

FINANCIAL SUMMARY 2015



OUR YEAR IN SHORT

Handheld is a manufacturer of rugged mobile computers, PDAs and tablets. Handheld and its partners worldwide deliver complete mobility solutions to businesses in industries such as geomatics, logistics, forestry, public transportation, utilities, construction, maintenance, mining, military and security. The Handheld Group of Sweden has local offices in Finland, the UK, the Netherlands, Italy, Germany, Switzerland, Australia and the USA.

MARKET AT A GLANCE

- The global market for rugged computing was approximately \$5 billion in 2015
- The market has started to show careful steady growth again
- An increased demand for tablet format products
- An increased demand for Android based operating systems



THOMAS BJÖRKMAN
appointed new **Chairman**
of the **Board**

“The new ALGIZ RT7 combines the need for mobility with high performance. The timing for the product is perfect with the clear trend that more and more end users are moving away from rugged notebooks and choosing highly mobile and cost effective rugged tablets instead.”

*Thomas Ljöfblad,
Vice President Global Sales Handheld Group*

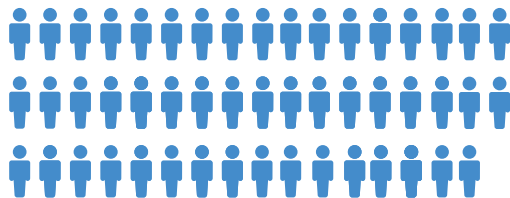




Villa BK is one of Sweden's best Bandy teams. Bandy is the second most popular winter team sport in the world.

RUGGED E-TICKETING SOLUTION FOR **VILLA LIDKÖPING BK**

 **50**
EMPLOYEES

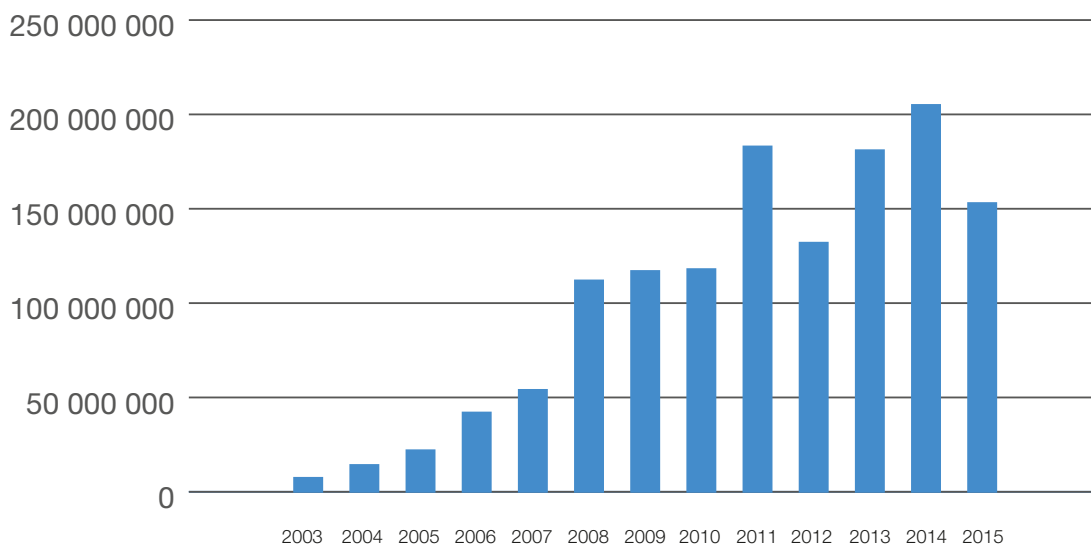


MORE THAN

1,000+

PARTNERS
WORLDWIDE

REVENUE SEK 2003-2015





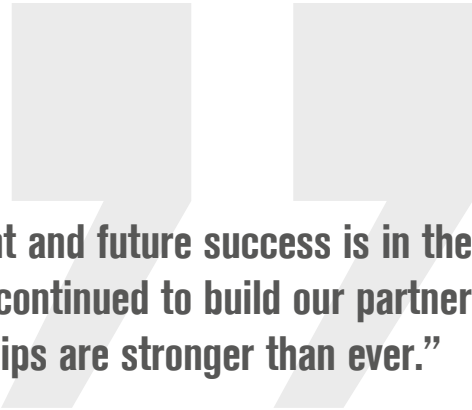


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A YEAR OF OVERCOMING CHALLENGES



“Truly, the real measure of our current and future success is in the quality of our relationships. We have continued to build our partner network, and our long-term partnerships are stronger than ever.”

After several years of double-digit growth culminating in a record year for 2014, our group of companies experienced some challenges in 2015. Most notably, we saw a 24 percent year-over-year decrease in revenue, although we did show a profit on an operational level. In spite of this difficulty, we developed and introduced several innovative new products and have continued to build strong relationships with our customers and business partners.

As we move forward into 2016 with a recovery strategy in place, we are just as committed as ever to meeting and exceeding the needs of our customers worldwide. We've increased cost awareness and focused on streamlining processes and improving efficiency in order to boost our revenue. We're also continuing to invest heavily in product development and have enlarged our marketing spend — both of which we believe will pay off in 2016 and beyond. To ensure the continuity of our market and product investments, we arranged long-term bank financing during 2015. The new bank facility will allow us to continue with our planned product and market-development investments.

Despite a few setbacks, we saw several product-development successes in 2015. Among these was the announcement of the highly anticipated Algiz RT7, our first Android-only product, built on the sophisticated Qualcomm chipset. And we also delivered a new custom-built product to one of our most important repeat customers — a customer who values the professionalism, flexibility and cost-effectiveness we offer in all of our manufacturing partnerships.

The Handheld team continues to work tirelessly to deliver products that combine performance, design and productivity increases to a large variety of customers and industries all over the world. We have a

number of exciting new products currently undergoing development, and expect to see some of these added to our product lineup in 2016.

We made some organizational changes and key appointments in 2015 that will help us to streamline our organization and serve our customers more efficiently. We added to our U.S. sales team, and we're anticipating considerable growth in our U.S. market this year. We also strengthened our board of directors with the addition of a new chairman, Thomas Björkman. Thomas worked as a certified accountant with PwC (PricewaterhouseCoopers) for 27 years and will be an invaluable asset for our continued expansion.

As I look back on 2015, I see a few challenges for our company — but I am also encouraged by our successes, and I eagerly anticipate our continued growth in the year to come. It is a testament to our strong business model, exceptional employees and loyal partners that even in a down year we managed to show an operating profit.

Truly, the real measure of our current and future success is in the quality of our relationships. We have continued to build our partner network, and our long-term partnerships are stronger than ever. These relationships demonstrate an unwavering commitment to the core values that underpin our organization: professionalism, honesty, courage, loyalty, entrepreneurial spirit and teamwork. Living by these core values day by day and in every aspect of our business has made us into the company we are today — a company destined for success.

Jerker Hellström
CEO

Lidköping, March 2016

COMMUNICATION
military grade **TOUGH**
outdoor **RUGGED** data collection
FIELD SERVICE
COMPUTERS
extreme temperatures **tablets** **DUST**
TOUGH ENVIRONMENTS
vibration **GIS** rain and wind
SAND



THE HANDHELD STORY



“Handheld holds a strong position within rugged mobility, with a specific focus on the most rugged segment of the industry.”

Handheld is a privately held manufacturer and supplier of rugged handhelds, tablets and notebook computers, and one of the fastest-growing companies in the rugged device sector. In partnership with numerous resellers and software companies around the globe, we offer products for the toughest conditions and provide technology solutions for almost any application imaginable.

Handheld was founded in 1997. At that time, products from the British company Husky Computers Ltd. were marketed and distributed to Scandinavian markets. In 2003, there was an ownership change. With ambitions of building a leading company in the worldwide rugged industry, a two-fold strategy was formed – to expand globally and begin to develop, produce, market and sell unique products under Handheld’s own brand.

The vision to build best-in-class rugged computers came to fruition in our lean and efficient virtual production model which enables Handheld to quickly bring new products to market in order to meet current demands, while minimizing production costs and maximizing design flexibility.

Over the past ten years, we have invested significantly in product development and established our efficient virtual production model with carefully selected engineering and production partners. We provide a unique customer proposition with a full line-up of affordable and high-quality products that help improve efficiency for end-users operating in the toughest of environments.

All of Handheld’s devices hold IP65-rating or higher, combined with slim designs and fully integrated features to ensure speedy and precise computing. They operate on the Android, Windows Mobile or Windows

7/8/10 platforms, are PC-compatible and offer memory and storage capacity to handle any application.

Handheld holds a strong position within rugged mobility, with a specific focus on the most rugged segment of the industry. Our products are designed to handle harsh environments, but they are also compact and ergonomic. They come standard with a generous list of integrated features, and are compatible with industry-specific software to improve efficiency in a wide range of industries.

In addition, a channel-centric approach allows Handheld to focus on building a strong worldwide network of resale and distribution partners. To truly fulfill our goals and the ambition of being a global company with a local mindset, we have built an extensive partner network with more than 1,000 authorized partners covering all territories. Numerous local subsidiaries also support our growth and allow Handheld to offer better, more personalized service to our customers. Handheld is headquartered in Lidköping, Sweden, and has local offices in Finland, the United States, Italy, the Netherlands, Australia, Germany, Switzerland and the United Kingdom.

Handheld’s journey so far has been marked by great achievement and success. We have won numerous awards for growth and excellence and we continually attract top talent to our management team, which is made up by some of the most experienced people within the industry of rugged handheld devices.

From our founding to the present, we have built our legacy upon pioneering new methods, expanding our reach and producing the very best rugged computers in the world.



VISION

Our vision is to become one of the world's leading companies in rugged mobile computing.

BUSINESS IDEA

Our business idea is to manufacture state of the art rugged mobile computers and together with our partners supply them to end-users worldwide.

VALUE PROPOSITION

To provide advanced rugged equipment through innovative design and continuous product development in order to support customers using mobile computers in any environment.

GOALS



FINANCIAL

To reach a sustainable EBITDA level of 15 percent or higher.



GROWTH

To grow faster than the market and reach an annual growth of 20 percent or more.



ORGANIZATIONAL

Handheld should be a challenging, rewarding and fun work place that focuses on achievement and teamwork with the goal to create an environment that sustains an operational excellence.

VALUES

PROFESSIONALISM

At all times and in all situations, employees and stakeholders are expected to act and perform in a professional manner and not leave things to chance. Whether it regards internal or external matters, the people within Handheld believe that by setting a standard of professionalism, we will receive the same courtesy in return.

HONESTY

Shared between all our employees is a mutual belief in an honest approach to running our business. In all situations, we prefer to keep a transparent working environment and to explain things matter-of-factly. All our employees are expected to act in an honest manner towards both co-workers and external contacts.

COURAGE

As part of our vision to become one of the leading companies in our industry, we have set the bar high. To achieve this, our organization and employees must display courage. We have to strive towards generating new and creative ideas in order to succeed in growing as a business and increase our market share.

LOYALTY

We believe loyalty and strong long-term relationships to be amongst the most important factors behind our historical and current success, resulting from loyal employees and partners. To build and maintain a close relationship is something we regard as an essential part of any sound business relation.

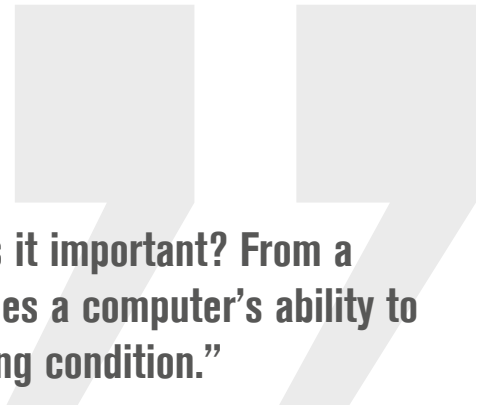
ENTREPRENEURIAL SPIRIT

Handheld is an entrepreneurially oriented company – this entrepreneurial spirit keeps us motivated to work faster and smarter than our competitors. We have to dare to be different in order to outpace the market. All our employees are encouraged to share this spirit and to believe that with extra effort, anything is possible.

TEAMWORK

Organization-wise, Handheld aims to continuously keep building a strong team, both internally and together with our partners. Our internal approach is team- and project-oriented, and we coordinate with our partners to make sure we create the best possible opportunities to succeed. Together we can do it!

WHY RUGGED?



“What does rugged mean, and why is it important? From a user perspective, ruggedness describes a computer’s ability to operate in any type of exposed working condition.”

Walk into any mobile phone storefront today, and you can purchase a waterprotected smartphone right off the shelf. At first, that may seem easier and more economical than ordering a purpose-built rugged device from a manufacturer. But field workers who rely on technology for enhanced productivity, efficiency, safety and cost savings in the workplace require a different kind of mobile device: one that’s truly rugged.

What does rugged mean, and why is it important? From a user perspective, ruggedness describes a computer’s ability to operate in any type of exposed working condition. Rugged devices are not regular consumer units wrapped in tough shells. Rather, these computers are designed from the inside out to operate in very tough environments and they undergo stringent testing in order to specify the level of resistance to harsh conditions.

MIL-STD Testing

The United States military issues MIL-STD-810G ratings on equipment. These ratings are based on tests performed in a variety of environments which ensure that the equipment can handle low pressure at high altitudes, exposure to sand and dust, high and low temperatures including temperature shocks, rain, humidity, leakage, shock and vibration. In general, the more tests a unit passes, the more rugged it is.

Temperature

Temperature specifications define a device’s operational temperature range. Handheld purposely targets a large variety of environments by offering products that can operate in temperatures ranging from -30 °C up to 60 °C.

IP-rating

IP stands for Ingress Protection. An IP-rating consists of two numbers which describe a device’s level of protection: the first digit indicates the level of protection against dust whereas the second digit reflects the level of protection against liquids. All of Handheld’s rugged computers are IP65 or IP67-rated, which means they are completely dustproof and can withstand jets of water or even be submerged.

Aside from being tested for drops and vibration, resistant to water and dust, adapted for performance in extended temperature- and humidity-ranges and more, all of our devices also include features such as an exceptional display visibility in both indoor and outdoor conditions, extended battery life and solid-state disk drive components that support performance in adverse conditions.

In short, every single detail of a Handheld device is researched, selected and developed to make the computer as rugged as possible.





THE MAGIC OF TCO - LOOKING BEYOND THE PURCHASE PRICE

“Understanding TCO, you will see that rugged computers actually cost less than consumer grade devices.”

The complete cost of a product over its entire lifecycle is known as the Total Cost of Ownership (TCO). TCO, not initial cost, is the most appropriate figure to use when comparing mobile device pricing. When it comes to choosing mobile computers for an organization, final decisions are usually made based on cost. Technology is a significant expense for today's businesses, and IT departments are some of the first places that are audited for potential cost savings – but too often, these calculations take the short view, leaving out critical information about the lifespan of computer equipment and increasing long run expenses. Understanding TCO, you will see that rugged computers actually cost less than consumer grade devices.

The mobile products field workers use are often exposed to hard falls and rough handling, extreme temperatures, water, moisture, dust and dirt. Choosing a device that's rugged enough to handle a harsh work environment may cost more up front, but has the potential to save a remarkable amount of money over time.

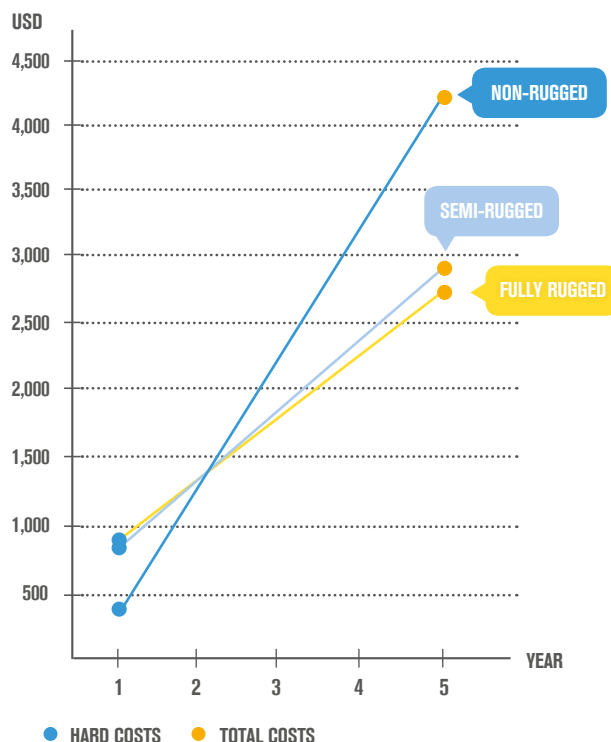
Mobile computers can be placed into four categories of ruggedness: commercial, durable, semi-rugged and fully rugged. A commercial unit has little or no protection. Durable devices generally have rubber bumpers and perhaps shock-mounted hard drives, while semi-rugged computers are actually tested to some MIL-STD-810G and IP specifications. Fully rugged units are the only mobile units that are completely tested against MIL-STD-810G and totally resistant to both water and dust.

VDC Research Group, a firm that provides market research to technology executives, computed the total cost of each level of ruggedness over a unit's five-year lifespan and categorized expenses into hard costs and soft costs (see figure to the right). This data shows that in the long run, a commercial or non-rugged device

will cost about 65 percent more per year than a fully rugged device.

Carefully evaluating each unique situation to determine TCO is a smart step toward making a cost-effective purchase. Equipping teams for their work means accounting for environmental challenges and selecting the best possible tools – and thanks to the magic of TCO, choosing the best can also mean preserving your bottom line.

ANNUALIZED FIVE-YEAR TCO COSTS



Source: VDC Research Group



BUSINESS VERTICALS

Regardless of mobile application and whether our customers are moving from pen and paper, upgrading from a consumer-grade computer or already on the cutting edge of mobile field technology, Handheld can provide rugged mobile computers to get the work done faster, more consistently and with greater efficiency. Designed for anyone who works in tough environments such as extreme weather and temperatures or other harsh conditions, our products measure up to it. We are constantly working on new solutions together with our partners and customers and always looking for new challenges. Here below are some of the markets where our products can be found.

AGRICULTURE

Whether its use is mission-critical or just to make the job a little easier, agricultural demand for rugged mobile technology is increasing. Our handhelds keep up with the latest agriculture technology innovations and our customers are using them to help track livestock with RFID, manage farm inventory, run irrigation control systems and more. We offer affordable rugged options that you can depend on.

CONSTRUCTION

It isn't hard to see why construction workers require rugged equipment – what might not be so obvious is how construction workers can use rugged computers. From carrying blueprints to the field and not having to worry about wind or rain making a mess of the paper, or doing on-site job calculations, to keeping track of inventory, rugged mobile computers can increase efficiency and decrease costs.

ENVIRONMENTAL WORK

One could say that all the work our computers do is environmental since holding up to any environment is exactly what these handhelds are made to do. With the help of our fully rugged mobile computers, biologists, scientists and environmental consultants have journeyed to one of the coldest places on earth in order to collect sea ice samples, used precise GPS information to speed cleanup of oil spill sites after a tornado, and inspected stormwater assets to comply with federal reporting requirements. No matter the environment, our devices have it covered.

FIELD SERVICE

One could say that all the work our computers do is environmental since holding up to any environment is exactly what these handhelds are made to do. With the help of our fully rugged mobile computers, biologists, scientists and environmental consultants have journeyed to one of the coldest places on earth in order to collect sea ice samples, used precise GPS information to speed cleanup of oil spill sites after a tornado, and inspected stormwater assets to comply with federal reporting requirements. No matter the environment, our devices have it covered.

FORESTRY

Forestry, by its very nature, takes workers into tough outdoor environments. We've had customers use our devices for timber cruising, GPS navigation, wildlife surveying and various types of forest management. From silviculture to wildfire management, the mapping, imaging and reporting capabilities of today's rugged handhelds are an essential part of keeping our forests healthy – and foresters efficient.

GIS/MAPPING

Geographic Information Systems (GIS) are used to capture, manage and analyze geographically referenced data. Gathering data or creating maps with GIS commonly requires users to be out in the field and often in remote locations. Moreover, companies and government agencies are increasingly using GIS data to track the location, features and quality of their assets. Either situation warrants a device tough enough to withstand the conditions and long work days, and is feature-rich enough to get the job done.



INDUSTRIAL

In tough industrial environments, our rugged, lightweight computers are a perfect fit for data collection, inventory management, merchandising and communication tasks. From manufacturing to warehousing applications, our handhelds can send data wirelessly in real-time, create robust reports that sync seamlessly with office technology, integrate with on-site machinery for status tracking and help assist customers with a wealth of information right at their fingertips.

LOGISTICS AND WAREHOUSING

Logistics and warehouse management applications call for units that can withstand drops to concrete, temperature fluctuations and dust. Along with many other tasks, rugged mobile computers can help in tracking inventory and carrying PDF versions of maintenance manuals. With fast processors and powerful scanning capabilities, our computers are reliable in even the toughest environments. All around the world within distribution, supply chain management, refrigerated warehouses and other industrial settings, customers are trusting our truly portable handheld devices to bring key information to the palm of their hand.

PUBLIC SAFETY

Public safety workers broke ground long ago on getting computers out in the field. Vehicle-mounted notebooks are an expected part of police working forces nowadays – an innovation that continues with rugged PDAs for tracking ambulance patient data, rugged tablets for navigating unfamiliar routes and pre-planning for fire departments. Whether it's for fire, police, Emergency Medical Services (EMS) or other areas of public safety, Handheld can provide form factors and features for top performance.

PUBLIC TRANSPORTATION

Conductors taking cash or electronic payments, bus drivers following complicated or changing routes, municipal mechanics using diagnostic tools and referencing trouble-shooting manuals – these are only a few examples of how rugged mobile computers are making work easier and more productive for employees in the world of public transportation.

ROAD AND RAILWAY MAINTENANCE

Like construction, the maintenance of roads and railways is obviously the domain of rugged tools, including rugged computers. Professionals in this market can communicate project progress with a central office, carry design plans without worrying about protecting them from the elements, and perform complex job calculations on the fly.

SECURITY

In security applications, every minute counts – and no one wants security personnel to be fumbling with technology when there's an important job to be done. With reliable real-time communication capabilities, long battery life, easy-to-use features, multiple connectivity options and fully rugged construction in a compact, ergonomic body, our handhelds protect the data so the staff can focus on protecting the community.

WASTE MANAGEMENT

Another market for which it isn't too hard to see why ruggedness should be essential is waste management. Dirty, wet and dusty conditions are an accepted part of each day out in the field. GPS navigation, tracking carts and recording data on routes are just a few areas where rugged mobile computers can help getting the job done faster, better and easier.



OUR PRODUCTS

Handheld's high-performing and fully rugged products are marketed and sold under the brands **ALGIZ** and **NAUTIZ**. The **ALGIZ** family covers large form factors including tablets and notebooks, and the **NAUTIZ** family covers small form factors including handhelds and PDAs.

These are some of our most popular devices.



NAUTIZ X4 **WORK-READY, FIELD-TOUGH**

The NAUTIZ X4 rugged handheld is a durable tool designed with field work in mind – it's compact and truly portable, packed with features and offers a reliable computing solution for challenging worksite environments. The NAUTIZ X4 runs either Windows Embedded Handheld or Android for ultimate versatility and has all you need for work on the go. It features a high-brightness resistive touchscreen for a generous and practical mobile workspace and comes complete with either a high-performance laser scanner or 2D imager for super-fast and detailed scanning and barcoding tasks. A valuable tool for warehousing, logistics, field service, security, public safety and similar sectors, the NAUTIZ X4 rugged handheld is built for mobility.



NAUTIZ eTicket Pro II **MOBILE TICKETING MADE EASY**

A smart choice for electronic fare collection and ticket validation, the NAUTIZ eTicket Pro II merges ultimate mobility with true field functionality. Like its counterpart, NAUTIZ X4, this rugged handheld device comes with a high-performance 2D imager for scanning and barcoding tasks. Not only is this unit a computing workhorse, it's also a reliable and efficient tool for transactions and validations, designed specifically with transit workers in mind. NAUTIZ eTicket Pro II is available in both Windows and Android models, fully featured, compact and truly portable, and offers a dependable computing solution for challenging worksite environments. The built-in Arcontia smart card reader makes this unit extremely fast and accurate for contactless payment data collection. From the inside out, the NAUTIZ eTicket Pro II is built to go wherever your work takes you.

MAXCARE

Handheld MaxCare is a comprehensive service plan available for newly purchased Handheld devices worldwide. Our objective is to provide customers with the best choice of a cost-effective and efficient service plan for our products. Handheld products are designed for those who work in less-than-gentle environments. Whether the challenges come from weather, extreme temperatures or tough work environments, all our devices are made to rise to the challenge. However, in case something does go wrong, we've developed the MaxCare service concept: multiple extended coverage options that provide you with peace of mind on future service costs and add the advantage of a lower total cost of ownership for our devices.

Handheld's rugged computers are made to last longer than consumer units – and that includes repairs and service. We carry spare parts longer and offer extended warranty options for our already long-lasting products, making our offerings even more cost efficient. The Handheld MaxCare service plan is a comprehensive package of add-on service options that will help protect technology investments and offer additional security for our customers. Both MaxCare service plans are valid for a period of either three or five years from the product's purchase date to ensure extended life-cycle protection. We offer both a standard plan and an all-inclusive plan.

NAUTIZ X8

LEADING THE WAY

A front-runner in the new generation of handheld computers, the ergonomic NAUTIZ X8 delivers the largest, most brilliant capacitive touchscreen in its class, along with an unprecedented combination of processing power, connectivity and field ruggedness. Each detail of the NAUTIZ X8 is meticulously designed for field use, without sacrificing style or ergonomics. A choice of operating systems — Windows Embedded Handheld or Android — allows you to choose the most suitable platform. NAUTIZ X8 comes ready for your team with application possibilities in forestry, public safety, field service and GIS/surveying, and it's adaptable to your work environment and performance requirements. Carry it, wear it in a holster, toss it in your bag or mount it on your vehicle – but whatever you do, keep the rugged, reliable NAUTIZ X8 close at hand. You'll wonder what you ever did without it. The NAUTIZ X8 won't just keep up with you – it'll lead the way.



ALGIZ RT7

HEAVYWEIGHT FIELD PERFORMANCE

The ALGIZ RT7 is a powerful, ultra-lightweight, easy-to-carry 7-inch tablet designed for reliable performance in demanding environments. Whether you're collecting data, crunching numbers or viewing graphics, the ALGIZ RT7's powerful Qualcomm quad-core processor provides reliable, uninterrupted work performance. The ALGIZ RT7 runs Android 5.1.1 (Lollipop) while providing a range of features and exceptional value to mobile workforces. The beautiful capacitive display is made for use even in direct sunlight. Industry-leading technology and quad-core processor powers the ALGIZ RT7 for impressive speed, ultra-fast connectivity and long battery life. It boasts NFC functionality, an integrated GPS receiver, accelerometer, gyroscope, eCompass, dual cameras and dual SIM card slots, plus an optional dedicated barcode scanner and eTicket RFID reader.



ALGIZ 10X

EXTREME FIELD PERFORMANCE

The powerful ALGIZ 10X rugged tablet offers sophisticated technology and comes with your choice of Windows 10, Windows 8.1, or Windows 7. It can withstand weather elements and harsh handling – a perfect match for today's mobile workforce. The ALGIZ 10X features the latest generation of MaxView screen technology, with a brilliant 10.1-inch touchscreen that's perfect for field professionals who need a large display to handle detailed maps or other visuals. The screen's ambient light sensor adjusts backlighting automatically – so collecting data in bright sunlight is just as easy as reviewing it indoors. The ALGIZ 10X is designed for field performance and has the strength and power to carry out your critical operations dependably, even in extreme environments. So whether you're surveying, navigating, patrolling or inspecting, you don't have to worry about your technology – just let it do its job while you do yours.

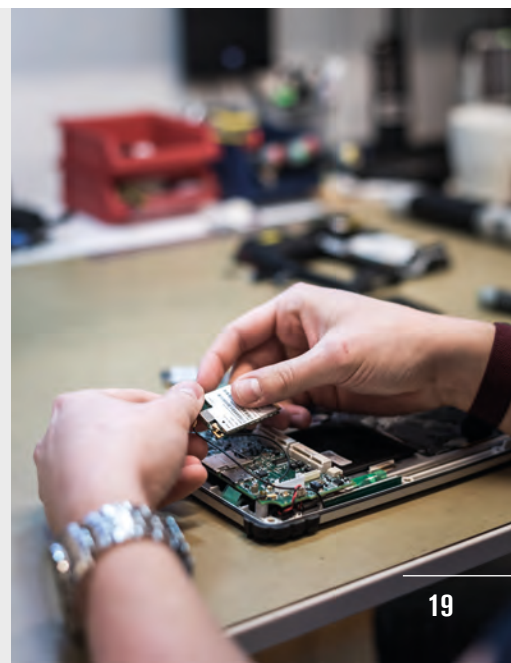


MaxCare Standard

The standard option of MaxCare is a straightforward service plan for the user who wishes to extend our standard warranty coverage and free outgoing shipping service for three or five years. This efficient warranty-extension plan makes repairs easy and fast, adds cost effectiveness to the product and provides the customers with a greater sense of security.

MaxCare All-Inclusive

The all-inclusive option of MaxCare is our no-questions-asked coverage plan designed for the mission-critical user. This includes coverage for all repairs required as a result of accidental damage, including non-warranty repairs – all at one low, fixed cost. It also includes free return shipping, a service meeting and an annual service report. In short, the MaxCare All-Inclusive offers our best value, covering any necessary repairs during the extended warranty period of three or five years.



“With customers in more than 40 countries, PigCHAMP continues to be the most trusted and widely used swine production software program in the world.”

PigCHAMP

PigCHAMP and Handheld are providing unprecedented access to a wide range of data-management tools that support farmers as their operations grow larger and as on-farm technology advances.

In the state of Iowa, which raises nearly one-third of the United States' pigs, pork farming represents more than \$7.5 billion in annual economic activity. That number is growing, thanks in part to sophisticated tools that improve farm productivity and efficiency.

For more than 25 years, Handheld partner PigCHAMP has set the standard in pork production management software and has revolutionized the way that pork producers think about data collection and analysis. With customers in more than 40 countries, PigCHAMP continues to be the most trusted and widely used swine production software program in the world. As a Handheld business partner since 2011, many PigChamp customers have come to rely on the Nautiz X3 and Nautiz X4 handhelds.

Students at Iowa Lakes Community College's Swine Training Center in Emmetsburg, as well as professionals at Newton Pork in Coggon, Iowa, are using PigCHAMP swine-management software with ultra-rugged Nautiz PDA units from Handheld Group to save time and improve productivity — and by doing so, they're helping Iowa's pork industry stay innovative and competitive.

High-tech hog farms

Newton Pork is a 600-sow breed-to-wean farm that produces early-wean pigs, which it sells to a local finishing barn. Owner and manager Sean Dolan began using PigCHAMP's sow management to record electronic data pertaining to animal movements, mating, farrowing, health treatments and batch arrivals, directly in the barn. In 2011, Dolan upgraded the farm's hardware to the ultra-rugged Nautiz X3 PDA.

“These are hog barns, so there is feed dust and skin dander floating around,” Dolan says. “The conditions can sometimes be humid and unpleasant — and we've dropped our computers in fecal material more than once. The handheld gives me the durability I need.”

Training future farmers

While Dolan raises his hogs, just 200 miles west students operate the very same swine-management technology in a state-of-the-art farming education program at Iowa Lakes Community College. ILCC's Swine Training Center was established in 2013 for the purpose of preparing students for jobs at places like Newton Pork and more than 6,000 other Iowa operations.

The center consists of a 7,500-square-foot facility — a small-scale model of what students might encounter at a typical farm. Up to 25 students per semester are learning how to use PigCHAMP software for real-time record keeping and herd management. Before switching to PigCHAMP Mobile, Dodge's students hand-recorded data onto paper.

“We had a mountain of paper records that contained information needing to be filed,” says Kelly Dodge, Agriculture Technology instructor at ILCC, “We hung clipboards in the office, one for each event: breeding, farrowing, weaning and so on.”

Now the college uses the Nautiz X4 — another of Handheld Group's powerful, ultra-rugged PDAs.

“Our swine unit is climate-controlled, but we still have a significant amount of dust,” Dodge notes. “And we're working with livestock, so some situations may cause the handheld to get hit or be dropped on the floor. The Nautiz X4 lets me keep working and teaching without interruption.”

Together, PigCHAMP and Handheld are providing unprecedented access to a wide range of data-management tools that support farmers as their operations grow larger and as on-farm technology advances.





CHALLENGE

Coordinate and manage freight transportation logistics in challenging environments, including outdoors, refrigeration trucks and vehicle cabins.

SOLUTION

Install the Nautiz X4 in work trucks and use Nextlog software to manage every aspect of transport and delivery.

RESULT

Saved time, improved efficiency, increased cargo-monitoring accuracy and better customer service.



NAUTIZ X4 MANAGES LOGISTICS AND CARGO MONITORING FOR SCANDIC TRANS

Life isn't easy for a computer docked within a cargo truck. When the truck is en route, road vibrations rattle every tiny piece of hardware inside the computer for hours on end; and when the truck is parked, fluctuating hot and cold cabin temperatures expand and contract computer parts and introduce condensation, which quickly causes damage to conventional equipment.

In vehicles operated by Scandic Trans, a transport provider based in Turku, Finland, computers face a set of additional challenges. These include exposure to cold and humidity inside refrigeration trucks, and the requirement to serve as the freight transfer's logistics and communications hub.

Scandic Trans drivers perform a kind of one-person show on the job: They load and unload, transport and monitor their own trucks and cargo from assignment to delivery. So to make their jobs easier while saving time and increasing efficiency, they're using Nautiz X4 rugged PDAs from Handheld. The Nautiz X4 provides logistical management, full communication capabilities and real-time cargo monitoring in every environmental condition it encounters.

A rugged mobile control center

When Scandic Trans receives a new customer order, a transport coordinator assigns the shipment to a driver. The transport coordinator then communicates with this driver from departure to delivery about important information such as the number of packages to transport, their weight and volume, and any special instructions, including transport temperature or loading time requirements.

Docked in drivers' trucks are Nautiz X4 units running mobile applications from Nextlog, a hardware reseller and software provider based in Vaasa, Finland. Together LogiControl, Nextlog's transport planning and management application, and MobilePro, its communications software, provide order processing, logistics and communication tools that allow the team to plan and execute an uncompromised on-time delivery.

With the Nautiz X4, drivers complete tasks such as planning terminal loading times, booking ferries and subcontractors, gathering freight agreements and monitoring payments, all through a simple user interface with one-click menu options. The X4 can also generate comprehensive reports with data such as working time, costs, fuel consumption and vehicle condition.

"Only a few touches on the screen are needed for the driver to take in consignment information and send acknowledgements about loadings and unloadings to

the dispatcher," says Mikael Löfqvist, CEO of Scandic Trans. "The driver can also report loaded amounts when acknowledging a loading or unloading as complete. These quantities can then be used for load planning or synced directly with invoicing tools."

Fully reliable in tough conditions

Since these computers are exposed to road vibrations, outdoor conditions and varying temperatures, reliability in harsh environments is an absolute necessity.

Handheld's Nautiz X4 is rugged from the inside out. Purpose-built to handle the toughest conditions in the world, the X4 is IP65-rated and meets stringent MIL-STD-810G U.S. military test standards for withstanding dust, sand, humidity, drops, vibrations and extreme temperatures.

Refrigerated shipments make up a significant portion of Scandic Trans' business, and the Nautiz X4 doesn't skip a beat within the cold-storage environment. Scandic Trans is even using the Nautiz X4 to create a new temperature-monitoring system in cooperation with RTPro Oy, a manufacturer of fleet-tracking systems in Jyväskylä, Finland.

"We're developing a system to suit our own purposes, so most of the ideas are coming directly from us," says Riku Pöyhtäri, ICT manager for Scandic Trans. "RTPro is implementing these ideas to create a new product that allows a driver to monitor truck load temperatures in real time, anywhere and anytime using the Nautiz X4. We're testing prototypes now, and everything looks promising."

Thanks to the Nautiz X4's built-in GPS receiver, transport coordinators can plan routes based on precise location data and view units' positions in real time from their office computers, which helps to optimize routes, reducing expenses and worker hours.

Tracking along

From delivery assignment to completion, the Nautiz X4 serves as a lifeline for Scandic Trans drivers — getting them from point A to point B, facilitating communication along the route, and making complicated logistical arrangements as easy as a couple of quick screen taps.

Scandic Trans specializes in delivery — and so does the Nautiz X4. Improved data accuracy, increased efficiency and speed, and a simplified transport process add up to better customer service and better use of company resources, so business can keep moving forward.



JIM RIMAY, VICE PRESIDENT OF SALES AT HANDHELD USA INC.

Jim Rimay's decades of experience as an executive and sales manager in the rugged computing industry make him a very valuable member of the Handheld team. Jim most recently held a position with Motion Computing and prior to that he served as President of Getac North America for six years. He is also the former Vice President of Americas Sales with Walkabout Computers, a developer of Microsoft Windows-based ruggedized tablet and PCs. After DRS Technologies, Inc. acquired Walkabout, Rimay became Vice President of Business Development for DRS Tactical Systems.

- Describe your role within the organization.

In my role as vice president of sales I am responsible for both the vision and leadership of our US sales team, providing support for our business partners, and delivering the highest level of service to our customers.

- What would you say is the single most important factor behind Handheld's success?

People. Really great people. We are fortunate to have a group of brilliant and experienced leaders that continue to attract the best talent to our growing team. We have a very effective business model with a flat organizational structure that provides top notch employees the opportunity to grow their talents and make a direct impact to the company.

- From your sales perspective, what makes Handheld to your customers?

Our values are real, and lived by every day. We are much more than just another innovative technology company. We truly care as much about the success of our customers as we do ourselves. At Handheld, winning is never one-sided.

- What would you say is Handheld's competitive advantage?

We have a very strong partner network and distribution model. We are able to provide solutions to customer problems in almost any vertical market or application through our diverse partner network. Also, we leverage our direct partner relationships to create customized solutions and new product features and enhancements. It makes me appreciate working for a "right-size" company, which is both nimble enough to seize the opportunity and capable enough to deliver.

- What is your most memorable moment at Handheld?

The impromptu get together the night before the Handheld Business Partner conference in the hotel lobby. As the partners arrived and were checking in, the Handheld team was all there greeting everyone and pulling them into the bar (luggage and all). It was a room full of great energy – employees and business partners from all over the world were making introductions, laughing, sharing stories, and having a great time. It was the conference, before the conference. People were so genuinely excited to meet the team and get to know one another you could just feel the shared enthusiasm.

- How do you like to fill your leisure time?

I am very lucky to live in one of the most beautiful places on earth. My family calls South Florida home, and we spend much of our time enjoying what the outdoors has to offer – snorkeling, fishing, paddle boarding, kayaking. You haven't lived until you have tried salt water fly fishing from a paddle board! We like to say on the weekends you can likely find us either in or on the water.



HANDHELD BUSINESS PARTNER CONFERENCE

Since 2008, we host our Handheld Business Partner Conference (HBPC) for reselling members of the Handheld business partner network. This event provides a chance for our partners to come together to connect, network and drive progress for our industry as well as identify new opportunities for profitability – but the HBPC isn't all business! We also enjoy good food, conversation and entertainment. The conference always includes an evening complete with dinner and plenty of time to mingle with rugged-industry professionals from all over the world.

At the conference, marketplace experts share the latest news and updates about products from Handheld and other companies within the rugged mobile computer industry. Many partners and suppliers also showcase

their latest products and solutions in a mini-exhibition – where Handheld has been known to offer first glimpses of our own unreleased offerings.

We at Handheld value personal interaction and our employees love the opportunity this conference offers to meet our business partners and users face to face. We encourage attendees to take advantage of this time to exchange ideas, information and hands-on solutions with us and with the other partners in attendance.

For information of the next upcoming Handheld Business Partner Conference, see

www.handheldgroup.com/HBPC





REVENUE / GM HISTORY



Historical gross margin growth
- Transformation from share
owned (~20% gross margin)
to improved partner mix.

RESPONDING TO CHALLENGES, POSITIONING FOR FUTURE SUCCESS

“Increasing cost-efficiency, even as we invest in the future by creating more demand for current and future products, will further strengthen our position and make us even more competitive.”

As global markets become increasingly competitive, successful organizations are adjusting and looking forward by becoming as responsive and nimble as possible. After several years in which we saw growth in revenues and strong profitability, in 2015 we experienced a rare year of decreasing revenues and a negative net profit. Group revenue amounted to 153 million SEK, a decrease of 23,3% compared to the same period for 2014. Because our planned expense budgets were based on a much higher revenue expectation, we responded by implementing cost-saving measures during the second half of the year to counteract the lower sales levels. We streamlined processes and increased our efficiency throughout the organization. This responsiveness, coupled with increased revenues during the second half of the year, let us achieve a positive result on the EBITDA level for the year as a whole, and positioned us favorably for an expected resurgence in 2016. Our gross margin continued to be strong and was 43,9% for 2015, which was in line with expectations, and we expect this to continue moving forward.

During the year, we continued to invest in our product portfolio; product development investments for 2015 totaled 14,8 million SEK. During the second half of the year we released important new products, and we plan to release a number of new products during 2016. We significantly increased our marketing efforts in 2015; by timing this to new product releases, we expect to see positive returns on this investment in 2016 and beyond.

With lower revenues than previous years and important investments in new products and marketing, we have worked to reduce the total balance sheet and optimize inventory levels. The total balance sheet decreased during the year from 118,5 million SEK in 2014 to 97,7 million SEK in 2015, and streamlining our procurement process helped reduce our inventory levels significantly from previous years. In order to continue our proactive plan for product development and marketing, we've secured financing via a long-term loan and increased our credit line, to ensure we can follow through on our plans and achieve our goals going forward.

Although 2015 was a challenging year from a revenue perspective, we still achieved many positive things. In particular, our hard work and focus on product development, along with our commitment to strong marketing efforts, show that we have deep faith in our products and people. This responsiveness to adversity, by increasing cost-efficiency even as we invest in the future by creating more demand for current and future products, will further strengthen our position and make us even more competitive.

Christer Florén
CFO

Lidköping, March 2016

FINANCIAL OVERVIEW



OVERVIEW OF FINANCIAL PERFORMANCE PAST THREE YEARS

THE GROUP, TSEK*	2015	2014	2013
Net sales	153 635	200 067	180 808
Profit/loss after financial items	-12 732	18 500	23 488
Balance sheet total	97 276	118 528	84 880
Number of employees	50	48	42
Equity/assets ratio %	34	41	46
Return on total assets %	neg	17	28
Return on equity %	neg	41	59

*TSEK = Thousand SEK

Definitions of key ratios are provided in Note 1

2015

INCOME STATEMENTS	2015	2014
Sales		
Net sales	153 635 375	200 067 184
Other operating income	24 631	414 776
Work performed by the company for its own use and capitalised	2 337 195	3 325 250
Total sales	155 997 201	203 807 210
Operating expenses		
Cost of sold goods	-86 173 206	-109 164 537
Other external expenses	-26 737 981	-24 709 229
Personnel costs	-42 515 746	-44 808 521
Depreciations and amortizations	-12 755 963	-6 424 165
Total operating expenses	-168 182 896	-185 106 452
Operating profit/loss	-12 185 695	18 700 758
Profit/loss from financial items		
Interest received	180 284	165 948
Interest paid	-726 775	-366 564
Total profit/loss from financial items	-546 491	-200 616
Profit/loss after financial items	-12 732 186	18 500 142
Tax on profit for the year	1 514 217	-5 620 670
Net profit for the year	-11 217 969	12 879 472

2015

BALANCE SHEETS	31 DEC 2015	31 DEC 2014
ASSETS		
Fixed assets		
Intangible fixed assets		
Capitalized expenditure for development work	32 596 791	29 797 837
Trademark, license and similar authority	1 361 794	1 672 560
Goodwill	102 520	192 478
	34 061 105	31 662 875
Tangible fixed assets		
Equipment, tools, fixtures and fittings	445 677	406 704
Total fixed assets	34 506 782	32 069 579
Current assets		
Inventories, etc.		
Goods for resale	23 834 909	31 517 780
Advance payments to suppliers	93 362	-
	23 928 271	31 517 780
Current receivables		
Accounts receivable - trade	29 128 474	43 656 910
Tax receivables	42 998	299 072
Other current receivables	2 448 627	7 492 038
Prepaid expenses and accrued income	5 201 177	764 570
	36 821 276	52 212 590
Cash and bank balances	2 019 730	2 728 007
Total current assets	62 769 277	86 458 377
Total assets	97 276 059	118 527 956

2015

BALANCE SHEETS	31 DEC 2015	31 DEC 2014
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	515 280	104 400
Other added capital	7 309 920	4 593 800
Other equity inclusive P/L for the year	24 806 448	44 194 791
Equity assignable to owner	32 631 648	48 892 991
Total equity	32 631 648	48 892 991
Provisions		
Deferred taxes	2 726 680	4 134 680
Total provisions	2 726 680	4 134 680
Non-current liabilities		
Liabilities to credit institutions	20 500 000	-
Total non-current liabilities	20 500 000	0
Current liabilities		
Liabilities to credit institutions	4 500 000	-
Bank overdraft facilities	6 915 961	15 511 691
Advance payments from customers	45 706	601 681
Accounts payable - trade	8 153 872	19 085 801
Income tax liabilities	2 036 124	4 409 561
Other current liabilities	2 905 837	3 907 747
Accrued expenses and deferred income	16 860 231	21 983 804
Total current liabilities	41 417 731	65 500 285
Total equity and liabilities	97 276 059	118 527 956
Pledged assets	72 799 491	46 256 703
Contingent liabilities	None	None

2015

CONSOLIDATED CASH FLOW STATEMENTS	2015	2014
Operating business		
Operating profit/loss	-12 185 695	18 700 758
Adjustment for depreciation / amortization	12 755 963	6 493 825
Received interest	180 284	165 948
Paid interest	-726 775	-366 564
Tax	106 217	-4 915 447
	129 994	20 078 520
Inventory change	7 682 871	-10 218 719
Customer receivables change	14 078 022	-11 948 279
Short term receivables change	769 516	-3 494 455
Vendors change	-10 481 515	1 231 225
Short term liabilities change	-9 054 895	19 473 583
Cash flow from operating business	3 123 993	15 121 875
Business Investments		
Intangible assets investments	-14 858 627	-16 646 964
Tangible assets investments	-360 224	-113 631
Cash flow from investments	-15 218 851	-16 760 595
Financing activities		
New share issue	3 127 000	4 265 700
Bank loan	25 000 000	-
Bank credit change	-7 150 193	3 111 508
Reclassification bank credit	-1 445 537	-
Dividend to minority	-352 000	-382 000
Dividend	-8 000 000	-8 000 000
Cash flows from financing operations	11 179 270	-1 004 792
Cash flow	-915 588	-2 643 512
Bank statement year start	2 728 007	5 245 041
Currency changes	207 311	126 478
Bank statement year end	2 019 730	2 728 007

NOTES, FOR PARENT COMPANY AND THE GROUP

Note 1

Accounting and Valuation Principles

The Company's annual report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3-regulations). This is in accordance also with last year.

Consolidated Accounts

The consolidated financial statements have been prepared using the purchase method. The consolidated accounts include subsidiaries in which the Parent Company indirectly holds more than 50 percent of the voting rights or otherwise has a controlling interest. Consolidated financial statements are prepared for Handheld Group AB with the subsidiaries Handheld Europe AB (Corporate Identity Number 556635-3495), Handheld Scandinavia AB (Corporate Identity Number 556643-9526), Handheld Finance AB (Corporate Identity Number 556835-0259), HHCS Handheld Finland Oy (Corporate Identity Number 2089502-4), Handheld USA Inc., (Corporate Identity Number 262128172), Handheld Italia SRL (Corporate Identity Number 10065441007), Handheld Benelux BV (Corporate Identity Number 153 7360), Handheld APAC Australia (Corporate Identity Number 146,981,526), Handheld Germany GmbH (Corporate Identity Number 9163 128 11085), Handheld Swiss GmbH (Corporate Identity Number 422,378,549), Handheld UK & Ireland Ltd (Corporate Identity Number 7847370).

All foreign subsidiaries are classified as independent subsidiaries, which is the reason the current method is applied to the translation of the subsidiaries' annual accounts. This implies that the assets and liabilities of the foreign subsidiaries are translated at the closing rate of exchange. All items included in the income statement are translated at the average exchange rate for the year. Translation differences are charged directly to the Group's equity.

Foreign Currencies

Receivables and liabilities denominated in foreign currencies are valued at the closing rate. Gains and losses on receivables and payables are recognized in operating income. Currency differences related to long term receivables towards subsidiaries are recognized and consolidated in equity.

Revenue

Sales of goods are reported in conjunction with the delivery of the products to the customer in accordance with the terms of sale. Sales are reported at net value after VAT, discounts and exchange rate differences when sales are made in foreign currencies. Intra-group sales are eliminated in the consolidated financial statements.

Guarantee Expenses

The original provider is responsible for any warranty costs, whereby no guarantee risk reserve is included in the balance sheet.

Income Tax

Reported income tax includes tax which is to be paid or received regarding the current year and adjustments regarding previous years' current taxes. Income tax liabilities and receivables are valued according to the amount that the Company deems should be paid to or received from the tax authorities. The assessment is made according to the tax regulations and tax rates, which have been determined or that has been announced and is likely to be adopted.

In the case of items reported in the income statement, related tax effects are also reported in the income statement. The tax effects of items that are accounted for directly against equity are also reported directly against equity.

Deferred tax regarding future tax effects is not reported in the income statement or balance sheet.

Capitalized Expenditure for Development Work/Intangible Fixed Assets

Expenses for development projects (referring to the design and testing of new and improved products) are capitalized as intangible assets to the extent that these expenses are expected to generate future economic benefits. Other development expenditures are expensed when they arise.

Capitalized development expenditure is written off on a straight-line basis over the period during which the expected benefits to the Company are expected to arise and from the point in time at which commercial production is initiated. The depreciation period amounts to three years.

Trademark, other Authorities and Goodwill

Other intangible assets are stated as cost less depreciation. Depreciation is systematically over their estimated useful lives.

	Number of Years
Trademark	15
Goodwill	5
License	3

Tangible Fixed Assets

Fixed assets are reported at acquisition value reduced by the amount of depreciation. Tangible fixed assets are depreciated systematically during their estimated useful lives. The following periods of depreciation are applied:

	Number of Years
Tools, fixtures and fittings	5

Inventories

Inventories are valued, using the first-in, first-out method at the lower of either acquisition value or fair value on the balance sheet date.

Receivables

Receivables with due dates later than 12 months after balance sheet date are reported as fixed assets. Other receivables are reported as current assets. Receivables are reported in the amounts that, on basis of individual assessment, are estimated to be received.

Definitions of Key Ratios

Equity/Assets Ratio

Shareholders' equity, minority interest and untaxed reserves (net of deferred tax) in relation to total assets (TA).

Return on Total Assets

Profit before financial expenses divided by total assets (TA).

Return on Equity

Profit after financial items in relation to shareholders' equity, minority interest and untaxed reserves (net of deferred tax) (TA).

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BOARD OF DIRECTORS

ANNA HELLSTRÖM
Board Member

THOMAS BJÖRKMAN
Chairman of the Board

THOMAS LÖFBLAD
Board Member

JERKER HELLSTRÖM
Founder and Board Member

SOFIA LÖFBLAD
Board Member

OWNERS

JERKER HELLSTRÖM

CEO and Founder
Handheld Group AB



THOMAS LÖFBLAD

Vice President Global Sales
Handheld Group AB



MIKE ZELMAN

Vice President Business
Development
Handheld Group AB



CHRISTER FLORÉN

CFO
Handheld Group AB



JUHANI SALAS

Managing Director
HHCS Handheld Finland Oy



DALE KYLE

CEO
HHCS Handheld USA Inc.



LEONARDO D'ANGELO

Managing Director
Handheld Italia Srl



PETER TER LINDE

Managing Director
Handheld Benelux B.V.



CARSTEN BILLESCHOU

Managing Director
Handheld Europe AB
Handheld APAC Pty Ltd.



ANDREAS HITZ

Managing Director
Handheld Swiss GmbH



HELMUT FEURHUBER

Managing Director
Handheld Germany GmbH



DAVE CAWSEY

Managing Director
Handheld UK & Ireland Ltd



TORKEL ZETTERGREN

Managing Director
Handheld Scandinavia AB



JOHAN HED

Director Product Management
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SOCIAL MEDIA



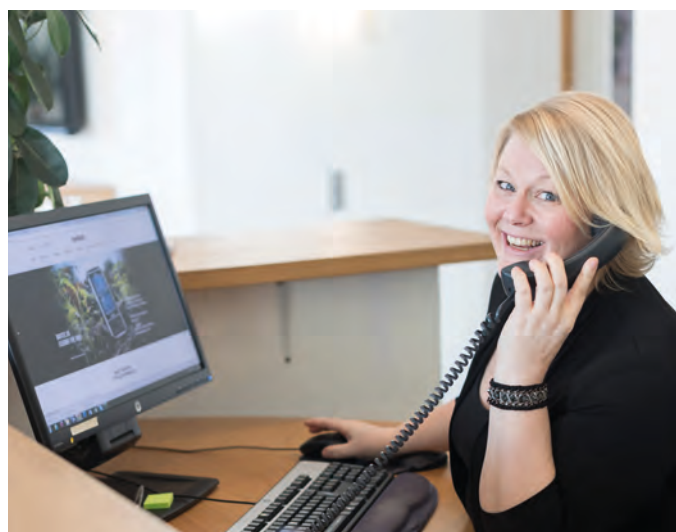
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