



StrongPoint

Strategy Update Session

25 April 2024



Agenda & Speakers

- About StrongPoint
- Update on financial results vs. ambitions
- Big wins from big investments
- Deep dive on Scandinavia, UK and Spain
- Financial update
- Concluding comments
- Q&A



Jacob Tveraabak

Chief Executive Officer



Marius Drefvelin

Chief Financial Officer



Magnus Rosen

MD & SVP Norway & Sweden



Alex Eveleigh

MD & SVP UK & Ireland



Lorena Gomez

MD & SVP Spain

Our purpose:



"Retail technology in every shopping experience for a smarter and better life"

Impact on grocery retailers



Driving efficiency savings



Boosting margins



Impact on end consumers



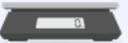
Improving both the in-store and online experience for shoppers

StrongPoint at a glance

	Years in business	39		Revenue from grocery retailers	>80%
	Countries with full sales, service and support	9		NOK annual revenue	1.35Bn
	No. of employees	500+		Listed on Oslo Stock Exchange since	2003
	Countries covered with partners	20		GRI reporting & member of UN Global Compact	2021

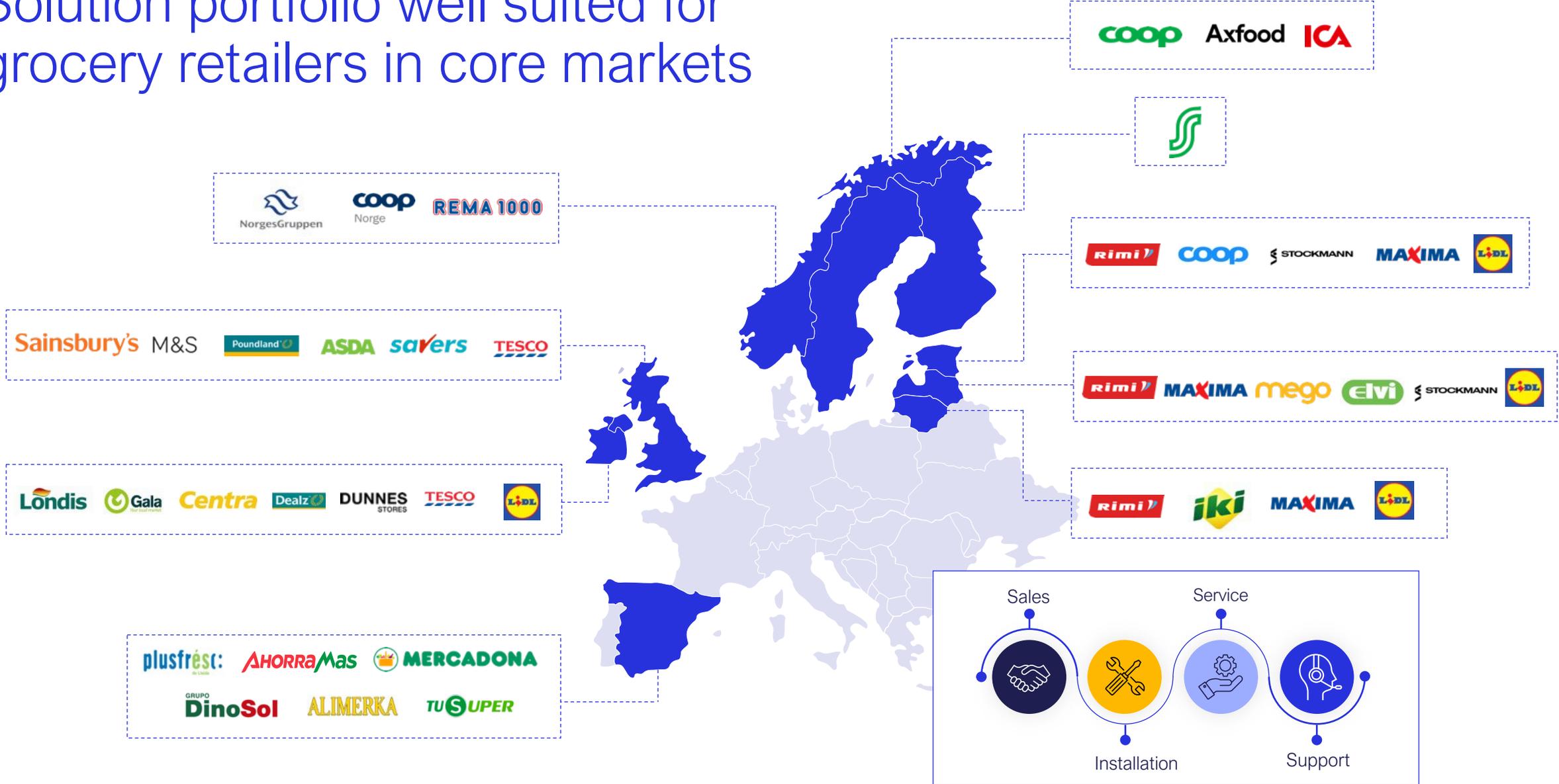


Our grocery retail solutions - aisle to aisle & door to door

In-store	E-Commerce
1 In-store Product Pickup (Vensafe) 	9 In-store Manual Picking 
2 Electronic Shelf Labels 	10 Dark Store Manual Picking 
3 Self-Checkout & AI solutions 	11 Automated Fulfilment 
4 Cash Management 	12 Grocery Lockers 
5 ShopFlow Logistics 	13 Home Delivery 
6 Scales 	14 In-store Pickup 
7 Autonomous Mobile Robots 	15 Drive-thru Pickup 
8 Humanoid Grocery Robot 	16 Warehouse Management System 



Solution portfolio well suited for grocery retailers in core markets





Update on financial results vs. ambitions



What we in 2020 communicated as our 2025 financial ambitions



Revenue

2.5Bn
NOK



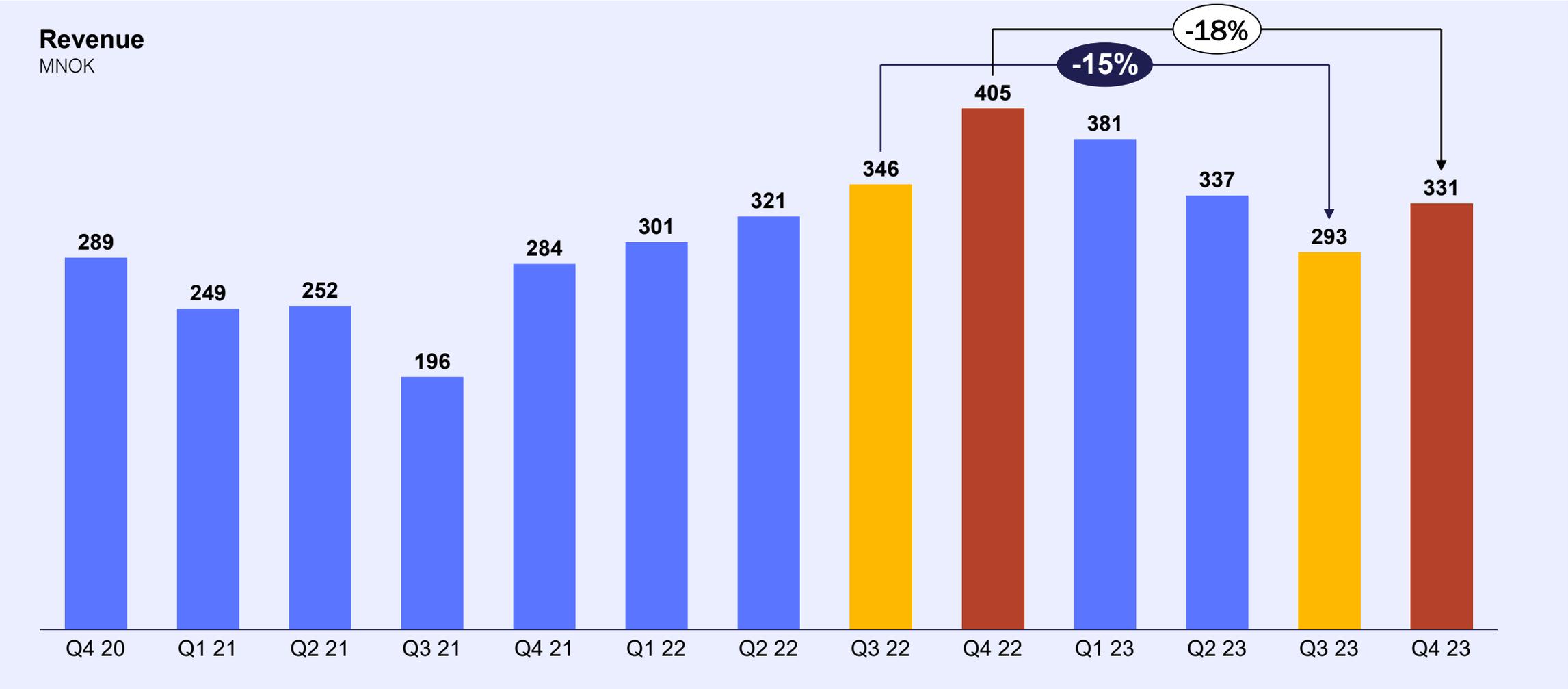
EBITDA

13-15%

Where we are today and our 2025 estimates

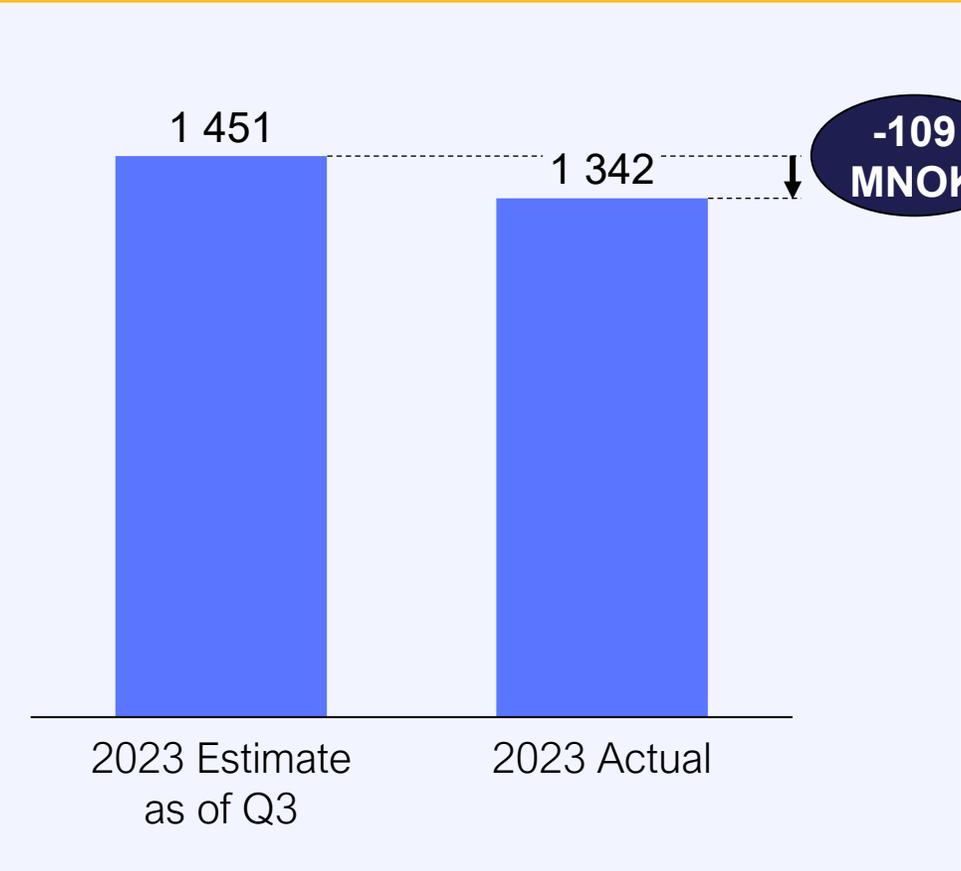
	2023 Results	2025 Estimate
 Revenue	1.35Bn NOK	1.5-1.8Bn NOK
 EBITDA	0%	4-6%

Why did we hold onto ambitions for so long?

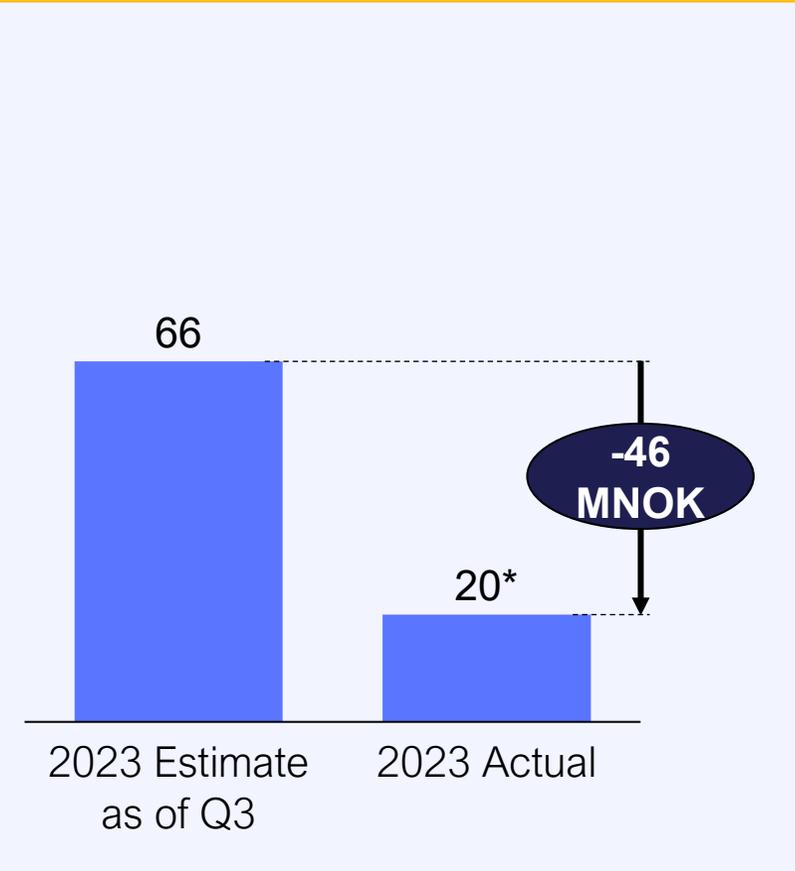


Business developed **far weaker** than anticipated

Revenue 2023 MNOK



EBITDA 2023 MNOK



All markets **significantly** weaker than anticipated in Q4 except Baltics

* EBITDA shown for 2023 is excluding 21 MNOK in non-recurring items

Three **major challenges** in 2023 and continuing into 2024



Challenge 1:

Difficult market for grocery retail and retail technology



Challenge 2:

Currency depreciation in Norway and Sweden against EUR and USD



Challenge 3:

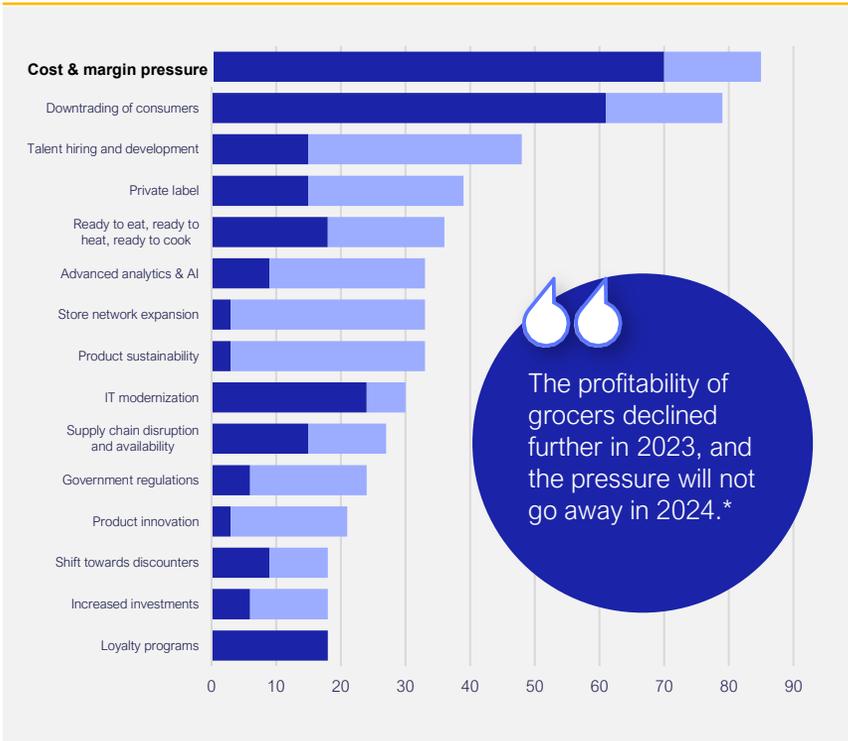
Specific challenges in UK business unit



Challenge 1: A difficult time for grocery retail

Top 15 trends mentioned by CEOs for the grocery industry 2024*

■ Top 1 - 3 ■ Top 4 - 7



CEOs about the grocery industry 2024*



Disposable household income under pressure...



...leading to more discounter growth...



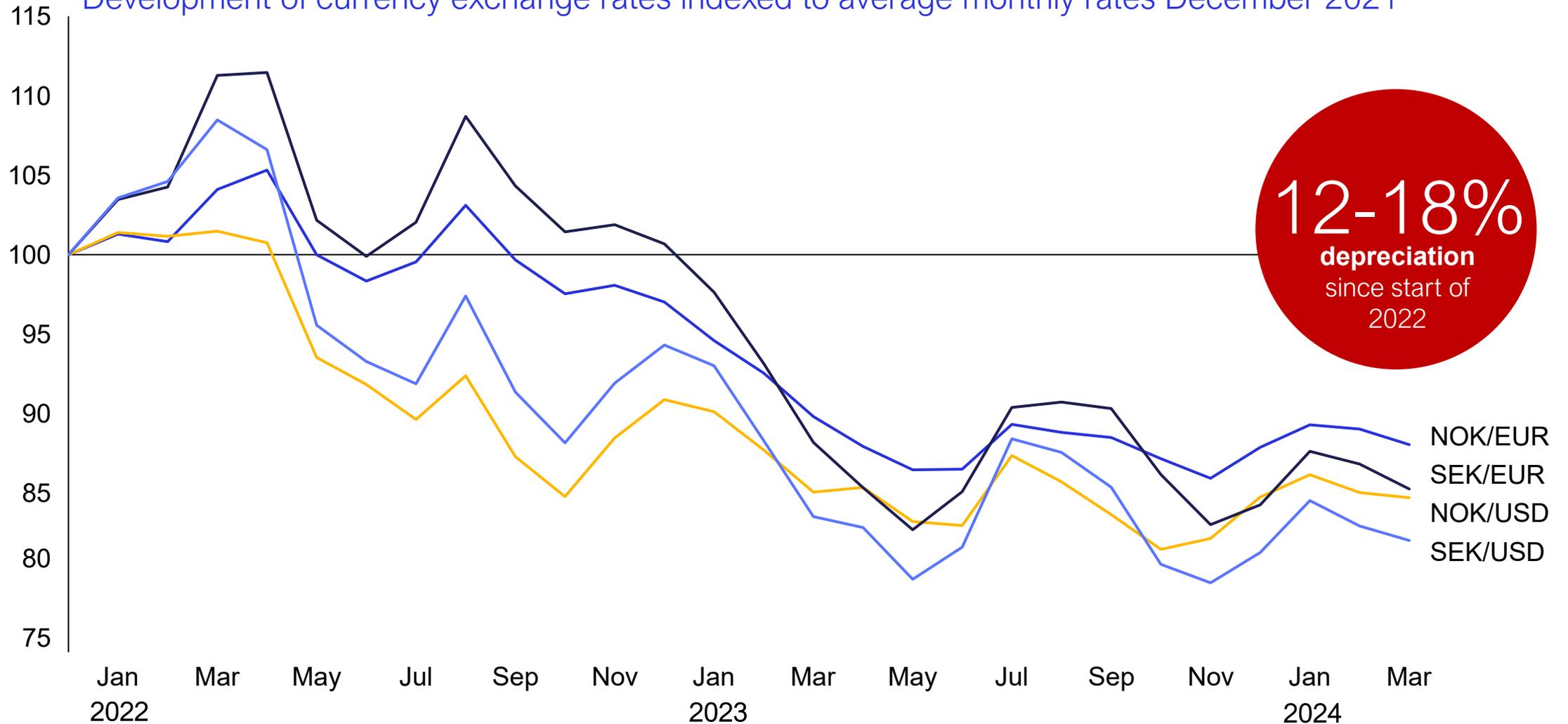
...pushes supermarkets and high-end grocery retailers to **invest more in price than in technology**



Challenge 2:

NOK and SEK depreciating against EUR and USD

Development of currency exchange rates indexed to average monthly rates December 2021





Challenge 3:

UK business specific challenges

Overview

- ✓ M&A is part of long-term strategy
 - ✓ ALS business: great team and **outstanding customer service reputation**
 - ✓ Important **contributor in winning Sainsbury's**
-

H2 2023

- Replacement of UK executive management initiated
- New MD and SVP with significant grocery retail and technology experience appointed

>

Q1 - 2024

- As result of changes, are experiencing short-term negative repercussions in shopfitting business

Challenges summarized – now, what actions?



Challenge 1:

Difficult market for grocery retail and retail technology



Challenge 2:

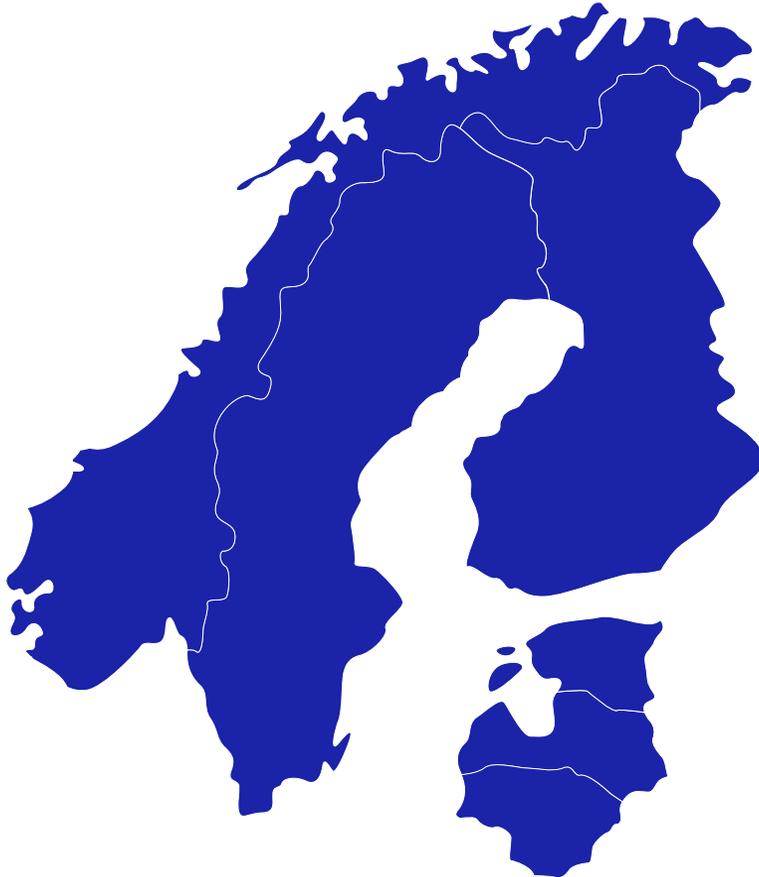
Currency depreciation in Norway and Sweden against EUR and USD



Challenge 3:

Specific challenges in UK business unit

Actions taken in **Scandinavia and Baltics**

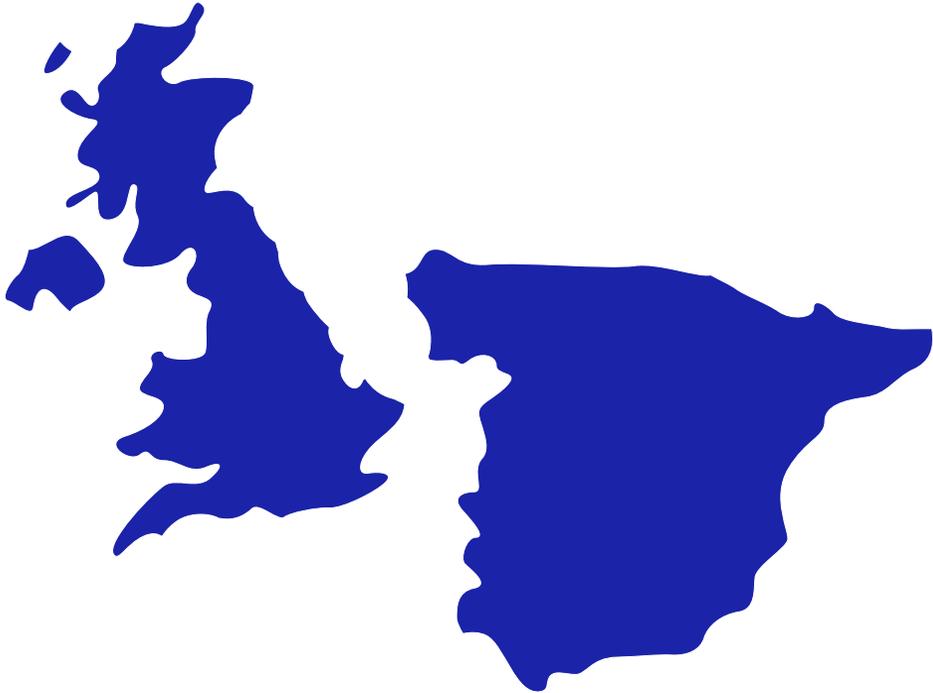


Transformational actions in our traditional markets:

Immediate cost reduction, reorganisation and commercial actions taken following signs of challenges:

- 25 MNOK gross cost reduction announced in Q4 2023 with full effect from January 1, 2024
- Additionally, 20 MNOK gross cost reduction following Q1 2024 with full effect from July 1, 2024
- Reorganization of Norway and Sweden with teams under one MD & SVP, Magnus Rosén

Actions taken in **UK and Spain**



Further investments in key markets of UK and Spain to leverage recent large customer successes

Recruitments and reorganization:

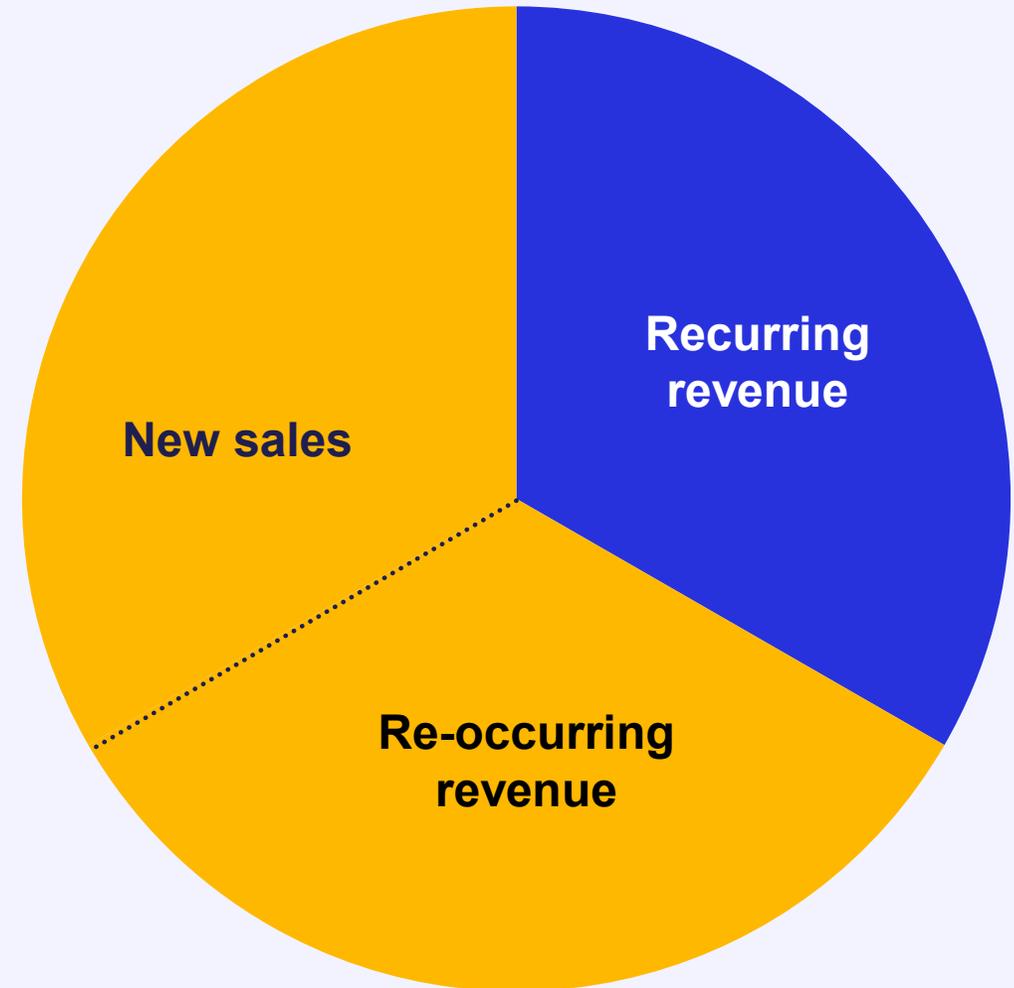
- Alex Eveleigh, former Aldi, Ocado, ASDA and Takeoff Technologies executive, as new MD SVP for UK and Ireland
- Strengthening UK and Spain teams to capitalise on Sainsbury's and Mercadona projects
- Neil McCourt, former Tesco Retail MD and Amazon Director, as new strategic advisor
- Reorganization of product team to support customer opportunities in UK and Spain

Continuing to develop strong base of recurring and re-occurring revenue

We are still to a large extent a project driven company.

Focus going forward is to grow recurring and re-occurring base of revenue, in particular for new large-scale customer projects

2023 Revenue





Big wins from big investments

 **StrongPoint**

Our investments **are bearing fruit**



Sainsbury's

Exporting our world-class Order Picking solution to the UK driving essential efficiency savings



MERCADONA

Developed new cash management solution with Mercadona to improve efficiency of cash operations

Contextualising the size of these grocery retailers

2023 Revenue



NOK 110Bn



NOK 400Bn



NOK 410Bn

Value in project opportunities are very large in themselves



NOK 60Bn
E-commerce revenue

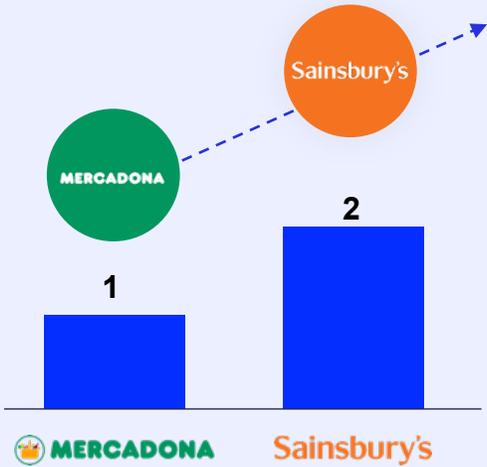


NOK 140Bn
Cash transactions value

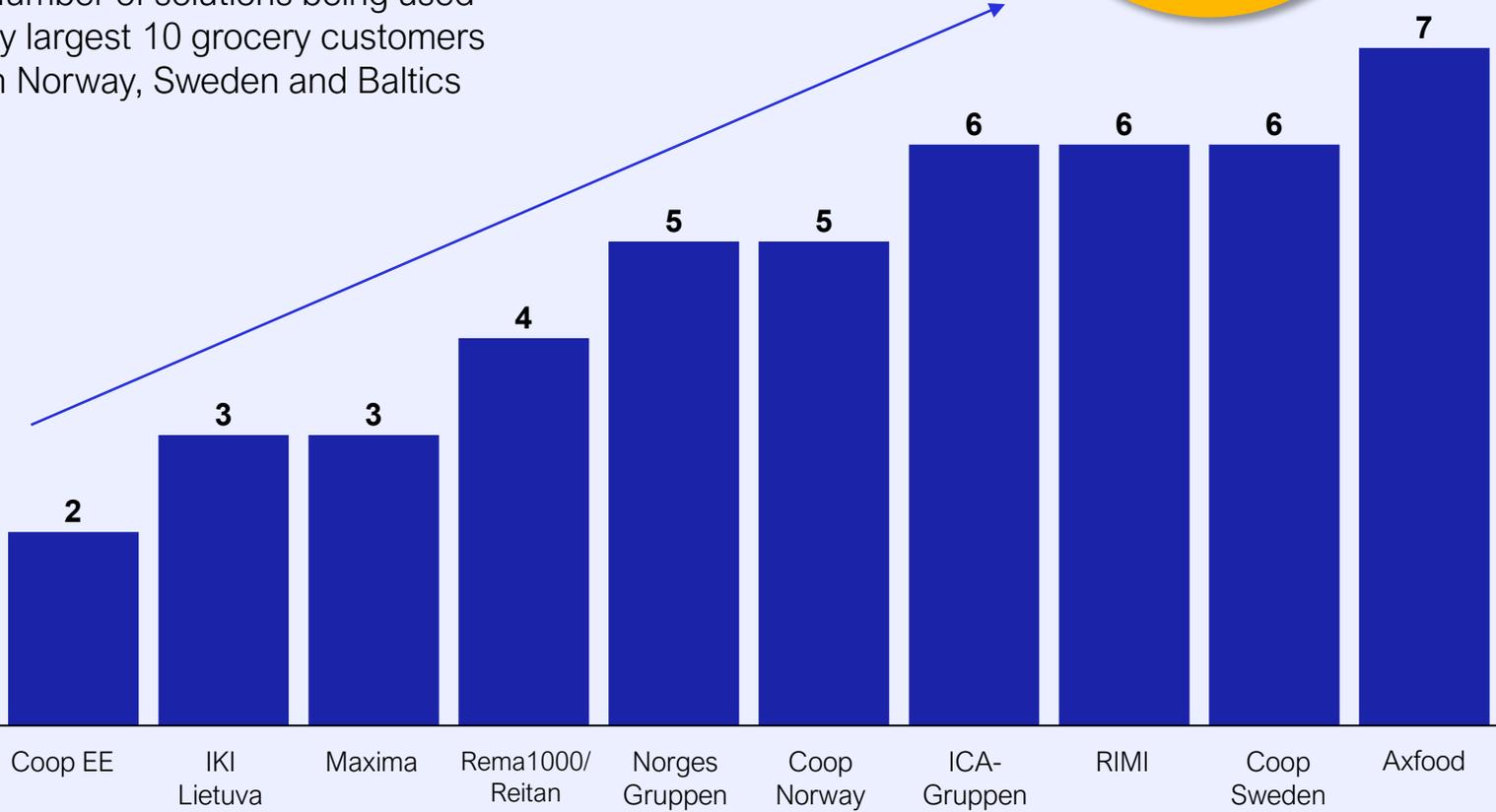
As an incumbent we are well placed to upsell additional solutions

4.7
average number of solutions used

Recent clients currently using 1 and 2 solutions respectively



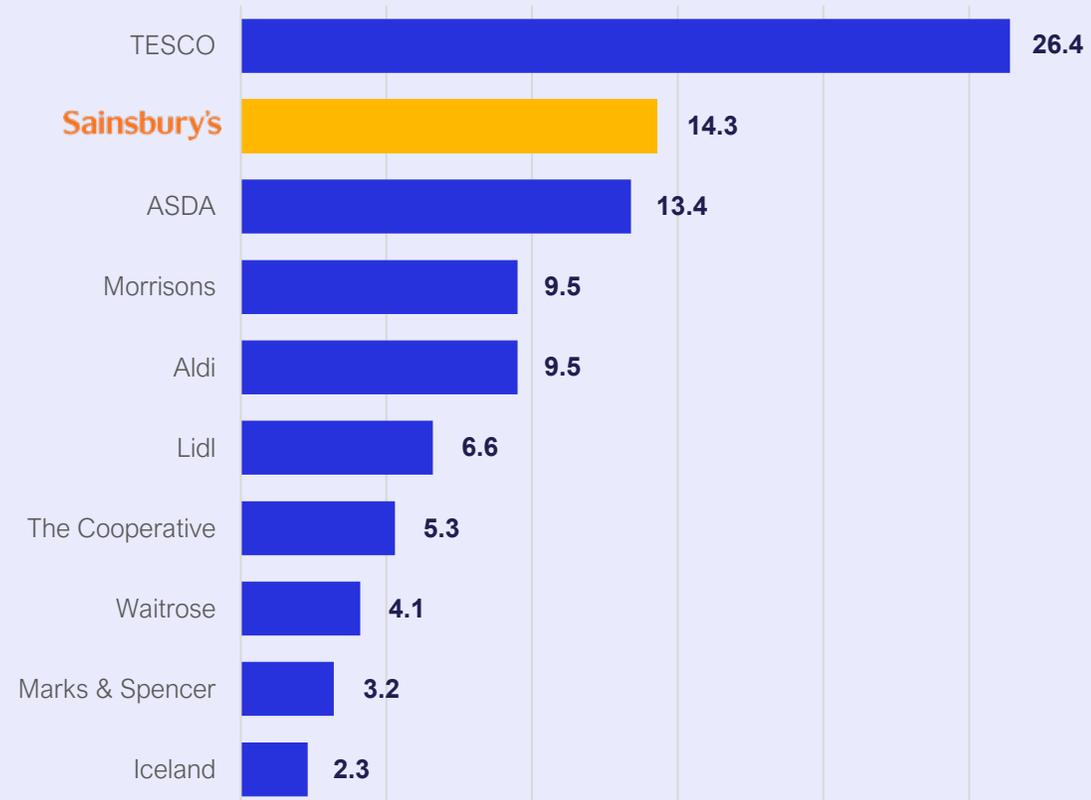
Number of solutions being used by largest 10 grocery customers in Norway, Sweden and Baltics



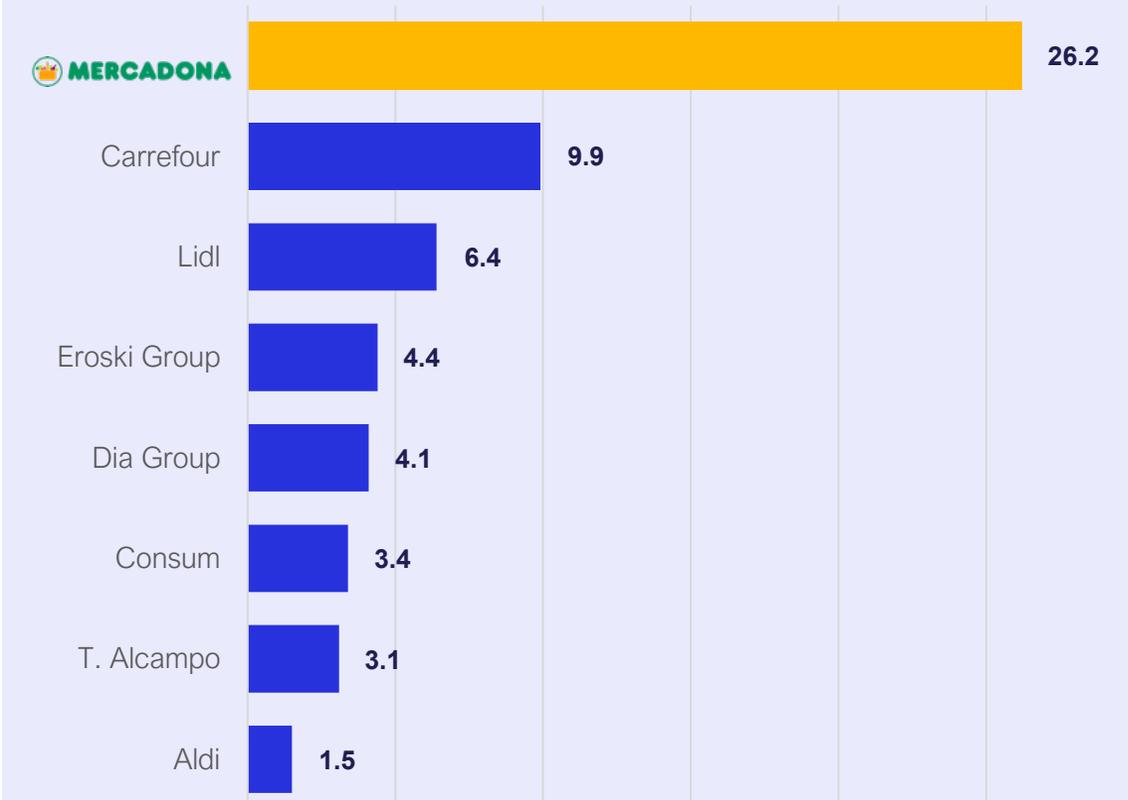
Large serviceable customer base of grocery retailers



UK grocery retailer market percentage share, by retailer*

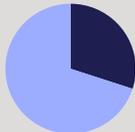


Spanish grocery retailer market percentage share, by retailer*



*Source: Kantar, IGD

Large opportunities in key markets

	Country	Market size (BnNOK)*	StrongPoint grocery chain coverage	StrongPoint solution penetration	Examples of opportunities
Traditional markets	Norway	270	100%		Self-checkout, Vensafe, E-Commerce
	Sweden	300	100%		E-Commerce, Electronic Shelf Labels, Self-Checkout
	Baltics & Finland	130	90%		Vensafe, Self-Checkout, Electronic Shelf Labels
Future key markets	Spain	1,230			Cash Management, Self-Checkout, E-Commerce
	UK & Ireland	2,650			E-Commerce, Electronic Shelf Labels, Vensafe, Self-Checkout

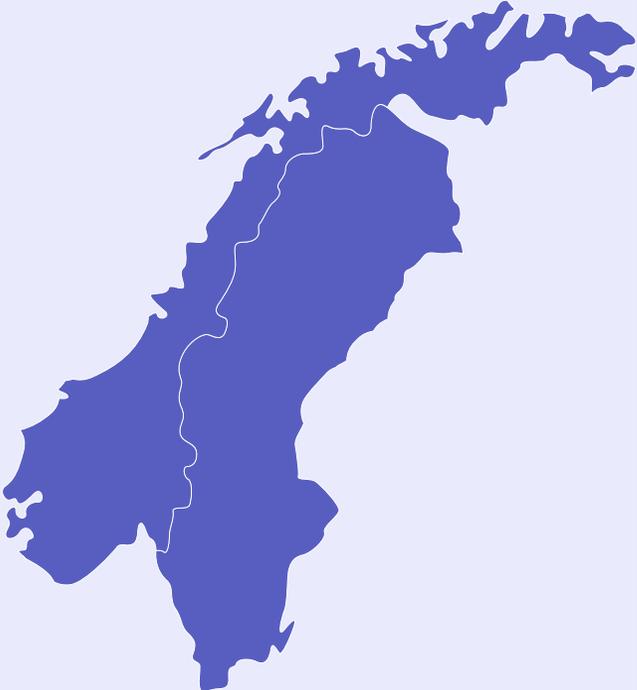
*Source: IGD

A woman with long blonde hair is shown in profile, looking at her smartphone. She is standing in a grocery store aisle, surrounded by shelves of bananas. The image has a blue overlay. The text 'Deep dive on Scandinavia, UK and Spain' is written in white over the image.

Deep dive on Scandinavia, UK and Spain



Deep dive on selected core markets



Scandinavia

A blue silhouette map of the Scandinavian region, including Norway, Sweden, and Finland, is centered within a light blue rectangular panel. The map shows the coastlines and the division between the two main landmasses.

UK

A blue silhouette map of the United Kingdom, including Great Britain and Northern Ireland, is centered within a light blue rectangular panel.

Spain

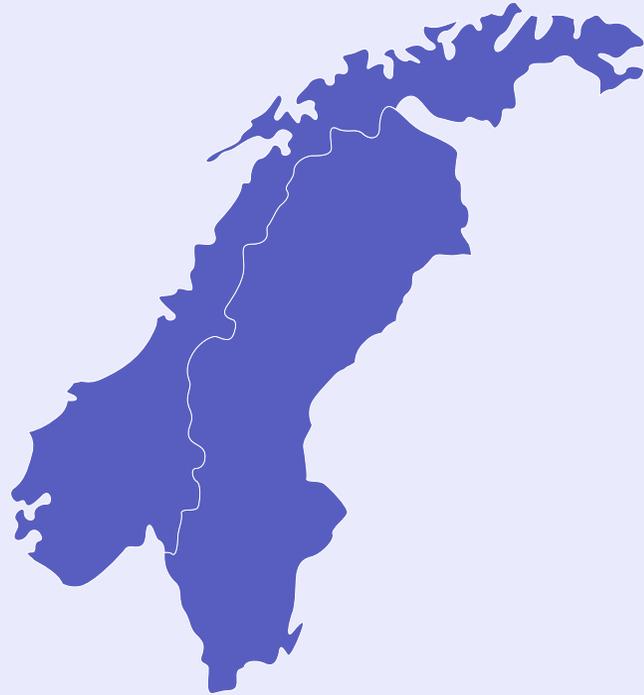
A blue silhouette map of the Iberian Peninsula, representing Spain, is centered within a light blue rectangular panel.

A photograph of a Willy's Home store exterior in winter. The building has a corrugated metal facade. A large sign above the entrance reads 'WILLY'S Home'. Below the sign is a row of lockers with numbers 1 through 37. Above the lockers, there are signs for 'FRYST' (Freezer) and 'KYL' (Cooler). The ground is covered in snow. In the background, there are trees and a building with arched windows.

Scandinavia



Decades of grocery customer trust



Scandinavia

StrongPoint currently serves **all the grocery retailers** in Norway and Sweden representing amazing starting point

coop

REMA 1000



coop

Axfood

ICA

NorgesGruppen

Norge

Took us 30+ years to get there, and are now **a solid and trusted supplier**



Position as trusted supplier
= **long-term prospects remain strong**

Transformational actions



Organisational efficiency:

- One SVP for Norway and Sweden
- More synergy effects
- More best practice sharing

Commercial steps:

- Pricing measures
- Harder sales targets and incentives
- More targeted marketing and selective campaigns

Commercial overview of Scandinavia

Highly penetrated solutions	Less penetrated solutions	Solutions that have yet to be adopted	Experimenting with new solutions
 <p>CashGuard</p> 	  <p>Vensafe</p>	   <p>Self-Checkout</p>	<p>Autonomous stores</p>
  <p>Electronic Shelf Labels</p>	  <p>Grocery Lockers</p>	   <p>Micro-Fulfillment</p>	<p>Fraud detection</p>
  <p>Order Picking</p>	  <p>Electronic Shelf Labels</p>	  <p>E-Commerce in general in Norway</p>	<p>Store operations management</p>
  <p>Scales</p>			



UK

 **StrongPoint**

Introduction to StrongPoint ALS UK



UK

- StrongPoint invested in the UK and Ireland with acquisition of Air link Group Ltd (ALS) in June 2022
- ALS served largest UK and Irish grocery retailers for 25+ years
- Building a total retail solution provider on top of existing shopfitting business
- ALS pedigree combined with StrongPoint products and solutions, Sainsbury's win is recent example
- Full sales, installation, service & support team

UK priorities



1 Bolster shopfitting business and expand customer base



2 Penetrate UK market with StrongPoint solutions that have good product market fit

UK trends continue to drive opportunities

UK facing challenges, some already overcome by Scandinavian retailers:

- Labour costs increasing
- Labour scarcity
- Inflation means frequent price changes/promotions
- Rising theft and retail crime



Driving opportunities



Market opportunities: UK

	 Vensafe	 AutoStore	 Grocery Lockers	 Electronic Shelf Labels	 Self-Checkout	 Order Picking
Market Insights	Entirely untapped market in the UK. No other solution exists quite like it on the market, yet theft continue to soar	Latent demand for automation in UK, market conditions have delayed investment decisions	Many grocery retailers have tested lockers in the past and now faced with last mile cost increases	Many grocery retailers testing solution as business case improves with labour costs rising	Used by almost all grocery retailers, many coming to end of life-cycles and looking for next generation solutions	Currently e-commerce is 12% in UK, all players except ALDI and LIDL already have order picking in place
Solution Penetration	0%	10%	5%	30%	100%	80%
Opportunity Likelihood	HIGH	HIGH	HIGH	MID	MID	MID

Sainsbury's picked StrongPoint

Contract signed Q1 2024



Potential additional StrongPoint solutions

Vensafe



Grocery Lockers



Electronic Shelf Labels





Spain

 **StrongPoint**

Increasing focus on grocery retail



Spain

Today, majority of business is serving non-grocery retailers

Only ~15% of StrongPoint Spain's revenue comes from grocery retailers

Successes:

ALIMERKA

TU SUPER

We have been successful in a number of retailers with our 4.7 strategy and are starting with a first solution to more than 5 new grocery retailers from a list of approx. 50

 **MERCADONA**

Breakthrough grocery success as a door opener

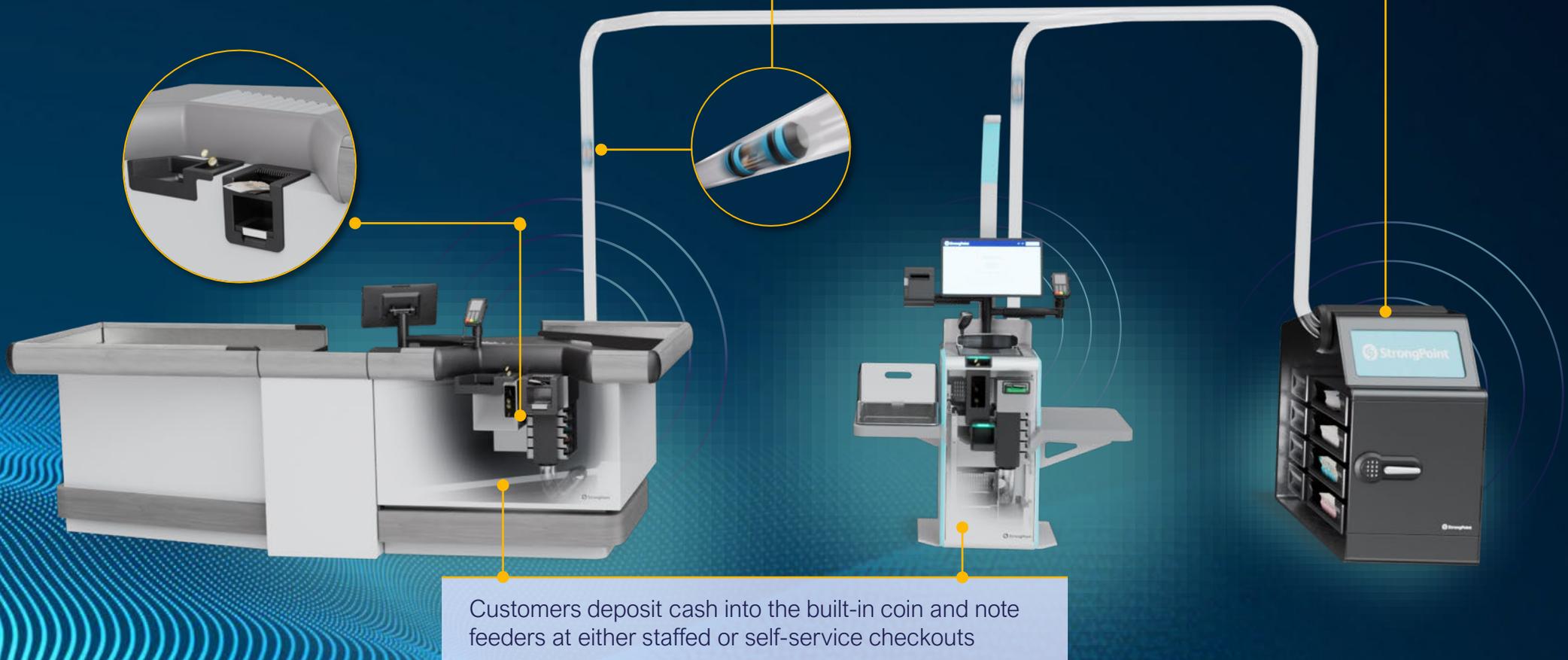
CashGuard Connect

World's first end-to-end cash automation solution

from customer to cash-in-transit pickup with zero staff intervention at checkout or back office

Cash automatically sent to back office via legacy pneumatic tube systems

Notes are counted, checked and flattened. Cash-in-transit partner alerted when pickup is needed



Customers deposit cash into the built-in coin and note feeders at either staffed or self-service checkouts

CashGuard Connect: Purpose built for grocery retail

**Massively
reduces costs
of processing
cash**



- + Makes cash transactions easier and safer for customers and store staff

Market opportunity for CashGuard Connect



First installation in-store.
Plans for industrialised
production underway with
first output expected H2
2025



Spain €1/4BN

5+ grocery retailers have
relevant infrastructure:
pneumatic tube system



Europe €2BN

Many European grocery
retailers use similar
pneumatic tube systems
(ALS = Air Link System)

Market opportunities: **Spain**

	 Cash Management	 Self-Checkout	 Electronic Shelf Labels	 Scales	 Grocery Lockers	 Order Picking
Market Insights	Mostly manual cash handling in grocery stores	Most of tier 1 have deployed and many tier 2 players are now testing the concept	Grocery retailers testing and deploying ESLs yet few mass rollouts	Most grocery retailers have scales however many are considering for next generation solution with AI capabilities	Grocery e-commerce penetration is low. Grew 20% in 2023 and expected to continue to grow, driving interest in grocery lockers	With e-commerce growth order picking solutions demand increases
Solution Penetration	5%	25%	10%	100%	25%	25%
Opportunity Likelihood	HIGH	HIGH	HIGH	MID	HIGH	HIGH

Financial update



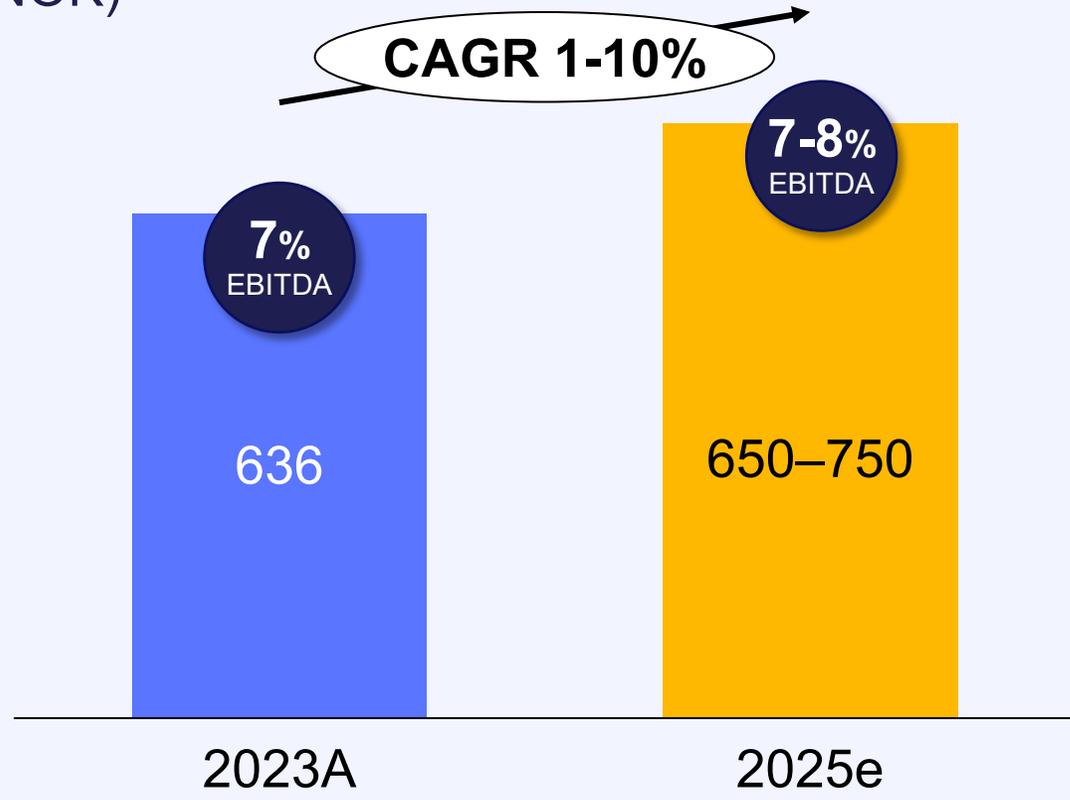
Where we are today and our 2025 estimates

	2023 Results	2025 Estimate
 Revenue	1.35Bn NOK	1.5-1.8Bn NOK
 EBITDA	0%	4-6%

2025 estimates: Scandinavia

Revenue and EBITDA margin

(MNOK)

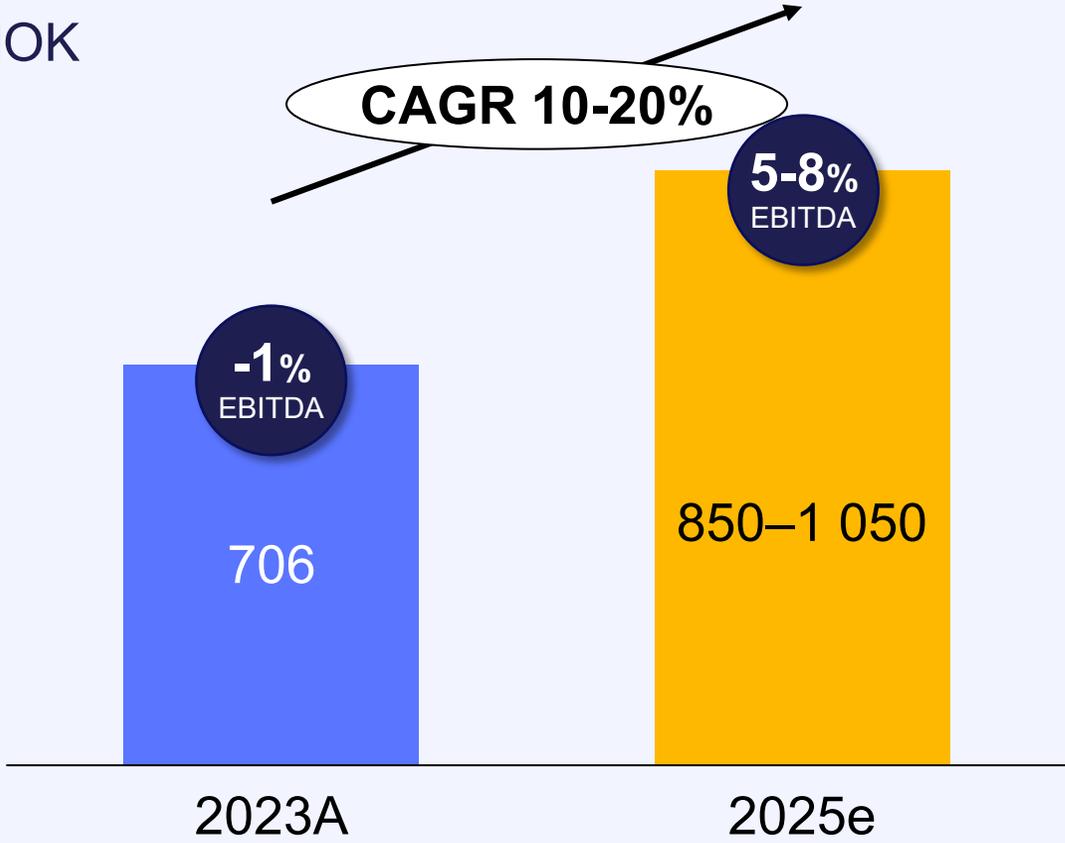


- Overall challenging market conditions in 2023 and so far in 2024
- Norway: Increase in in-store deliveries, off-set by expected reduction in payment solutions
- Sweden: Increase in in-store and checkout
- Stable margins, continuous measures to maintain and strengthen through operational excellence

2025 estimates: International

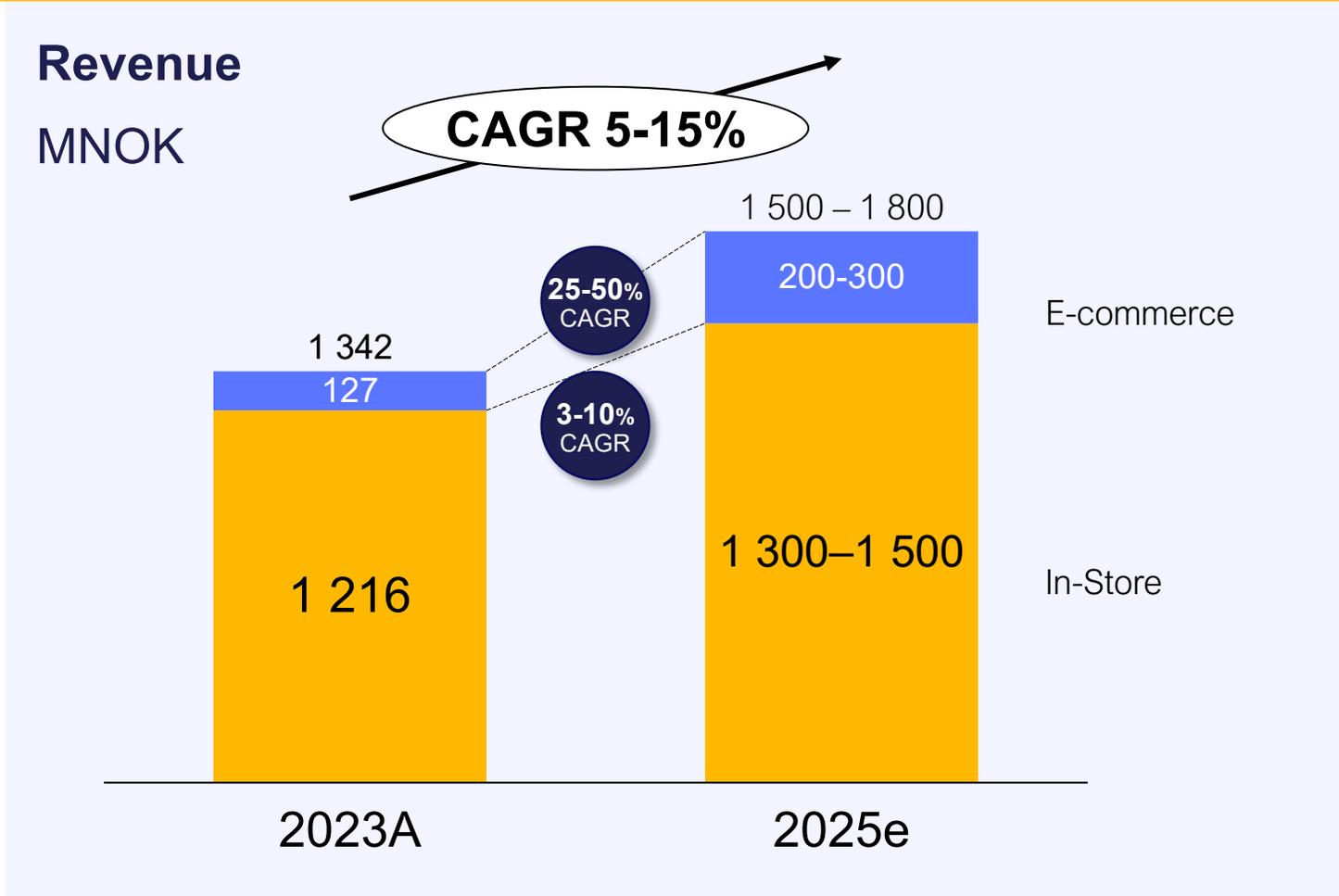
Revenue and EBITDA margin

MNOK



- Mixed performance in 2023
- Baltics and Finland: Increase in Checkout, plus recurring revenue from POS/ ERP
- Spain: CashGuard Connect rollout anticipated H2 2025
- UK: Restore Shopfitting volume, growth in E-commerce
- Margin improvement through scalability and operational leverage

2025 estimates: in-store & e-commerce split



In-store

- Increase in ESL projects, Self-checkout and CashGuard Connect

E-commerce

- Increase in Order Picking, Grocery Lockers and AutoStore projects

M&A update

Integration of completed acquisitions

StrongPoint ALS (UK and Ireland) – June 2022

- Revenue of MNOK 283 in 2023
- Stand-alone first year (Shopfitting)
- Integration completed ~summer 2024 with new leadership team
- Expanded offerings, e.g. ESL, Vensafe, Order Picking

StrongPoint Hamari (Finland) – October 2023

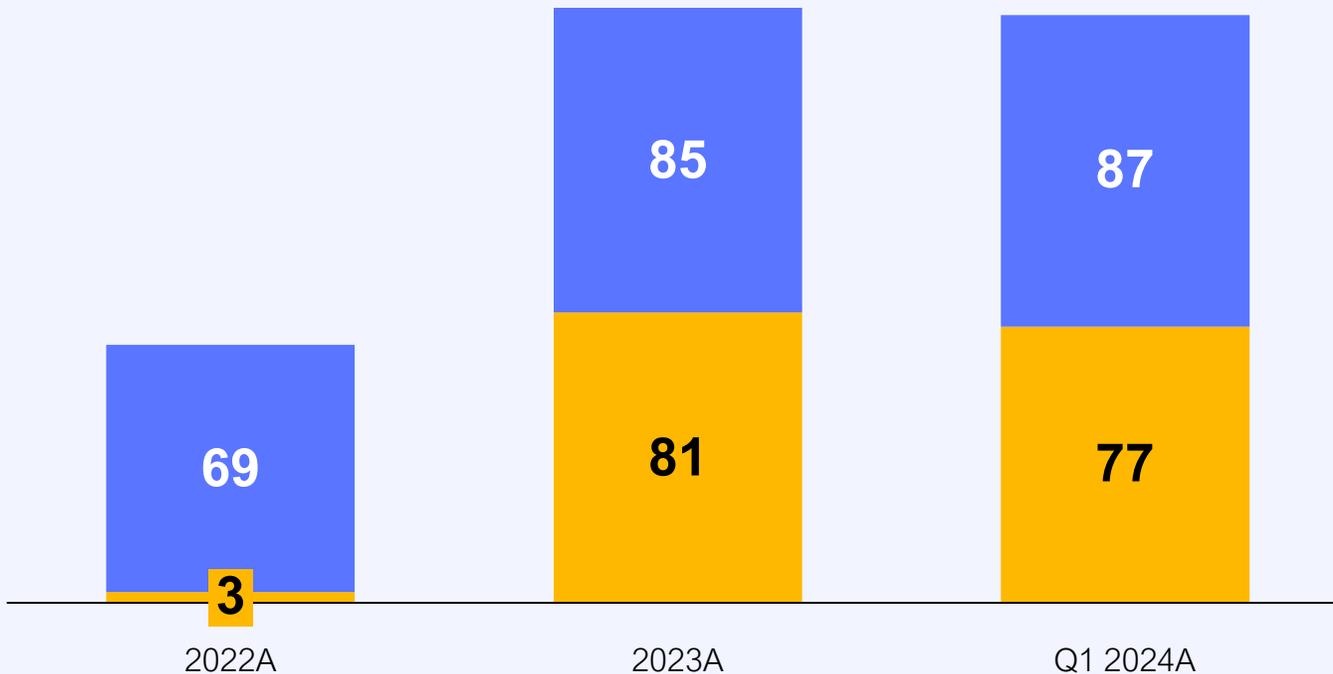
- Revenue of MNOK 14 in 2023
- Operating stand-alone, but included in the Baltics region, focusing on commercial synergies

M&A activities and looking ahead

- Short-term focus on improving current operations
- M&A could be important lever going forward at the right time and in the right conditions
- Complementary solutions which could add to our current offering and strengthen our USP

Financing update

Net interest-bearing debt and IFRS 16 lease obligations (MNOK)

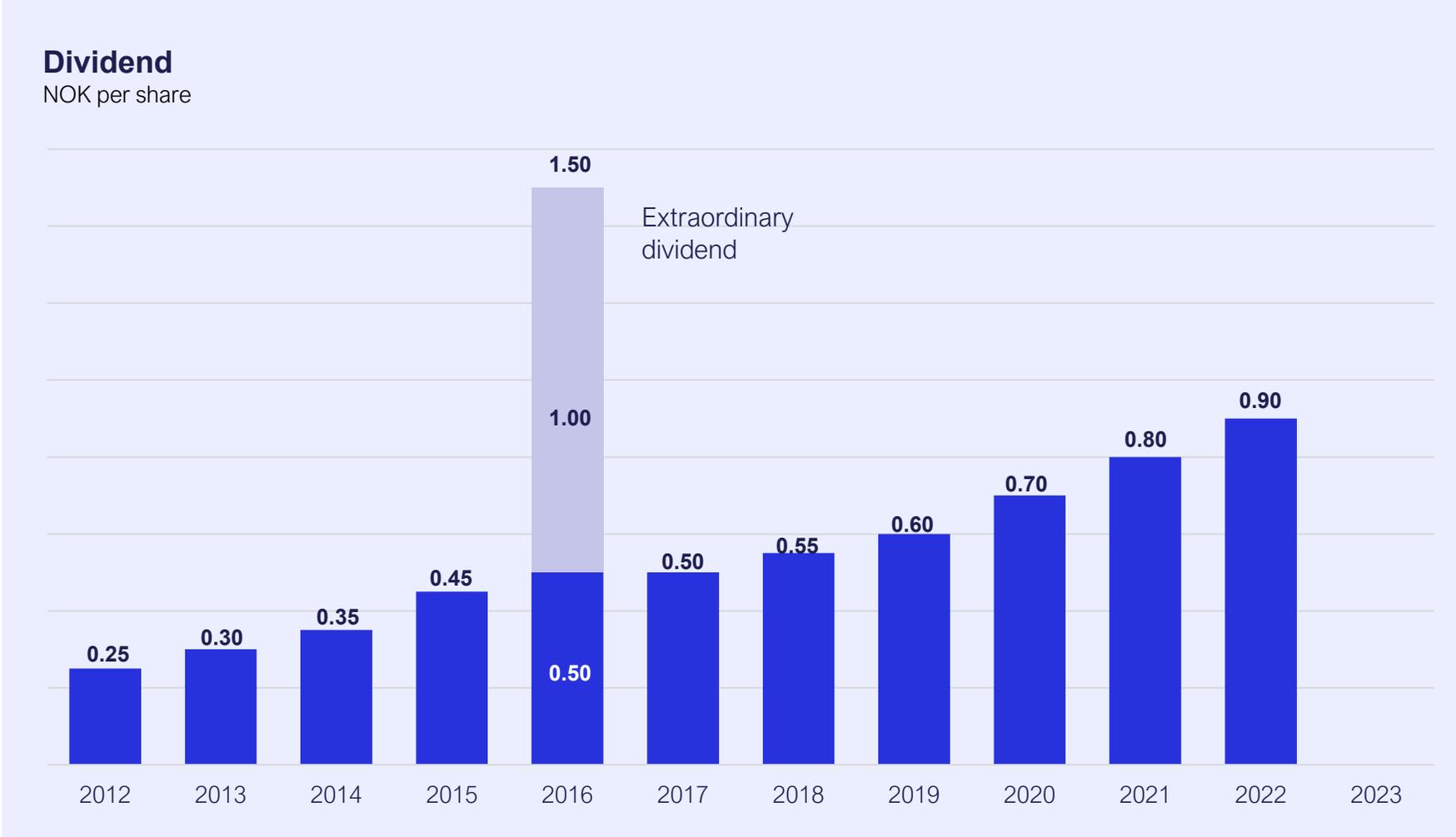


■ IFRS 16 Leases (not interest-bearing)

■ Net interest-bearing debt

- Increase of (not interest-bearing) lease obligations in 2023 due to new premises in Norway
- Gone from almost zero interest bearing debt to debt situation
- Secured new financing better suited to our growth ambitions in UK and Spain with bigger, more demanding customers
- Equity ratio covenant of 30%
- Solid balance sheet with 46% equity ratio

Strong history of dividend payment



- Policy continues to be to pay dividend and increase
- No dividend for 2023
- Focus on managing debt

Concluding comments



StrongPoint

StrongPoint 2020 vs. 2024

StrongPoint before new strategy released

3 business areas, 16 offices incl. Russia and Malaysia

Mainly selling hardware with some service agreements

Organization with competence to serve retailers in general with legacy products

Serving leading Scandinavian and Baltic retailers only

Dependent on a few large customers in 2-3 countries



StrongPoint in 2024

Grocery retail tech focused with 9 priority countries

Solution sales with high potential for additional recurring software income and professional services

Developed staff to serve grocery retailers with expanded portfolio of solutions

Started serving the very top tier-1 European grocery retailer clients

Platform for reduced risk profile: wider customer base across 9 priority countries

Challenges and opportunities



Facing multiple challenges and working to overcome them: reduced costs, transformation program incl. operations and products



Lots of opportunities in traditional and future key markets: and our investments are now starting to bear fruit

Long-term financial aspirations



Revenue
growth

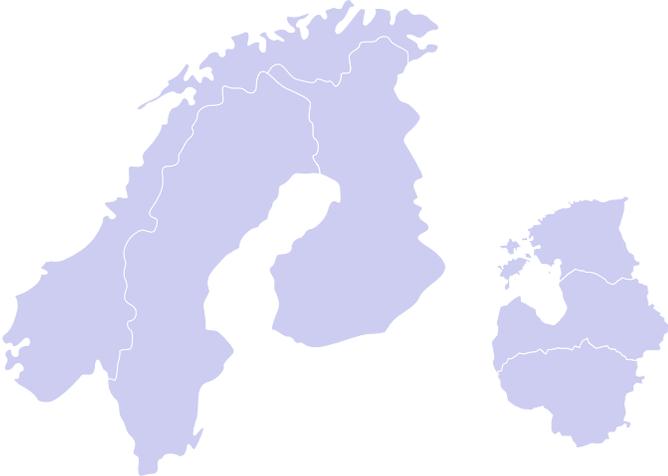


EBITDA
>10%

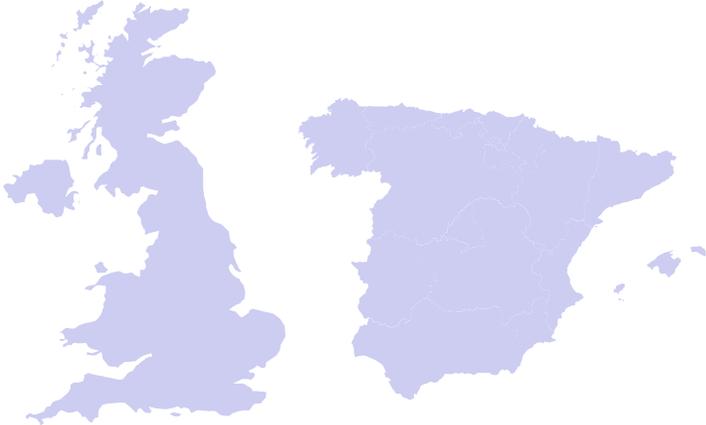


Continue to pay
and increase the
dividend forward

Key priorities



Transform traditional core markets of Norway, Sweden and further grow Baltics and Finland



Sainsbury's  **MERCADONA**

Build on initial success for large-scale operations in UK and Spain

Q&A



Thank you



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COOP Norge **ICA** **Axfood**

MAXIMA **ALIMERKA**

rimi **Sainsbury's**

 **MERCADONA**

TESCO **ASDA**

Thank you for shopping
with StrongPoint

