



Q3 and YTD 2021

Financial report and status

CEO's perspective

The fundamentals and long-term prospects for grocery retail technology and StrongPoint's solutions continue to be positive. However, unprecedented recent global turbulence is impacting us and prolonging sales and delivery cycles. Together these recent trends are negatively impacting our short-term financial results. Whereas we are on a journey to shift more of our business to be recurring, we still are to a large extent a project-driven company. Hence, comparing the financial results this autumn with last year's record high project activity level does not alone give a correct assessment of our progress, achievements and long-term product-market fit. StrongPoint's "double opportunity" – capitalizing on the opportunities arising from the increased demand for e-groceries and in-store efficiency – is still very much alive. Despite a challenging quarter and autumn, I continue to remain confident in achieving our 2.5 BNOK 2025 ambitions.



Jacob Tveraabak
CEO of StrongPoint

In our third quarter this year, our revenues were down 9%. This is clearly not a development I am pleased with, however there are multiple explanations and our underlying trends are positive. Firstly, as global supply chains are tight, the situation affects us as well by having to postpone certain customer installations which has significantly impacted the delivery of our CashGuard orders in Norway. Secondly, we are still awaiting new markets to initiate large-scale rollouts of grocery lockers, which we were expecting to happen earlier. However, Proof of concept (POC) and pilots are, nevertheless, still ongoing at a larger pace than ever before proving that there is unprecedented interest in our solutions. Currently we are running E-commerce POCs and pilots at more than 10 large grocery retailers in Europe and North America, a significant uptick compared to pre-pandemic levels. Thirdly, last year's third quarter was extraordinarily positively affected by the large and quickly deployed Electronic Shelf Labels (ESL) roll-out in Norway in the autumn extending well in to the fourth quarter. Compared with Q3 in 2018 and 2019, where such a large-scale project did not take place, the underlying growth in Q3 2021 is healthy and positive.

Our EBITDA is down from 21 MNOK (9.9% EBITDA margin) in third quarter last year to 8 MNOK (4.1% EBITDA margin) this quarter. The decline is partly related to the revenue decline described above, while at the same time we continue to make significant investments in our e-commerce business through product development, marketing and additional staff.

Our Spanish operations, which are undergoing a major restructuring, are steadily stabilizing. In parallel, our engagement with top grocery companies in Spain is deeper than ever in the wake of the Glovo partnership announcement. In the quarter, we won and initiated the

roll-out of our E-commerce Order Picking solution to a top ten grocery retailer. Furthermore, our first-ever Self-Checkout (SCO) solution was also installed within the GM Food retail chain. We remain very positive on the long-term prospects of the Spanish market.

In September we announced our partnership with AutoStore. The partnership provides us with the rights to sell, install, service and support AutoStore facilities in the Nordics and Baltics. Being selected by such an esteemed technology provider as the world's first grocery distributor of its fulfilment solution is a testament to our world-class solutions, customer depth, expertise and team of which I am extremely proud. We are looking very much forward to be working with AutoStore to provide grocery customers with a full suite of e-commerce solutions offerings suited to their unique needs.

In the quarter we finalized the divestment of our former Labels business unit. The financial gains from the transaction led to a strong cash position, a record Earnings Per Share (EPS) and we are well positioned to grow inorganically where it creates clear customer and shareholder value.

Although an isolated choppy quarter and autumn I am excited and confident on our journey ahead. Our investments in product development, sales resources and marketing will continue and further materialize. The depth and relevance with our grocery customers and customer prospects in target markets is as strong as ever, and we are just starting to get known and be respected amongst some of the largest grocery retailers internationally. With all this, I continue to believe we have all the reasons to be optimistic about achieving our 2025 strategic ambitions.

Stay safe and strong!

Highlights 3rd quarter

Topline decline vs last year

- Revenue at 196.4 MNOK (215.2), down 8.8% due to tight global supply chains, lower than anticipated grocery locker roll-outs and last year's unusually large and quickly deployed ESL project.
- EBITDA at 8.0 MNOK (21.4). The reduction reflects increased investments in e-commerce-related R&D, sales resources, marketing activities and IT security as well as lower sales.
- Cash position increased to 186 MNOK after the divestment of the Labels business area in the quarter.

Continued customer success in priority areas

- Important win with one of top 10 grocery chain in Spain for StrongPoint's Order Picking solution.
- The first pilots for Self-Checkout solution installed within the GM Food retail chain in Spain.
- Order for 250 CashGuard systems to StrongPoint partner Bullion IT in South Africa, and a long term framework agreement for CashGuard signed with REMA 1000 in Norway.

Further progress on 2025 strategic ambitions

- StrongPoint chosen by AutoStore as distribution partner in the Nordics and the Baltics. A product development project has been initiated.
- Finalised divestment of Labels, net gain of 164 MNOK booked in the quarter.

Key figures (MNOK)

	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Year 2020
Revenue	196.4	215.2	697.2	652.2	941.7
EBITDA	8.0	21.4	33.6	48.8	68.7
EBITDA margin	4.1%	9.9%	4.8%	7.5%	7.3%
Operating profit (EBIT)	1.4	14.8	14.7	28.7	41.8
Ordinary profit before tax (EBT)	-0.5	16.4	15.0	25.5	36.9
Cash flow from operational activities	180.6	35.4	218.5	19.5	131.8
Disposable funds	286.2	54.0	286.2	54.0	175.0
Earnings per share from continued operations (NOK)	-0.01	0.26	0.29	0.40	0.60
Earnings per share from continued operations, adjusted	0.04	0.31	0.42	0.55	0.80
Earnings per share included discontinued operations (NOK)	3.74	0.34	4.10	0.54	2.21

StrongPoint Group

StrongPoint is a retail technology company that provides solutions to make shops smarter, shopping experiences better and online grocery shopping more efficient. The two non-core business areas Cash Security and Labels were divested in December 2020 and June 2021 respectively. Historic contribution from the divested units is presented as “discontinued operations”.

Revenue	Q3		YTD		Year
MNOK	2021	2020	2021	2020	2020
Retail Technology	196.4	218.1	703.4	665.0	957.2
Elim / ASA	-	-2.9	-6.2	-12.8	-15.4
Total	196.4	215.2	697.2	652.2	941.7
EBITDA	Q3		YTD		Year
MNOK	2021	2020	2021	2020	2020
Retail Technology	13.4	29.2	58.3	71.1	95.5
Elim / ASA	-5.4	-7.8	-24.8	-22.3	-26.9
Total	8.0	21.4	33.6	48.8	68.7
Number of employees	402	381	402	381	385

Financial performance influenced by large project last year

The revenue declined by 8.8% compared to same quarter last year. There are three reasons for this. Firstly, significant revenue from contracted CashGuard installations in Norway, which were expected this quarter, have been postponed due to the global supply chain issues. In the absence of this postponement, StrongPoint’s revenue would have been approximately at last year’s level. Secondly, the grocery locker roll outs to new markets has been slower than anticipated as we are seeing increased sales cycles and prolonged pilots. Thirdly, it must be noted that Q3 2020 revenue was unusually high due to a large and quickly deployed ESL hardware sale and installation project in Norway. The time between the order and installations was shorter than usual creating a spike in the figures and creating a distorted year-on-year comparison.

The EBITDA was impacted both by increased investments and lower revenue from operational activities. Compared to the same quarter last year, a total of 8.1 MNOK in increased investments were related to software development, sales resources, marketing activities and IT security investments, almost all related to e-commerce. The EBITDA margin ended at 4.1% in the quarter.

Continued customer success in priority areas

The increased marketing activities during the past 6 months, in addition to the announced Glovo contract, have led to increased customer attention especially for StrongPoint’s Order Picking solution. The Order Picking contract with one of the top 10 grocery chains in Spain proves that the software is highly competitive and will enable groceries chains to leverage their stores to capture and grow online sales. Despite a lower e-commerce delivery in Q3, the interest of both Order Picking and Click & Collect lockers remains high and more than 10 pilots with large grocery retail chains are ongoing.

The first pilots for StrongPoint’s Self-Checkout (SCO) solution were installed during the quarter at multiple stores within the GM Food retail chain in Spain. Some of the pilots included SCO with the ability to receive cash, as well as card, as payment method.

StrongPoint’s partner Bullion IT continues their success with the StrongPoint CashGuard solution with their sale to one of the largest banks in South Africa of 250 units to be delivered during first half of 2022. In addition, REMA 1000 in Norway signed a long-term framework agreement ensuring that StrongPoint will be the main supplier of Cash Management solutions going forward.

Further progress on 2025 strategic ambitions

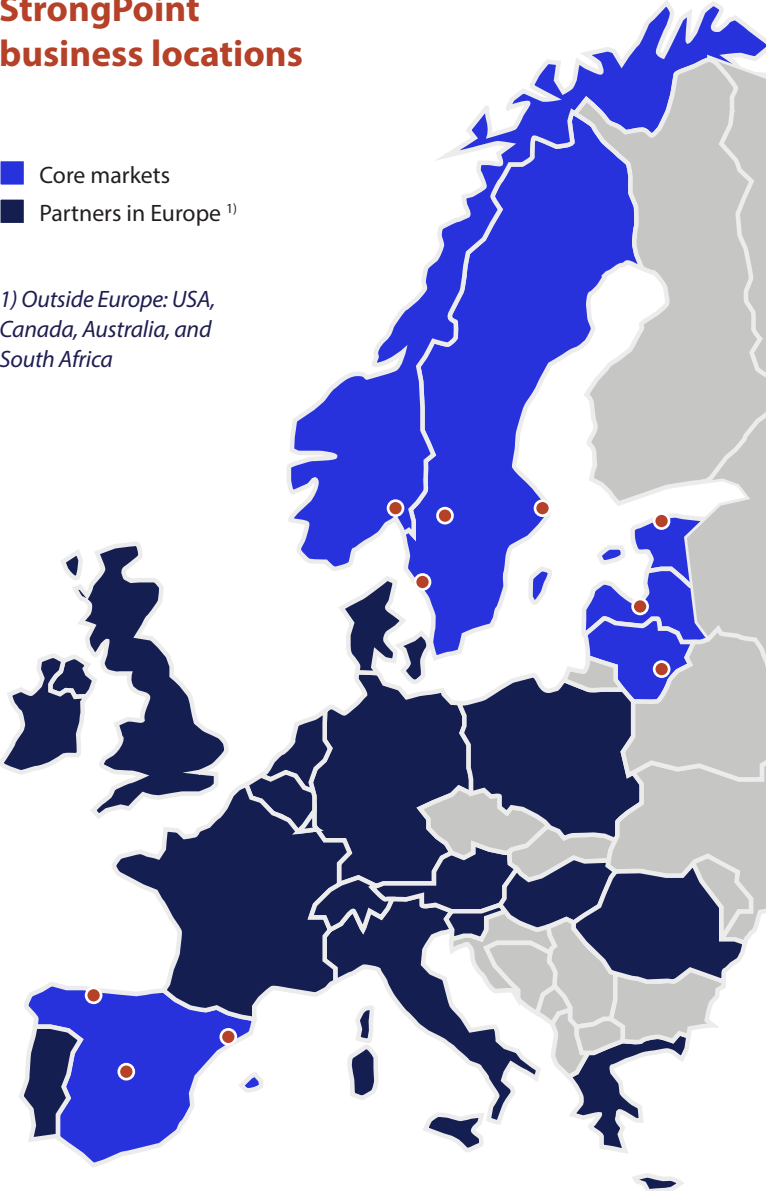
StrongPoint announced on September 1 a partnership agreement with AutoStore to become their Nordic and Baltic regional distributor of with particular focus on grocery retailers. The AutoStore solution will enable StrongPoint to provide a fully end-to-end grocery e-commerce offering to its customers. A product development project has been initiated to develop the optimal fulfilment strategies and create an integration between AutoStore, warehouse management systems, StrongPoint’s Order Picking software and various types of last mile solutions. Read more on pages 12-15.

The strategic ambitions for 2025 clearly identified retail technology as the core focus. On June 28, StrongPoint announced the divestment of the Labels business unit to the Swedish company Volati Tryck Holding AB, and the divestment was fully closed during Q3 2021. The transaction led to a positive gain of 164 MNOK booked in the quarter.

StrongPoint business locations

- Core markets
- Partners in Europe ¹⁾

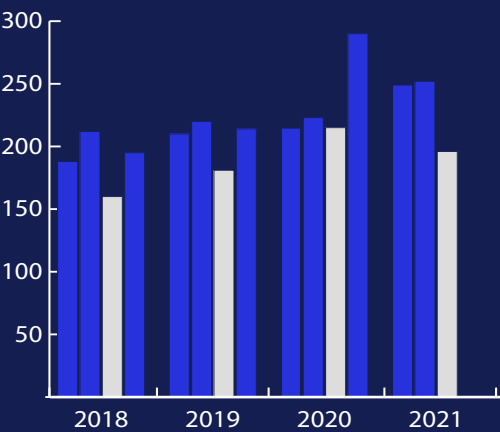
1) Outside Europe: USA, Canada, Australia, and South Africa



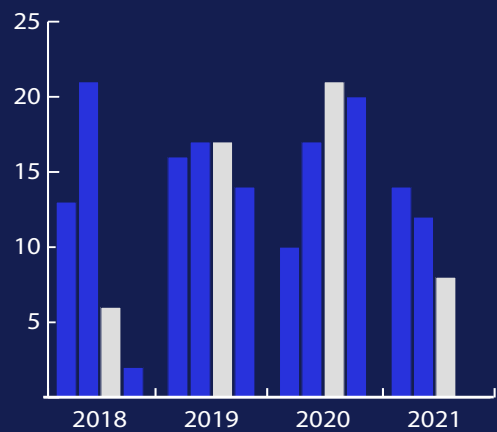
StrongPoint continues to invest heavily in technology, sales and marketing resources. Compared with Q3 last year, the organization has increased by 17 employees, shared between software development and sales & marketing, most of this related to e-commerce.

StrongPoint Group

Operating revenue per quarter (MNOK)



EBITDA per quarter (MNOK)



2025 Strategic ambition

In February 2020 StrongPoint set a strategic ambition to achieve NOK 2.5 billion in revenues and EBITDA margins of 13-15% by 2025.

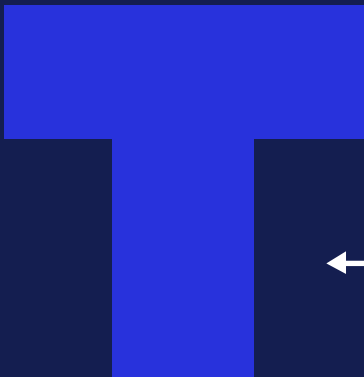
StrongPoint’s world class retail technology solutions for increasing in-store efficiency and e-commerce technology for online order picking and last mile solutions have a double opportunity to meet two key global trends affecting grocery retailers. Firstly, the pressure on brick and mortar retailers’ margins means that grocery retailers need to find ways to increase in-store productivity to boost profitability. Secondly, the pressure to develop an online presence, grow their market share and reduce costs means they need highly efficient order fulfilment solutions and provide multiple last-mile delivery and pick-up options. These two key industry trends have only been accelerated by the global Covid-19 pandemic.

To respond to the changes in the industry following the events of 2020, StrongPoint has updated its strategy to achieve its 2025 ambitions.

T-shaped strategy to create a BNOK 2.5 Retail Technology company

World-class solutions to selected markets

- E-Commerce Logistics Suite (Order Picking, Micro-Fulfillment centers and Last Mile Solutions)
- Self-Checkout
- Cash Management



Deep in core markets

- Norway
- Sweden
- Baltics
- Spain

StrongPoint’s financial ambitions

BNOK **2.5 in 2025**

EBITDA **13-15%**

StrongPoint Solutions

In-store

In-store Productivity

- Pricer Electronic Shelf Labels
- ShopFlow Logistics *
- Digi Scales and Wrapping Systems
- Reflexis Task and Labour Management

Payment Solutions

- CashGuard Cash Management *

Check Out Efficiency

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

Retail Management

- POS Systems
- Commerce Management System



Online

Grocery Picking

- Order Picking solution *
- AutoStore Micro-Fulfillment centers

Last mile

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



* Proprietary technologies



Results per core geographic market

Please note that StrongPoint reports its financial results broken down in two ways: results per core geographic market and per technology segment. The reason for this is that we have core geographical markets where we have established offices but also sell some selected solutions and services outside those countries, hence the need for the two separate reporting formats.

Norway

	Q3		YTD		Year
MNOK	2021	2020	2021	2020	2020
Product Sales	42.9	52.7	162.8	149.0	248.8
Service	26.6	27.4	81.7	81.3	113.2
Revenue	69.5	80.0	244.4	230.3	362.0

The revenue declined by 10.5 MNOK compared to the same quarter last year.

The installation of CashGuard units to NorgesGruppen announced in Q1 2021 was in the quarter negatively affected by the global shortage and supply of components, delaying revenue from Q3 to Q4. Further delays are expected if the global situation does not improve.

Installation on the new contracts for ESL have started but it is expected that the installation will be distributed over the contract period of 2-3 years. In addition the large order of ESL tags to one retail chain within NorgesGruppen led to very high product sales last year. This created a high Q3 2020 result and thus the comparison with 2021 Q3 figures would give a negative impression. The installations continued in Q4 2020 thus we expect the same issue with comparing Q4 2020 and 2021 figures.

During the period, it was announced that REMA 1000, one of the largest retail chains, chose StrongPoint as their long-term supplier of Cash Management solutions. Year to date, the growth was 6%, mainly driven by delivery and installation of ESL, Vensafe and CashGuard.

Sweden

	Q3		YTD		Year
MNOK	2021	2020	2021	2020	2020
Product Sales	34.9	42.1	148.3	117.5	165.5
Service	34.7	32.5	103.6	95.4	128.6
Revenue	69.6	74.5	252.0	212.9	294.1

The Swedish operation delivered lower revenue in Q3 2021 compared to last year. The main driver for the decline was the lower deliveries of Click & Collect lockers. The software revenue remains stable as the price structure on the current version of the software is not linked to number of online orders but number of stores.

Year to date the business has shown a solid growth of 18%, with deliveries and installations of ESL and Click & Collect lockers as the main drivers.

Baltics

	Q3		YTD		Year
MNOK	2021	2020	2021	2020	2020
Product Sales	22.3	24.5	90.5	77.1	108.8
Service	17.1	14.5	47.7	43.4	61.5
Revenue	39.4	39.0	138.1	120.5	170.3

The business in the Baltics delivered revenue at the same level as last year. The product mix showed a lower revenue from hardware (mainly Self-Checkout) to software and consulting deliveries. The Heineman software project continues to contribute to the growth in service revenue. Year to date, the business has shown solid growth of almost 15%.

Spain/Partners

	Q3		YTD		Year
MNOK	2021	2020	2021	2020	2020
Product Sales	16.1	23.1	61.9	90.9	114.8
Service	1.7	1.5	6.9	10.3	15.9
Revenue	17.8	24.6	68.8	101.2	130.8

Spain

The Spanish revenue declined by 18% from the same quarter last year. The society and the retailers in Spain experience increased activity post pandemic, and sales per week increased towards the end of the quarter.

The order for StrongPoint's Order Picking solution with one of the top 10 retail chains proves that the Spanish market move rapidly into more online shopping. The retail chain is establishing their e-commerce offering in approx. 25% of their stores during Q4 2021 and expects online orders to increase during the next years.

A total of 10 Self-Checkout (SCO) pilots were installed to the chains To Super and Elemen, both part of the retail chain GM Food. The pilots have both the opportunity to receive cash and credit card payment. The Spanish market for SCO is increasing as also the tier2 retail chains are moving towards more efficient check-out solutions.

Following the writedown of inventory in Q2, the local management has initiated several follow-up actions and no further write-downs have been necessary.

Partners

Bullion IT ordered 250 CashGuard units in September to be delivered during first half of 2022. In addition, partners have ordered CashGuard units that are postponed from Q3 to Q4 due to the ongoing global reduced availability of some production components. The situation is expected to last into 2022, delaying delivery of some units from this year to next year.

Results per technology segment

In-store Productivity

MNOK	Q3		YTD		Year
	2021	2020	2021	2020	2020
Product Sales	55.7	63.7	197.5	173.0	291.1
Service	19.9	19.6	58.5	54.5	78.7
Revenue	75.7	83.3	255.9	227.5	369.8

The segment declined by 9% in the period. Installation from the new ESL contracts in Norway have started but will be distributed over the contract period of 2-3 years. The revenue did therefore not fully meet the high product revenue level created by last years' large ESL project in Norway. Service and installation were maintained on the same level as last year.

Payment Solutions

MNOK	Q3		YTD		Year
	2021	2020	2021	2020	2020
Product Sales	17.5	16.5	64.0	79.7	100.0
Service	30.3	30.4	89.4	88.4	115.0
Revenue	47.8	46.8	153.4	168.1	215.0

Revenue from Payment Solutions were slightly increased compared to last year, where product- and installation in Norway mitigated the decline in revenue in Spain and to Partners. The revenue in this segment was negatively influenced by the global shortage of components issues as some contracted CashGuard installations were delayed to Q4 and further to 2022.

E-commerce logistics

MNOK	Q3		YTD		Year
	2021	2020	2021	2020	2020
Product Sales	6.3	18.4	49.0	50.5	69.7
Service	9.7	10.2	31.4	24.5	35.2
Revenue	15.9	28.6	80.4	75.0	104.9

E-commerce logistics dropped to a relative share of 8% in the period, and revenue declined by almost 45%. The revenue from e-commerce was boosted by high installation rate of lockers in Sweden during the pandemic last year. Year to date e-commerce still grew by 7%. The software revenue continues on a steady level

also in Q3, mostly from the Swedish retail chains. Two important wins were communicated during the quarter for the e-commerce segment: Order Picking software contract in Spain and StrongPoint becoming a distributor of AutoStore.

Check Out Efficiency

MNOK	Q3		YTD		Year
	2021	2020	2021	2020	2020
Product Sales	17.1	27.5	94.1	75.5	99.4
Service	6.7	5.4	22.3	28.2	39.6
Revenue	23.8	32.9	116.3	103.7	139.0

Check Out Efficiency decreased by 28% compared to the same quarter last year. Lower product sale was caused by the last years' roll-out of Self-Checkout solutions to IKI in the Baltics. The service revenue increased and reflects a higher base of installed products.

Other retail technology

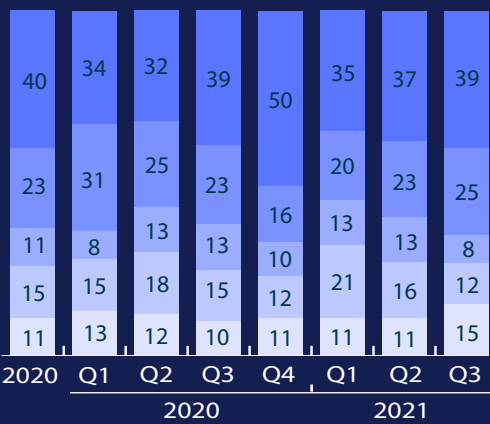
MNOK	Q3		YTD		Year
	2021	2020	2021	2020	2020
Product Sales	19.7	13.3	52.8	43.1	62.2
Service	13.4	10.3	38.3	34.9	50.9
Revenue	33.2	23.6	91.1	78.0	113.2

Other retail technology, mainly software projects in the Baltics and adhesive labels to Swedish retailers (after the divestment of Labels business area), increased in the period. The development and support of the POS system for Heineman progress as planned and contributes positively to the growth in service.



StrongPoint Group

Relative share of revenue per segment (%)



Segments

- In-store Productivity
- Payment Solutions
- E-commerce logistics
- Check Out Efficiency
- Other retail technology

All relative share figures are updated after the divestment of Labels

StrongPoint becomes distributor of AutoStore. Interview with Jacob Tveraabak



Jacob Tveraabak
CEO of StrongPoint

In September 2021 StrongPoint became the Nordic and Baltic regional distributor of AutoStore, bringing their Micro-Fulfillment solutions to more grocery retailers. The partnership is focused on the grocery retail sector where automation through micro-fulfillment, often known as MFCs, is today a part of grocery retailers' long-term e-commerce strategy.

Why has StrongPoint signed this partnership?

Our 2025 strategy is to focus on grocery e-commerce order fulfilment and robotics is part of that solution mix. This partnership means that we can provide a fully end-to-end grocery e-commerce solution. A product development project has been initiated to develop the optimal fulfilment strategies and create an integration between AutoStore, warehouse management systems, StrongPoint's Order Picking software and various types of last mile solutions.

Why AutoStore?

We only want to provide the very best solutions to our customers and that's why we wanted to partner with AutoStore. AutoStore's track record as a warehouse solution and its massive and continuous investments in their solution, and for grocery specifically, makes us confident that we are partnering with the world's future leader in this space.

Why automated fulfillment?

Just like e-commerce in groceries, it's not a question of why but when and how. Automation is already an integral part of the e-commerce strategy of some of the biggest grocery retailers in the world, with multi-billion-dollar investments already seen in the USA.

What is 'micro-fulfillment centre'?

There are multiple ways to do automation in e-grocery retail. Demand for e-groceries has rocketed everywhere and we believe the global trends are pointing to smaller, more versatile automated solutions as opposed to larger,

more expensive solutions. An MFC is an automated solution but can be fitted into an existing space rather than needing to build a separate dedicated space.

Has the pandemic shifted your automation strategy?

More than changed, it has accelerated our automation strategy. The demand for e-groceries is truly everywhere and automation, in addition to augmented manual picking, is definitely part of the solution. Online market share is now bigger than ever, but grocery retailers need to act fast. There are a lot more e-grocery customers, but grocery retailers need to remember one key lesson – grocery e-commerce are sticky. Once they have found an e-grocer that they like, they stick with them.

How can automation help in this new market?

Automation can help in many ways but the most important is being able to process more orders, faster at scale. This is why we believe MFCs are the better solution as they allow grocery retailers to leverage their store network combined with our solutions for world-leading efficiency gains. Relatively large CAPEX projects like this takes time to plan and implement but we are positive about the long term impact.

AutoStore is delighted to partner with StrongPoint, who so clearly sees the potential in micro-fulfillment. Together, we are well positioned to deliver on the ongoing transformative phase for the Nordic and Baltic markets.

Karl Johan Lier, CEO of AutoStore

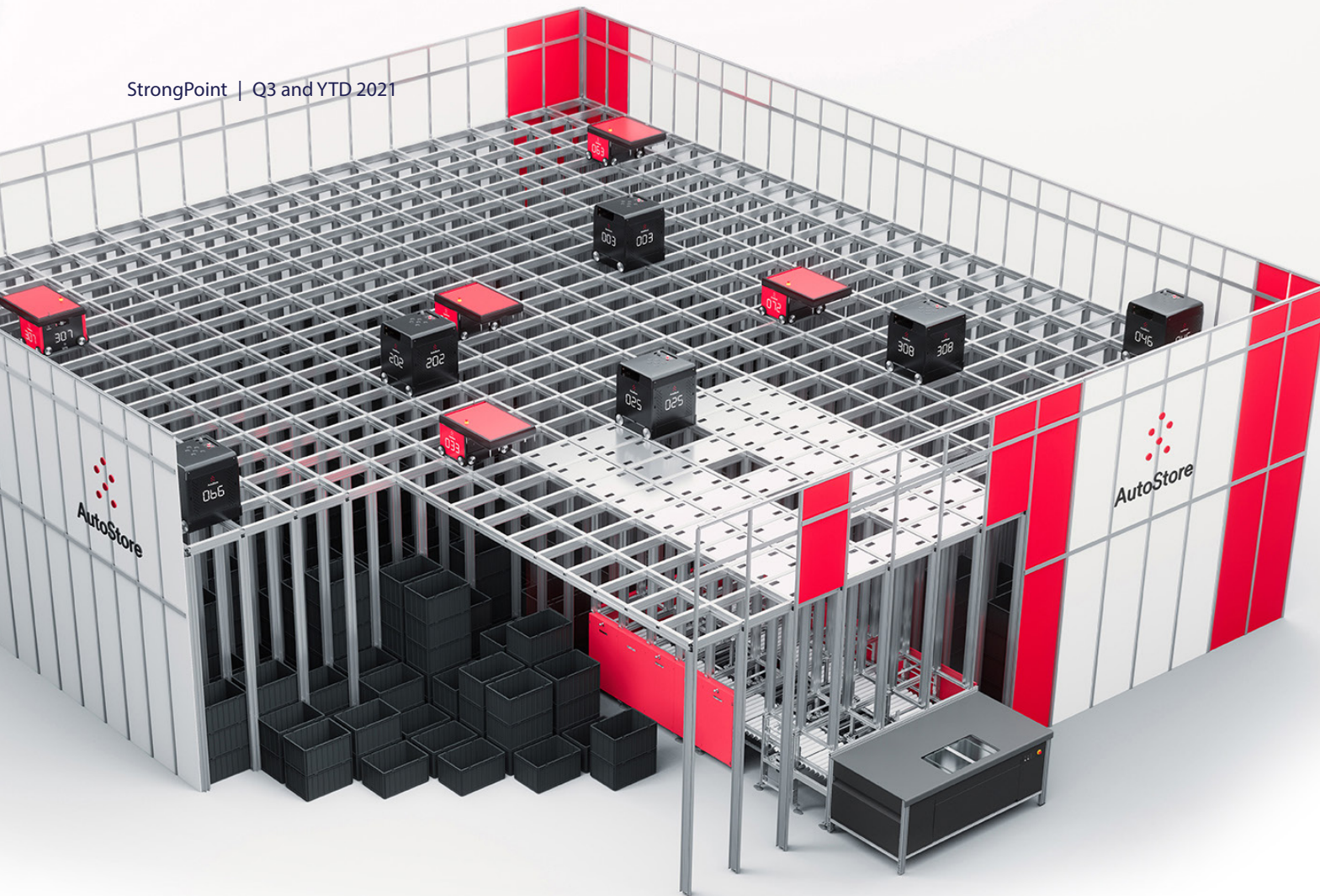


About AutoStore

AutoStore, founded in 1996, is a robot technology company that invented, and continues to pioneer, Cube Storage Automation – the densest storage and order fulfilment solution in existence. The company's focus is to blend software and hardware with human abilities to create the future of warehousing.

AutoStore currently has a global blue-chip customer base with more than 600 installations and 20,000 robots across 35 countries. Its automated storage and retrieval systems, coupled with its proprietary software, provide customers with high throughput, enhanced configurability and high levels of flexibility to serve the increasing demands of today's supply chains.

AutoStore's innovative cubic design allows customers to either store four times the inventory in the same space, or all of their existing inventory in 25% of the space. AutoStore's solutions thus "redefine space."



Interview with newly appointed StrongPoint Senior Advisor Marie-Axelle Loustalot-Forest

To support the partnership and implementation of the partnership with AutoStore, StrongPoint is being assisted by Marie-Axelle Loustalot-Forest, a leading e-commerce retail expert with over 20 years' experience in the industry including as the global Chief Commercial Officer at Ocado Solutions.



Marie-Axelle Loustalot-Forest

Why did you decide to work with StrongPoint?

I strongly believe in the power of technology in transforming the e-grocery sector and was extremely impressed with the vision, professionalism, and dedication of the team. What impressed me the most was the efficiency rates of StrongPoint's Order Picking solution, that are truly world leading. I am keen to see how we will take all those years of perfecting the best manual picking solution to powering new, more automated online grocery fulfilment solutions.

Why should grocery retailers invest in automation?

Online grocery is very hard to execute well and is labour-intensive. During the first weeks of the Covid-19 pandemic, demand far exceeded supply, as most grocery retailers were not able to get workers to come and prepare orders. Labour shortages are likely to stay and labour costs will possibly increase in most developed markets. Automation for e-groceries, which was something many were considering, has now become a serious consideration if not a necessity for grocery retailers in developed markets.

Should all grocery retailers invest in automation now?

They should without any doubt look at automation, especially considering the current labour shortages. If you are struggling to find staff, automating the storage and retrieval in online fulfilment centres is likely to have a very short payback period. While looking at automation, grocery retailers should also look at improving their manual picking solutions as I believe a hybrid of automation and manual is the way forward for most.

Higher degrees of automation will work in areas where online grocery volumes are high, because of high population and or high penetration of online grocery. Whereas manual picking in-store or with dark stores provides higher degree of flexibility in peripheral or less populated areas.

How should grocery retailers plan for automation?

For a long time, manual picking in-store or in dark stores had been the low investment, fast-to-deploy fulfilment method for e-groceries. When order volumes increase, faster, more accurate and more cost-efficient fulfilment is required.

The very first thing that grocery retailers need to do is to estimate order volumes over the next 5 years, which

could be a difficult exercise given the current uncertainty around the impact of the Covid pandemic on physical stores and around future consumer behaviour.

There are many degrees of automation for online grocery fulfilment. Automation can be installed in existing buildings, leveraging, and possibly repurposing existing real estate, or in purpose-built, green field facilities. The unique cube-storage systems of AutoStore really add value to grocery retailers, as it allows them to reuse existing retail space.

Has the pandemic changed anything?

It has changed everything. Online grocery demand increased massively during the Covid lockdowns, and it is expected that, in most markets, 80 to 90% of that demand is likely to stay. Legacy grocery retailers must build lasting fulfilment capacity.

Why should grocery retailers work with StrongPoint and AutoStore?

StrongPoint has more than 20 years of experience in perfecting the best order picking solution on the market. We are applying this knowledge and experience to offer the best MFC solution, using the best-in-class automated storage and retrieval solution on the market, AutoStore.

StrongPoint's grocery e-commerce solutions

Everything a grocery retailer needs to process and deliver online orders



Cash flow and equity

Cash flow in the third quarter was 180.6 MNOK (35.4). After the sale of both Cash Security (2020) and Labels (2021) Business Area, the Group had a net positive cash position of 186.2 MNOK per September 30, 2021. Disposable funds were 286.2 MNOK (54.0). The net interest-bearing debt decreased by 185.5 MNOK compared to the end of the last quarter and ended with a positive cash of 136.1 MNOK.

The Group's holding of own shares amounted to 199.279, which represents 0.4 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 274,022 shares were bought in 2020 and 117,112 shares have been subscribed so far in 2021.

StrongPoint has a long-term incentive program for management and key employees. More information of the program can be found in in note 8.

Accounting year	General meeting	Dividend per share
2020	28.04.2021	0.70
2019	22.10.2020	0.60
2018	26.04.2019	0.55
2017	24.04.2018	0.50
2016	20.04.2017	0.50
2016	05.01.2017	Extraordinary 1.00
2015	28.04.2016	0.45
2014	30.04.2015	0.35
2013	25.04.2014	0.30
2012	26.04.2013	0.25
2011	08.05.2012	0.25

Statement from the Board

The Board and group CEO have today considered and approved StrongPoint's financial statements for the third quarter and year to date 2021, including comparative consolidated figures for the third quarter and year to date 2020. 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 third quarter and year to date 2021 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 September 2021 and 30 September 2020. 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 20 October 2021

Morthen Johannessen
Chairman

Klaus de Vibe
Director

Camilla AC Tepfers
Director

Peter Wirén
Director

Ingeborg Molden Hegstad
Director

Jacob Tveraabak
CEO

Consolidated income statement

KNOK	Q3 2021	Q3 2020	Chg. %	YTD 2021	YTD 2020	Chg. %	Year 2020
Operating revenue	196 363	215 225	-8.8%	697 157	652 211	6.9%	941 706
Cost of goods sold	107 060	122 192	-12.4%	401 427	372 725	7.7%	552 603
Payroll	55 699	52 904	5.3%	186 455	171 227	8.9%	240 735
Share based compensation	1 697	-		4 779	-		476
Other operating expenses	23 954	18 729	27.9%	70 934	59 483	19.3%	79 241
Total operating expenses	188 410	193 825	-2.8%	663 595	603 435	10.0%	873 056
EBITDA	7 953	21 400	-62.8%	33 563	48 776	-31.2%	68 650
Depreciation tangible assets	4 638	4 442	4.4%	13 155	13 290	-1.0%	17 920
Depreciation intangible assets	1 907	2 113	-9.8%	5 685	6 738	-15.6%	8 897
Write down tangible assets	-	-	-	-	-	-	-
Write down goodwill	-	-	-	-	-	-	-
EBIT	1 409	14 845	-90.5%	14 723	28 749	-48.8%	41 834
Interest expenses	342	751	-54.4%	1 259	2 276	-44.7%	3 005
Other financial expenses/currency differences	1 491	-2 324	164.1%	-1 450	1 096	-232.4%	2 068
Profit from AC, Service companies	-27	-58	52.4%	96	111	-13.8%	147
EBT	-452	16 360	-102.8%	15 010	25 488	-41.1%	36 908
Taxes	-107	4 964	-102.1%	2 166	7 697	-71.9%	10 471
Profit from continued operations	-345	11 396	-103.0%	12 844	17 791	-27.8%	26 438
Profit after tax from discontinued operations	165 455	3 825		168 760	6 028		71 220
Profit/loss after tax	165 110	15 221	984.7%	181 604	23 819	662.4%	97 658
Earnings per share							
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	44 172 852	44 274 990		44 249 732	44 286 142		44 286 883
Av. number of shares diluted- own shares	46 247 852	44 274 990		46 324 732	44 286 142		45 436 883
EPS from continued operations	-0.01	0.26		0.29	0.40		0.60
EPS included discontinued operations	3.74	0.34		4.10	0.54		2.21
Diluted EPS from continued operations	-0.01	0.26		0.28	0.40		0.58
Diluted EPS incl. discontinued operations	3.57	0.34		3.92	0.54		2.15
EBITDA per share from continued operations	0.18	0.48		0.76	1.10		1.55
EBITDA per share incl. discontinued operations	0.24	0.78		1.11	1.73		3.65
Diluted EBITDA per share from continued operations	0.17	0.48		0.72	1.10		1.51
Diluted EBITDA per share incl. discontinued operations	0.24	0.78		1.06	1.73		3.56
Total earnings							
Profit/loss after tax	165 110	15 221	984.7%	181 604	23 819	662.4%	97 658
Exchange differences on foreign operations	514	4 305	-88.1%	-12 745	36 641	-134.8%	29 245
Total earnings	165 625	19 527	748.2%	168 860	60 460	179.3%	126 903

Consolidated balance sheet

KNOK	30.09.2021	30.09.2020	30.06.2021	31.12.2020
ASSETS				
Intangible assets	33 434	44 916	35 664	42 010
Goodwill	127 707	152 926	128 444	151 566
Tangible assets	20 860	33 826	24 688	24 030
Right-of-use assets	32 952	73 966	28 196	67 744
Long term investments	4 767	1 664	4 794	1 700
Other long term receivables	15 705	-	15 307	23 435
Deferred tax	4 602	-	6 222	11 560
Non-current assets	240 026	307 299	243 316	322 045
Inventories	201 002	188 304	160 583	144 973
Accounts receivables	151 531	235 853	184 907	217 212
Prepaid expenses	21 156	16 662	22 948	12 129
Other receivables	23 725	15 688	18 187	14 765
Bank deposits	186 156	27 787	23 589	75 007
Current assets	583 570	484 295	410 213	464 087
Assets discontinued operations	-	-	96 044	-
TOTAL ASSETS	823 596	791 594	749 573	786 132
EQUITY AND LIABILITIES				
Share capital	27 513	27 513	27 513	27 513
Holding of own shares	-124	-59	-52	-52
Other equity	476 383	298 066	308 731	338 597
Total equity	503 772	325 520	336 192	366 059
Long term interest bearing liabilities	13 624	17 397	11 445	374
Long term lease liabilities	21 305	45 058	16 555	39 565
Other long term liabilities	-	-	-	-
Deferred tax liabilities	7 874	3 682	10 312	7 547
Total long term liabilities	42 804	66 136	38 313	47 486
Short term interest bearing liabilities	3 435	49 994	31 980	41 974
Short term lease liabilities	11 647	28 908	12 954	27 238
Accounts payable	91 342	114 901	101 347	83 141
Taxes payable	14 557	307	14 854	16 552
Dividend	-	-	-	-
Other short term liabilities	156 039	205 828	173 797	203 682
Total short term liabilities	277 020	399 938	334 932	372 587
Liabilities discontinued operations	-	-	40 136	-
TOTAL EQUITY AND LIABILITIES	823 596	791 594	749 573	786 132

Overview of changes in the equity

KNOK	Share capital	Treasury shares	Other paid-in equity	Translation variances	Share Option Program	Other equity	Total equity
Equity 31.12.2019	27 513	-107	351 262	37 007		-151 770	263 905
Purchase/sale of own shares		55				1 325	1 380
Dividend 2019						-26 568	-26 568
Share Option Program					440		440
Profit this year after tax						97 658	97 658
Other comprehensive income and expenses				29 245			29 245
Equity 31.12.2020	27 513	-52	351 262	66 252	440	-79 355	366 059
Purchase/sale of own shares						-3 860	-3 860
Dividend 2020						-31 050	-31 050
Share Option Program					3 764		3 764
Profit this year after tax						181 604	181 604
Other comprehensive income and expenses				-12 745			-12 745
Reclassification discontinued operations				-11 028		11 028	-
Equity 30.09.2021	27 513	-52	351 262	42 479	4 204	78 367	503 772

Statement of cash flow

KNOK	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Year 2020
Ordinary profit before tax continued operations	-452	16 360	15 010	25 488	77 559
Ordinary profit before tax discontinued operations	165 945	4 878	170 097	7 689	39 786
Net interest	363	936	1 598	3 056	4 021
Tax paid	-282	-2 263	-1 990	-2 715	-4 000
Share of profit, associated companies	27	58	-96	-111	-147
Ordinary depreciation	7 026	11 801	26 151	35 835	67 843
Impairments	-	-	-	-	2 841
Profit / loss on sale of fixed assets	-2	-63	-795	25	313
Change in inventories	-28 600	-27 665	-60 955	-36 569	3 165
Change in receivables	59 062	-23 008	61 249	-41 495	-26 279
Change in accounts payable	-15 535	57 135	10 653	37 316	6 989
Change in other accrued items	-6 947	-2 778	-2 415	-9 023	-40 294
Cash flow from operational activities	180 605	35 393	218 508	19 494	131 799
Payments for fixed assets	-1 655	-3 769	-9 324	-8 471	-6 526
Investments in other companies	1 000	-	-3 071	-	-
Payment from sale of fixed assets	-5	2	757	93	92
Net effect acquisitions	-	-	-	-17 433	-17 433
Net effect divestment	196 913	-	196 913	-	17 397
Dividends received from associated companies	-	-	100	-	-
Interest income	96	31	145	-71	96
Cash flow from investment activities	196 349	-3 736	185 519	-25 882	-6 374
Purchase/sale of own shares	311	218	-3 860	1 156	1 380
Change in long-term debt	-16 636	-12 107	-53 650	-977	-43 121
Change in overdraft	-197 590	-21 378	-202 112	-4 629	-16 983
Interest expenses	-459	-701	-1 743	-2 164	-4 117
Dividend paid	-	-	-31 050	-	-26 568
Cash flow from financing activities	-214 374	-33 968	-292 415	-6 613	-89 409
Net change in liquid assets	162 580	-2 311	111 612	-13 002	36 016
Cash and cash equivalents at the start of the period	23 588	31 159	75 007	39 498	39 498
Effect of foreign exchange rate fluctuations on foreign currency deposits	-12	-1 061	-463	1 291	-507
Cash and cash equivalents at the end of the period	186 156	27 787	186 156	27 787	75 007
Cash and cash equivalents at the end of the period discontinued operations	-	4 730	-	4 730	29 251
Cash and cash equivalents at the end of the period continued operations	186 156	23 057	186 156	23 057	45 756

Key figures

KNOK	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	YTD 2021	YTD 2020
Income statement							
Operating revenue continued operations	196 363	251 539	249 255	289 495	215 225	697 157	652 211
EBITDA continued operations	7 953	12 003	13 606	19 875	21 400	33 563	48 776
EBITA continued operations	3 316	7 728	9 364	15 244	16 959	20 408	35 486
Operating profit EBIT continued operations	1 409	5 856	7 458	13 085	14 845	14 723	28 749
Ordinary profit before tax (EBT) continued operations	-452	6 887	8 575	11 420	16 360	15 010	25 488
Profit/loss after tax continued operations	-345	4 895	8 294	8 647	11 396	12 844	17 791
EBITDA-margin	4.1%	4.8%	5.5%	6.9%	9.9%	4.8%	7.5%
EBT-margin	-0.2%	2.7%	3.4%	3.9%	7.6%	2.2%	3.9%
Balance sheet							
Non-current assets	240 026	243 316	298 205	322 045	307 299	240 026	307 299
Current assets	583 570	506 258	415 622	464 087	484 295	583 570	484 295
Total assets	823 596	749 573	713 827	786 132	791 594	823 596	791 594
Total equity	503 772	336 192	355 983	366 059	325 520	503 772	325 520
Total long term liabilities	42 804	38 313	49 153	47 486	66 136	42 804	66 136
Total short term liabilities	277 020	375 068	308 692	372 587	399 938	277 020	399 938
Working capital	261 191	244 143	272 739	279 043	309 257	261 191	309 257
Equity ratio	61.2%	44.9%	49.9%	46.6%	41.1%	61.2%	41.1%
Liquidity ratio	210.7%	135.0%	134.6%	124.6 %	121.1%	210.7%	121.1%
Net interest bearing debt	-136 145	49 346	23 285	34 144	113 570	-136 145	113 570
Net leverage multiples	-2.55	0.74	0.15	0.22	1.06	-2.55	1.06
Cash Flow							
Cash flow from operational activities	180 605	16 327	21 575	112 305	35 393	218 508	19 494
Net change in liquid assets	162 580	-26 115	-24 853	49 018	-2 311	111 612	-13 002
Share information							
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	44 172 852	44 270 702	44 307 119	44 289 092	44 274 990	44 249 732	44 286 142
EBT per shares continued operations	-0.01	0.16	0.19	0.26	0.37	0.34	0.58
Earnings per share continued operations	-0.01	0.11	0.19	0.20	0.26	0.29	0.40
Earnings per share, adjusted *	0.04	0.15	0.23	0.24	0.31	0.42	0.55
Equity per share	11.40	7.59	8.03	8.27	7.35	11.38	7.35
Dividend per share		0.70		0.60		0.70	
Employees							
Number of employees (end of period)	402	399	460	462	521	402	521
Average number of employees	401	393	461	492	517	437	517
IFRS 16 effects continued operations							
Reduced OPEX	3 658	3 254	3 344	3 751	3 363	10 256	9 659
Increased depreciation	3 518	3 095	3 183	3 509	3 200	9 796	9 174
Increased interest expenses	140	158	161	241	163	460	484
EBT	-	-	-	-	-	-	-
Cash flow from operational activities	3 658	3 254	3 344	3 751	3 363	10 256	9 659
Cash flow from financing activities	-3 658	-3 254	-3 344	-3 751	-3 363	-10 256	-9 659

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 2020.

Note 2 Key accounting principles

The accounting principles for the report are described in note 2 in the annual financial statements for 2020. The Group financial statements for 2020 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 31.12.2020. The quarterly report and the interim financial statements have not been revised by auditor.

Note 3 Segment information

Business area

	Q3 2021			Q3 2020			YTD 2021			YTD 2020			Year 2020		
MNOK	Re-venue	EBIT-DA	EBT	Re-venue	EBIT-DA	EBT	Re-venue	EBIT-DA	EBT	Re-venue	EBIT-DA	EBT	Re-venue	EBIT-DA	EBT
Retail Tech	196.4	13.4	6.8	218.1	29.2	22.9	703.4	58.3	39.2	665.0	71.1	51.0	957.2	95.5	65.9
Elim / ASA	-	-5.4	-7.3	-2.9	-7.8	-6.6	-6.2	-24.8	-24.1	-12.8	-22.3	-25.5	-15.4	-26.9	-29.0
Total	196.4	8.0	-0.5	215.2	21.4	16.4	697.2	33.6	15.0	652.2	48.8	25.5	941.7	68.7	36.9

Operating revenue by geographical market

	Q3 2021			Q3 2020			YTD 2021			YTD 2020			Year 2020		
MNOK	NO	SWE	Other	NO	SWE	Other	NO	SWE	Other	NO	SWE	Other	NO	SWE	Other
Retail Tech	69.5	69.6	57.2	80.0	74.5	63.6	244.4	252.0	207.0	230.3	212.9	221.7	362.1	294.1	301.0
Elim / ASA	-	-	-	-	-2.9	-	-	-6.2	-	-	-12.7	-	-	-15.2	-0.2
Total	69.5	69.6	57.2	80.0	71.6	63.6	244.4	245.8	207.0	230.3	200.2	221.7	362.1	278.9	300.8

Operating revenue by product and service

	Q3 2021		Q3 2020		YTD 2021		YTD 2020		Year 2020	
MNOK	New sales	Service *	New sales	Service *	New sales	Service *	New sales	Service *	New sales	Service *
Retail Tech	116.3	80.1	142.3	75.8	463.5	239.9	434.5	230.4	637.9	319.3
Elim / ASA	-	-	-2.9	-	-6.2	-	-12.8	-	-15.4	-
Total	116.3	80.1	139.4	75.8	457.3	239.9	421.8	230.4	622.4	319.3

*) Service and licenses

Note 4 Related parties

No significant transactions between the Group and related parties had taken place as at 30 September 2021.

Note 5 Financial information

The net interest-bearing debt decreased in the third quarter 2021 mainly due to changes in working capital.

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

Interest-bearing debt

KNOK	30.09.2021	31.12.2020
Financial leasing	3 338	14 965
Repayment loan	17 059	42 348
Liabilities leasing IFRS 16	14 363	51 838
Interest-bearing debt	34 760	109 151
Cash and bank deposits	186 156	75 007
Net interest-bearing debt	-151 396	34 144
Total capital adjusted for goodwill	695 889	634 566
Debt ratio	-22%	5%

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

KNOK	30.09.2021	31.12.2020
Current interest-bearing liabilities	15 082	69 211
Due after one year	19 679	39 939
Total interest-bearing debts	34 760	109 151

Disposal funds

KNOK	30.09.2021	31.12.2020
Cash and bank deposits	186 156	75 007
Unused overdraft facilities	100 000	100 000
Disposal funds	286 156	175 007
Increased disposal funds	111 149	

Accounts receivables

Aging of accounts receivables (KNOK)	30.09.2021	31.12.2020
Not due	140 663	175 058
0-3 months	10 868	40 008
3-6 months	-	2 145
Total	151 531	217 212

Note 6 Discontinued operations

StrongPoint Labels business area was divested in June 2021. The Swedish part of the transaction was closed July 1 and the Norwegian part was closed September 1. Cash Security business area was divested in December 2020. Following IFRS, the financial figures for the business areas are reported as “Profit from discontinued operations” below tax in the financial statement and removed from the comparison figures in other tables.

P&L from discontinued operations

KNOK	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Year 2020
Operating revenue	10 324	67 621	110 144	198 121	322 674
Cost of goods sold	4 635	28 546	53 177	85 620	112 795
Payroll	2 043	20 086	31 766	66 602	90 150
Other operating expenses	930	5 813	9 690	18 242	26 720
Total operating expenses	7 607	54 446	94 633	170 463	229 666
EBITDA	2 717	13 176	15 512	27 658	93 008
Depreciation tangible assets	481	5 082	7 090	15 310	43 220
Depreciation intangible assets	-	164	221	498	646
EBIT	2 235	7 930	8 201	11 850	49 141
Interest expenses	21	185	339	780	1 016
Other financial expenses/currency differences	0	2 866	1 495	3 382	6 849
Profit on sale of discontinued operations	163 731	-	163 731	-	39 161
EBT	165 945	4 878	170 097	7 689	80 437
Taxes	490	1 053	1 337	1 660	9 217
Profit from discontinued operations	165 455	3 825	168 760	6 028	71 220

Cash Flow from discontinued operations

KNOK	YTD 2021	YTD 2020	Year 2020
Cash flow from operational activities	5 487	12 076	81 123
Cash flow from investment activities	-1 895	-1 519	-1 604
Cash flow from financing activities	-6 156	-11 640	-56 081
Net Change in liquid assets	-2 563	-1 083	23 438
Cash and cash equivalents at the start of the period	29 251	5 813	5 813
Cash and cash equivalents at the end of the period	26 687	4 730	29 251

Note 7 Top 20 shareholders as at 30 September 2021

No.	Name	No. of shares	%
1	STRØMSTANGEN AS	3 933 092	8.86
2	SOLE ACTIVE AS	2 221 717	5.01
3	HSBC BANK PLC	1 976 000	4.45
4	V. EIENDOM HOLDING AS	1 835 009	4.14
5	PERSHING LLC	1 771 128	3.99
6	NORDNET BANK AB	1 436 374	3.24
7	PICTET & CIE (EUROPE) S.A.	1 387 321	3.13
8	AVANZA BANK AB	1 269 371	2.86
9	ZETTERBERG, GEORG (incl. fully owned companies)	1 127 684	2.54
10	VERDIPAPIRFONDET DNB SMB	1 033 695	2.33
11	RING, JAN	1 021 803	2.30
12	VERDADERO AS	1 002 280	2.26
13	EVENSEN, TOR COLKA	808 000	1.82
14	WAALER AS	800 000	1.80
15	HAUSTA INVESTOR AS	700 000	1.58
16	MP PENSJON PK	561 402	1.27
17	JOHANSEN, STEIN	550 000	1.24
18	NORDA ASA	471 379	1.06
19	NÆRINGSLIVETS HOVEDORGANISASJON	445 669	1.00
20	MORGAN STANLEY & CO. INTERNATIONAL	438 369	0.99
Sum 20 largest shareholders		24 790 293	55.86
Sum 2 586 other shareholders		19 585 747	44.14
Sum all 2 606 shareholders		44 376 040	100.00

Note 8 Share option program

Total costs and Social Security Provisions	2020	YTD 2021	Total
Total IFRS cost	440	3 764	4 204
Total Social security provisions	36	1 015	1 051
Granted instruments:			
Quantity (instruments)	1 150 000	1 075 000	2 225 000
Quantity (shares)	1 150 000	1 075 000	2 225 000
Contractual life*	5.00	5.00	
Strike price*	17.31	31.13	

Outstanding instruments Period End – Option

Quantity and weighted average prices		
Activity	Number of instruments	Weighted Average Strike Price
Outstanding OB (01.01.2021)	1 150 000	17.31
Granted	1 075 000	31.13
Reversed	- 150 000	21.92
Outstanding CB (30.09.2021)	2 075 000	24.14
Vested CB	0	0.00

Method of valuation:

The fair value of share options granted is estimated at the date of grant using the Black-Scholes-Merton Option Pricing Model. The model uses the following parameters; the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares, and the risk-free interest rate for the life of the option.

Vesting requirements:

The vesting of the options is dependent on the participant still being employed at Strongpoint at the time of the vesting.

Method of settlement:

All StrongPoint ASA options are intended to be settled in equity, but in the event that the Company is not capable of delivering Shares following an exercise of Options, the Company shall fulfil its obligations under this Agreement through a cash-out.

Vesting period

The options will vest over three years, with ¼ vesting after one year, ¼ after two years, and the remaining 2/4 after three years. The split in vesting underpins the retention ambition of the program. Any non-exercised options expire five years after grant.

Definitions

Working capital	Inventories + accounts receivables – accounts payable
Equity per share	Book value equity / number of shares
Operating revenue	Sales revenue and profit from AC, Service companies
EBITDA	Operating profit + depreciation fixed assets and intangible assets
EBITA	Operating profit + amortization of intangible assets
EBIT	Operating profit
EBITDA-margin	EBITDA / operating revenue
EBT	Profit before tax
EBT-margin	EBT / operating revenue
Equity ratio	Book value equity / total assets
Liquidity ratio	Current assets / short term debt
Earnings per share	Profit after tax / number of shares
Diluted	Number of shares minus own shares plus shares granted in share option program
Earnings per share 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
Discontinued operations	Divested Cash Security business area December 2020.

