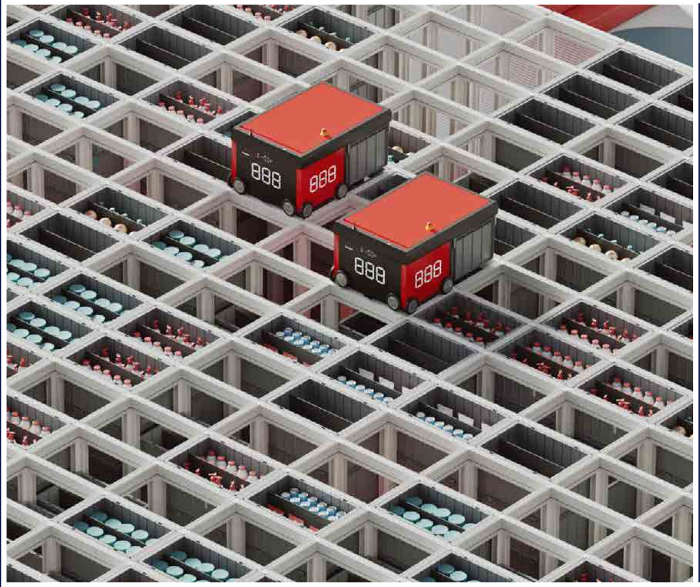
StrongPoint

Annual report 2023

ABOUT

PRODUCT SEGMENTS



MARKETS

ESG

GOVERNANCE

FINANCIAL STATEMENTS

About StrongPoint

StrongPoint is a retail technology company that provides solutions and services to make shops smarter, shopping experiences better and online grocery shopping more efficient. For 38 years we have been listening to grocery retailers, understanding their problems, and devising innovative technology solutions to help them become more efficient and create better customer experiences.

38
YEARS IN BUSINESS

500+
NUMBER OF EMPLOYEES

2003
LISTED ON OSLO STOCK EXCHANGE

2021
GRI REPORTING & MEMBER OF UN GLOBAL COMPACT

Key figures 2021-2023

	2023	2022	2021	
Operating revenue from continued operations	1 342	1 372	981	MNOK
Annual growth continued operations	-2	40	4	%
EBITDA continued operations	-1	76	54	MNOK
EBT continued operations	-45	38	26	MNOK
Total assets	1 014	986	847	MNOK
Equity	475	507	498	MNOK
Equity ratio [2]	46.8	51.5	58.9	%
Current ratio [3]	1.27	1.53	1.96	
Earnings per share [4]	-0.77	0.66	4.32	NOK
Number of shares (average for year)	44 398	44 260	44 191	T
Number of shares 31.12	44 888	44 888	44 376	T
Share price (Oslo Børs) 31.12	13.35	22.00	25.80	NOK
Number of employees 31.12	524	511	400	

1) Operating revenue includes profit from associated companies

2) Equity ratio
Equity 31 December x 100
Total assets 31 December

3) Current ratio
Current assets 31 December
Current liabilities 31 December

4) Earnings per share
Annual profit after tax
Average no. of shares

1.34Bn
NOK ANNUAL REVENUE

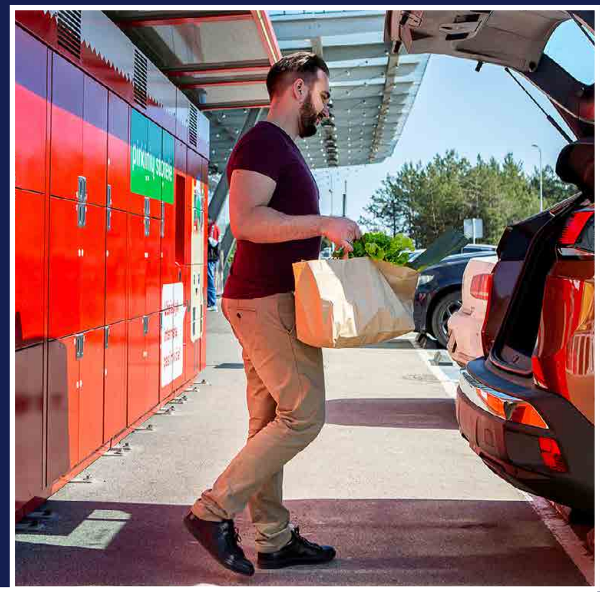
9
COUNTRIES WITH FULL SALES, SERVICE AND SUPPORT

20+
COUNTRIES COVERED WITH PARTNERS

RETAIL TECHNOLOGY IN EVERY SHOPPING EXPERIENCE FOR A SMARTER AND BETTER LIFE

IMPACT ON GROCERY RETAILERS

Driving efficiency savings and boosting margins



IMPACT ON END CUSTOMERS

Improving both the in-store and online experience for shoppers

THE POWER OF WE

Values are what WE choose to value. It is the behaviours and skills that WE cherish. It forms the foundation of how WE want it to be when working for StrongPoint. At StrongPoint WE have chosen 5 values that all demonstrates behaviours and skills that WE want all our colleagues to possess.

WE LOVE RETAIL

As experts, we always look to improve and innovate. We come up with new technological solutions that are tailor-made for our retail customers.

WE WIN CUSTOMER EVERY SINGLE DAY

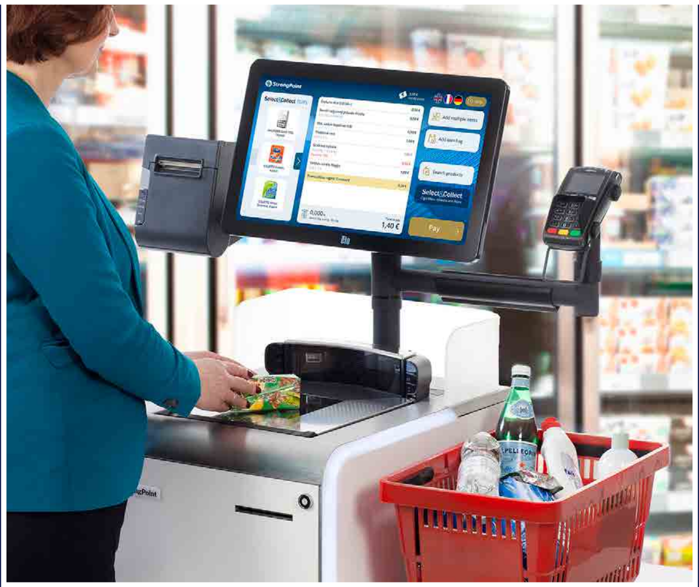
It is not about just winning the contract. It is the constant development of the relationship and never taking a good customer for granted.

WE MAKE A DIFFERENCE

Share your learnings, knowledge, wins and losses. Be the best you can be, and help others to achieve the same.

WE ARE OBSESSED WITH EFFICIENCY

We don’t waste time or resources, so every second counts in our pursuit of perfection.



WE STAY STRONG, SAFE AND PASSIONATE

We take care of each other, and in challenging times and crises we stand together.

CEO STATEMENT

2023 turned out to be a financially challenging year for StrongPoint. The macroeconomic realities with relatively high inflation and rising interest rates impacted our ever so resilient grocery retail customers' investment willingness. In combination with large scale investments to position ourselves and win new customers, our finances came under pressure. With that context it was relieving to announce in early 2024, that one of the largest and most esteemed grocery retailers in Europe – Sainsbury's – had chosen our Order Picking solution for its E-commerce fulfilment in stores. Whereas we continue to invest in our solutions and with customer prospects which we believe will bring significant value both to our customers and shareholders, the general economic climate and our financial position suggest we will be very diligent in how and where to invest and where to not invest.

At the start of 2020, we unveiled StrongPoint's 2025 Strategy. We set our financial ambitions at NOK 2.5 billion and an EBITDA margin of 13–15%. Last year, I pointed out the fact that achieving such ambitions is rarely a linear journey. Now, having faced the pause in customers' investment appetite, in the wake of the general economic climate and uncertainty, we recognize that it will take more time than earlier anticipated to achieve such ambitions. Following our annual Strategy Update Session this Spring, in conjunction with the Q1 results and AGM, we plan to share our updated strategic and financial ambitions.

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Traditionally, StrongPoint's core markets in Scandinavia and the Baltics have been able to cover the investments in other, larger geographies. Although our Baltic operations are leaving behind a solid 2023, it alone has not been able to make up for the shortfall experienced in Norway and Sweden. As a consequence, following the slow market development in Q2 and Q3, we announced a cost reduction effort reducing our annual cost base of a net NOK 20 million with full effect from January 1, 2024. The cost reduction is net of those additional investments we are doing in our largest whitespace markets, the UK and Spain.

Following our acquisition in mid 2022 of Air Link Group, increasing our geographical footprint to the UK and Ireland, I stated this was essentially a platform for penetrating one of the largest and most sophisticated grocery retail markets in Europe. Throughout 2023 we have been investing in people and assets to start serving the British market with our solutions. The first fruit from these efforts came in early 2024 with the confirmation of our Order Picking solution being selected by Sainsbury's. Whilst all hands are on deck to ensure the successful rollout of our solution to Sainsbury's, we are also pushing ahead to capitalize on this great win. In the medium and long-term I feel confident that many of our solutions are very well suited for the British market, and we will work relentlessly to succeed there.

In our Strategy Update Session in the Spring of 2023, we announced that we were working jointly with a major Iberian grocery retailer on the development of a ground-breaking new cash management solution. This solution constitutes a milestone in our customer service of grocery retailers in our other large, whitespace market beyond the UK: Spain. As in the UK, we believe many of our solutions are ripe for the Spanish grocery retail market, and with an important solution for a major grocery retailer, we expect significant opportunities to capitalize on this. Whereas we are confident that the solution, named CashGuard Connect, will provide significant value to this customer – and others alike – the development of this revolutionizing solution has taken more time and effort than expected. That said, we are optimistic about revealing more about the solution and the customer in play, within the coming months.

In 2023, we also expanded our geographical footprint to include Finland, with the acquisition of the country's Pricer partner, Hamari. This expansion has now brought the number of countries in which StrongPoint operates with its own workforce to nine. Under the operational patronage of the Baltics, leveraging the cultural and economic ties between Estonia and Finland, we are optimistic about the opportunities that could unfold there.

In 2023, we also expanded our geographical footprint to include Finland, with the acquisition of the country's Pricer partner, Hamari.

In 2023, StrongPoint's revenue was flat with a 2% topline decline, following the tough market conditions. As for profitability, our EBITDA was significantly down from 76 MNOK in 2022 to negative 1 MNOK in 2023. Although parts of this decline are due to non-recurring items, and the fact that we have adjusted our cost base following the earlier announced cost reduction efforts, the financial performance in 2023 isolated was unsatisfactory. In the short-term the financial outlook is also somewhat challenging, as the tendencies observed throughout much of 2023 prevail. Certainly, we expect to capitalize both medium and long-term on both our Sainsbury's win as well as CashGuard Connect, however such major initiatives also require focus, people and investments prior to revenue recognition.

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2023 was the year in which Artificial Intelligence (AI) really made its break-through in society at large. Having invested significantly in different aspects of AI, from smart picking order algorithms in our Order Picking solution to integrations with item detection algorithms in our self-checkout solutions, we expect to find new areas in which AI can and will be integrated in our solution offering – and we are hopeful about getting our solutions adopted by customers.

Following a tough year, I am pleased about the enthusiasm and drive of our people. As a company, we are optimistic about the future as grocery retailers will be investing in technology that improves their business – and we have just recently shown that we can win and serve the largest and most admired grocery retailers in Europe.

Stay safe and strong!

Jacob Tveraabak
CEO

CHAIR'S PERSPECTIVE

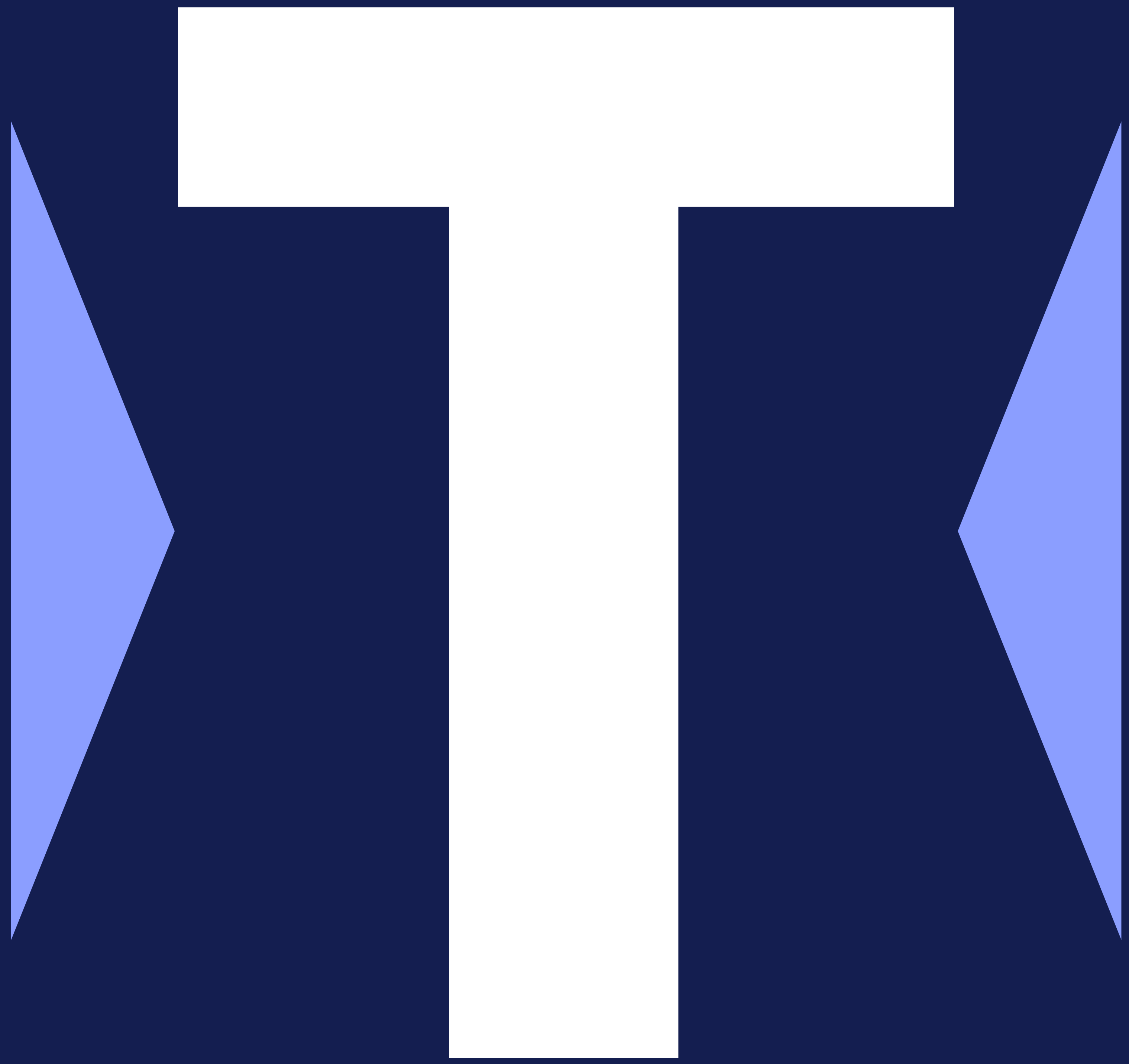
Against the backdrop of weak and disappointing 2023 financial results, StrongPoint's external stakeholders might face challenges to see any positive development and progress for the company. Both revenue and profitability came in far below plans and expectations, but I can assure you that the entire StrongPoint team have been doing their utmost to protect and improve the performance across all our business units and markets in a year with extremely challenging macro-economic conditions and customer sentiment. In 2023 it was only the Baltics business unit that delivered good financial results, and even the historically solid and stable markets Norway and Sweden took a hit. The job ahead is now to bend the trend and get back on track with topline growth and improved profitability. The good news is that the opportunities remain both intact and significant!

In an economic climate with limited predictability and transparency it is extremely important for both the management and the board to make the best possible evaluations and decisions for the company's development for both the short and long-term. StrongPoint is in an ongoing transition and transformation, and we must ensure we find the best possible balance between required short term corrective actions and support behind longer term initiatives. This is never easy, and even more difficult in situations where timing and decision making is outside your control. In StrongPoint we have over the last few years had a good blend of a solid performing base business and some new growth initiatives both in terms of products and markets. Following the sale of the two business units, 'Labels' and 'Cash Security' a few years ago we have become a 'Retail Technology' only focused company. This has enabled us to develop a better than ever portfolio of highly relevant products and solutions, both for in-store and e-commerce. These are all solutions and technologies that respond to grocery retailers' megatrends, and we know that we are well positioned to get access to tier-1 accounts in our priority markets. However, these sales and negotiation processes take time, sometimes years, to conclude and start executing on. This is of course frustrating both from an operational, planning and communication point of view, but still, something we must adapt to.

We often talk about StrongPoint's 'double opportunity', reflecting the fact that we have attractive technology solutions both for retailers in-store and online challenges. Retailers need to find ways to increase in-store productivity and keep labour costs down by leveraging technology and automation, and the e-commerce offerings need highly efficient fulfillment solutions to drive down costs and improve the customer experience. StrongPoint is currently one of few companies on the international arena that can offer grocery retailers a complete menu of relevant and world-class technology solutions tailored to their needs. The recent breakthrough in the UK with Sainsbury's is an excellent example of the attractiveness and competitiveness of our solutions! We expect artificial intelligence and machine learning to play an even more important role going forward, and we are already leveraging this in some of our solutions. We continue to increase our presence in our targeted priority markets by both organic and M&A initiatives. Our UK business has been reorganized under a new leadership team, the Spanish business unit is getting substantial support at all levels to deliver on the significant CashGuard Connect project, and most recently we got our own StrongPoint feet on the ground in Finland through the acquisition of Hamari. At the same time our financial performance has forced us to execute some required right sizing and cost reduction initiatives, again an illustration of the important balance between the short-term actions vs the longer term business building initiatives. While both the leadership team and the Board of Directors do expect also 2024 to be a challenging year impacted by continued limited predictability and transparency, we remain very confident that StrongPoint is better positioned than ever to deliver on the significant opportunities in the retail technology market in the years to come!

Morthen Johannessen
Chairman

OUR T-SHAPED STRATEGY



GO WIDE WITH WORLD-CLASS SOLUTIONS FOR SELECTED MARKETS

- Certain E-Commerce Order Fulfillment solutions:
  - Order Picking
  - Automated Fulfillment
  - Last Mile Solutions
- Cash Management
- Self Checkout

GO DEEP IN CORE MARKETS WITH SOLUTIONS THAT COVER IN-STORE, E-COMMERCE SOLUTIONS

- Norway
- Sweden
- Finland
- Baltics
- Spain
- UK & Ireland

TECHNOLOGY RESPONDING TO GROCERY RETAILER MEGATRENDS

OPPORTUNITY 1: IN-STORE SOLUTIONS

The pressure on brick-and-mortar retailers' margins means that grocery retailers need to find ways to increase in-store productivity to boost profitability

OPPORTUNITY 2: E-COMMERCE SOLUTIONS

Grocery retailers with e-commerce services need highly efficient order fulfilment solutions to keep costs down

LABOUR COSTS GOING UP

Need solutions to be less labour dependent, often involving automation

DISCOUNTERS BECOMING MAINSTREAM

All players in the market need to keep costs down to be competitive

INCREASING CUSTOMER DEMANDS

Constant need for better and faster customer experience, in-store and online

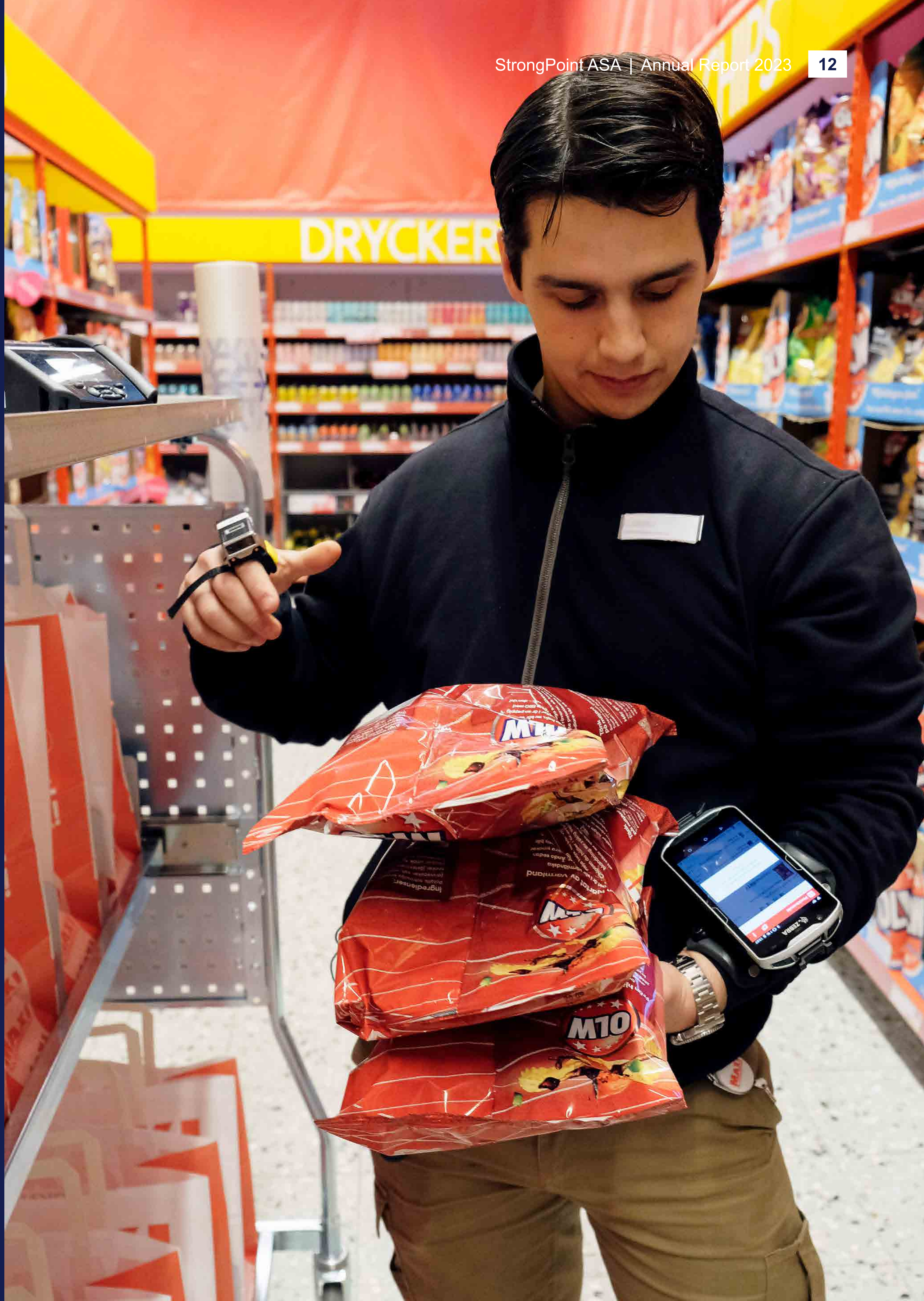
STRONGPOINT DOUBLE OPPORTUNITY:

Technology solutions solving

1) in-store and
2) online challenges

FOCUS ON GROCERY RETAIL

StrongPoint mainly serves the grocery retail market. Grocery retail, unlike retail market in general, is non-cyclical and highly resilient. In times of market turmoil and economic uncertainty, consumers will always shop for groceries. Beyond grocery retail StrongPoint has spillover opportunities to sell its solutions to other market segments, in particular DIY stores, sports retailers, fashion retailers and pharmacies.



OUR GROCERY RETAIL SOLUTION SUITE

* Fully StrongPoint proprietary solutions

2023

HIGHLIGHTS

APRIL

Concluded successful installation of AutoStore MFC for ColliCare

In 2022 StrongPoint won a competitive tender to build an AutoStore cube storage solution for ColliCare, a third-party logistics company. The aim was to help cut delivery time for their e-commerce customer, IKEA. Before, IKEA's online customers were able to receive their mail orders, on average, in 3-7 days. Now, 4 out of 5 customers will get their orders within 2 days.

About ColliCare

ColliCare is an industry-leading provider of e-commerce logistics, including shipping and transport. They focus heavily on Scandinavia, Europe and Asia.

MARCH

FRAMEWORK AGREEMENT WITH BALTICS GROCERY RETAILER RIMI FOR PRICER ELECTRONIC SHELF LABELS

One of the largest retailers in the Baltics, Rimi (part of ICA Group), signed a framework agreement with StrongPoint to supply and install Pricer Electronic Shelf Labels to potentially all its 300 stores across the three Baltic countries.

STRONGPOINT AWARDED CONTRACT WITH TOP-TIER UK GROCERY RETAILER

StrongPoint, was awarded a further allocation of a self-service checkout upgrade project for a top-tier UK based grocery retailer. The project is led by StrongPoint ALS, StrongPoint's UK business unit. The contract follows a multi-year project that StrongPoint ALS has been undertaking for the same customer.

APRIL

ICA MALMBORGSGRUPPEN CHOOSES STRONGPOINT AS SUPPLIER OF PRICER ESL

ICA Malmborgs, a regional grouping consisting of six ICA stores in Malmö and Lund, chose StrongPoint to supply and install Pricer SmartTag Color ESLs (Electronic Shelf Edge Labels in 4 colors). StrongPoint was awarded the contract following a competitive process.

JULY

Formalized Partnership with Coalescent Mobile Robotics

StrongPoint formalized a partnership with Coalescent Mobile Robotics, a Danish-based pioneer of in-store autonomous mobile robots (AMRs) for the retail industry. The scope of the agreement provides StrongPoint with distribution rights of Coalescent Mobile Robotics' in-store AMRs throughout Europe.

As a retail technology company focused both in-store and one-commerce fulfilment, StrongPoint has a unique depth and breadth of understanding in both automation and retail. We have been working together over the last 18 months and we are proud to take our collaboration and partnership to the next level. Together we can help retailers drive essential efficiency savings in their operations freeing up labour to focus on customer service.

Clionadh Martin, CEO and Founder of Coalescent Mobile Robotics

About Coalescent Mobile Robotics' AMRs

Coalescent Mobile Robotics' AMRs can be placed underneath trolleys commonly used in retail enabling them to move without human involvement. The trolley can then move independently from and to predesignated locations and can follow an individual store worker wherever they need to go. What sets Coalescent apart from others in the field is they have a proven track record of using their solution in real world conditions alongside shoppers in-store.

MAY

STRONGPOINT AND ASTE FINLAND ANNOUNCE PARTNERSHIP

StrongPoint signed a partnership and distribution agreement with Aste Finland, a leading provider of food and drink cooling devices and temperature-controlled grocery lockers for grocery e-commerce. Aste Finland serves some of the biggest grocery retail companies in Finland.

AUGUST

STRONGPOINT PARTNERS WITH LEADING SUPPLY CHAIN SOLUTIONS PROVIDER BLUE YONDER

The scope of the agreement provides StrongPoint with reseller rights for Blue Yonder's Warehouse Management System (WMS), adding to its already comprehensive suite of e-commerce fulfilment solutions.

SEPTEMBER

LEADING NORWEGIAN GROCERY RETAILER ORDERS 80 MNOK OF PRICER ESLs FROM STRONGPOINT

StrongPoint signed an agreement with one of the largest grocery retailers in Norway, to update its current installation of Pricer Electronic Shelf Labels (ESLs) to the new next generation 'SmartTag Power+' version in the majority of its stores.

OCTOBER

StrongPoint enters Finland with acquisition of Brand ID Hamari Group Oy

On 31 October 2023, StrongPoint acquired 100% of the shares in Brand ID Hamari Group Oy. Hamari is a retail technology solutions company that provides services and installation of, amongst others, electronic shelf labels (from Pricer) and a retail staff communications solution. Besides having a strong reputation among grocery retailers, Hamari is particularly strong in serving pharmacies. This is an area in which StrongPoint is keen to grow its presence, as well as continue to expand the grocery retail customer base.

As part of our 2025 strategy, we stated that acquisitions would be used to achieve our financial ambitions. In 2022 we entered the UK & Irish markets with the acquisition of ALS and we are now entering the Finnish market. As one of Pricer's largest and most experienced partners, StrongPoint has unrivalled expertise in electronic shelf labels which we will leverage now in Finland with Hamari. By this acquisition we will strengthen our position in the in-store market and be serving some of the strongest grocery retail brands in Finland.

Jacob Tveraabak, CEO StrongPoint

OCTOBER

LARGEST GROCERY RETAILER IN BALTICS, MAXIMA, SIGNS MULTI-YEAR FRAMEWORK AGREEMENT FOR STRONGPOINT SELF-CHECKOUTS

StrongPoint signed a three-year framework agreement with the Baltic-based grocery retailer Maxima Group UAB to provide at least 1,000 StrongPoint self-checkout units. Maxima Group is the largest grocery retailer in the Baltics and has over 1,500 stores in Lithuania, Latvia, Estonia, Poland and Bulgaria.

DECEMBER

NORWEGIAN RETAILER FELLESKJØPET ORDERS PRICER ELECTRONIC SHELF LABELS FROM STRONGPOINT

StrongPoint signed an agreement with the Norwegian retailer Felleskjøpet Rogaland Agder for Pricer Electronic Labels in all its 21 'BondeKompaniet' stores. Felleskjøpet Rogaland Agder retails a range of items, including agricultural equipment, gardening tools, pet supplies, and household hardware. This is the first time StrongPoint has worked with the retailer. Felleskjøpet has around 200 stores across Norway and Sweden and had a turnover of NOK 20.2 billion in 2022.

PRODUCT SEGMENTS

StrongPoint is a grocery-focused company that serves retailers with products and solutions for in-store and online shopping. The group is divided into six product segements.

SHOP FITTING

Shop fitting refers to the fitting out retail and service shops and stores with equipment, fixtures and fittings. StrongPoint provides a wide variety of shop fitting services including checkout refurbishment solutions.

IN-STORE PRODUCTIVITY

Electronic Shelf Labels, Scales and Wrapping Systems, ShopFlow Logistics and Humanoid Grocery Robot.

E-COMMERCE LOGISTICS

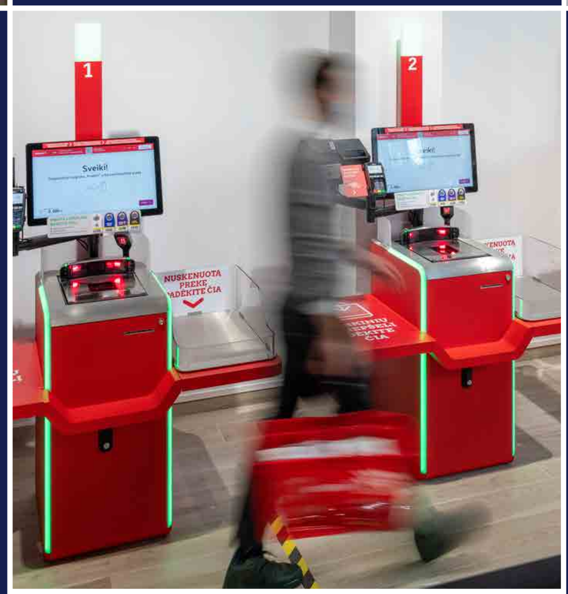
In-Store and Dark Store Order Picking, Home Delivery, Grocery Lockers, Drive-Thru, and AutoStore Micro-Fulfilment Solutions.

OTHER RETAIL TECHNOLOGY

StrongPoint implements, personalises and maintains an enterprise resource management solution that includes trading processes from customer service units to the central office.

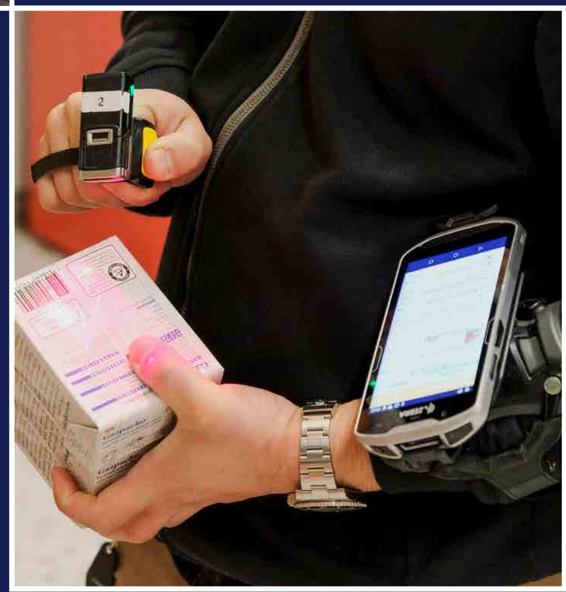
PAYMENT SOLUTIONS

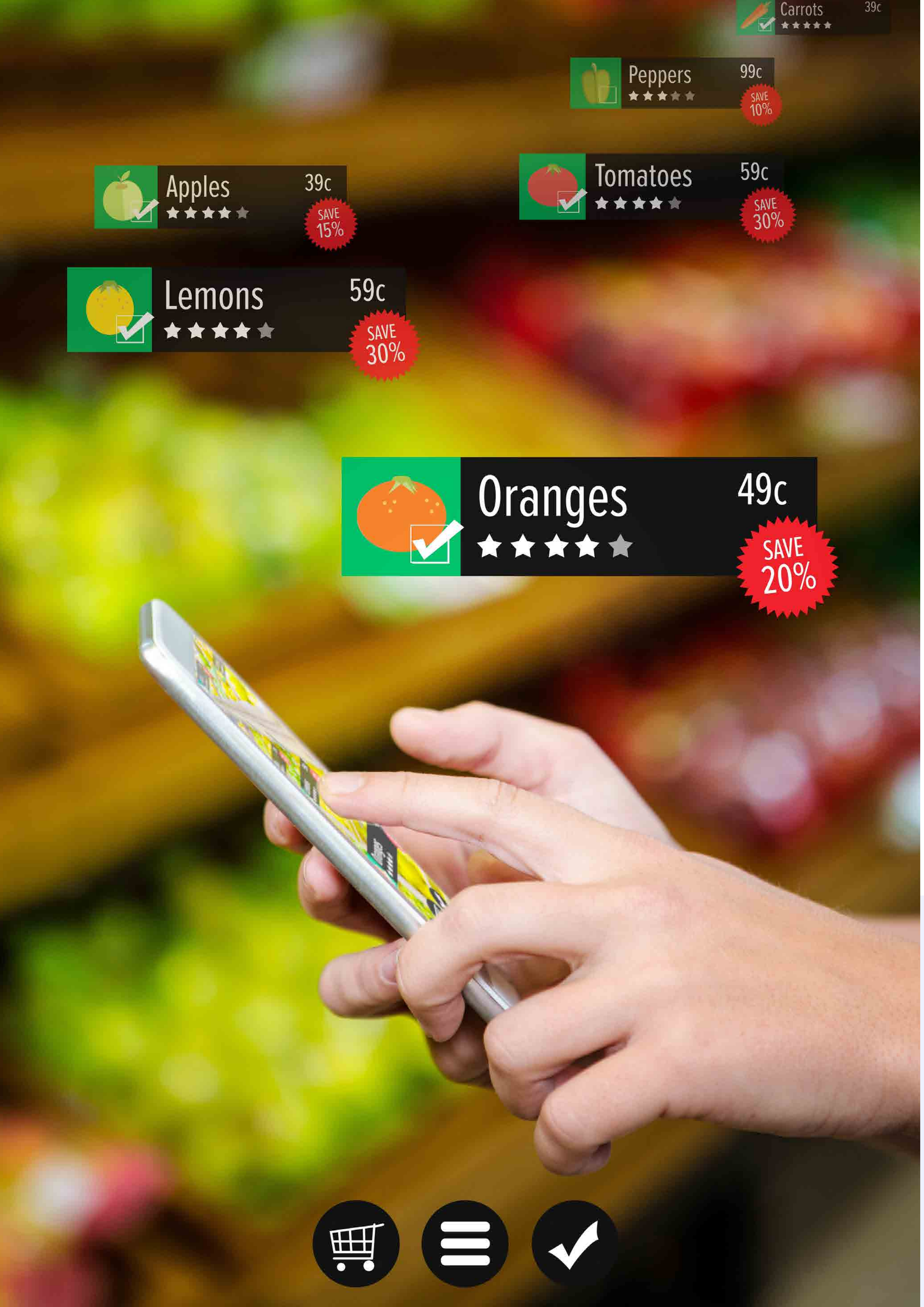
Four CashGuard models: Core, Premium, Unico and Compact.



CHECK OUT EFFICIENCY

Self-Checkout, Vensafe, Self Scanning and POS systems.





In-store Productivity

Electronic Shelf Labels

Pricer's Electronic Shelf Labels (ESL) ensure the same price is always displayed on the shelf and at checkout. ESLs enable the retailer to save time and improves the customer experience through accurate and reliable pricing. Pricer ESL shelf-edge communication platform offers much more than price automation, and includes powerful tools for geolocation positioning, in-store navigation and flash for promotions and tasks.

Scales and wrapping systems

DIGI Teraoka provides scales and wrapping systems that help customers with safe labelling, correct weighing, and quick and easy packaging of goods in stores, regardless of whether it is cheese, fruit, vegetables, delicacies, fish or sweets that are being weighed. Through innovation, the scales have been upgraded with a camera and self-learning software for AI- based image recognition. This ensures accuracy, speed and loss prevention. A new addition to the portfolio is a Zero waste solution supporting bulk shopping and "Bring Your Own Container".

ShopFlow Logistics

ShopFlow Logistics is a cloud-based mobile logistics system for handling routines such as receiving goods, inventory, balance adjustment, ordering labels printing and waste management – on both Android and iOS operating systems.

Humanoid Grocery Robot

StrongPoint and 1X Technologies (Halodi Robotics) are working together to commercialize a humanoid grocery retail robot with the primary function of reshelving in-store, an operation which currently requires approximate 30% of all labor hours in a grocery store. By allowing the reshelving robot to perform repetitive tasks, more time can be spent by staff to help customers and improve the value proposition of the store.

24%

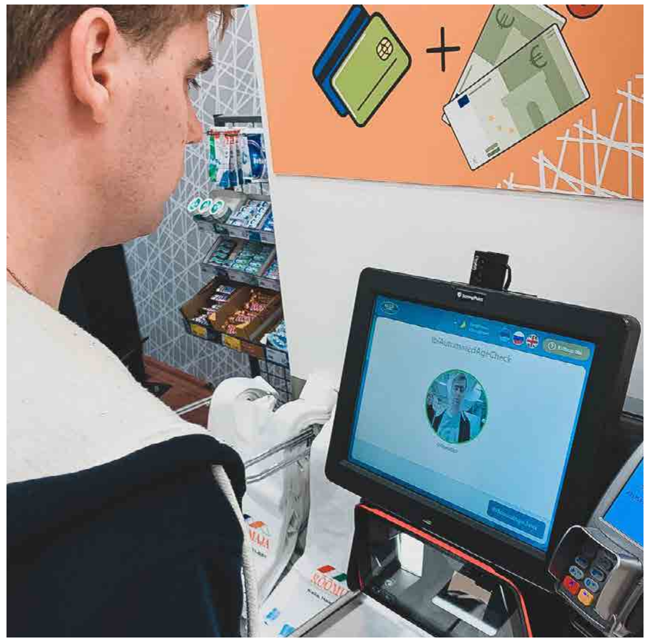
RELATIVE SHARE OF TOTAL REVENUE 2023

Market Today

In-store productivity solutions are primarily provided as a cloud service, which entails multiple advantages such as faster rollout, no need for local hardware, and central operations that provide full control of upgrades and security. Electronic Shelf Labels (ESLs) from our partner Pricer are used by most grocery retailers in Norway and Sweden, and we see a growing market also in the Baltics, Spain, the UK, Ireland and Finland. Grocery retailers have achieved cost savings and improved customer experience by benefiting from more accurate and reliable pricing, and we see a spillover effect to other retailers. Do-it-yourself (DIY), Pharmacy and Convenience stores are now starting to use Pricer ESL for price automation. Scales & Wrapping systems from DIGI are increasing due to higher demand for self-service, grab-and-go, prepared meals in-store and zero waste solutions supporting “Bring Your Own Container”.

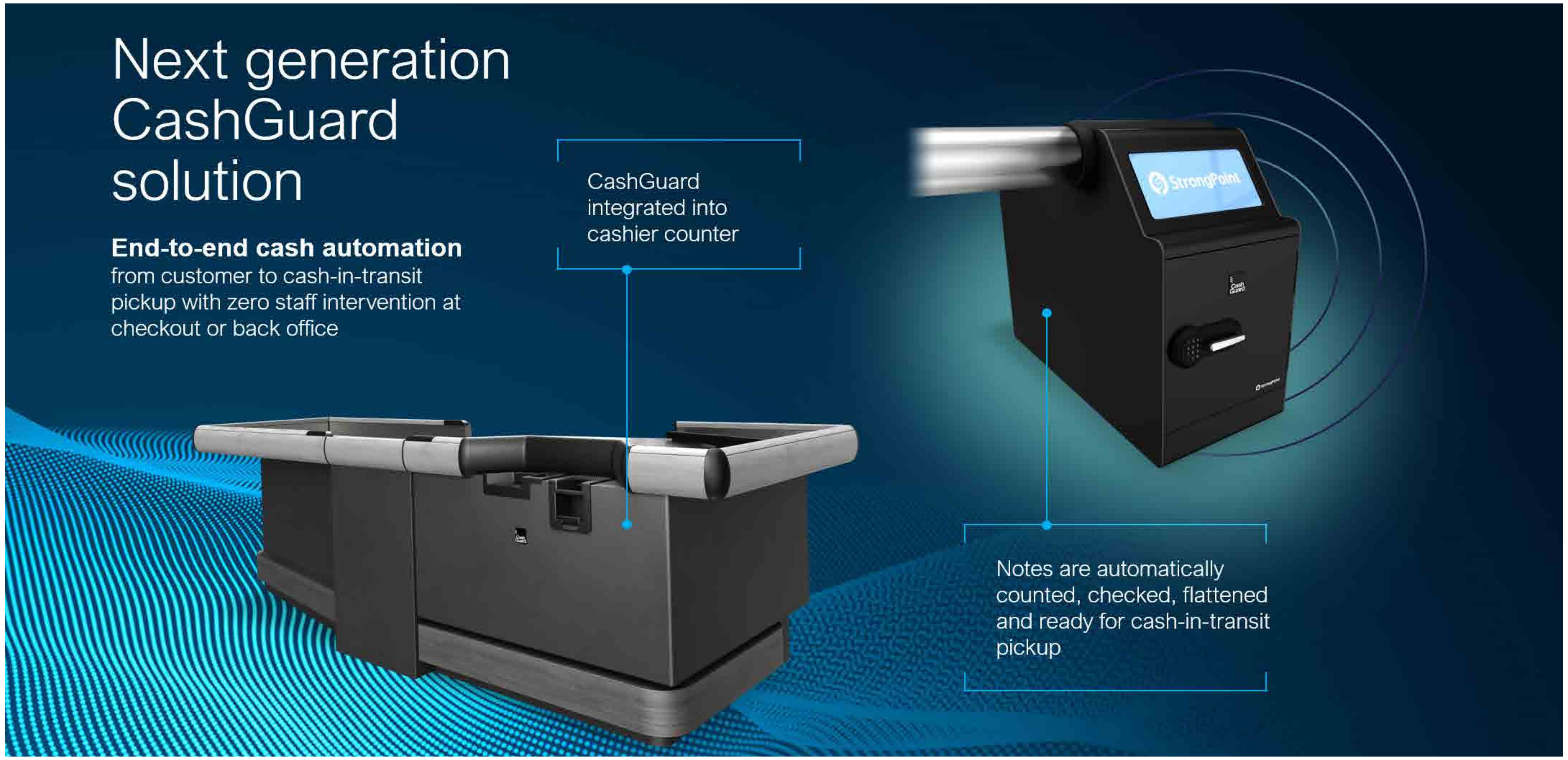
Future Outlook

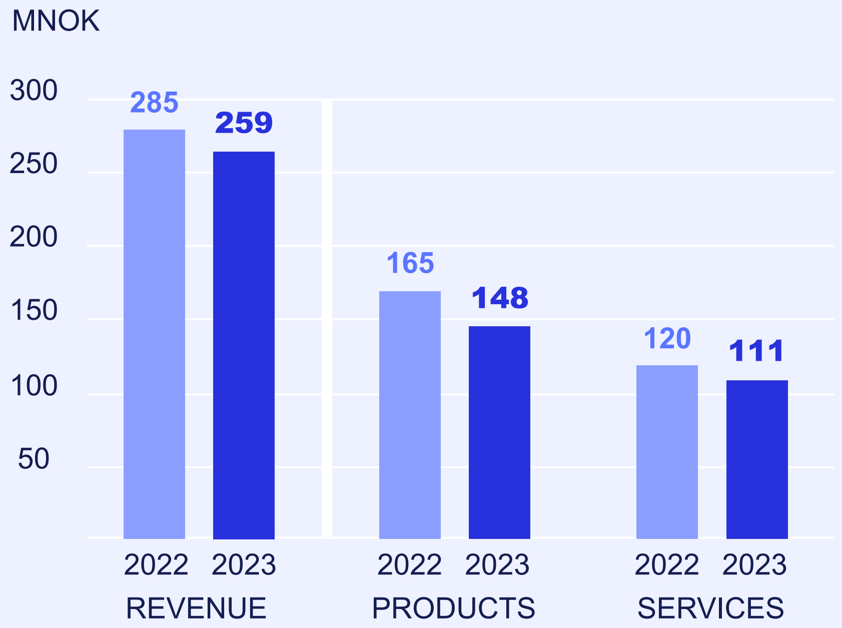
Grocery retailers who have extensive experience with ESLs are now looking to gain further operational efficiency by using more of Pricer for dynamic product positioning and flash functionality for product promotions, shelf replenishment and online order fulfillment. The Pricer platform can also be used for interactive in-store communication to enhance the customer experience by displaying dynamic and creative content on larger screens, to reduce food waste, as markdown products can easily be found by combining expiration dates with dynamic pricing, product positioning and instant flash. Digitalization, automation and self-service are not new, but the solutions have matured in recent years. Several retail chains have moved beyond the pilot phase and rolled out the solution, supported by technology from companies such as Google, Microsoft and AWS. These solutions could also leverage AI technology and machine learning to optimize inventory, reduce waste, increase customer satisfaction and create ‘autonomous’ stores. StrongPoint strongly believes in the latter, where cameras are combined with self-learning software for AI-based image recognition. There will be more solutions within automation and cost-saving technology, including shelf gap detection, customer traffic analysis, indoor positioning, wayfinding, theft and loss prevention, and not least ‘autonomous’ self-service stores open 24/7.



Payment Solutions

StrongPoint's CashGuard solution is a pioneering cash management system designed to simplify, reduce the cost and increase safety for retailers. Cash handling is often an overlooked part of the retail operation that can have an enormous impact on the entire business. Cash makes the store vulnerable to simple mistakes, shrinkage and theft. Manual cash handling slows down the customer throughput and decreases the service level. With CashGuard cash management, the cash is secured, and the cash handling process is automated at the checkout. There are four CashGuard options for different retail settings: Core, Premium, Unico and Compact. We are currently working on developing a fifth version: CashGuard Connect.





19%
RELATIVE SHARE OF TOTAL REVENUE 2023

CashGuard Connect – End-to-End Cash Automation

StrongPoint continues to work with a leading Iberian grocery retailer on a game changing cash management solution.

CashGuard Connect is a groundbreaking solution developed through a collaborative effort between the StrongPoint team and a leading Iberian grocery retailer over the course of the past three years. We have undertaken extensive research and development aimed at creating a solution tailored to the specific needs of the client while leveraging the existing infrastructure to minimize the cost of the solution.

At its core, CashGuard Connect revolutionizes cash handling by eliminating the need for any human intervention in the process in-store.

Through our innovative system, banknotes are securely deposited into the CashGuard unit integrated within the checkout counters, from where they are automatically transferred to a safe, awaiting pickup by the retailer's designated cash-in-transit partner.

The benefits of such a solution are substantial. Firstly, the elimination of manual cash handling creates substantial improvements in operational efficiency.

Secondly, our solution reduces the frequency of cash pickups, minimizing the logistical burden associated with cash-in-transit processes. Moreover, by automating tasks such as note counting, sorting, and security checks, CashGuard Connect means the cash-in-transit doesn't have to do it, reducing costs.

Thirdly, by eliminating staff interaction with cash, the store is safer for its staff and customers.

Market Today

Cash management remains an unfinished task for many countries that still rely on manual processes. Although the percentage of manual cash management has decreased in recent years, cash continues to be widely used in daily transactions. The cash collection process is one of the costliest processes in stores, and our leading cash management solution, CashGuard, allows for the automation of all processes while enhancing customer experience. Additionally, the solution improves security not only in supermarkets but also in pharmacies, tobacco stores, bakeries and the HoReCa channel. The rise in theft is becoming an increasingly concerning factor directly impacting profitability. Thanks to our solution, cash is under full control at all times, serving as a deterrent against potential external theft. The successful deployment of CashGuard Core has enabled us to continue generating significant sales, particularly where integration into cash desks and bulk coins management is more convenient.

Future Outlook

In Southern Europe and in several other geographies, there remains substantial potential for cash management automation in the grocery retail sector. We are excited to announce the upcoming launch of a groundbreaking cash management solution developed in collaboration with one of the major grocery chains in Iberia. The benefits of this new solution extend beyond in-store optimization. It allows for a significant amount of cash to be recycled in-store, thereby reducing cash preparation costs for each store and associated logistics. Furthermore, it assists the retailer in predicting and reducing the number of pick-ups by cash-in-transit companies and the costs associated with cash counting.

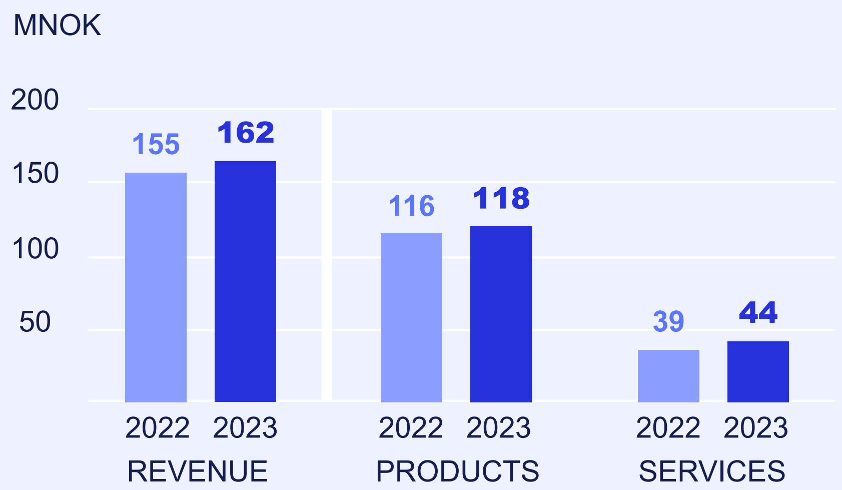
Checkout Efficiency

Self-Checkout

StrongPoint's Self-Checkout solutions improves the customer experience and helps to reduce costs. StrongPoint offers hardware and software solutions, which can be used independently or together. StrongPoint also uses advanced AI solutions for fraud prevention, item recognition and age verification for restricted items.

Vensafe

StrongPoint's Vensafe automates in-store sales of restricted and theft-prone products, such as tobacco, pharmaceuticals and other high-value items. It allows stores to sell these products safely and responsibility in both traditional checkouts and in unstaffed environments, like self-checkout lanes or checkout-free stores. Vensafe increases store productivity, enhances the customer experience and eliminates shrinkage.



12%
RELATIVE SHARE OF TOTAL REVENUE 2023

Market Today

In 2023, the retail sector witnessed significant transformation, particularly in enhancing checkout efficiency to meet changing customer preferences. The return of customers to physical stores, fueled by inflation and a cost-of-living crisis, has placed secure checkout solutions at the forefront of retail innovation. The surge in salaries, rent and utility costs, as well as a steep increase in theft and staff attacks, forces retailers to accelerate security investments in self-service and adds friction to the shopping journey to stay profitable. Retailers are facing shrinkage, loss in sales, and lower customer satisfaction because of their attempts to fight crime and are looking for solutions to overcome these challenges. In addition to theft prevention, we are seeing a broader trend towards efficient self-service solutions and leveraged technology to create a more secure and frictionless shopping experience.

Future Outlook

As we look towards 2024, the emphasis on checkout efficiency is expected to intensify, with technology playing a central role in shaping the future of retail. Innovations such as AI-powered checkout systems, automatic fraud detection and secure sales of theft- prone items will become prominent. The barriers posed by the increase of theft and attacks in stores and on retail staff call for innovative solutions that reduce friction without compromising the security and safety of staff. We will see all segments in grocery retail to further embrace self-service and automation solutions to enhance the customer experience, reduce costs and friction, thus improving customer service by offering flexible yet secure checkout options. Our strategic direction will focus on harnessing these technological advancements and security trends to enhance our checkout solutions, ensuring that we not only meet but exceed the future needs of our customers and maintain a competitive edge in the evolving retail landscape.

E-commerce Logistics

Order Picking

StrongPoint Order Picking allows retailers to pick more items in less time, cutting costs, boosting the profitability of grocery e-commerce fulfillment. The solution can be used in stores, dark stores and warehouse environments. Features such as hands-free, multi-order and multi-zone picking allow for market leading execution.

AMRs

Coalescent Mobile Robotics' AMRs can be placed underneath trolleys commonly used in retail enabling them to move without human involvement. The trolley can then move independently from and to predesignated locations and can follow an individual store worker wherever they need to go.

Automated Fulfilment

As a partner of AutoStore, StrongPoint offers automated micro-fulfilment solutions for grocery retailers. Combining micro-fulfillment with StrongPoint's best in-class Order Picking solution, all online grocery orders can be processed at world-class levels of efficiency.

Warehouse Management

As a partner of Blue Yonder, StrongPoint offers warehouse management system offers in-depth, real-time visibility into all warehouse activities, providing real-time data on inventory, employees, and equipment performance across all channels. This service is used to support the automated fulfillment solutions StrongPoint provides.

In-store Pickup

StrongPoint's In-Store Pickup solution allows any store to automate its in-store pickup operations for fast, seamless, and efficient service and maximum customer experience. The system includes two-way customer communication allowing the customer to alert the grocery retailer when they are about to come to pick up their order.

Grocery Lockers

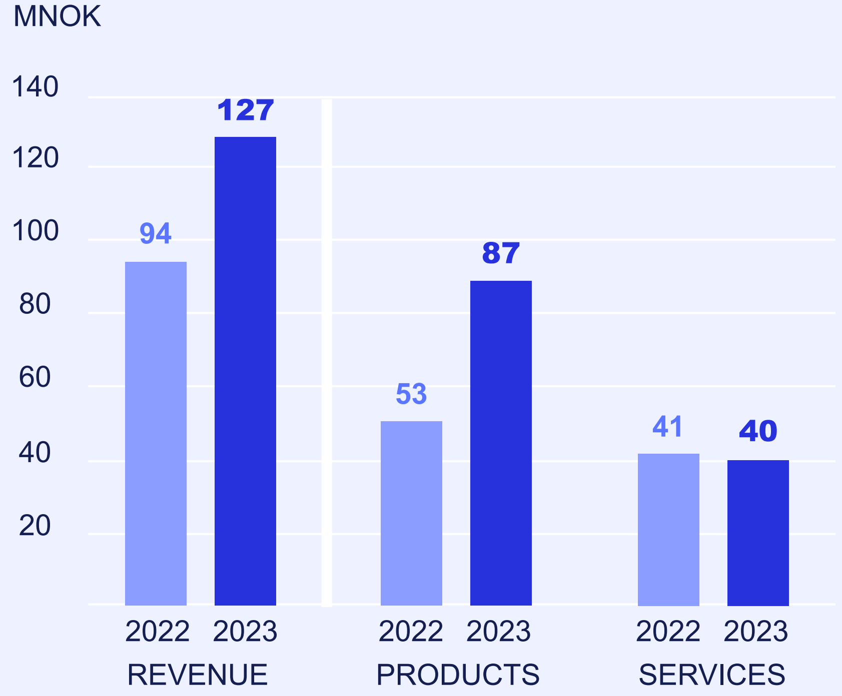
StrongPoint's Click & Collect Lockers offer a more convenient way for customers to pick up online orders. They cut the cost of last mile deliveries by automating the delivery process and turning stores into distribution points. Click & Collect Lockers can be mobile or stationary and can be set to three temperature zones: ambient, chilled and frozen.

Drive-Thru

StrongPoint's Drive-Thru solution allows grocery retailers to provide a completely contactless and automated solution for customers to pickup their groceries at their store. The system uses AI image recognition, so the store is automatically alerted the moment the customer enters the pickup zone.

Home Delivery

As a partner of Gordon's Delivery, StrongPoint offers a Home Delivery solution that optimizes the home delivery of groceries to the customer. The solution offers support to the grocery retailer in handling multiple delivery slots, vehicles and pickup points and optimizes the driver routes. The system includes two-way communication allowing the customer to communicate to the driver any change of details regarding how or where to deliver the order and support with retaining the cold chain throughout the delivery.



9%
RELATIVE SHARE OF TOTAL REVENUE 2023

Market Today

The market for e-commerce solutions has been a lot more choppy and uneven than we had previously expected and predicted across our core markets and Europe in general. However, the UK stands out from this crown with continued strong growth and opportunities. It is the highest grocery e-commerce penetrated country with over 12% orders made online.

As part of our broader strategy, we have focused our efforts on the UK and we saw the fruits of labour with the winning of a competitive tender for the UK's second largest grocery retailer, Sainsbury's, to supply them with Order Picking technology. This was announced in 2024 but the main efforts leading to the announcement were made in 2023. This process was supported by the strategic investments we made in the previous year in terms of dedicated staff as well as a focus on continuing to invest in our world-class e-commerce technologies.

Looking specifically at automation and robotics within grocery e-commerce, the outlook is very promising driven by advancements in hardware and software like generative AI and machine learning. Robotics developments are streamlining tasks in store and warehouse operations, boosting efficiency and easing physical strain on workers.

Future Outlook

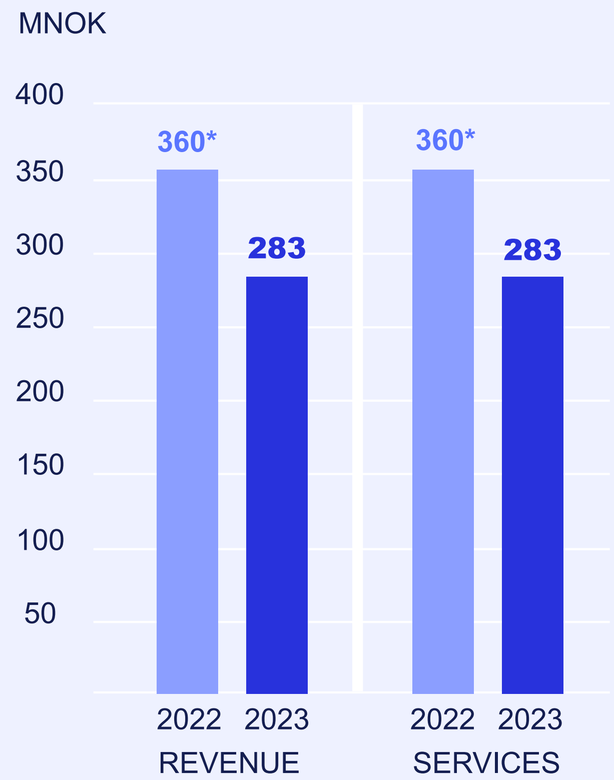
The StrongPoint solution portfolio on grocery e-commerce is unrivalled in terms of efficiency savings, grocery-focus and breadth of solutions. We can truly say that we can support grocery retailers at every stage of their e-commerce evolution, from their first in-store picking all the way to the most cutting edge of automation solutions.

That we have made a breakthrough with Sainsbury's, one of the largest grocery retailers in Europe, proves that we have solutions that are world-class. We expect the Sainsbury's win to lead to other promising sales opportunities in the e-commerce space as other competitors notice the impact our solution will be having on their bottom line and follow-suit. In other markets, growth and opportunities remain but the UK will remain the core focus for future growth.

Looking specifically at automation and robotics, again, the future outlook remains positive. Labour costs continue to increase, prompting a shift towards automation to reduce operational expenses. Similarly, escalating property and business rates strain profit margins, urging retailers to find innovative solutions to optimize space and enhance efficiency. As margins shrink and manual operations become unsustainable, the necessity for automation becomes evident for retailers who already have a mature e-commerce offering.

Shop Fitting

Shop fitting involves equipping retail and service shops with necessary equipment, fixtures, and fittings. StrongPoint ALS has specialised in this service and provides modifications and enhancements within the physical retail space, addressing both interior layouts and the external surroundings of stores. The focus often lies on the check-out area or the integration of innovative technological solutions, with a strong commitment to identifying and implementing sustainable alternatives for clients. This includes the complete refurbishment of the checkout area, prolonging its lifecycle, decreasing costs and minimising environment impact. The future of shop fitting revolves around implementing and upgrading our clients infrastructure as the demand for technology increases.
How the products of the future seamlessly integrate into stores and the interface with the shopper, means that shop fitting will remain a valuable service for our clients.



21%
RELATIVE SHARE OF TOTAL REVENUE 2023

* 2022 revenue based on proforma figures for the full financial year 2022 for comparison purposes. Actual reported revenues were MNOK 241, as the acquisition was completed June 2022.

Market Today

In 2023, UK retailers faced significant challenges marked by reduced spending across the industry. The year proved to be demanding as economic uncertainties and shifting consumer behaviors impacted retail budgets and purchasing patterns. Despite these obstacles, retailers persevered, adapting strategies to navigate the evolving landscape and optimize resources amidst constrained budgets.

Retailers in the UK responded to the cost-of-living crisis by giving back to customers through significant investment in price. This proactive measure aimed to alleviate financial burdens on consumers and enhance affordability but reduced the level of spend on refurbishment. Our brand's commitment to quality and excellence will continue to propel us ahead of the competition. In a dynamic market environment, our steadfast dedication to delivering superior products and unparalleled customer experiences ensures that we remain at the forefront, setting the standard for innovation and satisfaction.

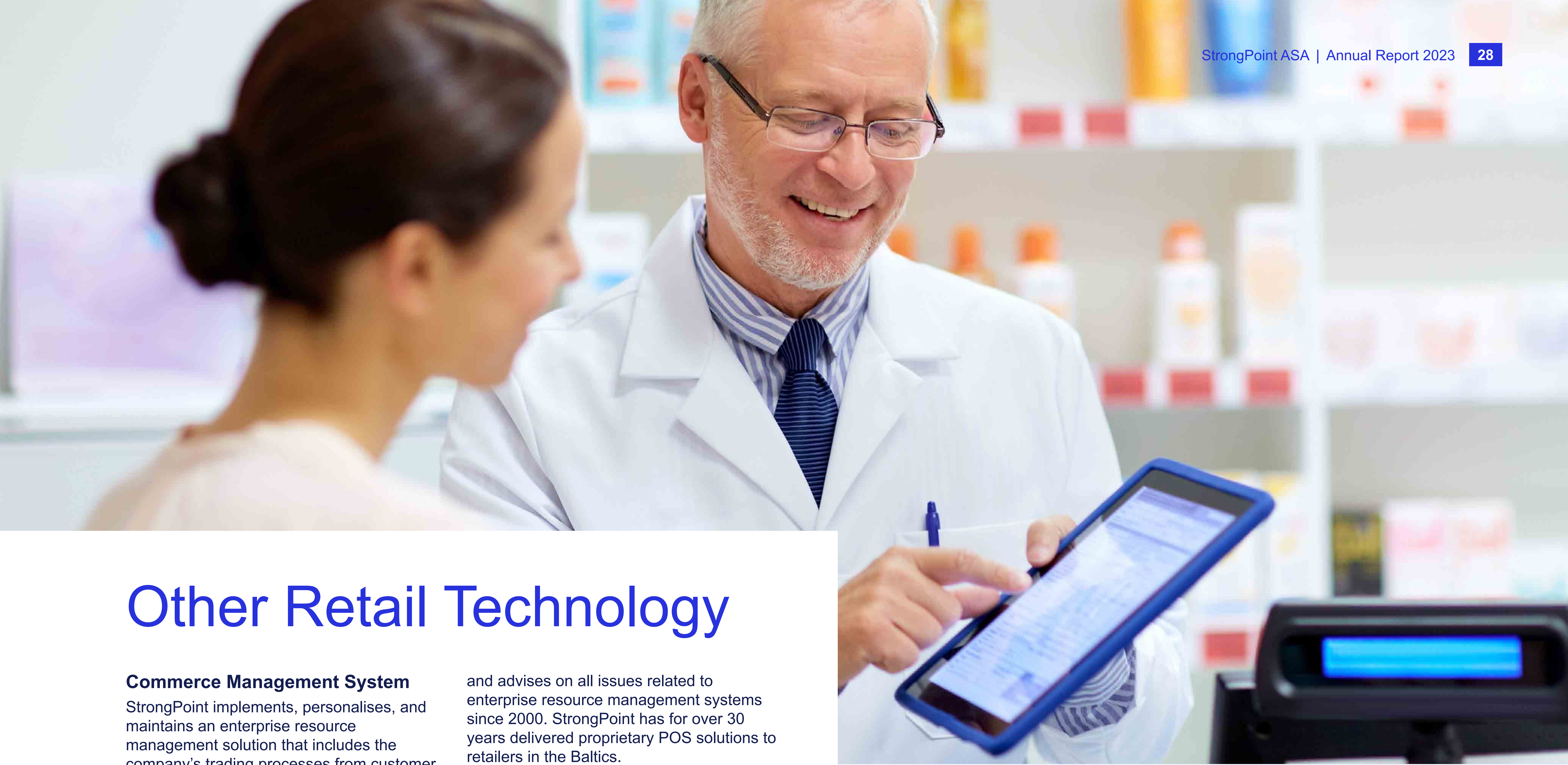
Future Outlook

In the UK, the future of the grocery retail shop fitting looks to be heading for a period of change and transformation. Standard refurbishment schemes continue but are evolving to embrace modern aesthetics and sustainable materials, catering to environmentally conscious consumers. The introduction of new technologies such as augmented reality displays and smart shelving systems enhances the shopping experience, making it more interactive and convenient for the consumer but adding an additional level of complexity for the shop fitter.

Moreover, the changing needs of shoppers drive innovation in store layout and design, with a focus on creating welcoming and experiential environments. Retailers are integrating spaces for marketing events, product demonstrations and new services to engage customers beyond traditional shopping.

The rise of ecommerce complements brick-and-mortar stores, leading to hybrid models where physical stores serve as picking, distribution and collection hubs for online grocery orders. The increasing penetration has led retailers to rethink the way they design their store, warehouse and external spaces to ensure an efficient omni-channel operation and an excellent customer experience. As such we expect to see demand for traditional shop fitting services reach further into the development of integrated ecommerce solutions such as collection lockers, order staging areas, van loading canopies and so on.

Overall, the grocery retail shop fitting industry in the UK is poised for growth, fuelled by creativity, technology integration, and a commitment to meeting the evolving preferences of shoppers in an increasingly digital and experiential retail landscape. StrongPoints ability to offer a full breadth of shop fitting solutions across refurbishment, installation, electrical and technical makes us the one stop shop for all store infrastructure needs.



Other Retail Technology

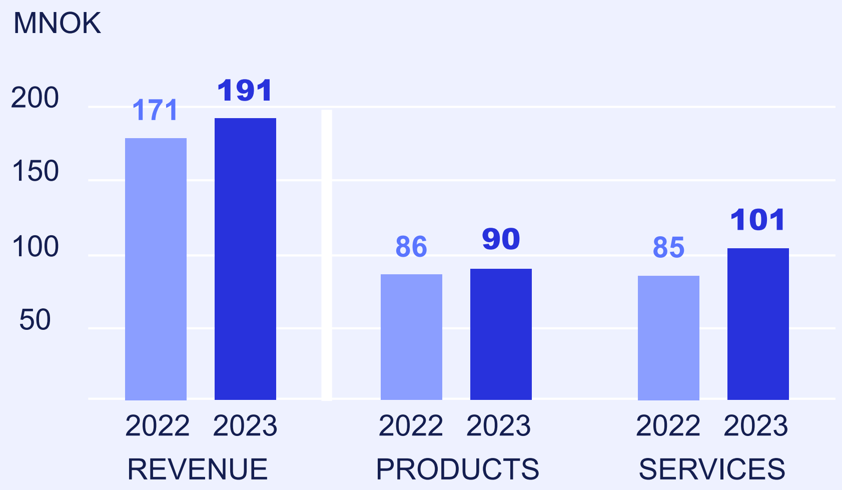
Commerce Management System

StrongPoint implements, personalises, and maintains an enterprise resource management solution that includes the company's trading processes from customer service units to the central office. StrongPoint also helps retailers to automate checkout processes and deliver speedy customer service with POS software, POS terminals, fiscal printers, and other related technologies.

Our solution is based on Microsoft Dynamics 365 Business Central with Retail Module LS Central. Installing this solution will increase employee productivity, internal process efficiency, decision-making speed and reduce operational costs. StrongPoint was the first in the Baltic States to introduce Microsoft Dynamics NAV solution to retailers. StrongPoint implements, modifies, and advises on all issues related to enterprise resource management systems since 2000. StrongPoint has for over 30 years delivered proprietary POS solutions to retailers in the Baltics.

Long-term experience and accumulated expertise enable us to select and model enterprise resource management and POS systems that best meet the needs of the retailer for maximum operational efficiency and performance.

In 2005 StrongPoint became a golden Microsoft partner and in 2015 StrongPoint was named a Diamond LS Retail partner. StrongPoint has implemented enterprise resources management systems in more than 100 companies and maintain more than 10,000 POS solutions in the Baltic.



14%
RELATIVE SHARE OF TOTAL REVENUE 2023

Market Today

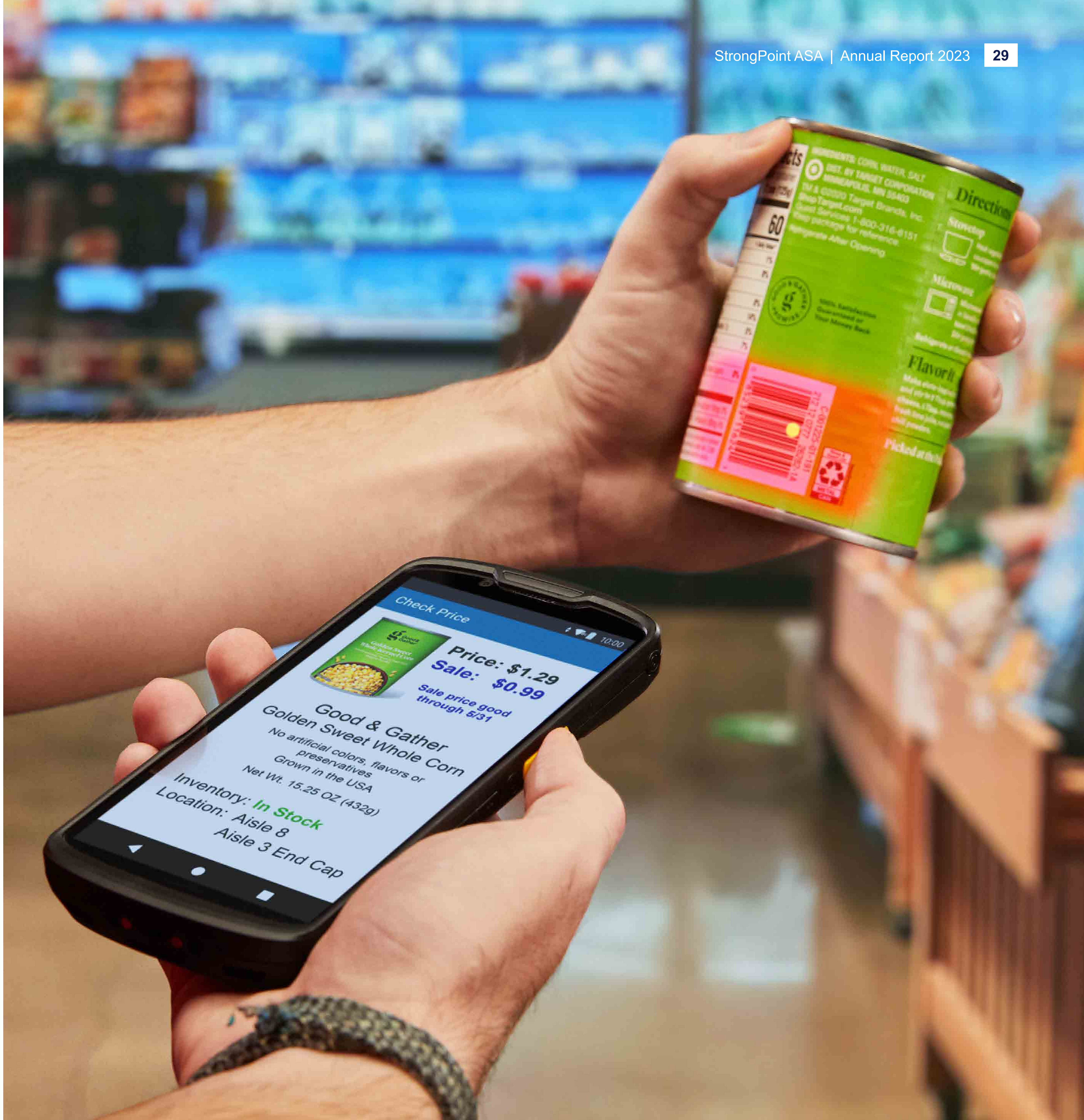
Today, the retail market for commerce management solutions is on the verge of transformation. Initiated in 2023 and still ongoing, the interest in implementing and migrating ERP solutions helps retailers optimize operations, allowing them to utilize different sales channels: physical and online. Retailers are increasingly adding various types of digital tools, measures, and solutions, which continuously requires the development of our ERP and POS solutions.

This underscores the importance of having a technological partner and professional solutions to keep pace with the growing competition in the retail segment. This enables us to challenge ourselves to provide the latest technologies in commerce management systems and the most qualified service to our customers.

Future Outlook

The primary transformation at the forefront is cloud-based ERP solutions, which provides retailers with flexibility, accessibility, and a rapid implementation approach. As a strategic partner for retailers, we continue to enhance our competence level to assist our customers in reaching their goals and achieving innovation at every step of their operations.

Point of sale (POS) remains a paramount topic on almost every retailer's agenda. The new generation POS or next-generation retail platform is a new target for StrongPoint to introduce to the market. StrongPoint is working on the next-generation POS solution, which will provide a significantly different experience for retailers with wide flexibility, hardware independence, and easy maintenance.



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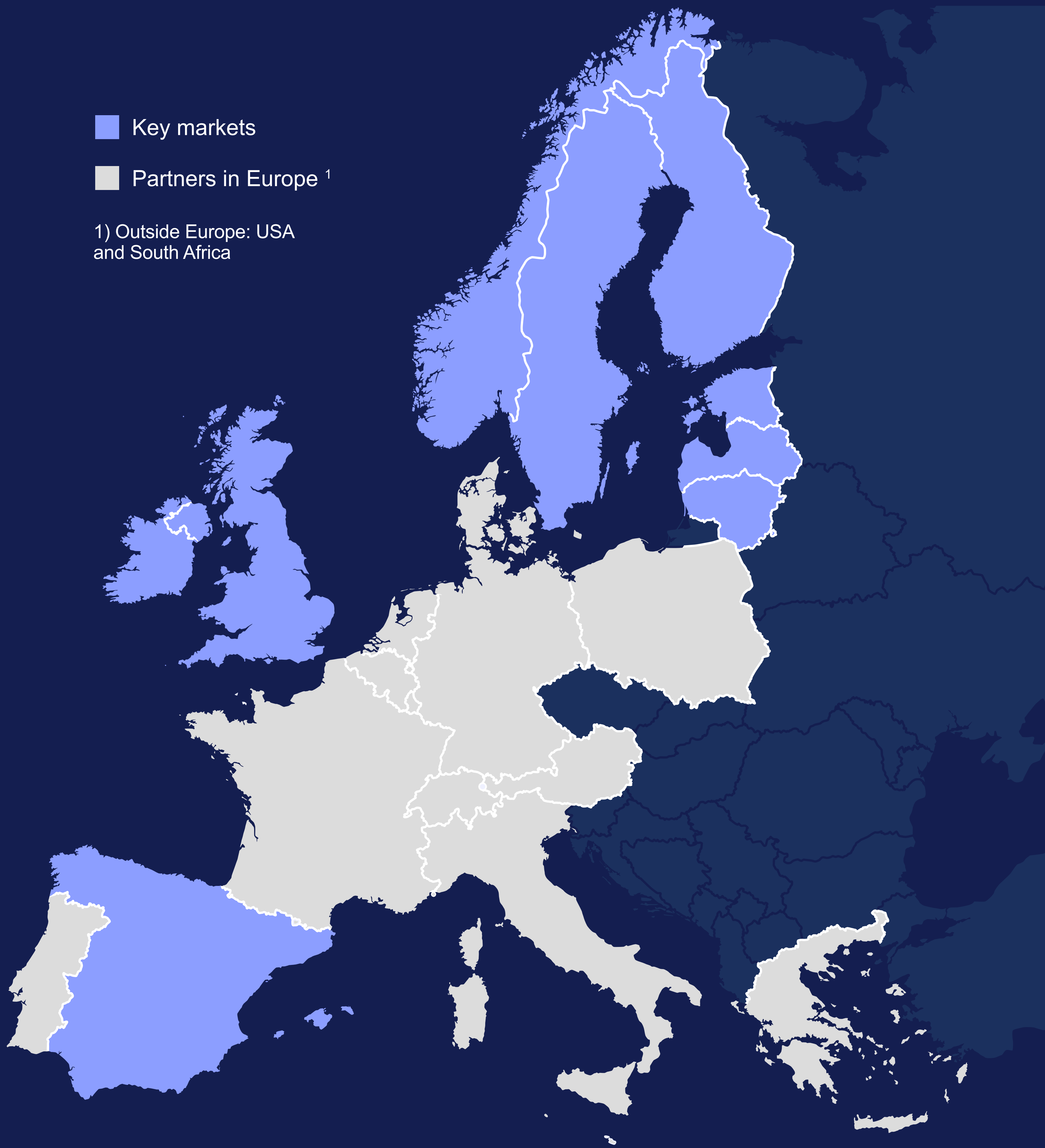
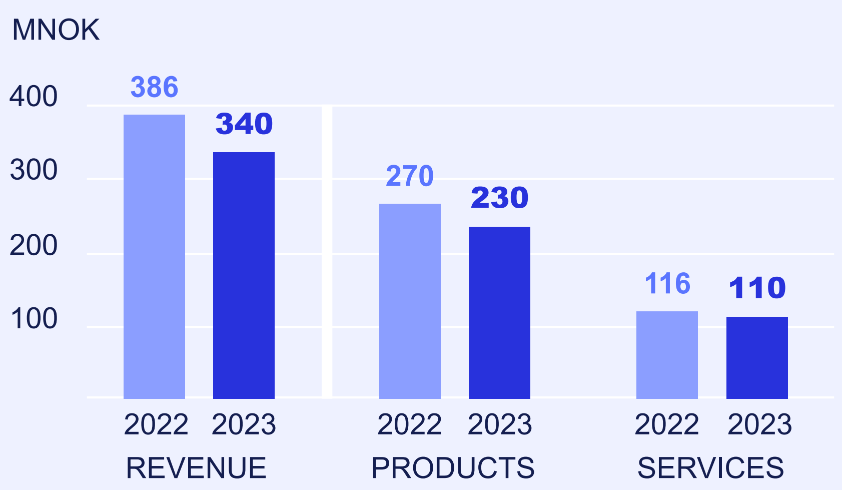


Norway



25%
RELATIVE SHARE OF TOTAL REVENUE 2023

What do you see as the key trends facing the grocery retail sector in Norway?

Increasing costs and a weak currency greatly affect retailers in Norway. Large retail tech projects are postponed as grocers have imposed investment freezes and buy only the “bare necessities”, and there are few tenders in the near future. Fortunately, we have a solid aftermarket with equipment to be continuously serviced and replaced.

StrongPoint Norway is optimistic that the market will start to recover around mid-year, and in the meantime, run campaigns for the replacement of old equipment as well as pilots for new technology. There is still a growing interest in technology that can mitigate the effects of inflation by increasing productivity, automation and improving operational efficiency.

New concepts for self-service are being adopted by the market. In addition to self-checkout kiosks (SCO), there are several maturing solutions within mobile Scan & Go, Digital employees, Micro-, Unmanned- and Checkout-free “autonomous” stores. There is growing concern for self-service as retailers experience increased costs and losses caused by errors and theft. It is, however, possible to reduce losses through technological security features such as weight sensors, automatic item recognition and in-store collection points (Vensafe).

StrongPoint is running several pilots using AI and computer vision as well as autonomous stores. We see that the increase in self-service and security technology also drives the demand for our other solutions, including electronic shelf labels, in-store scales, Vensafe and CashGuard.

The fact that Norway has a high density of grocery stores may be part of the reason why we do not experience the same adoption and growth in e-commerce of groceries as other countries. We are, however, ready with market-leading solutions for order picking and the last mile when the market picks up.

Gisle Elvebakken
SVP Norway

What kind of solutions do you think grocery retailers are going to be in most need of in the future?

We expect the in-store shopping and checkout process to gradually change in the years to come.

There will be more solutions within automation and cost-saving technologies. Solutions where cameras are used together with self-learning software for AI-based image recognition to increase customer satisfaction, loss prevention, waste reduction, and not least to make the checkout process frictionless, faster and more secure. Examples are partner technologies from Edgify, AiFi, SAI and SandStar which enhance StrongPoint’s existing products like Vensafe, SCO and Scales.

Technology will be used to make in-store shopping more convenient, efficient and personalized to enhance the customer experience. An example is in-store robot “Robbie” from DeDuCo, which gives both retailer and customer several advantages like improved store operations, customer experience, as well as marketing and communication.

Sweden

Magnus Rosén
SVP Sweden

What do you see as the key trends facing the grocery retail sector in Sweden?

In 2024, the Swedish economy is expected to continue grappling with post-pandemic challenges such as stagnant real wages and reduced purchasing power. These factors will likely continue to shape consumer behavior, leading to a preference for discounters and heightened price awareness. As a result, the grocery retail sector may remain under pressure. However, in the latter half of the year, a rebound in sales volumes is anticipated, driven by a decrease in inflation and interest rates.

Online grocery is expected to return to moderate growth after two years of declining sales. This sector will likely see an increasing focus on profitability and a shift towards sustainability in e-commerce, with a focus on the entire delivery chain.

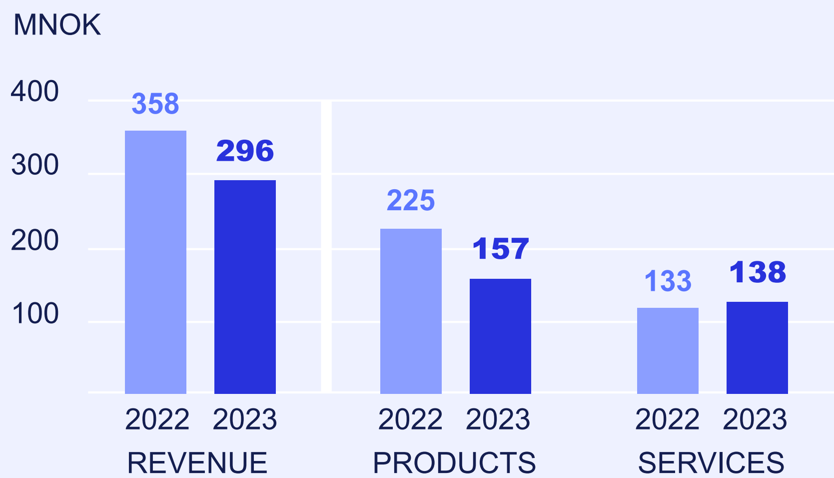
The grocery retail sector is facing economic challenges due to the need for significant investments in sustainability, digitalization, IT renewal and automation. The increasing cost of capital makes financing these investments more difficult. Consequently, it is expected that there will be a strict selection process for new projects, with a distinct preference for investments that improve operational efficiency and customer experience.

The grocery retail sector has made significant strides in embracing the circular economy and sustainability practices. The pace has slowed down due to economic challenges but is anticipated to pick up pace again. Key areas of focus are sustainable production, aiming to reduce waste and enhance resource use efficiency. Sustainable consumption with a focus on the reuse and recycling of materials, products and services. Promotion of the circular economy, encouraging the adoption of circular business models, fostering innovation and competitiveness. These initiatives will continue to shape the future of the industry.

Given the economic environment and investment needs, there is a growing trend towards achieving economies of scale. Larger grocery retailers might pursue aggressive merger and acquisition strategies or form broader partnerships. In contrast, smaller retailers are likely to seek alternative scaling strategies, such as bundle purchasing or joining franchising networks.

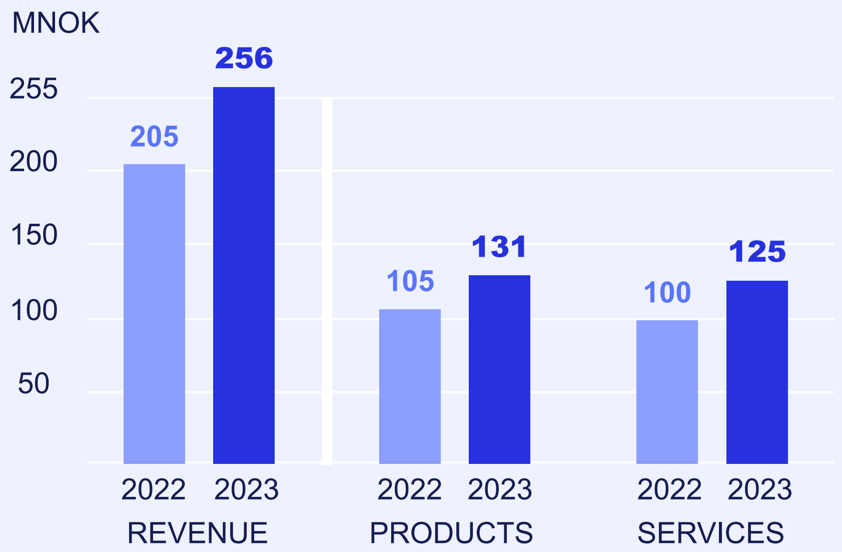
What kind of solutions do you think grocery retailers are going to be in most need of in the future?

The industry is increasingly leaning towards using data, AI/ML, and automation. This shift is expected to create more efficient, precision-based, and agile operating models. The demand for and economics of labor in the industry are also changing, with a potential increase in the automation of tasks and a need for a workforce that can adapt to rapidly changing consumer needs. Innovations such as app-guided shopping with in-store navigation, virtual and augmented reality, generative AI for personalized content, and advanced tracking and traceability are competing to revolutionize the grocery shopping experience. Retailers will need to carefully consider how to integrate these technologies to meet consumer demands while maintaining profitability. The future of grocery retail in Sweden is increasingly omnichannel. This shift has been accelerated by the COVID-19 pandemic, which pushed consumers towards online shopping. Retailers will continue to adapt to this change by offering seamless and flexible shopping experiences that combine online and in-store elements. Consumers are looking for sustainable and smarter shopping options, and they prefer retailers that can offer a wide range of local or organic products, along with initiatives to reduce plastic packaging and food waste. The adoption of AI/ML, automation, and robotics in stores and warehouses will significantly increase efficiency in an omnichannel environment. Automated stocking systems, self-checkout kiosks, unmanned stores, fraud detection, and robotic assistance for inventory management will reduce labor costs, improve customer service, and operational efficiency.



22%
RELATIVE SHARE OF TOTAL REVENUE 2023

Baltics & Finland



19%
RELATIVE SHARE OF TOTAL REVENUE 2023

The revenue of 2.6 MNOK in Finland in 2023 is included in “Rest of Europe”. From Q1 2024, the Finnish operations will be reported together with the Baltic operations as “Baltics & Finland”.

What do you see as the key trends facing the grocery retail sector in the Baltics and Finland?

Baltics

In the beginning, the year 2023 was active in most segments of the retail industry. Economic conditions remain stable, especially in Lithuania and Latvia, while Estonia faced some signs of recession. The grocery retail segment trends showed stable growth in self-service solutions. The non-grocery segment is still focused on ERP and POS solutions. Moreover, autonomous stores and AI-based solutions (computer vision, age verification, etc.) continue to be key technologies under discussion for the future. The number of Vensafe and ESL pilots shows that retailers are looking for optimization in this area as well in the Baltic region.

Finland

The market, being quite new for StrongPoint so far, is stable with technological development in the retail segment. In 2023, retailers were interested in the efficiency of physical stores. This means that solutions like self-scanning, electronic shelf labels, or voice communication are of high interest. We succeeded in implementing a high number of pharmacies with electronic shelf labels and maintaining the largest installed base in this segment. Considering the economic conditions and inflation level, interest in optimization will continue through 2024 as well.

What kind of solutions do you think grocery retailers are going to be in most need of in the future?

Baltics

The main trends for the new areas will remain AI-based solutions, autonomous stores, and the digitalization of operations.

Rimantas Mažulis
SVP Baltics & Finland

The grocery segment is awaiting the pace of 2024 Q1, which will indicate possible trends for the rest of the year. As mentioned above, demand will continue for Vensafe and ESL products, which have already found a place in this area as well.

The economic situation seems to be quite stable with the normalization of inflation. This gives us a positive outlook going forward with best-in-class solutions for our customers in the Baltics.

Finland

The continuation of electronic shelf labels will accelerate even more in 2024. At the same time, in line with the significant trend in self-service solutions, we are beginning to introduce our checkout efficiency solutions and competence into the Finnish retail market. The second quarter of 2024 is the breaking point for the rest of the year, which we see as potentially positive with an already matured business and new verticals.

Lorena Gómez
SVP Spain

What do you see as the key trends facing the grocery retail sector in Spain?

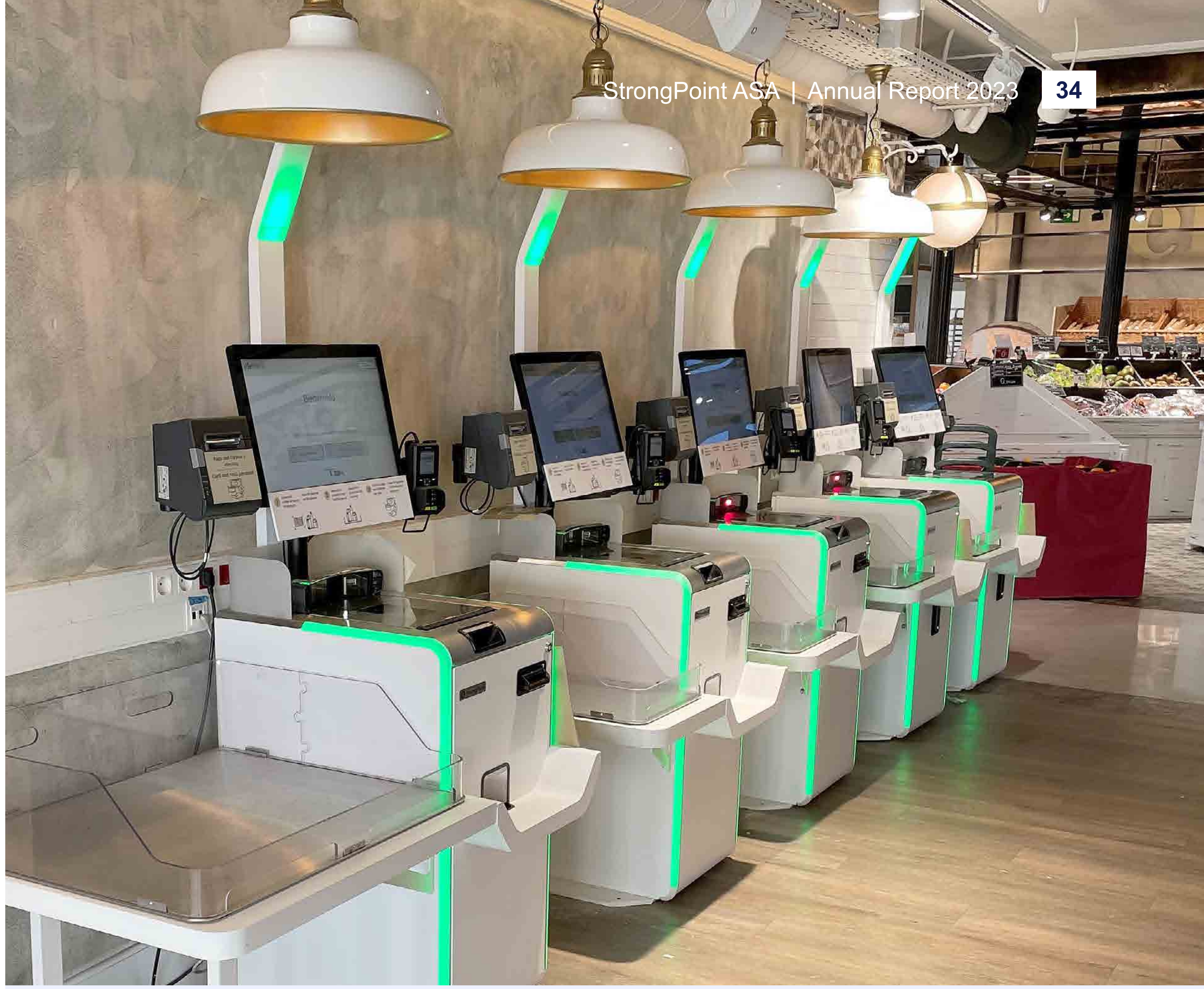
In 2023, consumers reduced their savings levels that they had since the pandemic, mainly due to rising energy and food costs and a fall in purchasing power. This means that one of the main concerns for the grocery sector is lower sales volumes followed by inflation. The impact of inflation in Spain has been particularly unfavorable for groceries, as the severe drought has led to a 20-50% drop in harvests of local raw materials, resulting in a fall in retail margins. To cope with this situation, retailers need to restore margins by improving management, efficiency and process optimization to gain productivity and reduce operating costs in order to absorb some of the rising costs of food, wages and energy. Improving stock availability and accuracy is also becoming increasingly necessary to avoid losing sales and improve efficiency when replenishing products in the store. In essence, removing everything that does not add value to the consumer while providing a seamless customer experience is crucial to keep pace in today's competitive environment.

What kind of solutions do you think grocery retailers are going to be in most need of in the future?

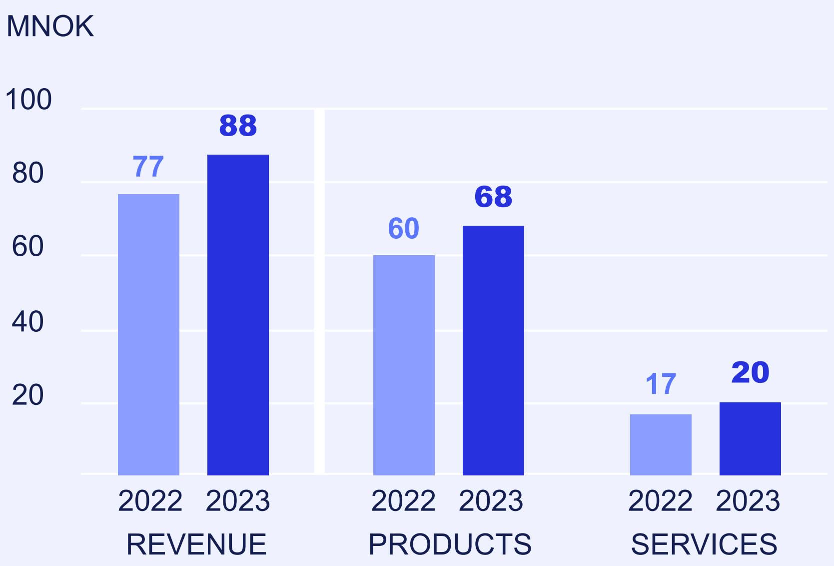
Following the inflationary backdrop of 2023, retailers are concerned that rising in-store labor costs may reach a point at which their much-reduced margins could be jeopardized. Therefore, any technological solution that allows them to reduce labor costs or at least not increase them, is key to ensuring their competitiveness. Solutions such as self-checkout, cash management, robots that help control stock and make replenishment more efficient in combination with the usage of electronic shelf labels are key tools that will revolutionize the sector. These technologies not only promise a quick return on investment but also ensure that retailers can maintain competitive pricing and customer loyalty, despite market volatilities.

On the other hand, there is greater consumer sensitivity to price increases or changes to the point that it calls into question loyalty to certain brands in both the physical and online channels. This is why, once again, solutions such as electronic shelf labels will allow retailers to stay ahead in their dynamic pricing strategy to ensure that they are always at the price level that their consumers demand, just at the right moment. Furthermore, there has been a significant increase in shrinkage in the food sector and solutions that improve loss prevention through the detection of both cash and product theft are key to curbing and reducing this trend. The usage of artificial intelligence technology will be a need going forward for these kinds of purposes.

Finally, large grocery retailers are overcoming challenges by optimizing their operations and logistics post-pandemic. While some online shoppers are returning to physical shops to better manage their spending, e-commerce continues to gain new users. We are piloting both our grocery lockers and order picking solution with numerous grocery retailers which clearly indicates that they are actively seeking to grow, achieve profitability and differentiate themselves.



Spain



7%
RELATIVE SHARE OF TOTAL REVENUE 2023

UK & Ireland

Alex Eveleigh
SVP UK & Ireland

What do you see as the key trends facing the grocery retail sector in United Kingdom?

I believe there are 3 key trends and an underlying theme that will be prevalent in the UK grocery retail sector through 2024.

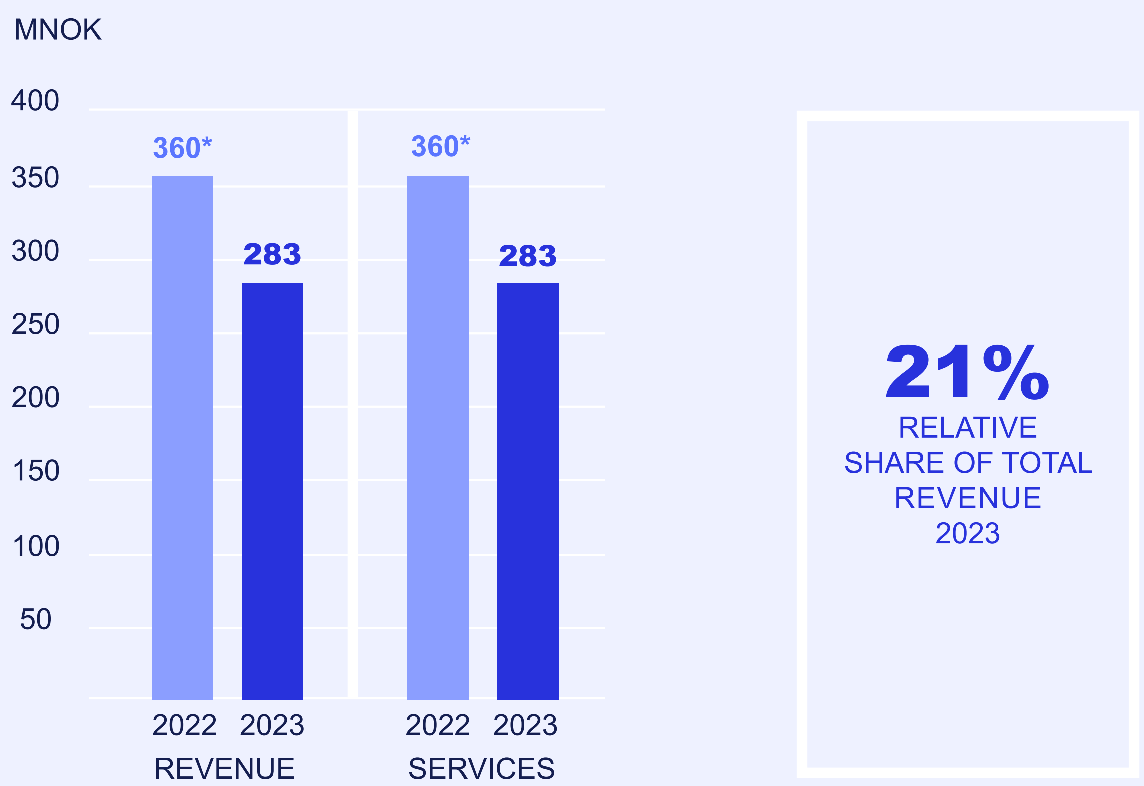
The first, unsurprisingly, is the continued focus on cost reduction and enhanced productivity both in-store and online. Operating costs are being impacted by a multitude of market forces and to protect customers from price increases, retailers need to find solutions that allow them to be more productive and remove cost from the supply chain and operating models.

The second trend is the continued development of true omni-channel retailing. Creating a seamless and connected experience is critical to maximizing revenue, improving customer experience and driving brand loyalty.

The third trend is the rise of revenue generation through media marketing both digital and in-store. The ability to provide personalised experiences and weave marketing opportunities into the customer journey through the adoption of new technology is proving to be a lucrative revenue stream. All of these trends are underpinned by the emergence of generative AI, the continued development of Machine Learning capabilities and how automation is the key to truly unlocking maximum benefit across the entire value chain.

What kind of solutions do you think grocery retailers are going to be in most need of in the future?

I believe that grocery retailers will be seeking productivity enhancing solutions that reduce the reliance on manual labour to complete nonvalue adding, time consuming, repetitive tasks. Removing those costs from the operating model or freeing up resources to focus on service enhancing initiatives will be a measure of success. StrongPoint's in-store order picking, collection lockers, replenishment robot, autonomous mobile robots and electronic shelf edge labels are a fantastic example of such solutions that not only have standalone benefit in their own right but also have a compounded and amplified benefit when integrated together and used in synchronicity with each other. I believe that the first retailers to fully embrace an integrated, optimized single platform approach will be the one that wins big in 2024.



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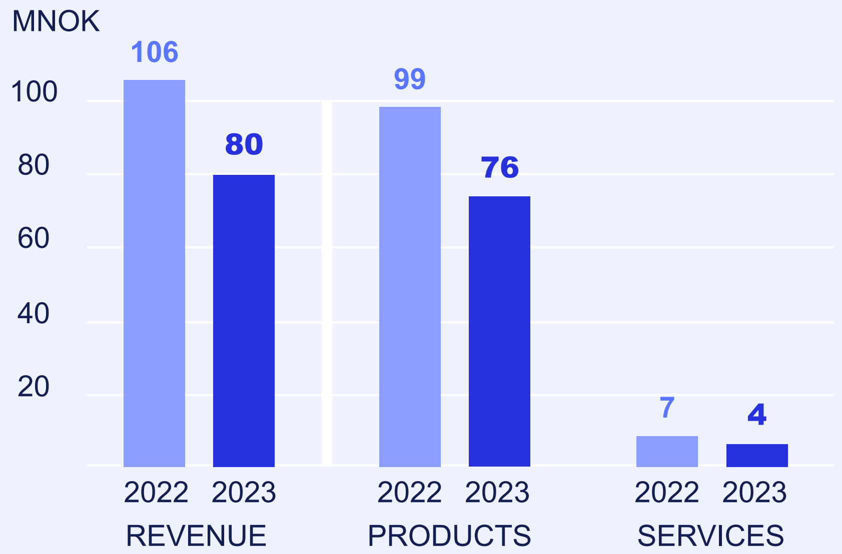
Rest of Europe



6%
RELATIVE SHARE OF TOTAL REVENUE 2023

What do you see as the key trends facing the grocery retail sector?

In 2023, the grocery retail sector has been profoundly influenced by the accelerated shift towards omnichannel shopping experiences, known as unified commerce, with consumers demanding a seamless blend of digital and physical retail. This trend underscores the importance of convenience, speed and personalization in the shopping journey. Additionally, the significance of healthy and sustainable options has risen to the forefront, with a growing consumer emphasis on environmental responsibility. In many markets, the demand for same-day or even instant delivery is creating new challenges in all aspects of online order fulfillment. Personalized experiences have also gained significance, as consumers seek tailored shopping experiences that reflect their preferences and values. Lastly, the resilience of supply chains has become a critical focus area, driven by the need for agility and adaptability in response to market fluctuations and unexpected challenges.

What kind of solutions do you think grocery retailers are going to be in most need of in the future?

As the grocery retail sector evolves, providing solutions that offer flexibility and opportunity to scale quickly as e-commerce penetration increases, while simultaneously ensuring to meet the expectations of consumers, presents a significant challenge. StrongPoint, together with our partners, is ideally positioned to offer innovative and integrated solutions tailored to the future needs of the grocery retail landscape.

Through the partner network, StrongPoint offers smart Retail Technology solutions that are pivotal for retailers aiming to enhance their omnichannel shopping experiences. Our check-out efficiency solutions simplify the purchasing process, enabling a more convenient and efficient experience for customers. Additionally, our Click & Collect lockers and e-commerce order fulfillment solutions seamlessly bridge the gap between online and in-store shopping, providing the flexibility consumers desire for their shopping habits. We recognize that in today's

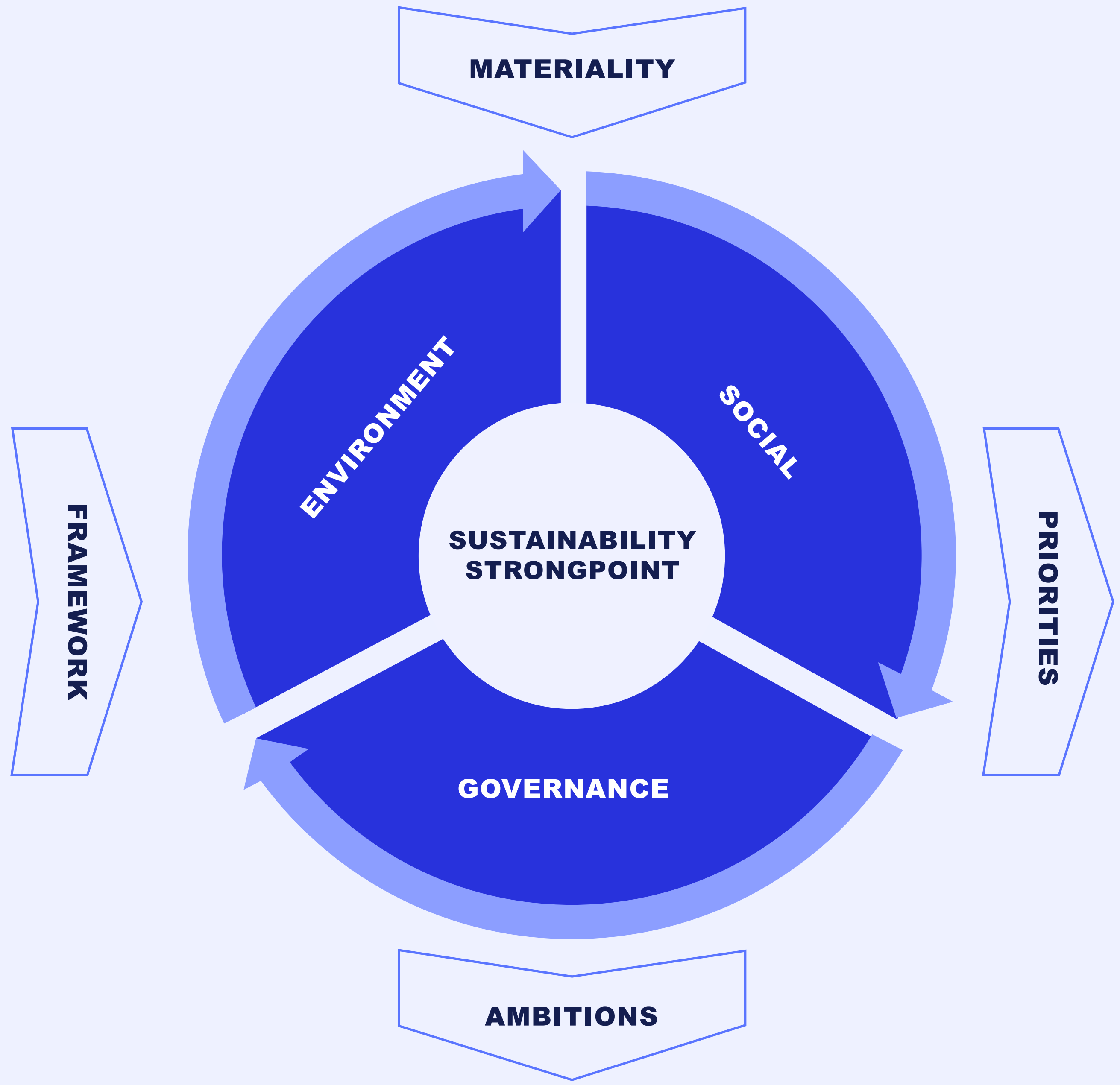
Julius Stulpinas
SVP Technology and Supply Chain

grocery retail landscape, the necessity for efficient and secure transaction solutions cannot be overstated. StrongPoint's Cash Management systems and Vensafe dispensers lead the way in meeting this demand by streamlining operations and bolstering security. These solutions are engineered to refine the checkout process and inventory management, ensuring transactions are not just faster but also more secure. By automating cash handling, StrongPoint minimizes the potential for errors and theft, thereby enhancing operational efficiency and building customer trust. Additionally, Vensafe dispensers offer a unique solution for managing high-demand and high-value items, ensuring their availability while reducing the risk of loss. These technologies are crucial for partners needing to support retailers aiming to deliver reliable, efficient services and secure a competitive advantage in a market increasingly defined by consumer demands for convenience and security.

By leveraging StrongPoint's suite of solutions, our partners can support grocery retailers to effectively navigate the challenges of the future retail landscape, ensuring that they remain competitive and continue to meet the evolving needs of their consumers without compromising on efficiency or sustainability.

SUSTAINABILITY IN STRONGPOINT

Sustainability at StrongPoint is about making responsible business decisions that create value while protecting the environment and contributing to the good of society. Sustainability is an integrated part of StrongPoint's strategy and the basis for our long term positioning and profitability. By reducing our footprint, improving relations with neighbors and other stakeholders, managing impacts, increasing resource efficiency, and developing new markets, StrongPoint will minimize risk and create new opportunities.



Framework

- UN SDGs
- EU Taxonomy
- Sustainability Reporting
- Transparency act
- Non Financial Reporting Directive
- Equality and Anti Discrimination
- Executive Remuneration

Priorities

- Environment and climate risks
- People and working environment
- Operational sustainability initiatives
  - Warehouse energy consumption
  - Refurbishment of check-outs
  - Safeguarding shopworkers

Ambitions

- Carbon neutral
- Net-zero
- Climate neutral

Double materiality and stakeholder engagement

In 2021 and 2023 we conducted comprehensive processes to gather feedback from our stakeholders and identify a list of potentially material important sustainability topics for StrongPoint. We will continue this work in 2024.

StrongPoint has in-depth and ongoing dialogue with its key stakeholders on sustainability impacts and topics throughout the year. Our key stakeholders include customers, investors, financers, employees, unions, national authorities, partners and suppliers.

The process to update the materiality assessment follows the GRI 3 Universal Standard guidance and updated with the stakeholder groups and involve expert functions in StrongPoint that have insight into our sustainability commitments and external stakeholders' expectations.

	Expected of StrongPoint - Key Topics and Concerns Discussed (Not Listed in Order of Priority)	**Arena for dialogue**	**Frequency of Engagement**
Investors/owners	• Ensure an engaging, healthy and safe working environment for employees to prevent sick leave and high turnover. • Follow laws and regulations in terms of ethical business operations, human rights and anti-corruption. • Continuously work to reduce the environmental footprint of the products and in own operation.	• Sustainability report • Quarterly reports/presentations • Annual reports • Teams/phone meeting • Roadshows	Monthly, Quarterly, Annually (and ongoing basis when relevant)
Customers	• Ensure high quality product that are safe for end-user (e.g., food safety, chemical use). • Follow laws and regulations in terms of ethical business operations, human rights and anti-corruption. • Correct waste management (reduce, reuse, recycle).	• RFIs, documentation/ requisitions • Visits (during installation) • Through partnership projects • Ratings, risk assessment • Marketing / communications • Meetings • Website • Newsletters • Customer and project meetings • Tender responses and presentations	Daily, Weekly, Monthly, Quarterly, Annually
Suppliers	• Contribute to a sustainable industry. • Work to ensure long lifetime of products. • Correct waste management (reduce, reuse, recycle).	• Supplier audits • Quarterly meetings / audits • Newsletters • Customer meetings / projects	Daily, Weekly, Monthly, Quarterly, Annually
Employees	• Ensure an engaging, safe and inclusive working environment. • Focus on employee training and development. • Follow laws and regulations in terms of ethical business operations, human rights and anti-corruption.	• Townhall meetings • Information from management • AGM • Website • Intranet • Newsletters • Online trainings • Information posters / leaflets • Values implementation process. • Employee survey	Daily, Weekly, Monthly, Quarterly, Annually
Government/ civil society	• Follow laws and regulations in terms of ethical business operations, human rights and anti-corruption. • Comply with regulations for data privacy (e.g., GDPR). • Ensure safe products.	• Phone and email communication • Visits and tours at our facilities • Conferences and community events • Participation on advisory boards • Social media	Monthly, Quarterly, Annually Frequency depends on type of government / public authority body
Media	• Business development and innovations. • Status of operations, and effects on local / regional / national employment • Transparent reporting.	• Phone and email communication • Interviews • Press releases • Website and social media	Daily, Weekly, Monthly Frequency depends on type of media, and editorial focus vs StrongPoint's key business activities.

Table: A summary of our stakeholder engagement and the topics and impacts raised by them.

Material changes

StrongPoint's environmental footprint (direct emissions) is relatively low due to the nature of the business. After assessing the significance and possible negative impact, we have found it to be more relevant and aligned with our stakeholders' feedback to become more focused on innovation and technical solutions that reduce energy consumption on our customer and customer-customers side of the value chain.

Our focus will still be on our three Operational Sustainability Initiatives (OSIs). Our ambition is to drive sustainability in the grocery industry through product innovation and solution design. The selected focus areas have the potential to significantly improve either emissions or working conditions. Our three OSIs are:

1. Reduction of warehouse energy consumption
2. Refurbishment and end-of-life treatment of check-out counters
3. Safeguarding shopworkers

Our people and work environment, are introduced as a separate material topic. As per the Norwegian Transparency Act this reflects our obligations to map and manage risks related to human rights and working conditions and the due diligence StrongPoint performs on suppliers to manage risks related to our commitments to responsible business conduct.

In 2023 we continued and started formal reporting according to the EU Taxonomy.

StrongPoint will discontinue reporting according to the GRI standard as we are progressing into reporting according to the Corporate Sustainability Reporting Directive (CSRD).

Sustainability governance and frameworks

StrongPoint is committed to upholding sustainability, integrity and responsibility across all aspects of its operations. The Board of Directors, as the highest governing body, oversees and ensures the effective management of our sustainability efforts. Sustainability is addressed during Audit Committee meetings, where discussions revolve around risk assessment, significant impacts, policy formulation, reporting, and other pertinent matters.

The Executive Vice President of People and Organization, reporting to the CEO, spearheads the development, implementation, and communication of our sustainability agenda, while our business units are tasked with its execution. Each of our locations is responsible for adhering to both local regulations and corporate standards.

All StrongPoint employees are expected to adhere to our Code of Conduct, which serves as the cornerstone of our commitment to maintaining the utmost integrity and avoiding involvement in unethical or illegal activities. We prioritize environmental conservation by adopting more eco-friendly technologies in our operations and for our clients.

We acknowledge our obligation to make positive contributions to the societies in which we operate and strive to ensure that they benefit from our presence. Sustainability is seamlessly integrated into StrongPoint's overarching enterprise strategy, guiding decisions made throughout our value chain. We understand that our conduct as an employer and business entity profoundly impacts our ability to generate long-term value for both society and our shareholders.

FRAMEWORKS:

StrongPoint acts and reports on sustainability according to national and international standards and legal requirements. The most important are:

I. UN Sustainability Development Goals and membership in UN Global Compact
II. EU taxonomy for sustainable economic activities
III. Sustainability reporting
IV. EU regulation on responsible business conduct and The Norwegian Transparency Act
V. The Norwegian accounting act §3-3 and compliance with EUs Non Financial Reporting Directive
VI. Statement on equality and non-discrimination (the Norwegian Equality and Anti-Discrimination Act)
VII. EU regulation on executive remuneration

I. UN Sustainable Development Goals and UN Global Compact

StrongPoint supports the UN Sustainable Development Goals (SDGs), a collection of 17 global goals set by the United Nations General Assembly in 2015. Based on our materiality assessment, we have prioritized eight (8) SDGs where we believe we can have the most impact and where we seek to contribute positively.

The UN Sustainable Development Goals (SDGs) embrace a universal approach and define the global agenda for sustainable development. The goals explicitly call on businesses to use creativity and innovation to address development challenges and recognize the need for governments to encourage sustainability reporting. StrongPoint uses the SDGs to understand the context of our impact on sustainable development. Please refer to the Appendices for an overview of StrongPoint's impact on the 17 development goals.

COMMUNICATION ON PROGRESS

Since 2021, StrongPoint has been a signatory to the UN Global Compact, the world's largest corporate sustainability initiative, and is committed to its 10 principles. We respect and adhere to the precautionary principle (Principle 7). This report is our annual Communication on Progress.

SDG 2, 9, 11 AND 12: PRODUCT INNOVATION, QUALITY AND SAFETY IN THE FOOD CHAIN

Ensuring safe and fresh groceries. With innovative labelling and minimal wastage of food. Develop and offer new technical solutions to the market which are more environmentally sound, simplifying and improving the way retailers and communities do business.

SDG 5 AND 8: WORKING ENVIRONMENT

Ensuring a healthy, fair workplace that creates good opportunities for all. Protecting labor rights for all workers.

SDG 13: ENVIRONMENT

Promoting a more circular economy and working with suppliers on joint strategies to reduce our CO2 footprint.

SDG 16: GOVERNANCE

Setting and enforcing appropriate rules of behavior for employees and suppliers, along with reporting mechanism.

II. Statement on EU taxonomy for sustainable economic activities

The taxonomy is a classification system that specifies criteria for which activities can be considered sustainable. It is an integral part of the EU's action plan to turn capital toward a more sustainable economy. It represents an important step in becoming carbon neutral by 2050.

The taxonomy has been adopted in Norwegian legislation through the Act on the publication of sustainability information in the financial sector, which entered into force on 1 January 2023.

In the following section, we, as a non-financial parent undertaking, present the share of our group turnover, capital expenditure (Capex), and operating expenditure (Opex) for the reporting period 2023, which are associated with Taxonomy-eligible economic activities.

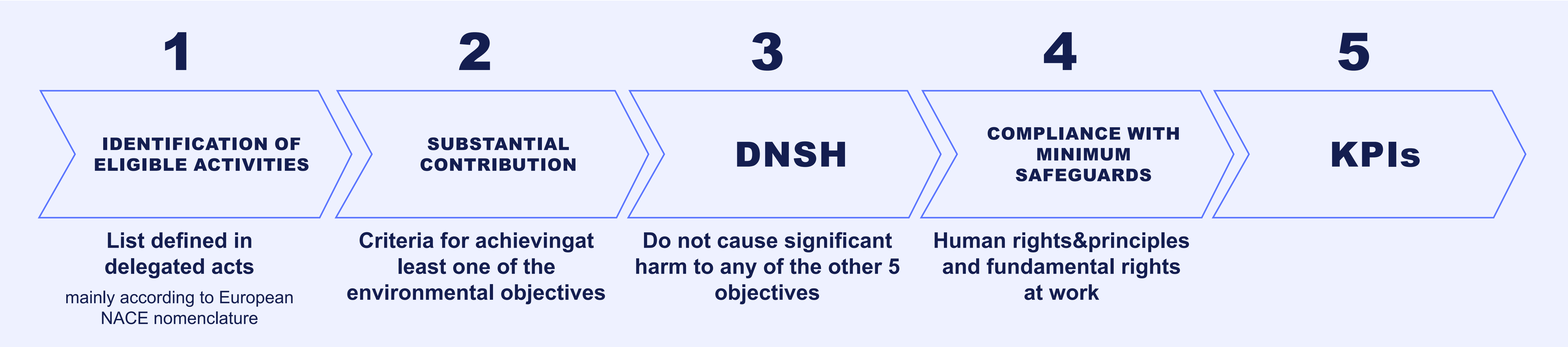


Illustration of Taxonomy requirements and qualifiers.

Our activities - eligibility

Our economic activities as a technology group are Taxonomy-non-eligible.

We have examined all Taxonomy-eligible economic activities listed in the Climate Delegated Act based on our activities as a retail technology company. After a thorough review (using the NACE codes, technical screening criteria, and Taxonomy compass) involving relevant Business units and functions, we concluded that our economic activities are not covered by the Climate Delegated Act, or Do No Significant Harm ('DNSH'), and consequently are Taxonomy-non-eligible.

Activities within the value chain of our products that are not revenue-generating, but that result in assets or processes that are essential for our revenue-generating activities, are not reported as Taxonomy-eligible economic activities on their own. This includes, in particular, research and development, the rent/acquisition/construction of new buildings (for our production sites), and other investment-oriented activities such as expenditure for our fleet and data center capacities.

Additionally, the transport of our products to our customers and partners is not reported as a Taxonomy-eligible activity, and it is not included in our turnover KPI, because we are not generating external turnover on a standalone basis with this activity. However, we do disclose Capex and Opex relating to the purchase of output from Taxonomy-eligible economic activities and individual measures to improve energy efficiency listed in the Climate Delegated Act.

We foresee that we, in the future, and to be further assessed in 2024-2025, might report on how the grocery retail industry impact positively on food waste, and changes in traffic patterns in heavily populated city areas. We also see that we may contribute to energy-efficient building automation and control systems for non-residential buildings (warehouses).

Taxonomy activity number	Activity	Relevance
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).	A few number of service installations of charging stations done at StrongPoint ALS.
8.1	Data processing, hosting and related activities.	Data Center hosting done by 3rd party. Only non-eligible processing practice.
8.2	Computer programming, consultancy and related activities.	Does not substantially reduce the most important physical climate risks that are material to that activity, and is not based on a robust climate risk and vulnerability assessment.
9.3	Professional services related to energy performance of buildings.	Provided as part of AutoStore frozen.

Individually Taxonomy-eligible Capex and Opex

Since our main economic activities as a retail technology company are not covered by the Climate Delegated Act, the share of Taxonomy-eligible economic activities in our total turnover is 0%, and consequently the related capital and operating expenditure is also 0%.

Only “category c” Capex and Opex can therefore qualify as Taxonomy-eligible, i.e., Capex/Opex related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling the target activities (our non-eligible activities) to become low-carbon or to lead to greenhouse gas reductions.

These individual measures correspond to economic activities listed in the delegated acts supplementing the Taxonomy Regulation (as of today, the Climate Delegated Act).

We have identified the following purchased outputs and individual measures that correspond to eligible economic activities and, thus, result in Taxonomy-eligible Capex/Opex:

	Total (MNOK)	Proportion of Taxonomy eligible economic activities (in %)	Proportion of Taxonomy-noneligible economic activities (in %)
Turnover	1,342	0%	100%
Capital expenditure (Capex)	41	1%	99%
Operating expenditure (Opex)	165	1%	99%

* Concerning our vehicle fleet, we considered all leased vehicles as Taxonomy-eligible.
* This voluntary disclosure is based on a preliminary assessment of the technical screening criteria. Our assessment might change in the future. We provide this information for transparency purposes only.

Taxonomy Opex and Capex KPI reporting:

Based on the non-significant impact and size of the expenditures there has not been set any specific KPIs on top of what StrongPoint has as general Sustainability KPIs (as described in annex on page 61-64).

Compliance with Taxonomy Minimum Safeguards:

Compliance with the Minimum Safeguards is determined by assessing performance criteria against four core topics:

	Considered non-compliant if one of the two criteria apply:	StrongPoint reporting
Human Rights	1. The company has not established an adequate human rights due diligence (HRDD) process as outlined in the UN Guiding Principles (UNGPs) and OECD Guidelines for Multinational Enterprises in alignment with the International Bill of Human Rights 2. There are signals that the company did not dequately implement human rights due diligence and/or did abuse. These are: a. The company has been finally found in breach of labour law or human rights b. OECD or Business and Human Rights Resource Centre (BHRRC) indicators signal that the company does not engage with stakeholders.	HRDD is described in CoC and implemented as part of the Transparency act process. StrongPoint has not been accused or found in breach of labour law or No indicators signal has ever been issued.
Corruption	1. The company has no anti-corruption processes in place 2. The company or its senior management, including the senior management of its subsidiaries, has been finally convicted in court of corruption.	Anti corruption process is described in our policies. The company or any of its senior management has never been convicted of corruption.
Taxation	1. The company does not treat tax governance and compliance as important elements of oversight, and there are no adequate tax risk management strategies and processes in place. 2. The company or its subsidiaries have been finally found to have violated tax laws.	StrongPoint follows national and international standards on taxation. The company and subsidiaries has never been found guilty of having violating tax laws.
Fair Competition	1. The company does not promote employee awareness of the importance of compliance with all applicable competition laws and regulations. 2. The company or its senior management, including the senior management of its subsidiaries, has been finally convicted of violating competition laws.	StrongPoint accepts and promotes the principles of fair competition. The company or any of its senior management has never been convicted of violating competition laws.

Table: Taxonomy Minimum Safeguards

III. Sustainability reporting

Scope

This chapter summarizes StrongPoint's sustainability reporting, and is in accordance with the GRI standards. It presents StrongPoint's management of and performance on material environmental and social issues.

The reporting period is 1st January to 31st December 2023. The report also adheres to the Oslo Stock Exchange's Euronext Guidelines. StrongPoint's sustainability report has been reviewed and approved by the Board of Directors together with the annual report. The claims and data in this report has not been audited by a third party.

For information about this sustainability report and its content please contact StrongPoint and CEO Jakob Tveraabak or SVP People and Organisation, Knut Olav Nyhus Olsen. Both their contact details can be found on the StrongPoint website.

Our materiality assessment is presented above on page 39, and the background facts and figures about the company can be found on page 3-36 of this report. Our corporate governance model is presented on page 73-77.

This report covers all locations and subsidiaries of StrongPoint ASA. StrongPoint is headquartered in Oslo, Norway, with offices in ten countries (Norway, Sweden, Finland, the Baltics, Spain, UK, Ireland and Bulgaria).

Economic impact and tax information

StrongPoint's economic impact is covered in the company's annual report. Payroll and social security expenses are covered in Note 9 of StrongPoint's annual report 2023. Tax information can be found in Note 26 in the annual report.

Value chain and markets served

StrongPoint serves the retail and e-commerce sector. The company produces a wide range of services to different lines of business including food and beverage, beauty and health, sports and the manufacturing industry. StrongPoint's supply chain starts with the sourcing of materials and extends to the distribution of StrongPoint's products mainly to customers throughout Europe. StrongPoint's key markets are Norway, Sweden, the Baltics, Spain, UK, South-Africa, Italy and US.

Corporate governance

Good corporate governance is vital to the success of StrongPoint and as a stock listed company, StrongPoint has the responsibility to follow all relevant legislation, regulations and standards. In 2023, the Board of Directors (the Board) has reviewed and updated the company's corporate governance practice, which is in line with the Accounting Act, section 3-3b and the Norwegian Code of Practice for Corporate Governance (NUES recommendations), except where deviations are noted.

StrongPoint's corporate governance principles are determined by the Board and are set forth in the company's management documents. The Board annually adopts a plan for its work, emphasising goals, strategies, and implementation, including the company's ESG approach. Sustainability is an integrated part of StrongPoint's core business and Executive Management are responsible for the follow-up of the company's sustainability efforts on a day-to-day basis. StrongPoint's sustainability approach is also covered in the company's Code of Conduct.

More information about the company's corporate governance strategy, can be found at StrongPoint's website. (https://www.strongpoint.com/investor/corporate-governance/).

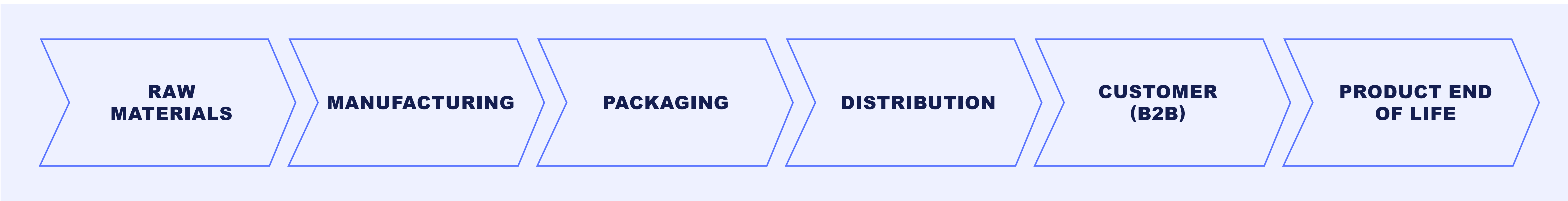


Figure: StrongPoint's supply chain illustrated

ESG priorities

StrongPoint's materiality assessment guides the company's ESG priorities. Setting priorities is at the heart of building a better future. StrongPoint's materiality assessment helps identify, prioritise, and validate our most significant sustainability impacts, risks, and opportunities.

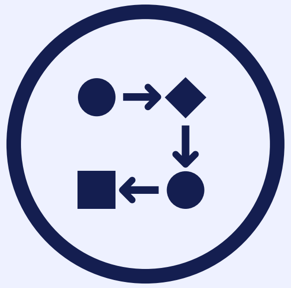
ESG factors are at StrongPoint treated with equal importance, given the fundamental belief that smaller actions also contribute to the greater good and drive society towards a more sustainable future.

StrongPoint has the following ESG priority topics:

a) Environment and climate risks
b) People and working environment
c) Operational sustainability initiatives
- Reduction of warehouse energy consumption
- Refurbishment and end-of-life treatment of checkout counters
- Safeguarding shopworkers

Environment and climate

People and working environment



Operational sustainability initiatives

Material topic 1
Environment and climate risks

StrongPoint's business activities are directly and indirectly affected by and can also affect the natural environment and climate. The need for technological solutions that lower the company's own as well as it's stakeholders' environmental footprint represent a business opportunity for StrongPoint but also a challenge. The company's ambition is to reduce direct and indirect negative influences of its business activities on the external environment and continuously seek new ways to minimise negative environmental impact.

StrongPoint's direct and indirect environmental impacts relate to the production, shipment and transportation of products, employee business travel, waste management and the end-of-life treatment of products.

StrongPoint's most important indirect environmental impacts in the value chain come from transportation and the end-of-life treatment for some of StrongPoint's products. Combustion of fossil fuels from company vehicles and on-site combustion are the second largest source of emissions.

StrongPoint should at all times act responsibly and adhere to relevant laws and standards relating to the environment. The company will work systematically to ensure that the products StrongPoint manufacture or resell are made by leading suppliers with a clear policy for sustainability in their own organisation and supply chain.

Environmental criteria are always considered when selecting partners. StrongPoint has included environmental accountability in the company's SLA/supplier Code of Conduct to reduce the indirect carbon emissions caused by suppliers.

Net-zero ambition

StrongPoint has a net-zero ambition and believes selected solutions from StrongPoint play a role in reducing global greenhouse gas (GHG) emissions. StrongPoint's ambition is to:

- reduce the climate impact from our value chain and become a net-zero company in 2050 or earlier,
- deliver net-zero products, and
- use our industrial competence to enable the transition to a net-zero society especially in the retail industry sector.

Our net-zero ambitions are based on a successful transition to a 1.5 degree economy, in line with climate science and the Paris agreement.

StrongPoint's climate strategy is an integral part of our overall business strategy, aiming at driving improvements and development within the company. Impact on the climate strategy is also a criterion for all significant investment decisions. The strategy includes reducing the climate impact of our operations as well as taking advantage of business opportunities by enabling our customers and society to do the same.

Science Based Targets

To set goals that are in line with our net-zero ambition and commitments StrongPoint has in 2023 joined the Science Based Targets Organization and We Mean Business Coalition. We will according to the protocol set and submit for official validation our near term and Net-Zero commitments at the latest before November 2025.

Climate emissions (Greenhouse Gas Protocol)

GHG emissions are calculated according to the GHG protocol published by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute. Scope 1 emissions are calculated using emission factors for fuel combustion from DEFRA. Scope 2 emissions are calculated using market-based emission factors from the RE-DISS Project, assuming a European residual mix.

Our emissions have increased from 2022 to 2023 (+1344 t CO2 eq.) We have in 2023 added StrongPoint Finland. The StrongPoint ALS UK operations are more emission-intensive than other StrongPoint operations when it comes to waste (wood, metals, and mixed industrial waste), 3rd party road transportation, and warehouse facility heating. StrongPoint's activities in this area have in the recent years been focusing on reducing the carbon footprint in the company's own operations (scope 1 and 2). Going forward we will focus more on supporting our customers on their climate footprint (scope 3). To reduce emissions across the whole value chain requires close collaboration with partners, suppliers and customers to minimise the impact of the company's products on the environment. More about this topic can be found in the chapter Operational Sustainability Initiatives (OSI) on page 51-53.

	2023	2022.
Scope 1 – Direct emissions (on-site)	1 241	1 261
Scope 2 – Indirect emissions (energy)	186	150
Scope 3 – Indirect emissions (other organizations)	5 309	3 981
Total GHG footprint	6 735	5 392

Table: Total GHG footprint

Climate change risks

In order to understand and mitigate the risks for our operations and potential consequences related to climate change, we have performed a climate risk assessments, evaluating physical and transition risks. We have looked at weather patterns and their impact on our facilities based on climate models and scenarios from the Intergovernmental Panel on Climate Change (IPCC).

We assess the specific impact that climate change could have on our business to be relatively small.

Our office locations and operational way-of-work does not imply acute physical risks (e.g., physical assets, insurance liabilities) or chronic physical risk (e.g., resource availability, including labour).

Business-related transition risks that a societal and economic shift to a decarbonized world would bring (such as changes in demand, the impact on energy prices, building renovation requirements, or potential competitive impacts on logistics chains) is likely to happen, but in an extent and comparable to what competitors and the society in general will have to face.

We foresee some general transition risk to occur. Such as policy and legal risk (e.g., compliance costs, CO_2 emission tax).

We do not expect market and economic risk impacts (e.g., company valuation, asset impairment, credit rating) or any negative reputation risk (e.g., brand value).

No technology risk (e.g., write-offs for old systems displaced by new technologies) has been accounted.

We anticipate a growing market opportunity related to our energy efficient temperature-controlled warehouse and locker solutions with higher energy prices and higher temperatures.

Accounting assessment and exposure:

StrongPoint has no significant climate exposure in any part of its business operations. At the time of the report, there were no climate-related conditions of a size that are relevant for estimation uncertainty or write-downs. There are no asset retirement obligations.

	HAZARDS	Short term 1-3 years	Middle 15 years	Long term 15-50 years	DETAILS
GRADUAL IMPACTS	Climate Extremes & Heat	Minimal or isolated risk	Minimal or isolated risk	Moderate or amplified risk	Load-sharing of electricity. Changing seasonality of demand.
	Wildfire & Complications	Minimal or isolated risk	Moderate or amplified risk	Moderate or amplified risk	Critical infrastructure failure.
	Air Quality & Pollution	Minimal or isolated risk	Moderate or amplified risk	Moderate or amplified risk	Policy regulations of cost and impact. Travel restrictions.
	Water Availability	Minimal or isolated risk	Minimal or isolated risk	Moderate or amplified risk	Groundwater availability in large cities.
EXTREME EVENTS	Climate Extremes & Heat	Moderate or amplified risk	Moderate or amplified risk	Major and amplified risk	Examples of heat waves in Spain that already impacts on the productivity. Rolling outages and interruption of services.
	Wildfire & Complications	Minimal or isolated risk	Moderate or amplified risk	Moderate or amplified risk	Transmission lines failure. Ash problems.
	Air Quality & Pollution	Minimal or isolated risk	Moderate or amplified risk	Moderate or amplified risk	Public safety and human health - Madrid and Barcelona office.
	Water Availability	Minimal or isolated risk	Minimal or isolated risk	Moderate or amplified risk	Extreme events unlikely, could amplify other events (fire risk and air quality).

Minimal or isolated risk
Moderate or amplified risk
Major and amplified risk

Table: Climate assessments

Material topic 2
People and working environment
Business ethics

Working with employees, customers and suppliers in more than 20 different countries, StrongPoint is directly and indirectly exposed to ethical risks throughout the company's value chain. The company has a direct and indirect responsibility to make sure that it maintains a proactive approach to ethics, including screening suppliers or assessing operations for risks related to corruption, provide awareness training for employees, implement good governance mechanisms and a system for employees to raise concerns and report irregularities. Responsible business conduct is crucial to earn the trust of stakeholders and the company is dedicated to ensuring ethical business practices throughout its operations and value chain.

For StrongPoint this means respecting recognised international human and labour rights, such as the Human Rights Act and OECD Guidelines for multinational enterprises and respecting all national laws and regulations in the countries where the company is present, including the Norwegian Companies Act, the Norwegian Penal Code and the Norwegian Code of Practice for listed companies (NUES). In 2020, StrongPoint became a UN Global Compact Signatory. The company's ethical guidelines are outlined in the Code of Conduct, which can be found in full on StrongPoint's website. The StrongPoint Code of Conduct is the overarching document describing the standards and expectations regarding business ethics for all who work for StrongPoint, its subsidiaries and entities under the company's control. The Code of Conduct clearly states StrongPoint's expectations for personal conduct and business practice, and covers matters such as information security, policies in relation to anti-corruption and how to deal with conflicts of interest. The Code of Conduct applies to all StrongPoint employees as well as the Board of Directors. Executive Management are responsible for the implementation and follow-up of the principles in the Code of Conduct and signing the Code of Conduct is a part of the onboarding process for new employees. Supervisors are responsible for both promoting and monitoring compliance with the Code of Conduct within their respective area of responsibility. In 2022 StrongPoint finalized the process to define the Why (purpose), What (strategy) and How (behaviours) of StrongPoint.

A strong company culture and a continued focus on business ethics is a prerequisite for risk management and a strong business performance. Risk is initially assessed at the business unit side then discussed at the board level to mitigate any risks flagged. StrongPoint makes a quarterly risk assessment for all StrongPoint's operations with the aim to identify, evaluate and manage risks.

Human rights

StrongPoint recognizes that businesses have a responsibility to respect, support and promote human rights. As an employer, owner and purchaser, an important way to respect human rights is to secure decent working conditions in our organization, in minority-owned companies and with our suppliers.
We do not tolerate any form of harassment or discrimination, including but not limited to gender, race, colour, religion, political views, union affiliation, ethnic background, disability, sexual orientation or marital status. Furthermore, we do not tolerate any form of forced or compulsory labour, human trafficking or child labour abuse. We support the principles of freedom of association and collective bargaining. StrongPoint supports the principles underlying the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights, the UN Global Compact and ILO's eight core conventions, and we expect our suppliers to do the same.

StrongPoint has identified the key risk of human rights breaches to be related to having third-party suppliers in China. StrongPoint has during 2023 reduced our exposure as importer of goods from China. In 2023 there has been no indication of serious violations to the StrongPoint Code of Conduct.
StrongPoint's human rights management is based on the OECD Due Diligence Guidance for Responsible Business Conduct.

Anti-corruption

StrongPoint has a zero tolerance for corruption. This includes all directors and employees of the Group and companies and persons acting on behalf of the Group. Donations, sponsorships and irregular gifts need approval according to the 'grandfather principle'. Also, as a stock listed company, StrongPoint has to abide by strict regulations on conflict of interest, which is regulated in employee contracts. Employees receive awareness training as and when appropriate according to the business unit in which they work.

Whistleblowing and reporting of potential misconduct

If an employee or external party comes across a possible breach of laws, regulations or StrongPoint's Code of Conduct, or any other possible unethical business practice, this should be reported either in person or through the company's whistleblowing program. This program was updated and aligned with EU regulations in 2023. Concerns can also be raised by reporting to an immediate superior, directly to anyone in the management team or directly to the Audit Committee at StrongPoint. A message of concern cannot and will not be used against the reporting employee in any way.

Examples of issues that should be reported includes:
- Breach of the StrongPoint Code of Conduct
- Breach of local labour laws, discrimination, harassment, or conditions that impose a threat to the health and safety for employees, customers, partners or other stakeholders
- Environmental crime
- Financial crime, such as fraud, corruption or theft
- Activities that might damage property or infrastructure

StrongPoint has not taken part in any legal proceedings related to business ethics in 2023, nor has there been any confirmed cases of corruption. In 2023 there has been reported two cases of misconduct. One related to threats and bullying, where the suspected Director now has left the company, and another case still under investigation related to fraudulent behaviour without financial impact.

In our monthly employee survey, we ask all employees the following question: "If I experienced serious misconduct at work, I'm confident StrongPoint would take action to rectify the situation". The feedback score on this question is 2 points above the external benchmark (eNPS of 47/8.5 average)

Working environment

StrongPoint will conduct its business in a manner designed to protect the interests of its employees including their health and safety. StrongPoint abides by all local laws and regulations in the countries where the company operates. The overall responsibility of employment, including anti-discrimination and equality process lies with the line manager, and is overlooked by HR, with input from employee representatives, and reviewed by the Board of Directors. StrongPoint aims to provide a workplace with a good working environment. The Group is implementing measures to promote the employees' professional development, prevent illness and accidents, and improve the overall work environment.

Average employee turnover in 2023 was 8.5%, a reduction from 12.7% in 2022. It reflects the geopolitical and financial uncertainty in many of the European countries we operate in. All employees in the Group shall have standardised employment contracts and are free to organise themselves in labour unions and organisations promoting employee welfare. In 2023, StrongPoint has continued the use of Employee Engagement Tool Peakon. The tool allows us to measure the employee experience for all employees and managers in StrongPoint. They survey is run every two months where all employees record their feedback on 56 questions that cover 15 dimensions of their employment. The employee Net Promoter Score in Peakon show very good results when benchmarked against other companies (the list of indicators are based on loyalty and satisfaction). At the end of 2023 StrongPoint score was 34 (36 in 2022). This is 8 base points better than the benchmark companies, and in the top 25% of technology companies. Approximately 53% of all employees score the company at 9 or 10 on a scale from 1 to 10.

Employee health and safety

Ensuring a safe and secure working environment is StrongPoint's number one priority. The company has implemented an occupational health and safety management system that builds upon the Norwegian Working Environment Act and ISO 45001 – Occupational Health and Safety, especially in regard to Leadership and Worker Participation, Corporate Risk Assessment, General Performance Evaluation and Supply Chain Engagement. All employees are required to follow the company's health and safety guidelines as well as applicable laws to prevent harm to people and the surrounding environment.

StrongPoint encourages its employees to participate in activities related to health and wellbeing. Working conditions within the organisation shall meet or exceed legal requirements in every country in which StrongPoint operates and the company shall comply with the conventions of the UN Global Compact and the International Labour Organization.

Hazards are identified and monitored to prevent accidents and occupational illness and workplace guidelines are monitored to ensure a healthy, safe environment.

The company's ambition is to have zero injuries or incidents. However, it is crucial that the company monitor potential breaches and health and safety incidents that occur at StrongPoint sites in order to implement preventive measures. Employees are encouraged to report health and safety breaches and any work-related incidents that happen on StrongPoint's sites to the nearest line manager and he/she is responsible for the investigation. No employees were injured at work and there were no major occupational accidents and no work-related fatalities in 2023. Total sick leave in the company was at 2.5% in 2023, compared to 1.6% the previous year.

The company provides a range of healthy lunch choices for its employees in its largest offices. All employees, except employees in StrongPoint ALS, have access to health insurance, and in most business units, StrongPoint subsidizes the cost of physical exercise. The company encourages participation in athletics through StrongPoint sponsored fitness membership program.

Material topic 3

Operational sustainability initiatives (OSI)

StrongPoint has set an ambition to drive sustainability in the grocery industry through our product innovation and solution design. We have chosen to focus on three areas where we know the positive impact can become significant on either emissions or humans.

A. Reduction of warehouse energy consumption
B. Refurbishment and end-of-life treatment of check-out counters
C. Safeguarding shopworkers.

Operational sustainability initiative A: Reduction of warehouse energy consumption

5-10% of all sold groceries are handled in a chilled or frozen environment. How a retail grocery business transports and stores the products dramatically impacts food quality and related food waste. Keeping an efficient cold chain is essential both in terms of energy consumption and costs. Historically companies have implemented energy management programs targeting energy efficiency savings of 5% to 20% on energy bills. With such measures, the industry has lowered warehoses' general energy consumption benchmark by 15% - 30%* over the past two decades. (*dependent on the size of the warehouse).

StrongPoint believes we can improve this significantly and achieve much higher savings by introducing our AutoStore micro fulfillment warehouse solutions.

By reducing the needed space required for storage and retrieval operations, organizations can construct smaller, more energy-efficient buildings, shrinking the construction footprint by up to ¼. A reduced volume requires less energy to cool down, and the cube storage model also has much less circulation and temperature loss than standard cold storage rooms. The StrongPoint solution needs no doors, trucks, lights, and workers inside to be operated. Saving money and the environment.

According to research (source: coldchainfederation.org.uk), a modern and well-maintained cold store of 500,000 m3 would have a specific energy consumption (SEC) of approximately 5kWh/m3/yr. This would be equivalent to more than 500,000 kg CO2e per year. A possible reduction of 50% in emissions with our solutions would be substantial for this operation.

Progress

In 2023 StrongPoint have successfully managed to build the first AutoStore facility with frozen groceries storage capabilities, and it is ready to be handed over to the customer and put in production. The projected energy savings have been met in the test phase. A broader commercial launch for other customers is as planned for 2024.

COMPANY TARGET:

2023 - introduce the concept to the markets in Norway, Sweden, and UK.

2023 - build and perform proof of concept in one facility.

2024 - roll-out of a number of facilities (non-disclosed) with a consistent reduction of minimum 50% CO2 eq.

With a more condensed cube storage model and introducing the first robots that can handle frozen groceries in a warehouse cube grid, we can reduce the energy consumption in refrigerated warehouses by more than 50%.

Operational sustainability initiative B:
Refurbishment and end-of-life treatment of checkout counters

In Europe, there are an estimated 78,000 grocery hyper and super-markets. They are all set up with multiple checkout counters serving millions of customers daily. The wear and tear on the equipment (i.e., conveyor belts, structures, painting, electronics, and dividers) are lasting and lead to a need for replacement.

Historically the checkout counters have been replaced by new ones, leaving the old as waste. Our estimates show that a medium-sized check-out counter has an LCA (Life Cycle Assessment) carbon footprint that could be reduced by more than 70% with a more sustainable practice.

StrongPoint ALS has specialized in the recycling of counters. We believe this could also be done in markets other than UK/ROI.

Having comprehensive management of existing assets allows grocers to identify opportunities to extend the lifespan of the check-out counters through deep cleaning, sanitisation, repairing, re-painting, and upgrading hardware. Returned assets can be refurbished or upgraded and re-allocated to another site to supplement the existing assets, or as a like-for-like replacement. This will lessen the environmental impact by reducing waste sent to landfills and removing the need to purchase from new.

However, all things have a finite lifespan. Anything that reaches the end of life will be harvested for parts for maintenance purposes, and the remainder will be disposed of in a controlled manner, in line with our environmental policies and accreditations.

Progress

In 2023 StrongPoint has successfully refurbished more than 3,000 checkouts in the UK and Ireland. Many of the checkouts are well over 15 years old and have been reworked several times. One large retailer in the UK has gone over 8 years without purchasing a single new checkout.

The concept has been showcased in Norway and Sweden and we are now undergoing a proof-of-concept with one of the leading retailers of plants and accessories in the Nordics.Our ambition is to have all products and processes used to refurbish a checkout sourced locally in the Nordics, resulting in a much lower environmental impact compared to buying a new product, which is often imported from Asia.

We all should reuse, rework, refurbish, and recycle more!

COMPANY TARGET:

2023 -introduce the concept to selected grocery chains in Norway and Sweden.

2024 -build up internal competence in new markets and roll out projects at a number of facilities (non-disclosed).

Operational sustainability initiative C: Safeguarding shopworkers

Shopworkers are being attacked, threatened, and even killed while on duty in convenience stores. Armed robberies cause untold damage. Yet they're occurring with worrying regularity.

Sainsbury's, one of the leading grocery chains in the UK, alone experienced 4,500 violent incidents involving a weapon in a year, it recently told the UK Home Affairs Committee.

Historically, armed robbers used to target high-end banks. But since they have securitised to such an extent that, for your average robber, it's just too much hard work, armed robbers have now chosen "softer targets" with less security, such as convenience stores. Amateur criminals can now commit violent incidents as often as professional gangs. The average armed robber now is a lone male in his 30s using a knife, often committing crimes to fund substance abuse.

StrongPoint has, since the introduction of CashGuard in 2003, been fighting crimes by safeguarding the money and the workers.

We are now introducing new solutions that not only safeguard the money at the counter till, but also increase the security from the front-end counter to the back-end storage of the store, and when handing it over to the Cash-in-Transit (CIT) collector.

You never, ever get over something like that. The store was put back together, the stock was replaced. But these people will never have the same feeling of coming to work in the morning, not knowing whether that knock on the door is the bread man or someone wanting to come and hurt them.

UK store owner

IV. EU regulation on responsible business conduct and The Norwegian Transparency Act

The Norwegian Transparency Act came into force on 1 July 2022. It amends the Non-Financial Reporting Directive 2014/95/EU on Responsible Business Conduct and is based on the recommendations in the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.

The Transparency Act aims to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and services and to ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

It applies to the company's own business, suppliers, and the suppliers' value chain.

StrongPoint shall, according to section 5 in the Transparency Act, publish an account of the due diligence assessments, as done in this report. This report also combines the reporting obligations under the Accounting Act §3-3c.

Duties and governance

StrongPoint follows the duties to carry out due diligence assessments to understand the risk of possible breaches - and to introduce measures where necessary. Furthermore, we have a duty to inform about what is used as a basis for the due diligence assessments and the results.

Each StrongPoint business unit shall monitor its operations, and due diligence assessments are carried out locally under guidance and collaboration with StrongPoint ASA.

StrongPoint Technology and Sourcing are primary responsible for the follow up of all suppliers.

We carry out due diligence assessments in connection with various business decisions. This will in StrongPoint be done when establishing new business areas, launching new products, or acquiring other businesses.

StrongPoint works according to a risk-based methodology, where risk assessments and analyses are part of the management processes in the company and are overlooked by the Board of Directors. StrongPoint also includes the environment and anti-corruption in our transparency due diligence assessment.

Due diligence process description

The process for due diligence assessments in StrongPoint is based on the "OECD guide for due diligence assessments for responsible business".

A0. We establish a list of all suppliers and partners (up-stream and down-stream). Based on the severity and probability of adverse impacts on fundamental human rights and decent working conditions, we include the extended supply chain.

A1. An overall risk assessment is carried out. Assessing the country of origin, company size, raw materials and risk industries, and company legal structure. Based on this assessment, a list of suppliers is produced where risks may be related to human rights, decent working conditions, the environment, and anti-corruption. If no significant risk is uncovered, the process stops and no further actions are performed. In this assessment, we use pre-determined threshold values and benchmarks against recognized and reliable international subject matter sources (list found in the section below).

A2. We make a detailed assessment of the risk list from A1. It starts with us looking at the findings from A1 against the documentation and the knowledge StrongPoint has about the suppliers in question. Normally, the supplier's risk will be handled, and the supplier will receive a new low-risk status. For suppliers where the risk has not been handled, we will obtain the necessary information and documentation to map the risk better. We will then conduct a new risk assessment where the supplier is normally involved. The supplier will receive either a "low risk" or a "high risk" status. If the risk is high, the next step is to make an action plan.

A3. Here, measures are drawn up and planned to reduce the risk uncovered in A2. This can be local audits, contract changes, and measures that stop or reduce the negative impact. Necessary internal and external resources are involved, and an action plan is drawn up with those responsible.

A4. We have reached the time when the measures we have decided on in A3 are implemented. This is documented continuously to see that the measures are having an effect.

A5. Evaluation and learning cycle. We confirm that the measures resolved identified risks and reduced the negative impact. Conducts evaluation meetings and suggests improvements to avoid similar situations in the future.

A6. All process steps and actions should be documented.

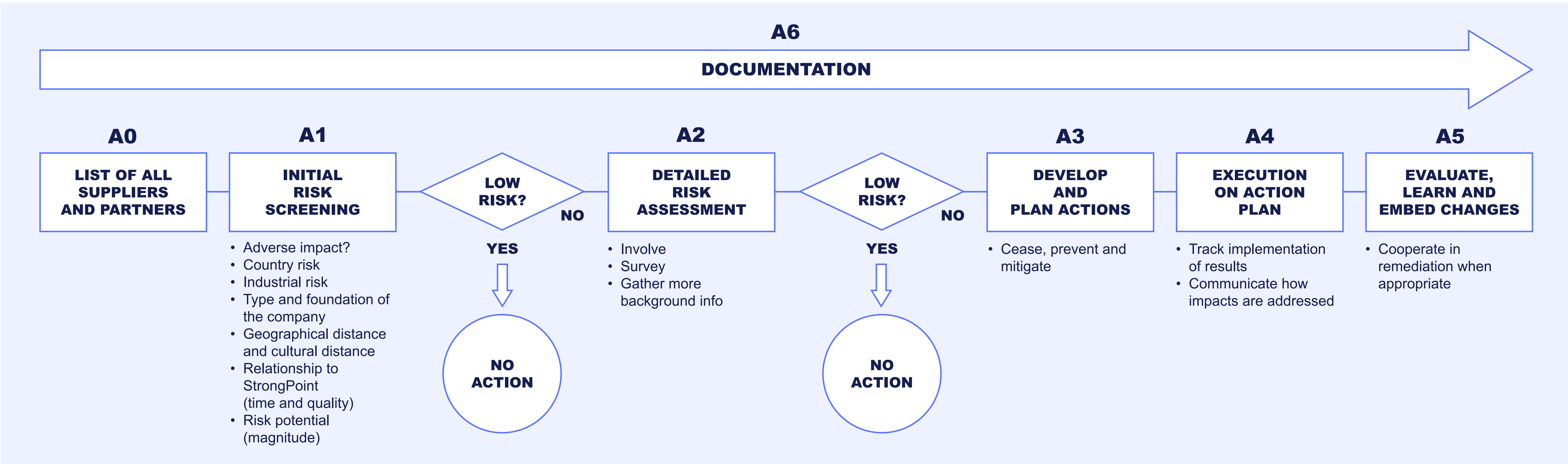


Table: Process description

Assessment of risk

StrongPoint uses the following sources as a basis for its due diligence assessments of suppliers:

Theme	Source	Measures
Fundamental Human Rights	Freedom House	Measures political freedom and individual rights. Political diversity, freedom of expression, legal due process, and financial dependencies and supression.
Decent working conditions	International Trade Union Confederation	Summerizes data from unions on employment conditions in different countries. Measures the right to establish and join labour unions, collective bargnings, and the right to og on strike.
Environment	Environmental Performance Index (EPI)	Measures different countries contribution and impact on the environment. Environmental health (40%): Polution to air, water and from heavy metals. Eco-systems (60%): Bio-diversity, de-foresting, fisheries, suage, greenhouse emissions, and nitrogen emissions from agriculture
Anti-corruption	Transparency International	Measures the extent of corruption in the government sector in different countries based on 12 expert opinions from institutions and 16 surveys.

Sources:
Freedom House: https://freedomhouse.org/reports/nations-transit/nationstransit-methodology
The International Trade Union Confederation (ITUC): https://www.ituc-csi.org/
EPI: https://epi.yale.edu/epi-results/2022/component/epi
Transparency International: https://www.transparency.org/

In the assessment we specifically look at the following:
1. Country risk
2. Industrial risk
3. Type and legal entity of the company
4. Geographical distance and cultural distance
5. Relationship to StrongPoint (time and quality)
6. Risk potential (magnitude)

An essential part of establishing a tool for our risk assessment has been to determine threshold values for the different risk areas. I.e., when is a country good enough at safeguarding fundamental human rights or decent working conditions? The above-mentioned assessment sources have recommendations that StrongPoint has chosen to use. Based on a point scale from 0 to 100, StrongPoint has the following threshold values as guidelines in our assessments:

Source	Threshold	Explanation
Freedom House	Minimum 35	Countries with score below 35 are considred "Not Free". Countries with score above 35 are considred "Partly Free" or "Free".
International Trade	Minimum 60	Scores below 60 are not concidered acceptable.
Environmental Performance Index (EPI)	Minimum 50	Scores are rated from red to green per country. Red (not acceptable) is in the range of 0-50.
Transparency International	Minimum 50	Countries with scoe below 50 are concidered to be among the more corupt societies.

When needed, we also use references from the following sources:
Global Slavery Index
Global Rights Index
Country Reports on Human Rights Practices
Human Rights Watch
UN: Working Group on Business and Human Rights
Universal Human Rights Index (UHRI)
Business Human Rights
Corporate Human Rights Benchmark

Due Diligence Account

StrongPoint will on a yearly basis, or if any significant changes occurs, update the due diligence account report and publish this on our web pages before the 30th of June each year.

Right to Information

The right to information is an integral part of the Transparency Act. Any individual or organization has the right to request information from StrongPoint on how we as a company address actual and potential adverse impacts, both in general or to specific products or services. We have published information and standard information request forms on our web pages. Requests are routed to the SVP People and Organization. They will be responded to in writing no later than three weeks after receiving the request.

V. The Norwegian accounting act §3-3, and compliance with EUs Non Financial Reporting Directive (NFRD)

Reference is made to the following statements, with description of the company's guidelines for handling such conditions including carried out due diligence assessments:

- On environment – page 46-47 of this report
- On social conditions and working environment – page 48-50 of this report
- On equality and non-discrimination - page 58-60 of this report
- On compliance with human rights - page 48 of this report
- On combating corruption and bribery - page 48 of this report
- On the company's business model - page 10 of this report
- On performance indicators and effects of the guidelines - page 61-64 of this report

StrongPoint will report according to the Corporate Sustainability Reporting Directive (CSRD) from 2025, replacing the NFRD directive.

VI. Statement on equality and non-discrimination

The following sections provide information on the status of diversity and inclusion in StrongPoint and the activities being undertaken to identify and analyze the risk of discrimination and actions to improve our D&I performance under the Norwegian Equality and Anti-Discrimination Act.

Program statements

StrongPoint find diverse perspectives to be essential to delivering on our long term strategic agenda. Diversity allows us to think, approach challenges and solve problems differently. StrongPoint is committed to providing equitable employment opportunities and treating all employees fairly and respectfully. StrongPoint employees and business units shall only use merit, qualifications, and other professional criteria as a basis for employee-related decisions, such as recruitment, training, performance, compensation, and promotion. We strive to develop programs and actions to encourage a diverse organization based on the principle of equitable opportunities. StrongPoint is committed to the principles of non-discrimination and does not tolerate any form of harassment or bullying in the workplace.

We are working to ensure equal opportunities for all employees and prevent discrimination based on gender, pregnancy, leave in connection with childbirth or adoption, care responsibilities, ethnicity, religion, belief, disability, sexual orientation, gender identity, gender expression, or combinations of these grounds globally, and shall seek to prevent harassment, sexual harassment, and gender-based violence.

All figures presented are for the Norwegian company StrongPoint ASA, including all subsidiaries.

Identifying and mitigating D&I-related risks

We use our employee engagement surveys, StrongPoint Peakon eNPS pulse surveys, to identify and monitor risks relating to diversity and inclusion. We also use the internal grievance mechanism AlertLine to assess the risk of discrimination and harassment in the organization and track relevant employee data from our core employee system.

Our Peakon survey also allows us to assess employee engagement and psychosocial risk indicators across different demographics, including gender, age, and roles.

The index consists of seven diversity, inclusion, and equality related questions. The Peakon index score is part of the Executive Management KPIs.

The business areas are expected to develop targets based on their scores, act on the findings from the risk assessments, develop roadmaps, ensure responsibility is taken, and report progress to eliminate discrimination. Every quarter the executive team oversees trends and analyze root causes.

D&I is embedded in all people processes, including recruitment, onboarding, and succession planning, and is included in all employee and leadership development programs.

We have identified critical risk areas/obstacles for equality, diversity and discrimination to be:
- Recruitment
- Culture
- Leadership
- Work-life balance

Recruiting employees from various countries, backgrounds, and cultures may challenge how we communicate and follow up with employees. Regarding leadership, poor gender balance can create a perception of unequal career development opportunities and represent a talent retention risk. We also see that StrongPoint's growth strategy, combined with a performance-driven culture, might create high expectations and workloads for employees, making work-life balance challenging for some.

2023 performance

On recruitment, we have worked actively to improve gender balance on all levels/departments/ countries and promote the recruitment of qualified individuals with disabilities or special needs requirements.

On Culture and Leadership, we have continued the focus and understanding of our purpose and values (see page 6).

We have pushed for gender balance at all leadership events and diverse leadership teams through systematic succession planning.

On Work-life balance, we have promoted and evolved a culture of flexibility in the workplace, including Working from Home (WfH) practice.

We are continuously tracking our population regarding work-life balance, and our 2023 engagement survey showed increased scores in most BUs in this area.

We have benchmarked executive payments and how it relates to gender diversity. During the past year, we have continued to focus on aligning our policies across the different business units and within the countries of operation.

We assess the compensation and benefit equality as part of the yearly salary review and conduct a benchmark survey. We found only minor disparities in 2023 and have adjusted them individually. In 2023 we will continue the implementation in StrongPoint ALS (UK).

In 2023 we moved to new offices in Oslo that is much more adapted for disabled employees.

StrongPoint has steadily progressed in the D&I area the past years and is satisfied with the trend. In 2024 the company will especially focus on D&I measures at StrongPoint ALS UK.

Average age of employees in StrongPoint is 42.9 years in 2023 (42.7 years in 2022). With female average age of 42.2 years old and males 43.1.

Average employee turnover in 2023 was 8.5% (12.7% in 2022).

	SP AB	SP S.L.U.	SP Cash Tech SL	SP E-com AB	SP AS	ALS UK	ALS Ireland	ALS Bulgaria	Hamari	SP ASA	SP UAB Group	SUM StrongPoint
Average FTE:	92.0	30.0	7.3	34.0	57.0	58.0	9.8	22.3	1.0	3.8	199.0	514.2
Number of employees per 31.12.2023	93	32	10	32	56	55	10	17	6	4	209	524
Number of FTE per 31.12.2023	93.0	32.0	10.0	32.0	56.0	54.0	9.8	17.0	6.0	4.0	204.5	518.3
Sick leave	4.00%	0.03%	10.00%	2.00%	6.11%	1.90%	3.08%	11.00%	0.00%	2.56%	0.16%	2.50%
Number of women	19	8	2	9	7	12	1	8	2	1	48	117
Average salary men	547	462	383	631	771	493	592	161	669	2523	531	580
Average salary women	551	446	463	627	604	490	323	126	319	1175	493	492
Part time women	0	0	0	0	0	1	1	0	0	0	2	4
Part time men	0	0	0	0	0	0	9	0	0	0	2	11
- Of which number of involuntary part-time female employees 31.12	0	0	0	0	0	0	0	0	0	0	0	0
- Of which number of involuntary part-time male employees 31.12	0	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	0	0	0	0	0	0		
Parental leave	9/6,43 weeks	1/18 weeks		11/6,43 weeks		2/24 weeks					12/22 weeks	35/13,1 weeks

Table: Measures in 2023, targets and performance.

Gender-related salary differences

StrongPoint policy is that all employees shall receive a total compensation that is competitive and aligned with local industry standards. The compensation should also be performance-oriented, transparent, fair and objective. Salaries in the organisation are reviewed regularly (minimum every second year). Positions and pay grades are established and compared both on a group and individual level.

No significant gender-pay differentials were found, and this corresponded with the general assessment of the previous years. Still, we adjusted salaries to approximately 10 employees to align them with relevant pay groups. Employees earning collective negotiated wages in Sweden also had no significant gender-pay differentials. When setting up and comparing pay groups we looked at and compared the need for knowledge, problem-solving, accountability, and the overall working conditions for every position. Each employee's base salary, benefits, pension cost, short and long term incentives were assessed (total remuneration).

The average salary of men was NOK 580,000 (NOK 504,000 in 2022), and women NOK 492,000 (NOK 411,000 in 2022). The significant year-over-year uplift is caused by inflation driving high salary increases, and a currency effect since it is reported in NOK.

Level/ Employee groups	Female	Male	Total	Female average total remuneration in percent of the median	Male average total remuneration in percent of the median
10-12	15	24	39	103%	96%
13	14	67	81	94%	102%
14	31	83	114	96%	102%
15	27	80	107	97%	100%
16	12	72	84	104%	102%
17	11	30	41	98%	106%
18-25	7	51	58	91%	104%

Table: The average salary of men was NOK 580,000 (NOK 504,000 in 2022), and women NOK 492,000 (NOK 411,000 in 2022). The significant year-over-year uplift is caused by inflation driving high salary increases, and a currency effect since it is reported in NOK.

VII. Remuneration to the Chief Executive Officer (CEO) and other senior executives report

The Board of Directors are required to, in accordance to the Public Limited Liability Companies Act § 6-16 a and b and regulation 11.12.2020 no. 2730, prepare principles and report on remuneration to the Chief Executive Officer (CEO) and other senior executives. StrongPoint presents this report as a separate document to the Annual General Meeting, and it is published on our website.

Annex: Goals and status on progress

Our main indicators related to our three key prioritized sustainability focus areas:

Reference/Target	2022 goals	Status	2023 goals	Status	2024 goals	Key actions
ENVIRONMENT AND CLIMATE 1.1	StrongPoint will start reporting on scope 3 in 2022.	Reported on scope 3 in 2022.	Increase accuracy on scope 3 upstream reporting.	Prepared for new CSRD reporting.		
ENVIRONMENT AND CLIMATE 1.2	Start reporting on waste generation and waste management for all production sites and warehouses.	All BU reported except BU Norway.	Include Norway when moving to new offices in Q2 2023.	Moved mid 2023 and started reporting.		
ENVIRONMENT AND CLIMATE 1.3	Start mapping eligible activities as described in the EU taxonomy.	Basic mapping performed.	Full taxonomy reporting.	Implemented.		
ENVIRONMENT AND CLIMATE 1.4	StrongPoint will review its environmental policies with a view to make updates where we can improve and strengthen including: • Selling or giving away used equipment and furniture for reuse • Providing the option to charge private electric cars at the workplace • Preferance to purchase electric cars • Avoid using promotional materials and giveaways that are made of plastic, non-recyclable, or are single usage items.	Agreed on guidelines. Usage of hybrid and electric cars have started. Increased charging capacity at StrongPoint facilities.	Introduce incentives to use public transport for employees in Norway.	All employees involved in the process. A temporaty cost compensation program initiated as part of the move to new HQ office in Norway.		
ENVIRONMENT AND CLIMATE 1.5	Evaluate off-setting or buying climate quotas.	Protocols and related cost evaluated. StrongPoint will monitor and gather more insight from comparable Norwegian companies.	Evaluate off-setting or buying climate quotas related to Scop 1 and Scope 2.	Proposal presented before the Management and the Board of Directors.		
ENVIRONMENT AND CLIMATE 1.6	Make local plans and product reports on sustainability impact.	Not adressed due to lack of local resources.	Plan and test Environmental Product Declaration (EPD) on two of StrongPoint products.	Introduce a EPD for ESLs.	Plan and test Environmmental Product Declaration (EPD)/Life Cycle assessment for the refurbishment business.	

Annex: Goals and status on progress

Our main indicators related to our three key prioritized sustainability focus areas:

Reference/Target	2022 goals	Status	2023 goals	Status	2024 goals	Key actions
ENVIRONMENT AND CLIMATE 1.7					Start reporting according to the Corporate Sustainability Reporting Directive (CSRD).	Implement a new reporting model in all Business Units and update the Double materiality impact assessment.
ENVIRONMENT AND CLIMATE 1.8					Prepare a new goals structure in 2024/2025 as part of the Sience Based Targets Initiative.	Start verification process.
PEOPLE AND WORKING ENVIRONMENT 2.1	(Implemented - old target).					
PEOPLE AND WORKING ENVIRONMENT 2.2	Provide training to employees in the Code of Conduct. KPI: 95% of employees should have undergone such training at the end of 2022.	Part of onboarding of new employees.	Update the CoC document and learning material, and introduce e-learning.	Document updated.	Establish e-learning platform.	Aquire a new plattform.
PEOPLE AND WORKING ENVIRONMENT 2.3	KPI still to be monitored and agreed upon.	Implemented screening crterias as part of implementing new Transparancy Act.	Implement a high risk supplier survey (part of the Transparancy act folow-up process).	Questionnaire introduced as part of interview process.		
PEOPLE AND WORKING ENVIRONMENT 2.4	KPI: Share of suppliers who has signed anti-corruption guidelines 90% at the end of 2022.	All new signed contracts are compliant.	Update our CoC for suppliers.	Updated.		
PEOPLE AND WORKING ENVIRONMENT 2.5	Planned for 2022.	Cancelled because of very limited number of reported cases (only two in 2022). Focus on the internal program.	Update whistle blowing channel.	New website and reporting schedule established.		

Annex: Goals and status on progress

Our main indicators related to our three key prioritized sustainability focus areas:

Reference/Target	2022 goals	Status	2023 goals	Status	2024 goals	Key actions
PEOPLE AND WORKING ENVIRONMENT 2.6	Implement new systems for stock controls and relevant audit and monitoring.	Improved process implemented in Spain.				
PEOPLE AND WORKING ENVIRONMENT 2.7	Continue the positive trend with a long term abition to be among the top 15% of technology companies.	With the acquisition of StrongPoint ALS the score is down to the “top 25% of technology companies” benchmark.	Increased focus on Peakon actions in StrongPoint ALS and in Sweden.	Recruit HR resources in UK and Sweden executed as planned.		
PEOPLE AND WORKING ENVIRONMENT 2.8	Continue focusing on software developers and tech employees in the Baltics due to relatively high turnover.	Achieved a decline in turnover in 2022 due to economic macro situation.				
PEOPLE AND WORKING ENVIRONMENT 2.9	(Implemented - old target).					
PEOPLE AND WORKING ENVIRONMENT 2.10	(Implemented - old target).					
PEOPLE AND WORKING ENVIRONMENT 2.11	Establish a employee e-learning/training portal in 2022.	Vendor selected. Basic learning programs in development.	Launce of new e-learning portal.	Delayed becasue of cost restraints.		
PEOPLE AND WORKING ENVIRONMENT 2.12	Implement health insurance for employees in Spain.	Established for all employees.	Implement for Joint Venture company in Spain.	Employees moved to StrongPoint terms in 2023.		
PEOPLE AND WORKING ENVIRONMENT 2.13	Upgrade office in Norway, Move office in Madrid. Find new office locations in Mölendal.	Planned move in Norway. Moved in Mölendal and in Madrid to new offices.	Move the Norwegian HQ office.	Successful move to new HQ compleated, with high employee involvement.		
PEOPLE AND WORKING ENVIRONMENT 2.14	Undertaking a new compensation and benefits survey in 2022.	Completed.	Complete a full C&B benchmark of all employees.	Benchmark concluded together with KornFerry.		

Annex: Goals and status on progress

Our main indicators related to our three key prioritized sustainability focus areas:

Reference/Target	2022 goals	Status	2023 goals	Status	2024 goals	Key actions
PEOPLE AND WORKING ENVIRONMENT 2.15	Maintain zero incidents of non-compliance.	Completed: No incidents on non-compliance were registered in 2022.				
PEOPLE AND WORKING ENVIRONMENT 2.16	Maintain ISO certification achieved.	Completed: ISO cerification maintained.			IT security ISO sertification implemted in all StrongPoint.	Involve all units and uplift our ISO documentation.
PEOPLE AND WORKING ENVIRONMENT 2.17	Make a risk matrix and HSE guide on our AutoStore automation solution.	Completed.	Establish customer training program for AutoStore HSSE.	Not developed due to delay in startup date at Haugaland facility.		
OPERATIONAL SUSTAINABILITY INITIATIVES 3.1			Start test pilot at Haugaland and collect data.	Started monitoring energy consumption in Q4.	Document energy consumption in Haugaland facility.	Monitor and document togeter with external consultants.
OPERATIONAL SUSTAINABILITY INITIATIVES 3.2			Establish a CO2 eq account for refurbishment of check-outs.	Investigated the upstream- and down-stream delivery of refurbishment POC project at one customer site.		
OPERATIONAL SUSTAINABILITY INITIATIVES 3.3			Document the security features of new CashGuard offering in Spain.	Documentation prepared for the product launch in 2024.		

Way forward

Energy

Energy prices have been increasing significantly in all markets. We expect the situation to to stay high into 2024 as the war in Ukraine continues. We target a decrease of 20% in Scope 2 energy consumption, as our consumption related to facilities will decrease as we move to more energy-efficient office buildings.

Climate emission targets

In the past three years, we have gained a much better understanding of how our value chain impacts our emissions. In 2024 we will continue our focus on quantifying and setting concrete and actionable reduction targets, including a path to net zero. The overall emission in Scope 1 will continue to increase, but our growth will reduce the impact under Scope 3, so the total emissions will decrease.

EXECUTIVE MANAGEMENT

JACOB TVERAABAK

CEO

Jacob Tveraabak was previously the CEO of Miklagruppen (Bavaria Nordic), director of business development at Rema 1000 and with McKinsey & Company for 12 years. He is also the co-founder of Nabobil.no. Tveraabak has MSc degrees from the Norwegian School of Economics and Bocconi University. He holds 230,843 shares and 750,000 options in StrongPoint privately and through a privately owned company.

MARIUS DREFVELIN

CFO

Marius Drefvelin has been a group CFO of several international tech companies, including five years at the listed company Techstep ASA. Prior to this, he has been a financial advisor in the transaction teams of Deloitte and KPMG, as well as an investment manager at Jebsen Asset Management AS. Drefvelin holds BSc degrees in Finance and Economics from the University of Utah and is a Certified European Financial Analyst from the Norwegian School of Economics. He holds 0 shares and 150,000 options in StrongPoint.

KNUT OLAV NYHUS OLSEN

SVP People & Organization, Marketing and Communication

Knut Olav N. Olsen was previously the position as Chief People Officer in Canal Digital, Telenor Satellite and Telenor Pakistan. Previously also working as CHRO in Skanska and EVP in ISS Facility Services. Olsen holds a master's degree in law and a finance degree from the University of Bergen, with additional management training from IMD and INSEAD. He is the co-founder and board member of Terrosa Consulting. He holds 31,227 shares and 275,000 options in StrongPoint.

JULIUS STULPINAS

SVP Technology and Supply Chain

Julius Stulpinas has 15 years of experience within StrongPoint related companies, leading and transforming sales, service, product development organizations and teams. He has MSc degree of Engineering from Kaunas University of Technology and MBA from a consortium of Baltic Management Institute, HEC Paris, NHH Norwegian School of Economics and Copenhagen Business School. He holds 38,365 shares and 250,000 options in StrongPoint.

EXECUTIVE MANAGEMENT

GISLE ELVEBAKKEN
SVP Norway

Gisle Elvebakken has worked in sales and management for large Nordic IT-companies such as Visma, Atea and Visolit for over 20 years. Elvebakken holds BSc International Marketing from BI Norwegian Business School. He holds 47,645 shares and 350,000 options in StrongPoint.

MAGNUS ROSÉN
SVP Sweden

Magnus Rosén has more than 20 years' experience from retail in various management roles, including the role as business director e-commerce at ICA. Magnus have throughout his career predominantly worked with retail management, business development and technology development in the grocery retail space. He holds 15,886 shares and 175,000 options in StrongPoint.

RIMANTAS MAŽULIS
SVP Baltics & Finland

Rimantas Mažulis has 15 years of experience in retail technologies within StrongPoint. During that time, he held various positions in retail solution design & development area. Rimantas Mažulis holds a degree of Engineering Informatics from Kaunas University of Technology (2004) and currently in progress with Executive MBA (2022) master's degree by a consortium of Baltic Management Institute, HEC Paris. He holds 30,523 shares and 325,000 options in StrongPoint.

LORENA GÓMEZ
SVP Spain

Lorena Gomez has extensive experience in managing and scaling sales in the retail sector across Europe and has been sales director for the retail technology division at HMY Group, a company she has been with since 2006. Since 2014 she was responsible for the newly formed Retail Technology division at the Group level. Lorena Gomez holds a degree in Industrial Design Engineering from the University of Zaragoza and a Master's degree in Innovation Management. She holds 19,846 shares and 200,000 options in StrongPoint.

ALEX EVELEIGH
SVP UK & Ireland

Alex Eveleigh started in StrongPoint in January 2024. He has over 15 years of experience working in the grocery retail industry, holding senior positions at Asda, Aldi and Ocado. In these roles he led teams across various domains, including in-store operations, online grocery fulfillment, automation and robotics. Most recently, he served as the VP of Business Development & Strategy and as the Director of Growth at Takeoff Technologies, a grocery e-commerce automation company, where he oversaw sales, strategy development, implementation, and operations. He holds 0 shares and 0 options in StrongPoint.

2023

Board of Directors’ report

StrongPoint is a focused retail technology company that provides solutions to make shops smarter, shopping experiences better and online grocery shopping more efficient. With more than 500 employees in Norway, Sweden, Finland, the Baltics, UK, Ireland and Spain, and together with a wide partner network, StrongPoint supports businesses in more than 20 countries. StrongPoint provides technology and solutions, service and support, license and professional services to retailers, especially in the grocery retailers. StrongPoint is headquartered in Norway and is listed on the Oslo Stock Exchange [ticker: STRO].

Events after the balance sheet date

No major events have occurred after the balance sheet date.

2023 FINANCIAL REVIEW

- Operating revenues for StrongPoint Group declined by 2% to 1,342 MNOK (1,372).
- Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to -1 MNOK (76), and profit after tax was -34 MNOK (29).
- Total Group capital per 31 December 2023 was 1,014 MNOK (986) and equity was 475 MNOK. This resulted in an equity ratio of 47 per cent.
- Interest bearing liabilities, reduced by bank deposits, amounted to 81 MNOK at the end of 2023.
- The Group has a cash pool arrangement allowing for a more efficient utilization of group liquidity and cash flow. Disposable funds end of year was 95 MNOK, of which 56 MNOK was available credit facility. Cash flow from operational activities was 25 MNOK (17), and working capital decreased by 38 MNOK in 2023.

Segments

The Group reported on two segments in 2023: Scandinavia and International incl. R&D. In addition, the financial statement includes detailed revenue information for geographic and product segments.

The Group delivers proprietary solutions within In-store Productivity, E-commerce, Payment Solutions and Checkout Efficiency, as well as tailor-made retail solutions from leading third-party suppliers, including Pricer Electronic Shelf Labels (ESL), POS, ERP and Digi scales and wrapping systems. The business governance is based on reported sales revenues, EBITDA and EBIT for the two business areas Scandinavia and International incl. R&D.

Scandinavia

The business segment Scandinavia currently consist of the operating business units in Norway and Sweden. The revenue also includes some deliveries to other parts of the Nordics like Denmark and Iceland.

International incl. R&D

The business segment International incl. R&D consists of the operating business units in the Baltics, Finland, Spain and UK/Ireland, in addition to partner sales in the rest of Europe and rest of world. The ongoing R&D activities for own products have been allocated to this area.

STRONGPOINT SEGMENTS

The 2023 financial statements include two reporting segments: Scandinavia and International incl. R&D.

MNOK	Year	
Scandinavia	**2023**	**2022**
Norway	340.3	386.1
Sweden	295.7	358.0
Total Revenue	636.0	744.1
EBITDA	41.5	67.2
- In %	6.5%	9.0%
EBT	35.1	59.5
- In %	5.5%	8.0%

MNOK	Year	
International incl. R&D	**2023**	**2022**
Baltics	255.5	204.6
Spain	87.6	76.8
UK & Ireland	283.5	241.3
Rest of Europe	79.8	105.7
Total Revenue	706.4	628.3
EBITDA	-10.4	53.9
- In %	-1.5%	8.6%
EBT	-51.5	21.1
- In %	-7.3%	3.4%

Acquisition

On October 31, 2023, StrongPoint acquired 100% of the shares in Brand ID Hamari Group Oy (Hamari). Hamari is a retail technology solutions company based in Finland and was established in 2006. Hamari provides services and installation to retailers and grocery retailers, predominantly electronic shelf labels from Pricer AB. At the end of 2023, the company had six employees.

The full year 2023 revenue ended at 11 MNOK, of which 2.6 MNOK was consolidated in StrongPoint. The purchase price for the shares was 5.2 MNOK, of which 3.3 MNOK was paid as cash and 1.9 MNOK was paid with shares in StrongPoint ASA. A total of 3.6 MNOK was identified as intangible assets, which will be amortized over the next five years.

Employees and organization

StrongPoint aims to be a workplace with a safe and positive working environment. All employees receive a competitive total compensation aligned with local industry standards. The Group has taken active measures aimed at promoting employees' professional development, preventing sick leave and improving the overall working environment. All employees in the Group have employment contracts that comply with local market standards and legislation.

The Group had 524 employees as of 31 December 2023. Total sick leave in the company were estimated at 2.5% in 2023 compared to 1.6% the previous year. No employees were reported injured and there were no reported accidents during the year.

The company has share incentive programs for the executive management and all the employees. 148,706 shares were distributed in 2023.

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

There were 117 women among the Group's 524 employees at the end of the year. StrongPoint is an equal opportunity employer, and diversity and inclusion are imperative to the way StrongPoint does business. More information on the status of gender equality and how we comply with section 26 of the Equality and Anti-Discrimination Act can be found under the ESG section on page 37 of the annual report.

Product development

The Group owns intellectual property within cash management, checkout efficiency and e-commerce. StrongPoint continues to invest in and maintain the current solutions, as well as developing and funding new solutions. No development costs were capitalized in 2023, except capitalization of intangible assets of 23.4 MNOK related to the development of a new cash management solution.

Risk

Historically, the Group's key markets have been robust and stable, as investments in the retail grocery sector have not been significantly affected by financial and macroeconomic changes. In 2023, however, the continued increase in inflation and interest rates put additional pressure on the market condition, resulting in lower customer spending. Moreover, global component shortages, supply chain delays, pandemic restrictions and other international macro instabilities may impact the Group's financial performance. The Group managed the risk by close dialogue with key suppliers and also used the strong liquidity situation to increase inventory in order to reduce the risk of delay in future deliveries.

The Group's operations are exposed to currency risk, and in 2023 this had a negative impact on the Scandinavian operations. Currency risk is managed operationally in customer contracts, but there is a time lag between the currency change and the increased (or decreased) price to customers. Receivables and liabilities are exposed to financial risk, which is reduced by a thorough, action-based follow-up on an ongoing basis. These matters also have implications for liquidity risk. The Group has managed liquidity risk by closely monitoring anticipated future operational cash flow, as well as available cash and credit facilities.

StrongPoint has a worldwide Directors' and Officer's liability insurance with a limit of approx. 4% of revenue.

From an overall assessment of customer satisfaction, market position, market demand and financial position, the Board of Directors considers that there is a solid 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 2023. The Board of Directors are 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 in the Group's Annual Report and on the corporate website.

The policy contains information pursuant to Section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance except some noted deviations.

The Group's long term strategy, ongoing business performance, organizational competence and capacity and capital structure were the main focus of Board meetings in 2023. The Board held nine scheduled board meetings and seven extraordinary meetings in 2023. All board members are considered to be independent board members, with a 96% participation rate during the year. Every year, the Board performs a board evaluation survey, which is discussed and acted upon to constantly improve the work of the Board of Directors. Parts of StrongPoint's Group management team are also invited to participate in the survey, and the results are also shared with the nomination committee. There were no transactions between the Board or Management and the Business (related parties) in 2023.

The Board has three subcommittees: an audit committee, a nomination committee and a remuneration committee. The audit committee comprises two Board members. 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. The nomination committee consists of three external members. The remuneration committee consists of two Board members. The remuneration committee continues to evaluate and benchmark the total remuneration program every 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 integrity. 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 and recycling companies. There were no emissions of environmentally harmful substances in 2023. 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. StrongPoint´s focus on environment, social, and governance (ESG) are reported separately in the annual report. In 2023, the main topics were Employee working environment, health and safety, product innovation, quality and safety, Corporate governance including ethics and anti corruption and Environment and climate, including emissions and waste management.

StrongPoint works actively with suppliers to understand how climate changes can influence the business and try to reduce the risk by identifying and implementing alternative components, reduced production redundancy and reduce emission by searching for more optimal transportation routes.

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 may be received on behalf of either the Group or any employee personally.

The Group has whistleblowing procedures in place. It is important to report policy violations or inappropriate conduct in a responsible manner.

The audit committee is responsible to handle whistleblowing incidents reported directly to the Board.

Shareholder relations

As of 31 December 2023, StrongPoint had a share capital of NOK 27,830,778 allocated to 44,888,352 shares with a face value of NOK 0.62. At the end of 2023, the Group held 350,404 treasury shares at an average price of NOK 20.92.

There were 2,387 shareholders in the company at the end of 2023. The 20 largest shareholders represented 54.5 per cent of total share capital. At the end of 2023, 281 shareholders owned 10,000 shares or more.

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.

Outlook

StrongPoint's E-Commerce and In-Store solutions and services are well positioned at the crossroads of multi-channel retailing: online growth and cost-cutting in retail stores.

From a North European and grocery focused starting point, StrongPoint will pursue a three-step approach to geographical expansion and growth:

• Roll-out of the full portfolio of solutions in key markets, including Norway, Sweden, Finland, the Baltics, UK&Ireland and Spain, utilizing our strong sales, service and support organization, applying innovative tools and sharing of best practices.

• Selling StrongPoint's proprietary solutions in a selected number of countries beyond key markets. The list of solutions includes grocery e-commerce, self-checkout, shop fitting and cash management solutions.

• Utilizing StrongPoint´s market access platform for global retail technology providers targeting leading retailers in the key markets, leveraging StrongPoint´s strong market and one-stop-shop position.

As a foundation for creating shareholder value, StrongPoint growth strategy is based on profitable and organic growth, M&A initiatives, cost control and a solid balance sheet. The Group presents its long term goals every year as part of an Annual Strategy Update Session.

The Board of Directors underlines that a growth is not expected to be linear, and investments in products and sales resources will influence the EBITDA. The overall growth ambitions can further be influenced by global component shortages, supply chain delays, pandemic restrictions and other international macro instabilities. The Board also acknowledges that the time from pilots to roll-outs and scale-up for new solutions is difficult to predict, and this might sometimes be reflected in rather significant variations in the reported numbers between the quarters.

Parent company - StrongPoint ASA

StrongPoint ASA is the holding company for the Group's legal entities. The company is listed on the Oslo Stock Exchange under the ticker “STRO”. The parent company, StrongPoint ASA, has four employees.

StrongPoint ASA's profit for the year was 7.1 MNOK compared to a loss of 2.1 MNOK in 2022.

Proposal for allocation of profit for the year:

The Board of Directors will propose to the general meeting the following allocation of profit for the year in the parent company StrongPoint ASA for 2023:

Profit for the year:
NOK 7,137,344.45

Transferred from other equity:
NOK 7,137,344.45

Oslo, 14 March 2024

Morthen Johannessen Chairman	Ingeborg Molden Hegstad Director	Cathrine Laksfoss Director	Audun Nordtveit Director	Peter Wirén Director	Jacob Tveraabak CEO

BOARD OF DIRECTORS

MORTHEN JOHANNESSEN
Chairman

Morthen Johannessen has more than 20 years' experience as CEO/ Managing director of international businesses. In Tomra he first served as CEO for the European business, and later as Group COO & head of the Global Business Development division. Prior to Tomra Morthen was CEO of Pepsico`s beverage business in Western-Europe. He currently works as an industrial advisor and professional board member of a number of companies in various industries. Johannessen holds a Master of Business Administration (HD) from CBS, Copenhagen. He has been on the Board of StrongPoint since April 2016, and Chairman from April 2018. He holds 112,135 shares in StrongPoint.

INGEBORG MOLDEN HEGSTAD
Director

Ingeborg Hegstad has 20 years of experience from management consulting, including McKinsey & Company and Egon Zehnder. Since 2015 Hegstad has been a partner in Imsight AS, offering strategy and leadership advisory to executives, teams and organizations. She has experience from the Board of Directors of Cxense ASA (2017-2019), Q-Free ASA (2018-2021), Cyviz ASA (2021-onwards) and Gjensidige Mobility Group (2023-onwards). Hegstad holds a Master of Business and Administration from Norwegian Business School BI (2000). She has been a Board member in StrongPoint since April 29, 2020. She holds 25,602 shares in StrongPoint.

AUDUN NORDTVEIT
Director

Audun Nordtveit has more than 10 years' experience from finance and investment operations, including with Norges Bank Investment Management and UBS. Since 2018, he has worked as an investment manager at the investment company Sole Active AS. Nordtveit holds an M.Sc. of Industrial Economics and Technology Management from NTNU and an MBA from Columbia Business School. He has been a member of the Board of StrongPoint since 27 April 2023. He holds 23,072 shares in StrongPoint.

CATHRINE LAKSFOSS
Director

Cathrine Laksfoss is CEO of Schibsted Ecommerce & Distribution as, and head of Ecommerce development across Schibsteds companies and Schibsteds distribution activities. She has led the transformation of the traditional newspaper distribution to an ecommerce growth group by founding and scaling growth companies. She is Chair of Boards in Helthjem Netthandel AS, morgenlevering. no, Distribution Innovation AS and serves on the boards of Bookis.no and Dooris ab. She has previous experience from Posten Bring and management consulting and holds an MBA from HEC Paris and a Masters degree in marketing from the Norwegian Business School. She has been a Board member in StrongPoint since April 28, 2022. She holds 5,211 shares in StrongPoint.

PETER WIRÉN
Director

Peter Wirén has 20 years' experience from the payments and retail technology 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. He holds 40,607 shares in StrongPoint.

Corporate Governance

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 subsidiaries. The Board has reviewed and updated the company's corporate governance practice. It is in line with the Accounting Act, section 3-3b and the Norwegian Code of Practice for Corporate Governance, except where deviations from the Code are noted. The presentation adheres to the same order of topics as the fifteen items in the Code.

StrongPoint is compliant to all item in the code except item 3:
The board has an authorization to make an overall capital increase of up to 9,000,000 shares that is not limited to a defined purpose. The shareholders' preferential rights according to cf. section 10-14 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 a defined purpose.

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 is based on the principle of independence from 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 strengthen 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 shareholders' investments and interests are considered closely. One of the Board's main tasks is to ensure that the company is based on an optimized capital structure. Equity transactions, including authorizations for share capital increases, are to be justified in terms of extent, form and timing. The Board and executive management must ensure that the company's information policies ensure that information regarding the company is published correctly, comprehensively and timely, contributing to a correct valuation of the company's shares. Further, the information policy should give shareholders the best possible foundation for decisions related to investments and voting at general meetings.

Values, ethical guidelines and guidelines for corporate social responsibility

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

2. Business

The company's business objective is described in the company's articles of association. StrongPoint is a retail technology company that provides solutions to make shops smarter, shopping experiences better and online grocery shopping more efficient. 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 commercially appropriate decisions within the defined purpose. The articles of association of StrongPoint ASA are presented on the group's website: 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 2023 amounted to 474.9 MNOK corresponding to an equity ratio of 46.8 per cent.

The company's share capital is NOK 27,830,778.24, divided into 44,888,352 shares with a nominal value of NOK 0.62.

Dividends

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

When deciding the annual dividend level, the Board of directors will take into consideration expected cash flow, investments in organic growth, plans for growth through mergers and acquisitions, and needs for appropriate financial flexibility.

In addition to cash dividends, StrongPoint ASA may buy back shares as part of its total distribution of capital to the shareholders.

Board authorizations

The Board's proposals for future Board authorizations accord with the recommendations with two exceptions. The first concerns the Board's authorization to increase share capital by up to 9,000,000 shares, which is not limited to a defined purpose.

Secondly, the Board has an authorization 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 authorization is not limited to a defined purpose.

The Board has asked the General Meeting for these authorizations to increase the group's maneuverability.

Both authorizations are valid until the next general meeting or 30 June 2024, whichever comes first.

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 related to the company. Equal treatment of all shareholders is essential. Transactions involving the company's own shares are executed on the Oslo Stock Exchange, except for the repurchase of minor shareholdings from shareholders with 500 or fewer shares. 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 made 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 have significant interests in agreements entered into by StrongPoint ASA or companies in which StrongPoint ASA has significant 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 a share capital increase, the reasons for this waiver shall be explained by the Board of directors and be published through the Oslo Stock Exchange distribution system and on the company website.

5. Freely negotiable shares

StrongPoint ASA's shares are freely negotiable. There are no restrictions on transferability in the company's articles of association.

6. General meetings

Meeting notification, registration and participation

The company encourages all shareholders to participate at general meetings. Notices 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's general meetings. From 2020, the articles of association allow for digital execution of general meetings, and regulates that votes in advance can be registered. This allows for improved shareholder engagement cross borders.

Proxy and votes in advance

When the general meeting is held digitally, the shareholders can send in votes in advance. Shareholders who are unable to attend a meeting may vote by proxy.

The company has prepared forms that enable shareholders to vote on individual issues. Procedures for using such forms are available on the company's website. The company does not appoint an independent proxy to vote on behalf of shareholders. The company considers that shareholders' interests are adequately safeguarded by the option to participate through an appointed proxy or voting in advance. Procedures for attendance registration and granting proxy are presented in the notice, 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 general meeting is led by the Chairman of the Board or someone elected by the 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 the Oslo Stock Exchange distribution system and on the company website.

7. Nomination committee

The company has a nomination committee, as stated in the articles of associations, which consists of: Hilde Horn Gilen (Chairman), Inger Johanne Solhaug and Are Juklestad Berg. The nomination committee consists of no fewer than three members. Each member is normally elected for a two-year period. The composition of the nomination committee should ensure 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.

In accordance with StrongPoint ASA's articles of association, the nomination committee recommends candidates for election to the Board of Directors. In addition, the nomination committee recommends a candidate for Chairman. The nomination committee also makes recommendations on remuneration of Board members. The nomination committee is to justify its recommendations, how it takes care of the shareholders' and the company's need for expertise, capacity and diversity. Care should be taken that the Board functions effectively as a cooperative body. 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

In accordance with the company's articles of association, the Board comprises between 5 and 11 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 company Celo Industries AS. The current composition of the Board is presented on the company website. The Board members' expertise is also presented. In 2023, the Board of Directors had 16 meetings.

Board members' shareholdings are presented in note 9 to the consolidated accounts. Board members are encouraged to invest in the company's shares, and also receive shares as part of the remuneration. The Board members represent a combination of expertise and experience from finance, industry and organizations. The nomination committee's reasoned proposal for candidates will be presented on the company website.

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 Chief Executive Officer. The Board instructions also feature rules governing Board schedules, notice and chairing of Board meetings, decision-making, the Chief Executive Officer'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 through a survey. The Board has an audit committee, which consists of Chairman of the Board Morthen Johannessen and the Board member

Audun Nordtveit. The Board evaluates the competence of the audit committee members to be sufficient. The audit committee sets the agenda according to the tasks set in Allmennaksjelovens §6-43.

10. Risk management and internal control

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

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, reported to Group management, and evaluated and handled to the best for the company.

StrongPoint takes an active role on Boards of Directors in subsidiaries. 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.
- Accounting manual regulating group accounting policies, risk accruals and internal control.

The Audit committee and the Board 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. 20% of gross remuneration to the Board shall be used for share purchases until the value of the shares corresponds to a minimum of one year's gross remuneration. 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 their related companies should not undertake special assignments for the company in addition to their Board appointments. However, if they do, 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 2023 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 implemented a Long Term Incentive Program in 2020 represented as a Stock Option program. The program has ambition to both motivate and retain executive management and key personnel to achieve the overall strategic ambitions, and has been granted in the years 2020, 2021, 2022 and 2023. The company's guidelines and further information on remuneration for 2023 for members of StrongPoint's executive management is presented in note 9 to the consolidated accounts. Additional information will be shared in a remuneration report to be presented to the General meeting in 2023. 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 this. StrongPoint has a worldwide Directors' and Officer's liability insurance with a limit of approx. 4% of revenue.

13. Information and communications

The company has prepared a policy for investor relations (IR), which determines guidelines for contact with shareholders apart from 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: newsweb.oslobors.no. All information that is distributed to shareholders is published through the Oslo Stock Exchange distribution system and on the company website.

The company intends to host public presentations of its financial reporting and these meetings are webcasted simultaneously. The company's financial calendar is found on the company website.

14. Take-overs

In a bid situation, StrongPoint's Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer. The Board of Directors will not seek to hinder or obstruct take-over bids for the company's activities or shares unless there are particular reasons for this. An agreement with the bidder 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 to compensate the bidder if the offer is not completed. Any compensation shall be limited to the cost the bidder has incurred in making the bid. Agreements between the company and provider of importance for the market's assessment of the offer should be made public 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 decides the annual accounts. The auditor audit material changes in the company's accounting principles and assessments of material accounting estimates with the Board.
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 for auditing and other services are presented in note 5 to the StrongPoint ASA accounts. Such details are presented to the annual general meeting.

Oslo, 14 March 2024

Morthen Johannessen Chairman	Ingeborg Molden Hegstad Director	Cathrine Laksfoss Director	Audun Nordtveit Director	Peter Wirén Director	Jacob Tveraabak CEO

Investor Relations

StrongPoint ASA strives to have an open investor relations policy towards its shareholders and the market in general. The most important events for shareholder information and updates are the quarterly presentations and the Annual Strategy Update Session. In addition, StrongPoint uses its website, meetings and direct communication to provide investors and analysts with relevant information. Information for shareholders is available at strongpoint.com and ose.no (ticker STRO).

Marius Drefvelin
CFO

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 10 MNOK 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 27,830,778 allocated as 44,888,352 shares, each with a nominal value of NOK 0.62, all fully paid and issued in accordance with Norwegian law. The company has one class of shares.

For more information

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CFO
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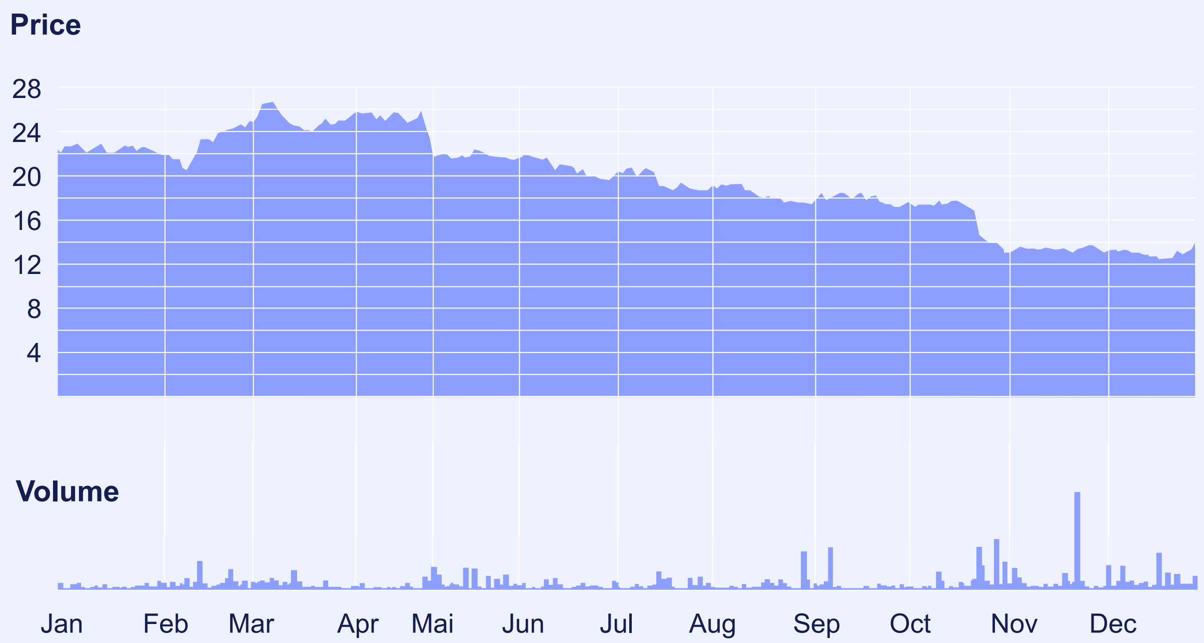
SHARE INFORMATION



FINANCIAL CALENDAR 2024

Q1 – 25.04
Q2 – 12.07
Q3 – 18.10
Annual General Meeting – 25.04

Webcast will be available at our website www.strongpoint.com from CET 07.00.

Consolidated statements of comprehensive income

KNOK	Note	2023	2022
Operating revenue	3	1,342,398	1,372,392
Cost of goods sold	12	805,266	850,956
Payroll	9	366,782	305,842
Share based compensation	9	6,395	5,079
Other operating expenses	5, 16, 27	165,244	134,976
Total operating expenses		1,343,687	1,296,853
EBITDA		-1,288	75,540
Depreciation tangible assets	10	26,996	25,353
Amortization intangible assets	11	11,163	12,840
Total depreciations and impairments		38,159	38,193
Operating profit		-39,448	37,347
Financial expenses	8	17,646	6,073
Financial income	6, 8	11,763	6,891
Total financial items		-5,884	818
Profit before tax		-45,331	38,165
Income tax expense	26	-11,132	9,060
Profit/loss after tax		-34,200	29,105

KNOK	Note	2023	2022
Other comprehensive income net of tax			
Items that may be reclassified through profit or loss in later periods			
Exchange differences on foreign operations		32,894	-3,069
Total comprehensive income		-1,305	26,036
Earnings per share	23	-0.77	0.66

Consolidated balance sheet

KNOK	Note	31.12.2023	31.12.2022
ASSETS			
Intangible assets	11	125,327	82,503
Goodwill	11	174,325	159,918
Tangible assets	10	30,397	23,755
Right-of-use assets	10	99,568	82,698
Associated companies	6	853	977
Other long term investments	7	4,001	4,001
Other long term receivables	13	1,372	15,147
Deferred tax assets	26	31,106	20,925
Total fixed assets		466,949	389,924
Inventories	12	230,424	232,124
Accounts receivables	13, 17	240,790	274,348
Prepaid expenses	13	22,032	25,731
Other current receivables	13	14,955	16,265
Cash and cash equivalents	14	39,340	47,248
Total current assets		547,541	595,716
TOTAL ASSETS		1,014,490	985,640

KNOK	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Share capital	24	27,831	27,831
Treasury shares	24	-217	-362
Other equity		447,238	479,738
Total equity		474,852	507,207
Long term interest-bearing liabilities	15	4,983	8,087
Long term lease liabilities	15	83,513	59,426
Other long term liabilities	22	1,848	-
Deferred tax liabilities	26	18,111	20,997
Total long term liabilities		108,455	88,511
Current interest-bearing liabilities	15	7,962	7,533
Bank overdraft	15	94,153	22,137
Short term lease liabilities	15	14,316	21,777
Accounts payable		159,690	147,839
Tax payable	26	-10,603	11,126
Public duties payable		33,871	46,072
Other short term liabilities	22,27	131,794	133,439
Total short term liabilities		431,183	389,923
Total liabilities		539,638	478,433
TOTAL EQUITY AND LIABILITIES		1,014,490	985,640

Oslo, 14 March 2024

Morthen Johannessen Chairman	Ingeborg Molden Hegstad Director	Cathrine Laksfoss Director	Audun Nordtveit Director	Peter Wirén Director	Jacob Tveraabak CEO

Consolidated cash flow statement

KNOK	Note	2023	2022
Ordinary profit before tax continued operations		-45,331	38,165
Net interest		9,617	3,427
Tax paid		-26,047	-17,989
Share of profit, associated companies	6	-191	-388
Depreciation tangible assets	10	26,996	25,353
Amortization intangible assets	11	11,163	12,840
Gain/-loss on sale of tangible assets	10	-235	-84
Change in inventories		17,169	-1,146
Change in accounts receivables		52,485	-48,506
Change in accounts payable		-170	10,351
Change in other accrued items		-20,275	-5,390
Net cash flow from operational activities		25,182	16,633
Payments for fixed assets	10	-17,643	-11,144
Payment for intangible assets	11	-23,425	-
Payments for long term shares	6	-	-15
Sale of tangible assets (sales proceeds)	10	467	60
Acquisition of subsidiaries, net of cash acquired	4	-2,357	-88,695
Net effect divestment	4	-	19,641
Interest received	8	1,604	772
Dividends received from associated companies	6	300	200
Net cash flow from investment activities		-41,054	-79,181

KNOK	Note	2023	2022
Purchase of own shares	24	-	-12,290
Sale of own shares	24	4,410	2,011
Payment long and short term debt	15	-111	-4,037
Payment of leasing commitments	15	-24,444	-19,503
Loan to Joint venture company in Spain	13	-	-13,668
Change in overdraft	15	75,664	20,934
Interest paid	8	-11,221	-4,199
Dividends paid		-39,935	-34,991
Net cash flow from financing activities		4,363	-65,741
Net cash flow in the period		-11,510	-128,290
Cash and cash equivalents at the start of the period		47,248	174,198
Effect of foreign exchange rate fluctuations on foreign currency deposits		3,602	1,339
Cash and cash equivalents at the end of the period	14	39,340	47,248

Consolidated statement of changes in equity

				Other equity						
KNOK	**Note**	**Share capital**	**Treasury shares**	**Other paid-in equity**	**Translation variances**	**Share Option Program**	**Other equity**	**Total equity**	**Minority interest**	**Total equity**
Equity at 31.12.2021		27,513	-364	351,262	35,824	5,881	78,076	498,190	-	498,190
Profit for the year after tax							29,105	29,105		29,105
Other comprehensive income and expenses [1]					-3,069			-3,069		-3,069
Total comprehensive income					-3,069		29,105	26,036		26,036
Purchase/sale of own shares			-308				-9,970	-10,278		-10,278
Dividend 2021 paid in 2022							-34,991	-34,991		-34,991
Acquisition of ALS paid in shares		318	310				22,202	22,830		22,830
Share Option Program						5,420		5,420		5,420
Equity at 31.12.2022		27,831	-362	351,262	32,755	11,301	84,422	507,207	-	507,207
Profit for the year after tax							-32,231	-32,231	-1,968	-34,200
Other comprehensive income and expenses [1]					32,837			32,837	57	32,894
Total comprehensive income					32,837		-32,231	606	-1,911	-1,305
Sale of own shares	24		74				2,444	2,518		2,518
Dividend 2022 paid in 2023	24						-39,935	-39,935		-39,935
Acquisition of Hamari paid in shares	4		72				1,821	1,892		1,892
Share Option Program	9					4,475		4,475		4,475
Equity at 31.12.2023		27,831	-217	351,262	65,592	15,776	16,521	476,763	-1,911	474,852

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

1) The balance sheet is converted with the closing rate at the balance sheet date, while the income statement is converted with the average monthly exchange rate. The net effect of the translation is recognized as translation differences in other comprehensive income and expenses. See exchange rates in note 21

Note 1: General information

StrongPoint ASA is based in Norway with registered office at Brynsengveien 10 in the municipality of Oslo. The company is listed at the Oslo Stock Exchange with the ticker STRO. The group's main business is the development, sale and implementation of innovative, integrated technology solutions to retailers especially within the grocery segment but also other segments like Do-It-Yourself or pharmacies. The group has two reporting segments "Scandinavia" and "International incl. R&D".

The proposed annual financial statements are prepared with the assumption of a going concern and were adopted by the board and CEO on the date shown on the signed balance sheet. The annual financial statements will be approved by the ordinary general meeting 25 April 2024.

Note 2: Accounting principles

Basic principles

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU 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 31.12.2023. The consolidated financial statements have been produced based on historical costs.

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

Estimates and judgements

In preparing the consolidated financial statements, management makes various accounting estimates and assumptions that form the basis of the presentation, recognition and measurement of StrongPoint's assets and liabilities.

Determining the carrying amounts of some assets and liabilities requires estimates and assumptions concerning future events. Estimates and assumptions are based on historical experience and other factors, which management assesses to be reasonable, but which by their nature involve uncertainty and unpredictability. These assumptions may have to be revised as unexpected events or circumstances may occur. The areas that involve a high degree of estimation uncertainty and usage of management's judgement are described in more detail in note 25.

Consolidation principles

Shares held for sale in associated companies, are valued at fair value and unrealised increase or decrease in value which earlier have been recognized directly as income and costs in the statement of other comprehensive income, will be reversed. Share of profit after tax in associated companies are recognized included in financial items in the P&L.

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, EUR and GBP. 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.

The balance sheet is converted with the closing rate at the balance sheet date, while the income statement is converted with the average monthly exchange rate. The net effect of the translation is recognized as translation differences in other comprehensive income.

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

Tangible assets

The acquisition cost of fixed assets are depreciated linearly according to 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

Leasing

Contracts with a lifetime of more than one year and a value of KNOK 100 are booked as IFRS 16 Leases as both right-of-use assets and liabilities. Operational leases with lower value or shorter lifetime are booked as operational leases in the P&L. For lease contracts with a lease term less than 12 months or a value of the underlying asset of less than KNOK 100, the group applies the recognition exemptions and do not recognize these in the balance sheet.

Intangible assets

Intangible assets are recognized at their cost price, less any accumulated write-downs and amortisation, and are considered periodically for impairment in case of any impairment indicators. Any impairment losses are recognized as operating costs.

Intangible assets with definite lives are amortized over economic life and tested for impairment when there are indications on this.

Goodwill and other intangible assets from acquisitions

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 useful life.

Development costs

Product development costs and research into new products and maintenance of existing products are expensed as incurred except capitalization of intangible assets related to the new cash management solution developed for a customer in Iberia. The development is performed through a new legal company in Spain called StrongPoint Cash Tech S.L., which are consolidated from Q2 2023. The expenses include in-house payroll costs and outsourced services. The expenses are reduced with any government grants received related to this development. Government grants (Skattefunn) are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Inventories

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 inventory turnover rate.

Accounts receivables

For account receivables, the Group applies a simplified approach in calculating Expected Credit Losses (ECL)s. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognized in the income statement.

Provisions are made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. It should, in minimum, be made provisions for: 50% of the amounts ex VAT that has been due for 3 months or more, 80% of the amounts ex VAT that has been due for 6 months or more, 100% of the amounts ex VAT that has been due for 12 months or more. Changes in provision are booked as other operating expenses.

Cash and cash equivalents

Cash includes cash in hand and cash deposits in banks.

Cash equivalents are held for the purpose of meeting short term commitments rather than for investment or other purposes.

Pension commitments, bonus schemes and other staff compensation schemes

(a) Pension commitments

The employees in StrongPoint have pension schemes in line with local statutory and obligatory company pension schemes, and are in general recognized as a defined contribution plan.

(b) Bonus schemes

The group recognizes a provision and a cost for bonus schemes. The group recognizes 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 the CEO has the opportunity to buy shares for up to NOK 1,000,000 per year with 20% discount with a 3 years lock-in period and the other members have the opportunity to buy shares for up to NOK 500,000 per year with 20% discount with a 3 years lock-in period. In addition, all permanent employees in a StrongPoint legal entity, are offered to buy shares for up to NOK 35,000 per year with a 20% discount. The employees can chose to participate in the share program where shares will be allocated 4 times per year and the discount is deducted in the monthly salary deduction, or the employee can buy the shares themselves and get 20% of the amount refunded on their next salary. The discount is recognized as a personnel cost.

Revenue recognition

Long term service and license agreements are recognized linearly over the contracted period.

The Group's sales of products and services are considered to be separate performance obligations according to IFRS 15. The assessment is supported by independence between product sales and sales of services and that both types of sales are based on market prices without cross-subsidisation. The performance obligation related to the sale of products is fulfilled upon installation by the customer (at a point in time) and the performance obligation related to service agreements is fulfilled on a linear basis over the contract period (over time).

Tax

Current tax liabilities and assets are measured at the amount that is expected to be paid to or recovered from the tax authorities. The tax rates and tax rules used to calculate the amounts are those that have been adopted or substantively adopted by the end of the reporting period in the countries in which the group operates and generates taxable income.

Deferred tax liabilities and assets are computed for all temporary differences between the carrying amount of an asset or liability in the consolidated financial statements and their respective tax bases and tax losses carried forward. For the calculation of deferred tax assets and liabilities, the nominal tax rates expected to be applied when the asset is realised or the liability is paid will be used.

Equity and cost of equity

Share option program

The equity-settled share-based option program is as part of the total remuneration plan for the Group management team. The option program is designed to align and incentivize management performance with shareholder value creation and to attract and retain high calibre executive management and key personnel.

The share options will be allocated to the Participants based on company- and individual goal achievement, and at the Board's discretion. The Board will take into consideration the company's goals and strategies as well as targeted performance for executive management, when granting options. The option plan is a performance-based remuneration scheme reflecting the underlying long term value creation of the company. The limits for the allocation of share options to the Participants is determined by the board, within the board mandates approved by the general meeting.

The option scheme will be granted with a strike price equal to the market price at grant. The options will vest over three years, with ¼ vesting after one year, ¼ after two years, and the remaining 2/4 after three years. Any non-exercised options expire five years after grant. If an employee leaves the company before the end of the vesting period, the employee will not vest more options.

The fair value of share options granted is estimated at the date of grant using the Black-Scholes-Merton Option Pricing Model. The model uses the following parameters; the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares, and the risk-free interest rate for the life of the option. The measure of volatility used in the option pricing models is the annulised standard deviation of the continuously compounded rates of return on the share over a period of time. The sosial fees related to the share options are recognized as a short term debt when the options have a higher value than the stock price for the shares.

Provisions

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 recognized when the underlying products and services are sold. The provisions are based on historic warranty cost weighted with probability.

Financial instruments

For Financial instruments we have the the following material accounting policies:

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial assets at fair value are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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 qualifying asset.

Government grants

Government grants are recognized if there are reasonable assurance that the company will meet the criteria of the grant and the grant will be awarded. The recognition of operating grants shall be recognized systematically during the grant period. In Norway we can apply for Skattefunn, where we can get a 19% refund of R&D expenses related to spesific projects.

Cash flow statement

The cash flow statement is presented using the indirect method.

New standards and interpretations

No new principles with effects on recognition and measurement. IAS 1 amendments have had effect on the description of the groups accounting policies.

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 segment statements.

Segments

The Group has two segments: Scandinavia and International incl. R&D. The financial statements include revenue information for both geographic and product information in the current reporting.

The business segment Scandinavia currently consist of the operating business units in Norway and Sweden. The revenue also includes some deliveries to Denmark and Iceland. The business segment International incl. R&D consists of the operating business units in the Baltics, Finland, Spain and UK/ Ireland, in addition to partner sales in the rest of Europe and rest of world.The ongoing R&D activities for own products have been allocated to this segment.

The Group delivers proprietary solutions within In-store Productivity, E-commerce, Payment Solutions and Checkout Efficiency, as well as tailor-made retail solutions from leading third-party suppliers, including Pricer Electronic Shelf Labels (ESL), POS, ERP and Digi scales and wrapping systems. The group management has in the fiscal year 2023 governed the business based on reported sales revenues, EBITDA and EBIT for the two business areas Scandinavia and International incl. R&D.

Revenue per product segment

KNOK	2023	2022
- Products	219,693	338,955
- Services	100,056	87,218
In-store Productivity	319,749	426,173
- Products	148,186	164,642
- Services	111,285	119,953
Payment Solutions	259,472	284,595
- Products	117,564	115,900
- Services	44,408	39,405
Check Out Efficiency	161,972	155,306
- Products	86,940	53,417
- Services	39,666	41,045
E-commerce logistics	126,606	94,461
- Products	-	-
- Services	283,466	241,311
Shop Fittting	283,466	241,311
- Products	89,664	85,902
- Services	101,468	84,644
Other retail technology	191,132	170,545
- Products	662,047	758,815
- Services	680,350	613,577
Total sales revenue	1,342,398	1,372,392

Segment and geographical information

	Scandinavia		International incl. R&D		ASA/Elim		Consolidated	
KNOK	2023	2022	2023	2022	2023	2022	2023	2022
- Products	230,437	269,709					230,437	269,709
- Services	109,845	116,385					109,845	116,385
Norway	340,282	386,093	-	-	-	-	340,282	386,093
- Products	157,379	225,058					157,379	225,058
- Services	138,364	132,916					138,364	132,916
Sweden	295,743	357,974	-	-	-	-	295,743	357,974
- Products			131,101	104,590			131,101	104,590
- Services			124,441	100,019			124,441	100,019
Baltic	-	-	255,542	204,610	-	-	255,542	204,610
- Products			67,586	60,196			67,586	60,196
- Services			19,985	16,556			19,985	16,556
Spain	-	-	87,570	76,752	-	-	87,570	76,752
- Products							-	-
- Services			283,564	241,311			283,564	241,311
UK & Ireland	-	-	283,564	241,311	-	-	283,564	241,311
- Products			75,544	99,305			75,544	99,305
- Services			4,152	6,390			4,152	6,390
Rest of Europe	-	-	79,696	105,695	-	-	79,696	105,695
- Products	387,816	494,767	274,231	264,048	-	-	662,048	758,815
- Services	248,209	249,301	432,142	364,276	-	-	680,350	613,577
Total sales revenue	636,025	744,068	706,373	628,325	-	-	1,342,398	1,372,392
EBITDA	41,485	67,224	-10,403	53,868	-32,371	-45,553	-1,288	75,540
EBT	35,119	59,524	-51,475	21,141	-28,975	-42,499	-45,331	38,165
Assets	406,984	387,016	440,480	398,513	167,026	200,111	1,014,490	985,640
Liabilities	201,103	178,741	401,269	315,804	-62,734	-16,111	539,638	478,433
Working capital	185,989	231,260	149,687	154,117	-24,153	-26,744	311,524	358,632
Investment in fixed assets	5,110	840	12,508	10,278	26	27	17,643	11,144

EBITDA is operating profit before depreciation, amortization interest and tax.
EBT is profit before tax.
Assets includes KNOK 195,578 in non-current assets in Norway.
Working capital is inventory plus accounts receivables minus accounts payables.
There are no customers that represent 10% or more of revenues in the individual business areas in 2023 and 2022.
Revenue per customer is based on sales per legal entities.

Note 4: Changes in the group structure

2023: Acquisition of Hamari

On 31 October 2023, StrongPoint ASA acquired 100% of the shares in Brand ID Hamari Group Oy (Hamari).

Hamari is a retail technology solutions company based in Finland and was established in 2006. Hamari provides services and installation to retailers and grocery retailers, predominantly electronic shelf labels from Pricer AB.

The purchase price was EUR 427,558, of which EUR 159,997 settled with consideration shares and EUR 267,561 settled by cash. There is a possible extra earn-out of up to EUR 150,000 based on conditions related to financial performance for the fiscal years 2023 and 2024. The earn-out is considered probable and the full amount is included in the cost price. The consideration shares were funded by treasury shares and are subject to a two-year lock-up period from closing.

The acquired company contributed with the following revenue and profit before tax for the period between the acquisition and 31.12.2023:

	KNOK
Revenue	2,556
Profit before tax	-187

If the acquisitions had been completed per 01.01.2023, the acquired company would have contributed with the following revenue and profit before tax:

	KNOK
Revenue	11,025
Profit before tax	-1,267

There are identified additional value related to customers of KNOK 3,601. The additional value for customers will be amortized over five years.

Included in the value of goodwill is employees with special skills and expected synergies with StrongPoint's existing business. These intangible assets do not meet the recognition criteria in IAS 38 and are therefore not recorded separately. Goodwill is not amortized. However, it is subject to impairment tests annually.

The acquisition costs regarding Hamari amounted to KNOK 1,340 and are booked as Opex.

Final allocation of fair values related to acquisition in 2023 distributed as follows:

	Hamari
Assets	
Deferred tax assets	141
Fixed assets	78
Cash and cash equivalents	909
Receivables	2,471
Inventories	1,408
	5,007
Liabilities	
Accounts payable	-2,153
Interest-bearing liabilities	-7
Other short term debt	-1,853
	-4,012
Net identifiable assets at fair value	995
Customers relations	3,601
Goodwill	3,064
Deferred tax assets	-720
Purchase amount	6,939
Cash	3,266
Shares in StrongPoint	1,892
Earnout	1,781
Purchase amount	6,939
Paid in cash	3,266
Cash received	-909
Net cash out	2,357

Note 5: Other operating expenses

KNOK	2023	2022
Rent, electricity, cleaning	16,962	13,242
Vehicles	14,317	11,473
Other consultancy fees	38,450	47,414
IT	44,927	25,018
Travel	11,632	8,632
Marketing	9,984	10,044
Other costs	28,972	19,152
Total	165,244	134,976

Specification of recognized auditors fee:	2023	2022
Fee for auditing services	3,924	2,365
Fee for tax advise	-	14
Fee for other services	145	292
Total [1]	4,069	2,671

1) Of which TNOK 863 applies to auditors other than EY. Auditors fee are exclusive of VAT, with the exception of transaction expenses.

Note 6: Investment in associated companies

StrongPoint ASA owns 49,9997% of the shares in Spok AS. StrongPoint doesnt have any defacto control. The company performs services on behalf of StrongPoint AS.

StrongPoint ASA had the following investments in associated companies per 31 December 2023:

KNOK Entity	Country	Industry	Stake 31.12.2023	Cost price 31.12.2023	Book value 31.12.2022	Dividend paid in 2023	Share of net profit 2023	Book value 31.12.2023
Spok AS	Norway	Service company	50.0%	1,700	962	-300	191	853

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

	2023					
KNOK Entity	Current assets	Fixed assets	Debt	Equity	Turnover	Profit for year
Spok AS	4,181	1,312	3,658	1,835	13,977	517

Note 7: Shares in other companies

KNOK	2023		2022	
Company	Cost price	Market value	Cost price	Market value
Other long term investments:				
Settle Group AS	476	-	476	-
1X Technologies AS	4,001	4,001	4,001	4,001
Total	4,477	4,001	4,477	4,001

The shares are booked at fair value with level 3 in the fair value hierarchy. Any changes in the value will be booked through the P&L.

The shares in 1X Technologies AS (Halodi Robotics AS) is of strategic importance for the Group. In March 2021, StrongPoint announced a partnership with humanoid robotics company 1X Technologies to develop an in-store grocery retail robotics solution, which in a few years' time will be seen in grocery stores conducting repetitive, labour-intensive tasks which will drive in-store efficiencies.

The shares in Settle Group AS were written down to 0 in 2018 and the fair value is evaluated to be unchanged.

Note 8: Financial items

KNOK	2023	2022
Interest income	1,604	772
Currency adjustment bank and unpaid receivables and liabilities	9,818	5,448
Profit from associated companies	191	388
Other financial income	150	284
Total financial income	11,763	6,891
Interest expense [1]	-6,924	-2,031
Interest expenses leasing IFRS 16	-4,297	-2,168
Currency adjustment bank and unpaid receivables and liabilities	-1,840	-984
Other financial expenses [2]	-4,585	-890
Total financial expenses	-17,646	-6,073
Net financial items	-5,884	818

1) The interest expenses have increased due to higher interest rates and higher utilization of the overdraft.
2) Of which KNOK 1,420 in reversal of earn-out related to the sale of the business area Cash Security in 2020 and KNOK 2,847 regarding the financing of the new subsidiary in Spain.

Currency differences relating to the payment of purchases are recorded as cost of goods and constitutes a cost of KNOK 1,684 in 2023 (cost of KNOK 6,096 in 2022).
Currency differences relating to the payment of sales revenues are recorded as sales revenues and constitutes a cost of KNOK 953 in 2023 (revenue of KNOK 2,085 in 2022).

Note 9: Payroll costs and number of employees

KNOK	2023	2022
Salaries	262,080	224,046
Severance packages	8,382	537
Director's fee and Nomination Committee	2,240	1,958
Social fee	46,449	39,092
Pension costs	15,728	13,429
Other payroll costs	31,903	26,781
Total payroll costs	366,782	305,842
Number of full-time employees employed during the year:	514	472
Number of full-time employees at the end of the year:	524	511

The employees in StrongPoint have pension schemes in line with local statutory and obligatory company pension schemes, and are in general recognized as a defined contribution plan.

Salaries and remuneration for Executive Management Team and Directors

KNOK	2023	2022
Board of Directors		
Director's fee	2,082	1,834
Executive Management Team		
Salaries	19,200	16,552
Bonus	2,771	4,902
Company car	1,022	891
Exercised options	2,156	-
Other remuneration	902	1,102
Pension expenses	1,866	1,223
Total salaries and remuneration	29,998	26,504

Remuneration to the Chief Executive Officer (CEO) and other senior executives will be presented in a separate Renumeration report to the Annual General Meeting, and will be published on strongpoint.com.

The following members of the Executive Management Team and Board of Directors own shares or share options in the company per 31.12:

Name, position	Shares per 31.12.23	Shares per 31.12.22	Options per 31.12.23	Options per 31.12.22
Board of Directors				
Morthen Johannessen, Chairman [1]	112,135	105,662		
Klaus de Vibe, former Director		92,491		
Peter Wirén, Director	40,607	33,345		
Ingeborg Molden Hegstad, Director [2]	25,602	22,365		
Cathrine Laksfoss, Director	5,211	1,974		
Audun Nordtveit, Director	23,072			
Total	206,627	255,837	-	-

1) Morthen Johannessen ownes the shares privatly and through the company Motri AS.
2) Ingeborg Molden Hegstad ownes the shares privatly and through the company Imsight AS.
3) Jacob Tveraabak ownes the shares privately and through the company Celo Industries AS.

Name, position	Shares per 31.12.23	Shares per 31.12.22	Options per 31.12.23	Options per 31.12.22
Executive Management Team				
Jacob Tveraabak, CEO [3]	230,843	212,246	750,000	600,000
Hilde Gilen CFO to 31.05.23		53,827		93,750
Marius Drefvelin CFO from 01.09.23			150,000	
Knut Olav Nyhus Olsen, SVP People & Organisation, and head of Marketing and Internal Communication	31,227	13,814	275,000	225,000
Gisle Elvebakken, SVP Norway	47,645	39,329	350,000	250,000
Julius Stulpinas, SVP Technology & supply chain	38,365	31,094	250,000	225,000
Rimantas Mažulis, SVP Baltics	30,523	22,806	325,000	225,000
Lorena Gómez, SVP Spain	19,846	5,350	200,000	125,000
Chris Mackie, SVP E-commerce	25,104	15,936	125,000	75,000
Magnus Rosén, SVP Sweden	15,886	9,000	175,000	75,000
Steve Smith, SVP UK & Ireland to 13.11.23				75,000
Total	439,439	403,402	2,600,000	1,968,750

Members of the Extended Group Management Team and key employees have stock options:

Total costs and Social Security Provisions (KNOK)	2023	2022
Total IFRS cost	6,827	5,420
Total Social security provisions	-432	-341
	6,395	5,079

Granted instruments	2023	2022
Instrument	Option	Option
Quantity 31.12 (instruments)	1,335,000	1,100,000
Quantity 31.12 (shares)	1,335,000	1,100,000
Contractual life *	5.00	5.00
Strike price *	21.34	22.55
Share price *	21.16	22.25
Expected lifetime *	3.25	3.25
Volatility *	43.11%	43.26%
Interest rate *	3.308%	2.599%
Dividend *	0.00	0.00
FV per instrument *	7.07	7.21

* Weighted average parameters at grant of instrument.

Outstanding instruments Year End - Option

Quantity and weighted average prices

Activity	Number of instruments	Weighted Average Strike Price
Outstanding OB (01.01.2023)	2,668,750	22.23
Granted	1,335,000	21.34
Exercised [1]	-300,000	15.58
Terminated	-281,250	23.88
Outstanding CB (31.12.2023)	3,422,500	22.33
Vested CB	1,168,750	21.12

1) Exercised share price NOK 23,42

Outstanding Instruments Overview

Strike price	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2023	Weighted Average Strike Price
	Outstanding Instruments:			Vested Instruments:	
14.68	550 000	1.84	14.68	550 000	14.68
18.00	150 000	4.67	18.00	-	-
19.63	31 250	3.44	19.63	31 250	19.63
21.77	1 110 000	4.36	21.77	-	-
21.91	831 250	3.36	21.91	212 500	21.91
30.23	750 000	2.35	30.23	375 000	30.23
	3 422 500			1 168 750	

Method of valuation:

The fair value of share options granted is estimated at the date of grant using the Black-Scholes-Merton Option Pricing Model. The model uses the following parameters; the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares, and the risk-free interest rate for the life of the option.

The measure of volatility used in the option pricing models is the annulised standard deviation of the continuously compounded rates of return on the share over a period of time.

Vesting requirements:

The vesting of the options is dependent on the participant still being employed at Strongpoint at the time of the vesting.

Method of settlement:

All StrongPoint ASA options are intended to be settled in equity, but in the event that the Company is not capable of delivering Shares following an exercise of Options, the Company shall fulfil its obligations under this Agreement through a cash-out.

Vesting period

The options will vest over three years, with ¼ vesting after one year, ¼ after two years, and the remaining 2/4 after three years. The split in vesting underpins the retention ambition of the program. Any non-exercised options expire five years after grant.

Note 10: Tangible assets

Tangible assets, company owned

KNOK	Land	Buildings	Equipment owned	Total 2023	Land	Buildings	Equipment owned	Total 2022
Acquisition costs 01.01	825	8,731	79,880	89,436	825	8,731	56,931	66,487
Acquisition				-			20,346	20,346
Addition			13,845	13,845			11,041	11,041
Divestment			-4,434	-4,434			-9,664	-9,664
Currency exchange differences			5,473	5,473			1,225	1,225
Acquisition costs 31.12	825	8,731	94,764	104,320	825	8,731	79,880	89,436
Accumulated depreciations 01.01	-825	-8,731	-56,125	-65,681	-825	-8,731	-37,901	-47,457
Acquisition				-			-18,294	-18,294
Depreciations			-4,537	-4,537			-5,035	-5,035
Depreciations of the year regarding rental machines is booked as cost of gods sold			-4,308	-4,308			-3,812	-3,812
Divestment			4,330	4,330			9,650	9,650
Currency exchange differences			-3,727	-3,727			-733	-733
Accumulated depreciations 31.12	-825	-8,731	-64,366	-73,922	-825	-8,731	-56,125	-65,681
Book value 31.12	-	-	30,397	30,397	-	-	23,755	23,755
Depreciation ratio			10-33%				10-33%	
Depreciation method			Linear				Linear	

Some equipment has been fully depreciated per 31 December 2023 but is still in use.
StrongPoint has no contractual purchasing obligations.

Tangible assets, right of use

KNOK	Right of use offices	Right of use equipment	Total 2023	Right of use offices	Right of use equipment	Total 2022
Acquisition costs 01.01	113,840	35,140	148,980	61,694	27,496	89,190
Acquisition			-	38,437		38,437
Addition	25,872	6,841	32,713	13,346	6,911	20,257
Divestment		371	371		16	16
Currency exchange differences	7,930	2,136	10,067	363	717	1,080
Acquisition costs 31.12	147,642	44,489	192,131	113,840	35,140	148,980
Accumulated depreciations 01.01	-44,795	-21,486	-66,281	-30,266	-15,682	-45,948
Depreciations	-15,510	-6,950	-22,459	-14,189	-6,128	-20,317
Currency exchange differences	-2,510	-1,312	-3,822	-340	324	-16
Accumulated depreciations 31.12	-62,815	-29,748	-92,562	-44,795	-21,486	-66,281
Book value 31.12	84,827	14,741	99,568	69,044	13,654	82,698
Depreciation ratio	10-33%	10-33%		10-33%	10-33%	
Depreciation method						

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

Note 11: Intangible assets

Other intangible assets (KNOK)	2023					2022				
	Technology	Brand	Customer	Software	Total	Technology	Brand	Customer	Software	Total
Acquisition costs 01.01	107,510	31,502	92,425	9,376	240,813	107,510	21,502	36,425	9,272	174,709
Acquired by aquisition	16,105		3,409		19,514		10,000	56,000		66,000
Investment	23,425			3,798	27,223				104	104
Acquisition costs 31.12	147,040	31,502	95,834	13,174	287,550	107,510	31,502	92,425	9,376	240,813
Accumulated impairments and depreciations 01.01	-105,655	-1,164	-42,632	-8,383	-157,834	-101,268	-	-35,344	-8,382	-144,994
Accumulated impairments and depreciations 31.12	-105,655	-3,371	-51,581	-8,390	-168,998	-105,655	-1,164	-42,632	-8,383	-157,834
Translation differences	-1,855	3,383	6,129	-883	6,774	-1,855	937	1,332	-890	-476
Book value 31.12	39,530	31,513	50,382	3,901	125,327	0	31,275	51,125	103	82,503
Depreciations of the year	-	-2,207	-8,949	-7	-11,163	-4,387	-1,164	-7,288	-1	-12,840
Impairment of the year	-	-	-	-	-	-	-	-	-	-
This year change in translation differences	-	2,446	4,792	7	7,245	-110	-735	-285	-	-1,130
Depreciation schedule	10 and 15 years	Impairment test	1-7 years	4-7 years		10 and 15 years	Impairment test	1-7 years	4-7 years	
Depreciation ratio	7-10%		14-100%	14-25%		7-10%		14-100%	14-25%	

In 2023 there have been expensed KNOK 49,770 (KNOK 42,993 in 2022) in research and development costs.
Intangible assets regarding brand are related to CashGuard and ALS.

Goodwill (KNOK)	StrongPoint AS	StrongPoint AB	StrongPoint Technology AB	StrongPoint Baltic	StrongPoint S.L.U	StrongPoint E-com AB	ALS	Hamari	Total 2023	Total 2022
Acquisition costs 01.01	15,976	2,612	81,127	23,318	4,431	25,889	38,268		191,620	153,352
Acquisition								2,914	2,914	38,268
Acquisition costs 31.12	15,976	2,612	81,127	23,318	4,431	25,889	38,268	2,914	194,535	191,620
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			10,012	3,102	1,133	743	3,063		18,054	6,561
Book value 31.12	1,286	2,383	91,139	3,075	5,564	26,632	41,331	2,914	174,325	159,918
Impairment of the year										
This year change in translation differences	-	-	6,091	199	360	1,780	3,063	-	11,492	-2,991

Goodwill is not depreciated. Impairment tests are carried out every year. The impairment test per 31 December 2023 has been carried out with the segments Scandinavia and International incl. R&D as the cash generating units.

Acquired company	Cash generating unit	Goodwill (KNOK) 31.12.2023	Goodwill (KNOK) 31.12.2022
StrongPoint AS	Scandinavia	1,286	1,286
StrongPoint AB	Scandinavia	2,383	2,383
StrongPoint Technology AB	Scandinavia	91,139	85,048
StrongPoint UAB	International incl. R&D	3,075	2,877
StrongPoint S.L.U	International incl. R&D	5,564	5,205
StrongPoint E-com AB	Scandinavia	26,632	24,852
StrongPoint ALS	International incl. R&D	41,331	38,268
StrongPoint Hamari Oy	International incl. R&D	2,914	-
Total goodwill		174,325	159,918

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 unit based on value in use. Value in use is measured against net book value for the cash flow-generating entity. Key asumptions is a growth rate of 2.5% in net cash flow after five years of explicit plan and a WACC after tax of 10,18%. Climate change is considered not to have a significant impact and is taken into account in the cash flow.

The brands are considered to be indefinite due to the Groups strategy for 2025 which contains a growth path for the brands, and confirms the value of the IP in the balance sheet, as long term future cashflow is expected.

The Group has used value in use to determine recoverable amounts for the cash flow-generating entities. Value in use is determined by using the discounted cash flow method. The expected cash flow is based on the business areas' budgets and long term plans, which are approved by StrongPoint's executive management and the Board. Budgets and long term plans cover a five-year period (explicit prognosis period). Approved budgets and long term plans are adjusted for cash flows related to investments, future product improvements and new development, if the elements are considered significant for the impairment test. After the five years of explicit plans a terminal value is calculated based on 2.5% growth in net cash flow. To calculate value in use, the Group has used anticipated cash flows after tax and, correspondingly, discount rates after tax. The recoverable amount would not have been significantly different if cash flows before tax and the discount rate before tax had been used. The WACC after tax has been stipulated using an iterative method and is 10.18%. The assumptions are based on historical results and observable market data.

Key assumptions

Discount rate

The discount rates are based on a weighted average cost of capital (WACC) method, whereby the cost of equity and the cost of liabilities are weighted according to an estimated capital structure. The discount rates reflect the market's required return on investment at the time of the test and in the industry to which the cash-generating unit belongs. The estimated capital structure is based on the average capital structure in the industry in which the cash generating unit operates and an assessment of what is a reasonable and prudent long term capital structure. The CAPM model is used to estimate the cost of equity. In accordance with the CAPM model, the cost of equity consists of risk-free interest as well as an individual risk premium. The risk premium is the entity's systematic risk (beta), multiplied by the market's risk premium. The risk-free interest is estimated on a 10-year Norwegian government bond interest rate and is based on all cash flows being translated to NOK. The cost of liabilities represents an expected long term after-tax interest rate for comparable liabilities and consists of risk-free interest and an interest spread. The pre tax discount rate is 12.82%.

Profit margin (EBITDA)

The profit margin is reviewed based on expectations of future development and historical performance. This gives the Group good prospects for order intake and is a solid basis for long term growth.

Growth rate

Growth rates in the explicit prognosis period are based on management's expectations of market trends. The Group uses stable growth rates to extrapolate cash flows in excess of five years. The long term growth rate beyond five years is not higher than the expected long term growth rate in the industry in which the undertaking operates within.

Market shares and macro trends

Group entities monitors competition environment and market shares on a detailed level, both in the local geography and from a product point of view. StrongPoint is a retail technology company and exposed to global changes within technology development, international competition, supply change and raw material distribution following political, climate or international trading challenges etc. Expected changes in market shares or new competitive solutions that can influence future cash flow from the business units are taken into account in the impairment test.

Risk

Group management and Board of directors monitors and acts upon risk within the following areas: Strategic, operational, financial and sustainability/climate. Main assumptions in the impariment test are adjusted to reflect the risk environment that the Group operates within.

Sensitivity analysis

In connection with impairment tests of goodwill and intangible assets, sensitivity analyses are carried out. There will not be an impairment situation before relatively large changes in the key assumptions, and these changes are considered to be outside the reasonable outcome.

Estimation uncertainty

There will always be uncertainty related to the estimate of value in use. The assessments are based on key assumptions as described above, and are to a large degree influenced by market data for comparable companies, interest rates and other risk conditions. These calculations are based on discounted future cash flows, in which judgement was used as regards future profit and operation. Significant changes in the cash flows may affect the value of goodwill.

Note 12: Inventories

Inventories (KNOK)	2023	2022
Inventories	241,050	242,540
Provision for obsolete stock	-10,626	-10,416
Total	230,424	232,124

Inventories are measured at the lower of cost and net realisable value.
The stock is pledged as security for loans, see note 15.

Provision for obsolete stock (KNOK)	2023	2022
Provision for obsolete stock, opening balance	-10,416	-11,326
Taken to income/charged to expense (-) change in provision	-210	910
Provision for obsolete stock, closing balance	-10,626	-10,416

The cost of goods sold of KNOK 805,266 includes direct costs of goods with KNOK 518,610.

Note 13: Other receivables

Short term receivables (KNOK)	2023	2022
Accounts receivables	240,790	274,348
Prepaid expenses	22,032	25,731
Other receivables	14,955	16,265
Total short term receivables 31.12	277,777	316,344

Other receivables included MNOK 4.6 in expected government grants (Skattefunn) refunds for development costs in 2023 (MNOK 4.4). This was booked as reduction of other operating expenses.

Changes in provision for bad debts (KNOK)	2023	2022
01.01	6,027	6,981
Acquisition	-	138
Applied provisions	-676	-1,145
Reversed provisions	-594	-2,119
New provision for bad debt	2,486	2,173
Total 31.12	7,243	6,027

The provisions per 31.12.2023 are not directly related to individual customers.
Losses on bad debts are classified as other operating expenses in the income statement.

Aging of accounts receivables (KNOK)	2023	2022
Not due	154,583	206,384
0-3 months	85,025	67,414
3-6 months	1,182	550
Total 31.12	240,790	274,348

Long term receivables (KNOK)	2023	2022
Loan to Joint venture company in Spain	-	13,668
Deposit rented offices	1,372	1,479
Total long term receivables 31.12	1,372	15,147

Note 14: Cash and cash equivalents

KNOK	2023	2022
Cash and bank deposits	39,340	47,248
Overdraft	94,153	22,137
Unused overdraft facilities	55,847	77,863

The Group had liquid assets (bank deposits and unused overdraft facilities) of MNOK 95.2 per 31.12.2023 (2022: MNOK 125.1). KNOK 2,865 are restricted funds pr. 31.12.2023 (2022: KNOK 2,611).

The Group has a cash pool arrangement allowing efficient distribution of cash between the different business units, and can withdraw up to MNOK 150 from the Group's overdraft facility if necessary to cover short term liquidity needs.

Note 15: Interest-bearing debt and secured debt

Debt per 31.12. and specification of terms. Figures in KNOK

Type of loan	2023	2022	Borrowing terms	Average nominal interest for 2023
Multi-currency, group credit account [1]	94,153	22,137	Overdraft limit MNOK 150, not time limited	5.13%
Long term loan	8,646	11,455	Quarterly repayments	1.72%
Short term debt	4,299	4,165	Repayment in 2024	2.6%-7.99%
Financial leasing	13,002	12,159	Monthly and quarterly payments	
Total interest-bearing debt	120,100	49,915		
IFRS 16 office rent liabilities	84,827	69,044		
Total interest-bearing debt and IFRS 16 rent liabilities	204,927	118,960		

1) The Groups' main bank connection has loan covenants in relation to the ratio between NIBD/EBITDA. The loan agreements are measured on a quarterly basis. See note 17 for more information. All loans are secured.

Distribution of long term and short term debts:

KNOK	2023	2022
Bank overdraft	94,153	22,137
Current interest-bearing liabilities	22,278	29,310
Due after one year	88,496	67,513
Total interest-bearing debt and IFRS 16 rent liabilities	204,927	118,960

Pledged assets per 31.12 and book value:

Asset	31.12.2023	31.12.2022
Operating equipment and inventories for StrongPoint AS	100,960	115,442
Lien over Företagsinnteckning StrongPoint AB [1]	117,711	109,844
Co-surety Norway, Sweden, the Baltics and UK *	150,000	135,000

1) Företagsinnteckning is equivalent to a priority lien over the company's assets.
* The foreign companies liabilities are limited to the amount the guarantor at any time has drawn.

Change in liabilities arising from financing activities:

KNOK	31.12.2022	CashFlow	New contracts	Currency differenses	31.12.2023
Interest-bearing liabilities	37,757	75,553	-	-6,212	107,097
Lease liabilities	81,203	-24,444	32,713	8,357	97,829
Total	118,960	51,109	32,713	2,145	204,927

KNOK	31.12.2021	CashFlow	New contracts	Currency differenses	31.12.2022
Interest-bearing liabilities	16,004	16,897	-	4,855	37,757
Lease liabilities	42,058	-19,503	58,694	-46	81,203
Total	58,062	-2,605	58,694	4,809	118,960

Note 16: Leasing commitments

Tenancy agreements on premises has a lease-term of 1.5 - 10 years. Annual payment for these premises is approx. KNOK 20,616.

Leasing contracts on vehicles has a lease-term of 1 - 6 years. Annual payment is approx. KNOK 6,108.

Leasing contracts on inventory (copy machines, coffee machines etc.) has a lease-term of 1 - 3 years. Annual payment is approx. KNOK 254.

The numbers above includes approximately MNOK 1 as leasing expenses in the P&L regarding contracts with a lifetime of less than one year and a value of less than KNOK 100. These contracts are not booked as leasing commitments in the balance sheet.

Future minimum rent for the leasing contracts per 31.12 is as follows: KNOK	**2023**	**2022**	**The present value of future payments 2023**
Within one year	26,979	24,164	23,770
After one year, but within five years	66,130	53,504	44,539
After more than five years	17,307	20,854	8,096
Total	110,417	98,522	76,405

In 2023 the present value of the lease payments has been calculated based on the lessee’s incremental borrowing rate. The discount rate is 13.5%, included an risk premium of 9.5% business risk and 4.0% risk free.

The carrying value of leasing are included in note 10.

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 and services on credit.

The Group has established 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. Guidelines are implemented to prevent the company's risk associated with loans and guarantees related to employees and customers.

Per 31.12.2023 the Group had KNOK 240,790 in outstanding accounts receivables. Of this KNOK 86,207 were overdue, traditionally most of the overdue amount are paid a few days after period end. The Group has historically had a low rate of loss on receivables. This year's expenses in relation to bad debts amounting to a revenue of KNOK 797, including realized losses and changes in the provision for bad debts.

KNOK	2023	2022
Total interest-bearing debt	120,100	49,915
Cash	39,340	47,248
Net interest-bearing debt	80,760	2,668
Total capital adjusted for Goodwill	840,858	825,722
Debt ratio	10%	0%

(ii) Interest rate risk

The company's interest-bearing debt increased in 2023.

The interest 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 2023 or 2022.

Based on the financial instruments in existence as of 31 December 2023, a general increase in interest rates of two per cent will reduce pre-tax profits by KNOK 2,226.

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

	2023	2022
Bank overdraft	5.13%	2.98%
Short term loans	5.30%	4.19%
Long term loans	1.72%	1.72%

The interest rate on overdraft are based on 1 month NIBOR for the draft in NOK, 1 month DANBOR SEK and 1 month DANBOR EUR for the other currencies. The interest rate on the largest long term loan are fixed until 2026. The interest rate on the smaller loans is determined quarterly.

See note 15 for information about long term loans and note 16 for information about liabilities in relation to financial leasing agreements.

An increase of 1% in the interest rate per 31 December 2023 would have resulted in the following effects on the profit in the group;

Sensitivity currency exposure;	KNOK
Bank overdraft	-942
Short term loans	-43
Long term loans	-86
Leasing	-130

(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 product mix. Capital tied up in the individual business units are supervised, focusing on inventory, accounts receivable, financing and accounts payable.

The group's strategy is 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 met this requirement in 2022 (0.04) but not in 2023. Net interest-bearing debt increased by MNOK 78.1 during 2023. This combined with the EBITDA of MNOK -1.3 (MNOK 75.5 in 2022) would have been a covenant breach based on the current reporting structure, mainly due to the Q4 2023 EBITDA. However, due to the close relationship with our primary bank, they have agreed to postpone the next covenant reporting until the Q3 2024 financial statements have been completed. Starting from Q3 2024 and going forward, the quarterly EBITDA will be added and annualized as the basis for the covenant reporting.

Overview of maturity structures of financial liabilities:

KNOK	Balance sheet amount	0-6 months	6-12 months	1-2 year	2-3 year	more than 3 years	Undefined
Secured loans (long and short term interest-bearing debt)	12,910	5,802	2,125	3,726	1,256	-	-
Secured loans, interest	IA	114	56	54	11	IA	-
Overdraft (short term interest-bearing debt) [1]	94,153	-	-	-	-	-	94,153
Overdraft, interest	IA	-	-	-	-	IA	-
Leasing (long term and short term debt)	97,829	7,207	7,109	16,806	15,061	51,646	-
Leasing, interest	IA	2,090	2,068	3,371	2,618	IA	-
Other long term debt	1,848			1,848			-
Accounts payable	156,622	156,622	-	-	-	-	-
Net liabilities financial instruments	363,362	171,835	11,358	25,805	18,947	51,646	94,153

1) The overdraft contract with Danske Bank runs until renegotiated by either party.

The 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.

(iv) Currency risks

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

The company do not normally use forward contracts to hedge this exposure. Large currency fluctuations are compensated by contracted agreement allowing adjusted sales prices accordingly.

(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.

A change of 10% exchange rate per 31 December 2023 would have resulted in the following effects on the profit in the group;

Sensitivity currency exposure;	KNOK
SEK weakened by 10% against EUR	1
SEK weakened by 10% against GBP	-
SEK weakened by 10% against USD	67
NOK weakened by 10% against SEK	231
NOK weakened by 10% against EUR	180
NOK weakened by 10% against GBP	73
NOK weakened by 10% against USD	2,856

(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.

(viii) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

		Fair value measurement using	
	Date of valuation	Total	Significant unobservable inputs (Level 3)
Assets measured at fair value:			
Financial assets			
Cash	31 December 2023	39,340	39,340
Accounts receivable	31 December 2023	240,790	240,790
Other long term investments	31 December 2023	4,001	4,001
Financial debts			
Accounts payable	31 December 2023	-159,690	-156,622
Bank loans	31 December 2023	-12,944	-12,944

Due to their short term nature, the carrying value of current financial assets and liabilities is deemed as reasonable approximation to the fair value of the financial assets and liabilities. As such, the carrying amount is considered not to be significantly different from the fair value.

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.

Other long term investments are classified as equity instruments designated at fair value, according to IFRS 9.

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 and employees

There have been no transactions with Board members and employees in 2023.

Transactions with associated companies

The group carried out a number of transactions with Spok AS in 2023 and 2022. All transactions were carried out as part of its ordinary activities and at ordinary business conditions.

KNOK	2023		2022	
	Sale	Purchase	Sale	Purchase
Spok AS	345	3,433	290	3,628

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

KNOK	2023		2022	
	Receivables	Debt	Receivables	Debt
Spok AS	-	274	-	7
StrongPoint Cash Tech S.L. (became a subsidiary in 2023)	-	-	13,668	-

The Group has no other binding future transactions with related parties.

Note 19: Post balance sheet events

No significant events have occurred 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]	Oslo	Service and product provider	100%	100%
StrongPoint AB	Göteborg (Sweden)	Service and product provider	100%	100%
StrongPoint UAB [2]	Vilnius (Lithuania)	Service and product provider	100%	100%
StrongPoint S.L.U [3]	Madrid (Spain)	Service and product provider	100%	100%
StrongPoint E-com AB	Täby (Sweden)	Production and sales	100%	100%
Air Link Group Ltd [4]	Birmingham (UK)	Service and product provider	100%	100%
StrongPoint Hamari Oy	Finland	Service and product provider	100%	100%
StrongPoint Investering AS	Oslo	Investment company	100%	100%

1) StrongPoint AS owns 100% of its company in Germany.
2) StrongPoint UAB owns 100% of its sales companies in Latvia and Estonia.
3) StrongPoint SLU owns 60% of StrongPoint Cash Tech S.L.
4) Air Link Group Ltd owns 100% of its sales companies in UK, Ireland and Belgium.

Note 21: Exchange rates

	2023														2022
	Average exchange rate												Exchange rate	Exchange rate	
	January	February	March	April	May	June	July	August	September	October	November	December	31.12.	Average	31.12.
SEK	0.956	0.981	1.005	1.017	1.032	1.003	0.975	0.966	0.967	0.998	1.022	1.029	1.013	0.951	0.945
EURO	10.715	10.953	11.286	11.527	11.723	11.716	11.347	11.413	11.453	11.628	11.796	11.533	11.241	10.102	10.514
GBP	12.147	12.369	12.798	13.076	13.465	13.646	13.218	13.288	13.293	13.397	13.551	13.386	12.934	11.847	11.854

Profit or loss items in the subsidiaries are converted to NOK monthly, based on the average exchange rate of that month.
Balance sheet items for the subsidiaries are converted to NOK, based on the exchange rate per 31.12.2023.

Note 22: Short and long term provisions

(KNOK)	2023	2022
Earnout Hamari	1,686	-
Rental deposit	162	-
Balance 31.12	1,848	-
Of which long term provisions	1,848	-

Note 23: Earnings per share

KNOK	2023	2022
Profit for the year	-34,200	29,105
Weighed average number of shares during the year		
Basic	44,397,547	44,260,195
Effect of dilutive share based incentive plans	3,422,500	2,668,750
Diluted	47,820,047	46,928,945
Earnings per share (NOK)		
Basic	-0.77	0.66
Diluted	-0.77	0.62
The options are antidilutive due to the deficit in 2023		

Number of outstanding shares (numbers in thousand)	2023	2022
01.01: Number of shares (after deductions for own shares)	44,304	43,788
New shares		512
Sale of own shares during the year	234	594
Purchase of own shares during the year		-591
31.12: Number of shares (after deductions for 350.4 thousand own shares)	44,538	44,304

Note 24: Shareholder information

Overview of shareholders per 31.12.2023

No.	Name	No. of shares	%
1	STRØMSTANGEN AS	3,933,092	8.76
2	SOLE ACTIVE AS	2,221,717	4.95
3	V. EIENDOM HOLDING AS	1,865,000	4.15
4	PICTET & CIE (EUROPE) S.A.	1,791,821	3.99
5	HSBC BANK PLC	1,533,890	3.42
6	ZETTERBERG, GEORG (incl. fully owned companies)	1,480,000	3.30
7	NORDNET BANK AB	1,416,833	3.16
8	AVANZA BANK AB	1,265,709	2.82
9	VERDADERO AS	1,224,407	2.73
10	RING, JAN	1,204,078	2.68
11	SKANDINAVISKA ENSKILDA BANKEN AB	960,620	2.14
12	EVENSEN, TOR COLKA	876,000	1.95
13	WAALER AS	702,000	1.56
14	HAUSTA INVESTOR AS	700,000	1.56
15	JOHANSEN, STEIN	600,000	1.34
16	TOHATT AS	575,000	1.28
17	MP PENSJON PK	561,402	1.25
18	BANQUE PICTET & CIE SA	559,746	1.25
19	ALS KINGFISHER LIMITED	506,156	1.13
20	EUROPEAN RETAIL ENGINEERING LIMITED	506,156	1.13
	Sum 20 largest shareholders	24,483,627	54.54
	Sum 2 367 other shareholders	20,404,725	45.46
	Sum all 2 387 shareholders	44,888,352	100.00

StrongPoint ASA had per 31.12.2023 a share capital of NOK 27,830,778.24 spread over 44,888,352 shares with a nominal value of NOK 0.62.

All shares have equal voting rights.

Changes in share capital:

KNOK	Number of shares 2023	Number of shares 2022	Share capital 2023	Share capital 2022
Ordinary shares 01.01	44,888	44,376	27,831	27,513
Ordinary shares 31.12	44,888	44,888	27,831	27,831

Own shares:

Numbers in 1000	2023	2022
01.01	585	588
Purchase of own shares		591
Sales of own shares	-234	-594
31.12	350	585
Nominal value	0.62	0.62
Own shares specified in equity (KNOK):	217	362

Per 31.12.2023 the Group owned 350,404 own shares. Cost price of these was KNOK 7,330, giving an average share price of NOK 20.92.

In 2023 it was paid KNOK 39,935 in dividend, which was NOK 0.90 per share.

Members of the Group management team have stock options. See note 9 for more information.

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:

- Business combinations
- Impairment of intangible assets
- Impairment assessment of goodwill
- Recognition of deferred tax on balance sheet
- 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.

Management prepare a Key Audit Matter report to the Audit Committee at least every 6 months, where major estimates are discussed and agreed.

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

Note 26: Tax

Tax expense:

KNOK	2023	2022
Tax payable	3,891	16,108
Tax items relating to previous years	-	726
Change in deferred tax	-15,023	-7,774
Tax expense	-11,132	9,060
Included as tax expense in the financial statements	-11,132	9,060
Reconciliation of the nominal tax rate	22%	22%

KNOK	2023	2022
Profit before tax	-45,331	38,165
Tax calculated at a rate of 22%	-9,973	8,396
Taxes related to companies in other countries with other tax rate	-2,347	-2,926
Non-taxable items (22% of permanent differences)	884	2,345
Unrecognised deferred tax asset	304	1,245
Tax expense	-11,132	9,060

Deferred tax assets and deferred tax liabilities:

	Deferred tax assets		Deferred tax liabilities		Consolidated income statement	
KNOK	2023	2022	2023	2022	2023	2022
Current assets	665	631	3,756	4,271	-926	-1,542
Liabilities	4,393	3,092	-2,318	-3,185	-2,169	-642
Fixed assets	248	347	-18,219	-18,301	-532	-3,048
Losses carried forward	25,800	16,855	-1,331	-3,783	-11,397	-2,542
Deferred tax	31,106	20,925	-18,111	-20,997	-15,023	-7,774

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

Per 31.12.2023 the group has losses carried forward of MNOK 80.4 in the Spanish entities. Deferred tax assets of MNOK 20.1 (MNOK 15.5) associated with this is included in the balance sheet.

Note 27: Other short term debt

KNOK	2023	2022
Holiday pay owed	20,328	17,716
Accrued expenses	32,179	28,467
Deferred income	62,520	73,550
Warranty provisions	1,232	2,149
Other short term debt	15,534	11,557
Total other short term debt	131,794	133,439

Warranty provisions (KNOK)	2023	2022
Balance 01.01	2,149	1,883
Provision	1,215	4,060
Currency differences	154	-56
Used	-2,287	-3,737
Balance 31.12	1,232	2,149
Of which warranties due within 1 year	1,232	2,149

Note 28: Macro perspectives influencing the business

Climate

Global climate changes influence both StrongPoint, customers and suppliers in different ways, contributing to both risks and opportunities.

Climate risks are related especially to shortage of energy for the production and distribution of goods, both proprietary solutions and third party products. If climate changes requires dramatic changes in the energy consumption, this will influence StrongPoints ability to produce the products. Hardware represents 49% of the business. Risk is also related to shortages on food, which will affect the customers of StrongPoint, and shortages of raw materials for specific components. Management does not see this as a risk in the short term.

Climate opportunities are linked to both StrongPoint solutions that can reduce energy consumption, like AutoStore storage of frozen goods. StrongPoint Air Link (UK/Ireland) are providing refurbishment of interior or point of sales physical installation, and this can contribute positive to climate if utilised in other markets.

Income statement StrongPoint ASA

KNOK	Note	2023	2022
Other operating income	3	17,392	14,983
Payroll	2	26,535	23,756
Depreciation	5	28	28
Other operating expenses	2	6,899	21,275
Total operating expenses		33,462	45,058
Operating profit		-16,070	-30,075
Financial items	6	21,276	26,909
Profit before tax		5,206	-3,166
Income tax expense	12	-1,931	-1,109
Net income		7,137	-2,057
Distributions			
Transfer to / from other equity	8	7,137	-41,931
Proposed dividend	8	-	39,873
Total distributions		7,137	-2,057

Balance sheet

KNOK	Note	31.12.2023	31.12.2022
ASSETS			
Tangible assets	5	36	38
Investments in subsidiaries	10	452,838	441,898
Loans to group companies		114,981	78,223
Other long term investments	11	1,700	5,701
Deferred tax	12	4,537	2,606
Total fixed assets		574,091	528,465
Group receivables		77,567	62,787
Prepaid expenses		3,715	8,972
Other short term receivables		-	1,420
Total current assets		81,281	73,178
TOTAL ASSETS		655,373	601,643

KNOK	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Share capital	7.8	27,831	27,831
Treasury shares	8	-217	-362
Other equity	8	379,867	364,052
Total equity		407,481	391,520
Current liabilities to credit institutions	9	234,334	156,980
Short term liabilities to group companies		660	533
Accounts payable		6,912	7,924
Public duties payable		361	209
Proposed dividend		-	39,873
Other short term liabilities	4	5,625	4,604
Total short term liabilities		247,892	210,123
Total liabilities		247,892	210,123
TOTAL EQUITY AND LIABILITIES		655,373	601,643

Oslo, 14 March 2024

Morthen Johannessen
Chairman

Ingeborg Molden Hegstad
Director

Cathrine Laksfoss
Director

Audun Nordtveit
Director

Peter Wirén
Director

Jacob Tveraabak
CEO

Cash flow statement

KNOK	Note	2023	2022
Cash flow from operational activities			
Ordinary profit before tax		5,206	-3,166
Ordinary depreciation	5	28	28
Share Option Program		6,395	5,079
Profit/loss from divestment		1,420	-87
Change in accounts receivables		-	34
Change in accounts payable		-1,012	4,268
Change in short term group accounts		-51,411	-59,078
Change in other accrued items		2,729	-6,094
Net cash flow from operational activities		-36,645	-59,016
Cash flow from investment activities			
Payments for fixed assets	5	-26	-27
Net effect divestment		-	19,641
Net effect acquisitions		-3,266	-93,646
Net cash flow from investment activities		-3,292	-74,032
Cash flow from financing activities			
Purchase / Sale of treasury shares	8	2,518	-10,278
Dividend paid		-39,935	-34,991
Change in overdraft		77,354	156,980
Net cash flow from financing activities		39,937	111,711
Net cash flow in the period		-	-21,337
Cash and cash equivalents at 01.01		-	21,337
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.

Basic Principles

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 acquisition 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 it is booked 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 scheme for its employees. The company pension scheme meets the requirements of the law.

Receivables

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

Bank deposits, cash etc.

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

Tax

Tax 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 recognized on the balance sheet if it is likely that the company can utilize 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.

With regard to salary and remuneration to the Executive Management Team and Board members, reference is made to Note 9 Salaries and remuneration for Executive Management Team and Directors in the consolidated financial statements and the separate Remuneration report.

Payroll (KNOK)	2023	2022
Salaries	16,055	16,209
Social fee	2,345	1,333
Pension costs	941	640
Options	6,827	5,420
Other benefits	367	154
Total	26,535	23,756
Number of full-time equivalents employed during the year:	4	4
Number of employees at the end of the year:	4	4

Remuneration to Ernst & Young for audit and audit-related services in 2023 was KNOK 650 (against KNOK 520 in 2022). Remuneration for other services was KNOK 115 (against KNOK 192 in 2022).

Note 3: Other operating income

KNOK	2023	2022
Received management fee from Norwegian subsidiaries	4,350	5,000
Received management fee from Swedish subsidiaries	4,350	4,727
Received management fee from other subsidiaries	8,692	5,257
Total operating income	17,392	14,983

Note 4: Other short term debt

KNOK	2023	2022
Holiday pay owed	986	953
Accrued expenses	2,954	3,651
Earnout Hamari	1,686	-
Total other short term debt	5,625	4,604

Note 5: Tangible assets

KNOK	2023	2022
Acquisition costs 01.01	1,983	1,957
Acquired	26	27
Acquisition costs 31.12	2,009	1,983
Accumulated depreciations 01.01	1,945	1,917
Depreciations of the year	28	28
Accumulated depreciations 31.12	1,973	1,945
Book value per 31.12	36	38
Useful economic life	3 years	
Depreciation method	Linear	

Note 6: Other financial items

KNOK	2023	2022
Interest income from group companies	5,734	1,294
Other interest income	1,605	629
Group contributions received from subsidiaries	-	13,480
Dividend received from associated companies	300	200
Currency gains	9,617	4,479
Dividend from subsidiaries	16,954	9,822
Profit on sale of subsidiaries	-	1,587
Other	-	31
Total financial income	34,210	31,522
Other interest expenses	10,601	2,395
Currency loss	742	541
Loss on investment in subsidiaries	1,420	1,500
Other financial expenses	170	176
Total financial expenses	12,933	4,613
Net financial items	21,276	26,909

Note 7: Share capital and shareholder information

The company's share capital per 31.12.2023 comprises the following share classes:

	Number	Nominal value	Book value
Shares	44,888,352	0.62	27,830,778
Total	44,888,352		27,830,778

Overview of shareholders per 31.12.2023

No.	Name	No. of shares	%
1	STRØMSTANGEN AS	3,933,092	8.8
2	SOLE ACTIVE AS	2,221,717	4.9
3	V. EIENDOM HOLDING AS	1,865,000	4.2
4	PICTET & CIE (EUROPE) S.A.	1,791,821	4.0
5	HSBC BANK PLC	1,533,890	3.4
6	ZETTERBERG, GEORG (incl. fully owned companies)	1,480,000	3.3
7	NORDNET BANK AB	1,416,833	3.2
8	AVANZA BANK AB	1,265,709	2.8
9	VERDADERO AS	1,224,407	2.7
10	RING, JAN	1,204,078	2.7
11	SKANDINAVISKA ENSKILDA BANKEN AB	960,620	2.1
12	EVENSEN, TOR COLKA	876,000	2.0
13	WAALER AS	702,000	1.6
14	HAUSTA INVESTOR AS	700,000	1.6
15	JOHANSEN, STEIN	600,000	1.3
16	TOHATT AS	575,000	1.3
17	MP PENSJON PK	561,402	1.3
18	BANQUE PICTET & CIE SA	559,746	1.2
19	ALS KINGFISHER LIMITED	506,156	1.1
20	EUROPEAN RETAIL ENGINEERING LIMITED	506,156	1.1
	Sum 20 largest shareholders	24,483,627	54.5
	Sum 2,367 other shareholders	20,404,725	45.5
	Sum all 2,387 shareholders	44,888,352	100.0

Note 8: Equity

KNOK	Share capital	Treasury shares	Share Option Program	Other equity	Total 2023
Equity per 01.01	27,831	-362	11,301	352,748	391,520
Change of equity for the year:					
Acquisition of Hamari paid in shares		72		1,821	1,892
Change in dividend 2022 paid in 2023				-61	-61
Sale of own shares		74		2,444	2,518
Share Option Program			4,475		4,475
Profit for the year				7,137	7,137
Equity per 31.12	27,831	-217	15,776	364,088	407,481

Own shares:

Numbers in thousand	2023	2022
01.01	585	588
Sale of own shares	-234	-594
Purchase of own shares	-	591
31.12	350	585
Nominal value	0.62	0.62
Treasury shares specified in equity (KNOK)	217	362

Per 31.12.2023 the company owned 350,404 own shares. Cost price of these was KNOK 7,329.6, giving an average share price of NOK 20.90.

It was paid KNOK 39,935 in dividend in 2023, which was NOK 0.90 per share.

Note 9: Interest-bearing debt

Distribution repayment loans (KNOK)	2023	2022
Debt, not time-restricted (group credit account)	234,334	156,980
Total short term liabilities to credit institutions	234,334	156,980

Debts and terms of borrowing

Lender (KNOK)	2023	2022	Borrowing terms	Interest terms
Multi-currency, group credit account	234,334	156,980	Overdraft limit MNOK 150, not time limited	5.13%
Total interest-bearing debt	234,334	156,980		

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. 31.12.23.
The loans are secured.

Loan security per 31.12.2023

Asset (KNOK)	Book value / nominal security
Co-surety Norway, Sweden, The Baltics and UK *	150,000

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

Note 10: Shares in subsidiaries

Company	Address	Main area of business	Stake	Book Value
StrongPoint AS	Oslo	Service and product provider	100%	37,942
StrongPoint AB	Göteborg (Sweden)	Service and product provider	100%	139,224
StrongPoint UAB	Vilnius (Lithuania)	Service and product provider	100%	20,348
StrongPoint S.L.U.	Madrid (Spain)	Service and product provider	100%	69,033
StrongPoint E-com AB	Täby (Sweden)	Service and product provider	100%	58,864
Air Link Group Ltd	Birmingham (UK)	Service and product provider	100%	116,488
StrongPoint Investering AS	Oslo	Investment company	100%	4,001
StrongPoint Hamari Oy	Finland	Service and product provider	100%	6,939
Total				452,838

Note 11: Other long term investment

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

Note 12: Tax expense

Tax expenses for the year are as follows (KNOK):	2023	2022
Change in deferred tax	-1,931	-1,109
Tax expense ordinary profit	-1,931	-1,109
Tax expense	-1,931	-1,109

Reconciliation from nominal to actual tax rate (KNOK):	2023	2022
Ordinary profit before tax	5,206	-3,166
Expected income tax based on nominal rate of tax 22%	1,145	-696
Tax effect of the following items:		
Permanent differences	-3,076	-412
Tax expense	-1,931	-1,109
Effective tax rate	-37.1%	35.0%

Overview of deferred tax assets (KNOK):	2023	2022
Fixed assets	-150	-194
Liabilities	-18,128	-11,733
Profit and loss account	66	83
Losses carried forward	-2,410	-
Net negative differences	-20,621	-11,844
Deferred tax assets	4,537	2,606

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

Note 13: Cash and cash equivalents

KNOK	2023	2022
Unused overdraft facility	55,847	77,863
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 may withdraw up to KNOK 150 000 from the group's overdraft facility.

Note 14: Macro perspectives influencing the business

Climate

Global climate changes influence both StrongPoint, customers and suppliers in different ways, contributing to both risks and opportunities.

Climate risks are related especially to shortage of energy for the production and distribution of goods, both proprietary solutions and third party products. If climate changes requires dramatic changes in the energy consumption, this will influence StrongPoint's ability to produce the products. Hardware represents 49% of the business. Risk is also related to shortages on food, which will affect the customers of StrongPoint, and shortages of raw materials for specific components. Management does not see this as a risk in the short term.

Climate opportunities are linked to both StrongPoint solutions that can reduce energy consumption, like AutoStore storage of frozen goods. StrongPoint Air Link (UK/Ireland) are providing refurbishment of interior or point of sales physical installation, and this can contribute positive to climate if utilised in other markets.

Responsibility statement

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with IFRS as adopted by the EU, that the financial statements for the parent company for the year ended 31 December 2023 have been prepared in accordance with the Norwegian Accounting Act, that they give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group and includes a description of the principle risks and uncertainties that they face.

Oslo, 14 March 2024

Morthen Johannessen Chairman	Ingeborg Molden Hegstad Director	Cathrine Laksfoss Director	Audun Nordtveit Director	Peter Wirén Director	Jacob Tveraabak CEO

Auditor's report

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Strongpoint ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Strongpoint ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2023 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 23 years from the election by the general meeting of the shareholders in 2000.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate

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opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of goodwill, brands and shares in subsidiaries

Basis for the key audit matter	*Our audit response*
Total goodwill and intangible assets in the consolidated financial statement amounts to MNOK 299,6 in 2023, which is 29,5% of total assets. Shares in subsidiaries in the financial statement of the parent company amounts to MNOK 452,8 which is 69% of total assets. Management performs an annual impairment test of goodwill and brands with indefinite useful life. Impairment loss is recognized if the carrying value exceeds the recoverable amount. Recoverable amount is measured as value in use calculated based on discounted future cash flows. The estimates require considerable insight and judgement from management and uncertainty will exist with respect to technological development and market conditions. The impairment of goodwill, brands and shares in subsidiaries was a key audit matter due to the size of the items and the judgment involved in the estimated future cash flows.	We evaluated the impairment model used and checked the calculation for mathematically accuracy. We assessed management's assumptions used in the calculations, including discount rate and estimated cash flows. Management's assumptions regarding future cash flows were compared to historical actual numbers. The weighted average cost of capital used as discount rate in the impairment assessment was compared to external data on risk-free rate of interest, market risk premiums, beta and capital structure in comparable entities. Sensitivity in changes in main assumptions are analyzed and reviewed. We refer to note 11 and note 25 in the consolidated financial statement and note 10 in the separate financial statement.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

Auditor’s report

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We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Strongpoint ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name StrongPoint 2023 12 31 en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

Auditor's report

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 14 March 2024
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The auditor's report is signed electronically

Finn Espen Sellæg
State Authorised Public Accountant (Norway)

StrongPoint

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