

StrongPoint

An aerial photograph of a city, likely Madrid, taken during the golden hour of sunset. The sky is a mix of blue and orange, with wispy clouds. The city below is densely packed with buildings of various architectural styles, including classical and modern structures. A prominent building with a large dome is visible in the foreground. A semi-transparent white box is overlaid on the right side of the image, containing the text for the session.

Strategy Update Session

CEO Jacob Tveraabak | CFO Hilde Horn Gilen

February 12, 2020

Dramatic transformation of the retail landscape ongoing

25

Torsdag 2. januar 2020 | 11. november | 35

BØRS & MARKEDER

OSLO BØRS	DOLLAR	OLJE (DOLLAR PER FAT)	EURO	3-MÅNEDERS RENTE
↓ -2,44	931,45	-0,00	8,78	0,00
		66,00	0,00	9,84
				↓ -0,02
				1 94

REUTERS BUSINESS NEWS DECEMBER 26, 2019 / 1:53 PM / 17 DAYS AGO

Nasdaq tops 9,000 on boosts from Amazon, trade optimism

Lewis Krauskopf

(Reuters) - The all +.

Butikkdøden

Butikker sliter, som følge av mange som er snart i

MENTAR ANDER

WES HILL HERSHORN

24 Nyheter

Butikkdød herjer - Amazon overtar

Prøker selv de mest shoppingområdene - Butikk

4 Nyheter

25

Handel

Sportsbransjens «dødsspiral»

LARS KRISTIAN

De to store aktørene i sportsbransjen har fått med seg hver sine problemer og har valgt et tykt år å rydde i huset.

XXL skal selge sine redningsvarelagert med rundt en halv milliard kroner, og det er et tykt år for de som vil selge dem. Det er et tykt år for de som vil selge dem. Det er et tykt år for de som vil selge dem.

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REUTERS BUSINESS NEWS DECEMBER 25, 2019 / 10:12 PM / 18 DAYS AGO

Record online sales give U.S. holiday shopping season a boost: report

3 MIN READ

(Reuters) - U.S. shoppers spent more online during this year's holiday shop season, a report by Mastercard Inc (MA.N) showed on Wednesday, with e-sales hitting a record high.

De to store sportskjedene tar en ekstraordinær ryddesjau i varelageret, men handelsekspert mener privatsjått i sportsbransjen er varig skadet.

4 Nyheter

Har bare sett starten på butikkdøden

Folk kjøper færre varer og handler stadig mer på nett. Det er bare en forsmak på det som kommer, advarer Danske Bank.

HANDEL Harald Bergheim Kristiansund

Årsaken til den store nedgangen i salg av varer i butikker er at folk kjøper færre varer og handler stadig mer på nett. Det er bare en forsmak på det som kommer, advarer Danske Bank.

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Erstøtt og bilverre

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La vere vekst

Veksten etter alle bransjer i det åttende kvartalet

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Veksten etter alle bransjer i det åttende kvartalet

FORDYPNINGSSTUDIUM I FINANS

VERDSETTELSE

Modellforståelse • Konsistente prognoser • Avkastingskrav • Usikkerhet • Faglig diskusjon • Caselesing

Fullt utdanningstilbud

28. januar 2019

www.nff.no

NFF NHF

The strong market fundamentals provide a double opportunity

E-commerce

Retailers' needs

1. **In-store:** Pressure on brick & mortar retailers' margin
2. **Incumbents:** Pressure to establish online presence



Opportunity for StrongPoint

Technology solutions in-store to improve retailers' productivity and hence uphold margins

World-class e-commerce solutions for picking and delivery

Well positioned to provide in-store technology solutions

Self checkout

ESL

Vensafe

Workforce management systems

Cash management

Pick & Collect

Click & Collect lockers



Operational and backend choices in grocery e-commerce

StrongPoint today

Delivery

Picking

		Delivery		
		Home	Pick-up in store	Pick-up away from store
In store	Manual			
	Automated (micro ffc)			
In warehouse (dark store)	Manual			N/M
	Automated (cfc)			N/M

Note: Other choices include passive and active cooling



Agenda

Recent development at StrongPoint

StrongPoint today

Strategy update

- Ambition 2025
- What and how
- M&A

The path to 2025

Q&A



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StrongPoint today

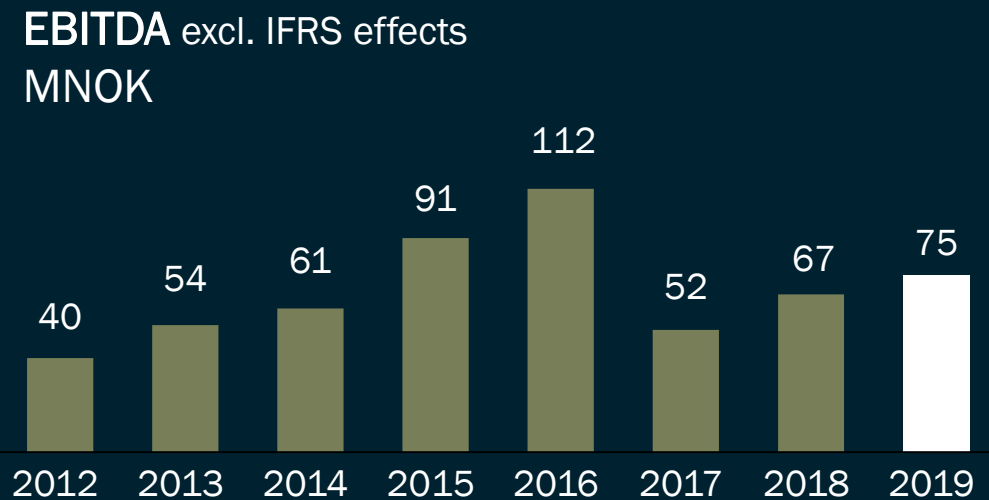
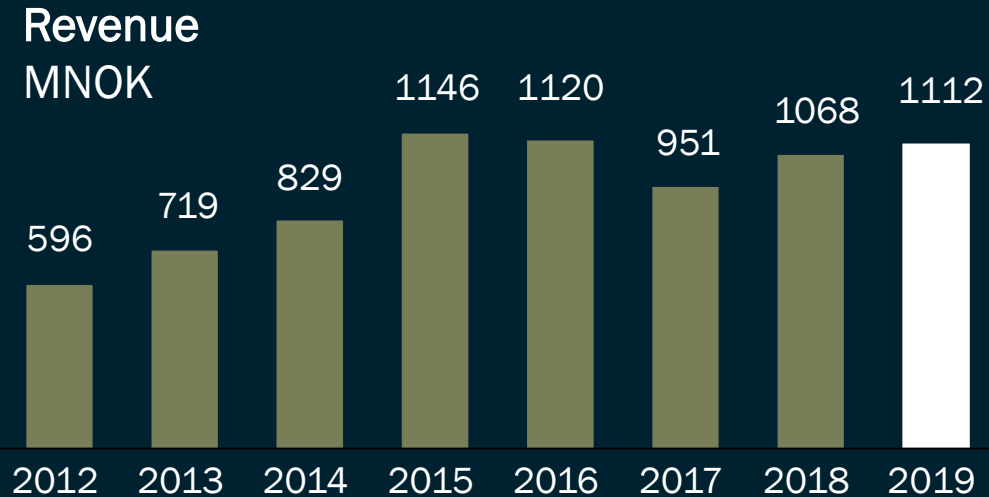
Strategy update

- Ambition 2025
- What and how
- M&A

The path to 2025

Q&A

A solid platform for leveraging on retail opportunities



H2 2018 & 2019: Focus

-  New leadership, incl. CEO, CFO, SVP technology, SVP E-commerce, SVP people & organization
-  360 review, including organizational structure, culture, and retail technology focused strategy
-  Cost reduction: 30 MNOK as of 1.1.2019
-  Conversion of offices in Malaysia, Russia, Belgium, France and Germany to partner offices
-  Expansion of proprietary solutions and in-licensed technology



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A more detailed presentation of retail segments

Business areas

Solutions



Retail
technology

Segments

In-store productivity

Electronic Shelf Labels (ESL), ShopFlow logistics, scales and wrapping systems, workforce & task management

Cash Management

CashGuard, Compact, Unico

Check out efficiency

Self checkout, self scanning, Vensafe

E-commerce

Pick & Collect, Click & Collect lockers, delivery solutions

Other

POS, ERP and other solutions



Cash security

Cash In Transit

Mini and Maxi Q-Case, Maxi Q-Collector

ATM Security

Cassettes, Racks and SoftCar Products



Labels

Industry specific labels

Profile labels, Transparent labels, Duo labels, Embellishment

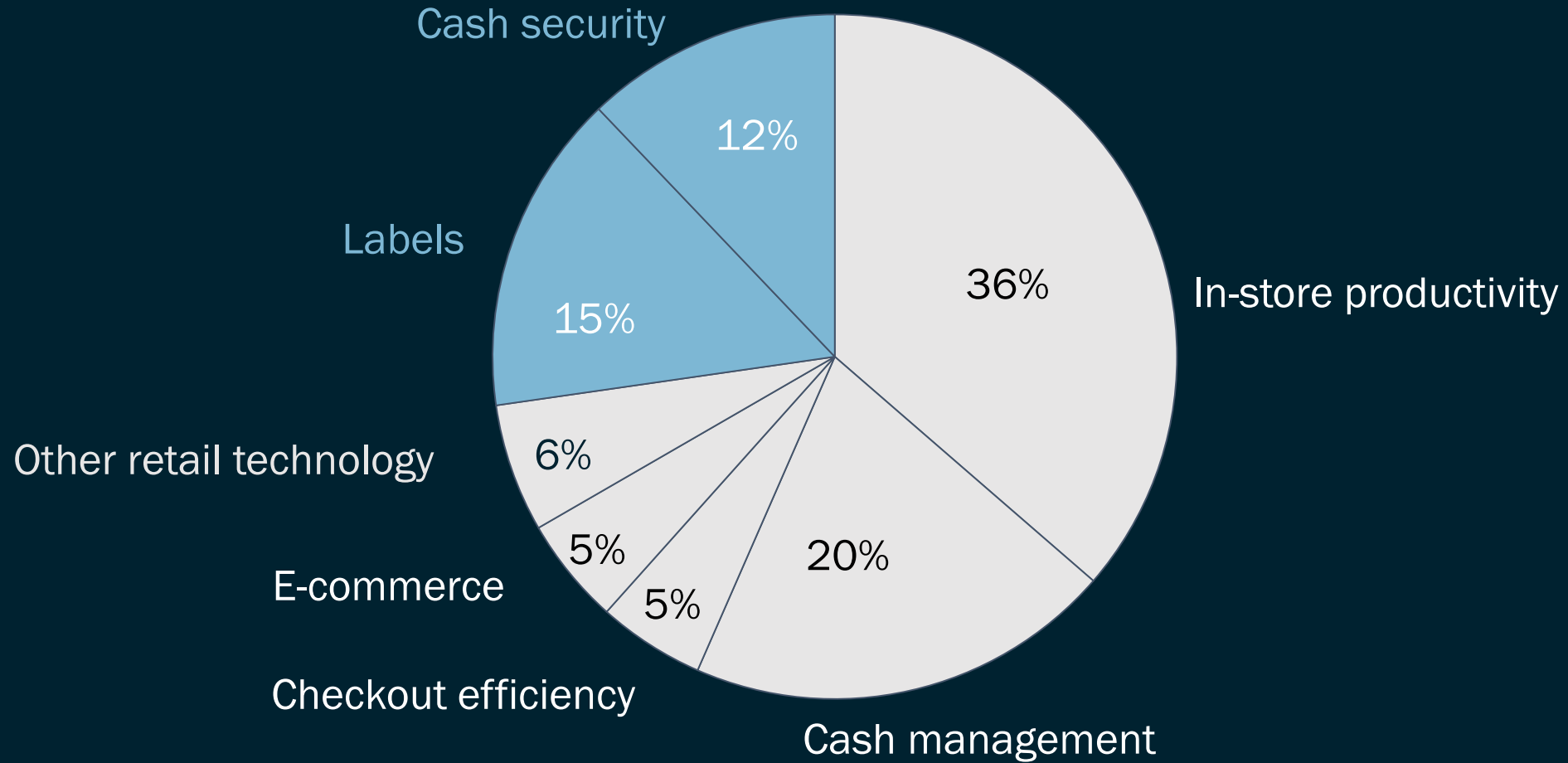
Other

RFID, Printers, Transport labels

Strong revenue mix...

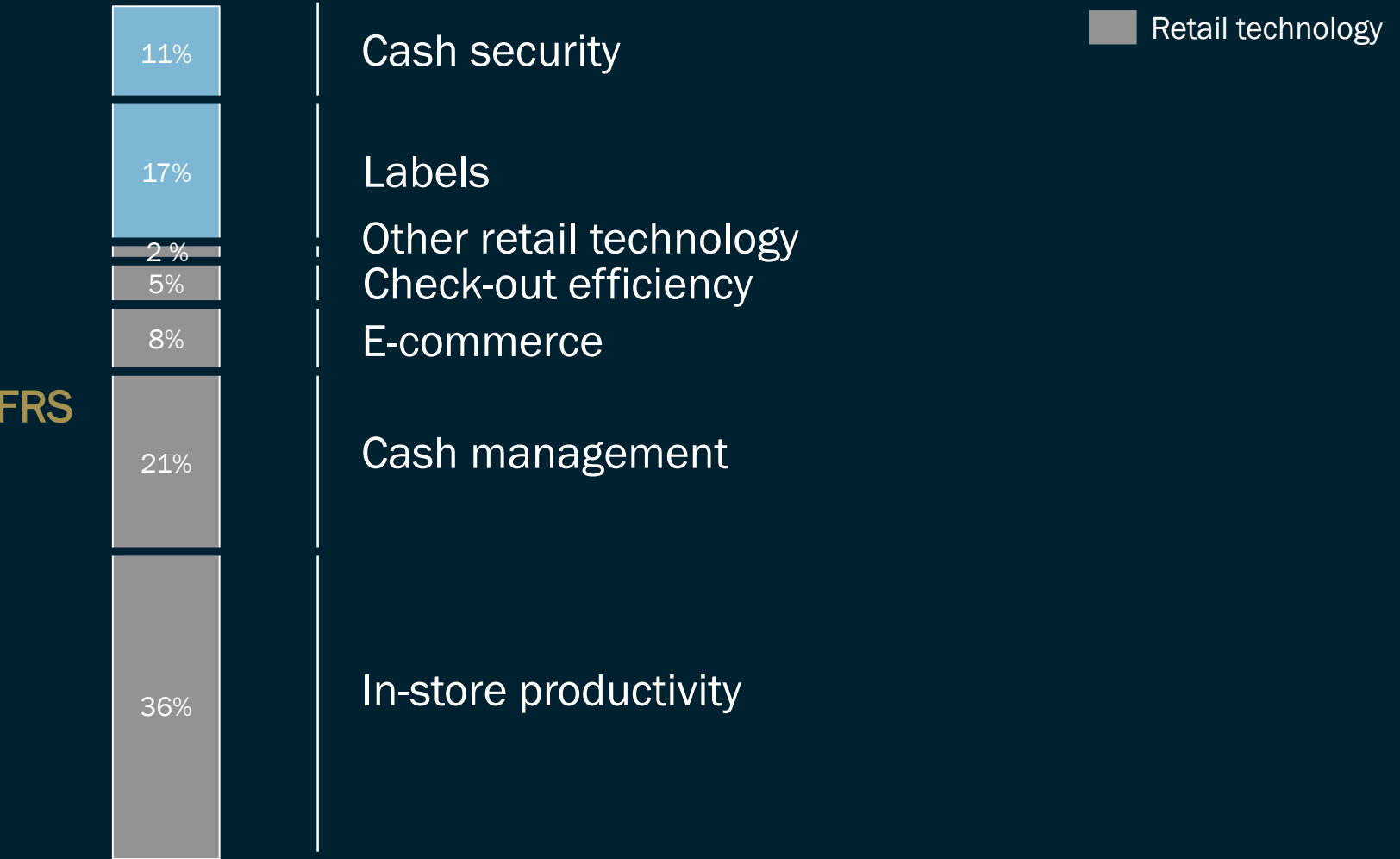
Revenue 2019
100% = MNOK 1,112

■ Retail technology

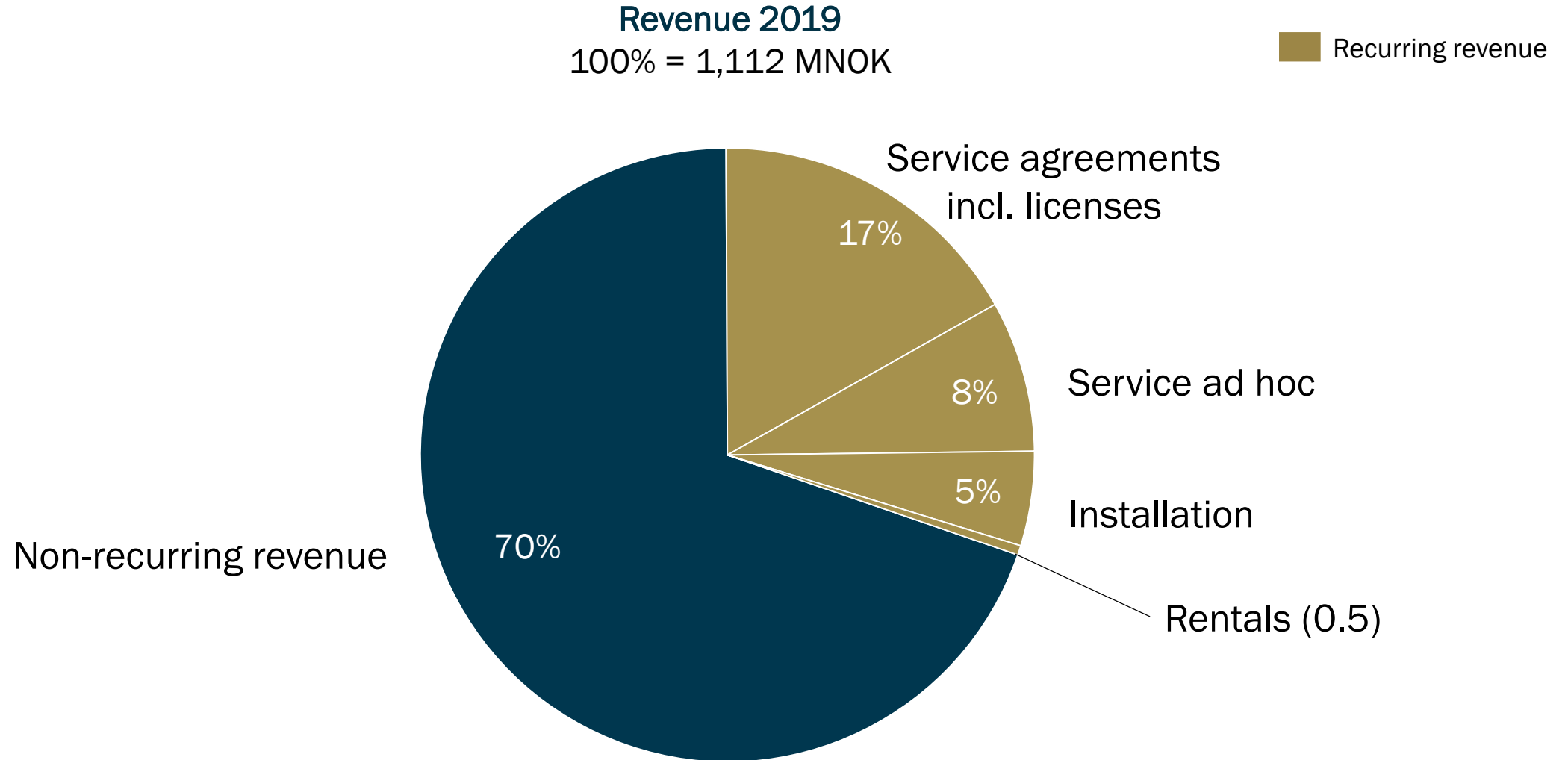


... creates a solid platform for growth

EBITDA 2019 excl. IFRS
100% = 75 MNOK



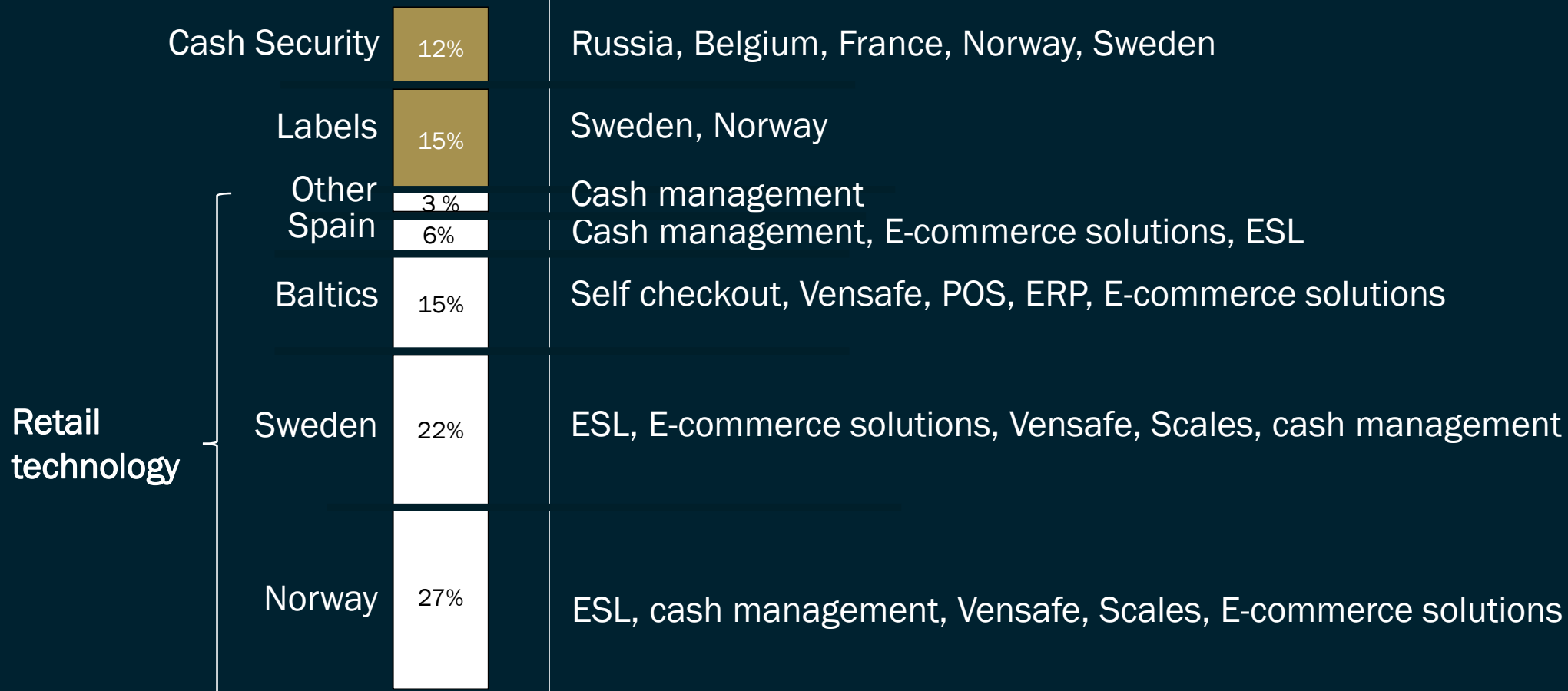
A solid base of recurring revenues



Strong and diverse position in key growth markets

Revenue
2019

Largest countries/solutions *(not exhaustive)*



Attractive cashflow profile with solid base of recurring revenues

Solutions

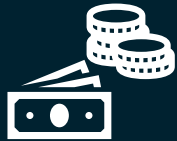
Typical cash flow profile components



In store productivity

ESL
ShopFlow logistics
Scales
WFM

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



Cash management

HW sale + installation + SW License fee + service & support fee
As-a-service: Rental fee, subscription-based SaaS



Check-out efficiency

Self checkout
Vensafe

HW sale + installation + service & support fee
HW sale + installation + service & support fee







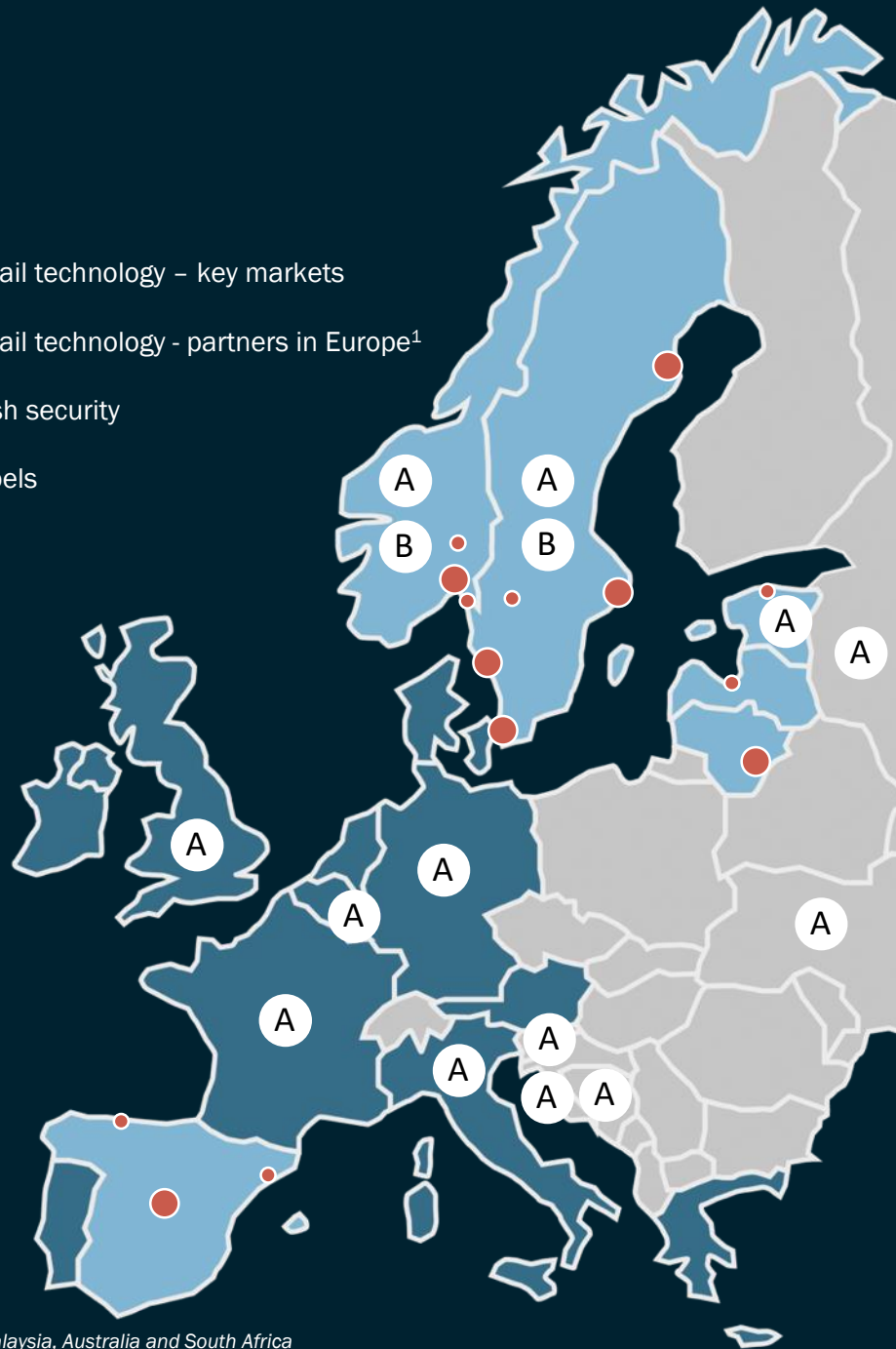
E-commerce

Pick & Collect
C&C lockers

SW License fee + implementation + per pick fee + HW sale
SW License fee + HW sale + installation + service & support fee

Focused organisation in key markets

-  Retail technology – key markets
-  Retail technology - partners in Europe¹
-  Cash security
-  Labels



NORWAY

Rælingen and Tangen

Number of employees ~ 80

SWEDEN

Täby, Kista, Mölndal, Malmö, Grums and Skellefteå

Number of employees ~ 220

LITHUANIA, LATVIA AND ESTONIA

Vilnius, Riga and Tallinn

Number of employees ~ 170

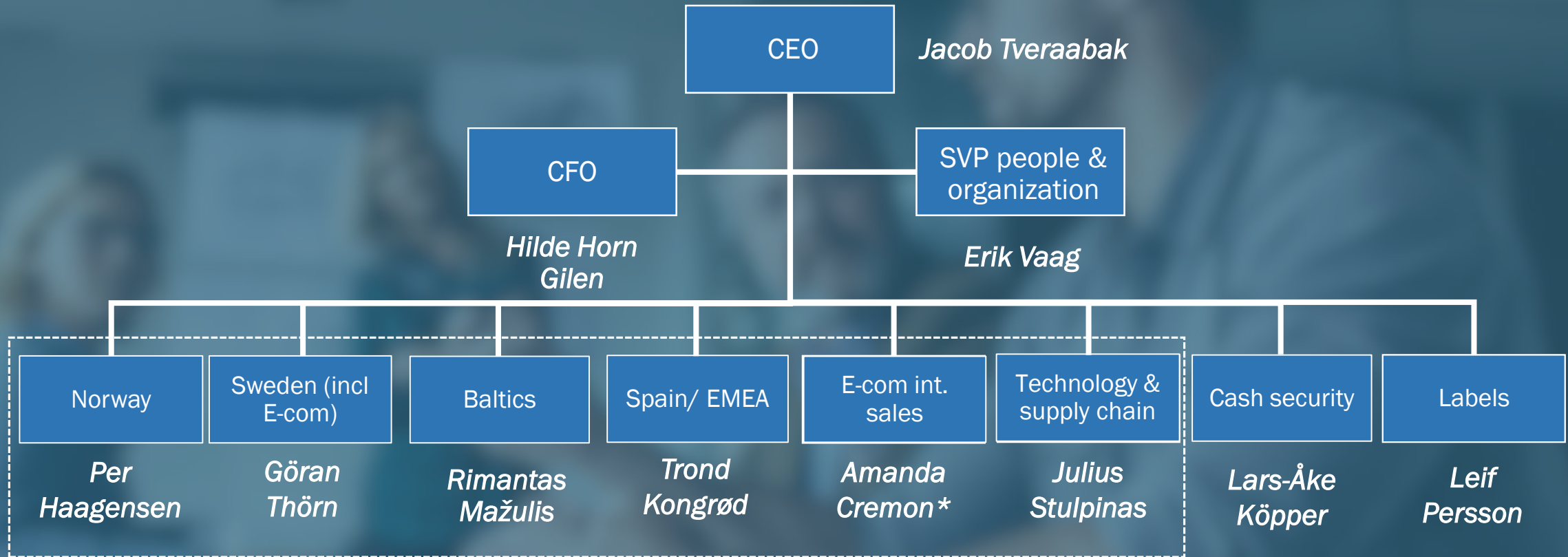
SPAIN

Madrid, Barcelona and Gijón

Number of employees ~ 35

1) Outside Europe: USA, Malaysia, Australia and South Africa

Leadership organisation



 Retail technology

* As per July 1, 2020



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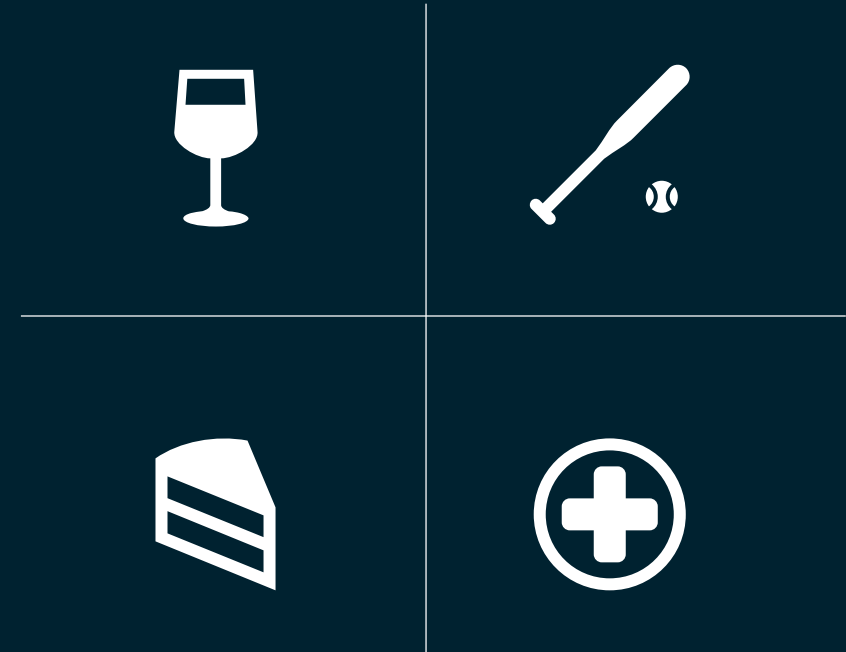
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The path to 2025

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Significant growth potential for retail technology

Our strong position in *grocery* retailing provides significant spillover effects to other retail verticals



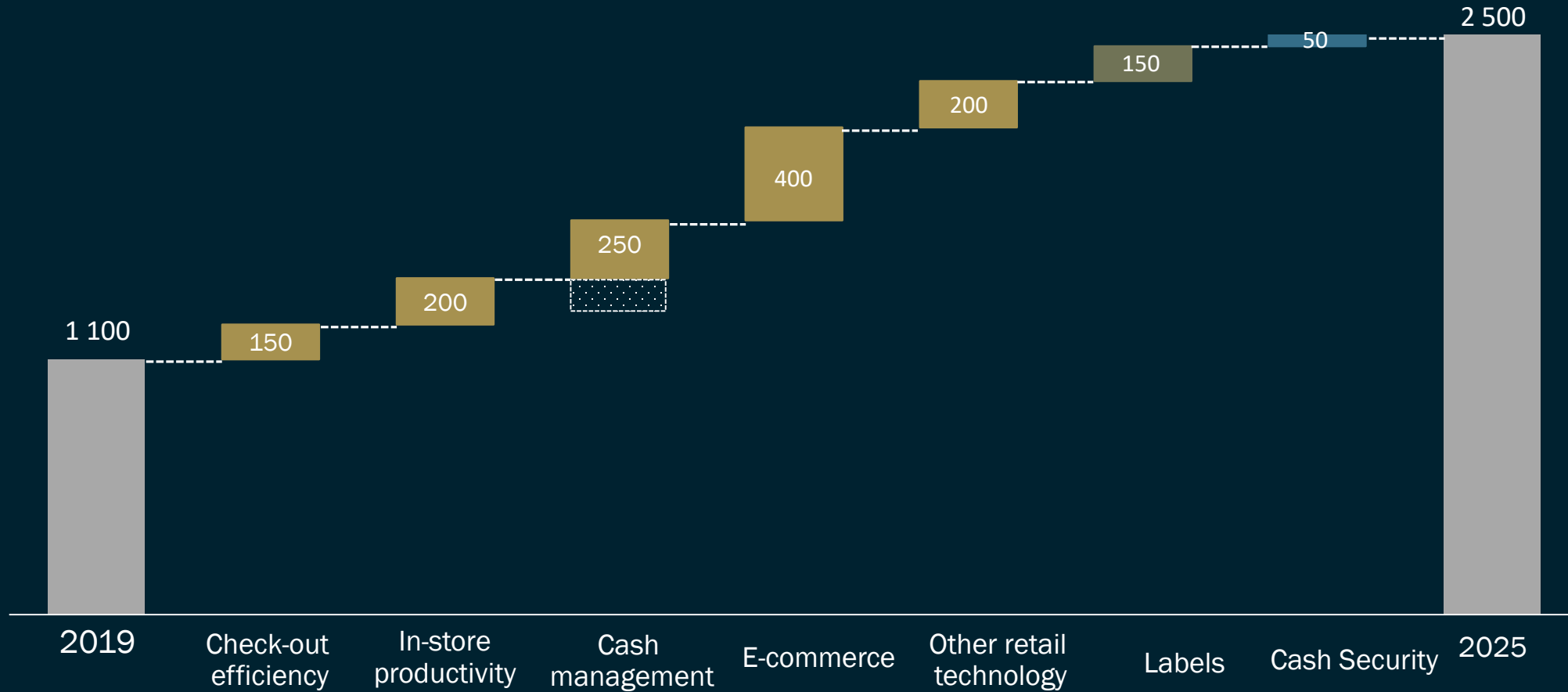
Introducing financial ambitions for organic growth


NOK **2.5** bn in 2025

EBITDA **13-15%**

Build-up of 2025 revenue ambition

Revenue
MNOK



 Retail technology

Helping retailers to stand out, sustain growth and spur productivity

- leveraging the arising opportunities within e-commerce and in-store technology

2025 ambitions

YEAR

2025

BNNOK

2.5¹

REVENUES

EBITDA%

13-15%

I



Strong local expertise and presence in key markets²

II



Roll-out of proprietary technology in selected markets³

III



Market access platform for global technology providers in key markets⁴

IV



Best-in-class sales, service and support

V



Profitable growth, cost control and a solid balance sheet

¹Organic growth ambition

²Norway, Sweden, the Baltics and Spain

³Cash Management solutions in e.g., Italy and Greece, and E-commerce solutions globally

⁴The Nordics and the Baltics

Helping retailers to stand out, sustain growth and spur productivity

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2025	2.5 ¹ REVENUES	13-15%

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I. Strong local expertise and presence in key markets



Sales



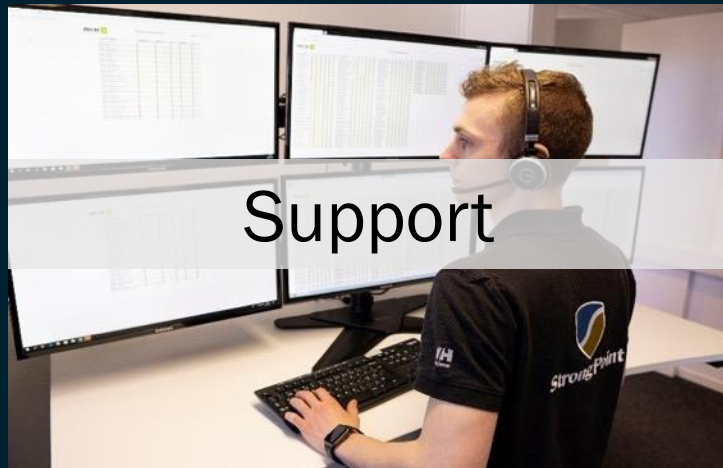
approximately

500

employees



Field service



Support



6

countries



Solutions experts



I. Labels: Market development and growth opportunities



~4-5% p.a.

Solid underlying drivers in the self-adhesive label market

Overall Labels market



+140%

EU volume market growth 2018-2023

RFID labels



~5-6% p.a.

Steadily growing global market to reach USD 3.5 billion in 2022

Security printing

Helping retailers to stand out, sustain growth and spur productivity

- leveraging the arising opportunities within e-commerce and in-store technology

2025 ambitions

YEAR

2025

BNNOK

2.5¹

REVENUES

EBITDA%

13-15%

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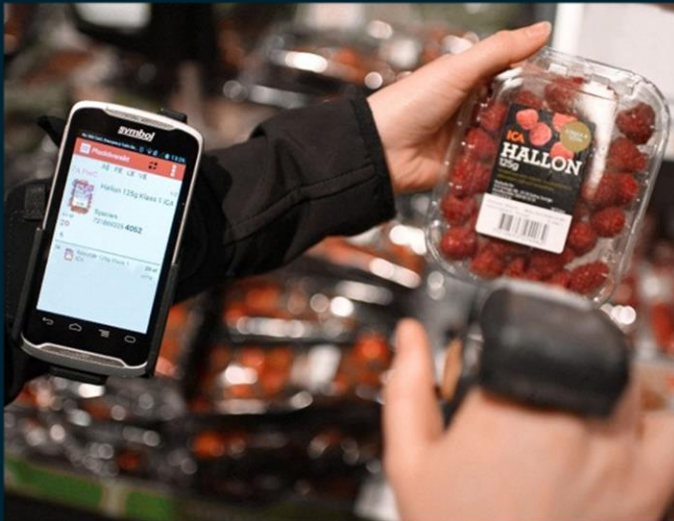
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II. Roll-out of world-class proprietary technology



A. E-commerce offering



B. CashGuard system



II. Roll-out of world-class proprietary technology



A. E-commerce offering



B. CashGuard system



II A. What do we mean with grocery e-commerce technology?

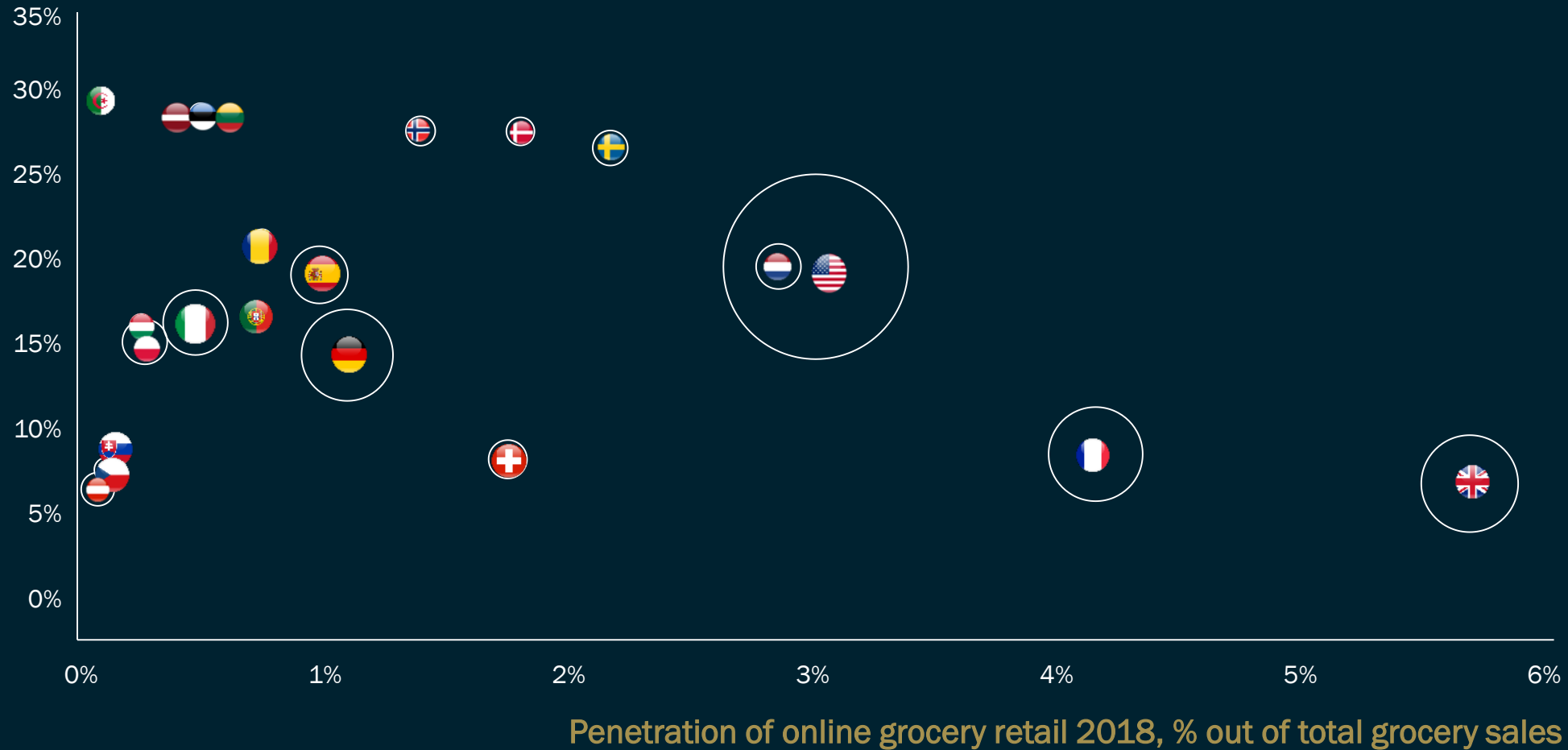


VIDEO

II A. Strong position in high growth markets



2018-2022 annual online grocery growth, %



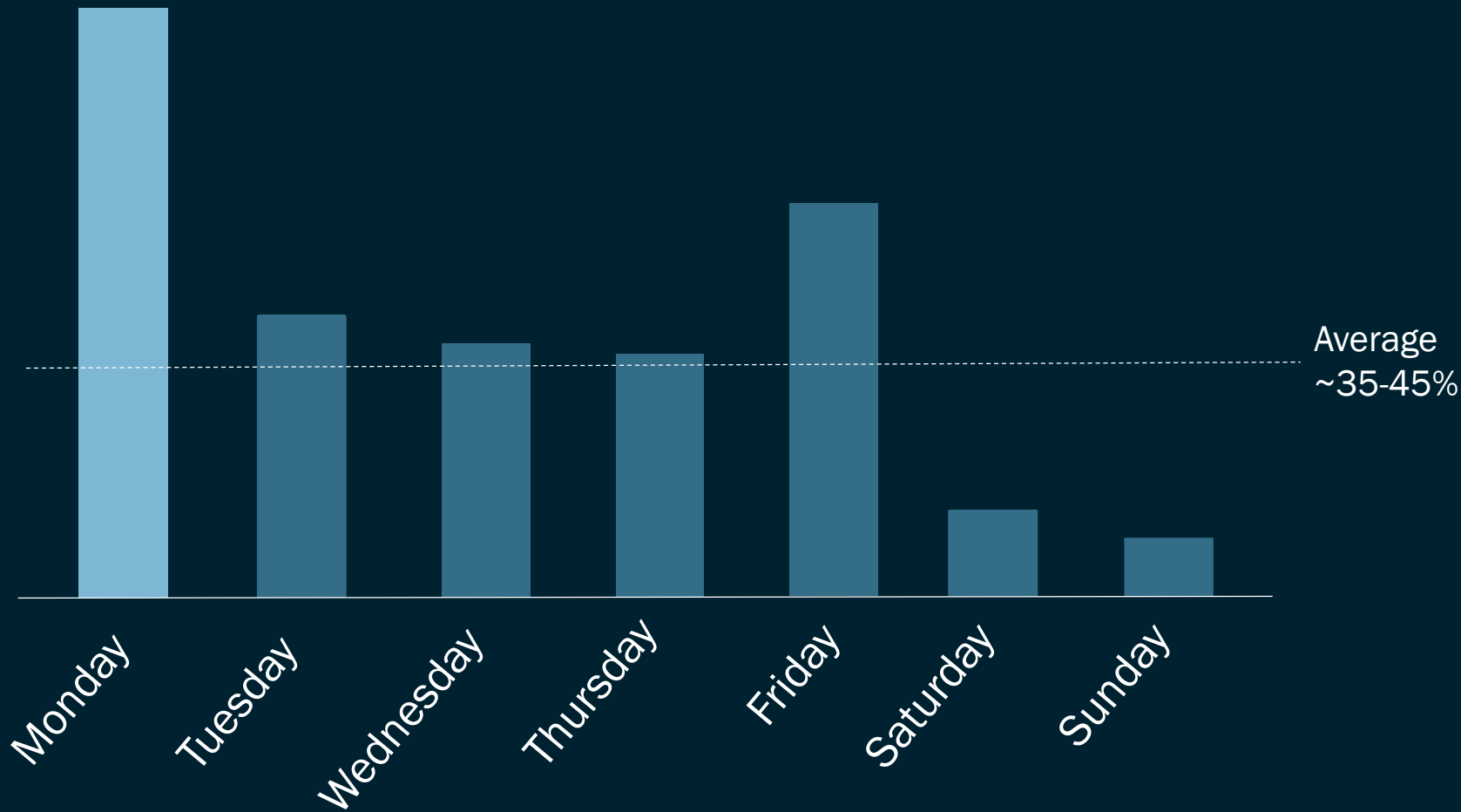
Size of bubble reflects total 2018 grocery market
SOURCE: DLF, Delfi and HUI: Dagligvarekartan; Dagligvarefasiten (Nielsen); IGD

II A. Market characteristics of grocery e-commerce



Illustration of typical demand for online groceries throughout the week

Number of SKUs picked per day as % of Monday



Customer behavior and capex levels of automated picking solutions are working in favor of manual picking – at least in the start and maturing phase of grocery online

II A. Not one silver bullet defining *the* solution for grocery E-commerce



Evolution over time, with market maturity

Picking



Delivery

	City	Urban	Rural
Home	✓	✓	
Pickup in store (C&C)	✓	✓	✓
Pickup elsewhere (mobile C&C)	✓	✓	✓ ¹

1. Applicable for summer/winter destinations

II A. Pick & Collect and Click & Collect lockers



Pick & Collect

Complete end-to-end E-Commerce logistic solution

Full mobility at all times with wireless hardware and handsfree picking to increase picking speed

Grocery retail focus; especially developed for increased single item picking efficiency and multi-order picking



Click & Collect lockers

Rolled out more than 200 Click & Collect lockers in 10 countries in Europe

First supplier to offer Click & Collect solution locker on wheels – mobile Click & Collect lockers

2 types of lockers including different temperature zones:

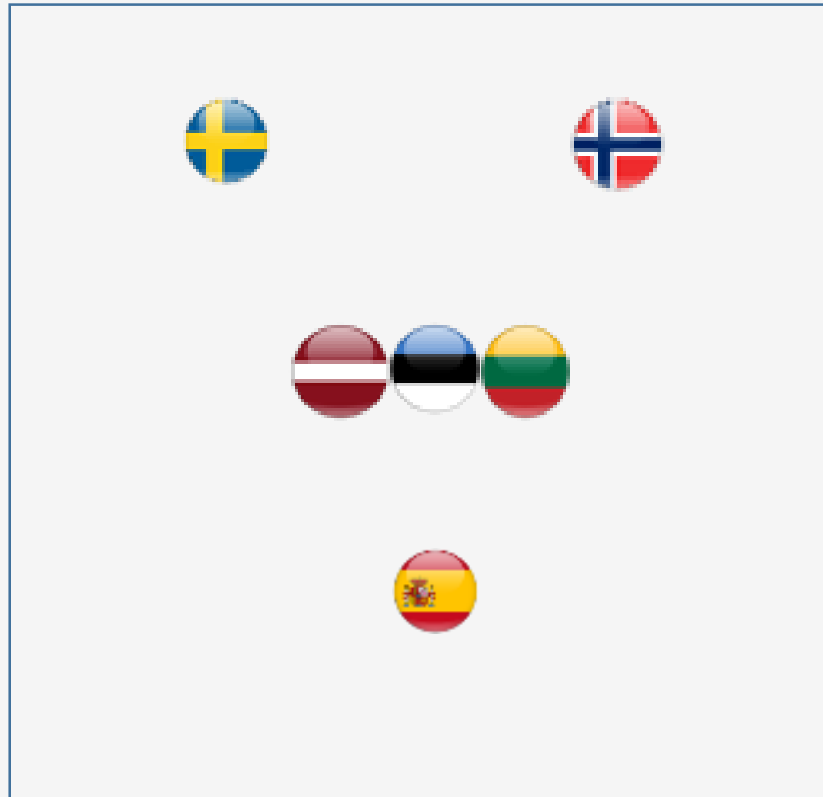
- Grocery: ambient, chilled, frozen
- Non-food: ambient



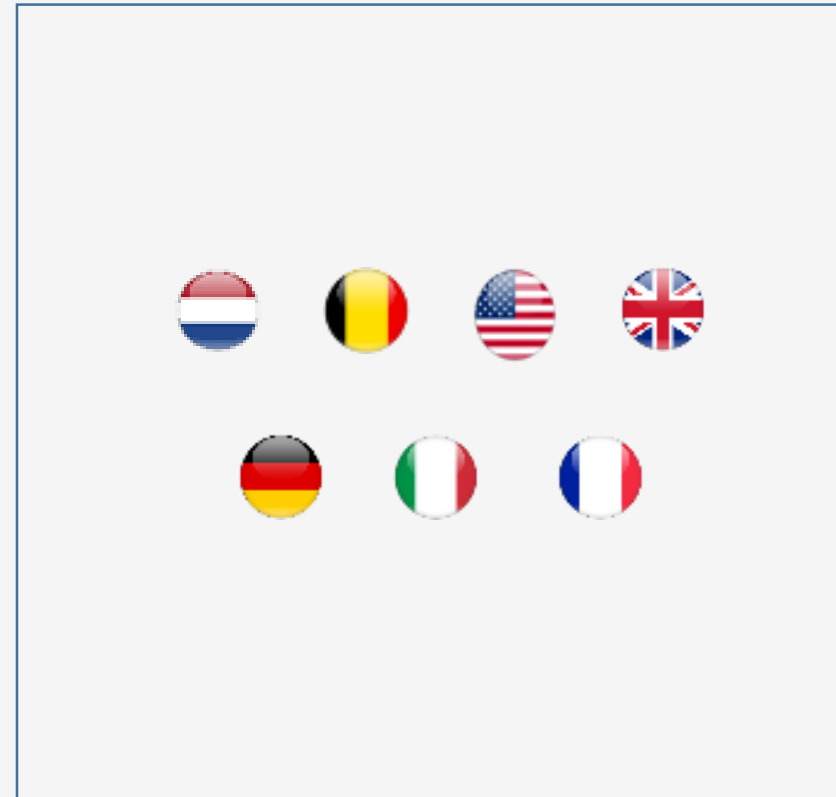
II A. Significantly stepping up international e-commerce sales



Key countries for StrongPoint
Own personnel



Additional E-commerce growth countries
Primarily partners

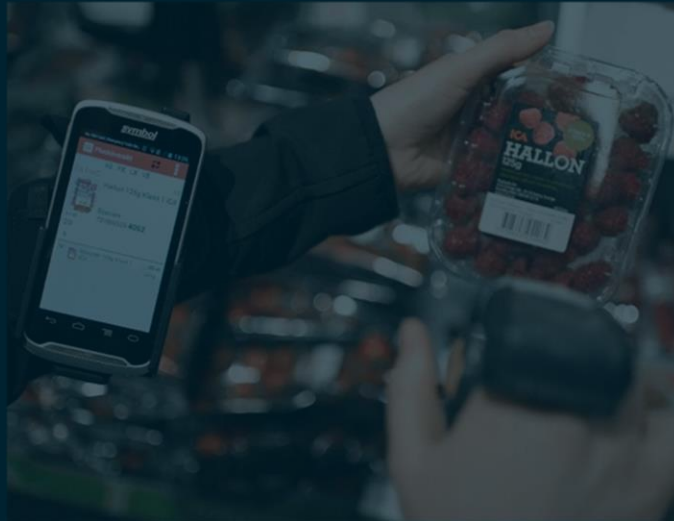


II. Roll-out of world-class proprietary technology



A. E-commerce offering

B. CashGuard system



II B. CashGuard secures employees, assets and customers



Key functionalities and characteristics



Speed: StrongPoint offers the fastest system on the market



Availability: StrongPoint offers custom payment methods for all types of customers, including rental and breakdown of total sum



Flexibility: StrongPoint offers systems suitable for all kinds of customers, large and small, both cashier and consumer operated



Control: StrongPoint's cloud-based software provides real-time information regarding cash levels at every cash point, in every store and even throughout the retail chain



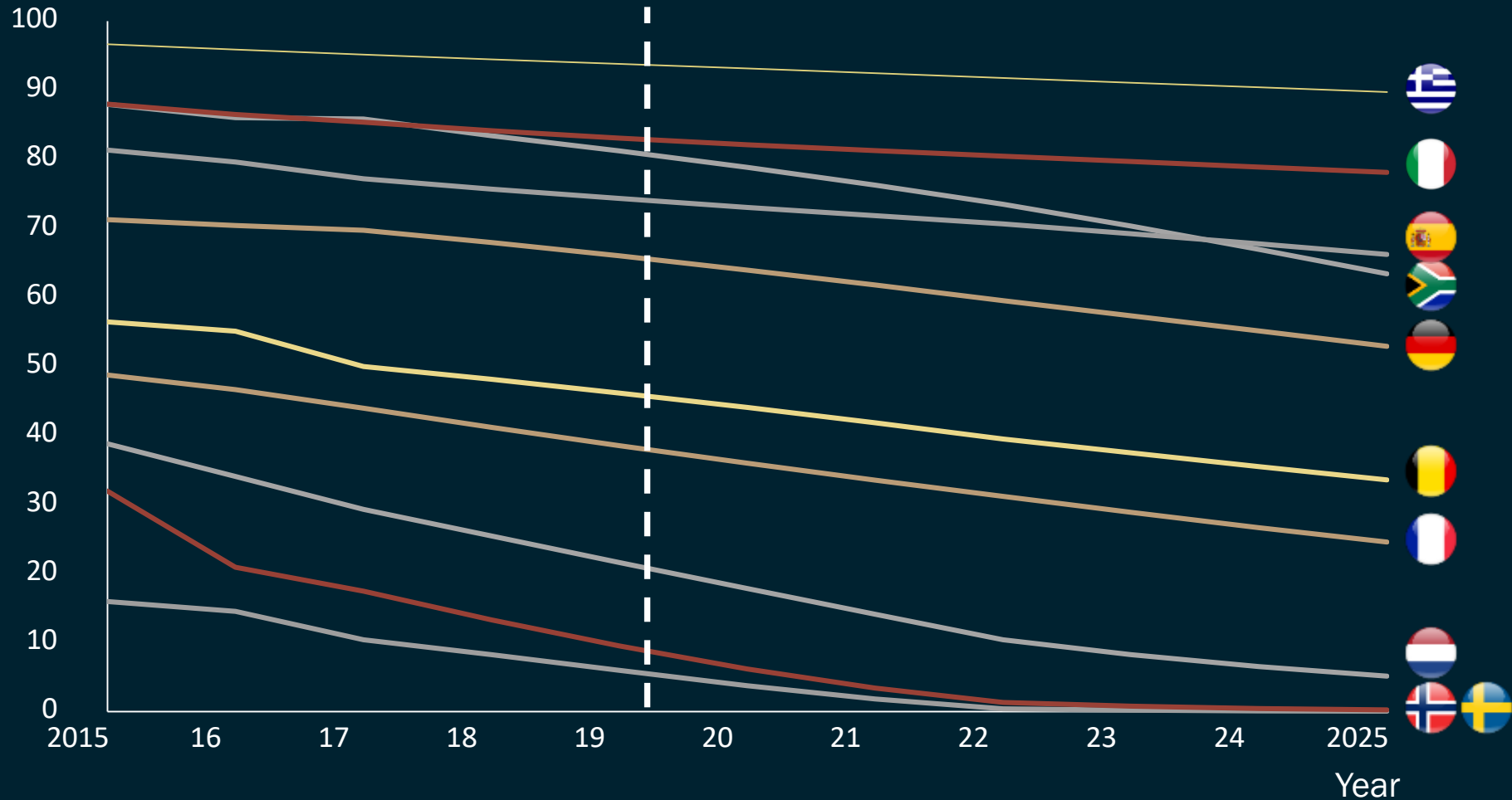
Distributor's policy: Unlike many of its competitors, StrongPoint trains its distributors to handle sales, service and repairs

II B. Cash will remain key payment solution for years to come



Payment methods for a selected set of countries, % of cash to business C2B

C2B cash usage, % of total



II B. *thorough* screening of countries for CashGuard has been conducted



1 Assess fundamental market demand: *Assess countries based on future cash usage*

Variables of interest



Worldwide selection of 35 countries

II B. *thorough* screening of countries for CashGuard has been conducted



1 Assess fundamental market demand: Assess countries based on future cash usage

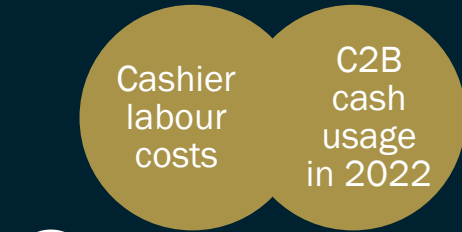
2A Cost reduction: Determine the need for CashGuard to reduce labour costs

Variables of interest



Worldwide selection of 35 countries

Variables of interest



Worldwide selection of 14 countries

2B Mitigation of theft: Determine need for CashGuard to make cash transactions and handling more secure

Variables of interest



Worldwide selection of 15 countries

II B. *thorough* screening of countries for CashGuard has been conducted



- 1** Assess fundamental market demand
- 2** Determine need for Cashguard
- 3** Country specific risk assessment

1 Assess fundamental market demand: Assess countries based on future cash usage

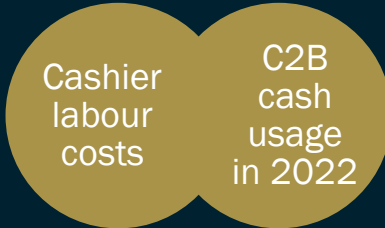
Variables of interest



Worldwide selection of 35 countries

2A Cost reduction: Determine the need for CashGuard to reduce labour costs

Variables of interest



Worldwide selection of 14 countries

2B Mitigation of theft: Determine need for CashGuard to make cash transactions and handling more secure

Variables of interest



Worldwide selection of 15 countries

3 Country specific risk assessment: Pin-point countries of higher risk for rapid cash usage decline or low purchasing power

3A 2017 Merchant discount rate for credit and debit cards

Variables of interest

High cost of credit/debit card payments (high MDR), increases the risk of a future accelerated cash usage decline



Worldwide selection of 24 countries

3b Low purchasing power

Variables of interest

Low purchasing power indicates that only a small portion of costumers in the market can afford buying CashGuard



Worldwide selection of 24 countries

II B. Italy and Greece most attractive countries following Spain



Attractiveness



Cash usage ✓ Cost reduction ✓ Mitigation of theft ✓

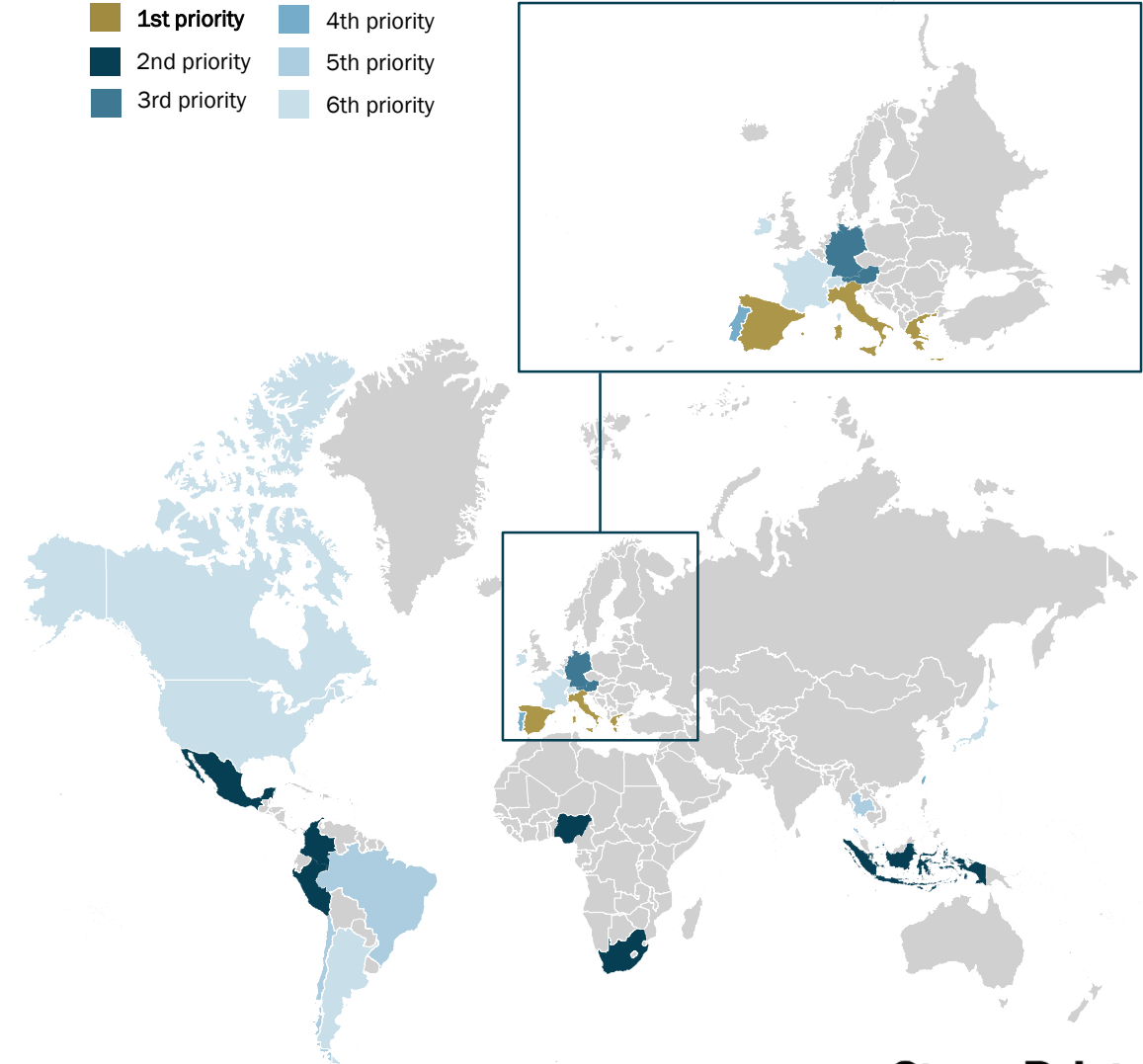


Cash usage ✓ Cost reduction ✗ Mitigation of theft ✓



Cash usage ✓ Cost reduction ✓ Mitigation of theft ✗

- 1st priority
- 2nd priority
- 3rd priority
- 4th priority
- 5th priority
- 6th priority



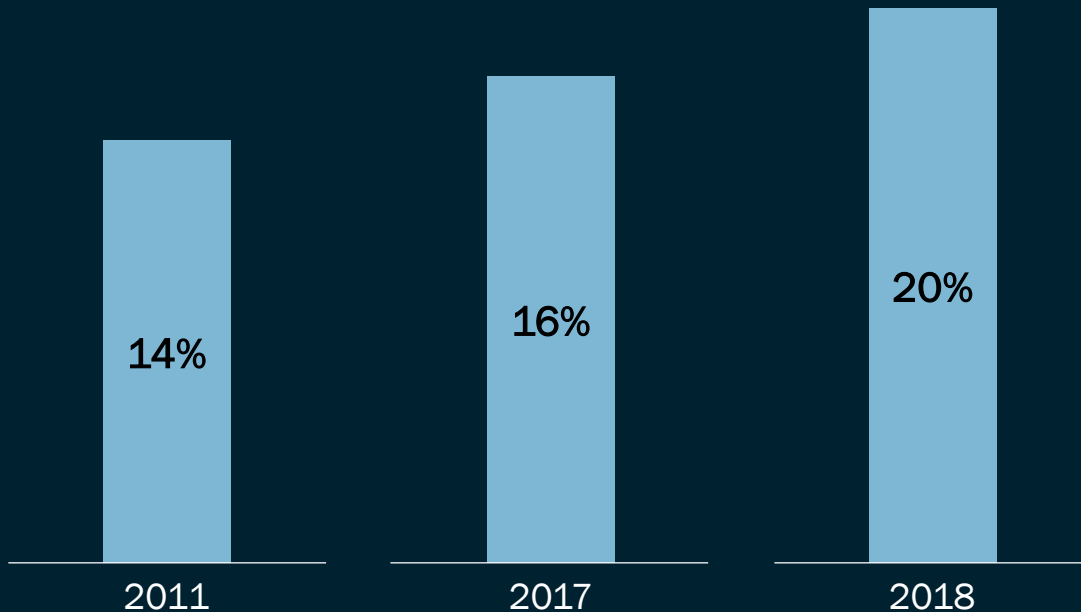
II B. CashGuard is the highest performing cash management solution



II B. Cash security: Growth within existing and potential new markets



StrongPoint share of IBNS market



Number of countries introducing IBNS is steadily increasing

Once a country has made IBNS mandatory the annual replacement is low, since the products last for 5-10 years

In the years to come, Russia will continue to play an important role

Future identified key markets are the Middle East, North Africa and Central America

Helping retailers to stand out, sustain growth and spur productivity

- leveraging the arising opportunities within e-commerce and in-store technology

2025 ambitions

YEAR	BNNOK	EBITDA%
2025	2.5 ¹ REVENUES	13-15%

I 


Strong local expertise and presence in key markets²

II 


Roll-out of proprietary technology in selected markets³

III 

Market access platform for global technology providers in key markets⁴

IV 

Best-in-class sales, service and support

V 

Profitable growth, cost control and a solid balance sheet

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III. Market access platform for global technology providers in selected markets



Existing and confirmed partnerships with global technology providers



PRICER



REFLEXIS



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IV. Best in class sales, service and support

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V. Profitable growth, cost control and a solid balance sheet



Profitable growth

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



Cost control

Continuous cost improvements
Investments in products, competence and marketing



Balance sheet

Positive cashflow from operations
No major capex investments needed in 2025 scenario



ESG

Safety and security is part of our core business
ESG reporting on material topics from 2019



Strategy requires minimal increase in CAPEX



Technology development will continue to be expensed.

HW-as-a-service to drive CAPEX based on installed base.

A few fixed assets investments related to Labels and Cash Security.



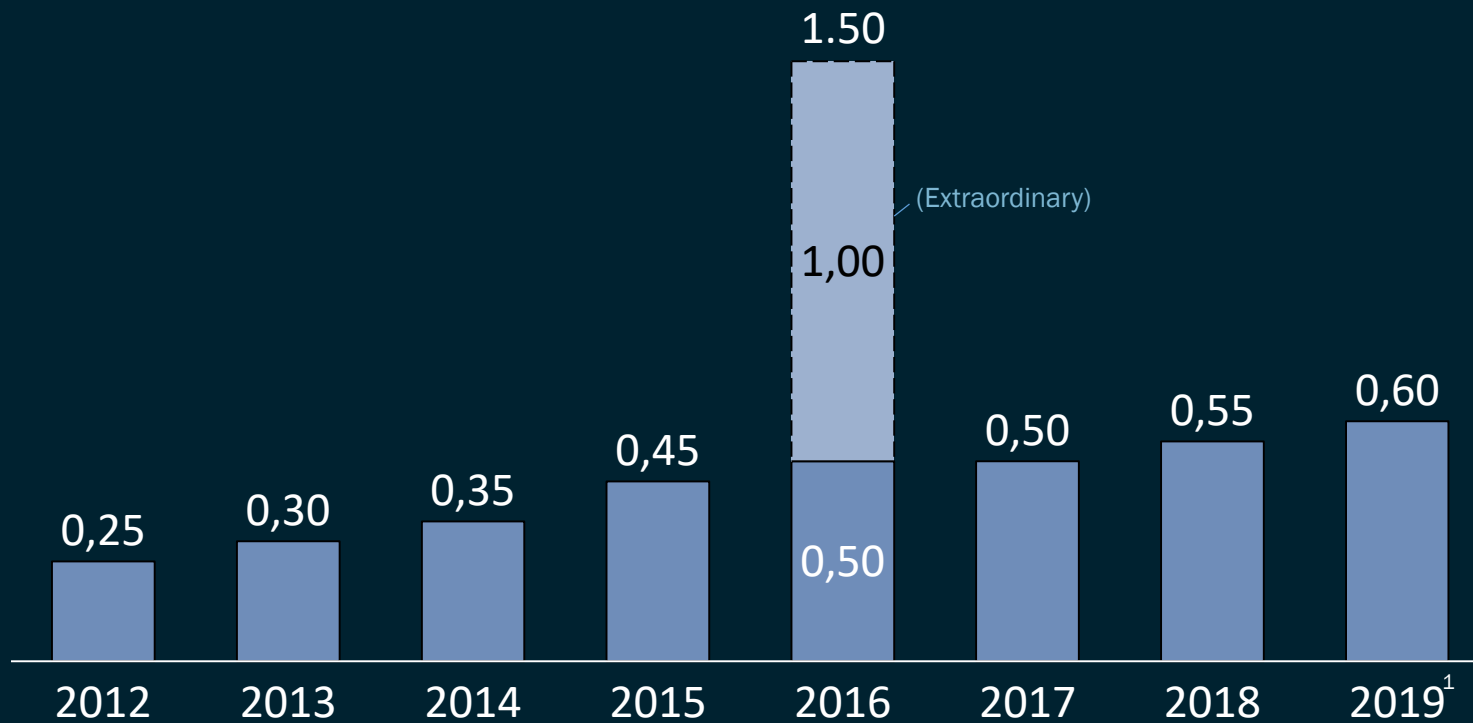
Cash conversion rate expected to continue as per today

Dividend at StrongPoint



Dividend

NOK per share



Ambition from Board of Directors:
Continue to increase the dividend forward

¹Subject to approval by General Assembly 2020



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StrongPoint today

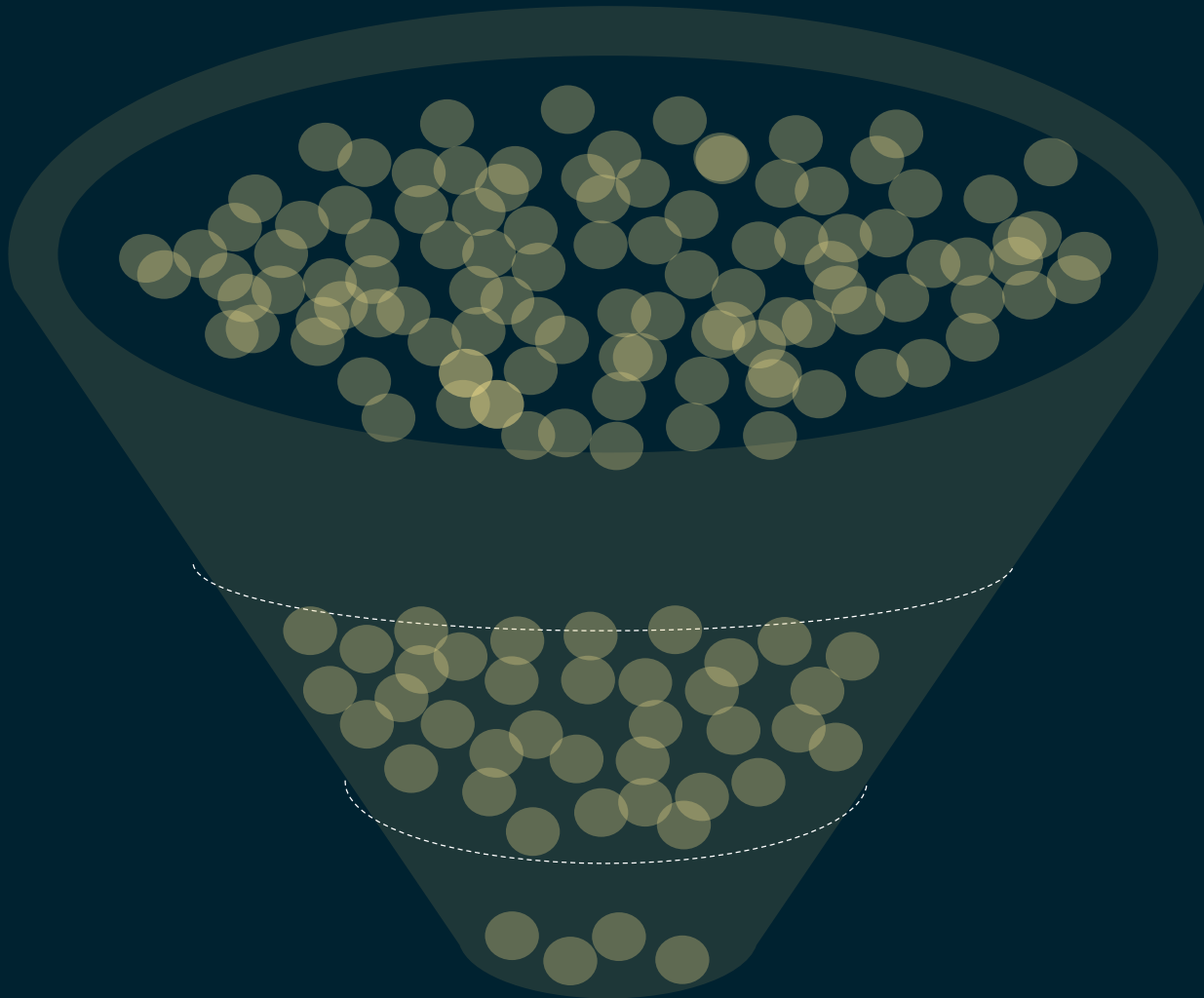
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- **M&A**

The path to 2025

Q&A

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



Strong local
expertise and
presence in
key markets



Roll-out of
proprietary
technology in
selected
markets



Market access
platform for
global
technology
providers in
key markets



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Recent development at StrongPoint

StrongPoint today

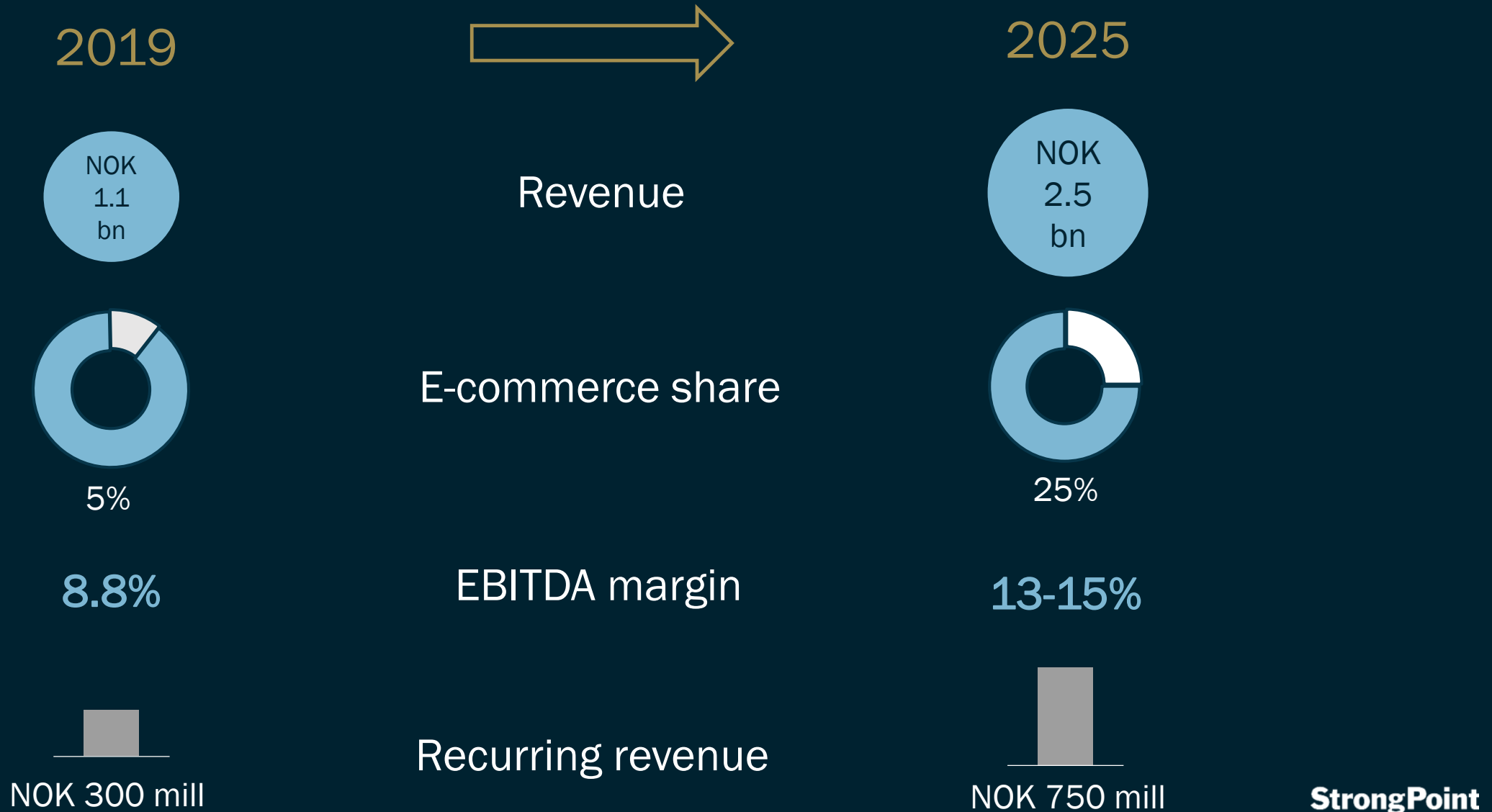
Strategy update

- Ambition 2025
- What and how
- M&A

The path to 2025

Q&A

Summary of strategy update: Creating a NOK 2.5 billion retail technology company





StrongPoint

Q&A