



Q1 2024

Financial report and status

CEO's Perspective

The start of 2024 continued much like the end of 2023: economic uncertainty and relatively high interest rates, pushing many of our grocery customers' investment decisions out in time. Furthermore, we are continuing to face the impact of unfavorable foreign exchange rates in two of our important markets, Norway and Sweden, which further amplifies the investment cautiousness of our customers in those core markets. Finally, although we in the UK landed the very important E-commerce Order Picking solution agreement with Sainsbury's, the original ALS shopfitting business has been slow. Our focus now is to deliver on the important Sainsbury's deal and capitalize on the opportunities in the wake of this, whilst improving our shopfitting business' performance.

As a result of the above, our quarterly revenues are somewhat down compared to last year. Despite having completed the announced cost reduction effort in Q4, the revenue decline has put significant pressure on our short-term profitability – and more so than expected. Therefore, we are again taking further actions to cushion the hit on profitability by initiating an organizational restructuring and cost reduction program aimed at saving an additional 20 MNOK p.a. with full effect as of end Q2 this year. In addition to the already completed and ongoing short-term cost reduction actions we have announced, we are continuously assessing additional measures to adapt our business.

Whereas our financial results certainly are taking a hit, we are progressing very well with our long-term ambitions. In the first quarter we signed and announced the very important Sainsbury's Order Picking deal. I have labelled this as the most important customer win in StrongPoint's history and stand by that. This win is only rivalled by our long-awaited innovative cash management solution announcement, which came at the start of Q2, with the by far largest grocery chain in Spain: Mercadona. Both projects are in themselves large and furthermore, these customer platforms create an important and unique starting point for our continued growth in our largest-potential-markets: the UK and Spain. Hence, we are continuing to nurture the organizational needs in these markets to deliver on the demand from these customers and to set up for a significant growth in the years to come.

Following our year-end results, we announced that our financial ambitions for 2025 would not be met. This followed the rapid deterioration of the economic conditions for our customers' immediate and short-term investment appetite, in addition to longer-than-expected announcement of major breakthrough customer deals. In our annual Strategy Update Session following the Q1 results we are updating investors both on our 2025 estimates as well as on our long-term financial aspirations.

Our revenue in the first quarter of 2024 was 359 MNOK, reflecting a 6% decline compared to same quarter in 2023. The development has a two-folded explanation: One, macroeconomic headwinds across our markets, which is amplified in Norway and Sweden due to unfavorable foreign exchange rate development. Whereas our operations in the Baltics have consistently delivered solid financial results throughout 2023, we did see a much smaller growth in Q1 2024 compared to previous quarters. And two, short-term negative impact on our shopfitting business in the UK.



Jacob Tveraabak
CEO of StrongPoint

Our EBITDA for the quarter was -6.2 MNOK (-2%) vs. a positive 13.5 MNOK (4%) same quarter last year. The decline stems primarily from our operations in the UK and the Baltics, whilst the decline was exacerbated by poorer results in Spain compared to last year. In the quarter we also continued to invest in the delivery of our Order Picking solution delivery to Sainsbury's and in ensuring a successful cash management pilot and set up for roll-out with Mercadona. These investments are crucial for our future success, although they have a negative short-term impact in this quarter.

In light of the worse-than-expected business development and poor quarterly results we are embarking on a restructuring process of our traditional core markets. In Norway and Sweden we will now be leading the operations under one SVP, Magnus Rosén, rather than one SVP for each country. Furthermore, we are reorganizing our product specialists, historically set up to serve specific geographic countries, whilst now also making these experts available to customer teams in all StrongPoint countries. This is expected to be an important contribution to the customer service of new and emerging customers in the UK and Spain. In addition, we are rightsizing our remaining organization, which in total is expected to bring us approx. 20 MNOK savings p.a. with full effect as of end Q2 this year. Related restructuring costs will hit our Q2 results.

Forecasting in an uncertain macro climate and business environment is hard, in particular in the short term. Hence, we are cautious about promising or expecting any short-term improvements vs. today's observed business development. That said, we remain confident in the bright future demand and outlook for our solutions. Our recently announced innovative cash management system in Spain with Mercadona and our Order Picking solution win with Sainsbury's in the UK are testimonies of our relevance now and in the future. Whereas these projects are big and important in themselves, the customer dialogues in the UK and Spain on the back of these projects are likely even more important for our growth and profitability, in particular in the medium and long run.

In conclusion, I extend my heartfelt thanks to our dedicated StrongPoint team, our valued customers, our partners, and our shareholders for their support in these turbulent times. Together, we will continue to uphold our commitment to providing retail technology in every shopping experience for a smarter and better world.

Stay safe, strong, and passionate!

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HIGHLIGHTS

Financial performance continues to be affected by an uncertain global macro environment

Financial performance 1st quarter

- Revenue declined 6% to 359 MNOK (381) in the first quarter compared to the same quarter last year, while the rolling twelve months recurring revenue increased by 7% for the same period
- EBITDA for the quarter ended at -6.2 MNOK (13.5), with gross margin of 36% (37%)
- Cash flow from operations was 15.3 MNOK (-44.2) for the quarter

Continued customer success in priority areas

- UK's second largest grocery retailer Sainsbury's selected StrongPoint to replace its Order Picking solution for all its in-store picking across the UK

Progress on 2025 strategic ambitions

- In the Strategy Update Session on 25th April, the 2025 estimates and new long-term financial aspirations, will be presented
- Secured new financing, replacing the current bank overdraft facility with RCF and working capital financing, to deliver on strategy with continued growth investments and serving larger grocery retailers

Key figures

MNOK	Q1 2024	Q1 2023	Year 2023
Revenue	359.0	381.4	1,342.4
EBITDA	-6.2	13.5	-1.3
EBITDA margin	-1.7%	3.5%	-0.1%
EBITDA excluding option cost	-4.8	15.0	5.1
Operating profit (EBIT)	-16.8	4.0	-39.4
Ordinary profit before tax (EBT)	-14.8	7.6	-45.3
Cash flow from operational activities	15.3	-44.2	25.2
Disposable funds	95.2	73.5	95.2
Earnings per share (NOK)	-0.26	0.12	-0.77
Earnings per share, adjusted	-0.19	0.18	-0.52

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StrongPoint Group

StrongPoint is a grocery-focused retail tech company that serves customers with products and solutions for in-store and online shopping.

Revenue MNOK	Q1		Year
	2024	2023	2023
Scandinavia	219.8	213.6	636.0
International incl R&D	139.1	167.8	706.4
ASA/Elim	-	-	-
Total	359.0	381.4	1,342.4

EBITDA MNOK	Q1		Year
	2024	2023	2023
Scandinavia	19.5	15.3	41.5
International incl R&D	-17.3	6.4	-10.4
ASA/Elim	-8.4	-8.2	-32.4
Total	-6.2	13.5	-1.3

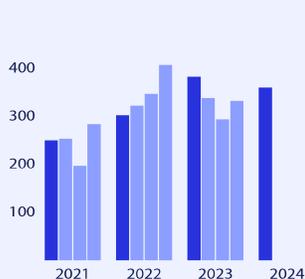
Number of employees ¹	Q1	Year
	2024	2023
	523	514
	524	524

1) This includes 8 employees who were employees as of 31 March 2024, but who will be leaving during 2024 as part of the restructuring process completed in Q4 2023. Moreover, there were six employees added from the acquisition of Hamari in Finland in Q4 2023, and another 12 employees from the Spanish joint venture, consolidated in Q2 2023.

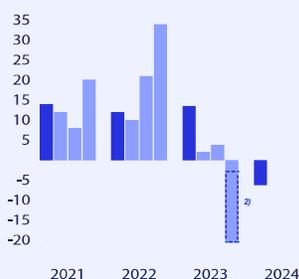
2) The Q4 2023 EBITDA was -20.6 MNOK, including non-recurring restructuring and M&A costs of 7.3 MNOK and write-downs of 10.6 MNOK. Excluding these adjustments, the Q4 2023 EBITDA was -2.7 MNOK.

StrongPoint Group

Operating revenue per quarter (MNOK)



EBITDA per quarter (MNOK)



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Financial performance continues to be affected by continued uncertain global macro environment

For Q1 2024, the total revenue declined by 5.9% compared to the same quarter last year. The segment Scandinavia increased by 2.9% and the segment International declined by 17.1% in revenue compared to the same quarter last year. Overall, the weak market conditions continue, with generally lower customer spending and longer lead times on investment decisions in all regions. The positive numbers from the Scandinavian segment were driven by the previously planned roll-outs of Pricer ESLs from pre-existing orders in Norway. The International segment saw revenue decline in all regions except for the Baltics & Finland, which had a revenue increase of 16.0% for the period. Of this growth, 11.4%-points relates to Finland which was consolidated for the first time in Q4 2023 after closing the acquisition of Brand ID Hamari Group Oy in October 2023, thus not included in the Q1 2023 figures.

During the quarter, the gross margin declined from 36.5% to 36.2% year on year, mainly due to product mix with the large rollouts of Pricer ESLs. The cost of goods sold is impacted by higher prices driven by inflation and depreciation of the NOK compared USD and EUR, consequently increasing the purchase price. Mitigation efforts continue to protect and improve the gross margin on both our own products as well as third party products.

Personnel costs were 93.8 MNOK in Q1 2024 compared to 87.9 MNOK the same quarter last year. This is mainly due to the consolidation of Cash Tech, our 60% joint venture which was consolidated in Q2 2023 and the acquisition of the Finnish business in Q4 2024. It also includes wage increases and weakening of the NOK during the period. For the same period, other operating expenses increased from 36.5 MNOK to 40.9 MNOK, mainly driven by the consolidation of Cash Tech and Finland, as well as price increases and currency effects.

The EBITDA decreased to -6.2 MNOK in Q1 2024, leading to an EBITDA margin of -1.7% (3.5%).

As of end of Q1 2024, the net interest-bearing debt was 77.0 MNOK, representing a decrease of 3.8 MNOK compared to the year-end 2023. The reduction of net interest debt is attributable to improvements in working capital, repayment of advance tax payments and postponing of discretionary capex projects.

Continued customer success in priority areas

In January StrongPoint scored a historic win with the UK's second largest grocery retailer, Sainsbury's, selecting StrongPoint to provide its Order Picking solution to all stores where they conduct in-store manual picking for online grocery orders. Sainsbury's is one of Europe's biggest grocery e-commerce players and has over 1,400 supermarkets and convenience stores in the UK, employing over 152,000 people. The grocery retailer fulfills all of its e-commerce orders via picking in-store and StrongPoint's solution will start to be rolled out in 2024.

Outlook

Based on the uncertainties in the market, we are cautious about expecting significant improvements in the short-term. Consequently, adjustments to the organization have been made and additional measures have recently been announced.

Although an improvement in customer spend and release of postponed investments are needed, the customers' interest in our solutions remains, as we are observing an increase in inbound inquiries. As such, we remain confident about our market position and are committed to delivering on our strategy.

On 25th April 2024, StrongPoint will hold its Strategy Update Session, where the 2025 estimates and new long-term financial aspirations, will be presented.

Post balance sheet events

In the Q4 2023 report, we informed that a covenant waiver had been granted by our primary bank until Q4 2024. In order to continue the growth investments and deliver on contracts to bigger and more demanding international grocery retailers, a new financing arrangement was signed in April with a leading Scandinavian finance institution. During Q2 2024, the existing bank overdraft facility of 150 MNOK will be refinanced with a new facility of up to 200 MNOK. This will comprise both a revolving credit facility and working capital financing. As part of this new financing, there will be a 30% equity covenant, however the leverage covenant with the current primary bank (NIBD / EBITDA < 3.5x) will be removed. Consequently, a covenant waiver will no longer be required.

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StrongPoint’s product-market fit – our ‘double opportunity’

Grocery retailers are facing pressures like never before – in-store and online.

In-store costs for goods, transportation and labour are surging. This has driven many customers to shop at discounters. In addition, theft in-store is a growing concern for retailers and their staff.

In mature grocery e-commerce markets such as the UK, where it makes up over 10% of the grocery market, profitability is a major challenge and costs continue to surge.

This means that grocery retailers need to find efficiency-savings in-store and online to maintain their already razor-thin margins, as well as ensuring a safe and secure working and shopping environment.

StrongPoint focuses on providing smart retail technologies to grocery retailers to boost profitability in-store and online.

From in-store self-checkouts, electronic shelf labels, cash management solutions to world-class e-commerce fulfilment solutions, StrongPoint solutions cut grocery retailers costs and create outstanding customer experiences.

StrongPoint Solutions



In-store

In-store Productivity

- Pricer Electronic Shelf Labels
- ShopFlow Logistics *
- Digi Scales and Wrapping Systems
- Grocery Cooling Solutions
- Autonomous Mobile Robots (AMRs)

Payment Solutions

- CashGuard Cash Management *

Check Out Efficiency

- Self-Checkout *
- Self-Scanning
- Vensafe Sales Automation *

Retail Management

- POS Systems
- Commerce Management System

Shop Fitting

The StrongPoint double opportunity

Grocery retailers are under pressure:

- Labour costs going up
- Discounters becoming mainstream
- In mature e-commerce markets, profitability a challenge

StrongPoint Opportunity #1
Efficiency-saving in-store solutions

StrongPoint Opportunity #2
Efficiency-saving e-commerce solutions, especially in the UK

StrongPoint Double Opportunity:

Technology solutions solving

- 1) in-store and
- 2) online challenges

Online

Grocery Picking

- Order Picking solution *
- AutoStore Automated Fulfilment
- Warehouse Management Software (WMS)

Last mile

- Click & Collect Lockers *
- Drive-thru *
- Pick-up in-store *
- Home delivery with route optimization

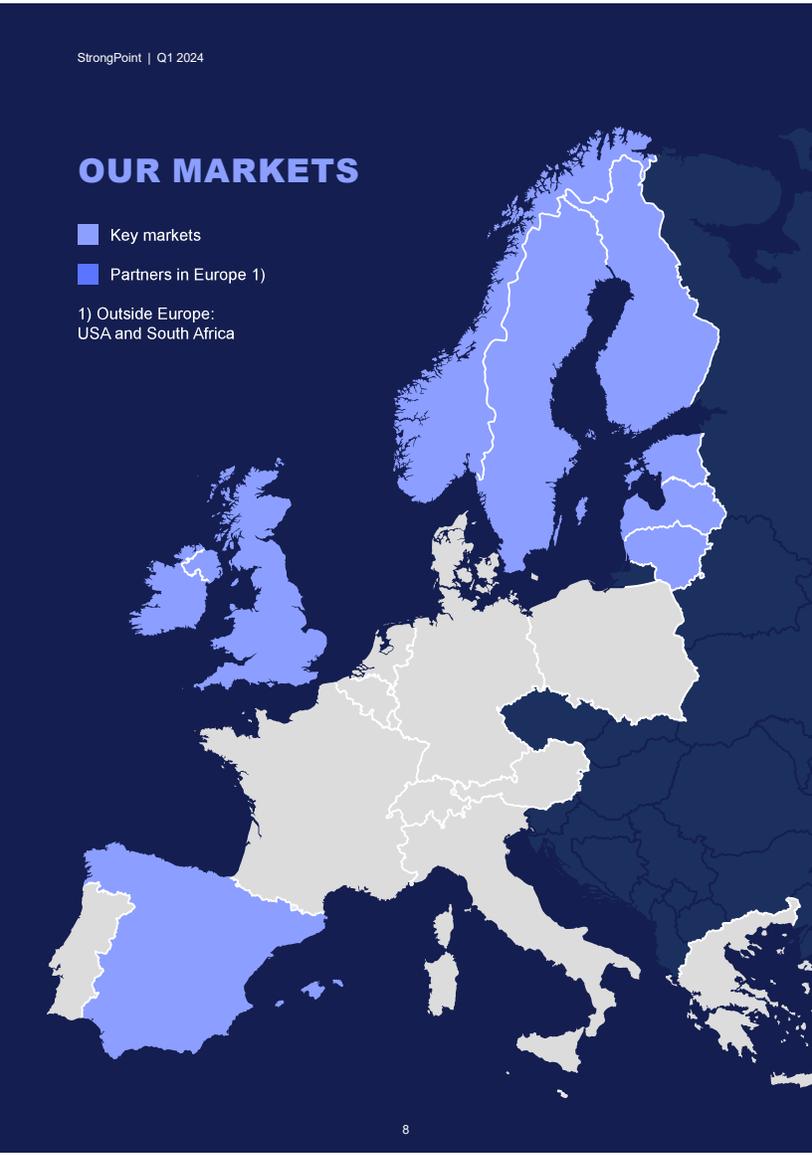


* Proprietary technologies

OUR MARKETS

- Key markets
- Partners in Europe 1)

1) Outside Europe:
USA and South Africa



Scandinavia

The business segment Scandinavia currently consists of the operating business units in Norway and Sweden. The revenue also includes some deliveries to Denmark.

MNOK	Q1		Year
	2024	2023	2023
- Norway	140,2	126,9	340,3
- Sweden	79,6	86,7	295,7
Total Revenue	219,8	213,6	636,0
EBITDA	19,5	15,3	41,5
- In %	8,9 %	7,1 %	6,5 %
EBT	18,0	13,6	35,1
- In %	8,2 %	6,4 %	5,5 %

The weak market conditions continue, with generally lower customer spending and longer lead time on investment decisions. The revenue in the Scandinavian segment, however, increased by 2.9% compared to the same quarter last year, mainly due to a number of large rollouts of Pricer ESL projects from pre-existing orders in Norway. The EBITDA increased to 19.5 MNOK (15.3) as a result of these project deliveries as well as positive impact from the cost cutting measures completed in Q4 2023.

Norway

MNOK	Q1		Year
	2024	2023	2023
Products	109,1	98,8	230,4
Services	31,1	28,1	109,8
Revenue	140,2	126,9	340,3

The revenue for Norway in Q1 2024 increased by 10,5% compared to the same quarter last year, due to a few large rollouts of Pricer ESL deliveries, partly off-set by a decline in CashGuard sales. Services revenue increase by 10,7%, driven by previous rollouts of Pricer ESL.

Sweden

MNOK	Q1		Year
	2024	2023	2023
Products	42,8	53,2	157,4
Services	36,9	33,5	138,4
Revenue	79,6	86,7	295,7

The revenue in Sweden declined by 8,2% compared to the same quarter last year. This includes lower volumes on Pricer ESL and Scales & Packing, mainly explaining the reduction on Product revenue. Service revenue increased by 10,0%, including positive contributions from CashGuard, SFL and ESL service revenue.

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 segment.

MNOK	Q1		Year
	2024	2023	2023
- Baltics & Finland	53,3	46,0	255,5
- Spain	16,5	20,1	87,6
- UK & Ireland	56,6	78,2	283,5
- Rest of Europe	12,7	23,5	79,8
Total Revenue	139,1	167,8	706,4
EBITDA	-17,3	6,4	-10,4
- In %	-12,4 %	3,8 %	-1,5 %
EBT	-26,6	-1,6	-51,5
- In %	-19,2 %	-1,0 %	-7,3 %

The business segment International including R&D decreased in revenue by 17.1% compared to same quarter last year. The Baltics & Finland had a revenue growth of 16.0%, of which 11.4% (MNOK 5.2) relates to Finland, which was consolidated for the first time in Q4 2023 after closing the acquisition of Brand ID Hamari Group Oy in October 2023. Spain, UK & Ireland and Rest of Europe had a decline of 17.9%, 27.6% and 46.0%, respectively. Unlike the Baltics, with its relatively high share of recurring revenue, the other regions are impacted by continued challenging market conditions. This particularly relates to UK & Ireland.

As a consequence of the overall revenue decline, EBITDA for Q1 2024 ended at -17.3 MNOK compared to 6.4 MNOK for the same quarter last year. This is mainly due to negative contribution from UK & Ireland, as well as our continued development costs to support the e-commerce Order Picking solution and the new cash management solution as we seek to leverage new commercial opportunities from these positive commercial developments.



Baltics & Finland

MNOK	Q1		Year
	2024	2023	2023
Products	23,7	19,3	131,1
Services	29,6	26,7	124,4
Revenue	53,3	46,0	255,5

Revenue from the Baltic operations increased by 16,0% compared to the same quarter last year, including 6,9% growth from POS/ ERP service revenue in the Baltics, off-set by a 44,0% decrease in POS/ ERP product deliveries. The deliveries of the previously announced Self-Checkout order from Maxima are expected to start during the summer 2024.

Spain

MNOK	Q1		Year
	2024	2023	2023
Products	10,9	15,3	67,6
Services	5,6	4,8	20,0
Revenue	16,5	20,1	87,6

The Spanish revenue declined by 17,9% compared to the same quarter last year, mainly due to 45,0% reduction in CashGuard product sales. The majority of the total revenue in Spain relates to the Horeca industry, in which customer spending is also impacted by the increases in inflation and interest rates. StrongPoint Cash Tech S.L., a joint venture in which StrongPoint has a 60% holding, is managing the development of the new cash management solution, for which we have high expectations. The company was consolidated into StrongPoint's financial figures from Q2 2023. The development cost of 4,8 MNOK for Q1 2024 is capitalized, as opposed to other development costs which are expensed over the profit and loss statement.

UK & Ireland

MNOK	Q1		Year
	2024	2023	2023
Products	-	-	-
Services	56,6	78,2	283,5
Revenue	56,6	78,2	283,5

The revenue declined 27,6% compared to the same quarter last year. This was a result of low order reserve and low new order intake. Some of our customers are continuing to postpone the implementation of planned projects. Moreover, Alex Eveleigh, the new SVP of UK & Ireland assumed position in February 2024, with a clear ambition to increase sales beyond the current shop fitting revenue stream, including other products such as Order Picking, Vensafe and Self-checkout. In Q1 it was announced that the UK's second largest grocery retailer, Sainsbury's, had chosen StrongPoint to provide its Order Picking solution to fulfill all their online orders being picking in-store. The rollout of the solution will start in 2024.

Partners

MNOK	Q1		Year
	2024	2023	2023
Products	10,3	21,3	75,5
Services	2,4	2,3	4,2
Revenue	12,7	23,5	79,8

Partner revenue relates to outside of our core markets. In Q1 2024, revenue declined by 46,0% compared to the same quarter last year due to lower volume of CashGuards and Lockers.

Product segments

In-store Productivity

MNOK	Q1		Year
	2024	2023	2023
Products	136,4	78,7	219,7
Services	29,0	24,5	100,1
Revenue	165,4	103,2	319,7

Revenue for the In-Store Productivity segment increased by 60,3% compared to the same quarter last year, due to a number of large rollouts of Pricer ESL in Norway, partly offset by a decrease in Scales & Packing. The increase in service revenue stems from previous projects on Pricer ESL, and SFL licenses.

Payment Solutions

MNOK	Q1		Year
	2024	2023	2023
Products	22,9	44,3	148,2
Services	29,4	28,4	111,3
Revenue	52,4	72,7	259,5

The revenue declined by 28,0% compared to the same quarter last year, due to lower product sale of CashGuards in both Norway and Spain.

Check Out Efficiency

MNOK	Q1		Year
	2024	2023	2023
Products	19,2	18,7	117,6
Services	11,9	9,4	44,4
Revenue	31,1	28,1	162,0

Revenue increased by 10,5% compared to the same quarter last year, driven by increased product volume of Vensafe in Norway, whereas self-checkout remained stable.

Shop Fitting

MNOK	Q1		Year
	2024	2023	2023
Products	-	-	-
Services	54,8	78,2	283,5
Revenue	54,8	78,2	283,5

Revenue for the Shop Fitting segment declined by 30,0% compared to same quarter last year. The Shop Fitting segment relates in its entirety to the UK & Ireland segment. As explained in the regional section on the previous page, this segment is impacted by the weak market conditions in UK & Ireland.

Other retail technology

MNOK	Q1		Year
	2024	2023	2023
Products	14,5	20,1	89,7
Services	25,4	22,8	101,5
Revenue	39,9	42,9	191,1

Other retail technology, mainly POS/ERP and software projects in the Baltics, decreased by 7,0% in the period. Whereas product sales had a decrease of 27,9%, service revenue increased by 11,4% during the quarter.

E-commerce logistics

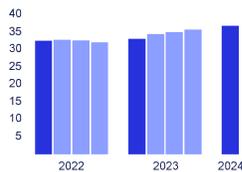
MNOK	Q1		Year
	2024	2023	2023
Products	3,8	46,1	86,9
Services	11,7	10,2	39,7
Revenue	15,5	56,3	126,6

Revenue from e-commerce decreased by 72,5% compared to the same quarter last year due an AutoStore project delivered last year.

Technology and R&D update

In the key growth market of the UK the outlook for grocery e-commerce continues to be positive and growing. However, the outlook in other markets looks less certain and more uneven as the current macroeconomic challenges continue to impact customers. Consequently, we are focusing our short and medium-term focus to better serve the highly penetrated e-commerce markets in which we are present, especially the UK and even more so on the back of the Sainsbury's Order Picking contract. The fact that one of Europe's largest grocery retailers has chosen StrongPoint for a business critical solution is a testament to the world-class nature of our e-commerce solutions.

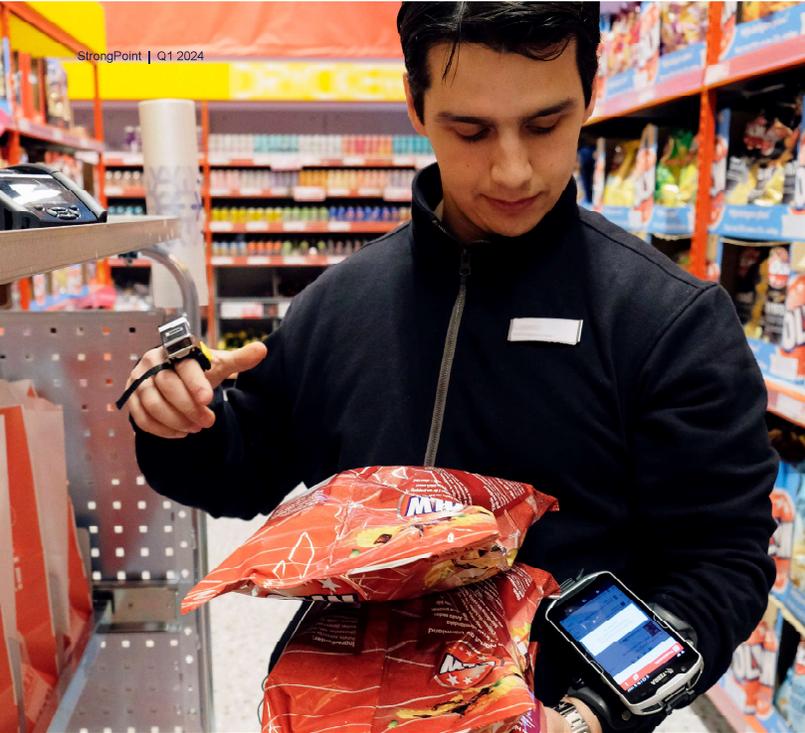
Rolling 12 months e-commerce recurring revenue (MNOK)



StrongPoint Group

Relative share of revenue per segment (%)





JANUARY

Sainsbury's selects StrongPoint's grocery Order Picking solution

StrongPoint was selected by the UK's second largest grocery retailer Sainsbury's to supply order picking technology for online grocery orders fulfilled manually in store.

Sainsbury's has over 1,400 supermarkets and convenience stores across the UK and employs more than 152,000 people.

The fact that we now serve the UK's second largest grocery retailer is a perfect testament to the quality of our solution.

Jacob Tveraabak,
CEO of StrongPoint

Cash flow and equity

Cash flow from operational activities in the first quarter was 15,3 MNOK (-44,2), mainly due to changes in working capital. The receivables traditionally have low risk. The Group's holding of own shares at the end of the fourth quarter amounted to 334,278, which represents 0,7 per cent of the outstanding shares. The Group has shareholder programs for the Board of Directors, the Group executive management and employees, 24,580 shares have been assigned so far in 2024 (148,706 in the year 2023). StrongPoint has a long-term incentive program for management and key employees. More information on the program can be found in note 6.

Accounting year	General meeting	Dividend per share
2022	27.04.2023	0,90
2021	28.04.2022	0,80
2020	28.04.2021	0,70
2019	22.10.2020	0,60
2018	26.04.2019	0,55
2017	24.04.2018	0,50
2016	20.04.2017	0,50
2016	05.01.2017	Extraordinary 1,00
2015	28.04.2016	0,45
2014	30.04.2015	0,35
2013	25.04.2014	0,30
2012	26.04.2013	0,25
2011	08.05.2012	0,25

Net interest bearing debt

The interest-bearing debt mainly relates to the short-term bank overdraft. In addition, it includes a term loan in our Spanish subsidiary, booked in long-term and short-term interest-bearing liabilities. Of leasing liabilities, the IFRS 16 rent obligations are extracted from interest-bearing debt, as these are not interest-bearing. The remaining leasing liabilities relate to service cars and company cars from leasing institutions and are thus included in the interest-bearing debt.

As of end Q1 2024, the net interest-bearing debt was 77,0 MNOK, representing a decrease of 3,8 MNOK compared to the year-end 2023.

Disposable funds were 95,2 MNOK as of March 31, 2024, comprising cash and cash equivalents of 27,8 MNOK and 67,4 MNOK of undrawn funds from the Group's bank overdraft facility of 150 MNOK.

KNOK	31.03.2024	31.03.2023	31.12.2023
Long term interest-bearing liabilities	5,179	8,764	4,983
Long term lease liabilities	74,838	61,617	83,513
Short term interest-bearing liabilities	5,302	5,341	7,962
Bank overdraft	82,564	55,540	94,153
Short term lease liabilities	24,326	22,372	14,316
Cash and cash equivalents	-27,751	-29,014	-39,340
= Interest-bearing debt and leasing liabilities	164,458	124,619	165,587
Of which IFRS 16 rent liabilities not interest bearing	-87,457	-71,392	-84,827
= Net interest-bearing debt	77,001	53,227	80,760

Statement from the Board

The Board and group CEO have today considered and approved StrongPoint's financial statements for the first quarter and year to date 2024, including comparative consolidated figures for the first quarter and year to date 2023. This report has been prepared in accordance with IAS 34 on interim financial reporting as determined by the European Union, and with supplementary requirements pursuant to the Norwegian Securities Trading Act. The Board and CEO hereby declare, to the best of their knowledge, that the financial statements for the first quarter and year to date 2024 have been prepared in accordance with prevailing accounting principles and that the information in the financial statements gives a true and fair view of the assets, liabilities, financial position and profit of the group taken as a whole per 31 March 2024 and per 31 March 2023. To the best of their knowledge, the report gives a true and fair overview of important events during the accounting period and the impact of these events on the financial statements.

The Board of Directors of StrongPoint ASA Oslo, 24 April 2024

Morthen Johannessen
Chairman

Ingeborg Molden Hegstad
Director

Cathrine Laksoff
Director

Audun Nordtveit
Director

Peter Wirén
Director

Jacob Tveraabak
CEO

Consolidated income statement

KNOK	Q1 2024	Q1 2023	Chg. %	Year 2023
Operating revenue	359,958	381,396	-5.9 %	1,342,398
Cost of goods sold	229,148	242,037	-5.3 %	805,266
Personnel expenses	93,765	87,869	6.7 %	366,782
Share based compensation	1,409	1,517	-7.1 %	6,395
Other operating expenses	40,820	36,500	11.8 %	165,244
Total operating expenses	365,143	367,923	-0.8 %	1,343,687
EBITDA	-6,184	13,473	-145.9 %	-1,288
Depreciation tangible assets	7,624	6,838	11.5 %	26,996
Amortization intangible assets	2,976	2,614	13.8 %	11,163
EBIT	-16,785	4,021	-517.4 %	-39,448
Interest expenses	3,327	2,130	56.2 %	9,617
Other financial expenses/currency differences	-5,275	-5,613	6.0 %	-3,543
Profit from associated companies	41	99	-58.7 %	191
EBT	-14,796	7,603	-294.6 %	-45,331
Taxes	-3,417	2,407	-241.9 %	-11,132
Profit after tax	-11,379	5,196	-319.0 %	-34,200
Earnings per share:				
Number of shares outstanding	44,888,352	44,888,352		44,888,352
Av. number of shares - own shares	44,548,581	44,319,256		44,397,547
Av. number of shares diluted- own shares	47,808,581	46,638,006		47,820,047
EPS	-0.26	0.12		-0.77
Diluted EPS	-0.24	0.11		-0.72
EBITDA per share	-0.14	0.30		-0.03
Diluted EBITDA per share	-0.13	0.29		-0.03
Total earnings:				
Profit/loss after tax	-11,379	5,196	-319.0 %	-34,200
Exchange differences on foreign operations	8,759	38,373	-77.2 %	32,894
Total earnings	-2,619	43,569	-106.0 %	-1,305
Of which				
Majority interest	-1,561	43,569	-103.6 %	606
Minority interest	-1,058	-		-1,911

Consolidated balance sheet

KNOK	31.03.2024	31.03.2023	31.12.2023
ASSETS			
Intangible assets	131,779	86,917	125,327
Goodwill	176,958	171,513	174,325
Tangible assets	32,286	26,683	30,397
Right-of-use assets	99,164	82,698	99,568
Long term investments	4,584	6,617	4,854
Other long term receivables	1,197	20,364	1,372
Deferred tax	34,660	18,103	31,106
Non-current assets	480,638	412,896	466,949
Inventories	224,968	218,165	230,424
Accounts receivables	243,961	304,827	240,790
Prepaid expenses	29,702	42,828	22,032
Other receivables	15,728	14,452	14,955
Cash and cash equivalents	27,751	29,014	39,340
Current assets	542,110	609,386	547,541
TOTAL ASSETS	1,022,748	1,022,283	1,014,490
EQUITY AND LIABILITIES			
Share capital	27,831	27,831	27,831
Holding of own shares	-207	-320	-217
Other equity	446,284	523,850	447,238
Total equity	473,907	551,361	474,852
Long term interest bearing liabilities	5,179	8,764	4,983
Long term lease liabilities	74,838	61,617	83,513
Other long term liabilities	2,031	42	1,848
Deferred tax liabilities	18,111	20,997	18,111
Total long term liabilities	100,159	91,420	108,455
Short term interest bearing liabilities	5,302	5,341	7,962
Bank overdraft	82,564	55,540	94,153
Short term lease liabilities	24,326	22,372	14,316
Accounts payable	156,744	135,051	159,690
Taxes payable	-5,200	4,958	-10,603
Other short term liabilities	184,946	156,239	165,665
Total short term liabilities	448,682	379,501	431,183
TOTAL EQUITY AND LIABILITIES	1,022,748	1,022,283	1,014,490

Overview of changes in the equity

KNOK	Share capital	Treasury shares	Other paid-in equity	Translation variances	Share Option Program	Other equity	Total equity	Minority interest	Total equity
Equity 31.12.2022	27,831	-362	351,262	32,755	11,301	84,422	507,207	-	507,207
Sale of own shares		74				2,444	2,518		2,518
Dividend 2022						-39,935	-39,935		-39,935
Share Option Program					4,475		4,475		4,475
Acquisition of Hamari paid in shares		72				1,821	1,892		1,892
Profit this year after tax						-32,231	-32,231	-1,968	-34,200
Other comprehensive income and expenses 1)				32,837			32,837	57	32,894
Equity 31.12.2023	27,831	-217	351,262	65,592	15,776	16,521	476,763	-1,911	474,852
Sale of own shares		10				255	265		265
Share Option Program					1,409		1,409		1,409
Profit this year after tax						-10,417	-10,417	-962	-11,379
Other comprehensive income and expenses 1)				8,855			8,855	-96	8,759
Equity 31.03.2024	27,831	-207	351,262	74,447	17,185	6,359	476,876	-2,969	473,907

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. Due to weaker NOK after 31.12.2023, the value of the balance sheet from our foreign companies has increased significantly and this is booked against the Comprehensive income.

Statement of cash flow

KNOK	Q1 2024	Q1 2023	Year 2023
Ordinary profit before tax	-14,796	7,603	-45,331
Net interest	3,327	2,130	9,617
Tax paid	5,551	-6,867	-26,047
Share of profit, associated companies	-41	-99	-191
Ordinary depreciation	10,600	9,452	38,159
Profit / loss on sale of fixed assets	-6	-	-235
Change in inventories	9,785	28,884	17,169
Change in receivables	2,714	-12,936	52,485
Change in accounts payable	-6,328	-23,078	-170
Change in other accrued items	4,481	-49,298	-20,275
Cash flow from operational activities	15,288	-44,229	25,182
Payments for fixed assets	-1,832	-641	-17,643
Payment for intangible assets 1)	-4,632	-	-23,425
Investments in other companies	-	-1,539	-
Payment from sale of fixed assets	4	-	467
Net effect acquisitions	-	-	-2,357
Dividends received from associated companies	300	-	300
Interest received	490	162	1,604
Cash flow from investment activities	-5,671	-2,018	-41,054
Purchase/sale of own shares	265	1,629	4,410
Change in long-term debt	-8,934	-8,243	-24,555
Change in long-term receivables	-	-4,273	-
Change in overdraft	-10,219	37,109	75,664
Interest paid	-3,817	-2,292	-11,221
Dividend paid	-	-	-39,935
Cash flow from financing activities	-22,704	23,931	4,363
Net cash flow in the period	-13,087	-22,317	-11,510
Cash and cash equivalents at the start of the period	39,340	47,248	47,248
Effect of foreign exchange rate fluctuations on foreign currency deposits	1,497	4,083	3,602
Cash and cash equivalents at the end of the period	27,751	29,014	39,340

1) See note 2

Key figures

KNOK	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	YTD 2024	YTD 2023
Income statement							
Operating revenue	358,958	330,892	292,948	337,162	381,396	358,958	381,396
EBITDA	-6,184	-20,628	3,785	2,081	13,473	-6,184	13,473
EBITA	-13,808	-28,053	-2,350	-4,517	6,635	-13,808	6,635
Operating profit EBIT	-16,785	-30,996	-5,139	-7,333	4,021	-16,785	4,021
Ordinary profit before tax (EBT)	-14,796	-38,360	-13,523	-1,051	7,603	-14,796	7,603
Profit/loss after tax	-11,379	-29,108	-9,340	-947	5,196	-11,379	5,196
EBITDA-margin	-1,7 %	-6,2 %	1,3 %	0,6 %	3,5 %	-1,7 %	3,5 %
EBT-margin	-4,1 %	-11,6 %	-4,6 %	-0,3 %	2,0 %	-4,1 %	2,0 %
Balance sheet							
Non-current assets	480,638	466,949	437,514	444,004	412,896	480,638	412,896
Current assets	542,110	547,541	560,438	565,351	609,386	542,110	609,386
Total assets	1,022,748	1,014,490	997,951	1,009,355	1,022,283	1,022,748	1,022,283
Total equity	473,907	474,852	491,444	511,649	551,361	473,907	551,361
Total long term liabilities	100,159	108,455	106,022	110,287	91,420	100,159	91,420
Total short term liabilities	448,682	431,183	400,486	387,419	379,501	448,682	379,501
Working capital	312,185	311,524	362,030	331,872	387,941	312,185	387,941
Equity ratio	46,3 %	46,8 %	49,2 %	50,7 %	53,9 %	46,3 %	53,9 %
Liquidity ratio	120,8 %	127,0 %	139,9 %	145,9 %	160,6 %	120,8 %	160,6 %
Net interest-bearing debt	77,001	80,760	91,541	47,644	53,227	77,001	53,227
Net leverage multiples	n.m.	n.m.	1,7	0,7	0,7	n.m.	0,7
Cash Flow							
Cash flow from operational activities	15,288	33,670	-24,504	60,246	-44,229	15,288	-44,229
Net change in liquid assets	-13,087	2,301	1,885	6,621	-22,317	-13,087	-22,317
Share information							
Number of shares	44,888,352	44,888,352	44,888,352	44,888,352	44,888,352	44,888,352	44,888,352
Weighted average shares outstanding	44,548,581	44,493,344	44,395,379	44,380,322	44,319,256	44,548,581	44,319,256
EBT per shares	-0,33	-0,86	-0,30	-0,02	0,17	-0,33	0,17
Earnings per share	-0,26	-0,65	-0,21	-0,02	0,12	-0,26	0,12
Earnings per share, excl. M&A amortization	-0,19	-0,59	-0,15	0,04	0,18	-0,19	0,18
Equity per share	10,64	10,67	11,07	11,53	12,44	10,64	12,44
Dividend per share	-	-	-	0,90	-	-	-
Employees							
Number of employees (end of period)	523	524	523	519	514	523	514
Average number of employees	524	524	521	517	513	524	513
IFRS 16 effects							
Reduced OPEX	-11,397	6,909	5,772	6,142	6,371	6,888	6,371
Increased depreciation	-9,414	5,743	4,624	5,094	5,437	5,740	5,437
Increased interest expenses	-1,983	1,167	1,148	1,048	934	1,148	934
EBT	-	-	-	-	-	-	-
Cash flow from operational activities	-11,397	6,909	5,772	6,142	6,371	6,888	6,371
Cash flow from financing activities	11,397	-6,909	-5,772	-6,142	-6,371	-6,888	-6,371

Note 1 Confirmation of reporting framework

The condensed and consolidated quarterly financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The quarterly financial statements do not contain all the information required in an annual financial statement and should be read in connection with the Group financial statements for 2023.

Note 2 Key accounting principles

The accounting principles for the report are described in note 2 in the annual financial statements for 2023, 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. StrongPoint currently owns 60% of the company, the minority interest can be found in the equity bridge. The Group financial statements for 2023 were prepared in accordance with the IFRS principles and interpretations thereof, as defined by the EU, as well as other disclosure requirements pursuant to the Norwegian Accounting Act and the Oslo Stock Exchange regulations and rules applicable as at 31.12.2023. The quarterly report and the interim financial statements have not been revised by auditor.

Note 3 Segment information

Reporting segments

MNOK	Q1 2024			Q1 2023			Year 2023		
	Revenue	EBITDA	EBT	Revenue	EBITDA	EBT	Revenue	EBITDA	EBT
Scandinavia	219,8	19,5	18,0	213,6	15,3	13,6	636,0	41,5	35,1
International incl R&D	139,1	-17,3	-26,6	167,8	6,4	-1,6	706,4	-10,4	-51,5
ASA/Elim	-	-8,4	-6,1	-	-8,2	-4,3	-	-32,4	-29,0
Total	359,0	-6,2	-14,8	381,4	13,5	7,6	1,342,4	-1,3	-45,3

Operating revenue by products and services

MNOK	Q1 2024		Q1 2023		Year 2023	
	Products	Services *	Products	Services *	Products	Services *
Scandinavia	151,9	67,9	152,0	61,6	387,8	248,2
International incl R&D	44,9	94,2	55,9	111,9	274,2	432,1
Elim / ASA	-	-	-	-	-	-
Total	196,8	162,1	207,9	173,5	662,0	680,4

*) Services and licenses

Note 4 Related parties

No significant transactions between the Group and related parties had taken place per 31 March 2024.

Note 5 Top 20 shareholders per 31, March 2024

No.	Name	No. of shares	%
1	STRØMSTANGEN AS	3,933,092	8,76
2	SOLE ACTIVE AS	2,221,717	4,95
3	BANK PICTET & CIE (EUROPE) AG	2,011,821	4,48
4	V. EIENDOM HOLDING AS	1,865,000	4,15
5	ZETTERBERG, GEORG (incl. fully owned companies)	1,510,000	3,36
6	NORDNET BANK AB	1,430,736	3,19
7	HSBC BANK PLC	1,403,665	3,13
8	AVANZA BANK AB	1,243,610	2,77
9	RING, JAN	1,204,078	2,68
10	VERDADERO AS	1,081,285	2,41
11	SKANDINAVISKA ENSKILDA BANKEN AB	960,565	2,14
12	EVENSEN, TOR COLKA	876,000	1,95
13	WAALER AS	702,200	1,56
14	TOHATT AS	691,319	1,54
15	BANQUE PICTET & CIE SA	630,896	1,41
16	JOHANSEN, STEIN	600,000	1,34
17	MP PENSJON PK	581,402	1,25
18	ALS KINGFISHER LIMITED	506,156	1,13
19	EUROPEAN RETAIL ENGINEERING LIMITED	506,156	1,13
20	BERG, SIVERT	500,000	1,11
Sum 20 largest shareholders		24,439,698	54,45
Sum 2 427 other shareholders		20,448,654	45,55
Sum all 2 447 shareholders		44,888,352	100,00

Note 6 Share option program

Total costs and Social Security Provisions	2020	2021	2022	2023	2024	Total
Total IFRS cost	440	5 441	5 420	6 827	1 409	19 537
Total Social security provisions	36	737	-341	-432	-	-

Granted instruments:

Activity	Number of instruments
Outstanding OB (01.01.2024)	3,422,500
Granted	-
Exercised	-
Terminated	-162,500
Outstanding CB (31.03.2024)	3,260,000
Vested CB	1,112,500

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.

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 can be fulfilled through a cash-out settlement at the Boards' discretion.

Vesting period

The options will vest over three years, with 1/4 vesting after one year, 1/4 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.

Definitions

Working capital	Inventories + accounts receivables – accounts payable
Equity per share	Book value equity / number of shares
Operating revenue	Sales revenue
EBITDA	Operating profit + depreciation fixed assets and intangible assets
EBITA	Operating profit + amortization of intangible assets
EBIT	Operating profit
EBITDA-margin	EBITDA / operating revenue
EBT	Profit before tax
EBT-margin	EBT / operating revenue
Equity ratio	Book value equity / total assets
Liquidity ratio	Current assets / short term debt
Earnings per share	Profit after tax / number of shares
Diluted	Number of shares minus own shares plus shares granted in share option program
Earnings per share, excl. M&A amortization	Profit after tax + amortization of intangible assets from historic M&A / number of shares
Net leverage multiple	Net Interest Bearing Debt including IFRS 16 / 12 months rolling EBITDA
Net change in liquid assets	The total changes in cash flow from operational activities, investment activities and financing activities
Minority interest	The minority part of the net profit / equity in companies where StrongPoint owns between 50,1%-69% of the shares.



StrongPoint

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