



STRATEGY UPDATE SESSION 2021

Forbes
How The Augmented Workforce Is Impacting The Online Grocery Industry

FORTUNE

RETAIL • WALMART

Walmart's e-commerce sales nearly double as shoppers go beyond groceries in online orders

BAIN & COMPANY
Industries Consulting Services Vector™ Insights About Careers
Snap Chart
The Next Five Years in Online Grocery: Going Mainstream, Fast

This is MONEY
FINANCIAL WEBSITE OF THE YEAR .co.uk

Online supermarket shopping has skyrocketed as Britons in lockdown buy their food from home like never before - But will this last and can it be profitable?

- Grocery purchases made online were only 7% of all sales before the pandemic
- Even Ocado lacked the capacity to cope with a sudden surge
- Supermarkets struggle to cope with a sudden surge

2020 retail megatrends – demand for grocery retail technology skyrocketed

Online grocery to more than double market share by 2025

Post-pandemic, e-grocery sales expected to climb from nearly \$35 billion to more than \$250 billion, says new study

Innlegg
Innlegg: Butikkene en kjempefordel i møte med Amazon

Koronakrisen og Amazons Norden-lansering gir «perfekt storm» for dagligvarer på nett. Forbrukerne kan glede seg.

Focus on grocery retail

Retail Technology

Solutions that increase efficiency, productivity and improve the shopping experience, in-store and online

We have a focus on the resilient grocery retail sector with spillover effects to other retail verticals



plusfrésc:
de Lleida

SPAR

joker



NorgesGruppen

WILLY:S

Bergendahls

Axfood

ICA

BARBORA

coop

coop

Matkroken

Norge

ALIMERKA

axfood Snabbgross

X EXTRA

REMA 1000

iki

Grupo
MAS

MENY

KIWI mini pris

MAXIMA

coop mega

coop marked

coop prix

Rimi

Obs

Hemköp

BUNNPRIS

coop

Purpose

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

Our **WHY** statement builds on the following logic:

We are a retail technology company and we believe that retail technology should be integrated into every shopping experience.

In-store and online.

We know that technology is the key to making shops smarter, shopping experiences better and online grocery shopping more efficient.

This will give more time, lower prices, better service, fresher products, and ultimately, we all get a better and smarter life.

The StrongPoint double opportunity

E-COMMERCE DRIVING...

Trends

1. **In-store:** Pressure on brick & mortar retailers' margin



Opportunity for StrongPoint

Technology solutions to increase in-store efficiency

2. **E-commerce:** Pressure to develop online presence and keep market share



World-class e-commerce technology for online order picking and last mile solutions

In-store: efficiency solutions



E-commerce: logistics solutions

Picking

6

StrongPoint

Picking Solution

Manual picking in store or darkstore



Automated

Automated picking in Micro-Fulfillment Centre (MFC) or Customer Fulfillment Centre (CFC)



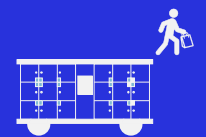
Last mile

7

StrongPoint

C&C Lockers

Stationary and mobile grocery lockers

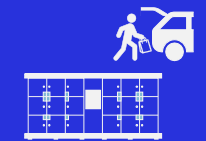


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Drive-through

Drive-through grocery pick-up



9

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Pick-up in store

Delivery manager for in-store pick-up



10

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Route Optimisation

Route planning for home delivery



11

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Home delivery

Delivery at home



AGENDA

StrongPoint at a glance

2025 Strategy

Outlook and priorities

STRONGPOINT AT A GLANCE

StrongPoint at a glance



Over **450** employees
in Norway, Sweden,
the Baltics and Spain



Listed on the **Oslo**
Stock Exchange



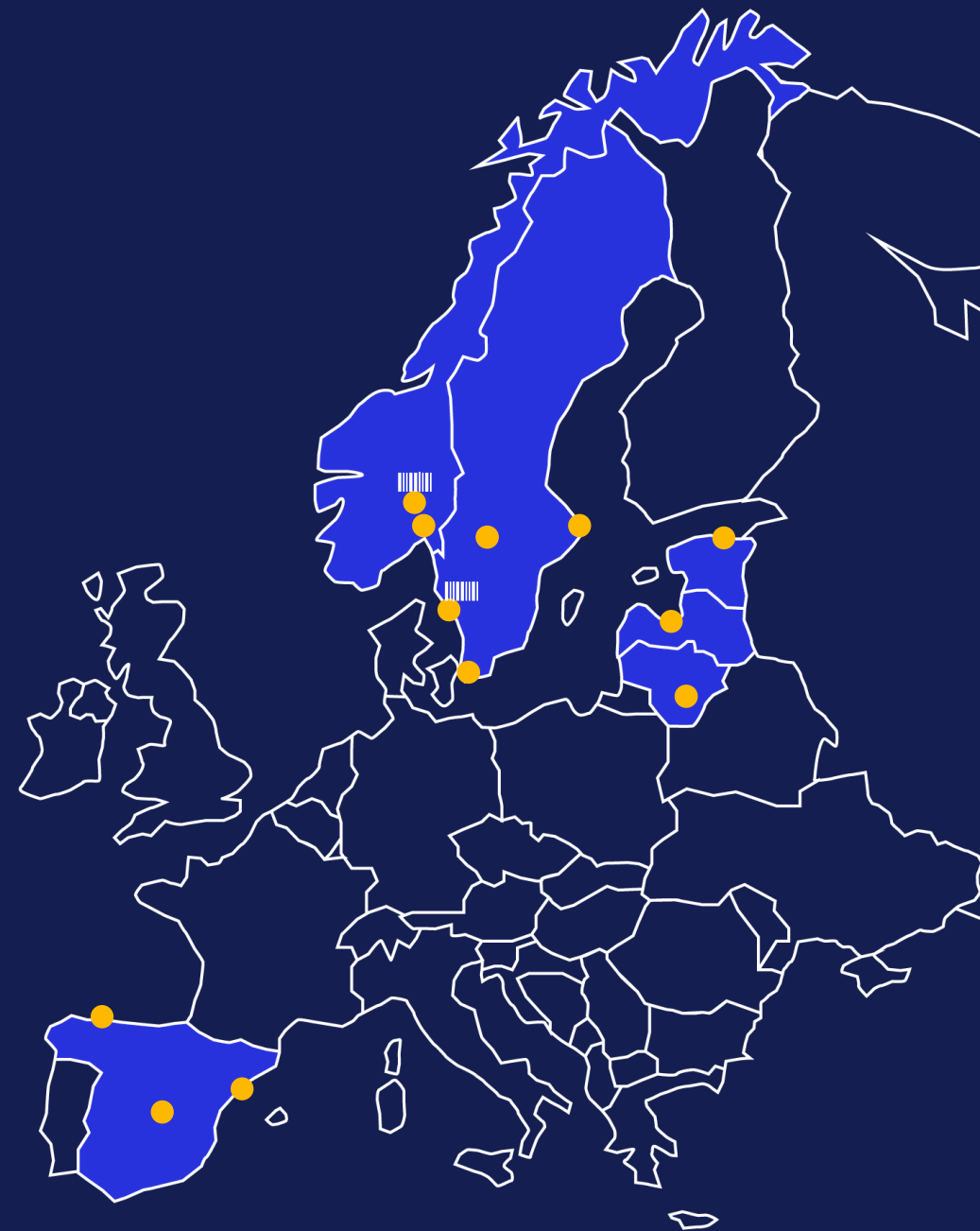
Operational revenues of **NOK 1.1 bn** and
an EBITDA of **NOK 99 million** in 2020.



Headquartered just
outside **Oslo**, Norway

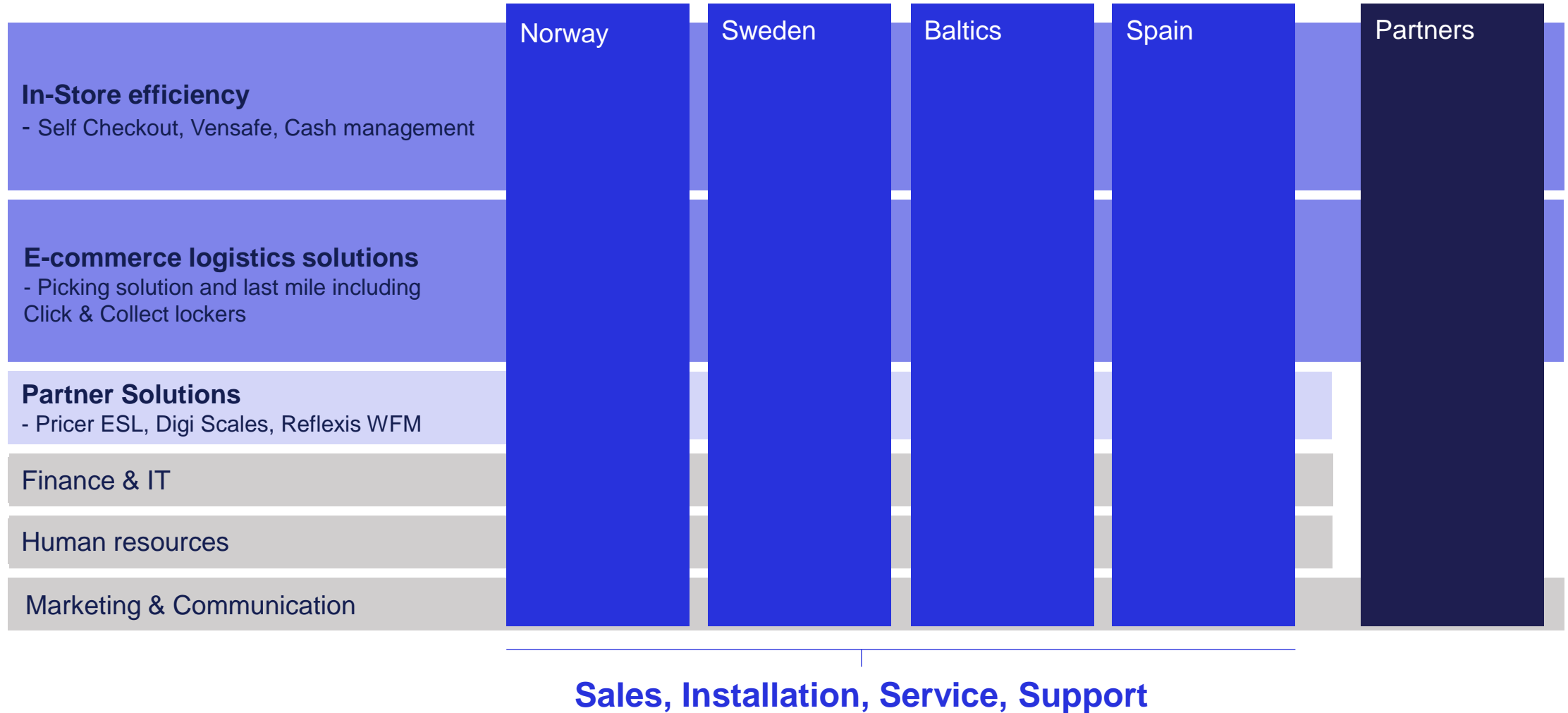


Market cap:
NOK 1.4 billion



● Own offices ▮ Labels ■ Retail technology





StrongPoint Retail Technology Organization



Solutions included in our Retail Technology segments

| Segments | Solutions |
|------------------------------|--|
| In-store productivity | Electronic Shelf Labels (ESL), ShopFlow logistics, Scales and wrapping systems, Work Force Management (WFM) & Task Management system |
| Cash management | CashGuard Premium, Unico, Core, Compact |
| Check-out efficiency | Self checkout, Self scanning, Vensafe |
| E-commerce | Picking solution, last miles solutions including Click & Collect lockers |
| Other | POS, ERP and other solutions |

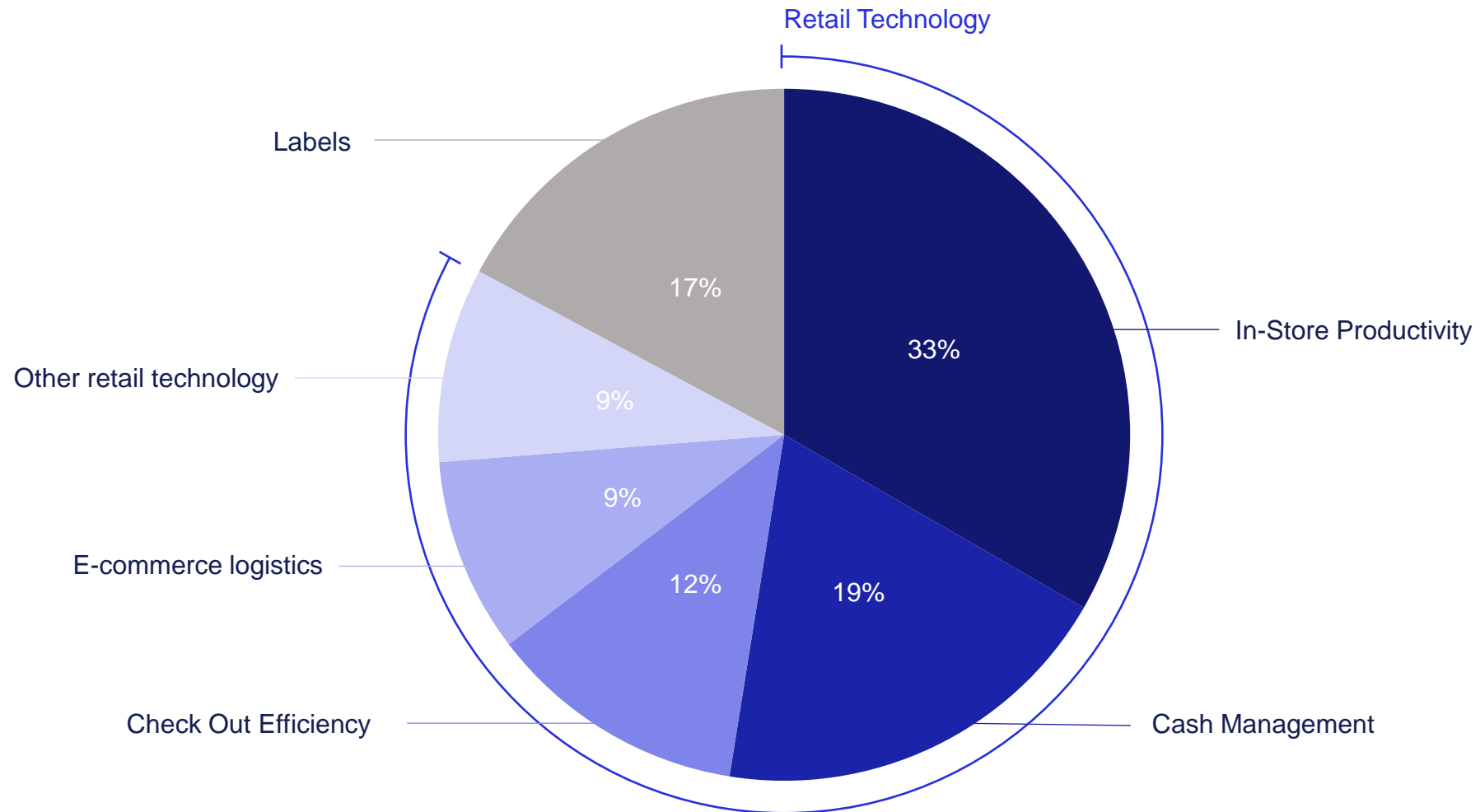
Attractive cashflow profile with solid base of recurring revenues

| | Solutions | Typical cash flow profile components |
|---|--|--|
|  | In-store productivity <ul style="list-style-type: none">• ESL• ShopFlow logistics• Scales• WFM | <ul style="list-style-type: none">• HW sale + installation + SW License fee + support fee• HW sale + monthly user fee• HW sale + service & support fee (+labels)• Implementation + share of annual contract value |
|  | E-commerce <ul style="list-style-type: none">• Picking solution• Last Mile incl C&C lockers | <ul style="list-style-type: none">• SW License fee (per order) + implementation + HW sale + support fee• SW License fee + HW sale + installation + service & support fee |
|  | Check-out efficiency <ul style="list-style-type: none">• Self check-out• Vensafe | <ul style="list-style-type: none">• HW sale + installation + service & support fee• HW sale + installation + service & support fee |
|  | Cash management | <ul style="list-style-type: none">• HW sale + installation + SW License fee + service & support fee• As-a-service: Rental fee, subscription-based SaaS |

A strong revenue mix

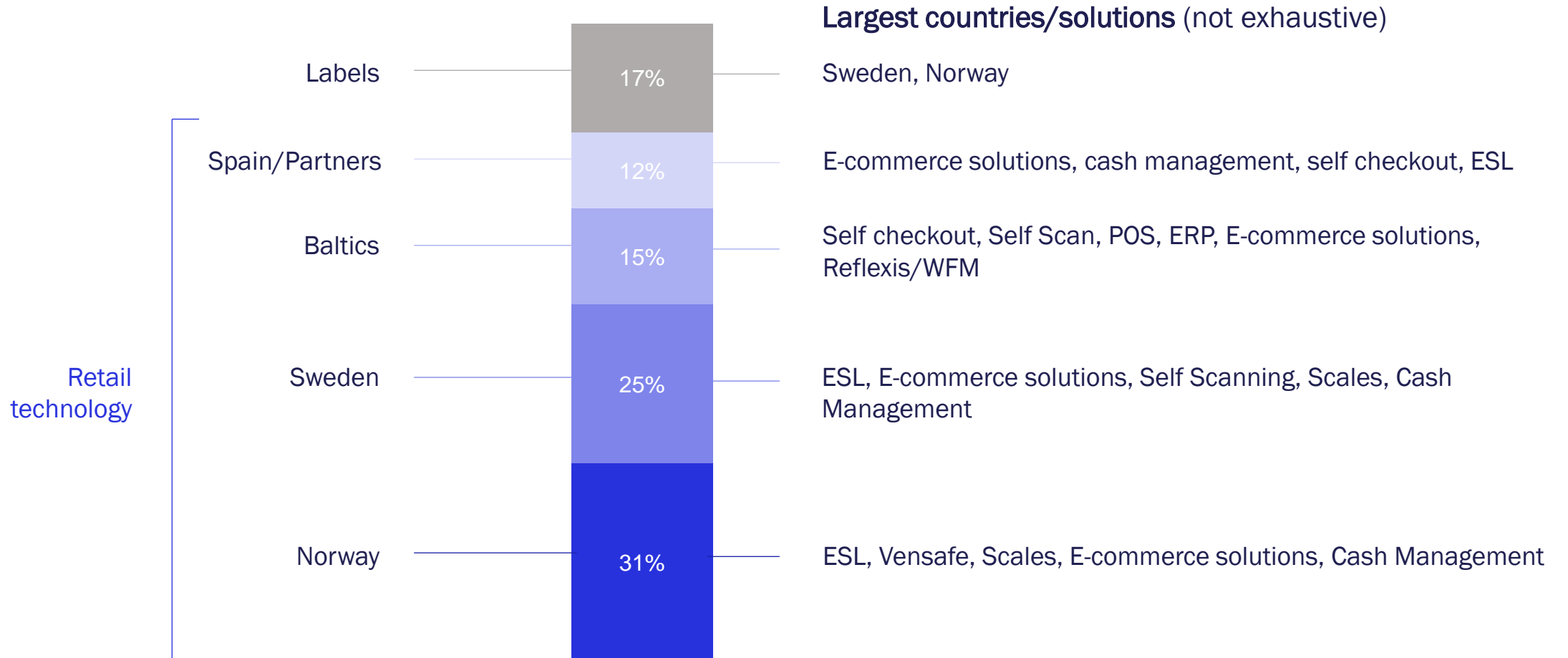
Revenue 2020

100% = MNOK 1,127*



Strong and diverse position in key growth markets

Revenue
2020



2025 STRATEGY

StrongPoint's financial ambitions for organic growth

NOK **2.5** **bn** **in 2025**

EBITDA **13-15%**

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

Our T-shaped strategy to create a NOK 2.5 bn Retail Technology company



World-class solutions to selected markets

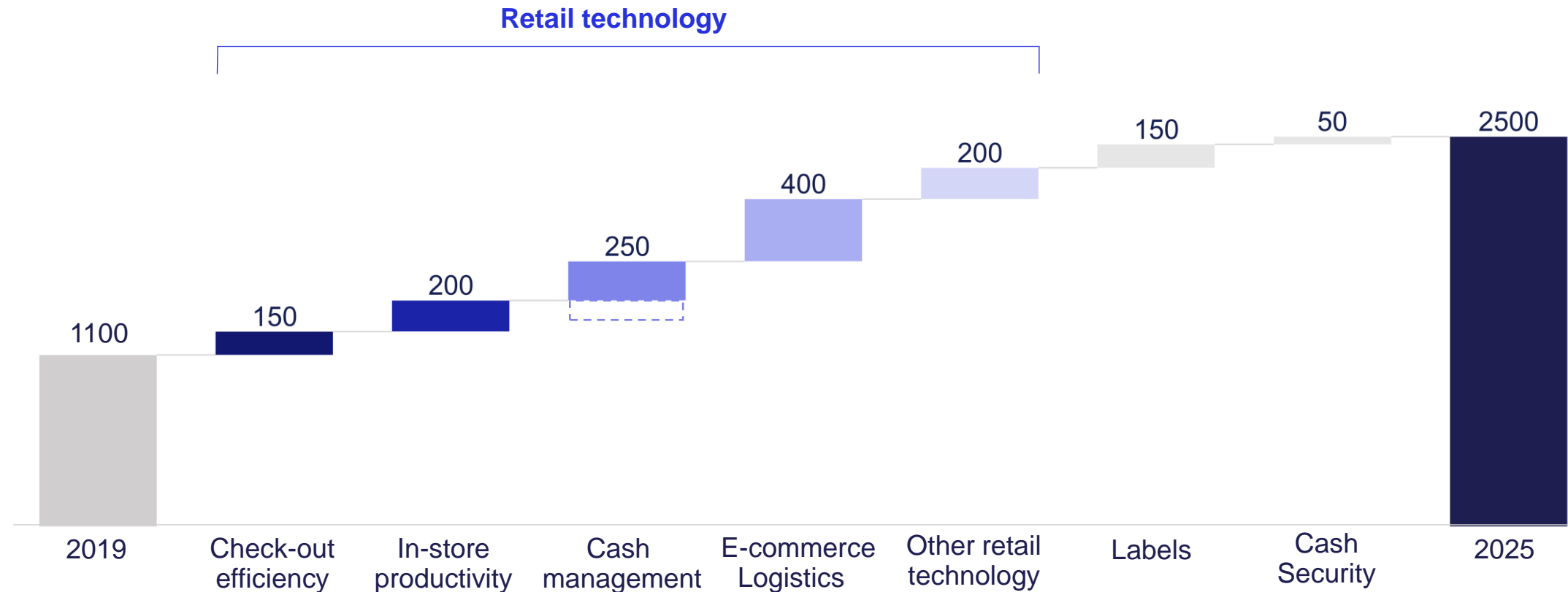
- E-Commerce Logistics Suite (Picking, Last Mile Solutions and Click & Collect lockers)
- Self Checkout
- Cash Management

Deep in core markets

- Norway
- Sweden
- Baltics
- Spain

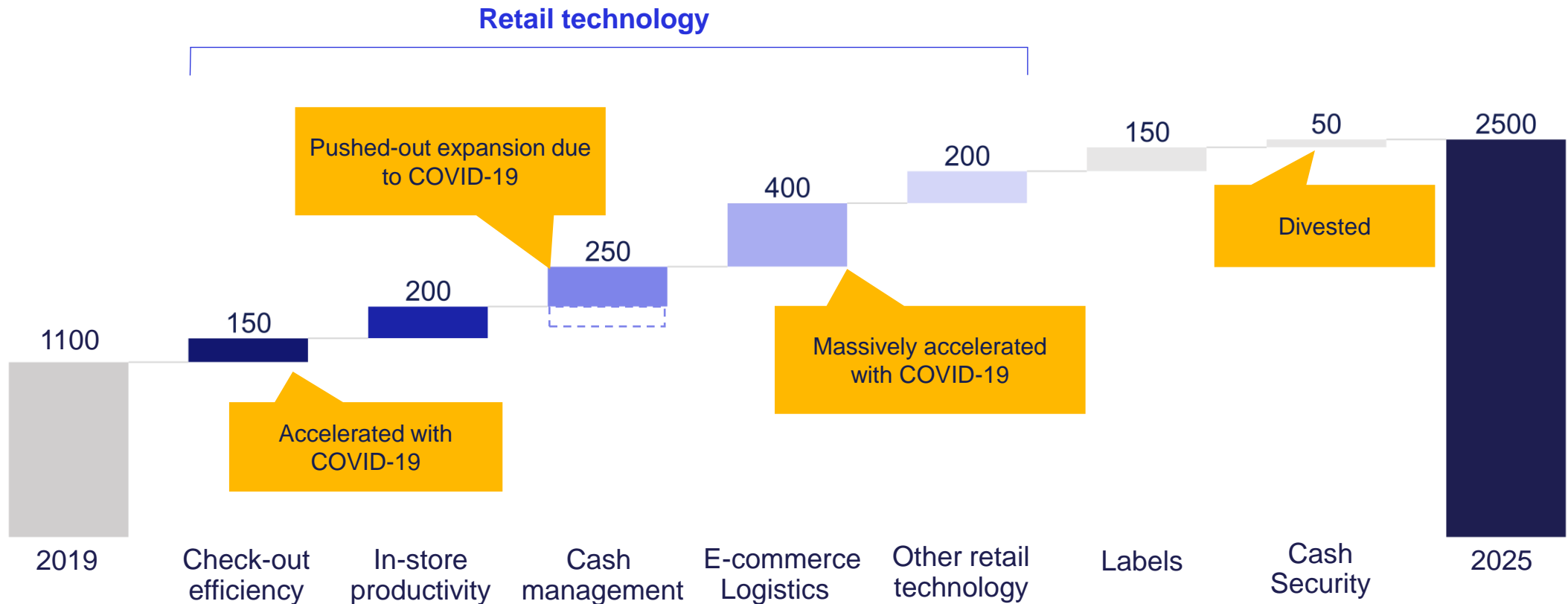
Build-up of 2025 revenue ambition (as presented 2020)

Revenue
MNOK



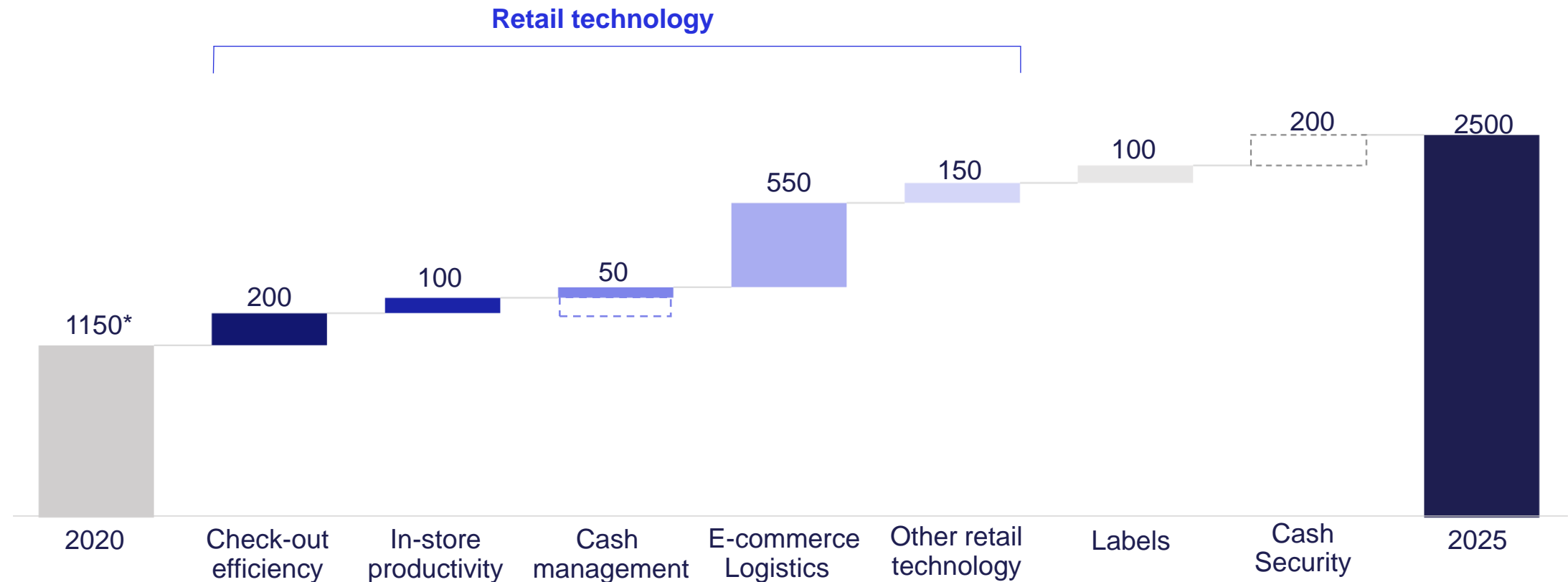
Build-up of 2025 revenue ambition (events during 2020)

Revenue
MNOK



Build-up of 2025 revenue ambition

Revenue
MNOK



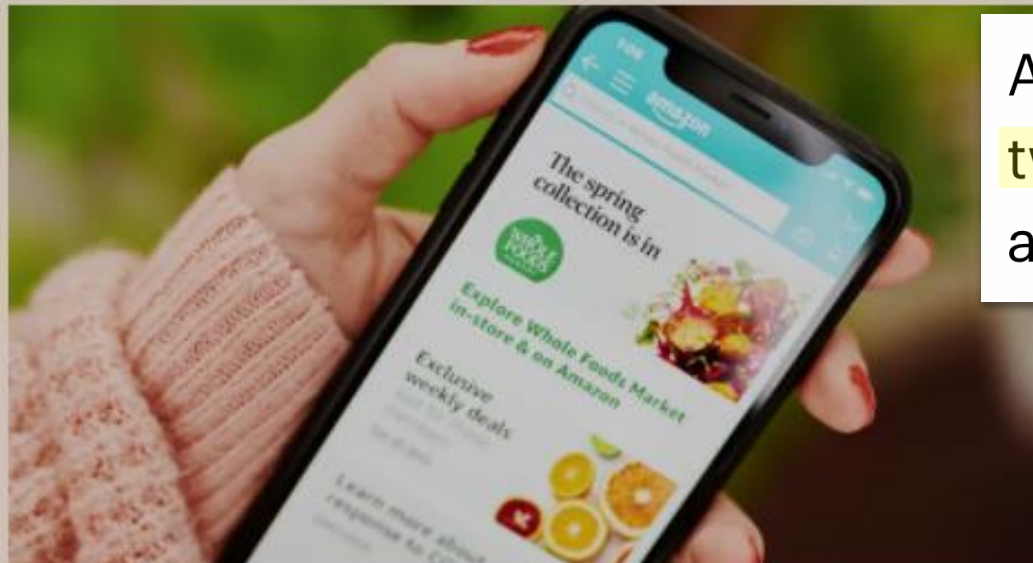


E - C O M M E R C E O F F E R I N G

FINANCIAL TIMES

US online grocery shopping jumps as chains rush to add capacity

Sales have risen 24% month on month and 450% since last August



Online grocery sales in the US jumped by a quarter over the past month, according to research, as retailers solved the teething problems caused by heavy demand in the early stages of the pandemic.

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Snap Chart

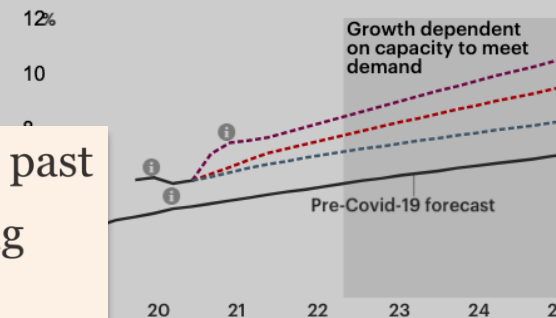
The Next Five Years in Online Grocery: Going Mainstream, Fast

Amid the pandemic, adoption has accelerated by two to five years in the US and Western Europe, according to new Bain research.

Faster adoption in our five-year scenarios ...

Hover over a scenario to see the underlying assumptions
● Second wave spike ● Faster shift online ● Rapid return

Forecasted e-commerce grocery penetration



... could bring big industry ramifications

2+ year

acceleration of e-commerce in 2020 alone, based on level demand is likely to settle at vs. pre-Covid-19 forecast

up to 1.4x

increased capacity requirements by 2023 compared with pre-pandemic levels

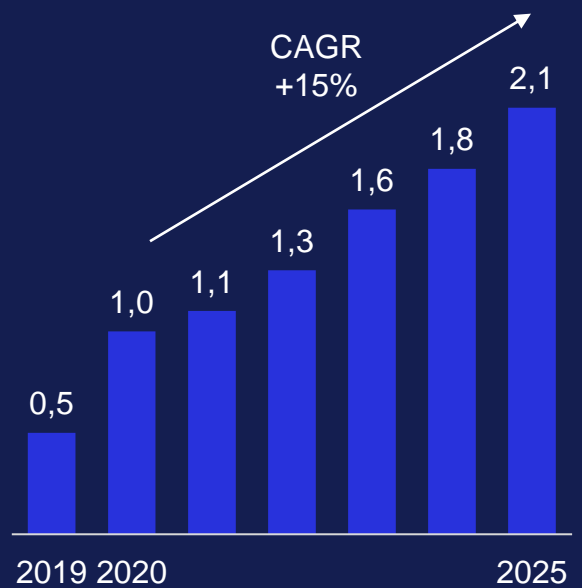
up to 1.5x

maximum expected increase in online grocery penetration in 2025 vs. pre-Covid-19 forecast

Sources: Euromonitor; Forrester; Bain analysis

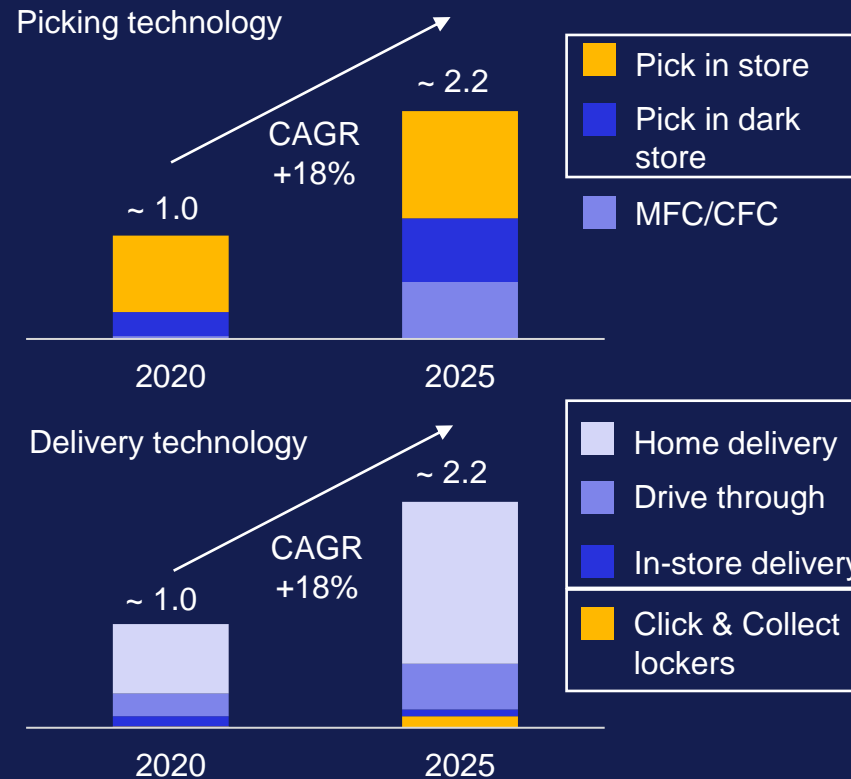
Getting to the addressable market for StrongPoint within grocery E-commerce logistics

Online grocery sales estimates in StrongPoint target markets¹
NOK trillion

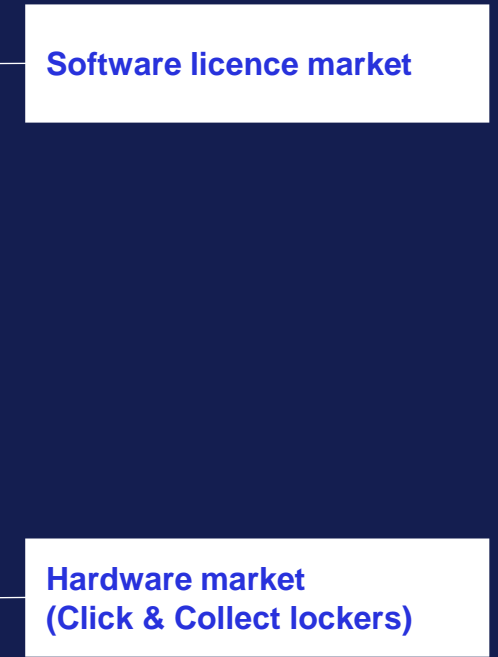


Online grocery penetration 3.4% 6.8% 13.0%

Orders processed per technology type
Billion orders

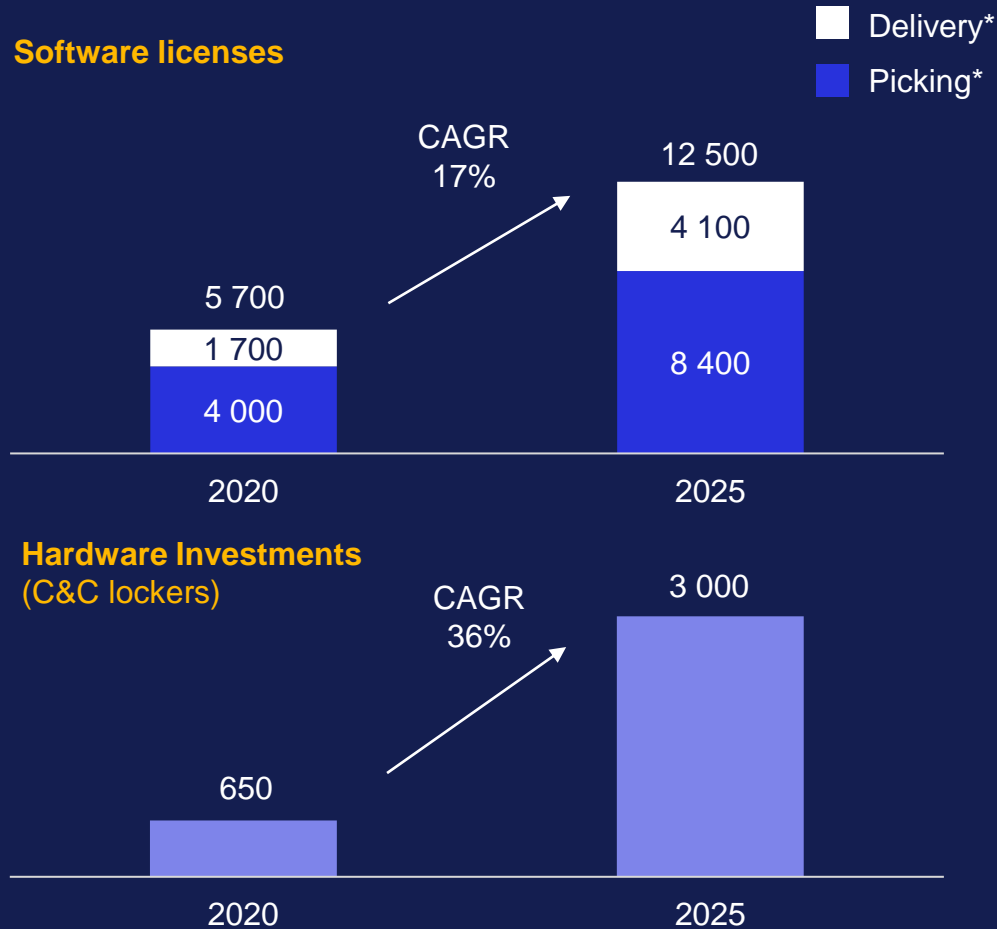


Estimated addressable market based



Large and growing market for software licenses and grocery lockers within the growing E-commerce logistic market

Addressable market
MNOK pa



Maintaining today's market share, StrongPoint would x2 its software license fees and x4-5 its C&C locker sales

Ambition to *grow* market share within both e-commerce logistics software and locker sales market

Note: Includes StrongPoint's target markets for its E-commerce logistics solutions

* Picking in store and dark store. Delivery including home delivery, in-store delivery and drive through

Source: IGD, StrongPoint analysis

StrongPoint Picking Solution

1

Efficient, flexible & scalable

2

Fast to deploy

3

Low CapEx



Automation is growing and StrongPoint can help deliver on this opportunity



StrongPoint is a natural partner to CFCs and MFCs

StrongPoint natural partner because of access to national grocery players in key markets

Hyper-efficient augmented picking solution is needed to compliment the automated solution

Automation in grocery order fulfilment expected to grow, but vast majority of fulfilment expected to remain non-automated



Why our grocery retail customers choose StrongPoint lockers



Fast & Efficient

Takes on average <1 min to get grocery order or load an order

<50 Euro cent per order

24/7/365 grocery pick-up



Purpose-built & Reliable

Built for grocery retailers

Deployed in countries with extreme weather

Long life-cycle and low maintenance



Flexible & Scalable

Modular so can grow with success





Mobile lockers can be scaled to meet growing demand

Age checking technology for age-restricted items

Proven track record of over 250 temperature-controlled grocery lockers installations and counting

Types of grocery retailer segment for our solutions

✓ Applicable
(✓) Potentially applicable

| | | Potential for sale of... | |
|---|---|--------------------------|------------------|
| | | Click & Collect | Picking Solution |
|  | Grocery retailers: Existing e-commerce offering | ✓ | (✓) |
|  | Grocery retailers: Newcomers in e-commerce | ✓ | ✓ |
|  | Pure online player | (✓) | ✗ |
|  | Platform/online delivery | (✓) | ✓ |

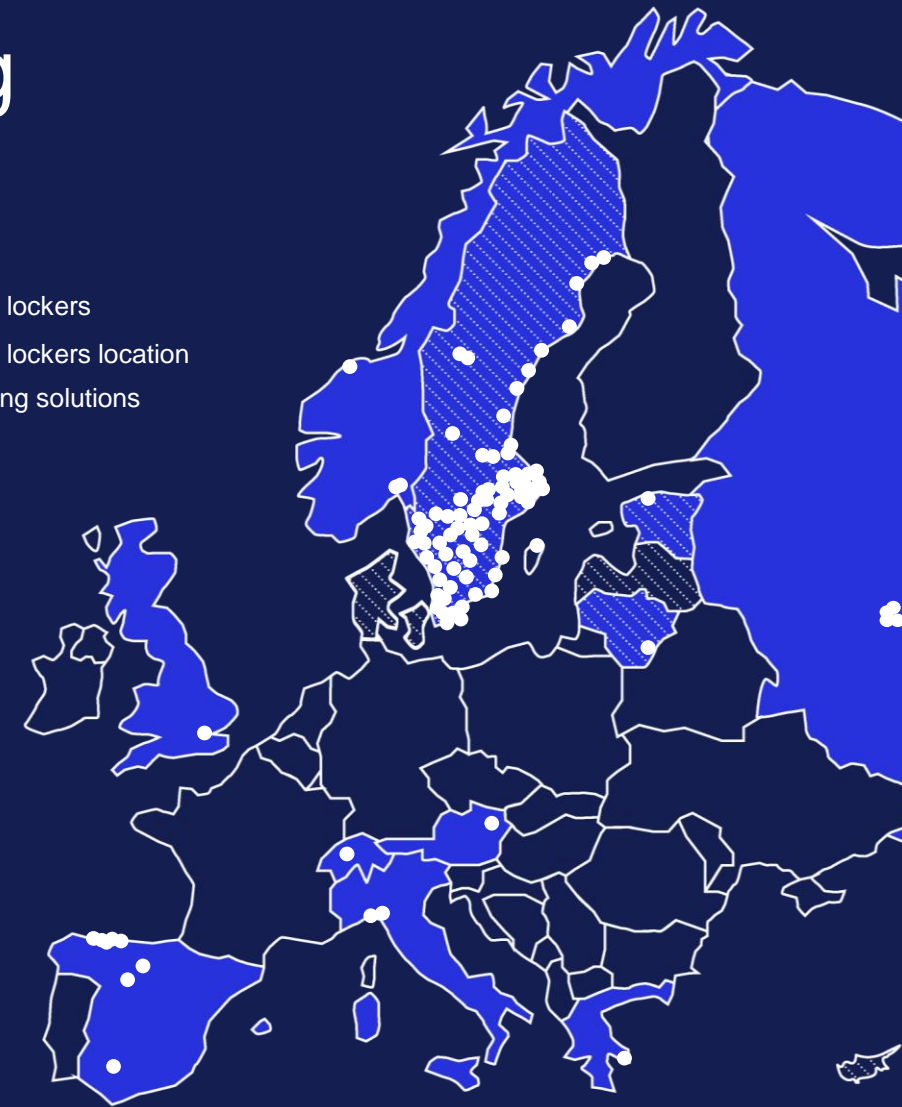
Rapidly growing footprint of our Picking Solution and Click & Collect lockers



Number of Click&Collect lockers delivered



- C&C lockers
- C&C lockers location
- Picking solutions



Glovo chooses StrongPoint as preferred supplier for its grocery picking solutions



- Provides on-demand groceries via its retail grocery partners which include Walmart, Carrefour and Spar
- Estimated valuation of over USD 1 billion (technology unicorn)
- Present in 22 countries around the world



Glovo?
Customer orders groceries from platform



StrongPoint
Courier or store personnel picking with StrongPoint picking solutions



Glovo?
Courier delivers to customer



Delivery platform players worldwide providing groceries

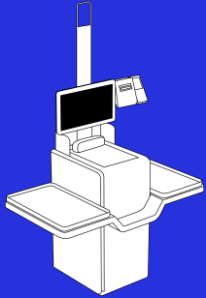




CHECKOUT EFFICIENCY

Checkout technologies

Current technologies being delivered to the market



Self-checkouts

- In-house software
- In-house hardware
- AI and computer vision add-ons for:
 - Non-barcoded item recognition
 - Age verification
 - Fraud detection



Self-scanning

- Integration with SCO enables unified self-shopping experience
- Runs both on dedicated devices and smartphones
- In-house payment station
- Powered by Datema engine

Exploring and doing assessment to add to portfolio



Smart cart

- Checkout could be done on cart itself
- Assessing tech cooperation partners



Checkout-free

- No physical checkout at all
- Relies on sensor fusion, computer vision and AI
- Assessing tech cooperation partners



Vensafe Dispensing

Our Self Checkout Solution



Software



Hardware



Scan & Go



Product dispensing



Productivity add-ons



Consulting

Up to 3X faster than other solutions – minimised staff interventions

Low-touch – AI & ML-powered product recognition




Automated age checks – integration with Vensafe & Yoti

Current deployment and target geographies for our SCO



PAR//NER

CARE . TRUST . RESPONSIBILITY

-  Technology installed
-  Technology installed through partners
-  Target countries for deployment of SCO solutions





CORE MARKETS

Importance of core markets

- Proven *operational leverage* in core markets Norway, Sweden and the Baltics, and emerging in Spain
- *Market access platform* for global technology providers in selected markets

.Gordon

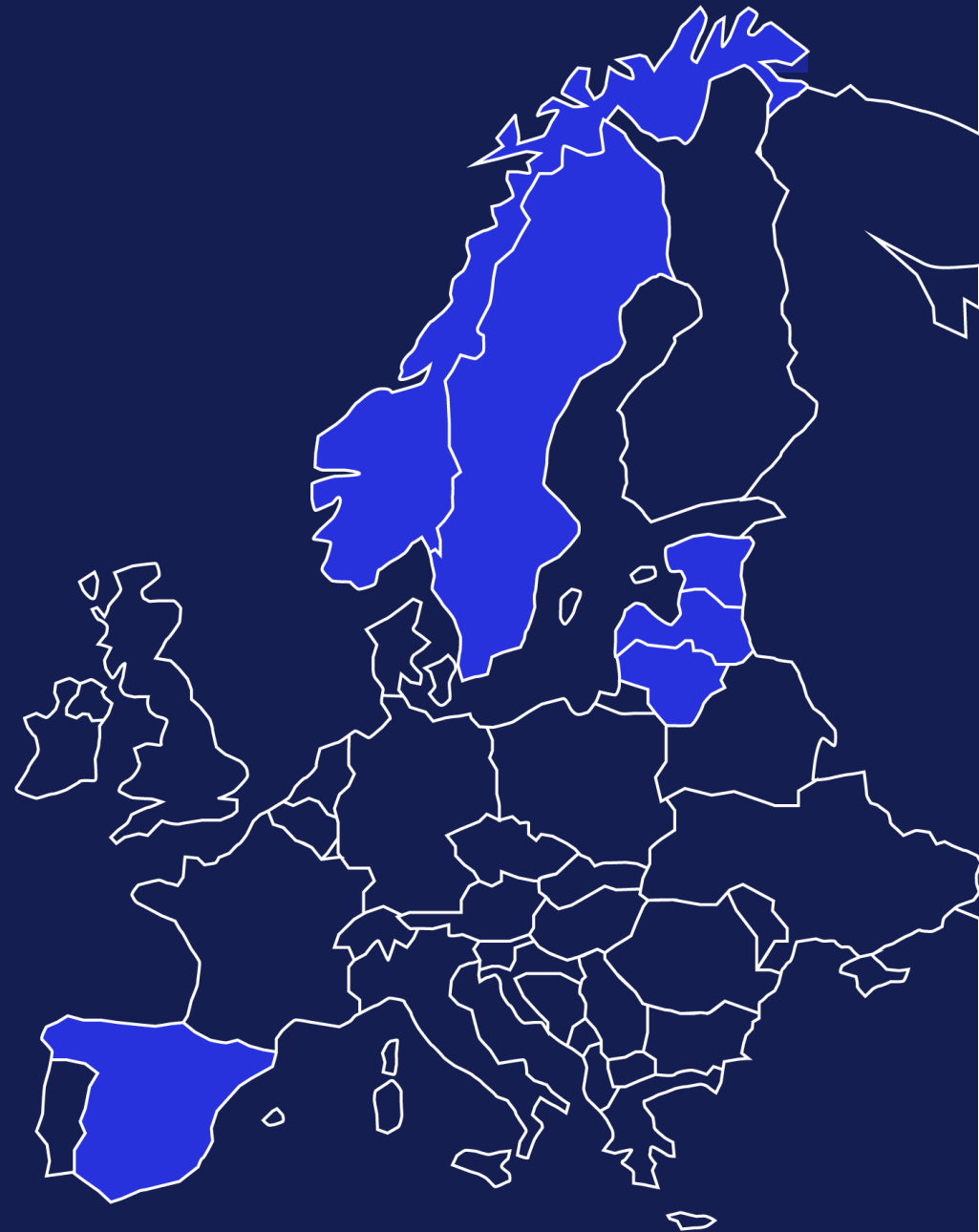


ZEBRA

REFLEXYS

PRICER

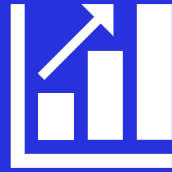
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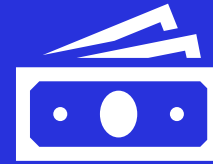
ENABLERS, M&A AND DIVIDEND

Profitable growth, cost control and a solid balance sheet

Focus on driving sales, margins, pricing policies and supply chain management



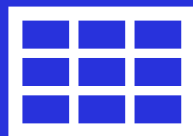
Profitable growth



Cost control

Continuous cost improvements
Investments in products, competence and marketing

Strong balance sheet end 2020 to be used for continued growth and investments.



Balance sheet



ESG

The company is undertaking external stakeholder dialogue and will complete a materiality assessment in 2021 which will work as a basis for the company's sustainability reports.

Contributions from M&A comes in addition to NOK 2.5 bn ambition in 2025



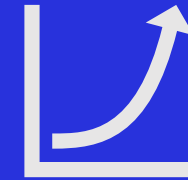
Geographic expansion (to markets with good product/market fit)

- UK
- Denmark
- Finland
- US
- ...



Technology additions*

- E-commerce
- Check-out efficiency
- ...

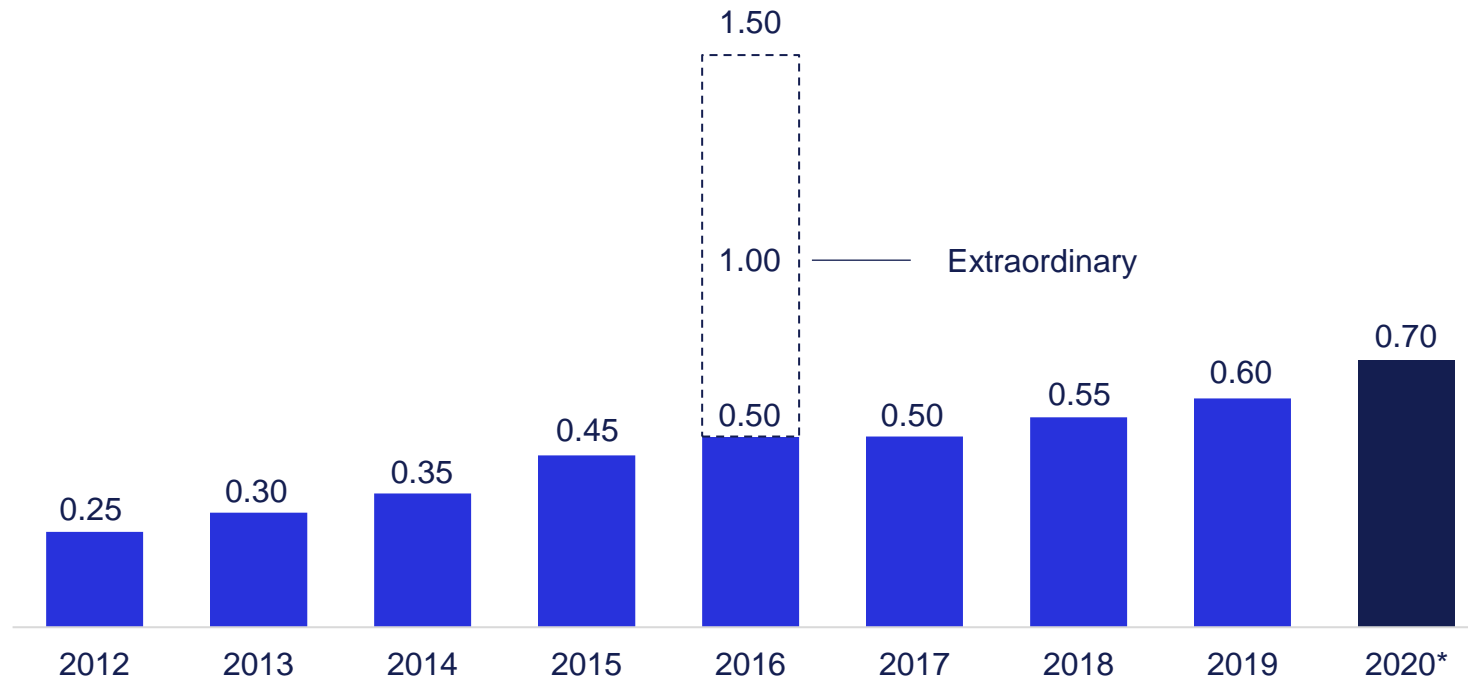


Strengthening of core markets

- Spain
- Norway
- Sweden
- Baltics

Dividend at StrongPoint

Dividend
NOK per share



Ambition from Board of Directors

Continue to pay and increase the dividend forward

OUTLOOK & PRIORITIES

Immediate priorities



Capitalize on
E-commerce
logistics market



Deliver on In-store
productivity
solutions demand



Step up M&A
initiatives

Summary: Creating a NOK 2.5 billion retail technology company

| | 2020 | 2025 |
|------------------|------------|------------|
| Revenue* | NOK 1.1 bn | NOK 2.5 bn |
| E-commerce share | 9% | 25% |
| EBITDA margin* | 8.8% | 13-15% |

*Revenue and EBITDA margin from continued operations excluding positive effects from compensation from relocation of Labels production in Norway



StrongPoint