

# Q2 and 1st half 2020

Financial report  
and status



**StrongPoint**

## CEO statement

This second quarter and most of this first half of 2020 has obviously been turbulent. Whilst our primary objective has been safeguarding employees, customers and business partners, we have in parallel done our utmost to deliver our business critical products and services to our customers. Focusing on serving the resilient grocery retail market, we have both mobilized our work force and served our customers in ways I am proud of. We are stronger positioned than ever to deliver true value to our customers and achieving our 2025 strategy ambitions.



**Jacob Tveraabak**  
**CEO of StrongPoint**

I am tremendously proud of our 512 employees. We have all had to adapt to new ways of working, whether it be from home offices, production facilities with strict sanitary measures or in the stores with customers wearing appropriate protective equipment. I am also proud of the optimism amongst our employees. At one point, we had 18 % of our workforce on temporary layoffs. Now, this is down to 3 % and confined strictly to our Cash Security business. At the same time the engagement amongst our employees has risen throughout this first half of 2020, and we have never had more motivated and engaged employees.

In this choppy quarter, we have had some parts of the business coming to an almost complete stand-still at times, like our Retail Technology operations in Spain and the Cash Security business. At the same time, we have experienced a very high demand for our E-commerce logistics solutions, growing more than 70 % vs. same quarter last year, and constituting 10 % of total revenue this quarter, up from 5 % in the full year 2019. Also, our adhesive labels business grew by more than 20 % vs. same quarter last year. The demand for our in-store solutions and services has mostly been maintained. In total we have managed to uphold our top line and improve our profitability by 3.5 MNOK to 25.6 MNOK this quarter. Our operating cash flow is reduced compared to same quarter last year, however our balance sheet and finances have remained very solid throughout the entire period.

The underlying growth for StrongPoint's Retail Technology business is as strong as ever. Adjusting for the lock-down situation in Spain and for the non-grocery businesses in the Baltics in parts of the quarter, StrongPoint's Retail Technology business would have been able to showcase very solid growth figures. Furthermore, we have experienced an unprecedented interest for our E-commerce logistics and Self-Checkout solutions that we will continue to grow internationally. Some of this interest has already materialized in concrete projects to be delivered in the second half of 2020. With Spain easing its mobility restrictions we expect our business engagements here to increase as we enter the second half of 2020.

The COVID-19 pandemic has marked a shift in shopping behavior, with e-commerce and precautionary in-store solutions booming, both now during the pandemic, but also likely creating lasting customer behavior changes. StrongPoint is very well positioned with its world-class solutions for the grocery retail sector in general. Combined with a very strong customer base, relationships and partners in defined key countries, we have the right starting point for further deepening our service with these customers. With this backdrop I truly believe we have all the reasons to be optimistic about the future as StrongPointers.

Stay safe and strong!

## Highlights 2nd quarter

### Robust financial development in light of COVID-19

- Operating revenue on same level as Q2 2019: 287.9 MNOK
- EBITDA: +3.5 MNOK to 25.6 MNOK
- Cash flow from operating activities: -11.0 MNOK
- Solid financial position

### Very strong development within E-commerce logistics

- >70 % growth in E-commerce logistics revenue
- New customers to pilot our E-commerce logistics solutions, and deepened existing customer relationships
- Unprecedented interest for our E-commerce logistics solutions from grocery retail chains across the globe

### Other important customer and partner contracts signed

- Signed sales and service partner agreement for Germany with PartnerTech Europe
- Large scale Self-Checkout rollout to Polish grocery retail chain through our partner PartnerTech Europe
- Signed a new General Agreement for up to 357 Cash-In-Transit cases (CIT) with Sberbank

### Key figures (MNOK)

	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Year 2019
Operating revenue	287.9	287.1	567.7	575.4	1,111.7
EBITDA	25.6	22.1	42.0	49.8	98.2
EBITDA margin	8.9 %	7.7 %	7.4 %	8.7 %	8.8 %
Operating profit (EBIT)	13.4	8.3	18.0	22.4	45.4
Ordinary profit before tax (EBT)	9.9	8.7	11.9	25.5	43.1
Cash flow from operational activities	-11.0	46.5	-15.9	57.2	80.6
Disposable funds	97.5	84.0	97.5	84.0	74.2
Earnings per outstanding shares (NOK)	0.17	0.16	0.19	0.46	0.72
Earnings per share, adjusted *	0.23	0.25	0.31	0.64	1.03

\*) Earnings per share, adjusted for depreciation of intangible assets, mainly from M&A.

## StrongPoint Group

StrongPoint helps retailers to stand out, sustain growth and spur productivity, leveraging the arising opportunities within e-commerce and in-store technology. The Group consists of three business areas: Retail Technology, Cash Security and Labels.

Revenue MNOK	Q2		YTD		Year
	2020	2019	2020	2019	2019
Retail Technology	226.6	221.7	447.0	434.3	843.5
Cash Security	14.5	25.5	35.7	60.6	123.5
Labels	50.7	41.8	94.8	84.8	163.8
Elim / ASA	-4.0	-1.8	-9.9	-4.4	-19.1
Total	287.9	287.1	567.7	575.4	1 111.7

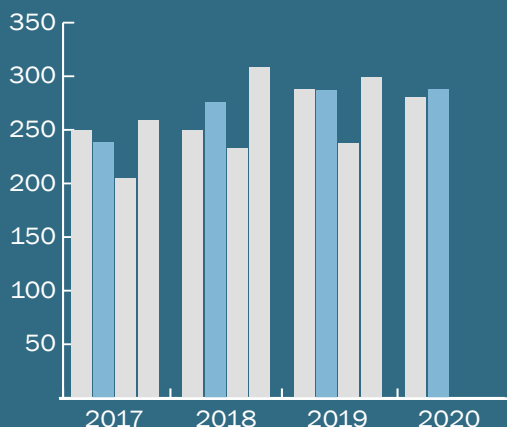
EBITDA MNOK	Q2		YTD		Year
	2020	2019	2020	2019	2019
Retail Technology	24.4	25.2	42.1	48.5	96.3
Cash Security	-0.5	1.5	-0.5	7.3	13.5
Labels	9.0	3.9	15.0	10.0	21.9
Elim / ASA	-7.4	-8.5	-14.5	-16.0	-33.4
Total	25.6	22.1	42.0	49.8	98.2

### StrongPoint financial results

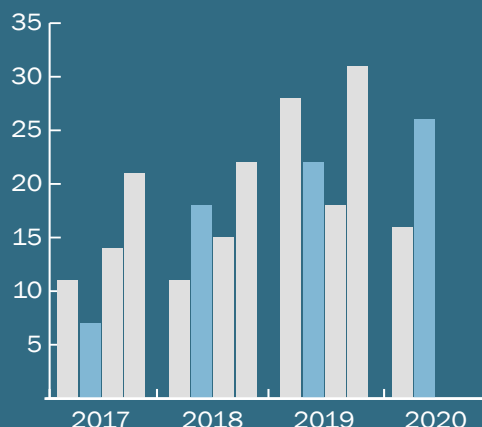
Total revenue in the quarter was at the same level as last year. The topline reflects a positive growth in Retail Technology of 2 %, a growth in Labels of 21 %, and a decline in Cash Security of 43 %. Aggregated, the grocery markets, pharmacies and food production customers demonstrate a high stability or even increased demand during the pandemic, while areas like non-food, hospitality and cash-in-transit were negatively influenced. The EBITDA increased by 3.5 MNOK to 25.6 MNOK, resulting in an EBITDA margin of 8.9 % (7.7 %). The half year figures show a revenue decline of 1 %, a combination of a positive growth of 3 % in Retail Technology, 12 % growth in Labels and a decline of 41 % in Cash Security. EBITDA for the first half of 2020 declined by 7.8 MNOK to 42.0 MNOK, explained primarily by the reduced turnover in Cash Security. Compensation for temporary layoffs was the only governmental support received during the COVID-19-period and this had a positive effect of approximately 3 MNOK for the quarter. The compensation was received in Sweden and Spain. Lower travel expenses reduced the cost in the period for the company.

### StrongPoint Group

Operating revenue per quarter (MNOK)



EBITDA per quarter (MNOK)



## Retail Technology segments

In the strategy update presentation on February 12, 2020, StrongPoint presented for the first time the relative share of revenue of each business areas and business segment in Retail Technology.

### In-store Productivity

In-store Productivity is still the largest business segment within Retail and has at large maintained the relative share during the quarter. The main delivery was related to installation and support of Pricer ESL to grocery retailers.

### Payment Solutions

Service revenue for the Cash Management systems was stable, while new product sales have been influenced by the lock-down especially in Spain. Year to date this still was the second largest segment within Retail Technology.

### E-commerce logistics

The previously announced Click & Collect orders to Sweden were partly delivered in Q2, and lockers were also installed in Spain and Italy in same period. The increased online grocery shopping required StrongPoint Pick & Collect software to be implemented in additional grocery stores during Q2. The segment reached 10 % relative share in the quarter, up from 5 % in 2019.

### Check Out Efficiency

Our new partner PartnerTech Europe received an order for StrongPoint Self-Checkout solutions (SCO) from a large Polish retail chain. The increased volume in this segment stems partly from this order, which again stems from national governmental requirements due to the pandemic. In addition, the Baltic countries delivered a relatively high number of SCO solutions to retail customers during the quarter.

### Other retail technology

Other retail technology, mainly software projects, was stable during both Q1 and Q2.

### Cash Security

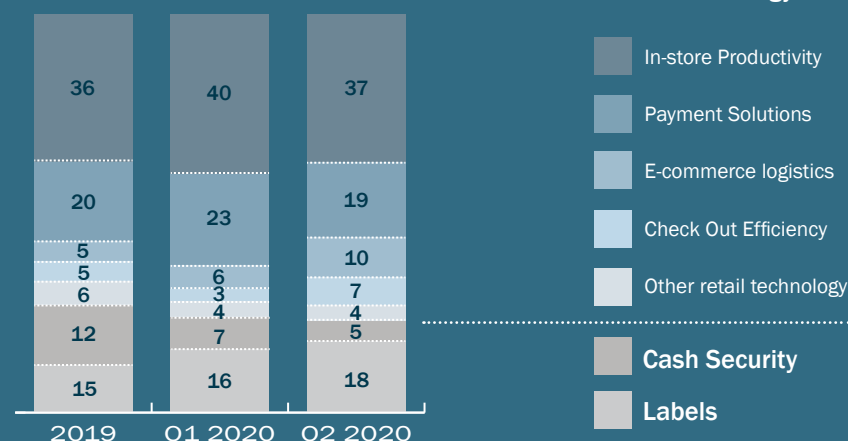
Cash Security had lower revenue from production of Cash-In-Transit cases and relative share declined. The revenue in Q2 mainly stems from service and maintenance work on the installed base of CIT-cases.

### Labels

Producers of food experienced a high demand for smaller packages and the demand for adhesive labels increased substantially following the pandemic.

## StrongPoint Group

Operating revenue relative share (%)





## Very strong development within E-commerce logistics

StrongPoint E-commerce logistics includes solutions for efficient picking of goods for online grocery shopping – whether in store or in darkstores – and for different delivery options – like Click & Collect lockers (mobile or stationary) as well as software for optimal delivery route for home deliveries. The COVID-19 has led to an unprecedented increase in online grocery shopping, and a subsequent increased interest for StrongPoint’s solutions from both current and new customers.

Pilots are often installed at customers’ sites to ensure technical and commercial conditions before a larger roll-out is decided upon. In the quarter, StrongPoint installed new E-commerce logistics pilots in Norway, Sweden, the Baltics, Finland and Cyprus. Furthermore, during Q1 pilots were signed in Italy, Austria and Germany. In total, StrongPoint believes the outlook for its E-commerce logistics solutions is very positive and encouraging.

As online shopping increased, the retail chains rolled out Pick & Collect solution to additional stores. The previously announced orders for Click & Collect in Sweden to Coop and Axfood were installed during the quarter. In total, this led to a more than 70 % growth of e-commerce deliveries compared to same quarter last year. For the first half of 2020, the growth was above 40 %.

## Other important customer and partner contracts

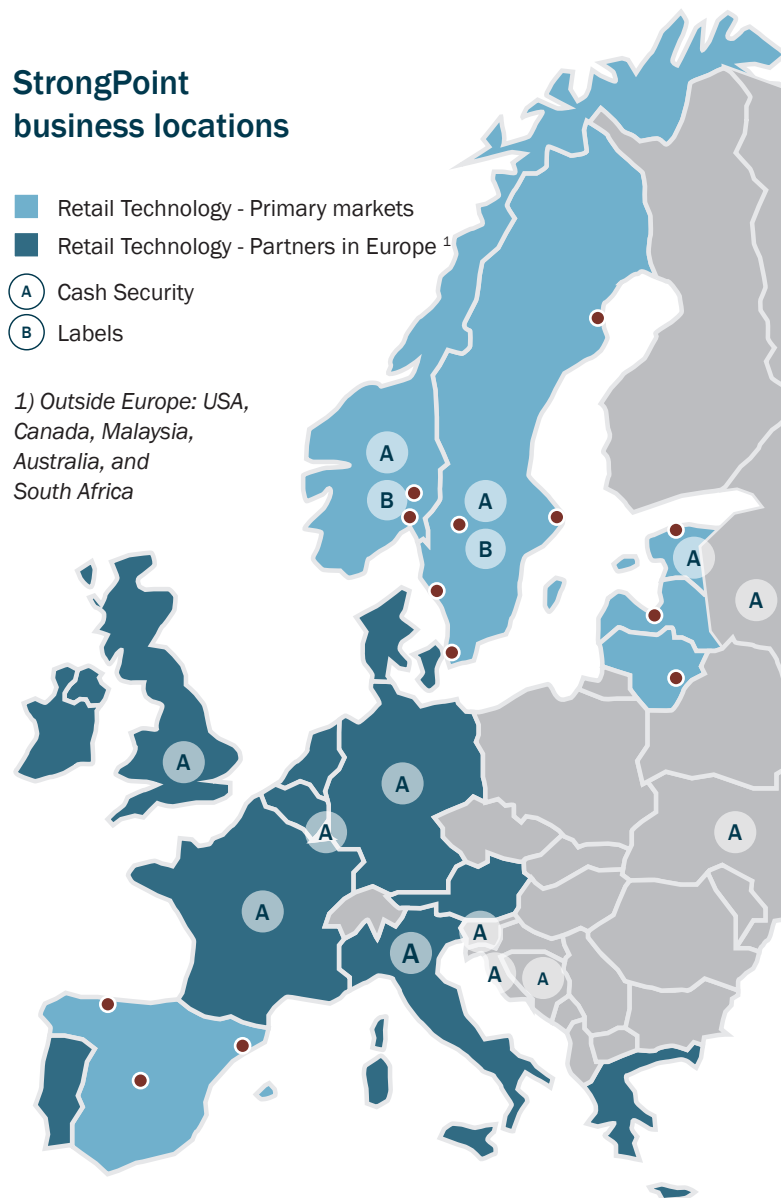
In order to continue sales and service to the German customers, StrongPoint signed a partner agreement with PartnerTech Europe to replace the Germany office which was formally closed in Q2. The agreement ensures that all existing and future customers in Germany will be ensured top service and support from one of Europe’s leading service & support companies. This agreement works in parallel with the existing partnership that StrongPoint has with Harting Systems for the sale of self-standing and integrated self-checkout solutions in Germany.

Safe and efficient checkout solutions have also received increased interest from customers as a result of the pandemic situation. PartnerTech Europe sold approximately 100 Self-Checkout solutions to a retail chain in Poland in the quarter.

## StrongPoint business locations

- Retail Technology - Primary markets
- Retail Technology - Partners in Europe <sup>1)</sup>
- A Cash Security
- B Labels

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



Despite experiencing a real setback in activity level, our Cash Security business signed an order of up to 357 Cash-in-Transit cases to Sberbank, the largest bank in Russia. The CIT-cases will be delivered during Q3 2020.

## Solid financial position

All due payables has been paid, and the risk in receivables was on the same level as before the COVID-19. A substantial amount of the receivables stems from large grocery customers in Norway, Sweden and the Baltics. The inventory has been reduced through sale of goods. All in all, the financial position in the group has been stable and solid during the period and first half of 2020.

## 2025 ambition

StrongPoint announced its updated strategy on February 12, 2020. Following the COVID-19 the relevance of the strategic direction appears strengthened, whilst the growth ambitions for 2025 are confirmed.

StrongPoint's strategic direction focuses on the resilient grocery retail sector. Being a key partner for grocery retail companies in a set of geographies – namely Norway, Sweden, the Baltics and Spain – is at the core of the strategic direction. Further to this, with StrongPoint's E-commerce logistics solutions portfolio being world-class, there is significant opportunity to roll-out this proprietary technology in other markets. The plans to roll out cash management solutions are maintained, although postponed due to lock-down in core markets. The relevance, both hygiene and safety arguments, are stronger than ever. Lastly, StrongPoint's other in-store solutions, such as checkout solutions, has the potential to gain additional relevance from the COVID-19 outbreak.

Year <b>2025</b>	BNOK <sup>1</sup> <b>2.5</b>	EBITDA % <b>13-15 %</b>
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 <p>Strong local expertise and presence in key markets<sup>2</sup></p>	 <p>Roll-out of proprietary technology in selected markets<sup>3</sup></p>	 <p>Market access platform for global technology providers in key markets<sup>4</sup></p>	 <p>Best-in-class sales, service and support</p>	 <p>Profitable growth, cost control and a solid balance sheet</p>
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1) Organic growth ambition  
2) Norway, Sweden, the Baltics and Spain  
3) Cash Management solutions in e.g., Italy and Greece, and E-commerce solutions globally  
4) The Nordics and the Baltics



# StrongPoint business areas

## Retail Technology

### In-store

#### In-store Productivity

- ShopFlow Logistics \*
- Electronic Shelf Labels
- Scales & Wrapping Systems
- Task & Labour Management
- Voice Communication System
- Sunrise Technology

#### Payment Solutions

- CashGuard Cash Management \*

#### Checkout Efficiency

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



### E-commerce logistics

- Pick & Collect \*
- Last-Mile Solutions \*
- Click & Collect lockers \*

## Cash Security



## Labels



\* Own Technologies

## Retail Technology

StrongPoint develops and sells technology solutions that streamline store operations, enable E-commerce logistics, and simplify the shopping experience. The Group delivers proprietary solutions within In-store Productivity, E-commerce, Payment Solutions and Check Out Efficiency, as well as tailor-made retail solutions from leading third-party suppliers, including Electronic Shelf Labels (ESL), POS, ERP, consulting services, scales and wrapping machines.

MNOK	Q2		YTD		Year
	2020	2019	2020	2019	2019
Product Sales	151.4	148.3	292.2	287.1	547.8
Service	75.3	73.5	154.8	147.2	295.7
Revenue	226.6	221.7	447.0	434.3	843.5
EBITDA	24,4	25,2	42,1	48,5	96,3
EBITDA-margin	10,8 %	11,4 %	9,4 %	11,2 %	11,4 %
EBT	14.9	16.8	28.0	31.9	66.1

Retail Technology delivered a positive revenue growth of 2 % in the quarter and 3 % in the first half 2020. The business area was partially negatively influenced by the COVID-19 measures, especially in Spain and non-food Baltic segments.

Product mix and currency influenced the gross profit negatively, while temporary layoffs and lower travel expenses reduced the cost in the period. This led to a decline in EBITDA in Q2 by 0.8 MNOK to 24.4 MNOK (25.2).

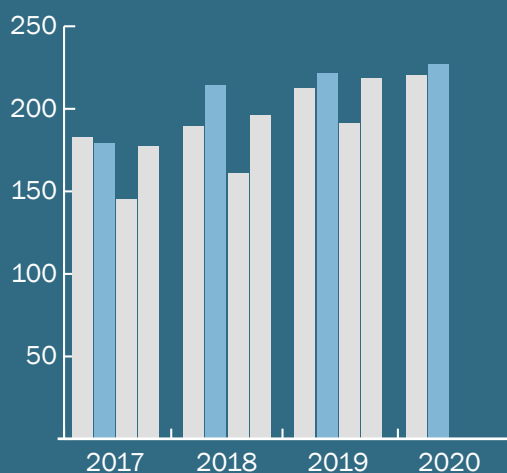
EBITDA for the first half of 2020 was reduced by 6.4 MNOK, whereof 3 MNOK was directly related to the

currency effect reported in Q1 for Norway.

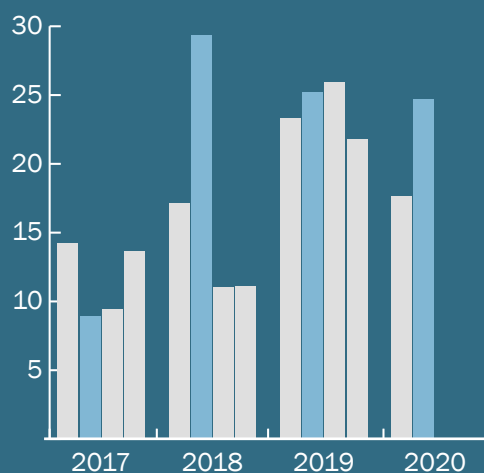
Technology development has continued as planned in the quarter. The development within E-commerce logistics focus mainly on the 3rd generation of picking solution, improved darkstore module and enhanced module for routeoptimization. A more sustainable solution of coolant in the Click & Collect lockers has been implemented. For other segments, improvements have been done on the Self-Checkout solution, our Retail Suite software and note collector for Cash Management.

### Retail Technology

Operating revenue per quarter (MNOK)



EBITDA per quarter (MNOK)



## Norway

MNOK	Q2		YTD		Year
	2020	2019	2020	2019	2019
Product Sales	48.8	54.5	96.3	99.7	176.2
Service	25.6	26.3	54.1	52.0	109.2
Revenue	74.5	80.8	150.5	151.8	285.4

The business in Norway has mainly been maintained in Q2. The negative development in revenue in the quarter was solely due to lower product sales where a large Vensafe project was delivered in Q2 2019. YTD figures show an almost flat development compared to last year. Main deliveries in the quarter and first half were ESL and Vensafe products and installation, in addition to the recurring service- and support deliveries. Norway now experiences higher interest of e-commerce logistic solutions.

## Sweden

MNOK	Q2		YTD		Year
	2020	2019	2020	2019	2019
Product Sales	42.3	41.0	75.4	76.2	145.8
Service	33.0	26.9	63.0	55.3	106.5
Revenue	75.4	68.0	138.4	131.5	252.3

The Swedish organization delivered an 11 % growth in the quarter compared to the same quarter last year. The product sales consists to a large degree of ESL and Click & Collect lockers. The service increased by 23 % in the period – partly explained by an increased roll-out of the E-commerce Pick & Collect to some of the major grocery retail chains in Sweden.

The 5 % growth YTD constitute of a 1 % decline in product sales whilst service revenue has increased by a solid 14 %. Again, the increased use of Pick & Collect software contributes positively to the growth in service revenue.

## Baltics

MNOK	Q2		YTD		Year
	2020	2019	2020	2019	2019
Product Sales	32.8	25.2	52.6	54.7	107.7
Service	13.9	14.3	28.9	27.2	54.8
Revenue	46.7	39.5	81.5	81.9	162.5

During the quarter, the social distancing measures were eased in Lithuania. Product and service deliveries to especially the non-grocery customers were low in the start of the quarter but has picked up towards the end. Despite this, the Baltic countries delivered an

18 % growth in the quarter compared to last year, mainly due to increased deliveries of Self-Checkout solutions to major grocery customers. The year to date figures were on par with last year. The product sale is 4 % lower than last year, where a large project in Latvia led to very high growth.

## EMEA/Partners

MNOK	Q2		YTD		Year
	2020	2019	2020	2019	2019
Product Sales	27.4	27.6	67.9	56.5	118.1
Service	2.7	5.8	8.7	12.7	25.2
Revenue	30.1	33.4	76.6	69.2	143.3

Among StrongPoint's key markets, Spain has been the most impacted by COVID-19. Especially the hospitality segment was shut down for most of the quarter. This had a high influence on StrongPoint's revenue in the country, which in the quarter represented only half of the revenue achieved in the same quarter last year. The revenue in the quarter consists of sale of both Cash Management and Click & Collect lockers. Of the approximately 300 Cash Management rental solutions implemented during 2019, 21 have been returned due to the COVID-19 situation.

Partner sales, however, was very strong. Bullion IT in South Africa delivered the rest of the 500 CashGuard order in the quarter. In addition, the delivery of approximately 50 Self-Checkout solutions to a large retail chain in Poland was a good start on the new partner agreement with PartnerTech.

The revenue grew by 11 % in the first half, mainly due to the deliveries to South Africa.

## Cash Security

Cash Security offers solutions for Cash In Transit (CIT). The business area focuses on innovative IBNS (Intelligent Banknote Neutralisation System) technology, which protects cash without the need for weapons or costly armored vehicles.

MNOK	Q2		YTD		Year
	2020	2019	2020	2019	2019
Product Sales	3.4	16.3	16.1	41.7	87.9
Service	11.2	9.2	19.6	18.9	35.6
Revenue	14.5	25.5	35.7	60.6	123.5
EBITDA	-0.5	1.5	-0.5	7.3	13.5
EBITDA-margin	-3,2 %	5,8 %	-1,3 %	12,0 %	10,9 %
EBT	-1.8	0.4	-3.8	5.0	7.8

The business area experienced another quarter with a decline in revenue above 40 % compared to same quarter last year. The revenue and profit are affected by the COVID-19-situation, with a very low volume of product sale. The service activity has increased in the period, especially in Sweden and Russia. For the first half, the business area had a decline of 41 % compared to last year. The new order of 357 cases to Sberbank, Russia, will improve the situation in Q3.

The EBITDA fell on the back of lower revenue and was reduced by 2 MNOK in the quarter. All employees in the business area was on temporary layoff to some extent during in the quarter, which reduced the payroll cost by 2 MNOK in the period.

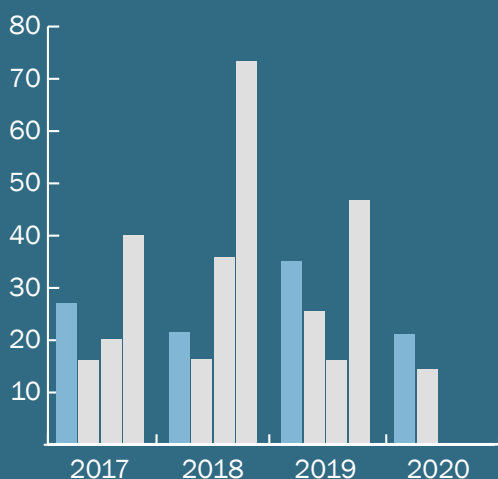
It is expected to be zero employees on temporary layoffs from August 2020.

COVID-19 measures in Cash Security's primary markets have among others led to closed stores, restaurants and bank facilities. This has led to temporary reduced demand for cash-in- transit services.

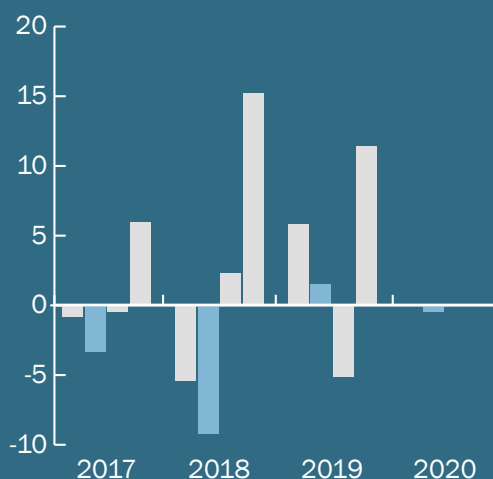
The business area has its own sales and service organization in Sweden, Russia, France, Belgium and Norway, as well as partners in several countries, including Italy, Bosnia, Croatia, Serbia, Cyprus and the UK.

### Cash Security

Operating revenue per quarter (MNOK)



EBITDA per quarter (MNOK)



## Labels

Labels has leading expertise in the design and production of adhesive labels. The business area is well adapted to today's market situation with efficient work processes, new technology and modern facilities.

MNOK	Q2		YTD		Year
	2020	2019	2020	2019	2019
Revenue	50.7	41.8	94.8	84.8	163.8
EBITDA	9.0	3.9	15.0	10.0	21.9
EBITDA-margin	17,7 %	9,3 %	15,8 %	11,8 %	13,4 %
EBT	4.6	-0.6	6.6	0.8	4.2

The COVID-19 pandemic increased the demand for adhesive labels, especially from food producers and producers of health and medical equipment. The high demand stems from the change in production from large to smaller units of food packaging.

Operating revenue in Q2 2020 increased by 21 % compared to last year. The increased demand started already in March 2020, and the figures for the first half show a total revenue growth of 12 % vs YTD 2019.

EBITDA grew by 5.1 MNOK from Q2 2019 to Q2 2020 as a result of the high volume, showing the meaningful scalability of the label business.

StrongPoint has accepted an initial offer for compensation from BaneNor of 55.6 MNOK to relocate from its label facility in Norway. The political

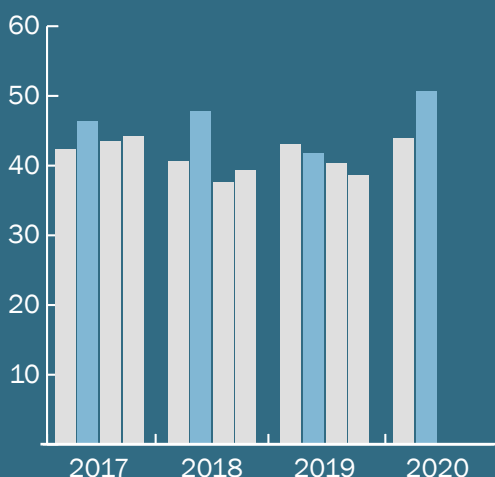
approval of the project is expected in October 2020.

The compensation fee and time of payment is subject to BaneNor's Board approval and the finalization of the agreement between the parties.

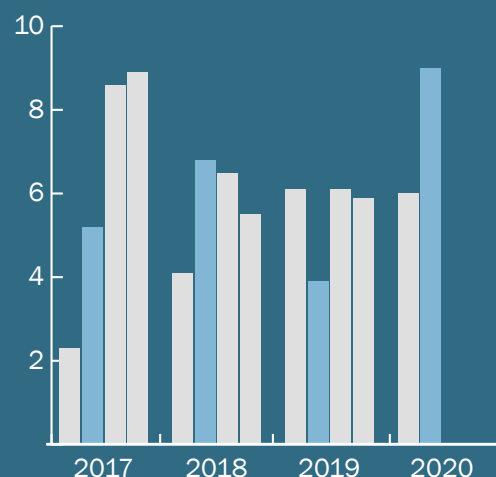
The business area is among the largest suppliers of adhesive labels in the Swedish and Norwegian markets. Labels uses FSC-certified material from EU/EEA/UK in its label production to ensure that the paper is produced in a sustainable manner, and that the production meets the regulations for health and safety in the EU.

### Labels

Operating revenue per quarter (MNOK)



EBITDA per quarter (MNOK)



## Cash flow and equity

Cash flow from operational activities in the second quarter was -11.0 MNOK (46.5). The negative cash flow from operations stems primarily from reduced payables of 58 MNOK in the quarter.

Disposable funds were 97.5 MNOK per June 30, 2020. The net interest-bearing debt increased by 14.6 MNOK compared with the end of the last quarter and totaled 142.1 MNOK.

The Group's holding of own shares amounted to 108.729, which represents 0.2 per cent of the outstanding shares.

The Group has shareholder programs for the board of directors, the Group executive management and the employees. Through these programs a total of 89,706 shares were bought in 2019 and 228.371 shares have been subscribed so far in 2020.

The Board decided 19 March 2020 to postpone the decision on dividend for 2019 due to the COVID-19-situation. The Board of Directors will consider to call for an extraordinary general meeting to pay dividend in line with the dividend policy later in 2020.

Accounting year	General meeting	Dividend per share
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

## Statement from the Board

The Board and group CEO have today considered and approved StrongPoint's financial statements for the second quarter and first half 2020, including comparative consolidated figures for the second quarter and first half 2019. 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 second quarter and first half 2020 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 at 30 June 2020 and 30 June 2019. 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

Rælingen 13 July 2020

**Morthen Johannessen**  
Chairman

**Klaus de Vibe**  
Director

**Camilla AC Tefers**  
Director

**Peter Wirén**  
Director

**Ingeborg Molden Hegstad**  
Director

**Jacob Tveraabak**  
CEO

# Consolidated income statement

KNOK	Q2 2020	Q2 2019	Chg. %	YTD 2020	YTD 2019	Chg. %	Year 2019
Operating revenue	287 691	287 027	0,2 %	567 485	575 267	-1,4 %	1 111 767
Profit from AC, Service companies	186	122		169	104		-71
Cost of goods sold	158 925	148 932	6,7 %	307 606	298 881	2,9 %	579 457
Payroll	78 825	87 390	-9,8 %	164 840	170 591	-3,4 %	324 092
Other operating expenses	24 570	28 723	-14,5 %	53 182	56 110	-5,2 %	109 927
<b>Total operating expenses</b>	<b>262 320</b>	<b>265 044</b>	<b>-1,0 %</b>	<b>525 628</b>	<b>525 582</b>	<b>0,0 %</b>	<b>1 013 477</b>
<b>EBITDA</b>	<b>25 556</b>	<b>22 105</b>	<b>15,6 %</b>	<b>42 026</b>	<b>49 789</b>	<b>-15,6 %</b>	<b>98 219</b>
Depreciation tangible assets	9 566	9 756	-1,9 %	19 075	19 276	-1,0 %	39 136
Depreciation intangible assets	2 542	4 036	-37,0 %	4 958	8 128	-39,0 %	13 700
<b>EBIT</b>	<b>13 448</b>	<b>8 313</b>	<b>61,8 %</b>	<b>17 993</b>	<b>22 385</b>	<b>-19,6 %</b>	<b>45 383</b>
Interest expenses	1 047	949	10,3 %	2 120	1 807	17,3 %	3 558
Other financial expenses/currency differences	2 470	-1 325	286,4 %	3 935	-4 883	180,6 %	-1 284
<b>EBT</b>	<b>9 931</b>	<b>8 689</b>	<b>14,3 %</b>	<b>11 938</b>	<b>25 461</b>	<b>-53,1 %</b>	<b>43 108</b>
Taxes	2 429	1 553	56,4 %	3 340	5 056	-33,9 %	11 238
<b>Profit/loss after tax</b>	<b>7 502</b>	<b>7 136</b>	<b>5,1 %</b>	<b>8 598</b>	<b>20 405</b>	<b>-57,9 %</b>	<b>31 870</b>
<b>Earnings per share</b>							
Number of shares outstanding	44 376 040	44 376 040		44 376 040	44 376 040		44 376 040
Av. Number of shares - own shares	44 306 354	44 242 976		44 290 672	44 258 594		44 231 636
Earnings per share	0,17	0,16		0,19	0,46		0,72
Diluted earnings per share	0,17	0,16		0,19	0,46		0,72
EBITDA per share	0,58	0,50		0,95	1,12		2,22
Diluted EBITDA per share	0,58	0,50		0,95	1,12		2,22
<b>Total earnings</b>							
Profit/loss after tax	7 502	7 136	5,1 %	8 598	20 405	-57,9 %	31 870
Exchange differences on foreign operations	-2 916	-3 907	25,4 %	32 335	-16 788	292,6 %	-8 123
<b>Total earnings</b>	<b>4 586</b>	<b>3 229</b>	<b>42,0 %</b>	<b>40 933</b>	<b>3 617</b>	<b>1031,6 %</b>	<b>23 748</b>

# Consolidated balance sheet

KNOK	30.06.2020	30.06.2019	31.03.2020	31.12.2019
<b>ASSETS</b>				
Intangible assets	46 511	50 745	49 094	46 747
Goodwill	151 415	134 283	151 981	137 929
<b>Tangible assets</b>				
Right-of-use assets	79 235	85 111	86 787	81 175
Long term investments	1 722	1 106	1 536	1 553
Deferred tax	227	8 596	4 491	5 859
<b>Non-current assets</b>	<b>311 604</b>	<b>312 364</b>	<b>329 625</b>	<b>305 530</b>
<b>Current assets</b>				
Goods	159 885	117 124	183 339	138 366
Accounts receivable	211 196	200 093	207 628	180 412
Prepaid expenses	22 861	20 270	31 061	12 781
Other receivables	12 012	6 849	6 726	13 954
Bank deposits	31 159	23 951	27 479	39 498
<b>Current assets</b>	<b>437 114</b>	<b>368 288</b>	<b>456 233</b>	<b>385 011</b>
<b>TOTAL ASSETS</b>	<b>748 717</b>	<b>680 652</b>	<b>785 858</b>	<b>690 542</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	27 513	27 513	27 513	27 513
Holding of own shares	-67	-132	-18	-107
Other equity	278 329	215 966	274 500	236 498
<b>Total equity</b>	<b>305 775</b>	<b>243 348</b>	<b>301 995</b>	<b>263 904</b>
<b>Liabilities</b>				
<b>Long term liabilities</b>				
Long term interest bearing liabilities	22 192	19 913	6 504	10 715
Lease liabilities	49 931	56 145	57 661	51 131
Other long term liabilities	-	9 177	4 303	3 904
<b>Total long term liabilities</b>	<b>72 123</b>	<b>85 235</b>	<b>68 468</b>	<b>65 751</b>
<b>Short term liabilities</b>				
Short term interest bearing liabilities	71 872	25 454	61 728	50 418
Short term lease liabilities	29 304	28 966	29 126	30 044
Accounts payable	57 023	88 358	114 750	70 799
Taxes payable	372	184	689	1 091
Other short term liabilities	212 249	209 107	209 104	208 535
<b>Total short term liabilities</b>	<b>370 819</b>	<b>352 069</b>	<b>415 395</b>	<b>360 887</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>748 717</b>	<b>680 652</b>	<b>785 858</b>	<b>690 542</b>



## Overview of changes in the equity

KNOK	Share capital	Treasury shares	Other paid-in equity	Translation variances	Other equity	Total equity
Equity 31.12.2018	27 513	-65	351 262	45 130	-158 703	265 137
Sale of own shares	-	-42	-	-	-583	-625
Dividend 2018	-	-	-	-	-24 355	-24 355
Profit this year after tax	-	-	-	-	31 870	31 870
Other comprehensive income and expenses	-	-	-	-8 123	-	-8 123
Equity 31.12.2019	27 513	-107	351 262	37 007	-151 770	263 904
Purchase/sale of own shares	-	39	-	-	899	938
Profit this year after tax	-	-	-	-	8 598	8 598
Other comprehensive income and expenses	-	-	-	32 335	-	32 335
Equity 30.06.2020	27 513	-67	351 262	69 342	-142 273	305 775

# Statement of cash flow

KNOK	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Year 2019
Ordinary profit before tax	9 931	8 689	11 938	25 461	43 108
Net interest	1 047	949	2 120	1 807	3 558
Tax paid	24	-857	-453	-2 216	799
Share of profit, associated companies	-186	-122	-169	-104	71
Ordinary depreciation	12 109	13 791	24 033	27 405	52 837
Profit / loss on sale of fixed assets	80	-	88	-	-298
Change in inventories	19 483	10 059	-8 904	6 521	-12 384
Change in receivables	-6 384	10 600	-18 488	-6 053	17 024
Change in accounts payable	-56 621	4 999	-19 819	9 848	-9 274
Change in other accrued items	9 555	-1 654	-6 245	-5 484	-14 806
Cash flow from operational activities	-10 962	46 455	-15 899	57 184	80 636
Payments for fixed assets	-1 403	-5 287	-4 702	-8 112	-14 544
Net payments for long term shares	-	-	-	-	-1 000
Payment from sale of fixed assets	29	-	91	-	344
Net effect acquisitions	-	-	-17 433	-	-
Dividends received from associated companies	-	-	-	-	225
Interest income	11	63	-102	105	43
Cash flow from investment activities	-1 363	-5 224	-22 146	-8 007	-14 932
Purchase/sale of own shares	-805	-1 091	938	-1 052	-625
Change in long-term debt	18 743	-9 659	11 130	-22 883	-48 984
Change in overdraft	-337	-245	16 750	-750	24 875
Interest expenses	-793	-1 012	-1 463	-1 912	-3 600
Dividend paid	-	-24 355	-	-24 355	-24 355
Cash flow from financing activities	16 807	-36 361	27 355	-50 951	-52 689
Net change in liquid assets	4 482	4 870	-10 691	-1 775	13 015
Cash and cash equivalents at the start of the period	27 479	19 139	39 498	26 985	26 985
Effect of foreign exchange rate fluctuations on foreign currency deposits	-802	-57	2 352	-1 259	-502
Cash and cash equivalents at the end of the period	31 159	23 951	31 159	23 951	39 498

# Key figures

KNOK	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	YTD 2020	YTD 2019
<b>Income statement</b>							
Operating revenue	287 877	279 777	299 019	237 306	287 149	567 654	575 371
EBITDA	25 556	16 470	30 609	17 820	22 105	42 026	49 789
EBITA	15 990	6 961	20 064	8 506	12 349	22 951	30 513
Operating profit EBIT	13 448	4 545	17 473	5 524	8 313	17 993	22 385
Ordinary profit before tax (EBT)	9 931	2 007	13 660	3 987	8 689	11 938	25 461
Profit/loss after tax	7 502	1 096	8 606	2 860	7 136	8 598	20 405
EBITDA-margin	8,9 %	5,9 %	10,2 %	7,5 %	7,7 %	7,4 %	8,7 %
EBT-margin	3,4 %	0,7 %	4,6 %	1,7 %	3,0 %	2,1 %	4,4 %
<b>Balance sheet</b>							
Non-current assets	311 604	329 625	305 530	303 655	312 364	311 604	312 364
Current assets	437 114	456 233	385 011	386 331	368 288	437 114	368 288
Total assets	748 717	785 858	690 542	689 986	680 652	748 717	680 652
Total equity	305 775	301 995	263 904	249 288	243 348	305 775	243 348
Total long term liabilities	72 123	68 468	65 751	67 380	85 235	72 123	85 235
Total short term liabilities	370 819	415 395	360 887	373 318	352 069	370 819	352 069
Working capital	314 058	276 217	247 979	228 733	228 860	314 058	228 860
Equity ratio	40,8 %	38,4 %	38,2 %	36,1 %	35,8 %	40,8 %	35,8 %
Liquidity ratio	117,9 %	115,9 %	113,5 %	112,3 %	111,5 %	117,9 %	111,5 %
Net interest bearing debt	142 139	127 539	102 810	112 162	106 527	142 139	106 527
Net leverage multiples	1,57	1,47	1,05	1,24	1,22	1,57	1,22
<b>Cash Flow</b>							
Cash flow from operational activities	-10 962	-4 937	23 345	107	46 455	-15 899	57 184
Net change in liquid assets	4 482	-15 173	-10 048	24 837	4 870	-10 691	-1 775
<b>Share information</b>							
Number of shares	44 376 040	44 376 040	44 376 040	44 376 040	44 376 040	44 376 040	44 376 040
Weighted average shares outstanding	44 306 354	44 274 990	44 196 649	44 164 144	44 242 976	44 290 672	44 258 594
EBT per shares	0,22	0,05	0,31	0,09	0,20	0,27	0,58
Earnings per share	0,17	0,02	0,19	0,06	0,16	0,19	0,46
Earnings per share, adjusted *	0,23	0,08	0,25	0,13	0,25	0,31	0,64
Equity per share	6,9	6,8	6,0	5,6	5,5	6,9	5,5
Dividend per share	-	-	-	-	0,55	-	0,55
<b>Employees</b>							
Number of employees (end of period)	512	519	531	519	534	512	534
Average number of employees	516	525	525	527	530	520	531
<b>IFRS 16 effects</b>							
Reduced OPEX	5 464	5 777	6 317	5 669	5 691	11 241	11 375
Increased Depreciation	5 199	5 487	5 969	5 419	5 410	10 686	10 768
Increased interest expenses	265	290	348	250	282	555	607
EBT	-	-	-	-	-	-	-
Cash flow from operational activities	5 464	5 777	6 317	5 669	5 691	11 241	11 375
Cash flow from financing activities	-5 464	-5 777	-6 317	-5 669	-5 691	-11 241	-11 375

\*) Earnings per share, adjusted for depreciation of intangible assets, mainly from M&A

## 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 2019.

## Note 2 Key accounting principles

The accounting principles for the report are described in note 2 in the annual financial statements for 2019. The Group financial statements for 2019 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 31.12.2019. The quarterly report and the interim financial statements have not been revised by auditor.

## Note 3 Segment information

### Business areas

MNOK	Q2 2020			Q2 2019			YTD 2020			YTD 2019			Year 2019		
	Re-venue	EBIT-DA	EBT	Re-venue	EBIT-DA	EBT	Re-venue	EBIT-DA	EBT	Re-venue	EBIT-DA	EBT	Revenue	EBIT-DA	EBT
Retail Tech	226.6	24.4	14.9	221.7	25.2	16.8	447.0	42.1	28.0	434.3	48.5	31.9	843.5	96.3	66.1
Cash Security	14.5	-0.5	-1.8	25.5	1.5	0.4	35.7	-0.5	-3.8	60.6	7.3	5.0	123.5	13.5	7.8
Labels	50.7	9.0	4.6	41.8	3.9	-0.6	94.8	15.0	6.6	84.8	10.0	0.8	163.8	21.9	4.2
Elim / ASA	-4.0	-7.4	-7.8	-1.8	-8.5	-7.9	-9.9	-14.5	-18.9	-4.4	-16.0	-12.3	-19.1	-33.4	-35.0
Total	287.9	25.6	9.9	287.1	22.1	8.7	567.7	42.0	11.9	575.4	49.8	25.5	1 111.7	98.2	43.1

### Operating revenue by geographical market

MNOK	Q2 2020			Q2 2019			YTD 2020			YTD 2019			Year 2019		
	NO	SWE	Other	NO	SWE	Other	NO	SWE	Other	NO	SWE	Other	NO	SWE	Other
Retail Tech	74.5	75.4	76.8	80.8	68.0	72.9	150.5	138.4	158.1	151.8	131.5	151.1	285.4	252.3	305.8
Cash Security	0.1	7.9	6.4	0.5	7.8	17.2	0.8	17.0	18.0	0.6	21.0	39.0	0.7	41.1	81.7
Labels	21.8	28.9	-	15.0	26.8	-	35.0	59.8	-	30.6	54.3	-	54.7	109.2	-
Elim / ASA	0.8	-4.9	-	-0.3	-1.5	-	-	-9.9	-	-0.7	-3.6	-0.1	-2.5	-16.7	-
Total	97.3	107.4	83.2	96.0	101.0	90.1	186.2	205.3	176.1	182.2	203.2	190.0	338.3	385.9	387.5

### Operating revenue by product and service

MNOK	Q2 2020		Q2 2019		YTD 2020		YTD 2019		Year 2019	
	New sales	Service *	New sales	Service *	New sales	Service *	New sales	Service *	New sales	Service *
Retail Tech	151.4	75.3	148.3	73.5	292.2	154.8	287.1	147.2	547.8	295.7
Cash Security	3.4	11.2	16.3	9.2	16.1	19.6	41.7	18.9	87.9	35.6
Labels	50.7	-	41.8	-	94.8	-	84.8	-	163.8	-
Elim / ASA	-4.0	-	-1.8	-	-9.9	-	-4.4	-	-19.1	-
Total	201.4	86.4	204.5	82.7	393.3	174.4	409.2	166.1	780.5	331.2

\*) Service and licenses

## Note 4 Related parties

No significant transactions between the Group and related parties had taken place as at 30 June 2020.

## Note 5 Financial information

Due to the extraordinary situation the world has had the past months, additional financial information is added to this report to inform of the financial solidity of the company.

The net interest-bearing debt has increased during the period mainly due to changes in working capital and payment of earn-out related to the acquisition of CUB AB in 2017.

The majority of the receivables are not due, and are related to customers within the grocery segment.

### Interest-bearing debt

KNOK	30.06.2020	31.12.2019
Bank overdraft CashPool	33 664	25 285
Financial leasing	19 536	20 365
Bank Loan	60 399	31 186
Short term debt	-	5 689
Liabilities leasing IFRS 16	59 699	59 784
Interest-bearing debt	173 299	142 309
Cash and bank deposits	31 159	39 498
Net interest-bearing debt	142 139	102 810
Total capital adjusted for goodwill	597 076	552 613
Debt ratio	24 %	19 %

### Distribution of long-term and short-term interest-bearing debts:

KNOK	30.06.2020	31.12.2019
Bank overdraft	33 664	25 285
Due within one year	67 512	55 177
Current interest-bearing liabilities	101 176	80 462
Due after one year	72 123	61 847
Total interest-bearing debts	173 299	142 309

### Disposal funds

KNOK	30.06.2020	31.12.2019
Cash and bank deposits	31 159	39 498
Unused overdraft facilities	66 336	34 715
Disposal funds	97 495	74 213

### Accounts receivables

Aging of accounts receivables (KNOK)	30.06.2020	31.12.2019
Not due	174 837	139 478
0-3 months	33 539	40 413
3-6 months	2 821	460
6-12 months	-	61
Older than 12 months	-	-
Total	211 196	180 412

**Note 6 Top 20 shareholders as at 30 June 2020**

No.	Name	No. of shares	%
1	HOLMEN SPESIALFOND	4 200 000	9,5
2	STRØMSTANGEN AS	3 933 092	8,9
3	MARLBOROUGH EUROPEAN MULTI-CAP FND	1 976 000	4,5
4	V. EIENDOM HOLDING AS	1 795 009	4,0
5	PROBITAS HOLDING AS	1 788 276	4,0
6	ZETTERBERG, GEORG (incl. fully owned companies)	1 583 000	3,6
7	AVANZA BANK AB	1 567 010	3,5
8	NORDNET BANK AB	1 481 498	3,3
9	SOLE ACTIVE AS	1 459 962	3,3
10	VERDADERO AS	1 141 111	2,6
11	WAALER, JØRGEN (incl. fully owned companies)	980 000	2,2
12	RING, JAN	884 372	2,0
13	MP PENSJON PK	777 402	1,8
14	NORDNET LIVSFORSIKRING AS	772 487	1,7
15	HAUSTA INVESTOR AS	655 215	1,5
16	EVENSEN, TOR COLKA	560 000	1,3
17	JOHANSEN, STEIN	500 000	1,1
18	SKANDINAVISKA ENSKILDA BANKEN AB	495 337	1,1
19	MORGAN STANLEY & CO. INTERNATIONAL	436 005	1,0
20	BANQUE DE LUXEMBOURG S.A.	413 683	0,9
Sum 20 largest shareholders		27 399 459	61,7
Sum 1 843 other shareholders		16 976 581	38,3
Sum all 1 863 shareholders		44 376 040	100,0

**Definitions**

Working capital	Inventories + accounts receivables – accounts payable
Equity per share	Book value equity / number of shares
Operating revenue	Sales revenue and profit from AC, Service companies
Operating revenue per employee	Operating revenue / average number of employees
Operating cost per employee	Operating cost / average number of employees
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
Weighted average basic shares	Issued shares adjusted for own shares on average for the year
Liquidity ratio	Current assets / short term debt
Earnings per share	Profit after tax / number of shares
Earnings per share adjusted	Profit after tax + amortization of intangible assets / number of shares
Net leverage multiple	Net Debt / 12 months rolling operating revenue
Net change in liquid assets	The total changes in cash flow from operational activities, investment activities and financing activities





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