is not known.

While the rental cost of operating leases under IAS 17 is recognized as an operating expense, according to IFRS 16, depreciation of the right of use and interest on the lease obligation shall be calculated. Depreciation and amortization are presented together with other depreciation, while interest rates are included in financial expenses in the income statement. The companies' gross profit, EBITDA and EBIT will therefore be improved when IFRS 16 is implemented. The leased assets are depreciated over their useful life. This is the shortest of the rental period and the economic life of the assets.

The Group's preliminary assessment is that IFRS 16 will mainly include rent and lease of operating assets (see note 16) and that implementation of the standard will result in significant changes at the effective date compared with total assets and liabilities.

The Group plans to implement IFRS 16 from 1 January 2019 with a modified retrospective method. The effect of accounting for IFRS 16 will be shown as an adjustment of the opening balance as of 1 January 2019, without changing comparative figures.

Based on the information available, StrongPoint considers that the implementation will increase the balance by approx. MNOK 75, as the right to use the asset and the corresponding lease contract must be reflected in the balance sheet. There will also be some minor reclassification effects between the various lines in the income statement, but EBT is expected to remain unchanged as a result of the implementation.

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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.

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 2018 followed up the business area based on reported sales revenues, EBITDA and EBT.

Own Technologies

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

3rd Party Technologies

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

Labels

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

a) Business segment

KNOK	Own Technologies 2018	Own Technologies 2017	3rd Party Technologies 2018	3rd Party Technologies 2017	Labels 2018	Labels 2017
Sales revenue, external customers	579 754	449 061	327 224	337 007	160 490	165 320
Sales revenue, internal customers	-	-	358	1 485	5 136	11 111
Total sales revenue	579 754	449 061	327 583	338 492	165 626	176 431
Share of profit associated companies	-	-	215	90	-	-
Spesification sales revenue and share of profit associated companies:						
Sale of products, external customers	346 363	249 839	237 499	241 628	160 490	165 320
Sale of products, internal customers	-	-	358	1 485	5 136	11 111
Sale of installation and service, external customers	233 391	199 222	89 941	95 469	-	-
EBITDA	31 874	20 400	39 451	27 031	22 947	24 931
EBT	35 087	7 507	29 890	19 622	9 046	9 805
Assets	459 155	665 877	139 034	137 671	48 385	113 863
Liabilities	310 521	372 134	36 201	85 624	36 270	25 982
Working capital	140 191	117 491	58 834	57 127	48 802	25 354
Investment in fixed assets	5 802	9 637	3 437	7 138	1 715	834

KNOK	StrongPoint ASA 2018	StrongPoint ASA 2017	Eliminations 2018	Eliminations 2017	Consolidated 2018	Consolidated 2017
Sales revenue, external customers	-	-	-	-	1 067 468	951 388
Sales revenue, internal customers	-	-	-5 495	-12 597	-	-
Total sales revenue	-	-	-5 495	-12 597	1 067 468	951 388
Share of profit associated companies	-	-	-	-	215	90
Spesification sales revenue and share of profit associated companies:						
Sale of products, external customers	-	-	-	-	744 352	656 787
Sale of products, internal customers	-	-	-5 495	-12 597	-	-
Sale of installation and service, external customers	-	-	-	-	323 332	294 690
EBITDA	-28 815	-17 916	2 000	-2 000	67 457	52 446
EBT	-19 010	28 433	-28 997	-51 135	26 017	14 231
Assets	453 655	454 083	-444 843	-675 885	655 386	695 609
Liabilities	227 120	204 920	-219 863	-274 063	390 249	414 597
Working capital	-576	-1 229	-340	-330	246 911	198 413
Investment in fixed assets	116	332	-	-	11 070	17 941

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

b) Geographical information

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.

KNOK	Norway 2018	Norway 2017	Sweden 2018	Sweden 2017	Other markets 2018	Other markets 2017	Consolidated 2018	Consolidated 2017
Sales revenue:								
Own Technologies	116 544	124 914	179 347	129 472	283 863	194 675	579 754	449 061
3rd Party Technologies	113 975	120 712	119 153	142 902	94 670	74 967	327 798	338 582
Labels	64 250	60 771	101 377	111 704	-	3 956	165 626	176 431
StrongPoint ASA	-	-	-	-	-	-	-	-
Elimination	-	-45	-5 202	-11 195	-293	-1 357	-5 495	-12 597
Total revenue	294 769	306 352	394 675	372 884	378 240	272 241	1 067 684	951 477
Fixed assets	33 633	36 685	215 772	258 118	24 841	29 588	274 245	324 391
Book value associated companies	849	634	-	-	-	-	849	634
This years investments in fixed assets	994	679	4 185	9 827	5 891	7 434	11 070	17 941

There are no customers who represent 10% or more of revenues in the individual business areas in 2018. Revenue per customer is based on sales to legal entities and not the chains.

Note 4: Changes in the group structure

Changes in 2018:

No changes in the group structure in 2018.

Changes in 2017:

Vensafe AB and SQS Security Qube System GmbH was liquidated.
S.P.C Swedish Protection and Consulting AB was sold.
The activities in these companies have been transferred to other companies in the Group.
Acquisition of Cub Business Systems AB.

Note 5: Other operating expenses

KNOK	2018	2017
Rent, electricity, cleaning	30 506	32 111
Marketing	6 478	5 572
Vehicles	17 113	16 498
Other fees	29 410	24 884
Travel	11 058	10 898
Maintenance machinery/tools	7 983	6 440
IT/ICT	12 504	10 865
Communications	4 061	5 129
Bad debts	681	532
Audit etc.	2 224	2 567
Government grants (Skattefunn)	-3 154	-5 000
Stock exchange and VPS costs	743	729
Insurance costs	2 075	1 840
Consumables	5 920	8 783
Other costs	6 056	6 263
Total	133 658	128 112

KNOK		
Specification of recognised auditors fee:	2018	2017
Fee for auditing services	2 051	2 033
Fee for tax advise	17	17
Fee for other services [1]	156	517
Total [2]	2 224	2 567

Auditors fee are exclusive of VAT, with the exception of transaction expenses.
1) Includes KNOK 0 (KNOK 292) regarding transaction expenses.
2) Of which TNOK 139 applies to auditors other than EY.

Note 6: Investment in associated companies

StrongPoint ASA owns 49.9997 % of the shares in Vårdal Butikkdata AS. The company carries out servicing on behalf of StrongPoint AS, in areas where the company does not have its own service organisation.

StrongPoint ASA had the following investments in associated companies as at 31 December 2018:

KNOK			Stake	Cost price	Book value	Dividend paid in 2018	Share of net profit 2018	Impair-ment	Book value
Entity	Country	Industry	31.12.18	31.12.18	31.12.17	2018	2018	2018	31.12.18
Vårdal Butikkdata AS	Norway	Service company	50.0 %	1 700	634	-	215	-	849
Total				1 700	634	-	215	-	849

An overview of financial information about the associated company, based on 100 % (dividend for 2018 in the company accounts are not included in the figures):

KNOK	2018					
Entity	Current assets	Fixed assets	Debt	Equity	Turnover	Profit for year
Vårdal Butikkdata AS	4 318	395	3 015	1 698	16 322	431
Total	4 318	395	3 015	1 698	16 322	431

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

Note 7: Shares in other companies

KNOK	2018			2017		
Company	Number	Cost price	Market value	Number	Cost price	Market value
Other long term investments:						
Auka AS	17 000	476	-	17 000	476	476
Total		476	-	-	476	476

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

Note 8: Financial items

KNOK	2018	2017
Interest income	843	2 131
Other financial income	631	718
Total financial income	1 474	2 849
Interest expense	-3 972	-4 340
Currency adjustment bank and unpaid receivables and liabilities	-21	-2 895
Other financial expenses [1]	-1 334	-1 288
Total financial expenses	-5 328	-8 523
Net financial items	-3 853	-5 674

1) Other financial expenses is primarily related to financial liabilities. Currency differences relating to the payment of purchases are recorded as cost of goods and constitutes a cost of KNOK 1 563 in 2018 (cost of KNOK 1 092 in 2017). Currency differences relating to the payment of sales revenues are recorded as sales revenues and constitutes a revenue of KNOK 307 in 2018 (revenue of KNOK 1 869 in 2017).

Note 9: Payroll costs and number of employees

KNOK	2018	2017
Salaries	221 704	211 011
Severance packages	13 169	866
Director's fee and Nomination Committee	1 746	1 423
Social fee	63 792	56 971
Pension costs	17 276	16 359
Other payroll costs	14 222	12 287
Total payroll costs	331 908	298 916
Number of full-time employees employed during the year:	552	556
Number of employees at the end of the year:	538	580

The Norwegian employees have a pension schemes in line with the statutory and obligatory company pension sheme, and is a defined contribution plan. The Swedish subsidiaries have collective pension schemes in place for their employees. The pension schemes are signed in the following companies: Collectum / Allecta, Fora, SEB Trygg Liv, Avanza, Skandia Livförsäkring, AMF Pensionsförsäkring, Nordnet, Nordea, Movestic Livförsäkring AB and Länsförsäkringar. A total of 225 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 12 839 in 2018. In 2017 the pension premium and costs in Sweden totalled KNOK 12 171.

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Salaries and remuneration for Group management and Directors

Board of Directors at StrongPoint ASA (KNOK)	2018 Director's fee	2017 Director's fee
Morthen Johannessen, Chairman	468	213
Svein S. Jacobsen, former Chairman	217	429
Camilla Tepfers, Director	222	213
Klaus de Vibe, Director	246	234
Inger J. Solhaug, Director	288	213
Peter Wirén, Director	183	213
Total Board of Directors [1]	1 626	1 516

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

Group management (KNOK)	2018 Salary	Bonus	Company car	Other re-muneration	Pension expenses
Jacob Tveraabak, hired from 03.04.18 and CEO from 01.08.18	1 798	413	133	56	117
Anders Nilsen, CFO	1 347	-	-	21	156
Total Group management	3 145	413	133	77	273
Total Board of Directors and Group management	4 771	413	133	77	273

Group management (KNOK)	2017 Salary	Bonus	Company car	Other re-muneration	Pension expenses
Jacob Tveraabak, hired from 03.04.18 and CEO from 01.08.18	-	-	-	-	-
Anders Nilsen, CFO	1 274	-	-	7	155
Total Group management	1 274	-	-	7	155
Total Board of Directors and Group management	2 790	-	-	7	155

1) Bonus to Executive Management in 2018 is based on individual criterias, and will be paid in 2019. The bonus is not related to the development in the stock-price.
2) As at 31 December 2018, no loans have been given or security put up on behalf of members of the management team or board of directors.
3) The Norwegian Executive Management have a pension scheme in line with the collective and obligatory company pension sheme.

The 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 35 000 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.

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

Board of Directors at StrongPoint ASA	Share as at 31.12.18	Share as at 31.12.17
Board of Directors at StrongPoint ASA		
Svein S. Jacobsen, former Chairman	-	400 000
Klaus de Vibe, Director [1]	78 660	78 660
Total Board of Directors	78 660	478 660
Group management		
Jacob Tveraabak, CEO [2]	20 500	-
Anders Nilsen, CFO	-	66 500
Total Group management	99 160	1 195 543

1) Klaus de Vibes shares are owned through the company De Vibe AS.
2) The CEO's shares are owned through the company Juce Holding AS.
No employees or Directors have stock options.

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Note 10: Fixed assets

Building and land (KNOK)	Land Norway	Buildings Sweden	Buildings Norway	2018 total	Land Norway	Buildings Sweden	Buildings Norway	2017 total
Acquisiton costs 01.01.	825	2 056	6 675	9 556	825	2 056	6 675	9 556
Acquisiton costs 31.12	825	2 056	6 675	9 556	825	2 056	6 675	9 556
Accumulated depreciations 01.01	-	-2 048	-3 160	-5 208	-	-2 048	-3 160	-5 208
Accumulated depreciations 31.12	-	-2 048	-3 925	-5 973	-	-2 048	-3 543	-5 590
Translation differences	-	-8	-	-8	-	-8	-	-8
Book value 31.12	825	-	2 750	3 575	825	-	3 132	3 957
Depreciations of the year	-	-	-765	-765	-	-	-383	-383
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	2018 total	Equipment	Financial leasing carried on	2017 total
Acquisiton costs 01.01	80 797	74 874	155 670	99 822	73 338	173 160
Acquired	10 632	6 085	16 716	15 446	2 495	17 941
Divestment	-21 543	-24 107	-45 650	-35 969	-2 423	-38 392
Translation differences	-1 062	-841	-1 903	1 498	1 463	2 962
Acquisiton costs 31.12	68 824	56 010	124 834	80 797	74 874	155 670
Accumulated depreciations 01.01	-34 897	-43 390	-78 286	-57 188	-34 872	-92 060
Divestment	5 094	22 155	27 248	35 195	374	35 569
Accumulated depreciations 31.12	-41 461	-28 861	-70 322	-34 897	-43 390	-78 286
Book value 31.12	27 363	27 149	54 511	45 900	31 484	77 384
Depreciations of the year	-10 139	-7 627	-17 766	-9 130	-8 892	-18 022
Depreciations of the year regarding rental machines is booked as cost of gods sold	-1 518		-1 518	-3 774		-3 774
Depreciation ratio	10-33 %	10-33 %		10-33 %	10-33 %	
Depreciation method	Straight line	Straight line		Straight line	Straight line	

See note 16 for information about the comittments related to the financial leasing.

Some equipment has been fully depreciated as of 31 December 2018 but is still in use.
StrongPoint has no contractual purchasing obligations.

Note 11: Intangible assets

Other intangible assets (KNOK)			2018			
	Technology	Brand	Customer	Software	Other	Total
Acquisiton costs 01.01	165 946	36 353	80 432	18 738	392	301 861
Acquired by aquisition	-	-	-	-	-	-
Acquired	-	-	-	438	-	438
Divestment	-6 840	-	-	-6 387	-264	-13 491
Acquisiton costs 31.12	159 106	36 353	80 432	12 788	128	288 808
Accumulated impairments and depreciations 01.01	-137 162	-15 678	-57 937	-14 526	-34	-225 336
Access depreciation acquisitions	-	-	-	-	-	-
Divestment	6 840	-	-	6 785	-	13 625
Accumulated impairments and depreciations 31.12	-137 814	-15 678	-67 782	-9 452	-41	-230 767
Translation differences	-2 367	2 393	3 289	-1 106	30	2 240
Book value 31.12	18 925	23 069	15 939	2 230	117	60 280
Depreciations of the year	-7 492	-	-9 845	-1 711	-7	-19 056
Impairment of the year	-	-	-	-	-	-
This year change in translation differences	-1 058	-702	-830	-472	31	-3 032
Depreciation schedule	10 and 15 years	Impairment test	1-7 years	4-7 years	3 years	
Depreciation ratio	7-10 %		14-100 %	14-25 %	33 %	

Other intangible assets (KNOK)			2017			
	Technology	Brand	Customer	Software	Other	Total
Anskaffelseskost per 01.01.	148 220	36 353	66 737	18 728	566	270 604
Acquired by aquisition	22 825	-	13 695	-	-	36 521
Acquired	-	-	-	10	375	385
Divestment	-5 100	-	-	-	-549	-5 649
Acquisiton costs 31.12	165 946	36 353	80 432	18 738	392	301 861
Accumulated impairments and depreciations 01.01	-137 048	-15 678	-50 712	-12 835	-504	-216 777
Access depreciation acquisitions	-	-	-	-	-	-
Divestment	-	-	-	-	-	-
Accumulated impairments and depreciations 31.12	-137 162	-15 678	-57 937	-14 526	-34	-225 336
Translation differences	-1 309	3 095	4 119	-633	-1	5 271
Book value 31.12	27 476	23 770	26 614	3 578	358	81 796
Depreciations of the year	-5 213	-	-7 225	-1 627	-71	-14 137
Impairment of the year	-	-	-	-	-	-
This year change in translation differences	549	1 151	1 143	336	17	3 196
Depreciation schedule	10 og 15 years	Impairment test	1-7 years	4-7 years	3 years	
Depreciation ratio	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 aqcuisition of New Vision Baltija UAB in 2014, the aqcuisition of PYD Seguridad S.L. in 2016 and the aqcuistion of Cub Business Systems AB in 2017.

In 2018 there have been expensed KNOK 38 828 (KNOK 38 518 in 2017) in research and development costs.

Intangible assets regarding brand are related to the cash generating unit StrongPoint Technology AB.

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Goodwill (TNOK)	Strong Point AS	Strong Point AB	Strong Point Labels AB	Strong Point Techno-logy AB	Strong Point Baltic	Strong Point S.L.U	Cub Business Systems AB	Total 2018	Total 2017
Acquisiton costs 01.01	17 416	2 612	14 850	81 127	23 318	4 431	20 021	163 776	143 754
Acquired							5 867	5 867	20 021
Acquisiton costs 31.12	17 416	2 612	14 850	81 127	23 318	4 431	25 889	169 643	163 776
Accumulated impairment and depreciations 01.01	-14 689	-229	-	-	-23 345	-	-	-38 263	-38 263
Accumulated impairment and depreciations 31.12	-14 689	-229	-	-	-23 345	-	-	-38 263	-38 263
Translation differences	-	-	1 040	6 152	2 749	494	-385	10 049	13 701
Book value 31.12.	2 726	2 383	15 890	87 279	2 722	4 925	25 504	141 429	139 213
Impairment of the year								-	-
This year change in translation differences	-	-	-483	-2 654	30	53	-597	-3 651	5 939
Depreciation schedule	Impair-ment test	Impair-ment test	Impair-ment test	Impair-ment test	Impair-ment test	Impair-ment test	Impair-ment test		

Due to a new earn-out agreement in 2018, the goodwill regarding Cub increased with KSEK 5 867.

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

		Goodwill (KNOK)	
Acquired company	Cash generating unit	31.12.2018	31.12.2017
StrongPoint AS	StrongPoint AS	2 726	2 726
StrongPoint AB	StrongPoint AB	2 383	2 383
StrongPoint Labels AB	StrongPoint Labels AB	15 890	16 373
StrongPoint Technology AB	StrongPoint Technology AB	87 279	89 933
StrongPoint UAB	StrongPoint Baltic	2 722	2 692
StrongPoint S.L.U	StrongPoint S.L.U	4 925	4 871
Cub Business Systems AB	StrongPoint Cub AB	25 504	20 234
Total goodwill		141 429	139 213

Impairment test of goodwill and intangible assets with indefinite useful life

Impairment tests are carried out in order to assess the prospects of each cash flow-generating entity based on value in use. Value in use is then measured against net book value for the cash flow-generating entity. Legal entity has been applied as cash flow-generating entity. By analysing the product portfolio and market position a conclusion has been reached on expected growth for the entities. Next, the current value of future cash flows has been estimated to determine whether the goodwill item is justifiable. The forecast period is five years, after which a terminal value is estimated.

Impairment test - StrongPoint Technology AB

The expected cash flows are based on the budgeted revenue for 2019, followed by 3 % annual growth in external sales until 2023. It is expected that the increase in turnover will be somewhat weaker in Norway and Sweden, while growth in sales will be far stronger in the rest of Europe. Then a terminal value with a growth in net cash flow corresponding to an expected inflation by 2.5 % annually. 2.5 % annual growth is applied for other operating expenses and personnel expenses. These assumptions give an EBITDA margin of 11 % in 2019 to 2023. No change in working capital is expected, and MSEK 1 has been applied as expected annual investment in the period 2019-2023. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 8.28 % after tax. Based on these assuptions, value in use exceed the carrying value with MNOK 217.

Significant assumptions are related to turnover growth, achieved EBITDA margin and discount rate. A sensitivity analysis for the period 2019 to 2023 shows that if growth is reduced with 3.9 % annualy, and other assumptions remain unchanged the calculated value is still higher than the book value.

Similarly, a reduction of gross margin by 7% in 2020 to 2023, or an increase in WACC to 17 % after tax, gives the same result. Changes beyond this will result in an impairment.

Impairment test - StrongPoint Labels AB

The post constitutes goodwill from the acquisition in Sydetikett AB, which was the leading printing company in Sweden in the field of digital printing of labels. The company is now integrated with StrongPoint's other label business in Sweden. The expected cash flows are based on the budgeted revenue for 2019, followed by 2.5 % annual growth in external sales until 2023, 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 decrease from 58 % achieved margin in 2018 to 57 % in the period 2019-2023. 2.5 % annual growth is applied for other operating expenses, and 3.0 % annual growth in personnel expenses. These assumptions give a EBITDA margin of 17 % in 2019, 18 % in 2020 and 17 % in the period 2021 to 2023. No change in working capital is expected, and MSEK 12 has been applied as expected investment in 2019 and MSEK 8 in the period 2020-2023. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 7.61 % after tax. Based on these assumptions, value in use exceed the carrying value with MNOK 151.

Significant assumptions are related to turnover growth, achieved EBITDA margin and discount rate. A sensitivity analysis shows that if growth is reduced to - 1.7 % annualy, and other assumptions remain unchanged the calculated value is still higher than the book value. A reduction in EBITDA margin to 10 % in the period 2019 and 2023, and an increase in WACC to 21.6 % after tax gives the same result. Changes beyond this will result in an impairment.

Impairment test - StrongPoint Cub AB

The expected cash flows are based on the budgeted revenue for 2019, followed by 10 % annual growth in sales until 2023. Then a terminal value with a growth in net cash flow corresponding to an expected inflation by 2.5 % annually. 2.5 % annual growth is applied for other operating expenses and 5 % for personnel expenses. These assumptions give an EBITDA margin of 17 % in 2019, 22 % in 2020, 26 % in 2021, 29 % in 2022 and 32 % in 2023. No change in working capital is expected, and no capital expenditures are expected in the period 2019 to 2023. The current value is estimated by discounting the cash flow with a discount rate equal to the weighted cost of capital (WACC) of 7.61 % after tax. Based on these assuptions, value in use exceed the carrying value with MNOK 199.

Significant assumptions are related to turnover growth, achieved EBITDA margin and discount rate. A sensitivity analysis for the period 2019 to 2023 shows that if growth is reduced with 2 % annualy, and other assumptions remain unchanged the calculated value is still higher than the book value. Similarly, a reduction of gross margin by 21 % in 2019 to 2023, or an increase in WACC to 20 % after tax, gives the same result. Changes beyond this will result in an impairment.

Others

There are also smaller goodwill:

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

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

Note 12: Inventories

Inventories (KNOK)	2018	2017
Raw materials	37 665	54 735
Work in progress	245	48
Finished products	110 084	86 886
Provision for obsolete stock	-20 099	-10 214
Total	127 897	131 454

The respective companies' stock is valued at fair value or acquisition cost, whichever is lower. Reported provision for obsolete stock is KNOK 20 099 compared with KNOK 10 214 in 2017.

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

Provision for obsolete stock (KNOK)	2018	2017
Provision for obsolete stock, opening balance	-10 214	-13 447
Taken to income/charged to expence (-) change in provision	-9 884	3 233
Provision for obsolete stock, closing balance	-20 099	-10 214

The cost of goods sold of KNOK 534 661 includes direct costs of goods with KNOK 466 060.

Note 13: Other receivables

Receivables (KNOK)	2018	2017
Accounts receivables	200 340	160 027
Prepaid expenses	11 641	14 061
Other receivables	14 278	24 172
Total receivables 31.12	226 259	198 261

Other receivables includes MNOK 3.2 in expected government grants (skattefunn) refunds for development costs in 2018 and MNOK 5.0 in 2017.

Changes in provision for bad debts (KNOK)	2018	2017
01.01	4 416	4 809
Applied provisions	-67	-1 154
Reverserd provisions	-2 351	-2 466
New provision for bad debt	763	3 228
Total 31.12	2 761	4 416

Provisions for bad debts in 2018 totalled KNOK 2 761 compared with KNOK 4 416 in 2017. The provisions per 31.12.2018 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)	2018	2017
Not due	158 130	125 099
0-3 months	41 611	30 607
3-6 months	599	3 685
6-12 months	-	233
Older than 12 months	-	403
Total 31.12	200 340	160 027

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 31.12.2018.

Note 14: Cash and cash equivalents

KNOK	2018	2017
Cash and bank deposits	26 985	41 503
Overdraft	-	47 240
Unused overdraft facilities	60 000	12 760

The Group had liquid assets (bank deposits and unused overdraft facilities) of MNOK 87.0 as at 31.12.2018 (2017: MNOK 54.3). KNOK 0 are restricted funds pr. 31.12.2018 (2017: KNOK 0).

Note 15: Interest-bearing debt and secured debt

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

Type of loan	2018	2017	Borrowing terms	Average nominal interest for 2018
Multi-currency, group credit account [1]	-	47 240	Overdraft limit MNOK 60, not time limited	2.28 %
Financial leasing, Printing presses (StrongPoint Labels AB)	-	1 505	Paid in 2018	
Financial leasing, Printing presses KSEK 2 467 (StrongPoint Labels AB)	2 393	-	Monthly repayments, last payment 31.05.2023	1.45 %
Financial leasing, Printing presses KSEK 937 (StrongPoint Labels AB)	909	1 370	Monthly repayments, last payment 31.07.2020	1.06 %
Financial leasing, Printing presses KSEK 10 376 (StrongPoint Labels AB)	10 066	13 281	Monthly repayments, last payment 30.11.2021	1.45 %
Financial leasing, Printing presses KSEK 3 088 (StrongPoint Labels AB)	2 996	3 932	Monthly repayments, last payment 31.12.2021	1.45 %
Financial leasing, Printing presses KSEK 264 (StrongPoint Labels AB)	256	1 780	Monthly repayments, last payment 28.02.2025	1.45 %
Financial leasing, Printing presses KSEK 1 570 (StrongPoint Labels AB)	1 523	301	Monthly repayments, last payment 30.11.2024	1.45 %
Financial leasing, Printing presses (StrongPoint AS)	3 251	4 736	Monthly repayments, last payment 28.02.2021	3.64 %
Financial leasing, Printing presses (StrongPoint AS)	2 443	-	Monthly repayments, last payment 30.04.2026	2.70 %
Financial leasing, cars KEUR 136 (StrongPoint UAB)	1 353	2 165	Monthly repayments, last payment 01.09.2022	2.05 %
Financial leasing, cars (StrongPoint UAB)	-	59	Paid in 2018	
Financial leasing, cars (StrongPoint UAB)	-	10	Paid in 2018	
Financial leasing (StrongPoint S.L.U)	-	403	Paid in 2018	
Financial leasing (StrongPoint S.L.U)	-	63	Paid in 2018	
Repayment loan, businesses [1] (StrongPoint ASA)	-	8 642	Paid in 2018	
Repayment loan, businesses [1] (StrongPoint ASA)	15 000	-	Quarterly repayments, last payment 08.03.2021	2.93 %
Repayment loan, businesses [1] KSEK 11 250 (StrongPoint ASA)	10 914	-	Quarterly repayments, last payment 08.03.2021	1.90 %
Repayment loan, businesses [1] KSEK 25 000 (StrongPoint ASA)	24 253	-	Quarterly repayments, last payment 14.12.2011	1.90 %
Long term debt [1] KSEK 2 425 (StrongPoint AB)	2 352	4 648	Quarterly repayments, last payment 31.03.2020	2.88 %
Long term debt [1] KEUR 156 (StrongPoint UAB)	1 552	1 417	Monthly repayments, last payment 30.06.2022	1.70 %
Short term debt (StrongPoint S.L.U)	-	492	Paid in 2018	
Short term debt (StrongPoint S.L.U)	-	805	Paid in 2018	
Short term debt [1] KEUR 100 (StrongPoint S.L.U)	995	-	Will be paid in the 1st quarter 2019	6.17 %
Short term debt [1] KEUR 95 (StrongPoint S.L.U)	945	-	Will be paid in the 1st quarter 2019	5.50 %
Short term debt [1] KEUR 39 (StrongPoint S.L.U)	389	-	Will be paid in the 1st quarter 2019	0.10 %
	81 589	92 851		

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 2.4 to StrongPoint AB.

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

KNOK	2018	2017
Due within one year	31 789	20 988
Bank overdraft	-	47 240
Due after one year	49 800	24 623
Total interest-bearing debt	81 589	92 851

Pledged assets as at 31.12. and book value:

	Book value / nominal security (KNOK)	
Asset (TNOK)	31.12.2018	31.12.2017
Operating equipment, accounts receivables and inventories for StrongPoint AS	106 442	89 620
Lien over Företagsinnteckning StrongPoint Cash Security AB [1]	50 445	51 979
Lien over Företagsinnteckning StrongPoint Technology AB [1]	34 924	35 986
Lien over Företagsinnteckning StrongPoint AB [1]	30 073	30 988

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

Note 16: Hire- and leasing commitments

Operational leasing agreements

StrongPoint AS
Tenancy agreements on premises at Slynga 10 Raelingen, are running for 2.5-4 years. Total annual rent for these premises is approx KNOK 2 881. Leasing contracts on vehicles has a running period of 1-4 years. Annual liability is approx KNOK 737.

StrongPoint AB
Leasing contracts on vehicles has a running period of 1-3 years. Annual liability is approx KNOK 2 140. Leasing of inventory is running for 1-3,5 years. Annual liability is approx KNOK 146. Tenancy agreements on other premises including the companys premises in Mölndal, Kista and Grums, is running for 0.5 to 6 years. Total annual rent for these premises is approx KNOK 3 446.

StrongPoint Labels AB
Leasing contracts on vehicles has a running period of 0.5-2.5 years. Annual liability is approx KNOK 851. Leasing of inventory is running for 1-3 years. Annual liability is approx KNOK 185. Tenancy agreements on the companys premises in Malmö, is running for 6 years. Total annual rent is approx KNOK 3 574.

StrongPoint Cash Security AB
Leasing of company cars is running for 1.5-2.5 years. Annual liability is approx KNOK 253. Leasing of inventory is running for 0.5-5.5 years. Annual liability is approx KNOK 85. Tenancy agreements on premises including Skellefteå, are running for 0.5-3 years. Total annual rent for these premises is approx KNOK 2 746.

StrongPoint Technology AB
Leasing of company cars is running for 1-2.5 years. Annual liability is approx KNOK 393. Leasing of inventory is running for 1.5 years. Annual liability is approx KNOK 59. Tenancy agreements on premises in Kista and car parking, are running for 1 year. Total annual rent is approx KNOK 2 491.

StrongPoint UAB
Tenancy agreements on premises are running for 0.5-9.5 years. Total annual rent is approx KNOK 3 104.

StrongPoint BvBA
Leasing of company cars is running for 0.5-2.5 years. Annual liability is approx KNOK 302. Tenancy agreements on premises are running for 3 years. Total annual rent is approx KNOK 394.

StrongPoint GmbH
Leasing of company cars is running for 0.5-2.5 years. Annual liability is approx KNOK 199. Leasing of inventory is running for 3 years. Annual liability is approx KNOK 22. Tenancy agreements on premises with 3 months notice. Total annual rent is approx KNOK 218.

StrongPoint S.L.U
Leasing of company cars is running for 2-2.5 years. Annual liability is approx KNOK 379. Leasing of inventory is running for 3.5 years. Annual liability is approx KNOK 63. Tenancy agreements on premises are running for 1.5-5 years. Total annual rent is approx KNOK 363.

StrongPoint Sarl
Tenancy agreements on premises are running for 0.5-3.5 years. Total annual rent is approx KNOK 500. Leasing of company cars is running for 0.5-3 years. Annual liability is approx KNOK 366.

StrongPoint Cub AB
Tenancy agreements on premises are running for 1 year. Total annual rent is approx KNOK 535. Leasing of company cars is running for 1-2 years. Annual liability is approx KNOK 1 027.

Future minimum rent for the contracts as at 31.12 is as follows:			The present value of future payments:
KNOK	2018	2017	2018
Within one year	27 246	24 311	24 425
After one year, but within five years	52 694	54 328	38 520
Aften more than five years	3 163	7 168	1 642
Total	83 103	85 807	64 586

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

StrongPoint AS
Leasing agreement on printing presses is running for 3 to 8 years. Annual liability is approx KNOK 1 823.

StrongPoint Labels AB
Leasing agreement on printing presses is running for 1.5 to 5 years. Annual liability is approx KNOK 5 068.

StrongPoint UAB
Leasing agreement on cars is running for 0.5-4 years. Annual liability is approx KNOK 965.

Future minimum rent for the contracts as at 31.12 is as follows:			The present value of future payments:
TNOK	2018	2017	2018
Within one year	7 856	7 744	7 042
Aften one year, but within five years	17 658	21 174	13 100
Aften more than five years	1 365	811	708
Total	26 878	29 729	20 850

Note 17: Financial instruments

Financial risks

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

i) Credit risks

The Group's credit risk is related to the sale of goods on credit. The Group has little credit risks beyond accounts receivables.

The Group has common guidelines to ensure that sales are only made to customers who have not had significant payment problems earlier and that the outstanding amount do not exceed credit limits. Exporting to new markets require advance payment or bank guarantee. In most cases advance payment are chosen. There are also guidelines to prevent the company incurring the risk associated with loans and guarantees related to employees and customers.

As at 31.12.2018 the Group had KNOK 200 340 in outstanding accounts receivables. Of this KNOK 42 210 were overdue. This relatively high figure is mainly due to customer paying on the due date, but the payment is recognised by the recipient a few days later. Historical speaking the Group has incurred few losses on accounts receivables because a large part of sales of solutions is done through leasing companies and large international customers and since the after sales marked is characterised by a large number of repeatable purchases. This year's expenses in relation to bad debts amounting to a cost of KNOK 681, 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 31.12.2018, 27 customers had an account receivable greater than KNOK 1 000. The total exposure to these 27 customers were KNOK 110 186, of which KNOK 98 175 was not due or past due with less than 31 days. The 27 customers are spread over 2 customers in Norway (KNOK 21 980), 10 customers in Sweden (KNOK 35 537) and 15 European customers (KNOK 52 672). With the exception of 3 customer in Sweden and 8 customers in Europe, have all the customers paid the open items per 31.12.2018 by the end of February 2019. 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)	2018	2017
Total interest bearing debt	81 589	92 851
Cash	26 985	41 503
Net interest bearing debt	54 604	51 349
Total capital adjusted for Goodwill	513 957	556 396
Debt ratio	11 %	9 %

ii) Interest rate risk

The company's interest bearing debt increased in 2018. As a result, interest rate risk has also increased.

The risk is measured by the group treasury department by simulating the effect of a change in interest rates. The simulation illustrates the cash effect of a change in interest rates given the loan size and the level of any existing interest rate hedging. The results from the simulation are used to support decisions concerning the possible conclusion of fixed-rate contracts. In addition, the fact that interest rates usually move opposite to the general economic development, and that floating rates within certain limits can help to stabilize the group's results.

As a result of this the group's interest-bearing debt has a floating interest rate at year-end. It has not been used fixed rate contracts or other hedging instruments in 2018 or 2017.

Based on the financial instruments in existence as of 31 December 2018, a general increase in interest rates of two per cent will reduce pre-tax profits by KNOK 1 632.

The average effective rate of interest on financial instruments was as follows:	2018	2017
Bank overdraft	2.28 %	1.86 %
Financial leasing contracts	1.86 %	2.33 %
Loans secured with a lien	2.88 %	1.85 %

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 2018 and 2017. Interest bearing debt was totally increased by MNOK 3.3 during 2018. This combined with the EBITDA of MNOK 67.5 (MNOK 52.4 in 2017) resulted in net debt divided by 12 month rolling income before depreciation (EBITDA) as at 31.12.2018 was 0.81. As at 31.12.2017 it was measured 0.98.

Overview of maturity structures of financial liabilities: (KNOK)	Balance sheet amount	0-6 months	6-12 months	1-2 years	2-3 years	more than 3 years	Undefined
Secured loans (long and short term interest bearing debt)	56 399	13 432	11 104	20 233	11 322	308	-
Secured loans, interest	NA	551	409	464	121	NA	-
Overdraft (short-term interest bearing debt) 1	-	-	-	-	-	-	-
Overdraft, interest	NA	-	-	-	-	NA	-
Financial leasing (long-term and short-term interest bearing debt)	25 190	3 619	3 633	7 334	7 057	3 546	-
Financial leasing, interest	NA	218	182	255	126	NA	-
Other long term debt	20 694	-	-	10 993	9 701	-	-
Accounts payable	81 326	81 326	-	-	-	-	-
Net liabilities financial instruments	183 609	99 147	15 329	39 280	28 327	3 854	-

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

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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.

A change of 5 % exchange rate as at 31 December 2018 would have resulted in the following effects on the profit in the group

Sensitivity currency exposure	
SEK weakened by 5% against EUR	-1 003
SEK weakened by 5% against GBP	-81
SEK weakened by 5% against USD	10
NOK weakened by 5% against SEK	4
NOK weakened by 5% against EUR	37
NOK weakened by 5% against GBP	-
NOK weakened by 5% against USD	476

v) Financial investments

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

vi) Capital structure

The Board aims to maintain a strong capital base in order to retain the trust of shareholders, creditors and the market in order to continually develop the company. The Board want to create a balance between higher return, which is made possible by higher borrowing levels, and the benefits and security provided by a solid equity. The Board aims to ensure that StrongPoint shareholders will over time gain a competitive return on their investment through a combination of cash dividends and increased value of their shares. In determining the annual dividend, the Board will take into account the expected cash flow, investments in organic growth, plans for growth through mergers and acquisitions, and the need for adequate financial flexibility. The level of net debt is measured in terms of cash flow. The company is comfortable with the level of debt as at 31.12.18.

vii) Determing of fair value

KNOK	2018		2017	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Financial assets				
Cash	26 985	26 985	41 503	41 503
Accounts receivable	200 340	200 340	160 027	160 027
Total financial assets at amortized cost	227 326	227 326	201 530	201 530
Assets held for sale	-	-	476	476
Financial debts				
Overdraft	-	-	-47 240	-47 240
Accounts payable	-81 326	-81 326	-93 070	-93 070
Bank loans	-56 399	-56 399	-16 004	-16 004
Financial leasing liabilities	-25 190	-25 190	-29 607	-29 607
Total financial debts at amortized cost	-162 915	-162 915	-185 921	-185 921

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 members

There have been no transactions with Board members in 2018.

Transactions with employees

The group carried out a number of transactions with Neto Baltic companies owned by Evaldas Budvilaitis in 2017 and 2018. All transactions were carried out as part of its ordinary activities and at ordinary business conditions.

KNOK	2018			
	Sale	Purchase	Receivables	Debt
UAB Neto Baltic	342	61	26	30
OU Neto Baltic	50	-	-	-
SIA Neto Baltic	27	-	27	-
Total	419	61	53	30

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

Transactions with associated companies

The group carried out a number of transactions with Vårdal Butikkdata in 2017 and 2018. All transactions were carried out as part of its ordinary activities and at ordinary business conditions.

KNOK	2018		2017	
	Sale	Purchase	Sale	Purchase
Vårdal Butikkdata AS	488	2 793	698	2 884
Total	488	2 793	698	2 884

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

KNOK	2018		2017	
	Receivables	Debt	Receivables	Debt
Vårdal Butikkdata AS	-	-	5	11
Total	-	-	5	11

The Group has no binding future transactions with related parties.

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Note 19: Post balance sheet events

There are no significant changes after the balance sheet date.

Note 20: Overview of subsidiaries

The following subsidiares are included in the consolidated accounts:

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

1) StrongPoint AS owns 100 % of iths sales companies in Belgium and Germany.
2) StrongPoint UAB owns 100 % of its sales companies in Latvia, Estonia and Russia.

Note 21: Exchange rates

													2018	2017	
	Average exchange rate												Exchan-ge rate	Exchange rate	
	Jan	Feb	Mar	April	Mai	June	July	Aug	Sept	Oct	Nov	Dec	31.12	Average	31.12
SEK	0.98	0.97	0.94	0.93	0.92	0.92	0.92	0.92	0.92	0.91	0.94	0.95	0.97	0.97	1.00
Euro	9.65	9.67	9.58	9.62	9.57	9.47	9.50	9.62	9.62	9.48	9.63	9.79	9.95	9.33	9,84

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 31.12.2018.

Note 22: Short and long term debt

Long term debt (KNOK)	2018	2017
Balance 01.01	43 695	5 093
Currency differences	-1 046	824
Additions from acquisition Cub Business Systems AB	-	14 837
Earn-out from acquisition Cub Business Systems AB	-	22 941
Payment 2. installments and earn-out 2018 Cub Business Systems AB	-23 953	-
Payment earn-out 2017 PYD Seguridad S.L.	-963	-
New earn-out agreement Cub Business Systems AB	6 250	-
Payment long term debt in PYD Seguridad S.L.	-1 700	-
Balance 31.12	22 284	43 695
Of which provisions due within 1 year	1 590	16 272

Note 23: Earnings per share

The Group's time-weighed earnings per share	2018	2017
Profit for year	13 447	10 034
Time-weighed average of outstanding ordinary shares	44 271	44 271
	= 0.30	= 0.23

Number of outstanding shares (numbers in thousand)	2018	2017
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

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Note 24: Shareholder information

Shareholders as at 31.12.2018

No.	Name	No. of shares	%
1	STRØMSTANGEN AS [1]	3 933 092	8.9
2	HOLMEN SPESIALFOND	3 550 000	8.0
3	AVANZA BANK AB	1 981 423	4.5
4	HSBC TTEE MARLB EUROPEAN TRUST	1 976 000	4.5
5	PROBITAS HOLDING AS	1 788 276	4.0
6	ZETTERBERG, GEORG (incl. fully owned companies)	1 640 000	3.7
7	NORDNET LIVSFORSIKRING AS	1 612 186	3.6
8	NORDNET BANK AB	1 548 593	3.5
9	V. EIENDOM HOLDING AS	1 462 610	3.3
10	VERDADERO AS	1 041 401	2.3
11	WAALER, JØRGEN (incl. fully owned companies)	1 020 000	2.3
12	GLAAMENE INDUSTRIER AS	873 549	2.0
13	RING, JAN	869 372	2.0
14	MP PENSJON PK	777 402	1.8
15	GRESSLIEN, ODD ROAR	650 000	1.5
16	SKANDINAVISKA ENSKILDA BANKEN AB	547 400	1.2
17	JOHANSEN, STEIN	450 000	1.0
18	NHO - P665AK	405 342	0.9
19	JACOBSEN, SVEIN (incl. fully owned companies)	400 000	0.9
20	EVENSEN, TOR COLKA	385 000	0.9
	Total 20 largest shareholders	26 911 646	60.6
	Total 1 598 other shareholders	17 464 394	39.4
	Total all 1 618 shareholders	44 376 040	100.0

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

As at 31.12.2018 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 31.12.2018 StrongPoint ASA has no outstanding options. All shares have equal voting rights.

Changes in share capital: (KNOK)	Number of shares		Share capital	
	2018	2017	2018	2017
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: (KNOK)	2018	2017
01.01	105	105
31.12	105	105
Nominal value	0.62	0.62
Own shares specified in equity (KNOK)	65	65

As at 31.12.2018 the Group owned 104 544 own shares. Cost price of these was KNOK 561, giving an average share price of NOK 5.37. It was paid KNOK 22 136 in dividend in 2018, which was NOK 0.50 per share. The Board has proposed a dividend of NOK 0.55 per share in 2019. Total dividends to external shareholders will be KNOK 24 355. 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 2018 deferred tax assets of MNOK 13.6 have been recognised. When assessing the recognition of deferred tax assets on the balance sheet, the reversal of deferred tax liabilities has been taken into account, as has their utilisation in relation to future profit and the utilisation of tax planning opportunities. Further details are provided in note 26.

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

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Note 26: Tax

Tax expense:

KNOK	2018	2017
Tax payable	2 990	1 852
Tax items relating to previous years	503	-
Change from 23 % to 22 % tax in Norway (from 24 % to 23 % in 2017)	673	466
Change from 22 % to 21.4 % tax in Sweden	290	-
Change in deferred tax	8 114	1 878
Tax expense	12 570	4 197
Included as tax expense in the financial statements	12 570	4 197
Reconsiliation of the nominal tax rate	23%	24%

KNOK	2018	2017
Profit before tax	26 017	14 231
Tax calculated at a rate of 23 % (24 % in 2017)	5 984	3 415
Taxing related to companies in other countries with other tax rate	-675	218
Change from 23 % to 22 % tax in Norway	673	466
Change from 22 % to 21.4 % tax in Sweden	290	-
Non-taxable items (23 % of permanent differences)	-194	-630
Non-listed deffered tax	5 974	727
Effect corrections previous years	518	-
Tax expense	12 570	4 197

Deferred tax assets and deferred tax liabilities:

KNOK	2018	2017	2018	2017
Current assets	2 718	2 427	1 457	1 099
Liabilities	4 598	5 025	428	2 021
Fixed assets	-14 713	-19 371	-4 658	-2 594
Losses carried forward	20 998	32 849	11 851	1 818
Deferred tax assets	13 601	20 930	9 077	2 345

The Company has no liabilities / deferred tax assets that effect Total comprehensive income. From fiscal year 2019, the tax rate on ordinary income in Norway is reduced to 22 percent. Deferred tax assets and deferred tax liabilities as at 31.12.2018 is measured using the new tax rate. The effect on net cost of tax amounts to KNOK 963.

The Group has total losses of MNOK 64.5 to be carried forward as at 31 December 2018 in the Norwegian entities. Deferred tax asset of MNOK 14.2 associated with this are included in the balance sheet as at 31.12.2018. The deficits have no due date. This year's decrease in these losses amounted to MNOK 8.7. 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 6.8 and is related to losses carried forward in the Swedish units and StrongPoint UAB. Most of the deficit is related to StrongPoint Technology AB. Net deferred tax assets in StrongPoint Technology AB per 31.12.2018, amounted to MNOK 8.8. This advantage is expected used in part by future profits in the StrongPoint Technology AB and partly through group contributions from the other Swedish units.

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

Note 27: Other short term debt

KNOK	2018	2017
Holiday pay owed	20 896	21 115
Accrued expenses	23 154	20 108
Deferred income on balance sheet	88 657	89 459
Warranty provisions	13 701	6 828
Other short term debt	15 905	25 245
Total other short term debt	162 313	162 755

Warranty provisions (KNOK)	2018	2017
Balance 01.01	6 828	8 342
Provision	20 811	6 447
Currency differences	-154	359
Provision reversed	-1 678	-4 541
Provision used	-12 105	-3 778
Balance 31.12	13 701	6 828
Of which warranties due within 1 year	13 701	6 828

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Income statement

KNOK	Note	2018	2017
Other operating income	3	16 012	10 608
Total operating income		16 012	10 608
Payroll	2	21 862	10 379
Depreciation	5	178	419
Other operating expenses	2	6 953	7 537
Total operating expenses		28 993	18 335
Operating profit		-12 981	-7 727
Finacial income and expenses			
Interest income from group companies		562	374
Other interest income		217	29
Other financial income	6	28 983	49 285
Other interest expenses		2 035	1 083
Other financial expenses	6	17 745	1 838
Net financial result		9 983	46 768
Profit before tax		-2 998	39 040
Income tax expense	13	-2 505	-1 892
Net income		-493	40 933
Distributions			
Transfer to / from other equity	8	-24 847	18 797
Proposed dividend	8	24 355	22 136
Total distributions		-493	40 933

Balance sheet

KNOK	Note	31.12.2018	31.12.2017
Assets			
Tangible assets	5	426	489
Investments in subsidiaries	11	407 819	401 570
Other long term investments	12	1 700	2 176
Deferred tax	13	12 580	10 075
Total fixed assets		422 526	414 310
Group receivables	10	30 119	39 269
Prepaid expenses		1 011	504
Total current assets		31 130	39 774
Total assets		453 655	454 083
Equity and liabilities			
Share capital	7, 8	27 513	27 513
Treasury shares	8	-65	-65
Other equity	8	174 732	199 580
Total equity		202 181	227 028
Long term liabilities to credit institutions	9	30 565	-
Other long term liabilities	4	20 694	25 741
Total long term liabilities		51 259	25 741
Current liabilities to credit institutions	9	133 711	128 858
Short term liabilities to group companies	10	29 437	30 267
Accounts payable		576	1 229
Public duties payable		1 141	764
Proposed dividend		24 355	22 136
Other short term liabilities	4	10 996	18 060
Total short term liabilities		200 210	201 314
Total liabilities		251 469	227 055
Total equity and liabilities		453 655	454 083

Rælingen, 21 March 2019

Morthen Johannessen
Chairman

Klaus De Vibe
Director

Camilla Tepfers
Director

Inger J. Solhaug
Director

Peter Wirén
Director

Jacob Tveraabak
CEO

Cash flow statement

KNOK	Note	2018	2017
Cash flow from operational activities			
Ordinary profit before tax		-2 998	39 040
Ordinary depreciation	5	178	419
Unrealised loss on shares		476	-
Change in accounts payable		-653	871
Change in short term group accounts		8 321	-3 105
Change in other accrued items		-18 490	-396
Net cash flow from operational activities		-13 166	36 829
Cash flow from investment activities			
Payments for fixed assets	5	-116	-332
Net effect acquisition CUB Business Systems AB		-	-14 837
Net cash flow from investment activities		- 116	-15 169
Cash flow from financing activities			
Change in interestbearing debt		41 524	-4 500
Dividend paid		-22 136	-66 407
Change in overdraft		-6 106	49 247
Net cash flow from financing activities		13 282	-21 661
		-	-
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 classififying 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.

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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 22 % 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)	2018	2017
Salaries	10 328	7 931
Severance packages	8 288	-
Social fee	1 865	1 370
Pension costs	868	617
Other benefits	513	461
Total	21 862	10 379
Number of full-time equivalents employed during the year	5	4
Number of employees at the end of the year	3	6

Salaries and remuneration for Group management and Directors

	Directors' fee	
KNOK	2018	2017
Board of Directors		
Morthen Johannessen, Chairman	468	213
Svein S. Jacobsen, former Chairman	217	429
Camilla Tepfers, Director	222	213
Klaus de Vibe, Director	246	234
Inger J. Solhaug, Director	288	213
Peter Wirén, Director	183	213
Total Board of Directors [1]	1 626	1 516

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

KNOK	Salary	Bonus	Company car	Other remu-neration	Pension expenses
			2018		
Group management					
Jacob Tveraabak, hired from 03.04.18 and CEO from 01.08.18	1 798	413	133	56	117
Anders Nilsen, CFO	1 347	-	-	21	156
Total Group management	3 145	413	133	77	273

TNOK	Salar	Bonus	Company car	Other remu-neration	Pension expenses
			2017		
Konsernledelse					
Jacob Tveraabak, hired from 03.04.18 and CEO from 01.08.18					
Anders Nilsen, CFO	1 274	-	-	7	155
Total Group management	1 274	-	-	7	155

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 in the company at the end of the year:

Name, position	Shares as at 31.12.18	Shares as at 31.12.17
Board of Directors		
Svein S. Jacobsen, former Chairman		400 000
Klaus de Vibe, Director [1]	78 660	78 660
Group management		
Jacob Tveraabak, CEO [2]	20 500	
Anders Nilsen, CFO	-	66 500
Total	99 160	545 160

1) Klaus de Vibes shares are owned through the company De Vibe AS.
2) The CEO's shares are owned through the company Juce Holding 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 2018 was NOK 350 000 (against NOK 350 000 in 2017). Remuneration for other services was NOK 99 000 (against NOK 94 290 in 2017).

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Note 3: Other operating income

KNOK	2018	2017
Received management fee from Norwegian subsidiaries	2 669	1 768
Received management fee from Swedish subsidiaries	10 675	7 072
Received management fee from other subsidiaries	2 669	1 768
Total operating income	16 012	10 608

Note 4: Other short and long term debt

KNOK	2018	2017
Holiday pay owed	1 165	894
Accrued expenses	8 241	894
Other short term debt [1]	1 590	16 272
Total other short term debt	10 996	18 060

1) Second payment Cub Business Systems AB KNOK 0 (KNOK 14 994) and Earn-out to previous owner PYD Seguridad S.L.U TNOK 1 590 (TNOK 1 278).

KNOK	2018	2017
Earn-out previos owner PYD Seguridad S.L.U	1 292	2 557
Earn-out previos owner Cub Business Systems AB	19 402	23 185
Total other long term debt	20 694	25 741

Note 5: Fixed assets

KNOK	Office machines and inventory	Cars	2018 total	2017 total
Acquisiton costs 01.01	1 779	217	1 996	1 663
Acquired	116	-	116	332
Divestment	-	-217	-217	-
Acquisiton costs 31.12	1 895	-	1 895	1 996
Accumulated depreciations 01.01	1 362	144	1 507	1 087
Accumulated depreciations 31.12	1 468	-	1 468	1 507
Accumulated depreciations and write-downs 31.12	1 468	-	1 468	1 507
Book value as at 31.12	426	-	426	489
Depreciations of the year	106	72	178	419
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	2018	2017
Dividend received from associated companies	-	600
Currency gains	1 163	147
Dividend from subsidiaries	27 819	48 535
Other	1	3
Other financial income	28 983	49 285

KNOK	2018	2017
Urealisert tap finansielle instrumenter	476	-
Currency loss	228	1 783
Loss on investment in subsidiaries	16 935	-
Other financial expenses	105	55
Other financial expenses	17 745	1 838

Note 7: Share capital and shareholder information

The company's share capital as at 31.12.2018 comprises the following share classes:

	Number	Nominal value	Book value
Shares	44 376 040	0.62	27 513 145
Total	44 376 040		27 513 145

Ownership structure

Overview of shareholders as at 31.12.2018

No	Name	No. of shares	%
1	STRØMSTANGEN AS [1]	3 933 092	8.9
2	HOLMEN SPESIALFOND	3 550 000	8.0
3	AVANZA BANK AB	1 981 423	4.5
4	HSBC TTEE MARLB EUROPEAN TRUST	1 976 000	4.5
5	PROBITAS HOLDING AS	1 788 276	4.0
6	ZETTERBERG, GEORG (incl. fully owned companies)	1 640 000	3.7
7	NORDNET LIVSFORSIKRING AS	1 612 186	3.6
8	NORDNET BANK AB	1 548 593	3.5
9	V. EIENDOM HOLDING AS	1 462 610	3.3
10	VERDADERO AS	1 041 401	2.3
11	WAALER, JØRGEN (incl. fully owned companies)	1 020 000	2.3
12	GLAAMENE INDUSTRIER AS	873 549	2.0
13	RING, JAN	869 372	2.0
14	MP PENSJON PK	777 402	1.8
15	GRESSLIEN, ODD ROAR	650 000	1.5
16	SKANDINAVISKA ENSKILDA BANKEN AB	547 400	1.2
17	JOHANSEN, STEIN	450 000	1.0
18	NHO - P665AK	405 342	0.9
19	JACOBSEN, SVEIN (incl. fully owned companies)	400 000	0.9
20	EVENSEN, TOR COLKA	385 000	0.9
	Total 20 largest shareholders	26 911 646	60.6
	Total 1 598 other shareholders	17 464 394	39.4
	Total all 1 618 shareholders	44 376 040	100.0

1) Board member Klaus De Vibe is CEO of Strømstangen AS.

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Note 8: Equity

KNOK	Share capital	Treasury shares	Other equity	Total 2018
Equity as at 01.01	27 513	-65	199 579	227 028
Change of equity for the year:				
Proposed dividend	-	-	-24 349	-24 349
Profit for the year	-	-	-493	-493
Equity as at 31.12	27 513	-65	174 737	202 186

Own shares:

Numbers in thousand	2018	2017
01.01	105	105
31.12	105	105
Nominal value	0.62	0.62
Treasury shares specified in equity (KNOK)	65	65

As at 31.12.2018 the company owned 104 544 own shares. Cost price of these was KNOK 561, giving an average share price of NOK 5.37. It was paid KNOK 22 136 in dividend in 2018, which was NOK 0.50 per share. The Board has proposed a dividend of NOK 0.55 per share in 2019. Total dividends to external shareholders will be KNOK 24 355. The tax effect of dividends does not affect the company's current or deferred tax.

Note 9: Interest bearing debt

Distribution repayment loans (KNOK)	2018	2017
Due within one year	19 601	8 642
Debt, not time-restricted (group credit account)	114 110	120 216
Total short term liabilities to credit institutions	133 711	128 858
Due after more than one year	30 565	-
Total long term liabilities to credit institutions	30 565	-

Debts and terms of borrowing

Lender (KNOK)	2018	2017	Borrowing terms	Interest terms
Multi-currency, group credit account	114 110	120 216	Overdraft, limit MNOK 60, not time limited	2.29 %
Repayment business loan	-	8 642	Paid in 2018	
Repayment business loan	15 000	-	Quartely term loans, last payment 08.03.2021	2.93 %
Repayment business loan (KSEK 11 250)	10 914	-	Quartely term loans, last payment 08.03.2021	1.90 %
Repayment business loan (KSEK 25 000)	24 253	-	Quartely term loans, last payment 14.12.2021	1.90 %
Total interest bearing debt	164 276	128 858		

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. 31.12.18. The loans are secured.

Loan security as at 31.12.2018

Asset (KNOK)	Book value / nominal security
Co-surety Norway, StrongPoint Cash Security AB, StrongPoint Technology AB, StrongPoint AB, StrongPoint Labels AB, StrongPoint UAB, StrongPoint GmbH and StrongPoint CUB AB.*	135 000

* The foreign companies liabilities are limited to the amount the guarantor at any time has drawn.

Note 10: Intercompany balances

KNOK	2018	2017
Debts		
Debt to Group companies	29 437	30 267
Total debts	29 437	30 267
Receivables		
Short term intercompany balances	30 119	39 269
Total receivables	30 119	39 269

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	Malmö (Sweden)	Printing	100 %	36 264
StrongPoint AB	Göteborg (Sweden)	Service and product provider	100 %	32 349
StrongPoint Techonolgy AB	Kista (Sweden)	Hardware and software	100 %	158 431
StrongPoint Cash Security AB	Skellefteå (Sweden)	Production and sales	100 %	46 380
StrongPoint UAB	Vilnius (Lithuania)	Service and product provider	100 %	20 348
StrongPoint Sarl	Coigniers (France)	Sales	100 %	1 665
StrongPoint Retail Solutions Sdn Bhd	Kualalumpur (Malaysia)	Sales	100 %	-
StrongPoint Retail Solutions Pte Ltd	Somerset (Singapore)	Sales	100 %	-
StrongPoint S.L.U.	Madrid (Spain)	Sales	100 %	7 529
StrongPoint CUB AB	Täby (Sweden)	Service and product provider	100 %	58 864
Total				407 819

Note 12: Shares in associated companies

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

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Note 13: Tax expense

Tax expenses for the year are as follows (KNOK):		
KNOK	2018	2017
Change in deferred tax	-2 505	-1 892
Tax expense ordinary profit	-2 505	-1 892
Tax expense	-2 505	-1 892

Reconciliation from nominal to actual tax rate:		
KNOK	2018	2017
Ordinary profit before tax	-2 998	39 040
Expected income tax based on nominal rate of tax 23 % (24 % in 2017)	-690	9 370
Tax effect of the following items:		
Permantet differences	-2 388	-11 700
Change in tax rate from 23 % to 22 % (from 24 % to 23 % in 2017)	572	438
Tax expense	-2 505	-1 892
Effectiv tax rate	83.6 %	-4.8 %

Overview of deferred tax assets (KNOK):	2018	2017
Fixed assets	-258	-347
Profit and loss account	202	252
Losses carried forward	-57 128	-43 710
Net negative differences	-57 184	-43 804
Deferred tax assets	12 580	10 075

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	2018	2017
Cash and bank deposit	-	-
Unused overdraft facility	60 000	12 760
Cash and cash flow in the cash flow statement	-	-

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

Rælingen, 21 March 2019

Morthen Johannessen Chairman	Klaus De Vibe Director	Camilla Tepfers Director
Inger J. Solhaug Director	Peter Wirén Director	Jacob Tveraabak CEO

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Corporate Governance

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

1. Implementation and reporting on corporate governance

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

3. Equity and dividends

Equity

The Group's equity as of 31 December 2018 amounted to MNOK 265.1, corresponding to an equity ratio of 40.5 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.

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	STRONG complies with the recommendations in the chapter. 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

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 recommen-dations 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 2019) 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: Svein Jacobsen (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 Jacob Tveraabak has ownership interests in StrongPoint ASA privately and trough his fully owned company Juce Holding AS.

The current composition of the Board is presented on the company website. The Board members' expertise is also presented. In 2018, the Board of Directors had 8 meetings. Average participation at the meetings has been 98%. One Board member has in total been absent from one meeting.

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

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

9. The work of the Board of Directors

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

The Board evaluates its own performance and expertise once a year. The Board has an audit committee, which consists of Chairman of the Board Morthen Johannessen 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 2018 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 2018 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.

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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, 21 March 2019

Morthen Johannessen Chairman	Klaus De Vibe Director	Camilla Tepfers Director
Inger J. Solhaug Director	Peter Wirén Director	Jacob Tveraabak CEO

Auditor’s report

Statsautoriserte revisorer
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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 2018, 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 2018, resultatregnskap, totalresultat, oppstilling av endringer i egenkapitalen og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Etter vår mening

- er årsregnskapet avgitt i samsvar med lov og forskrifter
- gir selskapsregnskapet et rettvisende bilde av selskapets finansielle stilling per 31. desember 2018 og av selskapets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.
- gir konsernregnskapet et rettvisende bilde av konsernets finansielle stilling per 31. desember 2018 og av konsernets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med International Financial Reporting Standards som fastsatt av EU.

Grunnlag for konklusjonen

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

Sentrale forhold ved revisjonen

Sentrale forhold ved revisjonen er de forhold vi mener var av størst betydning ved revisjonen av årsregnskapet for 2018. 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.

Nedskrivningsvurderinger av varemerker, goodwill og aksjer i datterselskap

Goodwill og varemerker knyttet til den kontantgenererende enheten StrongPoint Technology AB utgjør MNOK 110,6 pr 31. desember 2018, av total goodwill og immaterielle eiendeler i konsernet på MNOK 201,7. Aksjeinvesteringen i StrongPoint Technology AB er balanseført til MNOK 158,4 i morselskapsregnskapet og utgjør 35 % av totale eiendeler i StrongPoint ASA.

Nedskrivningsvurderingene gjøres basert på gjenvinnbart beløp som er definert som det høyeste av salgsverdi og bruksverdi. Bruksverdien er beregnet basert på diskonterte fremtidige kontantstrømmer. Som følge av omfanget av skjønnsmessige vurderinger, usikkerhet i teknologisk utvikling og fremtidige markedsforhold og forutsetninger som benyttes i ledelsens modeller for bruksverdi, har nedskrivningsvurderinger av immaterielle eiendeler og goodwill i konsernet og aksjer i datterselskap i morselskapet vært sentrale forhold ved revisjonen.

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

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

Øvrig informasjon

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

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

Ledelsens ansvar for årsregnskapet

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

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

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

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

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

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

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

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

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

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

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen og redegjørelsen om eierstyring og selskapsledelse

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

Konklusjon om registrering og dokumentasjon

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

Oslo, 21. mars 2019
ERNST & YOUNG AS

Asbjørn Ler
statsautorisert revisor

StrongPoint ASA

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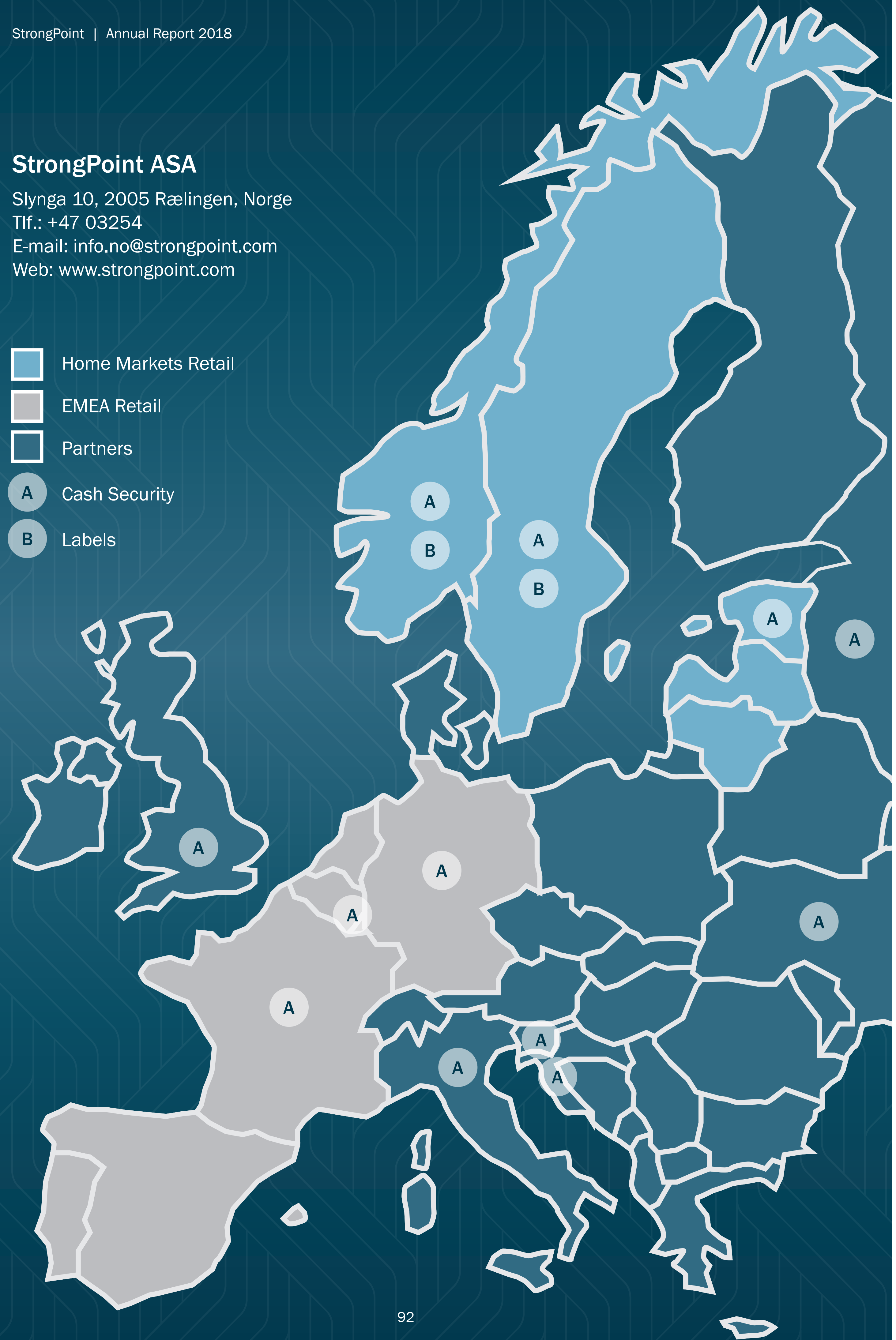

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CEO

Hilde Horn Gilen
CFO

Per Haagensen
SVP Home Markets (Norway, Sweden and Baltic)

Trond Kongrød
SVP EMEA

Roine Gabrielsson
SVP Global Partners

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SVP E-commerce

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SVP Technology

Lars-Åke Köpper
SVP Supply Chain and SVP Cash Security

Leif Persson
SVP Labels

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