Annual report 2022

StrongPoint

About StrongPoint

StrongPoint is a retail technology company that provides solutions and services to make shops smarter, shopping experiences better and online grocery shopping more efficient. For over 35 years we have been listening to grocery retailers, understanding their problems, and devising innovative technology solutions to help them become more productive, cut costs and create efficiency gains.

37
YEARS IN BUSINESS

1.4Bn
NOK ANNUAL REVENUE

8
COUNTRIES WITH FULL SALES, SERVICE AND SUPPORT

20
COUNTRIES COVERED WITH PARTNERS

>80%
REVENUE FROM GROCERY RETAILERS

67%
GROWTH IN RETAIL TECHNOLOGY LAST 3 YEARS

500+
NUMBER OF EMPLOYEES

2003
LISTED ON OSLO STOCK EXCHANGE

12
CONSEQUTIVE YEARS OF DIVIDEND

2021
GRI REPORTING & MEMBER OF UN GLOBAL COMPACT

Key figures 2020-2022

	2022	2021	2020	
Operating revenue from continued operations	1 372	981	942	MNOK
Annual growth continued operations	40	4	14	%
EBITDA continued operations	76	54	69	MNOK
EBT continued operations	38	26	37	MNOK
Total assets	986	847	786	MNOK
Equity	507	498	366	MNOK
Equity ratio [1]	51.5	58.9	46.6	%
Current ratio [2]	1.53	1.96	1.25	
Earnings per share incl. discontinued operations [3] [4]	0.66	4.32	2.21	NOK
Number of shares (average for year)	44 260	44 191	44 287	T
Number of shares 31.12	44 888	44 376	44 376	T
Share price (Oslo Børs) 31.12	22.00	25.80	19.40	NOK
Number of employees 31.12 continued operations	511	400	390	

1) Equity ratio

$$\frac{\text{Equity 31 December x 100}}{\text{Total assets 31 December}}$$

2) Current ratio

$$\frac{\text{Current assets 31 December}}{\text{Current liabilities 31 December}}$$

3) Earnings per share

$$\frac{\text{Annual profit after tax}}{\text{Average no. of shares}}$$

4) Discontinued operations

This includes divestment of Cash Security in 2020 and Labels in 2021.

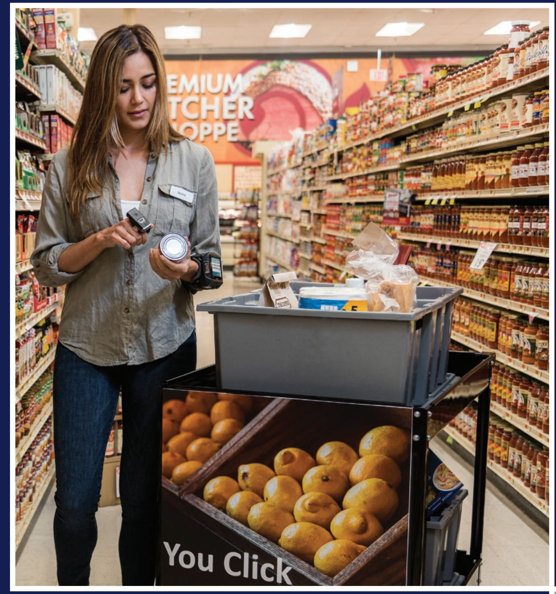
1 372
OPERATING REVENUE
(MNOK)

40
ANNUAL GROWTH
(%)

76
EBITDA
(MNOK)

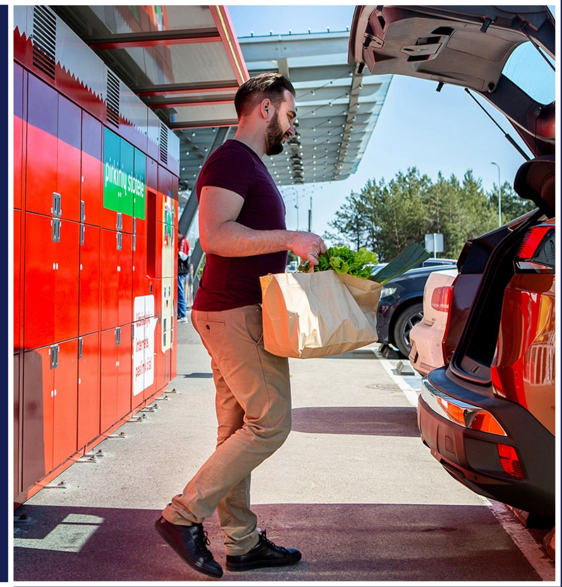
38
EBT
(MNOK)

RETAIL TECHNOLOGY IN EVERY SHOPPING EXPERIENCE FOR A SMARTER AND BETTER LIFE



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

WE ARE
a retail technology company and we believe that retail technology should be integrated into every shopping experience. In-store and online.



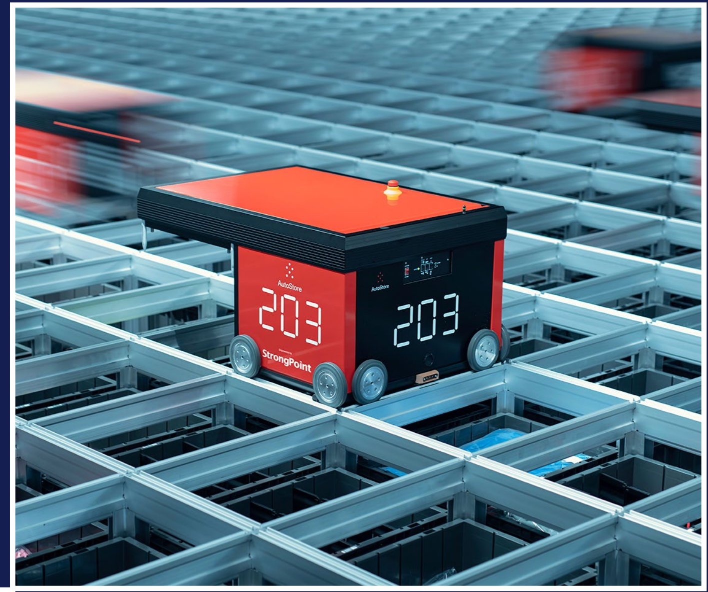
THIS WILL
give more time, lower prices, better service, fresher products, and ultimately, we all get a better and smarter life.

THE POWER OF WE

Values are what WE choose to value. It is the behaviours and skills that WE cherish. It forms the foundation of how WE want it to be when working for StrongPoint. At StrongPoint we have chosen 5 values that all demonstrates behaviours and skills that WE want all our colleagues to possess.

WE LOVE RETAIL

As experts, we always look to improve and innovate. We come up with new technological solutions that are tailor-made for our retail customers.



WE WIN CUSTOMER EVERY SINGLE DAY

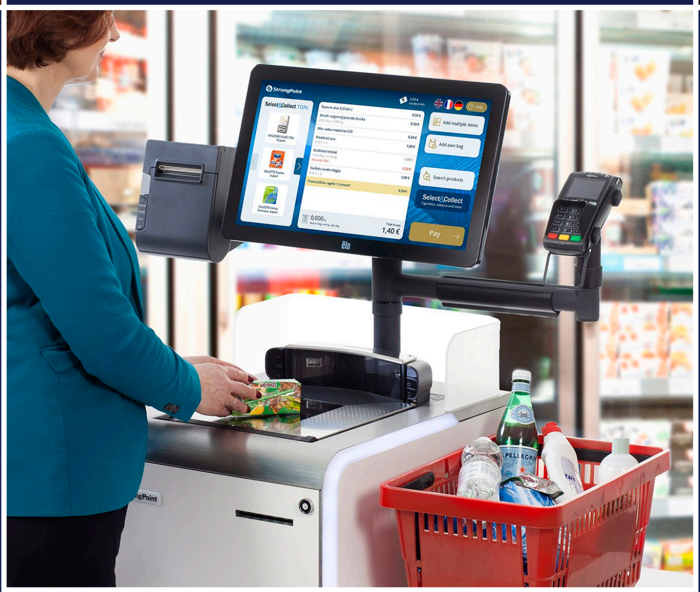
It is not about just winning the contract. It is the constant development of the relationship and never taking a good customer for granted.

WE MAKE A DIFFERENCE

Share your learnings, knowledge, wins and losses. Be the best you can be, and help others to achieve the same.

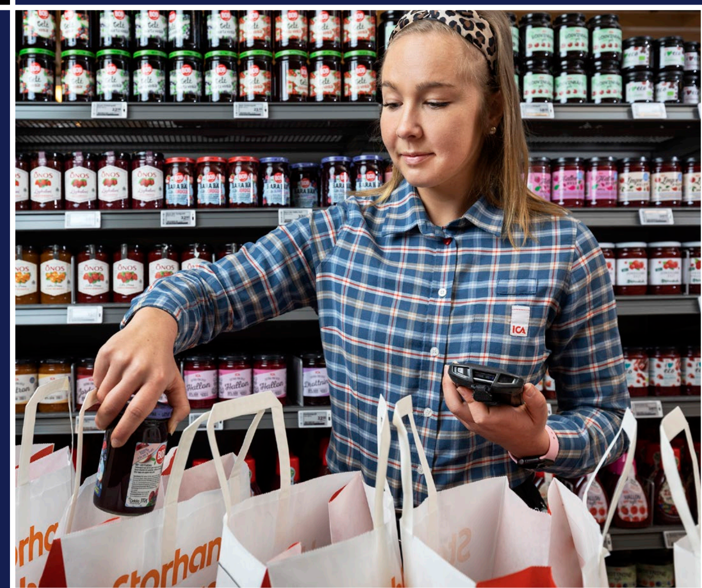
WE ARE OBSESSED WITH EFFICIENCY

We don't waste time or resources, so every second counts in our pursuit of perfection.



WE STAY STRONG, SAFE AND PASSIONATE

We take care of each other, and in challenging times and crises we stand together.



CEO STATEMENT

Just as the grip of the COVID pandemic started easing up in early 2022, the terrifying Russian invasion of Ukraine tested global supply chains in new ways and brought general uncertainties to new heights. Interest rates worldwide have risen to levels not experienced in years and combined with soaring energy prices, disposable household income has come under significant pressure. In this context, it is reassuring to know that StrongPoint serves the resilient and stable grocery retail market. The ongoing need for grocery retailers to improve operations – whether in-store or within e-commerce – continues to drive business opportunities for StrongPoint.

At the start of 2020, we unveiled StrongPoint's 2025 Strategy. We set our financial ambitions at NOK 2.5 billion and an EBITDA margin of 13–15%. Achievement such ambitions is rarely a linear journey, and that has certainly not been the case for StrongPoint either. First hit by the pandemic, which resulted (in 2020 and 2021) in a larger-than-expected income from our e-commerce solutions. Next we faced the consequences of the Russian invasion of Ukraine. However, StrongPoint's business has continuously grown through these times. As for our 2025 financial ambitions, I would like to reiterate our confidence in achieving the stated overall financial ambitions of our strategic plan. Serving the grocery retail sector has never felt more meaningful, and I am certain that our products, solutions and services will be relevant for years to come.

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In 2022 we expanded our geographical footprint, through the acquisition of Air Link Group, to the UK and Ireland. With Air Link Group, we have essentially established a platform for penetrating one of the largest and most sophisticated grocery retail markets in Europe. Further, in 2022 we announced our first two AutoStore contracts, both to be delivered in 2023. Also among our breaking news was the announcement that one of those contracts would feature the world's first AutoStore solution with three temperature zones: ambient, chilled and frozen.

With the expansion into the UK and Ireland, StrongPoint was also awarded distribution rights for AutoStore in that market. Additionally, at the end of 2022 StrongPoint and Pricer announced further strengthening of our existing partnership, and we were awarded distribution rights for Pricer's solutions, including Electronic Shelf Labels, for the UK and Ireland, in addition to expanding the existing distribution rights in Spain.

StrongPoint's traditional core markets of Norway, Sweden and the Baltics have all delivered well. The case for classic StrongPoint solutions, as well as new and innovative ones, is stronger than ever. As such, it is important for me to recognize the importance and contributions from these markets as we grow our geographic footprint and solutions portfolio.

Last year, we announced a number of changes in our Spanish business unit. This was necessary and paved the way for restructuring our business on the Iberian Peninsula. I am pleased to say that Spanish operations steadily and slowly improved throughout 2022 and achieved a positive EBITDA contribution in the fourth quarter, after years of negative financial contributions.

We continue to invest and focus on developing our existing workforce as well as attracting ever more top executives and talent. We depend on a knowledgeable, skilled and motivated workforce, and hence human resource development is high on the agenda. I am immensely proud of the people at StrongPoint and the ever-growing talent across our entire organization.

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In 2022, StrongPoint achieved a strong 40% topline growth, and with a full pro-forma year of Air Link Group included, our revenue for 2022 is in excess of NOK 1.5 billion. Organically, we grew a healthy 15%, despite continued supply chain disturbances and component shortages. As for profitability, our EBITDA was NOK 76 million, or 5.5%. This profitability level is a combination of a strong in-store solution bottom line at 10–11% EBITDA, as well as deliberate investments in e-commerce. As the year progressed, with increased pressure on disposable household income and a cool-down of grocery retailers' e-commerce business, we reduced out investments to reflect our customers' demand patterns. Long-term, however, we are confident about the growth of e-groceries and are certain that our investments will pay off.

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In this context, it is worth mentioning that we expense all our investments in product development, marketing and sales, leaving behind a safe and strong balance sheet with essentially no debt.

In a year characterized by high levels of general uncertainty I am pleased to see that our grocery-focused strategy is paying off. People will always need food and beverages, and grocery retailers need solutions that provide their customers with ever-more efficient and seamless experiences. We have all the reasons to be optimistic about achieving our strategic objectives.

Stay safe and strong!

Jacob Tveraabak
CEO

REFLECTIONS FROM THE CHAIR OF THE BOARD

We now look back on twenty years as a listed company. A lot has happened in those two decades, both within our walls and in the markets where we operate. We have a lot to be proud of, especially the people who have helped us grow. That includes those who came aboard early on, those who joined more recently, and our former colleagues who moved on to new challenges. We have evolved from a local firm specializing in a few home markets into a formidable international company.

When I first learned to know the company back in the 1990s, it was a reputable supplier of retail equipment, mainly to grocery stores in Norway and Sweden. Today, we serve top-tier accounts in select international markets, with a key focus on high-tech in-store and online solutions for retailers.

A few years back, when we carved out the new strategy and related financial ambitions for StrongPoint – a NOK 2.5 billion retail technology company – we saw the need to focus, and then to refocus, the company. In practical terms, this meant to decide on both our product portfolio and priority markets. As a result, we spun off two rather significant business units, Cash Security and Labels, in two well-managed and successful transactions. These divestments were crucial in making StrongPoint a razor-sharp-focused retail tech company going forward. Indeed, doing more of something, and better, also requires that you do less.

When a company goes through such a transition, it's critical to assess both the capacity and competencies required to execute a revised strategy. Too many companies fail at this. They launch a new path without considering the workforce's capability for success. Other companies go too far in the other direction by initiating a complete shakeup of the organization, which often leads to a negative impact on business performance.

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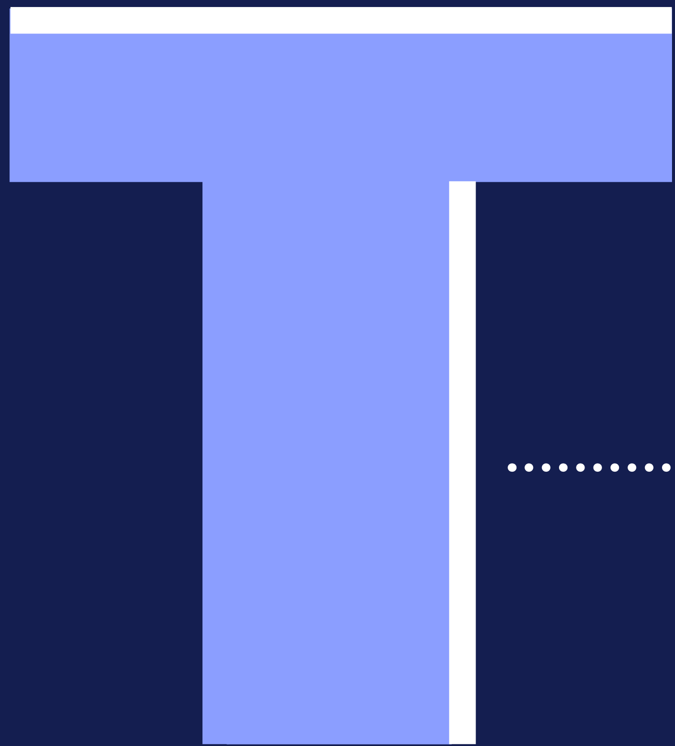
At StrongPoint, we have balanced this well, due to good leadership, impressive openness, and high motivation across the organization. Veteran staff members have played key roles in executing the new strategy, and new team members have been onboarded well. This demonstrates the true strength of an organization – willingness to adapt, genuine interest in the company vision, and the ambition to play an active role in building an even bigger and better company. In an increasingly unpredictable world, we must continue to foster a culture with strong values, especially ones that can adapt to changes and challenges. That's exactly what we do at StrongPoint. This is one of the key reasons why the Board, myself included, remain optimistic about our ability to continue building StrongPoint into a leading international retail technology company!

Morthen Johannessen
Chairman

T-SHAPED STRATEGY

Go wide with world-class solutions to selected markets

- E-Commerce Order Fulfillment platform
  - Order Picking
  - Micro fulfilment centers
  - Last Mile Solutions
- Self Checkout
- Cash Management



Go deep in core markets with solutions that cover in-store, e-commerce solutions and AutoStore grocery micro-fulfilment

- Norway
- Sweden
- Baltics
- Spain
- UK & Ireland

StrongPoint's financial ambitions

NOK 2.5 bn in 2025

EBITDA 13-15%

TECHNOLOGY RESPONDING TO GROCERY RETAILER MEGATRENDS

Opportunity 1: in-store solutions

The pressure on brick-and-mortar retailers' margins means that grocery retailers need to find ways to increase in-store productivity to boost profitability.

Opportunity 2: e-commerce solutions

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 are increasingly relevant for grocery retailers in today's turmoiled macro environment.

LABOUR COSTS GOING UP

Need solutions to be less labour dependent, often involving automation

DISCOUNTERS BECOMING MAINSTREAM

All players in the market keep costs down in general

INCREASING CUSTOMER DEMANDS

Constant need for easier and faster customer experience, in-store and online

STRONGPOINT DOUBLE OPPORTUNITY:

Technology solutions solving

1) instore and
2) online challenges

FOCUS ON GROCERY RETAIL

StrongPoint mainly serves the grocery retail market. Grocery retail, unlike retail market in general, is non-cyclical and highly resilient. In times of market turmoil and economic uncertainty, consumers will always shop for groceries. Beyond grocery retail StrongPoint has opportunities to sell its solutions to other market segments, especially pharmacies, DIY stores and fashion retailers.

OUR GROCERY RETAIL SOLUTION SUITE

In-store Solutions

1. Electronic Shelf Labels
2. Self-Checkout*
3. Cash Management (CashGuard)*
4. In-store Product Collection (Vensafe)*
5. Scales
6. Humanoid Grocery Robot
7. ShopFlow Logistics*

E-Commerce Solutions

A. In-store Manual Picking*
B. Dark Store Manual Picking*
C. Automated Robotic Picking
D. Grocery Lockers*
E. Home Delivery
F. Instore Pickup*
G. Drive-thru Pickup*

* Fully StrongPoint proprietary sollutions

EXPORTING EFFICIENCY SAVING SOLUTIONS ACROSS EUROPE

Country	Market size (BnNOK)*	StrongPoint grocery chain coverage	StrongPoint solution penetration	Examples of opportunities
Norway	224	100%		Vensafe Self-checkout E-Commerce
Sweden	300	100%		E-Commerce Electronic Shelf Labels Self-Checkout
Baltics	130	100%		Vensafe Self-Checkout Electronic Shelf Labels
Spain	1,230			Cash Management E-Commerce Self-Checkout
UK& Ireland	2,650			Electronic Shelf Labels E-Commerce Self-Checkout

*Source: IGD

With UK and Ireland as growth sweet spots

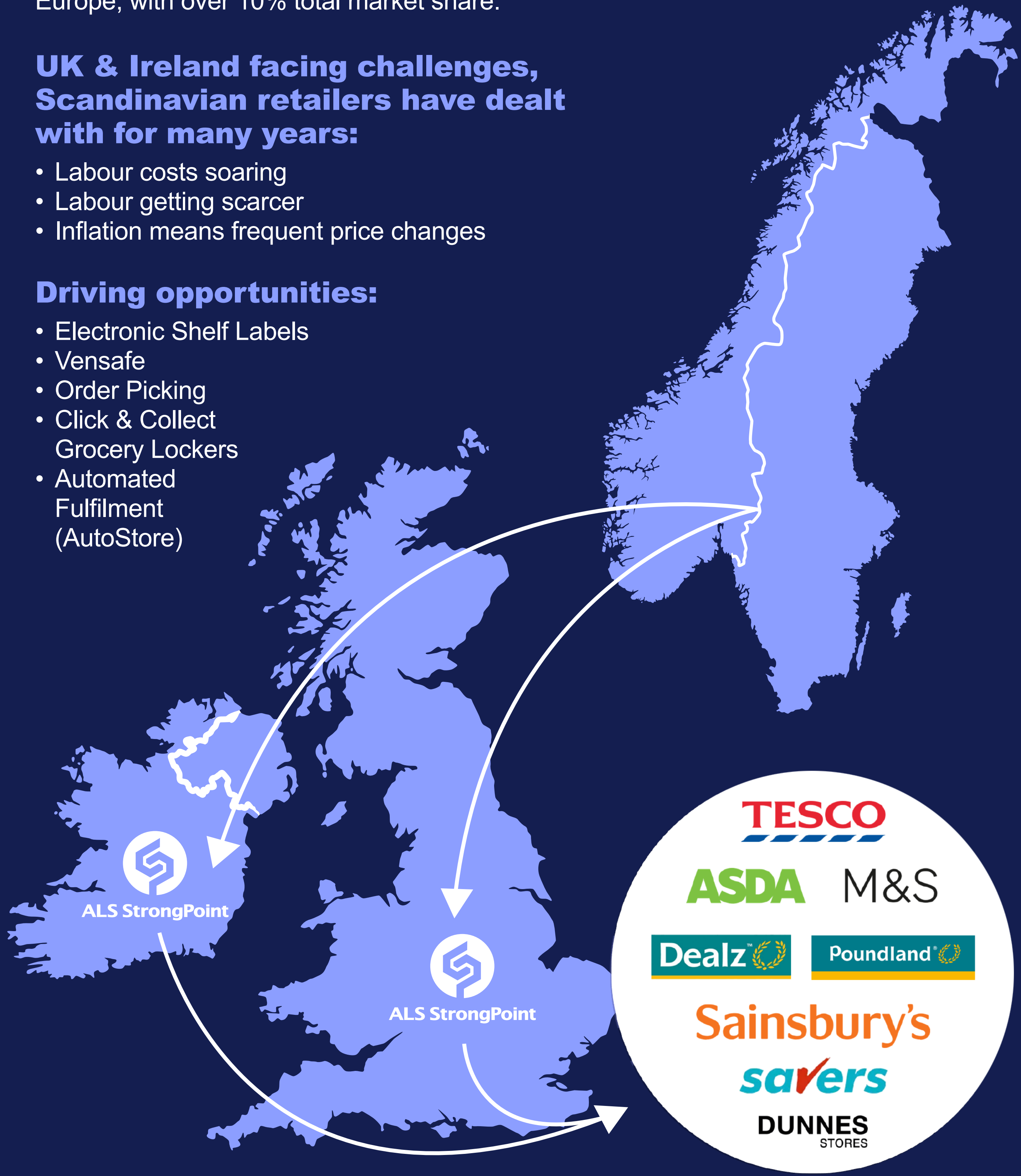
The acquisition of ALS, now ALS StrongPoint was part of the 2025 strategy in terms of expanding our core markets.The combined UK & Ireland grocery retail market is more than 10x bigger than the entire Norwegian grocery retail market. The UK is also the most mature grocery e-commerce market in Europe, with over 10% total market share.

UK & Ireland facing challenges, Scandinavian retailers have dealt with for many years:

- Labour costs soaring
- Labour getting scarcer
- Inflation means frequent price changes

Driving opportunities:

- Electronic Shelf Labels
- Vensafe
- Order Picking
- Click & Collect Grocery Lockers
- Automated Fulfilment (AutoStore)



2022
Highlights

March

SELF-CHECKOUTS TO A LEADING RETAIL CHAIN IN THE BALTICS

StrongPoint in the Baltics announced a new order of self-checkout to IKI, a leading retail chain.

April

GROCERY LOCKERS TO AN ITALIAN RETAILER

StrongPoint received an order for 10 temperature-controlled grocery lockers from the Italian grocery retailer Coop Alleanza. This is the first purchase of grocery lockers from Coop Alleanza and was sold via our Italian partner.

May

INTERSPAR AUSTRIA SCALES CLICK & COLLECT

Austria and SPAR International for grocery e-commerce technologies and in-store cash management solutions. In Q2 InterSpar Austria scaled their Click & Collect operation by 10 new grocery lockers included one mobile locker.

May

AutoStore solution contract by ColliCare

StrongPoint entered into an agreement with ColliCare Logistics to deliver an AutoStore solution to automate their warehouse in Vestby outside Oslo. The project will be managed by StrongPoint with support from its strategic partner Hörmann Logistik.

We are extremely proud to announce the agreement with ColliCare after an extensive tender process. That StrongPoint has been chosen to develop and install this AustoStore solution is a testament to our reputation for high quality and outstanding customer service.

Jacob Tveraabak, CEO StrongPoint

June

StrongPoint acquires Air Link Group Limited

StrongPoint finalized its acquisition of Air Link Group Limited (ALS) on 1 June. ALS has close relationships with many retailers and individual store managers through their work in service and installation. The company had planned to start to up-sell technologies and solutions and can now turbo-charge its sales efforts by providing a complete one-stop-shop for technologies, solutions, installation, service and support in the UK and Ireland.

As part of our 2025 strategy, acquisition was outlined as a core step in achieving our financial ambitions. With the purchase of ALS we are achieving instant and significant presence in the countries at the top of our list for geographical expansion. ALS has built an impressive reputation in the market and will enable us to build on their relations with grocery retailers in the UK and Ireland with our word-class grocery technology solutions.

Jacob Tveraabak, CEO StrongPoint

August

TWO MAJOR CONTRACTS TO UK GROCERY RETAILERS

ALS StrongPoint announced two major contracts in the quarter. One contract was with a leading grocery retailer in the UK, for a checkout conversion solution. The ‘swivel’ allows a staffed checkout to also be used as a self-service checkout.

The second contract was with another leading UK-based grocery retailer for a self-service checkout upgrade project. The contract was an extension of an ongoing project.

September

ERP AND POS SOFTWARE AND HARDWARE SOLUTIONS

StrongPoint Baltics received an order for installation of software and hardware for point-of-sale and ERP solutions for a Do-It-Yourself chain.

October

World's first AutoStore solution with frozen food zone

StrongPoint signed the first ever contract for an AutoStore installation containing all three temperature zones: chilled, frozen and ambient. The installation will be set up in Norway in Q1 2023, strongly supported by the AutoStore organization.

AutoStore provides the world's leading automation solution for grocery retailers looking to scale their e-commerce offer. The innovative cubic design allows customers to either store four times the inventory in the same space, or all of their existing inventory in one quarter of the space. Combined with software and StrongPoint's grocery management expertise, it can boost efficiency to world-leading levels for maximum speed and return-on-investment.

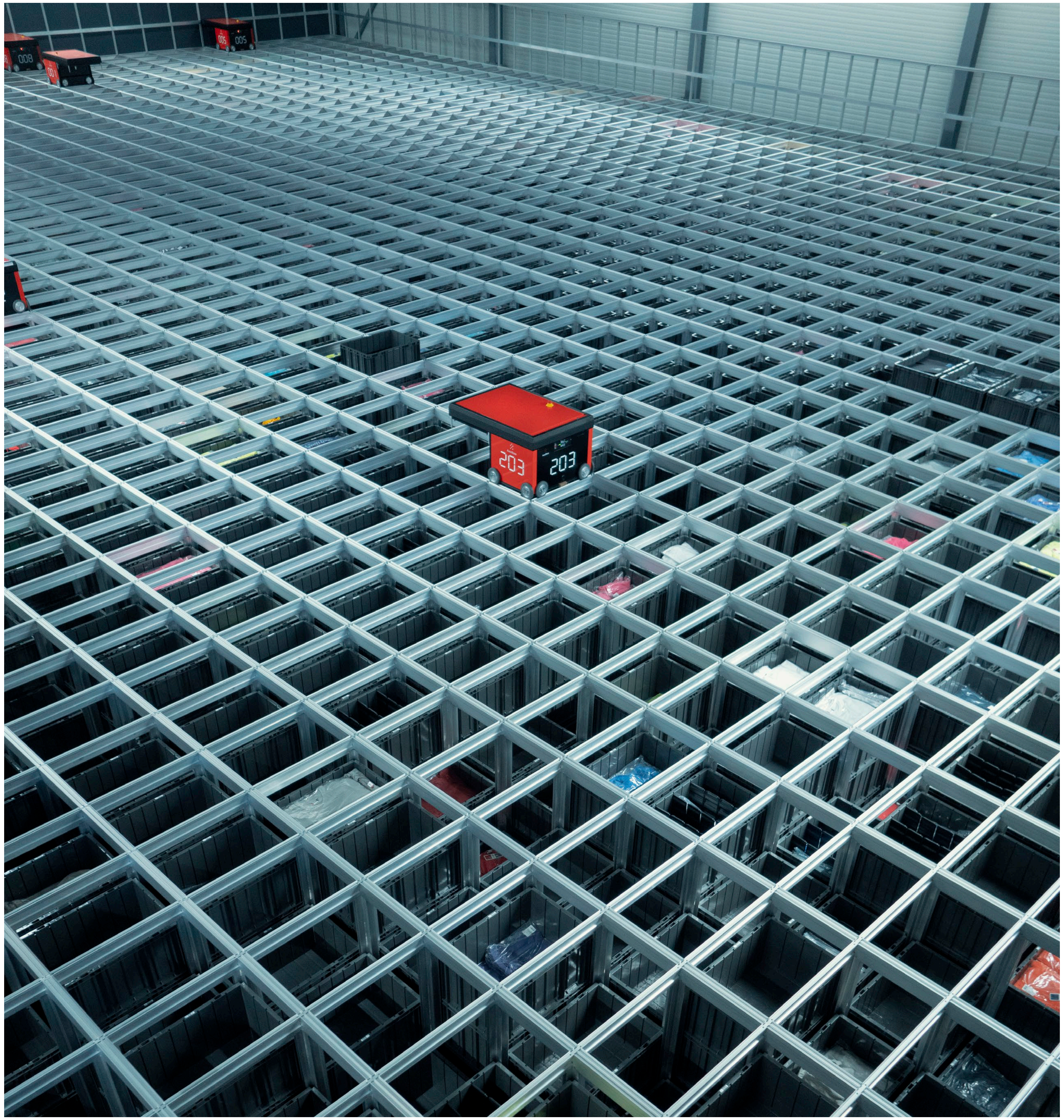
Grocery retailers face unique profitability challenges while fulfilling e-commerce orders due to the complexity and variety of orders, labour-intensive nature of the industry and fast changing consumer habits. Automation is high on the agenda for grocery retailers looking to maximise the efficiency of their online offer and to add additional capacity to existing in-store or dark store manual order picking.

AutoStore, the robot technology company that invented Cube Storage Automation, has recently developed a unique solution to automate the storage and retrieval of frozen items.

StrongPoint provides an end-to-end e-ecommerce solution purpose built for grocery retailers wherever they are on their online journey. Automation with AutoStore is integrated into StrongPoint's world-class order picking and multiple last mile options, allowing grocery retailers a one-stop-shop for their entire grocery e-commerce automation needs.

We are proud to have the honour of installing a world first for AutoStore and look forward to leveraging our 35+ years' experience in food management and grocery retail to create the world's first and best fully automated solution purpose built for groceries.

Jacob Tveraabak, CEO StrongPoint



November

StrongPoint becomes AutoStore distributor in UK and Ireland

Following the acquisition of Air Link Group in UK and Ireland, StrongPoint became an AutoStore partner also for these countries. The UK has the most mature e-commerce market for grocery, and AutoStore Micro Fulfilment Centers can be a natural add-on to retailers existing infrastructure.

While grocery e-commerce has not dramatically changed in the last two decades, automated micro-fulfilment centres built into existing stores or stand-alone offers a game changing opportunity to increase productivity and reduce costs and the UK is at the forefront of embracing the concept. AutoStore's market leading automated storage and retrieval system for ambient, chilled and frozen requires an incredibly small footprint due to its ability to quadruple a retailer's storage space. When combined with StrongPoint's grocery solutions and expertise this new offering provides an incredible opportunity for grocery retailers in the UK and Ireland.

Chris Mackie,
SVP for E-Commerce StrongPoint

November

StrongPoint and Pricer deepen and broaden strategic partnership

StrongPoint has more than 20 years of experience of selling and servicing Pricer ESL in the Scandinavian and Baltic markets. During the fourth quarter, the partnership with Pricer was further strengthened, and the distribution rights was expanded to Spain, UK and Ireland.

StrongPoint's outstanding reputation in the existing markets where they already work with leading grocery retailers in Sweden, Norway and the Baltics made them the obvious choice to expand our sales opportunity in Europe. We look forward to continuing and deepening our relationship with StrongPoint.

Magnus Larsson, CEO Pricer

Magnus Larson, CEO Pricer and Jacob Tveraabak, CEO StrongPoint.

November

PRICER ELECTRONIC SHELF LABELS TO MAXBO

Maxbo, a leading Norwegian DIY chain, signed a frame agreement of Pricer ESL installations.

December

20 GROCERY LOCKERS TO A LEADING USA GROCERY RETAILER

Our partner Peak Technologies Inc sold 20 temperature controlled Click & Collect lockers as a pilot to a large grocery chain in the US.

250 CASHGUARD UNITS TO BULLION IT

Bullion IT ordered another 250 CashGuard systems.

Q&A

THE FUTURE OF GROCERY RETAIL

What has happened in the last year to StrongPoint and grocery retail?

The biggest thing was that StrongPoint expanded to the UK and Ireland through the acquisition of Air Link Group. The UK market alone is around ten times bigger than the entire Norwegian grocery market, so it goes without saying that the presence we've established there offers us vast potential. The UK, unlike Scandinavia, has historically had access to plentiful and highly flexible labour. This is now changing rapidly, however, with multiple wage hikes in the sector seen in 2022. The UK has the highest e-grocery penetration, but profitability has always been a challenge. Their efficiency rates are far lower than in Norway and Sweden.

Thus, we are confident the UK market is ripe for efficiency-saving solutions, such as the Pricer Electronic Shelf Label (ESL) technology and the Vensafe lockers, which are in high demand from retailers due to increased loss from thefts (likely a sign of the tightening budgets and the knock-on effect of inflation).

Post-pandemic inflation spikes triggered a shift in consumer habits. If households face increasingly less disposable income, consumers will eat out less often and look for savings in groceries. White-labelled product sales will rise, and shoppers will shift towards discount stores. But even in periods of market turmoil, the grocery market continues to be resilient. Grocery retailers will have to continue improving, and technology solutions will be a vital part of this improvement.

What do you see as the biggest opportunities in the UK and Spain?

The UK is a highly sophisticated grocery market and home to some of the largest and most admired grocery chains. On the one hand, we consider the UK market to be ripe for a number of the solutions we have rolled out in Scandinavia, e.g., Pricer ESL and Vensafe. On the other hand, we believe that our highly efficient solutions represent a great opportunity for grocery retailers to increase efficiency with StrongPoint e-commerce solutions, such as Order Picking technology, temperature-controlled Click & Collect lockers, and automated micro-fulfilment solutions with AutoStore.

We aim to create the same concept in the UK and Ireland as we have in other core markets: a mix of proprietary and third-party solutions that acts as trusted partners to grocery retailers, covering not just the sale but the implementation, installation, and service. This way we create a platform for long-term value creation (i.e., the StrongPoint USP). We'll be disappointed if we fail to get at least one big customer win in the UK for our solutions in 2023.

Spain, on the other hand, has a long way to go to catch up to the levels of efficiency seen in the UK, let alone in Norway and Sweden. This means excellent long-term opportunities for StrongPoint. In the Spanish market, we expect to build momentum for our self-checkout solution, ESLs, temperature-controlled Click & Collect lockers, Order Picking solution, and especially Cash Management. Today in Spain, approximately 66% of transactions are cash-based. Norway was at that level over 20 years ago. Cash management solutions offer retailers greater efficiency, safety, and customer satisfaction.

More concretely, in 2022 we invested significantly in a new cash management solution with a major grocery chain in Iberia. The revolutionary enclosed cash management solution will create significant value for grocery retailers and will yet again be a source of great value to StrongPoint.

What do you think will be the key drivers in the future?

Pressures on our core customer base continue. Inflation, wages, and labour shortages are impacting our more mature markets, as well as the less mature ones. Technology will always be part of the solution to drive down costs whilst creating better customer experiences – a win-win for retailers.

The next generation of stores – ones that leverage self-checkout and a more affordable and more autonomous customer experience – is increasingly of interest to our customers. This is not just about creating a digital experience but allowing retailers to substantially cut down on their biggest cost – labour. However, fully autonomous stores, have yet to prove themselves, as the consumer's expectations of convenience are continuously being tested. Rather, in e-commerce, the trend for partial automation will continue, even if we see a short-term dip or reduced growth rates. In the long-term, people will increasingly buy their groceries online. Fortunately, StrongPoint provides the world's best efficiency savings through our e-commerce suite, from automation to manual order picking to multiple last-mile solutions.

Jacob Tveraabak
CEO

PRODUCT SEGMENTS

StrongPoint is a grocery-focused company that serves retailers with products and solutions for in-store and online shopping. The group is divided into six product segements.

SHOP FITTING

The services are related to changes in the physical store, especially inside but also the external environment around the stores.

IN-STORE PRODUCTIVITY

Electronic Shelf Labels, Scales and wrapping systems, ShopFlow Logistics and Humanoid Grocery Robot.

E-COMMERCE LOGISTICS

Order and in-store picking, Home Delivery, Grocery Lockers and Drive-Thru and AutoStore micro-fulfilment solutions.

OTHER RETAIL TECHNOLOGY

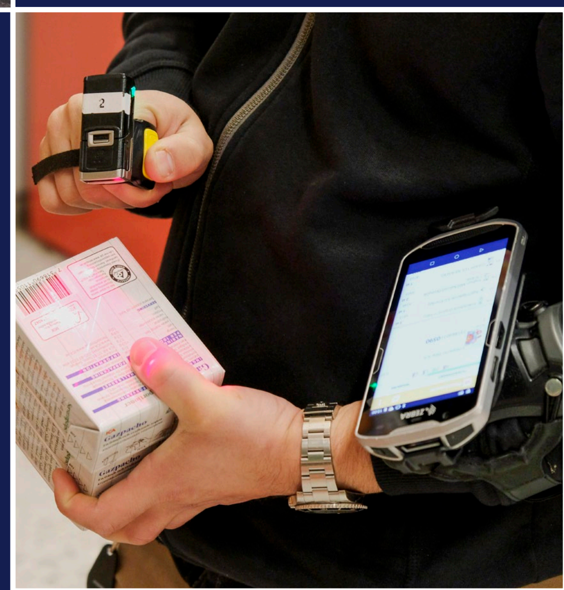
StrongPoint implement, personalise and maintain an enterprise resource management solution that includes trading processes from customer service units to the central office.

PAYMENT SOLUTIONS

CashGuard is the fastest and most reliable cash management system on the market.

CHECK OUT EFFICIENCY

In-store and Dark Store Order Picking, Home Delivery, Grocery Lockers, In-Store Pickup, Drive-Thru and AutoStore micro-fulfilment solutions.



In-store Productivity

Electronic Shelf Labels

Pricer's Electronic Shelf Labels (ESL) ensure the same price is always displayed on the shelf and at checkout. ESLs enable the retailer to save time and improves customer experience through accurate and reliable pricing. Pricer ESL shelf-edge communication platform offers much more than price automation, and includes powerful tools for geolocation positioning, in-store navigation and flash for promotions and tasks.

Scales and wrapping systems

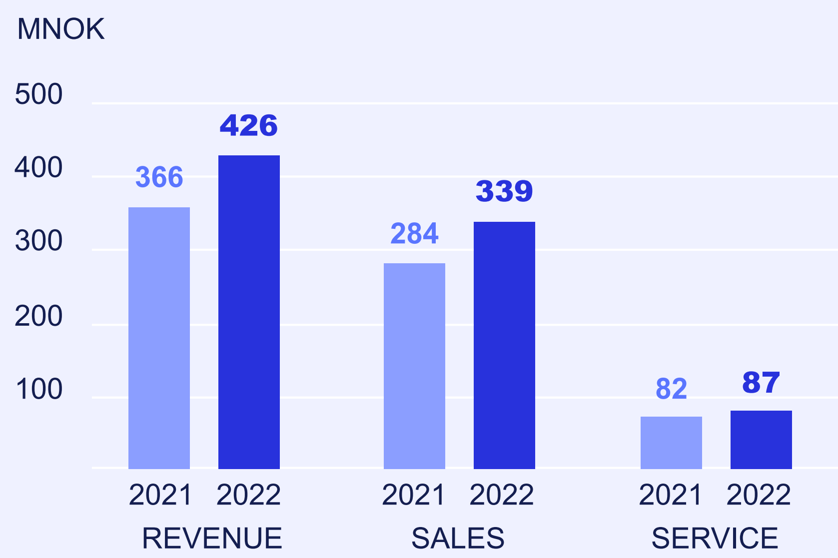
Our scales and wrapping systems help the cutomers with safe labelling, correct weighing and quick and easy packaging of goods in your store, regardless of whether it is cheese, fruit, vegetables, delicacies, fish or sweets that are to be weighed. StrongPoint is a proud partner and reseller of DIGI Teraoka in Norway, Sweden and the Baltics.

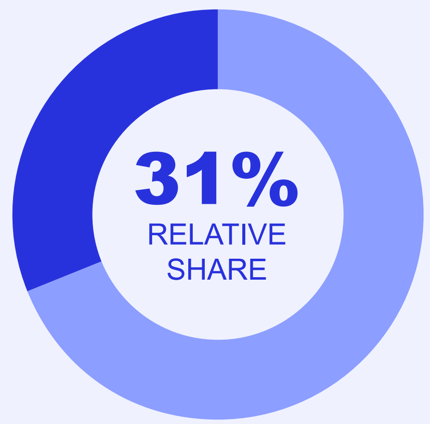
ShopFlow Logistics

ShopFlow Logistics is a cloud based mobile logistics system for handling routines such as receiving goods, inventory, balance adjustment, ordering labels printing and waste management – on both Android and iOS operating systems.

Humanoid Grocery Robot

StrongPoint and 1X Technologies (Halodi Robotics) are working together to commercialize a humanoid grocery retail robot with the primary function of reshelving in-store, an operation which currently requires approximate 30% of all labor hours in a grocery store. By allowing the reshelving robot to perform repetitive tasks, more time can be spent by staff to help customers and improve the value proposition of the store.





REVENUE 2022

Gisle Elvebakken
SVP Norway

The Market Today

In-store productivity solutions and shopfloor solutions are primarily provided as a cloud service, which entails mulitple advantages such as faster roll-out, no need of local hardware and central operations that provide full control of upgrades and security.

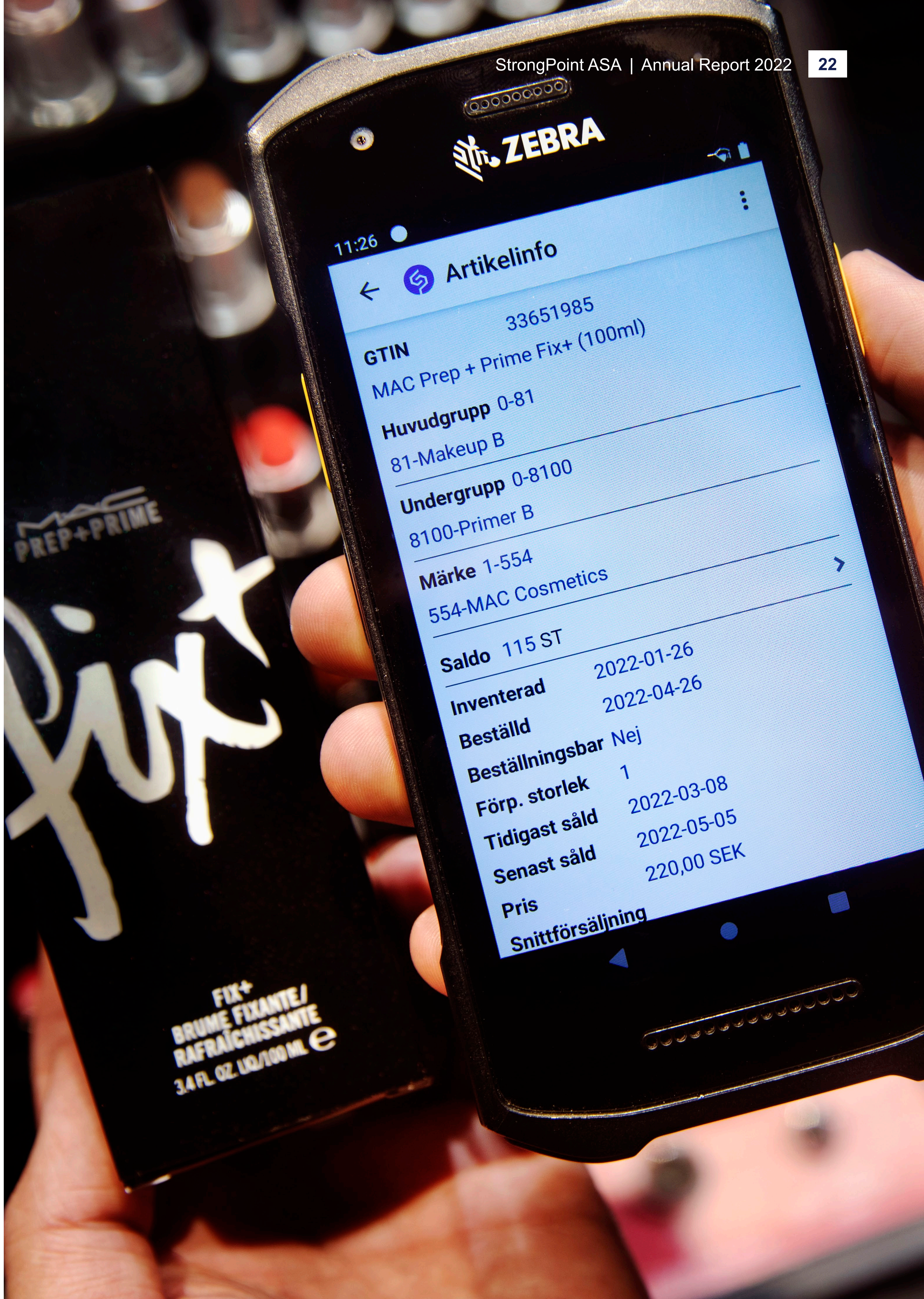
Electronic Shelf Labels (ESLs) from our partner Pricer are used by most grocery retailers in Norway and Sweden, and we see a growing market also in the Baltics, Spain, UK and Ireland. Grocery retailers have achieved cost-savings and improved customer experience by benefiting from more accurate and reliable pricing, and we see spillover effect to other retailers. Do-it-yourself (DIY), Pharmacy and Convenience stores are now starting to use Pricer ESL for price automation.

Scales & Wrapping systems from DIGI are increasing due to higher demand for self-service, grab-and-go, prepared meals in-store and zero waste solutions supporting “Bring Your Own Container”.

The Future Outlook

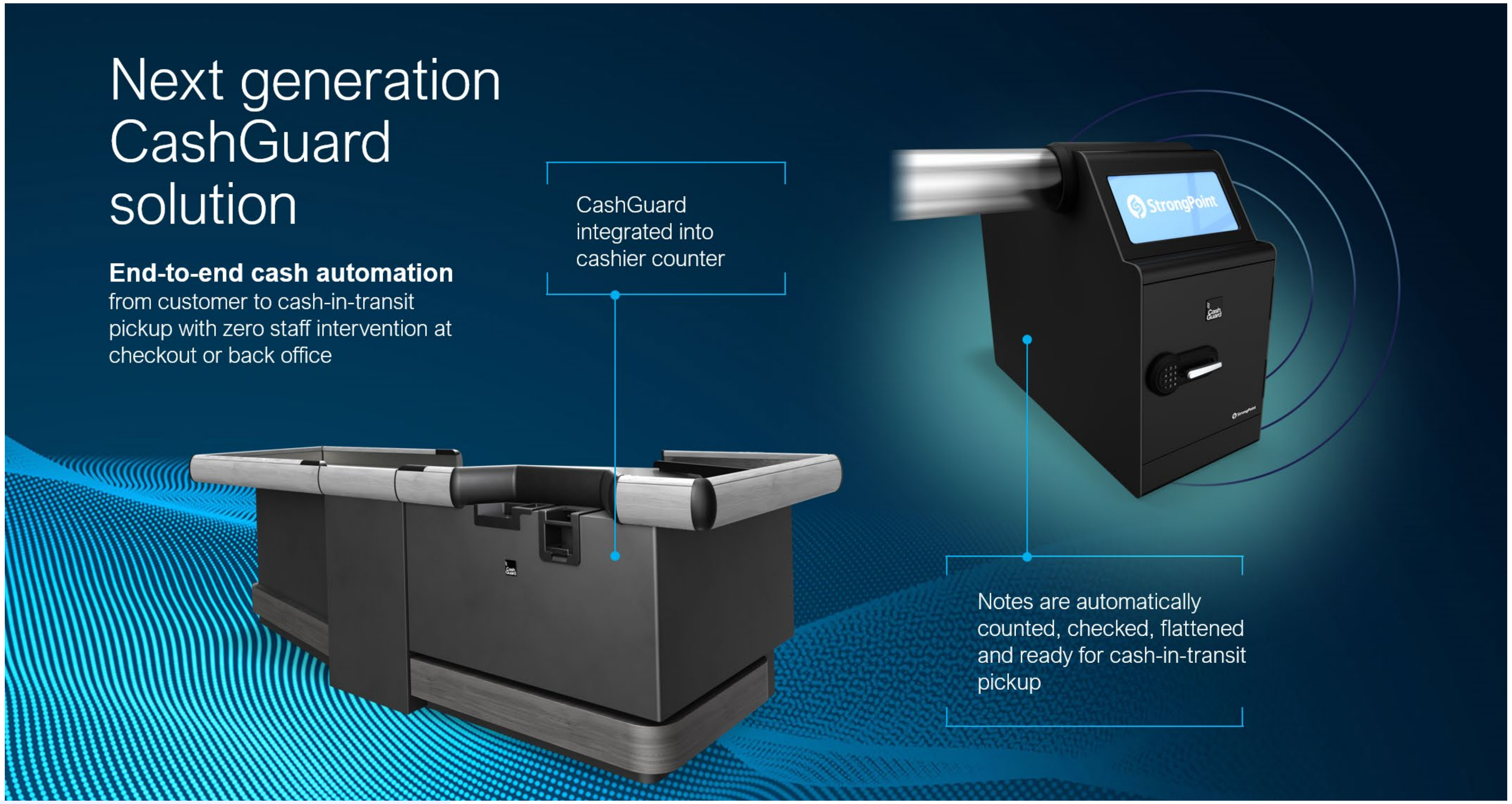
Grocery retailers who have extensive experience with ESLs are now looking to gain further operational efficiency by using more of Pricer for dynamic product positioning and the flash functionality for product promotions, shelf replenishment and online order fulfillment.

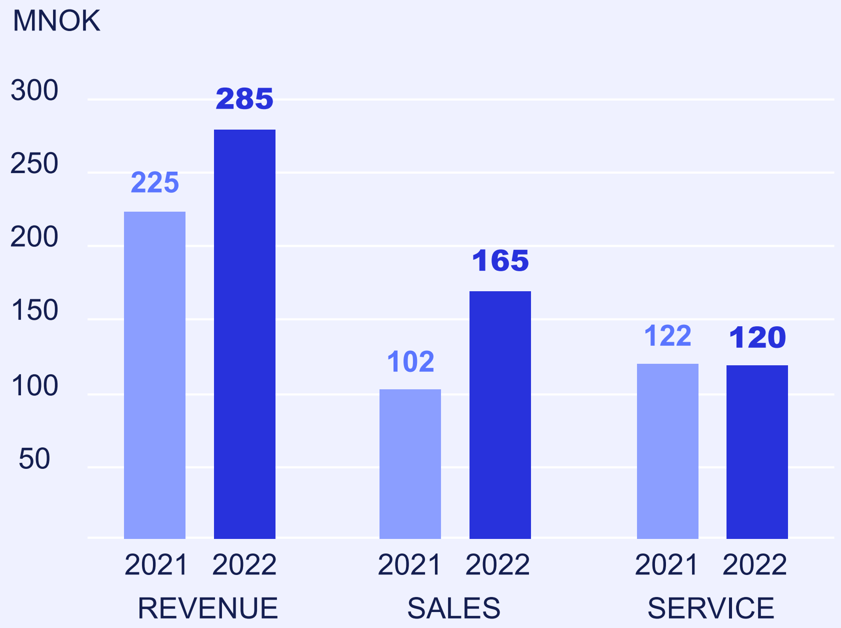
The Pricer platform can also be used for interactive in-store communication to enhance the customer experience displaying dynamic and creative content on larger screens, to reduce food waste, as markdown products can easily be found by combining expiration date with dynamic pricing, product positioning and instant flash. Digitalisation, automation and self-service are not new, but the solutions have matured in recent years. Several retail chains have gotten over the pilot phase and rolled out the solution, supported by technology from companies such as Google and Microsoft. These solutions could also leverage AI-technology and machine learning to optimize inventory, reduce waste, increase customer satisfaction and create ‘autonomous’ stores. StrongPoint strongly believes in the latter, where cameras are used combined with self-learning software for AI-based image recognition. There will be more solutions within automation and cost-saving technology including shelf gap detection, customer traffic analysis, indoor positioning, wayfinding, loss prevention and not least ‘autonomous’ self-service stores open 24/7.

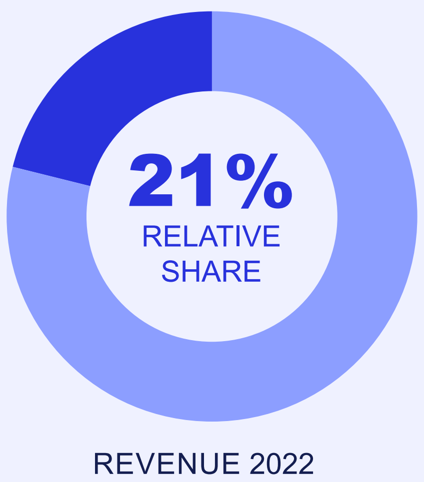


Payment Solutions

CashGuard Cash management
StrongPoint's CashGuard is the fastest and most reliable cash management system on the market. It both secures cash and automates cash handling at checkout, so retailers can stay in control and eliminate shrinkage. Lower-priced solutions including Compact and Unico are also available. The user-friendly back office software helps keep track of all cash movements within the store.







End-to-end cash automation

StrongPoint has completed the first development phase of a new, large-scale cash management solution for a major Iberian grocery retailer. A Joint Venture has been established regulating the partnership with a technology company in Spain. The expectation is that a first pilot will be installed in a grocery store in the second half of 2023.

Lorena Gómez
SVP Spain

The Market Today

Cash still accounts for a significant proportion of consumer payments. Automating the cash process has therefore continued to be important for grocery retailers. In addition a growing number of customers in the retail, HoReCa, and petrol sectors continues introduction of our market leading CashGuard cash management solutions. Our CashGuard solution helps retailers to improve operational efficiency, reduce costs, enhance security and accountability, making them an essential tool for modern retail businesses.

The Future Outlook

We are excited that after the successful introduction of our latest generation CashGuard Core system in Sweden and Spain, installations can be seen in supermarkets, restaurants and tobacco shops across both countries. We plan to roll these out to other countries in Europe. We have also been working intensively with one of the major grocery chains in Iberia to develop a ground-breaking cash management solution, which will also be available for other customers at large and reflects a vast value creation potential. Our cloud-based software allows retailers to access real-time information on their cash levels and manage cash operations across their entire network of stores. We are continuously enhancing our latest generation platform with more features and the support of additional CashGuard system types.

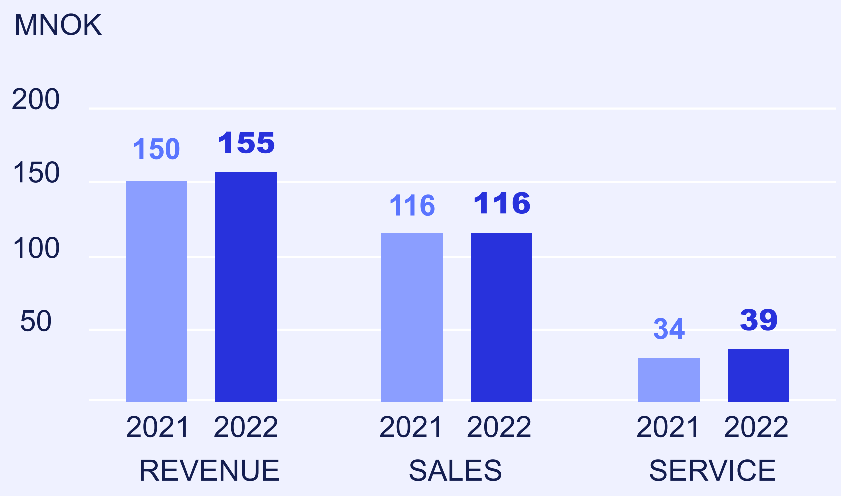
Check Out Efficiency

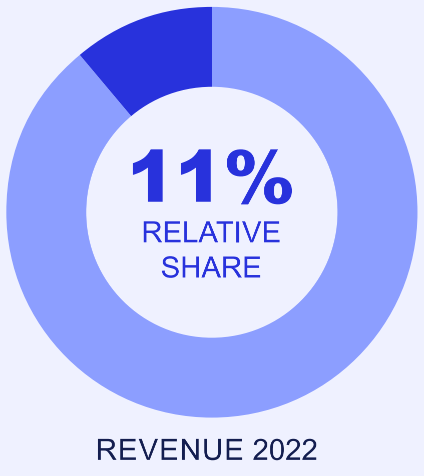
Self-Checkout

StrongPoint's Self-Checkout solutions improves the customer experience and helps to reduce costs. StrongPoint offers hardware and software solutions, which can be used independently or together. StrongPoint also uses advanced AI solutions for fraud prevention, item recognition and age verification for restricted items.

Vensafe

StrongPoint's Vensafe automates in-store sales of restricted and theft-prone products, such as tobacco, pharmaceuticals, and other high-value items. It allows stores to sell these products safely and responsibility in both traditional checkouts and in unmanned environments, like self-checkout lanes or checkout-free stores. Vensafe increases store productivity, enhances the customer experience, and eliminates shrinkage.





The Market Today

As the COVID-19 pandemic winds down, an increasing number of customers are returning to physical stores. After relying on online shopping for nearly two years, their expectations of physical shopping have evolved. Today's customers expect even faster and smoother solutions throughout their shopping journey, and the checkout process remains one of the most significat elements of the customer journey. The trend of unmanned checkout is gaining traction, as customers are becoming increasingly at ease with self-service options like self-checkouts, mobile and hand-held scanning, and the latest addition, completely autonomous stores. To maintain a competitive edge and meet increasing demand, StrongPoint has made ongoing investments in leveraging the latest technological advancements. We have also been experimenting with various proof of concepts, such as the installation of additional stores featuring AI-powered age estimation solutions on our self-checkouts, as well as the introduction of Vensafe for selling restricted-access items in autonomous store environments. We also have recognized a surge in demand for our checkout efficiency solution in new retail verticals outside the grocery sector and have adoptded both Vensafe and Self-checkout solution to meet the specific needs of this sector.

The Future Outlook

Inflation is a growing concern as it leads to an increase in prices and subsequently, the cost of living. This has left consumers feeling uncertain about the future and compelled to brace themselves for unforeseen expenses. Meanwhile, retailers are facing increased

Julius Stulpinas
SVP Technology
and Supply Chain

costs for raw materials, rent, utilities, and other operational expenses. Given that the checkout process is one of the most labor-intensive and costly aspects of a store, our checkout efficiency solutions are well-suited to help retailers in solving these challenges. Our ongoing efforts to improve our solutions ensure that retailers can increase operational efficiency, reduce overhead costs, and improve their bottom line. The current economic situation also leads to an increase in theft and in-store shrinkage, which can have a significant impact on a retailer's profitability. To address this challenge, we have been working on the new AI-powered fraud prevention solutions specifically designed for self-checkouts. Additionally, we are promoting the wider adoption of our Vensafe in-store dispensers to enhance loss prevention efforts.

E-commerce Logistics

Order Picking
StrongPoint Order Picking allows retailers to pick more items in less time, cutting costs, boosting profitability for grocery e-commerce. The solution can be used in stores and dark stores and allows for hands-free picking of multiple orders.

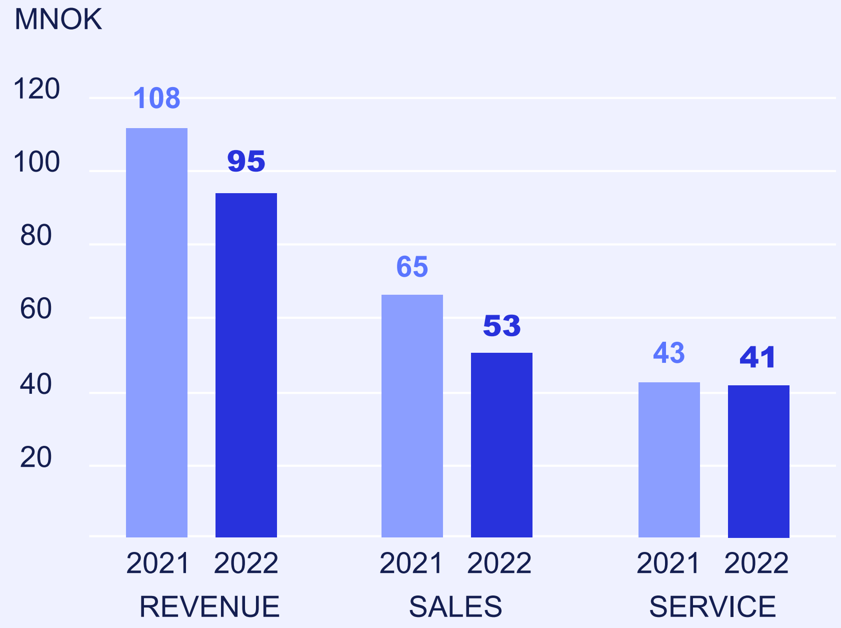
In-store Pickup
StrongPoint's In-Store Pickup solution allows any store anywhere to automate its instore pickup operations for fast, seamless, and efficient service and maximum customer experience. The system includes two-way customer communication allowing the customer to alert the grocery retailer when they are about to come to pick up their order.

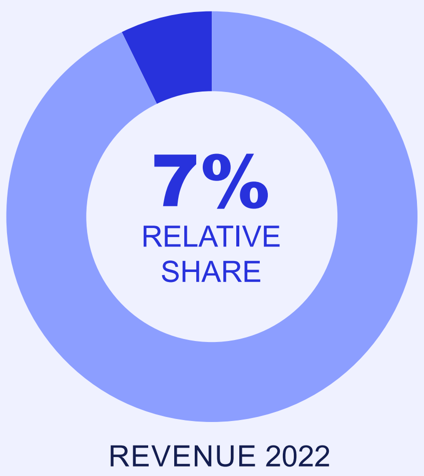
Home Delivery
StrongPoint's Home Delivery solution optimizes the home delivery of groceries to the customer. The solution offers support to the grocery retailer in handling multiple delivery slots, vehicles and pickup points and optimizes the driver routes. The system includes two-way communication allowing the customer to communicate to the driver any change of details regarding how or where to deliver the order and support with retaining the cold chain throughout the delivery.

Grocery Lockers
StrongPoint's Click & Collect Lockers offer a more convenient way for customers to pick up online orders. They cut the cost of last mile deliveries by automating the delivery process and turning stores into distribution points. Click & Collect Lockers can be mobile or stationary and can be set to three temperature zones: ambient, chilled and frozen.

Drive-Thru
StrongPoint's Drive-Thru solution allows grocery retailers to provide a completely contactless and automated solution for customers to pickup their groceries at their store. The system uses AI image recognition, so the store is automatically alerted the moment the customer enters the pickup zone.

Automated Fulfilment
As a partner of AutoStore, StrongPoint offers micro-fulfilment solutions for grocery retailers. Combining micro-fulfillment with StrongPoint's best in-class Order Picking solution, all online grocery orders can be processed at world-class levels of efficiency.





Chris Mackie
SVP E-commerce

The Market Today

The persistence of ecommerce growth during 2021 was evidence of a real behavioral shift to shopping online. In 2022 as most markets emerged from the pandemic there was a decline in order volumes however volumes were still higher than pre-pandemic levels and there has been a definite sustained behavioral shift. Coupled with the war in Ukraine and rising inflation many retailers initially focused on keeping prices low and more traditional store retailing. However in the 2nd half of 2022 retailers took stock of their e-commerce operations. A minority with less mature operations exited the market however most took the opportunity to investigate ways to future proof operations and to improve productivity and profitability. Additionally, retailers who stood back and missed the e-commerce growth of the pandemic and the sustained business that remains are now making the first bold steps to go online especially in the DACH region where we ran a number of successful pilots.

We focused on both a direct sales and a partner strategy during 2022, investing in resource for new markets like the UK where we have engaged with several tier-1 grocers and in support and enablement of existing and new partners to expand the solutions they are capable of selling from lockers to the majority of our e-commerce solution set.

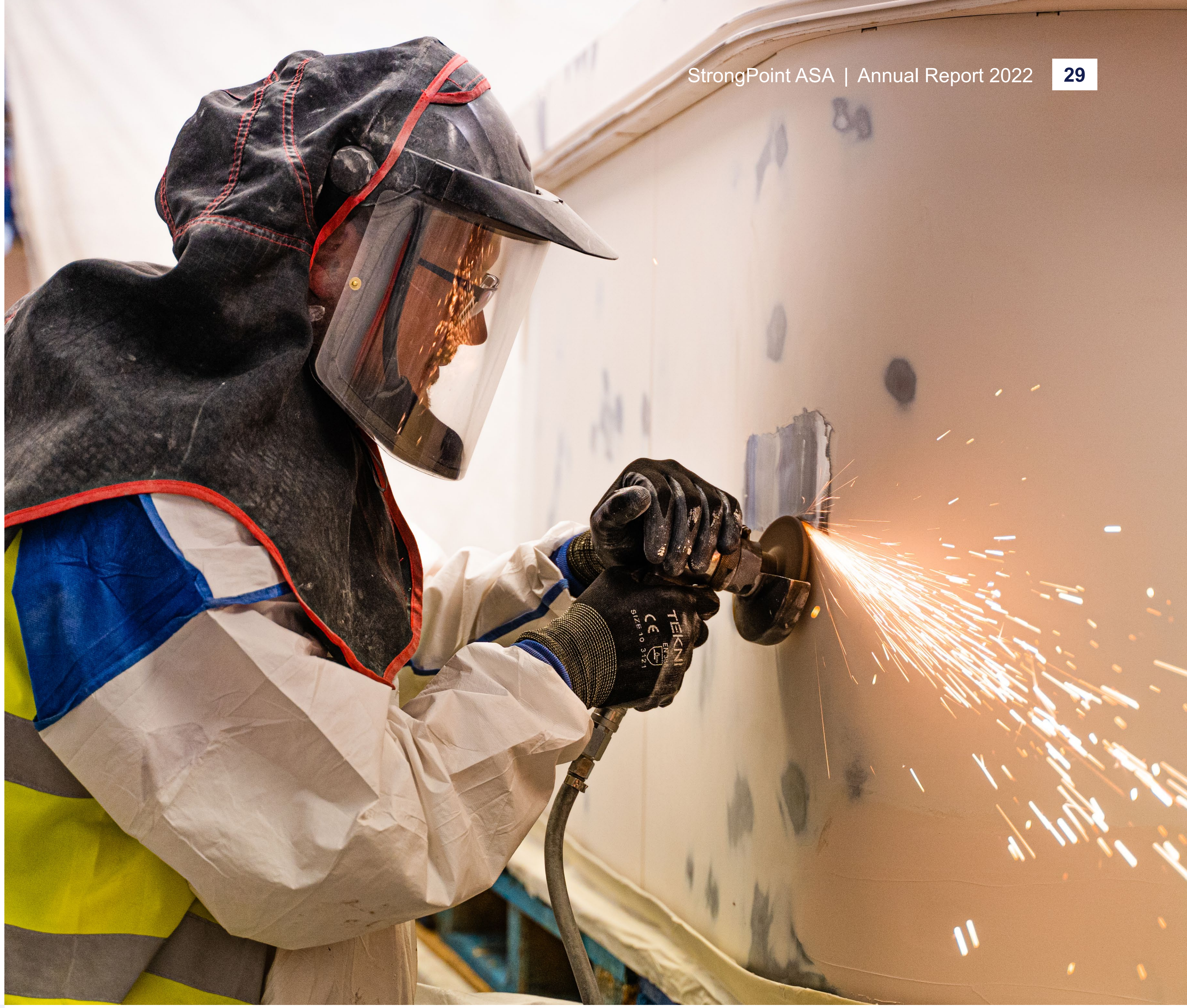
The Future Outlook

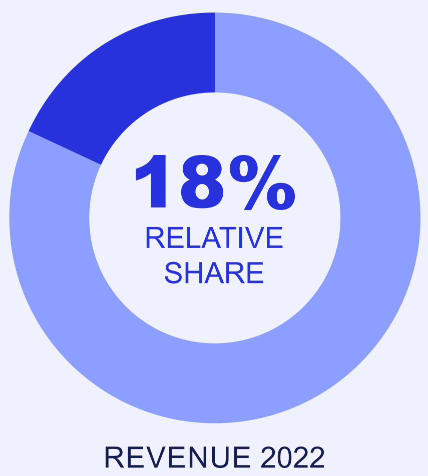
Our solution footprint is unrivalled and uniquely positions us to help retailers at every stage of their evolution. We have a solution suite that can add significant value to even mature markets like the UK and can set a customer on the path to profitability in less mature regions such as DACH. We also see a growth opportunity in the US and Italian markets for lockers following successful sales via partners. In 2023 we look to grow our partner base across more European countries for lockers and will continue to focus on the UK as a priority market especially for Instore picking and AutoStore.

We plan to build upon our micro-fulfillment offering following successful sales in Norway, through the addition of experienced resources and partnerships with automation and software vendors to enable us to offer a more complete solution.

Shop Fitting

The acquisition of Air Link Group Ltd in UK and Ireland gave StrongPoint access to competence in shop fitting. ALS StrongPoint focuses on securing quality service to especially the grocery retail market. The services are related to changes in the physical store, especially inside but also the external environment around the stores. The services are often connected to the check-out area or installation of technological solutions, contributing to finding sustainable alternatives for the customer.





Design
ALS StrongPoint are helping customers to design store concepts for operational efficiency, increased sales & conversions and consumer experiences.

Deployment
The way ALS StrongPoint deploys has proven to be a great success and is also an environmentally friendly and safe way to deliver any project.

Delivery
The success for the company is delivering a solution that improves the work and lives of clients and their customers.

Customer Support
The core ethos is not just to meet client expectations but to exceed them making ALS StrongPoint the partner clients want to work with.


Steve Smith
SVP UK & Ireland

The Market Today

Being present in a competitive sector, the skill of Retail Shopfitting is something that needs to have a clear plan and strategy to remain successful and ahead of the competition. The market can seem saturated by low cost shopfitting entities, but with the current focus from retailers on quality (and with a clear objective to minimise disruption to their stores) a brands reputation is something that drives further opportunities. We believe that not only the standards around delivery, but the aftercare support and the client relationship is something that creates reoccurring opportunities in this field. Having a 'can do' approach to supporting the client store changes is key to success. Showing how processes can be streamlined, rather than a predictable delivery model, is something that sets us ahead of our competition. This is the added value piece that our retail clients benefit from with their store development projects.

The Future Outlook

With the current uncertainty in the world, retailers are faced with different challenges than ever before. These challenges are not only operationally with their customers shopping experience, but also from a commercial aspect by remaining competitive with innovation against other brands. There now is more of a focus of the retailers in their own management of their internal costs, but also those from their supply chains. By having product innovation, coupled with a track record of consistent shopfitting delivery, gives us a competitive advantage. No longer does the retailer need to engage with multiple suppliers to carry out their deployment projects, they can use one turnkey provider offering a complete package. Not only does this reduce the overall costs to the retailer, but it consolidates the stakeholder involvement to ensure a smooth communication from project initiation through to completion.

Other retail technology

Commerce Management System

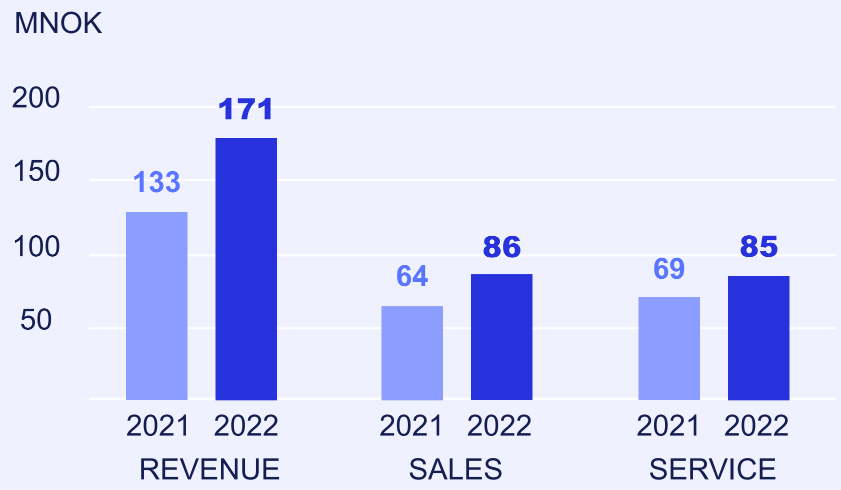
StrongPoint implements, personalises and maintains an enterprise resource management solution that includes the company's trading processes from customer service units to the central office. StrongPoint also helps retailers to automate checkout processes and deliver speedy customer service with POS terminal, fiscal printer and other related technologies.

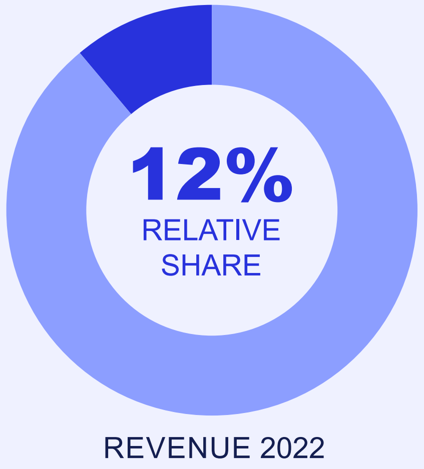
Our solution is based on Microsoft Dynamics 365 Business Central with Retail Module LS Central. Installing this solution will increase employee productivity, internal process efficiency, decision-making speed and reduce operational costs.

StrongPoint was the first in the Baltic States to introduce Microsoft Dynamics NAV solution to retailers. StrongPoint implements, modifies and advises on all issues related to enterprise resource management systems since 2000.

Long-term experience and accumulated expertise enable us to select and model enterprise resource management systems that best meet the needs of the retailer for maximum operational efficiency and performance.

In 2005 StrongPoint became a golden Microsoft partner and in 2015 StrongPoint was named a Diamond LS Retail partner. StrongPoint has implemented enterprise resources management systems in more than 100 companies in the Baltic.





Rimantas Mažulis
SVP Baltics

The Market Today

Whatever the point of sale (POS) solution may look as a very clear and simple solution, it plays a critical role in each and every store.

Today, POS solutions have been in place for more than 10 years for the physical POS. However, during the past few years, retail technologies expanded with a huge variety of different channels to sell the goods to the buyers. For example self-checkout, self-scanning, e-commerce, mobile scanning, mobile POS, electronical shelf labels, and many others. Also, almost every retailer has a loyalty program, various of payment types (gift cards, vouchers, coupons etc) and of course – ERP. And what is interesting is that all of these must be connected in some way or another to the POS. That is why it is so critical and difficult to replace, with heavy integrations and requiring powerful hardware to run. Retailers start to face big challenges going forward with new technologies and new integration because of technical limitations, costly environment and expensive resources. This means that the POS ecosystem is going to be transformed.

The Future Outlook

The next POS solution trends are making retailers think about new POS solutions on offer. It will move from single to multiple POS. This is a future retail sales/transactions platform, which must connect each and every different sales channel into one common business logic. Of course, the platform must be cloud-ready and at the same time solve the offline challenges. Why is this transformation so important? Firstly, the platform can be fully modular – meaning, retailers have an easy way to connect/disconnect different types of components, like payments, loyalty, different applications using microservices. Secondly, no dependence on specific hardware, means any device, any platform, anywhere no matter where the sales transaction is done, it will always end in one place for the retailer. Thirdly, the latest technological architecture allows the retailer to play with different parts of the retail transaction platform. This transformation will bring retailers to the next level by improving the shopping journey within different channels, better knowledge of their customers and offering substantial flexibility in their own environment.

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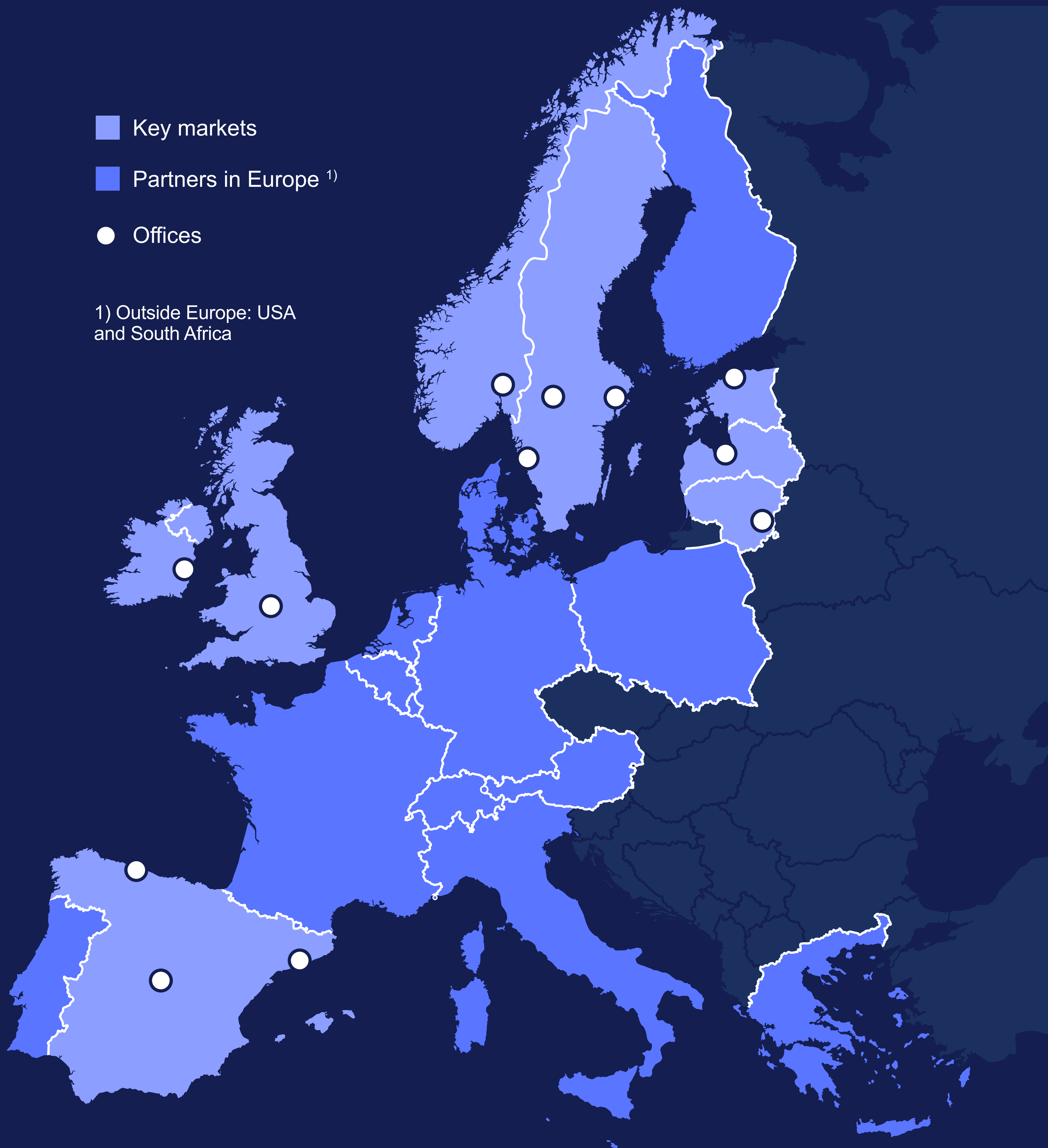
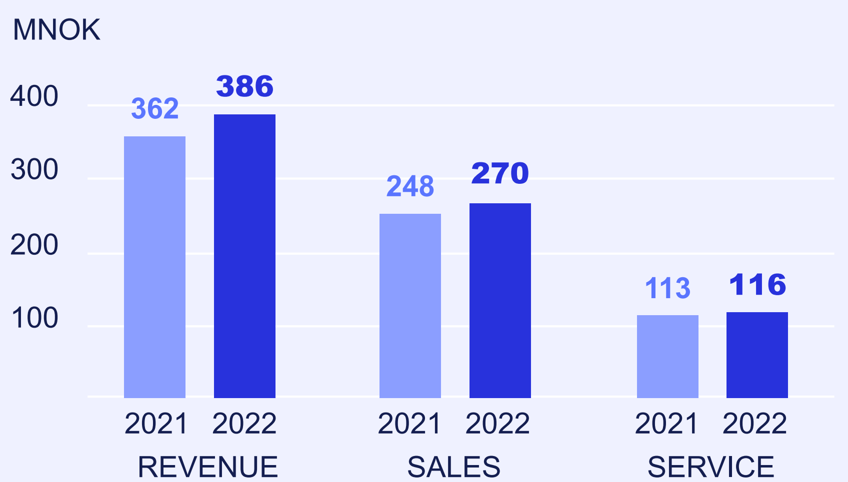
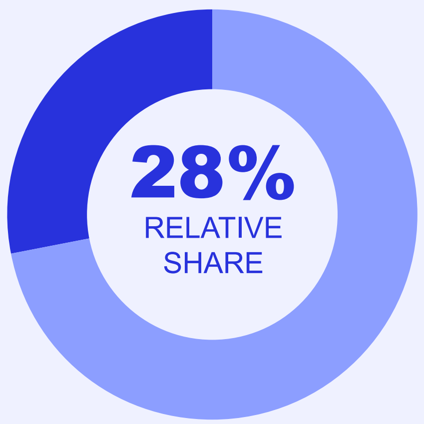


2022
Norway





REVENUE 2022

What do you see as the key trends facing the grocery retail sector in Norway?

The emerging trends we are seeing in Norway are: further development of self-service, grocery e-commerce gradually gaining more market share and more technology to improve operational efficiencies.

Self-service checkouts (SCO) have until now primarily been present in larger grocery stores, but will increasingly be used in smaller stores, convenience, discount and specialized trade stores. Small autonomous self-service open 24/7 stores will be emerging, and often placed at high-frequency locations or in rural areas. The increase in self-service also drives the demand for other solutions including electronic shelf labels, in-store scales and Vensafe.

The disruption caused by the pandemic created a surge in online grocery shopping. Even though shoppers have returned to normal life and increase in-store purchases, we believe grocery e-commerce will gradually gain more market share. Established brick-and-mortar grocery retailers have been hesitant to fully embrace e-groceries and will have to step up not to lose further market share to grocery e-commerce pure-players and meal kit companies. Achieving profitability has been a challenge due to the costs of handling online fulfillment and last mile delivery or pickup, however StrongPoint offers market leading solutions for order picking and last mile solutions that can ensure maximum levels of efficiency.

Challenges with supply chains, labor costs and rising prices has resulted in inflation. Food retailers are, in order to protect their bottom line, forced to pass the growing prices over to the consumers. StrongPoint sees a growing interest in technology that can mitigate the effects of inflation by increasing productivity, automation and improving

Gisle Elvebakken
SVP Norway

operational efficiency. Examples are solutions to optimize supply chain inventory, reduce food waste and loss prevention.

What kind of solutions do you think grocery retailers are going to be in most need of in the future?

We expect the in-store shopping and checkout process to change substantially in the years to come. Shop & Go is a self-service concept that allows customers to scan and pay using their smartphone, or even having cameras detecting automatically what you put in your bag. We see that there is a growing market for more self-service, unmanned and 24/7 grocery stores also in Norway.

There will be more solutions within automation and cost-saving technologies. Solutions where cameras are used together with self-learning software for AI-based image recognition to increase customer satisfaction, loss prevention, waste reduction and not least to make the checkout process frictionless, faster and more secure. And of course the growing interest in 'autonomous' self-service 24/7 open stores.

2022
Sweden

Magnus Rosén
SVP Sweden

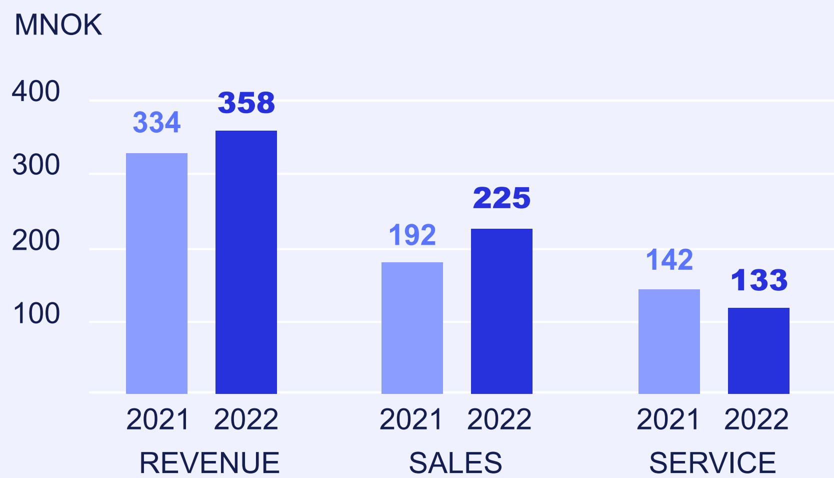
What do you see as the key trends facing the grocery retail sector in Sweden and what kind of solutions do you think grocery retailers are going to be in most need of in the future?

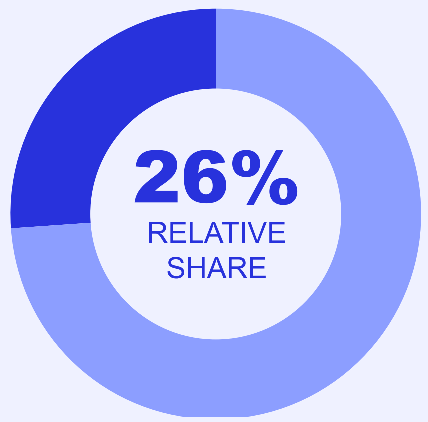
2022 have been a challenging year for the retail sector. Record high inflation and a general decline in sales volumes have affected both physical retail as well as online sales. However, we must bear in mind that e-commerce has grown explosively during the pandemic, a decline was thus expected, but the situation is still tough.

Operational efficiency and cost cutting
As margins shrink and volume decrease, retailers are streamlining their operations and focus on their core businesses. Technologies that reduce labor cost and still deliver customer value are in high demand. Electronic Shelf Edge labels is an excellent example where demand has soared during 2022. Retailers see the opportunity to reduce labor costs, reduce wastage, preserve margins at the same as they can offer their customers in-store navigation and accurate price information.

Continued investments in e-commerce
2022 was the first year since 2006 where online growth flatlined. Still, most Swedish retailers are convinced that their online business will be key contributor to growth coming years. We see a continued demand for our Order Picking and Last Mile solutions that allow retailer to pick and deliver online orders at world class efficiency levels. We also see an increased interest in our automation technologies from AutoStore. Especially when it comes to implementing Micro Fulfilment Centers (MFC's) where retailers can use existing stores as highly efficient fulfilment centers for their online operation.

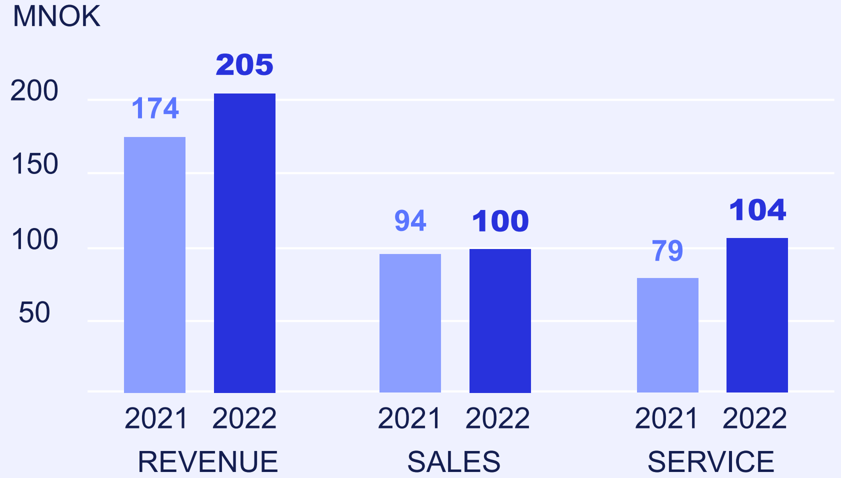
Increased usage of cash in society
In the wake of the pandemic and very turbulent 2022 we see an increase in demand for our cash management solutions in the market. There are also initiatives from Riksbanken to secure a satisfactory access to cash throughout Sweden. We believe that these initiatives will further increase demand for our cash management solutions.

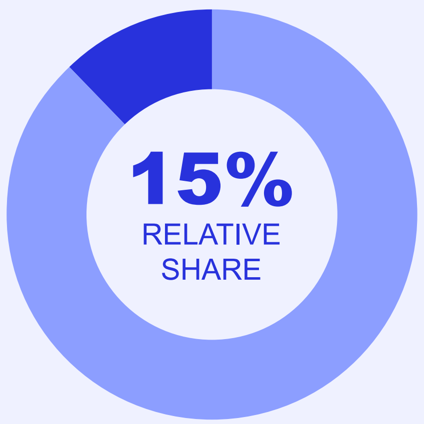




REVENUE 2022

2022
Baltics





REVENUE 2022

What do you see as the key trends facing the grocery retail sector in the Baltics?

In the beginning of 2022, the global pandemic was quickly forgotten after the changes in the geopolitical environment due to the Russian invasion of Ukraine. The Baltics, being extremely near to Russia, faced high levels of uncertainty of how the situation would evolve. Most of the businesses including retailers re-positioned their businesses and terminated relations with Russia and Belarus, which has a big impact to their sales and revenues. However, most of the retailers remained stable and continued to invest in technologies. This was due to inflation and labor cost increases which were almost the highest in all of Europe. Unfortunately – the trend with technologies were not as we expected. Grocery e-commerce has stablised with flat demand for our grocery lockers as a last mile solutions. Home delivery has remained the main option for our customers. However, interest for tobacco solutions using Vensafe increased susbtantially after installation of pilots. Electronical Shelf Labels was also one of the main topics on the efficiency agenda. In addition the number of POS/ERP and Self-checkout implementations increased as usual. Overall, 2022 brought new opportunities, retailers still willing to invest, and buyers came back to physical grocery stores.

What kind of solutions do you think grocery retailers are going to be in most need of in the future?

Firstly, unmanned stores. This is a highly interesting topic for many retailers. At StrongPoint, we are taking the role of integrator and main concept consulting.

Rimantas Mažulis
SVP Baltics

This means, we are at the beginning of this journey with retailers. Today we have 2 running unmanned stores in Lithuania and have at least 3 other different opportunities which we are working on. The concepts are different in terms of technological environment, business models or type of the store. But one thing relates to all of them: they are in demand of some kind of autonomous store.

Secondly, and more futuristic in term of time period, current standard POS solution have transformed into depended retail sales/ transaction platform. The trend has been driven by many challenges retailers are facing including when there are so many different sales channels, like self-checkout, self-scanning, mobile POS, e-commerce with its own logic which needs to be integrated and managed separately. In the Baltics, where we have strong presence as a POS solution provider, we are following those trends to be ready for this transformation for our retailers.

2022
Spain

Lorena Gómez
SVP Spain

What do you see as the key trends facing the grocery retail sector in Spain?

We live in a time in which the current economic instability adds to the traditional challenges of the grocery retail sector. More than ever, it is essential to optimise operating costs through process improvements, since the impact of wage increases, constant price changes due to inflation, and energy costs have clearly destabilised profitability as never before.

In general, we see a change in how the departments in charge of process improvement are becoming more important in organisations, as well as solutions that, until now, were seen as futuristic are starting to become a reality, with the return on investment much more compelling than in the past.

Solutions that improve in-store payment processes, such as automated cash management or self-checkout systems, are becoming more and more mature in Spain and will clearly continue to be a trend in the coming years.

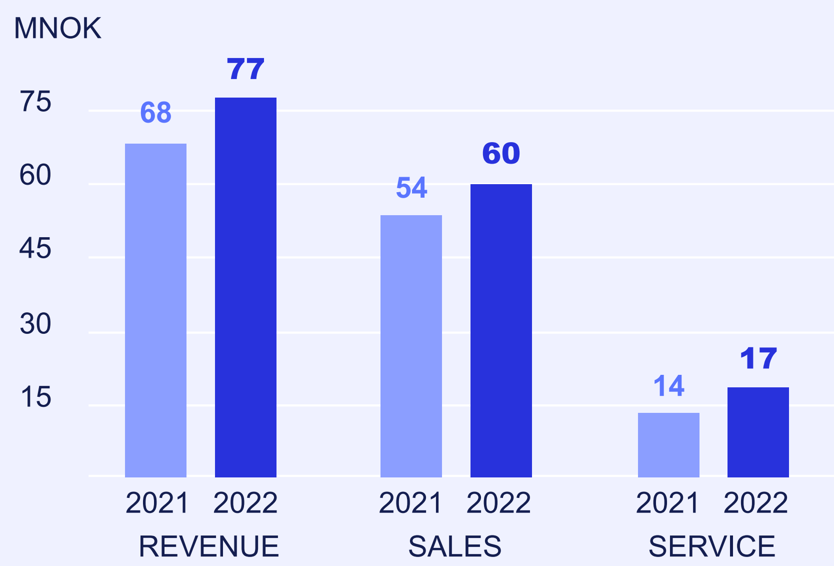
On the other hand, recent legislation regarding the requirement for less and less packaged goods and more bulk to improve sustainability imply changes in the way variable weight items are processed and represent a great opportunity to introduce the latest technology in weighing systems.

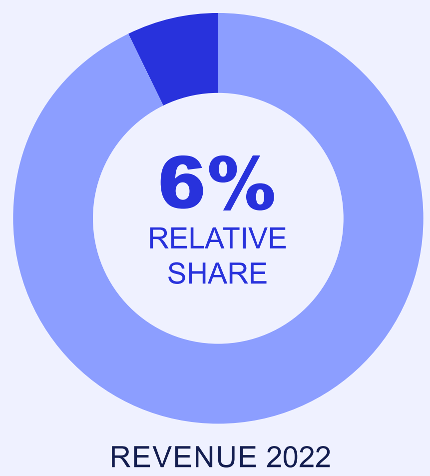
Finally, the e-commerce sector for food continues to grow. Retailers are aware of the urgent need to be efficient in this new business, and our Click & Collect and In-store Picking solutions are well understood as the solutions to fulfil this need. Not only in the food sector but also in the pharmaceutical sector is there a great potential to improve last mile.

What kind of solutions do you think grocery retailers are going to be in most need of in the future?

I believe that artificial intelligence will play a key role in the near future. Solutions that, for example, identify fresh products through computing vision not only help reduce errors and consequent losses but also increase scanning speed either for employees or the customer, in the case of self-checkout.

In addition, warehouse automation with AutoStore-type solutions will become more and more relevant as the penetration of online business increases. In terms of customer experience, unstaffed stores will probably start to emerge soon in Spain.





2022
UK & Ireland

Steve Smith
SVP UK & Ireland

What do you see as the key trends facing the grocery retail sector in the UK and Ireland?

It's no surprise that the retail industry is facing change as a result of the pandemic, encouraging a quick response from retailers as they balance shifting customer needs with the drive for personal connection. But many business owners have been prepared for a shift in the UK shopping experience for some time. We have seen a huge shift to consumers shopping online or preparing their shopping order from homes or throughout their working week. It goes without saying that an online presence is vital for most businesses.

For both consumers and retailers, the cost of living crisis is dominating conversations and strategies. It is significantly influencing shopper behaviour and business decisions across an abundance of issues. The inflationary environment, impact of rising interest rates and a weakening labour market are placing a squeeze on discretionary spending for many households. These factors too are also critical to understand, particularly at an increased level of granularity to assess how different demographics will behave in the face of challenging circumstances.

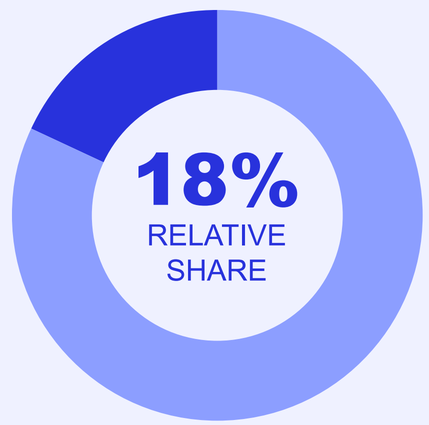
What kind of solutions do you think grocery retailers are going to be in most need of in the future?

Since our onboarding with the product portfolio StrongPoint has to offer, we have seen a huge interest from our client base in how such solutions could be implemented in the UK and Irish markets. Having such strong case studies and experience across Scandinavia of how these products have helped retailers deal with current operational and commercial challenges will be invaluable for us to grow our offering in our core markets. Currently, the UK and Ireland are relatively 'untapped' when it comes to ESL, something other parts of Europe have as a tried & trusted method to manage inflation and price wars with fellow grocery chains.

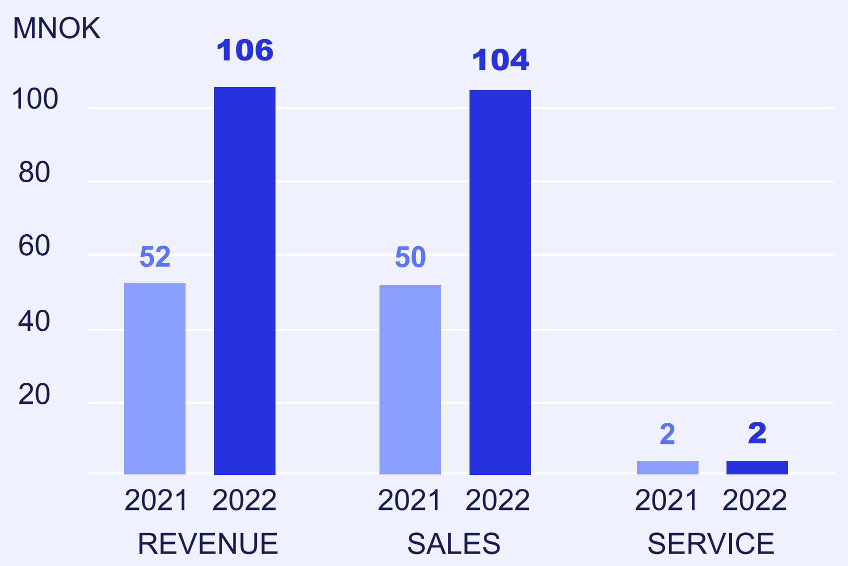
With an increase in online shopping for every type of purchase, grocery retailers have enormous opportunities in front of them, but this also creates some challenges for them to manage internally. As part of our focused strategy in our core markets, automated picking solutions is something that our client base are really intrigued in how this can save them time and money with their 'back office' infrastructure. Not only with the speed of an automated picking solution, but the accuracy is something we can entice our clients into understanding the benefits of such a solution. Having 'real-time' information on stock enables retailers to fulfill online order with far fewer errors and ensure all their customers are well taken care of.

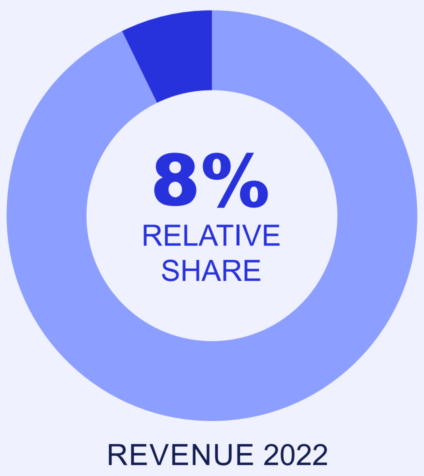
Shopping habits are changing, and different demographics shopping habits vary. Grocery retails are having to offer their customers a flexible way to shop, not to isolate shoppers from their customer base. Whether that is having a scan and shop solution, unmanned checkouts or even the traditional belted checkout, complete with store colleague operating, our hybrid Swivel checkout is something in which offers retailers a flexible and nimble way to adapt their store to the time of day in which their stores are trading. Having the option to have the checkout supervised as a traditional checkout, or change to a 'self-serve' is something not only really relevant to our core markets, but something we are confident can be reversed back into the StrongPoint group in other territories.

These solutions, we would consider really relevant in the current climate helping the grocery retailers to navigate the short term challenges, and be well placed in the market for the next stage of their own shopping experience evolution.



REVENUE 2022





2022
Partners

What do you see as the key trends facing the grocery retail sector?

Retailers are facing multiple trends that are having a significant impact on their businesses, particularly in the face of global economic uncertainty and inflation, which are creating pressure to maintain profitability.

Fortunately, our solutions can help sustain business profitability and provide a great opportunity for our international partners. Therefore, we are increasing our efforts to work more closely with them, ensuring that they have the support they need to succeed.

The pandemic-induced shift towards more digital ways of working has resulted in another trend - an increase in information exchange and growth of competitive solutions in the self-service field. As the innovators in this area, StrongPoint takes pride in leveraging its first-mover advantage to offer our partners solutions with unique selling points. Our solutions have already been enhanced with AI-powered item recognition features that enable the fastest transaction speeds. In addition, our solutions seamlessly integrate multiple self-service technologies in a single store, provide advanced cash management capabilities, and automate sales for restricted-access items. We continue to innovate and bring new features and solutions to the market to help our partners and retailers maintain a competitive edge.

Julius Stulpinas
SVP Technology
and Supply Chain

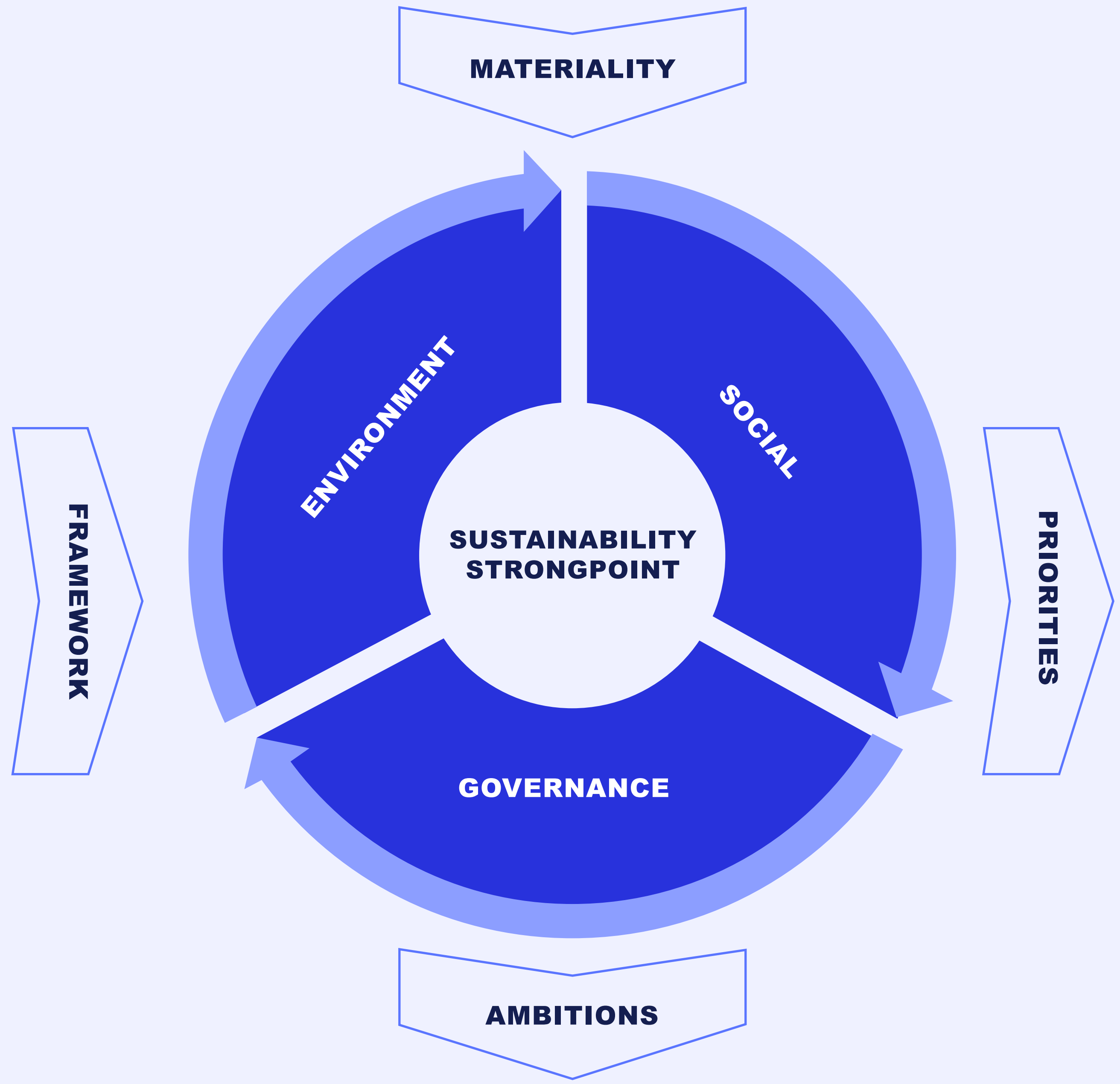
What kind of solutions do you think grocery retailers are going to be in most need of in the future?

To maintain a competitive edge, there will be continued demands for increased process efficiency and improved shopping experiences throughout the omnichannel shopping journey. These demands will drive future innovations, with the store frontend being a key area of focus for creating and optimizing new technologies such as checkout-free shopping, shrink reduction, and automation of restricted-access item sales.

Innovative new concepts and technologies are already being tested, and they are set to transform the in-store landscape. With further technological advancements, they will continue to evolve, making the shopping experience even more seamless and efficient.

SUSTAINABILITY IN STRONGPOINT

Sustainability at StrongPoint is about making responsible business decisions that create value while protecting the environment and contributing to the good of society. Sustainability is an integrated part of StrongPoint's strategy and the basis for our long-term positioning and profitability. By reducing our footprint, improving relations with neighbors and other stakeholders, managing impacts, increasing resource efficiency, and developing new markets, StrongPoint will minimize risk and create new opportunities. StrongPoint has quantified a set of ambitions that will improve our performance on climate, environment, and social responsibility.



Framework

- UN SDGs
- EU Taxonomy
- Sustainability Reporting
- Transparency act
- Non Financial Reporting Directive
- Equality and Anti Discrimination
- Executive Remuneration

Priorities

- Environment and climate risks
- People and working environment
- Operational sustainability initiatives
  - Warehouse energy consumption
  - Refurbishment of check-outs
  - Safeguarding shopworkers

Ambitions

- Carbon neutral
- Net-zero
- Climate neutral

Materiality determination and stakeholder engagement

In 2021 we conducted a comprehensive process to gather feedback from our stakeholders and identify a list of potentially material important sustainability topics for StrongPoint. StrongPoint has in-depth and ongoing dialogue with our key stakeholders on sustainability impacts and topics throughout the year. Our key stakeholders include customers, investors, financers, employees, NGOs, unions, national authorities, partners, and suppliers.

A key development in GRI's Materiality Standard is the requirement for reporting companies to assess the significance of their actual and potential impacts, using the criteria in the standard. In 2022, StrongPoint updated our materiality assessment according to the guidance provided in the GRI 3 Universal Standard. The process to update the materiality assessment followed last year's process and the same stakeholder groups and involved expert functions in StrongPoint that have insight into our sustainability commitments and external stakeholders' expectations.

	Expected of StrongPoint - Key Topics and Concerns Discussed (Not Listed in Order of Priority)	Arena for dialogue	Frequency of Engagement
Investors/owners	• Ensure an engaging, healthy and safe working environment for employees to prevent sick leave and high turnover. • Follow laws and regulations in terms of ethical business operations, human rights and anti-corruption. • Continuously work to reduce the environmental footprint of the products and in own operation.	• Sustainability report • Quarterly reports/presentations • Annual reports • Teams/phone meeting • Roadshows	Monthly, Quarterly, Annually (and ongoing basis when relevant)
Customers	• Ensure high quality product that are safe for end-user (e.g., food safety, chemical use). • Follow laws and regulations in terms of ethical business operations, human rights and anti-corruption. • Correct waste management (reduce, reuse, recycle).	• RFIs, documentation/ requisitions • Visits (during installation) • Through partnership projects • Ratings, risk assessment • Marketing / communications • Meetings • Website • Newsletters • Customer and project meetings • Tender responses and presentations	Daily, Weekly, Monthly, Quarterly, Annually
Suppliers	• Contribute to a sustainable industry. • Work to ensure long lifetime of products. • Correct waste management (reduce, reuse, recycle).	• Supplier audits • Quarterly meetings / audits • Newsletters • Customer meetings / projects	Daily, Weekly, Monthly, Quarterly, Annually
Employees	• Ensure an engaging, safe and inclusive working environment. • Focus on employee training and development. • Follow laws and regulations in terms of ethical business operations, human rights and anti-corruption.	• Townhall meetings • Information from management • AGM • Website • Intranet • Newsletters • Online trainings • Information posters / leaflets • Values implementation process. • Employee survey	Daily, Weekly, Monthly, Quarterly, Annually
Government/ civil society	• Follow laws and regulations in terms of ethical business operations, human rights and anti-corruption. • Comply with regulations for data privacy (e.g., GDPR). • Ensure safe products.	• Phone and email communication • Visits and tours at our facilities • Conferences and community events • Participation on advisory boards • Social media	Monthly, Quarterly, Annually Frequency depends on type of government / public authority body
Media	• Business development and innovations. • Status of operations, and effects on local / regional / national employment • Transparent reporting.	• Phone and email communication • Interviews • Press releases • Website and social media	Daily, Weekly, Monthly Frequency depends on type of media, and editorial focus vs StrongPoint's key business activities.

Table: A summary of our stakeholder engagement and the topics and impacts raised by them.

Material changes from 2021

StrongPoint's environmental footprint (direct emissions) are relatively low due to the nature of our business. After assessing the significance and possible negative impact, we have found it to be more relevant and aligned with our stakeholders' feedback to become more focused on innovation and technical solutions that reduce energy consumption on our customer and customer-customers side of the value chain.

We have therefore introduced three Operational Sustainability Initiatives (OSI). Our ambition is to drive sustainability in the grocery industry through product innovation and solution design. The selected focus areas has the potential to significantly improve either emissions or working conditions. Our three OSIs are:

1. Reduction of warehouse energy consumption
2. Refurbishment and end-of-life treatment of check-out counters
3. Safeguarding shopworkers

Our people and work environment are introduced as a separate material topic. The topic covers what our 2021 annual report included: "Ethics and anti-corruption" and "working environment, including employee health and safety." As per the Norwegian Transparency Act this change reflects our obligations to map and manage risks related to human rights and working conditions and the due diligence StrongPoint performs on suppliers to manage risks related to our commitments to responsible business conduct.

Sustainability governance and frameworks

StrongPoint works proactively to ensure sustainability, integrity, and responsibility in its operations. StrongPoint's Board of Directors, the highest governance body, is responsible for overseeing and safeguarding management of our sustainability work. Sustainability is a standard topic on the agenda for the Audit Committee meetings where risk, material impacts, policies, reporting, and other key issues are discussed and agreed upon.

Under the CEO, the Executive Vice President of People and Organization has the responsibility to develop, drive and communicate the sustainability agenda. At the same time our business units are responsible for implementation. Each of our locations is responsible for ensuring compliance with local legal requirements and corporate requirements.

StrongPoint employees are expected to adhere to our Code of Conduct Policy. Our business processes are owned by our global functions and business segments with the responsibility and authority to standardize and optimize our work processes to secure efficient operation.

The Code of Conduct is the fundamental governing document and the foundation of our drive to uphold the highest levels of integrity and avoid becoming complicit in unethical or illegal behaviour. We strive to minimize harm to the environment by providing environmentally sound technology for our activities and our customers. We recognize our responsibility to impact societies positively and strive to ensure that they benefit from our operations.

Sustainability is embedded into StrongPoint's enterprise strategy and is not a separately developed strategy. Decisions are made every day that impact our value chain: they affect people, customers and suppliers, the environment and the communities in which we operate. We know that how we conduct ourselves as an employer and as a business has a profound impact on the company's ability to create long-term value for society and our shareholders.

Frameworks:

StrongPoint act and report on sustainability according to national and international standards and legal requirements. The most important are:

I. UN Sustainability Development Goals and membership in UN Global Compact
II. EU taxonomy for sustainable economic activities
III. Sustainability reporting – Global Reporting Initiative standards (GRI)
IV. EU regulation on responsible business conduct and The Norwegian Transparency Act
V. The Norwegian accounting act §3-3 and compliance with EUs Non Financial Reporting Directive
VI. Statement on equality and non-discrimination (the Norwegian Equality and Anti-Discrimination Act)
VII. EU regulation on executive remuneration

I. UN Sustainable Development Goals and UN Global Compact

StrongPoint supports the UN Sustainable Development Goals (SDGs), a collection of 17 global goals set by the United Nations General Assembly in 2015. Based on our materiality assessment, we have prioritized eight (8) SDGs where we believe we can have the most impact and where we seek to contribute positively.

The UN Sustainable Development Goals (SDGs) embrace a universal approach and define the global agenda for sustainable development. The goals explicitly call on businesses to use creativity and innovation to address development challenges and recognize the need for governments to encourage sustainability reporting. StrongPoint uses the SDGs to understand the context of our impact on sustainable development. Please refer to the Appendices for an overview of StrongPoint's impact on the 17 development goals.

COMMUNICATION ON PROGRESS

Since 2021, StrongPoint has been a signatory to the UN Global Compact, the world's largest corporate sustainability initiative, and is committed to its 10 principles. We respect and adhere to the precautionary principle (Principle 7). This report is our annual Communication on Progress.

SDG 2, 9, 11 and 12: Product innovation, quality and safety in the food chain

Ensuring safe and fresh groceries. With innovative labelling and minimal wastage of food. Develop and offer new technical solutions to the market which are more environmentally sound, simplifying and improving the way retailers and communities do business.

SDG 5 and 8: Working environment

Ensuring a healthy, fair workplace that creates good opportunities for all. Protecting labor rights for all workers.

SDG 13: Environment

Promoting a more circular economy and working with suppliers on joint strategies to reduce our CO2 footprint.

SDG 16: Governance

Setting and enforcing appropriate rules of behavior for employees and suppliers, along with reporting mechanism.

II. Statement on EU taxonomy for sustainable economic activities

The taxonomy is a classification system that specifies criteria for which activities can be considered sustainable. It is an integral part of the EU's action plan to turn capital toward a more sustainable economy. It represents an important step in becoming carbon neutral by 2050.

The taxonomy has been adopted in Norwegian legislation through the Act on the publication of sustainability information in the financial sector, which entered into force on 1 January 2023. StrongPoint needs to report according to the law as a non-financial reporting subject (based on the 2022 number of employees and revenue).

The reporting requirements are not binding until 2023. However, StrongPoint has chosen to partially include taxonomy-related information in the annual report for the financial year of 2022.

In the following section, we, as a non-financial parent undertaking, present the share of our group turnover, capital expenditure (Capex), and operating expenditure (Opex) for the reporting period 2022, which are associated with Taxonomy-eligible economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) by Art. 8 Taxonomy Regulation and Art. 10 (2) of the Art. 8 Delegated Act.

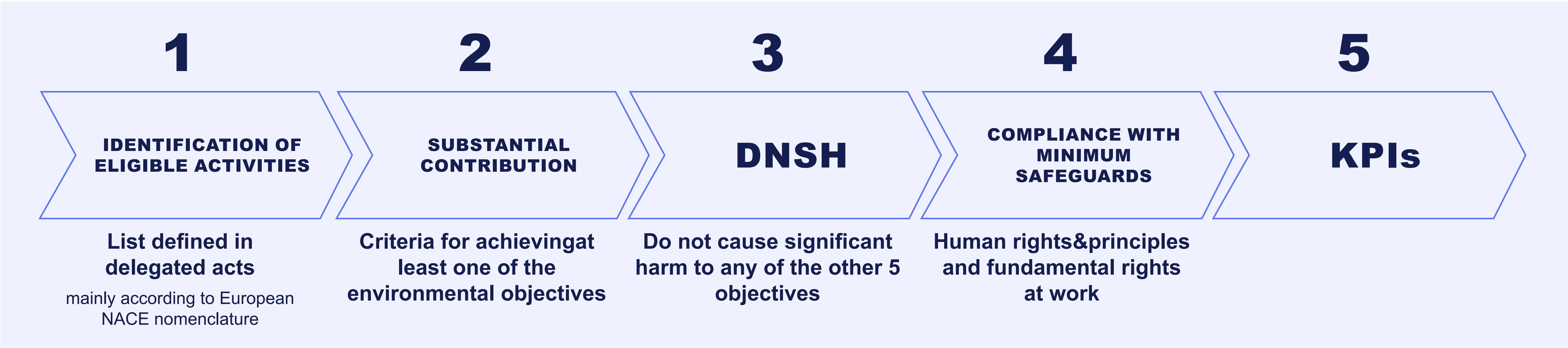


Illustration of Taxonomy requirements and qualifiers.

Our activities - eligibility

Our economic activities as a technology group are Taxonomy-non-eligible:
We have examined all Taxonomy-eligible economic activities listed in the Climate Delegated Act based on our activities as a retail technology company. The Climate Delegated Act focuses on those economic activities and sectors with the most significant potential to achieve the objective of climate change mitigation – that is, the need to avoid producing greenhouse gas (GHG) emissions, to reduce such emissions, or to increase GHG removals and long-term carbon storage. The sectors covered include energy, selected manufacturing activities, professional- scientific- and technical activities, transport and buildings. After a thorough review (using the NECE codes, technical screening, and Taxonomy compass) involving all relevant Business units and functions, we concluded that our economic activities are not covered by the Climate Delegated Act and consequently are Taxonomy-noneligible. And that StrongPoint has no areas that Do No Significant Harm ('DNSH').

Activities within the value chain of our products that are not revenue-generating, but that result in assets or processes that are essential for our revenue-generating activities, are not reported as Taxonomy-eligible economic activities on their own. This includes, in particular, research and development, the rent/acquisition/construction of new buildings (for our production sites), and other investment-oriented activities such as expenditure for our fleet and data center capacities.

Additionally, the transport of our products to our customers and partners is not reported as a Taxonomy-eligible activity, and it is not included in our turnover KPI, because we are not generating external turnover on a standalone basis with this activity. However, we do disclose Capex and Opex relating to the purchase of output from Taxonomy-eligible economic activities and individual measures to improve energy efficiency listed in the Climate Delegated Act.

Outlook to become Taxonomy-eligible:

StrongPoint has assessed our future impact in the following risk areas:

- **Temperature-related** (Changing temperature (air, freshwater, marine water), Heat stress, Temperature variability, Permafrost thawing, Heatwave, Cold wave/frost, Wildfire).
- **Wind-related** (Changing wind patterns, Cyclones, hurricane, typhoons, Storm (including blizzards, dust and sandstorms), Tornado).
- **Water-related** (Changing precipitation patterns and types (rain, hail, snow/ice), Precipitation or hydrological variability, Ocean acidification, Saline intrusion, Sea level rise, Water stress, Drought, Heavy precipitation (rain, hail, snow/ice), Flood (coastal, fluvial, pluvial, groundwater), Glacial lake).
- **Solid mass-related (**Coastal erosion, Soil degradation, Soil erosion, Solifluction, Avalanche, Landslide, Subsidence).

We foresee that we, in the future, and to be further assessed in 2023, might report on heat stress and how the grocery retail industry impact positively on food waste, and changes in traffic patterns in heavily populated city areas. We also see that we may contribute to energy-efficient building automation and control systems for non-residential buildings (warehouses).

Individually Taxonomy-eligible Capex and Opex

Since our economic activities as a retail technology company are not covered by the Climate Delegated Act, the share of Taxonomy-eligible economic activities in our total turnover is 0%, and consequently the related capital and operating expenditure are also 0%.

Only “category c” Capex and Opex can therefore qualify as Taxonomy-eligible, i.e., Capex/Opex related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling the target activities (our non-eligible activities) to become low-carbon or to lead to greenhouse gas reductions.

These individual measures correspond to economic activities listed in the delegated acts supplementing the Taxonomy Regulation (as of today, the Climate Delegated Act).

We have identified the following purchased outputs and individual measures that correspond to eligible economic activities and, thus, result in Taxonomy-eligible Capex/Opex:

	Total (MNOK)	Proportion of Taxonomy eligible economic activities (in %)	Proportion of Taxonomy-noneligible economic activities (in %)
Turnover	1,372	0%	100%
Capital expenditure (Capex)	11	1%	99%
Operating expenditure (Opex)	135	1%	99%

* Concerning our vehicle fleet, we considered all leased vehicles as Taxonomy-eligible.
* This voluntary disclosure is based on a preliminary assessment of the technical screening criteria. Our assessment might change in the future. We provide this information for transparency purposes only.

Taxonomy Opex and Capex KPI reporting:

Based on the non-significant impact and size of the expenditures there has not been set any specific KPIs on top of what StrongPoint has as general Sustainability KPIs (as described in annex on page 64-67).

Compliance with Taxonomy Minimum Safeguards:

Compliance with the Minimum Safeguards is determined by assessing performance criteria against four core topics:

	Considered non-compliant if one of the two criteria apply:	StrongPoint reporting
Human Rights	1. The company has not established an adequate human rights due diligence (HRDD) process as outlined in the UN Guiding Principles (UNGPs) and OECD Guidelines for Multinational Enterprises 2. There are signals that the company did not dequately implement human rights due diligence and/or did abuse. These are: a. The company has been finally found in breach of labour law or human rights b. OECD or Business and Human Rights Resource Centre (BHRRC) indicators signal that the company does not engage with stakeholders.	HRDD is described in CoC and implemented as part of the Transparency act process. StrongPoint has not been accused or found in breach of labour law or No indicators signal has ever been issued.
Corruption	1. The company has no anti-corruption processes in place 2. The company or its senior management, including the senior management of its subsidiaries, has been finally convicted in court of corruption.	Anti corruption process is described in our policies. The company or any of its senior management has never been convicted of corruption.
Taxation	1. The company does not treat tax governance and compliance as important elements of oversight, and there are no adequate tax risk management strategies and processes in place. 2. The company or its subsidiaries have been finally found to have violated tax laws.	StrongPoint follows national and international standards on taxation. The company and subsidiaries has never been found guilty of having violating tax laws.
Fair Competition	1. The company does not promote employee awareness of the importance of compliance with all applicable competition laws and regulations. 2. The company or its senior management, including the senior management of its subsidiaries, has been finally convicted of violating competition laws.	StrongPoint accepts and promotes the principles of fair competition. The company or any of its senior management has never been convicted of violating competition laws.

Table: Taxonomy Minimum Safeguards

III. Sustainability reporting - GRI standards

Scope

This chapter summarizes StrongPoint's sustainability reporting, and is in accordance with the GRI standards. It presents StrongPoint's management of and performance on material environmental and social issues.

The reporting period is 1st January to 31st December 2022. The report also adheres to the Oslo Stock Exchange's Euronext Guidelines. StrongPoint's sustainability report has been reviewed and approved by the Board of Directors together with the annual report. The claims and data in this report has not been audited by a third party.

For information about this sustainability report and its content please contact StrongPoint and CEO Jakob Tveraabak or SVP People and Organisation, Knut Olav Nyhus Olsen. Both their contact details can be found on the StrongPoint website.

Our materiality assessment is presented above on page 41, and the background facts and figures about the company can be found on page 2-12 of this report. Our corporate governance model is presented on page 76-80. For an updated GRI index please visit our webpage strongpoint.com.

This report covers all locations and subsidiaries of StrongPoint ASA. StrongPoint is headquartered in Rælingen, Norway, with offices in nine countries (Norway, Sweden, the Baltics, Spain, UK, Ireland and Bulgaria).

Economic impact and tax information

StrongPoint's economic impact is covered in the company's annual report. Payroll and social security expenses is covered in Note 9 of StrongPoint's annual report 2022. Tax information can be found in Note 26 in the annual report.

Value chain and markets served

StrongPoint serves the retail and e-commerce sector. The company produces a wide range of services to different lines of business including food and beverage, beauty and health, sports and the manufacturing industry. StrongPoint's supply chain starts with the sourcing of materials and extends to the distribution of StrongPoint's products mainly to customers throughout Europe. StrongPoint's key markets are Norway, Sweden, the Baltics, Spain, UK, South-Africa, Italy and US.

Corporate governance

Good corporate governance is vital to the success of StrongPoint and as a stock listed company, StrongPoint has the responsibility to follow all relevant legislation, regulations and standards. In 2022, the Board of Directors (the Board) has reviewed and updated the company's corporate governance practice, which is in line with the Accounting Act, section 3-3b and the Norwegian Code of Practice for Corporate Governance (NUES recommendations), except where deviations are noted.

StrongPoint's corporate governance principles are determined by the Board and are set forth in the company's management documents. The Board annually adopts a plan for its work, emphasising goals, strategies, and implementation, including the company's ESG approach. Sustainability is an integrated part of StrongPoint's core business and Executive Management are responsible for the follow-up of the company's sustainability efforts on a day-to-day basis. StrongPoint's sustainability approach is also covered in the company's Code of Conduct.

More information about the company's corporate governance strategy, can be found at StrongPoint's website. (https://www.strongpoint.com/investor/corporate-governance/).

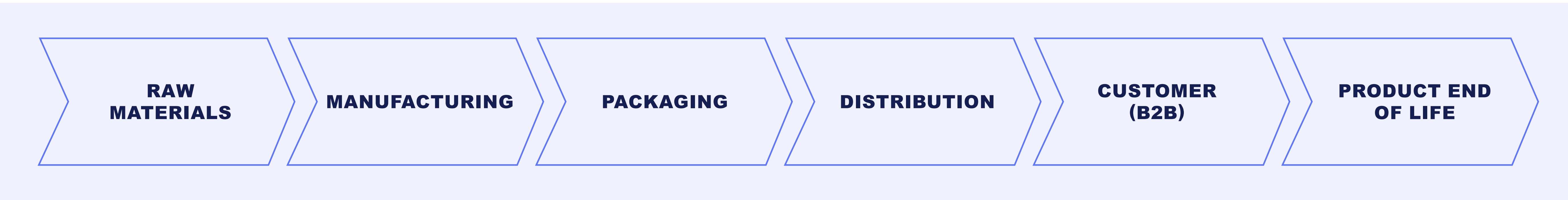


Figure: StrongPoint's supply chain illustrated

ESG priorities

StrongPoint's materiality assessment guides the company's ESG priorities. Setting priorities is at the heart of building a better future. StrongPoint's materiality assessment helps identify, prioritise, and validate our most significant sustainability impacts, risks, and opportunities.

ESG factors are at StrongPoint treated with equal importance, given the fundamental belief that smaller actions also contribute to the greater good and drive society towards a more sustainable future.

StrongPoint has the following ESG priority topics:

a) Environment and climate risks
b) People and working environment
c) Operational sustainability initiatives
   - Reduction of warehouse energy consumption
   - Refurbishment and end-of-life treatment of checkout counters
   - Safeguarding shopworkers

Environment and climate

People and working environment

Operational sustainability initiatives

These topics is the focus of StrongPoint's sustainability report. The reporting covers GRI 205 Anti-corruption, GRI 401 Employment, GRI 403 Occupational Health and Safety, GRI 405 Diversity and Equal Opportunity, GRI 406 Non-Discrimination and GRI 416 Customer Health and Safety.

Material topic 1
Environment and climate risks

StrongPoint's business activities are directly and indirectly affected by and can also affect the natural environment and climate. The need for technological solutions that lower the company's own as well as it's stakeholders' environmental footprint represent a business opportunity for StrongPoint but also a challenge. The company's ambition is to reduce direct and indirect negative influences of its business activities on the external environment and continuously seek new ways to minimise negative environmental impact.

StrongPoint's direct and indirect environmental impacts relate to the production, shipment and transportation of products, employee business travel, waste management and the end-of-life treatment of products. StrongPoint's most important indirect environmental impacts in the value chain come from transportation and the end-of-life treatment for some of StrongPoint's products. Combustion of fossil fuels from company vehicles and on-site combustion are the second largest source of emissions.

StrongPoint should at all times act responsibly and adhere to relevant laws and standards relating to the environment. The company will work systematically to ensure that the products StrongPoint manufacture or resell are made by leading suppliers with a clear policy for sustainability in their own organisation and supply chain. Environmental criteria are always considered when selecting partners. StrongPoint has included environmental accountability in the company's SLA/supplier Code of Conduct to reduce the indirect carbon emissions caused by suppliers.

StrongPoint has the ambition to make all of StrongPoint's production facilities compliant with ISO certification. StrongPoint does not itself own any production facilities but is dependent on this service from suppliers that source and assemble raw material and components into StrongPoint products. Although StrongPoint does not itself own these production facilities, the company accepts an indirect responsibility in the manufacturing process.

Net-zero ambition

StrongPoint has a net-zero ambition by 2050 or earlier and believes selected solutions from StrongPoint play a role in reducing global greenhouse gas (GHG) emissions. StrongPoint's ambition is to reduce the climate impact from our value chain and become a net-zero company in 2050 or earlier, deliver net-zero products and use our industrial competence to enable the transition to a net-zero society especially in the retail industry sector. Our net-zero ambitions are based on a successful transition to a 1.5 degree economy, in line with climate science and the Paris agreement.

StrongPoint's climate strategy is an integral part of our overall business strategy, aiming at driving improvements and development within the company. Impact on the climate strategy is also a criterion for all significant investment decisions. The strategy includes reducing the climate impact of our operations as well as taking advantage of business opportunities by enabling our customers and society to do the same.

Climate emissions (Greenhouse Gas Protocol)

GHG emissions are calculated according to the GHG protocol published by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute. Scope 1 emissions are calculated using emission factors for fuel combustion from DEFRA. Scope 2 emissions are calculated using market-based emission factors from the RE-DISS Project, assuming a European residual mix.

	Tonnes CO2 eq.
Scope 1 – Direct emissions (on-site)	1 261
Scope 2 – Indirect emissions (energy)	150
Scope 3 – Indirect emissions (other organizations)	3 981
Total GHG footprint 2022	5 392

Table: Total GHG footprint

Our emissions have significantly increased from 2021 to 2022 (+4218 t CO2 eq.) The prominent increase relates to the ASL StrongPoint operations. Their emissions have been accounted for with a full-year effect, even though the company was acquired in June 2022. The ALS StrongPoint operations are more emission-intensive than other StrongPoint operations when it comes to waste (wood, metals, and mixed industrial waste), 3rd party road transportation, and warehouse facility heating.

StrongPoint's activities in this area have in the recent years been focusing on reducing the carbon footprint in the company's own operations (scope 1 and 2). Going forward we will focus more on supporting our customers on their climate footprint (scope 3). To reduce emissions across the whole value chain requires close collaboration with partners, suppliers and customers to minimise the impact of the company's products on the environment. More about this topic can be found in the chapter Operational Sustainability Initiatives (OSI) on page 54-56.

Climate change risks

In order to understand and mitigate the risks for our operations and potential consequences related to climate change, we have performed a climate risk assessments, evaluating physical and transition risks. We have looked at weather patterns and their impact on our facilities based on climate models and scenarios from the Intergovernmental Panel on Climate Change (IPCC).

We assess the specific impact that climate change could have on our business to be relatively small.

Our office locations and operational way-of-work does not imply acute physical risks (e.g., physical assets, insurance liabilities) or chronic physical risk (e.g., resource availability, including labour).

Business-related transition risks that a societal and economic shift to a decarbonized world would bring (such as changes in demand, the impact on energy prices, building renovation requirements, or potential competitive impacts on logistics chains) is likely to happen, but in an extent and comparable to what competitors and the society in general will have to face.

We foresee some general transition risk to occur. Such as policy and legal risk (e.g., compliance costs, CO_2 emission tax).

We do not expect market and economic risk impacts (e.g., company valuation, asset impairment, credit rating) or any negative reputation risk (e.g., brand value).

No technology risk (e.g., write-offs for old systems displaced by new technologies) has been accounted.

We anticipate a growing market opportunity related to our energy efficient temperature-controlled warehouse and locker solutions with higher energy prices and higher temperatures.

Accounting assessment and exposure:

StrongPoint has no significant climate exposure in any part of its business operations. At the time of the report, there were no climate-related conditions of a size that are relevant for estimation uncertainty or write-downs. There are no asset retirement obligations.

	HAZARDS	Short-Term 1-3 years	Middle 15 years	Long-Term 15-50 years	DETAILS
GRADUAL IMPACTS	Climate Extremes & Heat				Load-sharing of electricity. Changing seasonality of demand.
	Wildfire & Complications				Critical infrastructure failure.
	Air Quality & Pollution				Policy regulations of cost and impact. Travel restrictions.
	Water Availability				Groundwater availability in large cities.
EXTREME EVENTS	Climate Extremes & Heat				Examples of heat waves in Spain that already impacts on the productivity. Rolling outages and interruption of services.
	Wildfire & Complications				Transmission lines failure. Ash problems.
	Air Quality & Pollution				Public safety and human health - Madrid and Barcelona office.
	Water Availability				Extreme events unlikely, could amplify other events (fire risk and air quality).

Minimal or isolated risk

Moderate or amplified risk

Major and amplified risk

Table: Climate assessments

Material topic 2
People and working environment

Business ethics

Working with employees, customers and suppliers in more than 20 different countries, StrongPoint is directly and indirectly exposed to ethical risks throughout the company's value chain. The company has a direct and indirect responsibility to make sure that it maintains a proactive approach to ethics, including screening suppliers or assessing operations for risks related to corruption, provide awareness training for employees, implement good governance mechanisms and a system for employees to raise concerns and report irregularities.

Responsible business conduct is crucial to earn the trust of stakeholders and the company is dedicated to ensuring ethical business practices throughout its operations and value chain. For StrongPoint this means respecting recognised international human and labour rights, such as the Human Rights Act and OECD Guidelines for multinational enterprises and respecting all national laws and regulations in the countries where the company is present, including the Norwegian Companies Act, the Norwegian Penal Code and the Norwegian Code of Practice for listed companies (NUES). In 2020, StrongPoint became a UN Global Compact Signatory.

The company's ethical guidelines are outlined in the Code of Conduct, which can be found in full on StrongPoint's website. The StrongPoint Code of Conduct is the overarching document describing the standards and expectations regarding business ethics for all who work for StrongPoint, its subsidiaries and entities under the company's control. The Code of Conduct clearly states StrongPoint's expectations for personal conduct and business practice, and covers matters such as information security, policies in relation to anti-corruption and how to deal with conflicts of interest.

The Code of Conduct applies to all StrongPoint employees as well as the Board of Directors. Executive Management are responsible for the implementation and follow-up of the principles in the Code of Conduct and signing the Code of Conduct is a part of the onboarding process for new employees. Supervisors are responsible for both promoting and monitoring compliance with the Code of Conduct within their respective area of responsibility.

In 2022 StrongPoint finalized the process to define the Why (purpose), What (strategy) and How (behaviours) of StrongPoint. A simplified roadmap from having mission, vision, values, attitudes, narrative, etc. to talk about "the triangle". This process included input collection from country teams from all the business units, including an all-employee workshop, and a board and executive management team discussions.

A strong company culture and a continued focus on business ethics is a prerequisite for risk management and a strong business performance. Risk is initially assessed at the business unit side then discussed at the board level to mitigate any risks flagged.

StrongPoint makes a quarterly risk assessment for all StrongPoint's operations with the aim to identify, evaluate and manage risks. The Code of Conduct has been updated to include supplier guidelines for anti-corruption and business ethics, and this is now included in contracts with new suppliers.

Human rights

StrongPoint recognizes that businesses have a responsibility to respect, support and promote human rights. We must consider our impact on society and on people's rights, in all parts of our value chain, in our own operations, the local communities we are part of, and in our supply chain.

We respect the human rights of all individuals and groups that may be affected by our operations. As an employer, owner and purchaser, an important way to respect human rights is to secure decent working conditions in our organization, in minority-owned companies and with our suppliers.

We do not tolerate any form of harassment or discrimination, including but not limited to gender, race, colour, religion, political views, union affiliation, ethnic background, disability, sexual orientation or marital status. Furthermore, we do not tolerate any form of forced or compulsory labour, human trafficking or child labour abuse. We support the principles of freedom of association and collective bargaining. StrongPoint supports the principles underlying the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights, the UN Global Compact and ILO's eight core conventions, and we expect our suppliers to do the same.

StrongPoint has identified the key risk of human rights breaches to be related to having third-party suppliers in China. StrongPoint carries out regular site visits and audits at the outsourced production facility in China, however this was not possible in 2022 due to Covid-19 restrictions.

In 2022 there has been no indication of serious violations to the StrongPoint Code of Conduct.

StrongPoint's approach to human rights is based on key frameworks that define human rights principles for businesses, including the UN Guiding Principles on Business and Human Rights. For a full overview, see GRI

Standards general disclosure 2-28. StrongPoint's human rights management is based on the OECD Due Diligence Guidance for Responsible Business Conduct.

Anti-corruption

StrongPoint has a zero tolerance for corruption. This includes all directors and employees of the Group and companies and persons acting on behalf of the Group. Donations, sponsorships and irregular gifts need approval according to the 'grandfather principle'. Also, as a stock listed company, StrongPoint has to abide by strict regulations on conflict of interest, which is regulated in employee contracts. Employees receive awareness training as and when appropriate according to the business unit in which they work. Each business unit has gifts and hospitality guidelines.

Whistleblowing and reporting of potential misconduct

If an employee or external party comes across a possible breach of laws, regulations or StrongPoint's Code of Conduct, or any other possible unethical business practice, this should be reported either in person or through the company's whistleblowing programme. Concerns can also be raised by reporting to an immediate superior, directly to anyone in the management team or directly to the Audit Committee at StrongPoint. A message of concern cannot and will not be used against the reporting employee in any way.

Examples of issues that should be reported includes:
- Breach of the StrongPoint Code of Conduct
- Breach of local labour laws, discrimination, harassment, or conditions that impose a threat to the health and safety for employees, customers, partners or other stakeholders
- Environmental crime
- Financial crime, such as fraud, corruption or theft
- Activities that might damage property or infrastructure

StrongPoint has not taken part in any legal proceedings related to business ethics in 2022, nor has there been any confirmed cases of corruption.

In 2022 there has been reported two cases of misconduct. One related to harassment and discrimination and a second about the use of illegal substances. Both cases are closed after investigations. One employee voluntarily left the company in the inquiry. No other sanctions were taken in either of the cases.

In our monthly employee survey, we ask all employees the following question: "If I experienced serious misconduct at work, I'm confident StrongPoint would take action to rectify the situation". The feedback score on this question is 5 points above the external benchmark (eNPS of 47/8.3 average)

Working environment

As stated in the company Code of Conduct, StrongPoint will conduct its business in a manner designed to protect the interests of its employees including their health and safety. The company expects employees to exercise the highest standards of professional integrity. StrongPoint abides by all local laws and regulations in the countries where the company operates. The overall responsibility of employment, including anti-discrimination and equality process lies with the line manager, and is overlooked by HR, with input from employee representatives, and reviewed by the Board of Directors.

StrongPoint aims to provide a workplace with a good working environment. The Group is implementing measures to promote the employees' professional development, prevent illness and accidents, and improve the overall work environment. Average employee turnover in 2022 was 12,7%, back to a more normalized level after being 26,4% in 2021 due to M&A.

All employees in the Group shall have standardised employment contracts and are free to organise themselves in labour unions and organisations promoting employee welfare.

In 2022, StrongPoint has continued the use of Employee Engagement Tool Peakon. The tool allows us to measure the employee experience for all employees and managers in StrongPoint. They survey is run every two months where all employees record their feedback on 56 questions that cover 15 dimensions of their employment. The employee Net Promoter Score in Peakon show very good results when benchmarked against other companies (the list of indicators are based on loyalty and satisfaction). At the end of 2022 StrongPoint score was 36. This is 8 base points better than the benchmark companies. The score is well above the mid-range of technology companies (30). Approximately 53% of all employees score the company at 9 or 10 on a scale from 1 to 10. The overall score in 2021 was 52. The drop in score is mainly due to the acquisition of ALS in UK, and some are related to lower scores in Sweden and Norway.

Employee health and safety

Ensuring a safe and secure working environment is StrongPoint's number one priority. The company has implemented an occupational health and safety management system that builds upon the Norwegian Working Environment Act and ISO 45001 – Occupational Health and Safety, especially in regard to Leadership and Worker Participation, Corporate Risk Assessment, General Performance Evaluation and Supply Chain Engagement. All employees are required to follow the company's health and safety guidelines as well as applicable laws to prevent harm to people and the surrounding environment.

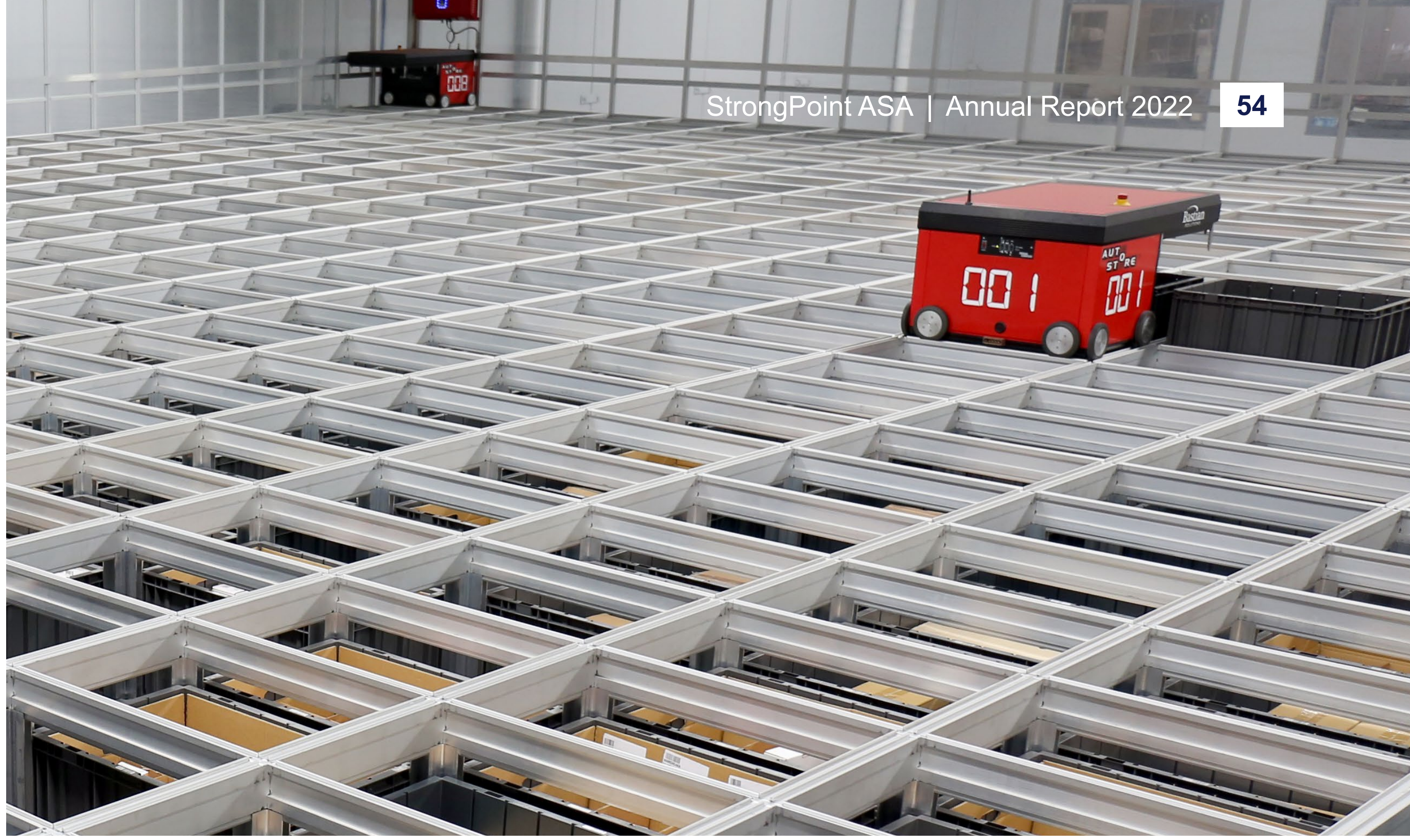
StrongPoint encourages its employees to participate in activities related to health and wellbeing. Working conditions within the organisation shall meet or exceed legal requirements in every country in which StrongPoint operates and the company shall comply with the conventions of the UN Global Compact and the International Labour Organization.

All employees receive training in fire safety, and fire drills are conducted on a regular basis. Parts of the organisation undergo annual training in first aid, which includes training on how to use heart defibrillators. Other departments undergo training related to safe driving. Warehouse employees are required to undergo necessary certifications to use forklifts.

Hazards are identified and monitored to prevent accidents and occupational illness and workplace guidelines are monitored to ensure a healthy, safe environment. Local management conduct regular safety rounds at the production facility in Sweden and although all other physical production is outsourced, StrongPoint believes it is the company's moral obligation to ensure the health and safety of its employees. HSSE visits are usually conducted at the company's production facility in China every year. However, this was not possible in 2022 due to the Covid-19 pandemic, and the follow-up was done remotely.

The company's ambition is to have zero injuries or incidents. However, it is crucial that the company monitor potential breaches and health and safety incidents that occur at StrongPoint sites in order to implement preventive measures. Employees are encouraged to report health and safety breaches and any work-related incidents that happen on StrongPoint's sites to the nearest line manager and he/she is responsible for the investigation. No employees were injured at work and there were no major occupational accidents and no work-related fatalities in 2022. Total sick leave in the company was at 1.6% in 2022, compared to 1.9% the previous year.

The company provides a range of healthy lunch choices for its employees in its largest offices. All employees, except employees in ALS StrongPoint, have access to health insurance, and in most business units, StrongPoint subsidises the cost of physical exercise. The company encourages participation in athletics through StrongPoint sponsored fitness membership program.



Material topic 3

Operational sustainability initiatives (OSI)

StrongPoint has set an ambition to drive sustainability in the grocery industry through our product innovation and solution design. We have chosen to focus on three areas where we know the positive impact can become significant on either emissions or humans.

A. Reduction of warehouse energy consumption
B. Refurbishment and end-of-life treatment of check-out counters
C. Safeguarding shopworkers.

Operational sustainability initiative A: Reduction of warehouse energy consumption

5-10% of all sold groceries are handled in a chilled or frozen environment. How a retail grocery business transports and stores the products dramatically impacts food quality and related food waste. Keeping an efficient cold chain is essential both in terms of energy consumption and costs. Historically companies have implemented energy management programs targeting energy efficiency savings of 5% to 20% on energy bills. With such measures, the industry has lowered warehoses' general energy consumption benchmark by 15% - 30%* over the past two decades. (*dependent on the size of the warehouse).

StrongPoint believes we can improve this significantly and achieve much higher savings by introducing our AutoStore micro fulfillment warehouse solutions.

By reducing the needed space required for storage and retrieval operations, organizations can construct smaller, more energy-efficient buildings, shrinking the construction footprint by up to ¼. A reduced volume requires less energy to cool down, and the cube storage model also has much less circulation and temperature loss than standard cold storage rooms. The StrongPoint solution needs no doors, trucks, lights, and workers inside to be operated. Saving money and the environment.

According to research (source: coldchainfederation.org.uk), a modern and well-maintained cold store of 500,000 m3 would have a specific energy consumption (SEC) of approximately 5kWh/m3/yr. This would be equivalent to more than 500,000 kg CO2e per year. A possible reduction of 50% in emissions with our solutions would be substantial for this operation.

Company target:

2023 - introduce the concept to the markets in Norway, Sweden, and UK.

2023 - build and perform proof of concept in one facility.

2024 - roll-out of a number of facilities (non-disclosed) with a consistent reduction of minimum 50% CO2 eq.

With a more condensed cube storage model and introducing the first robots that can handle frozen groceries in a warehouse cube grid, we can reduce the energy consumption in refrigerated warehouses by more than 50%.

Operational sustainability initiative B:
Refurbishment and end-of-life treatment of checkout counters

In Europe, there are an estimated 78,000 grocery hyper and super-markets. They are all set up with multiple checkout counters serving millions of customers daily. The wear and tear on the equipment (i.e., conveyor belts, structures, painting, electronics, and dividers) are lasting and lead to a need for replacement.

Historically the checkout counters have been replaced by new ones, leaving the old as waste. Our estimates show that a medium-sized check-out counter has an LCA (Life Cycle Assessment) carbon footprint that could be reduced by more than 70% with a more sustainable practice.

ALS StrongPoint has specialized in the recycling of counters. We believe this could also be done in markets other than UK/ROI.

Having comprehensive management of existing assets allows grocers to identify opportunities to extend the lifespan of the check-out counters through deep cleaning, sanitisation, repairing, re-painting, and upgrading hardware. Returned assets can be refurbished or upgraded and re-allocated to another site to supplement the existing assets, or as a like-for-like replacement. This will lessen the environmental impact by reducing waste sent to landfills and removing the need to purchase from new.

However, all things have a finite lifespan. Anything that reaches the end of life will be harvested for parts for maintenance purposes, and the remainder will be disposed of in a controlled manner, in line with our environmental policies and accreditations.

We all should reuse, rework, refurbish, and recycle more!

Company target:

2023 - introduce the concept to selected grocery chains in Norway and Sweden.

2024 - build up internal competence in new markets and roll out projects at a number of facilities (non-disclosed).

Operational sustainability initiative C:
Safeguarding shopworkers

Shopworkers are being attacked, threatened, and even killed while on duty in convenience stores. Armed robberies cause untold damage. Yet they're occurring with worrying regularity.

Sainsbury's, one of the leading grocery chains in the UK, alone experienced 4,500 violent incidents involving a weapon in a year, it recently told the UK Home Affairs Committee.

Historically, armed robbers used to target high-end banks. But since they have securitised to such an extent that, for your average robber, it's just too much hard work, armed robbers have now chosen "softer targets" with less security, such as convenience stores. Amateur criminals can now commit violent incidents as often as professional gangs. The average armed robber now is a lone male in his 30s using a knife, often committing crimes to fund substance abuse.

StrongPoint has, since the introduction of CashGuard in 2003, been fighting crimes by safeguarding the money and the workers.

We are now introducing new solutions that not only safeguard the money at the counter till, but also increase the security from the front-end counter to the back-end storage of the store, and when handing it over to the Cash-in-Transit (CIT) collector. Read more on page 23 and 24.

Company target:

2023 - finalize the design and testing of our new CashGuard solution.

2023 - sign one contract in Spain, and introduce the solution to a few selected grocery chains in Europe.

2024 - start a major roll-out of our new CashGuard solution in Spain.

You never, ever get over something like that. The store was put back together, the stock was replaced. But these people will never have the same feeling of coming to work in the morning, not knowing whether that knock on the door is the bread man or someone wanting to come and hurt them.

UK store owner

IV. EU regulation on responsible business conduct and The Norwegian Transparency Act

The Norwegian Transparency Act came into force on 1 July 2022. It amends the Non-Financial Reporting Directive 2014/95/EU on Responsible Business Conduct and is based on the recommendations in the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.

The Transparency Act aims to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and services and to ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

It applies to the company's own business, suppliers, and the suppliers' value chain.

StrongPoint shall, according to section 5 in the Transparency Act, publish an account of the due diligence assessments, as done in this report. This report also combines the reporting obligations under the Accounting Act §3-3c.

Duties and governance

StrongPoint follows the duties to carry out due diligence assessments to understand the risk of possible breaches - and to introduce measures where necessary. Furthermore, we have a duty to inform about what is used as a basis for the due diligence assessments and the results.

Each StrongPoint business unit shall monitor its operations, and due diligence assessments are carried out locally under guidance and collaboration with StrongPoint ASA.

StrongPoint Technology and Sourcing are primary responsible for the follow up of all suppliers.

We carry out due diligence assessments in connection with various business decisions. This will in StrongPoint be done when establishing new business areas, launching new products, or acquiring other businesses.

StrongPoint works according to a risk-based methodology, where risk assessments and analyses are part of the management processes in the company and are overlooked by the Board of Directors. StrongPoint also includes the environment and anti-corruption in our transparency due diligence assessment.

Due diligence process description

The process for due diligence assessments in StrongPoint is based on the "OECD guide for due diligence assessments for responsible business".

A0. We establish a list of all suppliers and partners (up-stream and down-stream). Based on the severity and probability of adverse impacts on fundamental human rights and decent working conditions, we include the extended supply chain.

A1. An overall risk assessment is carried out. Assessing the country of origin, company size, raw materials and risk industries, and company legal structure. Based on this assessment, a list of suppliers is produced where risks may be related to human rights, decent working conditions, the environment, and anti-corruption. If no significant risk is uncovered, the process stops and no further actions are performed. In this assessment, we use pre-determined threshold values and benchmarks against recognized and reliable international subject matter sources (list found in the section below).

A2. We make a detailed assessment of the risk list from A1. It starts with us looking at the findings from A1 against the documentation and the knowledge StrongPoint has about the suppliers in question. Normally, the supplier's risk will be handled, and the supplier will receive a new low-risk status. For suppliers where the risk has not been handled, we will obtain the necessary information and documentation to map the risk better. We will then conduct a new risk assessment where the supplier is normally involved. The supplier will receive either a "low risk" or a "high risk" status. If the risk is high, the next step is to make an action plan.

A3. Here, measures are drawn up and planned to reduce the risk uncovered in A2. This can be local audits, contract changes, and measures that stop or reduce the negative impact. Necessary internal and external resources are involved, and an action plan is drawn up with those responsible.

A4. We have reached the time when the measures we have decided on in A3 are implemented. This is documented continuously to see that the measures are having an effect.

A5. Evaluation and learning cycle. We confirm that the measures resolved identified risks and reduced the negative impact. Conducts evaluation meetings and suggests improvements to avoid similar situations in the future.

A6. All process steps and actions should be documented.

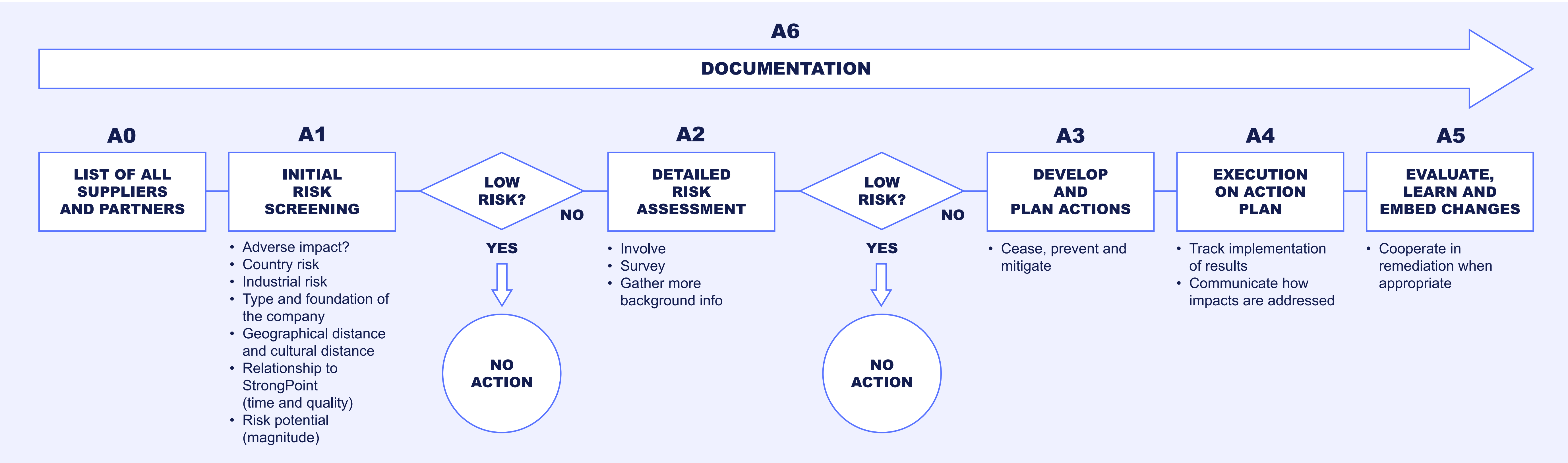


Table: Process description

Assessment of risk

StrongPoint uses the following sources as a basis for its due diligence assessments of suppliers:

Theme	Source	Measures
Fundamental Human Rights	Freedom House	Measures political freedom and individual rights. Political diversity, freedom of expression, legal due process, and financial dependencies and supression.
Decent working conditions	International Trade Union Confederation	Summerizes data from unions on employment conditions in different countries. Measures the right to establish and join labour unions, collective bargnings, and the right to og on strike.
Environment	Environmental Performance Index (EPI)	Measures different countries contribution and impact on the environment. Environmental health (40%): Polution to air, water and from heavy metals. Eco-systems (60%): Bio-diversity, de-foresting, fisheries, suage, greenhouse emissions, and nitrogen emissions from agriculture
Anti-corruption	Transparency International	Measures the extent of corruption in the government sector in different countries based on 12 expert opinions from institutions and 16 surveys.

Sources:
Freedom House: https://freedomhouse.org/reports/nations-transit/nationstransit-methodology
The International Trade Union Confederation (ITUC): https://www.ituc-csi.org/
EPI: https://epi.yale.edu/epi-results/2022/component/epi
Transparency International: https://www.transparency.org/

In the assessment we specifically look at the following:
1. Country risk
2. Industrial risk
3. Type and legal entity of the company
4. Geographical distance and cultural distance
5. Relationship to StrongPoint (time and quality)
6. Risk potential (magnitude)

An essential part of establishing a tool for our risk assessment has been to determine threshold values for the different risk areas. I.e., when is a country good enough at safeguarding fundamental human rights or decent working conditions? The above-mentioned assessment sources have recommendations that StrongPoint has chosen to use. Based on a point scale from 0 to 100, StrongPoint has the following threshold values as guidelines in our assessments:

Source	Threshold	Explanation
Freedom House	Minimum 35	Countries with score below 35 are considred “Not Free”. Countries with score above 35 are considred “Partly Free” or “Free”.
International Trade	Minimum 60	Scores below 60 are not concidered acceptable.
Environmental Performance Index (EPI)	Minimum 50	Scores are rated from red to green per country. Red (not acceptable) is in the range of 0-50.
Transparency International	Minimum 50	Countries with scoe below 50 are concidered to be among the more corupt societies.

When needed, we also use references from the following sources:
Global Slavery Index
Global Rights Index
Country Reports on Human Rights Practices
Human Rights Watch
UN: Working Group on Business and Human Rights
Universal Human Rights Index (UHRI)
Business Human Rights
Corporate Human Rights Benchmark

Due Diligence Account

Our list of controlled subjects contains approximately 2078 instances. Out of these a selection of 38 companies were selected as having a possible significant impact (A1 screening based on total spending with StrongPoint).

Companies with a spend above 10 MEURO have been evaluated with special attention, and all with a spend above 100 MEURO have been thoroughly assessed.

Seven companies residing outside EU have been evaluated (from China, USA, Singapore, and Japan). In addition, we have added companies from Bulgaria, Spain, and Lithuania based on the given source thresholds mentioned above.

For suppliers in industry sectors with expected high risk or where StrongPoint does not perform its own work, such as staffing, transportation, professional services, and electrical installations, we have selected ten (10) companies to be assessed.

Six suppliers with short tenure (0-2 years working with StrongPoint) have been evaluated.

Four companies have been evaluated based on short or no information about their corporate governance on company websites or other company information.

We discovered no adverse impacts in our due diligence process but have moved two companies to stage A2 for a detailed risk assessment.
The first company labeled as “high risk” is primarily based on country of origin and size. And the second company is on legal entity type and historical connection to StrongPoint. Our initial findings have not revealed additional concerns. However, the assessments will continue into 2023 according to established action plans (interviews, internal awareness to key stakeholders, and site visit).

Right to Information

The right to information is an integral part of the Transparency Act. Any individual or organization has the right to request information from StrongPoint on how we as a company address actual and potential adverse impacts, both in general or to specific products or services.

We have published information and standard information request forms on our web pages. Requests are routed to the SVP People and Organization. They will be responded to in writing no later than three weeks after receiving the request.

V. The Norwegian accounting act §3-3, and compliance with EUs Non Financial Reporting Directive (NFRD)

Reference is made to the following statements, with description of the company's guidelines for handling such conditions including carried out due diligence assessments:

- On environment – page 49-50 of this report
- On social conditions and working environment – page 51-53 of this report
- On equality and non-discrimination - page 61-63 of this report
- On compliance with human rights - page 57-60 of this report
- On combating corruption and bribery - page 73 of this report.
- On the company's business model - page 9 of this report
- On performance indicators and effects of the guidelines - page 64-67 of this report

StrongPoint will report according to the Corporate Sustainability Reporting Directive (CSRD) from 2025, replacing the NFRD directive.

VI. Statement on equality and non-discrimination

The following sections provide information on the status of diversity and inclusion in StrongPoint and the activities being undertaken to identify and analyze the risk of discrimination and actions to improve our D&I performance under the Norwegian Equality and Anti-Discrimination Act. This diversity and inclusion report and its references are approved by the Board of Directors and included in their responsibility statement.

Program statements

StrongPoint find diverse perspectives to be essential to delivering on our long-term strategic agenda. Diversity allows us to think, approach challenges and solve problems differently. StrongPoint is committed to providing equitable employment opportunities and treating all employees fairly and respectfully. StrongPoint employees and business units shall only use merit, qualifications, and other professional criteria as a basis for employee-related decisions, such as recruitment, training, performance, compensation, and promotion. We strive to develop programs and actions to encourage a diverse organization based on the principle of equitable opportunities. StrongPoint is committed to the principles of non-discrimination and does not tolerate any form of harassment or bullying in the workplace.

We are working to ensure equal opportunities for all employees and prevent discrimination based on gender, pregnancy, leave in connection with childbirth or adoption, care responsibilities, ethnicity, religion, belief, disability, sexual orientation, gender identity, gender expression, or combinations of these grounds globally, and shall seek to prevent harassment, sexual harassment, and gender-based violence.

All figures presented are for the Norwegian company StrongPoint ASA, including all subsidiaries.

Identifying and mitigating D&I-related risks

We use our employee engagement surveys, StrongPoint Peakon eNPS pulse surveys, to identify and monitor risks relating to diversity and inclusion. We also use the internal grievance mechanism AlertLine to assess the risk of discrimination and harassment in the organization and track relevant employee data from our core employee system.

Our Peakon survey also allows us to assess employee engagement and psychosocial risk indicators across different demographics, including gender, age, and roles.

The index consists of seven diversity, inclusion, and equality related questions. The Peakon index score is part of the Executive Management KPIs.

The business areas are expected to develop targets based on their scores, act on the findings from the risk assessments, develop roadmaps, ensure responsibility is taken, and report progress to eliminate discrimination. Every quarter the executive team oversees trends and analyze root causes.

D&I is embedded in all people processes, including recruitment, onboarding, and succession planning, and is included in all employee and leadership development programs.

We have identified critical risk areas/obstacles for equality, diversity and discrimination to be:
- Recruitment
- Culture
- Leadership
- Work-life balance

Recruiting employees from various countries, backgrounds, and cultures may challenge how we communicate and follow up with employees. Regarding leadership, poor gender balance can create a perception of unequal career development opportunities and represent a talent retention risk. We also see that StrongPoint's growth strategy, combined with a performance-driven culture, might create high expectations and workloads for employees, making work-life balance challenging for some.

Measures in 2022, targets and performance

On recruitment, we have worked actively to improve gender balance on all levels/departments/ countries and promote the recruitment of qualified individuals with disabilities or special needs requirements.

On Culture and Leadership, we have introduced new corporate values in 2022 (see page 5), and followed up on management culture awareness training locally. We have ensured gender balance at all leadership events and improved diverse leadership teams through systematic succession planning.

On Work-life balance, we have promoted and evolved a culture of flexibility in the workplace, including giving guidelines on Working from Home (WfH). We are continuously tracking our population regarding work-life balance, and our 2022 engagement survey showed increased scores in most BUs in this area.

Locally we have initiatives related to the celebration of diversity days to raise awareness and improve the inclusion of underrepresented groups (Pride, International Women's Day, World Mental Health Day). We have benchmarked executive payments in relation to gender diversity.

During the past year, we have continued to focus on aligning our policies across the different business units and within the countries of operation. We now track recruitment of all senior positions and have aligned our pay-for-performance practices.

We assess the compensation and benefit equality as part of the yearly salary review and conduct a benchmark survey. We found only minor disparities in 2022 and have adjusted them individually. We have as planned established pension and insurance coverage in Spain, and in 2023 we will continue the implementation in ALS StrongPoint (UK).

In 2022 we moved to new offices in Täby, Madrid, and Barcelona that is much more adapted for disabled employees. We will in 2023 move our offices in Norway and will focus on making them equally accessible.

StrongPoint has steadily progressed in the D&I area the past years and is satisfied with the trend. In 2023 the company will especially focus on D&I measures of the newly acquired ALS StrongPoint.

Average age of employees in StrongPoint is 42.7 years in 2022 (41,9 years in 2021). With female average age of 42.8 years old and males 42.6.

Average employee turnover in 2022 was 12,7%, back to a more normalized level after being 26,4% in 2021 due to M&A.

	SP AB	SP S.L.U.	SP E-com AB	SP AS	SP Retail Ltd	ALS UK	ALS Irland	ALS Bulgaria	SP ASA	SP UAB Group	SUM StrongPoint
Average FTE:	93	32	41	57	2	52	7	29	4	192	508
Number of employees per 31.12.2022	89	30	39	58	3	56	8	28	4	196	511
Number of FTE per 31.12.2022	89	30	38,8	57,8	3	52	7	28	4	193	502,6
Sick leave	4.0%	-	2.3%	2.9%	-	0.9%	0.5%	3%	-	0.2%	1.6%
Number of women	17	7	11	9	0	9	1	13	2	42	111
Average salary men	481	367	631	720	1 811	462	539	252	2 308	431	
Average salary women	467	400	544	533	-	388	277	104	1 605	376	
Part time men	0	0	-	0	0	1	0	0	0	0	1
Part time women	0	1	1	1	0	3	1	0	0	3	10
- Of which number of involuntary part-time female employees 31.12	0	0	0	0	0	0	0	0	0	0	0
- Of which number of involuntary part-time male employees 31.12	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	0	0	0	0	0		
Parental leave	9/6,43 weeks	1/18 weeks	11/6,43 weeks	0	0	2/24 weeks	0	0	0	12/22 weeks	35/13,1 weeks

Table: Measures in 2022, targets and performance.

Gender-related salary differences

StrongPoint policy is that all employees shall receive a total compensation that is competitive and aligned with local industry standards. The compensation should also be performance-oriented, transparent, fair and objective. Salaries in the organisation are reviewed regularly (minimum every second year). Positions and pay grades are established and compared both on a group and individual level.

No significant gender-pay differentials were found, and this corresponded with the general assessment of the previous years. Still, we adjusted salaries to approximately 15 employees to align them with relevant pay groups. Employees earning collective negotiated wages in Sweden also had no significant gender-pay differentials. When setting up and comparing pay groups we looked at and compared the need for knowledge, problem-solving, accountability, and the overall working conditions for every position. Each employee’s base salary, benefits, pension cost, short and long-term incentives were assessed (total remuneration).

The average salary of men was NOK 504,000 (NOK 517,000 in 2021), and women NOK 411,000 (NOK 417,000 in 2021). The drop in average salaries is caused by the acquisition of ALS StrongPoint.

Level/ Employee groups	Female	Male	Total	Female average total remu-neration in percent of the median	Male average total remu-neration in percent of the median
10-12	13	25	38	100%	99%
13	12	64	76	93%	102%
14	32	79	111	96%	102%
15	26	80	106	97%	100%
16	12	68	80	105%	102%
17	11	29	40	99%	106%
18-25	5	51	56	94%	102%

Table: The average salary of men was NOK 504,000 (NOK 517,000 in 2021), and women NOK 411,000 (NOK 417,000 in 2021). The drop in average salaries is caused by the acquisition of ALS StrongPoint.

VII. Remuneration to the Chief Executive Officer (CEO) and other senior executives report

The Board of Directors are required to, in accordance to the Public Limited Liability Companies Act § 6-16 a and b and regulation 11.12.2020 no. 2730, prepare principles and report on remuneration to the Chief Executive Officer (CEO) and other senior executives. StrongPoint presents this report as a separate document to the Annual General Meeting, and it is published on our webpages.

Annex: Goals and status on progress

Our main indicators related to our three key prioritized sustainability focus areas:

Reference/Target	2021 goals	Status	2022 goals	Status	2023 goals	Key actions
ENVIRONMENT AND CLIMATE 1.1	Start quarterly reporting on Scope 1 and 2.	Started: The company has continued a limited reporting in 2021, using Fjordkraft's calculation tool (www.klimahub.no)	StrongPoint will start reporting on scope 3 in 2022.	Reported on scope 3 in 2022.	Increase accuracy on scope 3 upstream reporting	Invove 3rd part experts, and introduce a new GHB reporting tool
ENVIRONMENT AND CLIMATE 1.2	Start reporting on waste generation and waste management for all production sites and warehouses.	Not started: No relevant production sites are left in StrongPoint (due to divestments of the Cash Security and Labels businesses). Warehouses in Sweden follow ISO incl waste management protocol.	StrongPoint intends to implmenet similar in other office locations.	All BU reported except BU Norway	Include Norway when moving to new offices in Q2 2023	Involve facility owner
ENVIRONMENT AND CLIMATE 1.3			Start mapping eligible activities as described in the EU taxonomy.	Basic mapping performed.	Full taxonomy reporting	Include taxonomy in annual report 2023
ENVIRONMENT AND CLIMATE 1.4			StrongPoint will review its environmental policies with a view to make updates where we can improve and strengthen including: • Selling or giving away used equipment and furniture for reuse • Providing the option to charge private electric cars at the workplace • Preferance to purchase electric cars • Avoid using promotional materials and giveaways that are made of plastic, non-recyclable, or are single usage items.	Agreed on guidelines. Usage of hybrid and electric cars have started. Increased charging capacity at StrongPoint facilities.	Introduce incentives to use public transport for employees in Norway.	Involve employees in the process of moving to a new HQ office in Norway
ENVIRONMENT AND CLIMATE 1.5			Evaluate off-setting or buying climate quotas.	Protocols and related cost evaluated. StrongPoint will monitor and gather more insight from comparable Norwegian companies.	Evaluate off-setting or buying climate quotas related to Scop1 and Scope 2.	Proposal to be presented before the Management and the Board of Directors
ENVIRONMENT AND CLIMATE 1.6			Make local plans and product reports on sustainability impact.	Not adressed due to lack of local resources	Plan and test Environmental Product Declaration (EPD) on two of StrongPoint products	Introduce a EPD program holder

Annex: Goals and status on progress

Our main indicators related to our three key prioritized sustainability focus areas:

Reference/Target	2021 goals	Status	2022 goals	Status	2023 goals	Key actions
PEOPLE AND WORKING ENVIRONMENT 2.1	Review and update the Code of Conduct according to the UN Global Compact principles as well as the new company core values.	Completed: In compliance with the relevant guidelines.				
PEOPLE AND WORKING ENVIRONMENT 2.2	Number of (new) employees who has signed Code of Conduct as part of employment contract.	Completed: Now part of our standard employment agreements.	Provide training to employees in the Code of Conduct. KPI: 95% of employees should have undergone such training at the end of 2022.	Part of onboarding of new employees.	Update the CoC document and learning material, and introduce e-learning.	Establish e-learning platform
PEOPLE AND WORKING ENVIRONMENT 2.3	Undertake risk assessment screening of suppliers and partners for corruption risk (KPI: share of suppliers and partners per risk category).	In progress: Risk assessment is part of the procurment process which is still an ongoing project.	KPI still to be monitored and agreed upon.	Implemented screening crterias as part of implementing new Transparancy Act.	Implement a high risk supplier survey (part of the Transparency act folow-up process)	Introduce a supplyer due dilligence survey tool
PEOPLE AND WORKING ENVIRONMENT 2.4	Develop supplier guide-lines for anti-corruption and business ethics (KPI: Share of suppliers who has signed anti-corruption guidelines).	Completed: Now part of StrongPoint Code of Conduct that all suppliers accept as part of the contract signing.	KPI: Share of suppliers who has signed anti-corruption guidelines 90% at the end of 2022.	All new signed contracts are compliant.	Update our CoC for suppliers	Update and distribute
PEOPLE AND WORKING ENVIRONMENT 2.5	Implement an external whistle blowing channel.	Not started	Planned for 2022.	Cancelled because of very limited number of reported cases (only two in 2022). Focus on the internal program.		
PEOPLE AND WORKING ENVIRONMENT 2.6			Implement new systems for stock controls and relevant audit and monitoring.	Improved process implemented in Spain		
PEOPLE AND WORKING ENVIRONMENT 2.7	Measuring and improving employee engagement (KPI: average employee engagement/employee satisfaction score).	Completed: Employee engagement has increased steadly in the past two years and is now among top 25% of technology companies.	Continue the positive trend with a long term abition to be among the top 15% of technology companies.	With the acquisition of ALS StrongPoint the score is down to the “top 25% of technology companies” benchmark.	Increased focus on Peakon actions in ALS StrongPoint and in Sweden	Recruit HR resources in UK and Sweden.

Annex: Goals and status on progress

Our main indicators related to our three key prioritized sustainability focus areas:

Reference/Target	2021 goals	Status	2022 goals	Status	2023 goals	Key actions
PEOPLE AND WORKING ENVIRONMENT 2.8	Reduce employee turnover rate (KPI: employee turnover rate).	In progress: The employee turnover rate in 2021 was 9.0%, down from 10.5% in 2020.	Continue focusing on software developers and tech employees in the Baltics due to relatively high turnover.	Achieved a decline in turnover in 2022 due to economic macro situation.		
PEOPLE AND WORKING ENVIRONMENT 2.9	Maintain a low employee absence rate (KPI: employee absence rate below 3%).	In progress: Total sick leave in the company was at 1.9% in 2021, compared to 2.0% the previous year				
PEOPLE AND WORKING ENVIRONMENT 2.10	Develop a Health and Safety documentation.	Completed: Established documentation in all business units.				
PEOPLE AND WORKING ENVIRONMENT 2.11	Establish common training and reporting standards across all business units.	In progress: searching for a platform.	Establish a employee e-learning/training portal in 2022.	Vendor selected. Basic learning programs in development.	Launce of new e-learning portal	Content development
PEOPLE AND WORKING ENVIRONMENT 2.12	Implement health insurance for employees in Spain.	In progress: Assessed but postponed because of business challenges in Spain.	Implement health insurance for employees in Spain.	Established for all employees	Implement for Joint Venture company in Spain	Extend rights to the planed JV
PEOPLE AND WORKING ENVIRONMENT 2.13	Upgrade or move several office spaces to more appropriate locations.	In progress: Completed in Sweden (Taby), Spain (Barcelona) and ongoing in Riga.	Upgrade office in Norway, Move office in Madrid. Find new office locations in Mölendal.	Planned move in Norway. Moved in Mölendal and in Madrid to new offices.	Move the Norwegian HQ office	Involve employees in the HQ move
PEOPLE AND WORKING ENVIRONMENT 2.14	Systematic tracking of salary to ensure equal pay for men and women.	Completed: Done on an annual basis in the business units.	Undertaking a new compensation and benefits survey in 2022.	Completed	Complete a full C&B benchmark of all employees	Gather data
PEOPLE AND WORKING ENVIRONMENT 2.15	Maintain zero incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of its products	Completed: No incidents on non-compliance were registered in 2021.	Maintain zero incidents of non-compliance	Completed: No incidents on non-compliance were registered in 2022.		
PEOPLE AND WORKING ENVIRONMENT 2.16	Obtain ISO certification for StrongPoint Sweden's Grums facility.	Completed: ISO cerification achieved.	Maintain ISO certification achieved.	Completed: ISO cerification maintained		

Annex: Goals and status on progress

Our main indicators related to our three key prioritized sustainability focus areas:

Reference/Target	2021 goals	Status	2022 goals	Status	2023 goals	Key actions
PEOPLE AND WORKING ENVIRONMENT 2.17			Make a risk matrix and HSE guide on our AutoStore automation solution.	Completed	Establish customer training program for AutoStore HSSE	Content development
OPERATIONAL SUSTAINABILITY INITIATIVES 3.1					Start test pilot at Haugaland and collect data	Monitor and document energy consumption
OPERATIONAL SUSTAINABILITY INITIATIVES 3.2					Establish a CO2 eq account for refurbishment of check-outs	Investigate the upstream- and down-stream delivery of refurbishment projects
OPERATIONAL SUSTAINABILITY INITIATIVES 3.3					Document the security features of new CashGuard offering in Spain	

Way forward

Energy

Energy prices have been increasing significantly in all markets. We expect the situation to continue into 2023 as the war in Ukraine continues. We target a decrease of 20% in Scope 2 energy consumption, as our consumption related to facilities will decrease as we move to more energy-efficient office buildings.

Climate emission targets

In the past three years, we have gained a much better understanding of how our value chain impacts our emissions. In 2023 we will focus more on quantifying and setting concrete and actionable reduction targets, including a path to net zero. The overall emission in Scope 1 will continue to increase, but our growth will reduce the impact under Scope 3, so the total emissions will decrease.

Supply chain

Disruptions in the global supply chain have been reduced in the second half of 2022, but we believe it will still have an impact in 2023. StrongPoint will continue to adjust our sourcing models and look for local European suppliers and backup solutions. We don’t foresee significant cost impacts of such structural shifts. In 2022 we experienced some delays and adjustments of contract obligations, especially in the Cash Management segment, due to supply chain issues. We expect this to continue in 2023, but with less impact and limited intrusion on our total performance.

EXECUTIVE MANAGEMENT

Jacob Tveraabak
CEO

Jacob Tveraabak was previously the CEO of Miklagruppen (Bavaria Nordic), director of business development at Rema 1000 and with McKinsey & Company for 12 years. He is also the co-founder of Nabobil.no. Tveraabak has MSc degrees from the Norwegian School of Economics and Bocconi University. He holds 212,246 shares and 600,000 options in StrongPoint privately and through a privately owned company.

Hilde Gilen
CFO

Hilde Gilen was previously CFO in both Ahlsell Norway and the oil and gas division of Kongsberg Group, where she in addition to financial responsibilities was heavily involved in M&As. Before that she worked 10 years in PricewaterhouseCoopers. Gilen holds a MSc degree (Siviløkonom) from Nord University. She holds 53,827 shares and 93,750 options in StrongPoint.

Knut Olav Nyhus Olsen
SVP People & Organization, Marketing and Communication

Knut Olav N. Olsen was previously the position as Chief People Officer in Canal Digital, Telenor Satellite and Telenor Pakistan. Previously also working as CHRO in Skanska and EVP in ISS Facility Services. Olsen holds a master's degree in law and a finance degree from the University of Bergen, with additional management training from IMD and INSEAD. He is the co-founder and board member of Terrosa Consulting. He holds 13,814 shares and 225,000 options in StrongPoint.

Julius Stulpinas
SVP Technology and Supply Chain

Julius Stulpinas has 15 years of experience within StrongPoint related companies, leading and transforming sales, service, product development organizations and teams. He has MSc degree of Engineering from Kaunas University of Technology and MBA from a consortium of Baltic Management Institute, HEC Paris, NHH Norwegian School of Economics and Copenhagen Business School.
He holds 31,094 shares and 225,000 options in StrongPoint.

Chris Mackie
SVP E-commerce

Chris Mackie's experience is broad and spans Supply Chain, Retail, Workforce, eCommerce and Delivery Management. He has over 20 years of IT software experience and over 10 years proven experience of building and leading organisations for companies such as Metapack, Oracle and Blue Yonder. Additionally he has worked operationally for ASDA (Leading UK Grocery Retailer) where he worked in stores, regionally and for Asda Grocery Home Shopping. He holds 15,936 shares and 75,000 options in StrongPoint.

EXECUTIVE MANAGEMENT

Gisle Elvebakken
SVP Norway

Gisle Elvebakken has worked in sales and management for large Nordic IT-companies such as Visma, Atea and Visolit for over 20 years. Elvebakken holds BSc International Marketing from BI Norwegian Business School. He holds 39,329 shares and 250,000 options in StrongPoint.

Magnus Rosén
SVP Sweden

Magnus Rosén has more than 20 years' experience from retail in various management roles, including the role as business director e-commerce at ICA. Magnus have throughout his career predominantly worked with retail management, business development and technology development in the grocery retail space. He holds 9,000 shares and 75,000 options in StrongPoint.

Rimantas Mažulis
SVP Baltics

Rimantas Mažulis has 15 years of experience in retail technologies within StrongPoint. During that time, he held various positions in retail solution design & development area. Rimantas Mažulis holds a degree of Engineering Informatics from Kaunas University of Technology (2004) and currently in progress with Executive MBA (2022) master's degree by a consortium of Baltic Management Institute, HEC Paris. He holds 22,806 shares and 225,000 options in StrongPoint.

Lorena Gómez
SVP Spain

Lorena Gomez has extensive experience in managing and scaling sales in the retail sector across Europe and has been sales director for the retail technology division at HMY Group, a company she has been with since 2006. Since 2014 she was responsible for the newly formed Retail Technology division at the Group level. Lorena Gomez holds a degree in Industrial Design Engineering from the University of Zaragoza and a Master's degree in Innovation Management. She holds 5,350 shares and 125,000 options in StrongPoint.

Steve Smith
SVP UK & Ireland

Since graduating from a Business and IT Management degree Steve has spent his career in the Retail and Banking sectors specialising in project deployment across various territories. Starting in the UK and Ireland his experience extended Eastern Europe and Australia, completing project delivery in multiple countries simultaneously. Steve has been with ALS for sixteen years, the last eight of those years on the Board of Directors. He holds 0 shares and 75,000 options in StrongPoint.

2022
Board of Directors' report

StrongPoint is a focused retail technology company that provides solutions to make shops smarter, shopping experiences better and online grocery shopping more efficient. With more than 500 employees in Norway, Sweden, the Baltics, UK, Ireland and Spain, and together with a wide partner network, StrongPoint supports businesses in more than 20 countries. StrongPoint provides technology and solutions, service and support, license and professional services to especially grocery retailers. The technical solutions are proprietary or third-party solutions, like Pricer ESL and AutoStore MFC's. StrongPoint is headquartered in Norway and is listed on the Oslo Stock Exchange [ticker: STRO].

Events after the balance sheet date

No major events have occurred after the balance sheet date.

2022 financial review

- Operating revenues for StrongPoint Group increased by 39.8% to 1,372.4 MNOK (981.3), of which 241.3 MNOK stems from the acquired Air Link Group Ltd (ALS) with operations in UK and Ireland.
- Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to 75.5 MNOK (53.6), and profit after tax was 29.1 MNOK (22.4).
- Total Group capital per 31 December 2022 was 985.6 MNOK (846.5) and equity was 507.2 MNOK. This resulted in an equity ratio of 51.5 per cent.
- Interest bearing liabilities, reduced by bank deposits, amounted to 71.7 MNOK at the end of 2022.
- The Group has a cash pool arrangement allowing for a more efficient utilization of group liquidity and cash flow. Disposable funds end of year was 125.1 MNOK, of which 100 MNOK was available credit facility. Cash flow from operational activities was 16.6 MNOK (225.5), and working capital increased by 73.7 MNOK in 2022.
- Tangible assets increased with 4.7 MNOK and intangible assets increased with 87.4 MNOK following the acquisition of ALS.

Segments

The Group implemented two new reporting segments in 2022: Nordics and Rest of Europe incl. R&D. In addition, the financial statement includes detailed revenue information for geographic and product segments. Following the acquisition of Air Link Group Ltd, the geographic segment Rest of Europe incl. R&D increased with “UK&Ireland”, and the product information segments added the sub-segment “Shop Fitting” reflecting the majority of the operations for Air Link Group.

The Group delivers proprietary solutions within In-store Productivity, E-commerce, Payment Solutions and Checkout Efficiency, as well as tailor-made retail solutions from leading third-party suppliers, including Pricer Electronic Shelf Labels (ESL), POS, ERP and Digi scales and wrapping systems. The group management has in the fiscal year 2022 governed the business based on reported sales revenues, EBITDA and EBIT for the two business areas Nordics and Rest of Europe incl. R&D.

Nordics

The business segment Nordics currently consist of the operating business units in Norway and Sweden. The revenue also includes some deliveries to other parts of the Nordics like Denmark and Iceland.

Rest of Europe incl. R&D

The business segment Rest of Europe incl. R&D consists of the operating business units in the Baltics, Spain and UK/Ireland, in addition to partner sales in the rest of Europe and rest of world. The ongoing R&D activities for own products have been allocated to this area.

StrongPoint segments

The 2022 financial statement include two new reporting segments: Nordics and Rest of Europe incl. R&D.

MNOK	**Year**	
Nordics	**2022**	**2021**
Norway	386.1	361.6
Sweden	358.0	333.9
Total Revenue	744.1	695.5
EBITDA	67.2	77.0
- In %	9.0%	11.1%
EBT	59.5	66.0
- In %	8.0%	9.5%

MNOK	**Year**	
Rest of Europe incl. R&D	**2022**	**2021**
Baltics	204.6	173.5
Spain	76.8	67.5
UK & Ireland	241.3	-
Rest of Europe	105.7	52.0
Total Revenue	628.3	293.1
EBITDA	53.9	14.6
- In %	8.6%	5.0%
EBT	21.1	-1.9
- In %	3.4%	-0.7%

Acquisition

On June 1, 2022, StrongPoint acquired 100% of the shares in Air Link Group Ltd. The business provides construction services, installation of technical solutions, refurbishments and physical indoor and outdoor shop fitting for grocery retailers in UK and Ireland. ALS is widely seen as the partner of choice for installation and service for some of UK's leading grocery retailers. The full year 2022 revenue ended at 360 MNOK, of which 241 was consolidated in StrongPoint, and the company had 92 employees. The purchase price for the shares was 116.5 MNOK, of which 93.6 MNOK was paid as cash and 22.8 MNOK was paid with shares in StrongPoint ASA. A total of 66 MNOK was identified as intangible assets, which will be amortized over the next 5-7 years.

Employees and organization

StrongPoint aims to be a workplace with a safe and positive working environment. All employees receive a competitive total compensation aligned with local industry standards. The Group has taken active measures aimed at promoting employees' professional development, preventing sick leave and improving the overall working environment. All employees in the Group have employment contracts that comply with local market standards and legislation.

The Group had 511 employees as of 31 December 2022. Total sick leave in the company were estimated at 1.6% in 2022 compared to 1.8% the previous year. No employees were reported injured and there were no reported accidents during the year.

The company has share incentive programs for the executive management and all the employees. 123,975 shares were distributed in 2022.

The Group aims to be an inclusive workplace with equality between women and men, based on qualifications, without regard to age, religion or origin. The Group's Board of Directors comprises 40% women.

There were 111 women among the Group's 511 employees at the end of the year. StrongPoint is an equal opportunity employer, and diversity and inclusion are imperative to the way StrongPoint does business. More information on the status of gender equality and how we comply with section 26 of the Equality and Anti-Discrimination Act can be found under the ESG section on page 40 of the annual report.

Product development

The Group owns intellectual property within cash management, checkout efficiency and e-commerce. StrongPoint continues to invest in and maintain the current solutions, as well as developing and funding new solutions. No development costs were capitalized in 2022.

Risk

Historically, the Group's key markets have been robust and stable, as investments in the retail grocery sector has not been significantly affected by financial and macroeconomic changes. So also in 2022, although the company was affected by global shortage of some production components, leading to delayed deliveries and decreased gross margins. The Group managed the risk by close dialogue with key suppliers and also used the strong liquidity situation to increase inventory in order to reduce the risk of delay in future deliveries.

Following the condemned Russian invasion of Ukraine, energy prices and general inflation increased beyond expectation, and for StrongPoint this also affected the gross margin negatively.

The Group's operations are exposed to currency risk, and in 2022 this affected the company negatively especially in the Nordics. Currency risk is managed operationally in customer contracts, but there is a time lag between the currency change and the increased (or decreased) price to customers. Receivables and liabilities are exposed to financial risk, which is reduced by a thorough, action-based follow-up on an ongoing basis. These matters also have implications for liquidity risk. The Group has managed liquidity risk by closely monitoring anticipated future operational cash flow, as well as available cash and credit facilities.

StrongPoint has a worldwide Directors' and Officer's liability insurance with a limit of approx. 4% of revenue.

From an overall assessment of customer satisfaction, market position, market demand and financial position, the Board of Directors considers that there is a solid basis for continued operations, and the annual financial statements were prepared with the assumption of a going concern.

In the opinion of the Board, the income statement, balance sheet and notes presented are a true and fair view of the company's position and profit from activities in 2022. The Board of Directors are not aware of any other matters relevant for assessing the company beside what is stated in the annual report.

Ownership and corporate governance

StrongPoint's policy on corporate governance is presented in the Group's Annual Report and on the corporate website.

The policy contains information pursuant to Section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance except some noted deviations.

The Group's long term strategy, ongoing business performance, organizational competence and capacity and capital structure were the main focus of Board meetings in 2022. The Board held 8 scheduled board meetings and 8 extraordinary meetings in 2022. All board members are evaluated as independent, and they participated in all meetings except some very few sick leave absences. The Board performs every year a board evaluation survey, which is discussed and acted upon to constantly improve the work of the Board of Directors. Parts of StrongPoints Group management team are also invited to participate in the survey, and the results are also shared with the nomination committee. There were no transactions between the Board or Management and the Business (related parties) in 2022.

The Board has three subcommittees: an audit committee, a nomination committee and a remuneration committee. The audit committee comprises two Board members. The committee reviewed quarterly and annual financial statements, as well as the Group's main risk categories. The committee also assessed its internal controls, including internal controls related to financial reporting, as well as the quality of risk management systems and audit work. The nomination committee consists of three external members, all members are shareholders in the Group. The remueration committee consists of two Board members. The remuneration committee continues to evaluate and benchmark the total remuneration program every year.

Ethics, environment and corporate social responsibility

Corporate social responsibility and sustainability are integral to StrongPoint's operations. This means economic, social and environmental aspects are considered before making decisions. Broad confidence and credibility are essential for StrongPoint to meet its business objectives. The Group has achieved this by creating and maintaining a culture built on high ethical standards and integrity. The policy includes information pursuant to Section 3-3c of the Accounting Act.

StrongPoint's operations follow established public procedures to prevent pollution of the external environment and comply with relevant international and local legislation and standards. Some subsidiaries sell and store products classified as environmentally hazardous if the waste is not managed in accordance with applicable regulations. Subsidiaries have contracts with authorised return and recycling companies. There were no emissions of environmentally harmful substances in 2022. StrongPoint's customers have the option to return products at the end of their life to ensure they are handled in an environmentally responsible manner. StrongPoint´s focus on environment, social, and governance (ESG), are reported separately in the annual report. In 2022, the main topics were Employee working environment, health and safety, product innovation, quality and safety, Corporate governance including ethics and anti corruption and Environment and climate, including emissions and waste management. During the year, the Group experienced delays in deliveries to customers due to the global shortage of components, and decreased profit margins following high inflation and energy prices.

StrongPoint works actively with suppliers to understand how climate changes can influence the business and try to reduce the risk by identifying and implementing alternative components, reduced production redundancy and reduce emission by searching for more optimal transportation routes.

Corruption and whistleblowing

StrongPoint has zero tolerance for corruption. This applies to all employees, companies and persons acting on behalf of the Group. StrongPoint's zero tolerance means, among other things, that no gratuities may be offered or received, beyond a symbolic value, and no benefits may be received on behalf of either the Group or any employee personally.

The Group has whistleblowing procedures in place. It is important to report policy violations or inappropriate conduct in a responsible manner.

The audit committee is responsible to handle whistleblowing incidents reported directly to the Board.

Shareholder relations

As of 31 December 2022, StrongPoint had a share capital of NOK 27,830,778 allocated to 44,888,352 shares with a face value of NOK 0.62. At the end of 2022, the Group held 584,518 treasury shares at an average price of NOK 20.78.

There were 2,545 shareholders in the company at the end of 2022. The 20 largest shareholders represented 54.2 per cent of total share capital. At the end of 2022, 283 shareholders owned 10,000 shares or more.

StrongPoint is not aware of any agreement between shareholders limiting the ability to trade shares or exercising voting rights represented by shares in the Group.

Outlook

StrongPoint's E-Commerce and In-Store solutions and services are well positioned at the crossroads of multi-channel retailing: online growth and cost-cutting in retail stores.

From a North European and grocery focused starting point, StrongPoint will pursue a three-step approach to geographical expansion and growth:

- Roll-out of the full portfolio of solutions in key markets, including Norway, Sweden, the Baltics, UK&Ireland and Spain, utilizing our strong sales, service and support organization, applying innovative tools and sharing of best practices.
- Selling StrongPoint's proprietary solutions in a selected number of coutries beyond key markets. The list of solutions includes: grocery e-commerce, self-checkout, shop fitting and cash management solutions.
- Utilizing StrongPoint´s market access platform for global retail technology providers targeting leading retailers in the key markets, leveraging StrongPoint´s strong market and one-stop-shop position.

As a foundation for creating shareholder value, StrongPoint growth strategy is based on profitable and organic growth, M&A initiatives, cost control and a solid balance sheet, targeting revenues of NOK 2.5 billion and EBITDA margins of 13-15% in 2025.

The 2025 revenue ambition of NOK 2.5 billion demonstrates the significant opportunities in the key markets. However, the Board of Directors underlines that this growth is not expected to be linear, and investments in products and sales resources will influence the EBITDA. The overall growth ambitions can further be influenced by global component shortages, supply chain delays, pandemic restrictions and other international macro instabilities. No development costs were capitalized in 2022. A financial loan of MNOK 14 was granted to a joint venture company in Spain, financing a development project within cash management. The Board also acknowledge that the time from pilots to roll-outs and scale-up for new solutions is difficult to predict, and this might sometimes be reflected in rather significant variations in the reported numbers between the quarters.

Parent company - StrongPoint ASA

StrongPoint ASA is the holding company for the Group's legal entities. The company is listed on the Oslo Stock Exchange under the ticker "STRO". The parent company, StrongPoint ASA, has four employees.

StrongPoint ASA's profit for the year was negative 2.1 MNOK compared to a profit of 186.3 MNOK in 2021.

Proposal for allocation of profit for the year:

The Board of Directors will propose to the general meeting the following allocation of profit for the year in the parent company StrongPoint ASA for 2022:

Profit for the year:
NOK -2,057,206.81

Proposed ordinary dividend:
NOK 39,873,450.60, equivalent to NOK 0.90 per share.

Transferred from other equity:
NOK 41,930,657.41

Rælingen, 20 March 2023

Morthen Johannessen Chairman	Ingeborg Molden Hegstad Director	Cathrine Laksfoss Director	Klaus de Vibe Director	Peter Wirén Director	Jacob Tveraabak CEO

BOARD OF DIRECTORS OF STRONGPOINT

Morthen Johannessen
Chairman

Morthen Johannessen has more than 20 years' experience as CEO/Managing director of international businesses. In Tomra he first served as CEO for the European business, and later as Group COO & head of the Global Business Development division. Prior to Tomra Morthen was CEO of Pepsico`s beverage business in Western-Europe. He currently works as an industrial advisor and professional board member of a number of companies in various industries. Johannessen holds a Master of Business Administration (HD) from CBS, Copenhagen. He has been on the Board of StrongPoint since April 2016, and Chairman from April 2018. He holds 105,662 shares in StrongPoint.

Ingeborg Molden Hegstad
Director

Ingeborg Hegstad has 20 years of experience from management consulting, including McKinsey & Company and Egon Zehnder. Since 2015 Hegstad has been a partner in Imsight AS, offering strategy and leadership advisory to executives, teams and organizations. She has experience from the Board of Directors of Cxense ASA (2017-2019), Q-Free ASA (2018-2021) and Cyviz ASA (2021-onwards). Hegstad holds a Master of Business and Administration from Norwegian Business School BI (2000). She has been a Board member in StrongPoint since April 29, 2020. She holds 22,365 shares in StrongPoint.

Klaus De Vibe
Director

Klaus De Vibe has more than 20 years' experience from finance and investment operations, including with IK Investment Partners and Morgan Stanley. Since 2009, he has been managing director of the investment company Strømtangen AS. De Vibe has a MSc specialising in finance and financial economics from the Norwegian School of Economics. He has been a member of the Board of StrongPoint since 28 October 2011. He holds 92,491 shares in StrongPoint.

Cathrine Laksfoss
Director

Cathrine Laksfoss is CEO of Schibsted Ecommerce & Distribution as, and head of Ecommerce development across Schibsteds companies and Schibsteds distribution activities. She has led the transformation of the traditional newspaper distribution to an ecommerce growth group by founding and scaling growth companies. She is Chair of Boards in Helthjem Netthandel AS, morgenlevering.no, Distribution Innovation AS and serves on the boards of Bookis.no and Dooris ab. She has previous experience from Posten Bring and management consulting and holds an MBA from HEC Paris and a Masters degree in marketing from the Norwegian Business School. She has been a Board member in StrongPoint since April 28, 2022. She holds1,974 shares in StrongPoint.

Peter Wirén
Director

Peter Wirén has 20 years' experience from the payments and retail technology industry as CEO and executive vice president of Teller, Nets and Bambora. He has extensive experience of managing change processes, preparing and implementing growth strategies and handling acquisitions and mergers in international markets. Wirén currently works as a consultant and PE advisor, and he has been a member of the board of StrongPoint since 24 April 2018. He holds 33,345 shares in StrongPoint.

Corporate Governance

Good corporate governance is vital to the success of StrongPoint ASA. Thus, corporate governance is a key concern for StrongPoint's Board and employees, and in StrongPoint ASA's relations with its subsidiaries. The Board has reviewed and updated the company's corporate governance practice. It is in line with the Accounting Act, section 3-3b and the Norwegian Code of Practice for Corporate Governance, except where deviations from the Code are noted. The presentation adheres to the same order of topics as the fifteen items in the Code.

StrongPoint is compliant to all item in the code except item 3:
The board has an authorization to make an overall capital increase of up to 9,000,000 shares that is not limited to a defined purpose. The shareholders' preferential rights according to cf. section 10-14 of the Public Limited Liability Companies Act can be disregarded. The board has authorization to acquire up to 4,400,000 own shares that is not limited to a defined purpose.

1. Implementation and reporting on corporate governance

StrongPoint ASA's corporate governance principles are determined by the Board of Directors and are set forth in the company's management documents. The Board's role is based on the principle of independence from the executive management and the principle of equality and responsibility towards the company's shareholders. The company's shares are freely tradable, and the Board/executive management considers it a priority to focus on activities that strengthen the liquidity of its shares. The company's shareholder policy is based on the principle of one share – one vote. Related to potential acquisitions and restructuring situations, the Board will exercise particular concern so that all shareholders' investments and interests are considered closely. One of the Board's main tasks is to ensure that the company is based on an optimized capital structure. Equity transactions, including authorizations for share capital increases, are to be justified in terms of extent, form and timing. The Board and executive management must ensure that the company's information policies ensure that information regarding the company is published correctly, comprehensively and timely, contributing to a correct valuation of the company's shares. Further, the information policy should give shareholders the best possible foundation for decisions related to investments and voting at general meetings.

Values, ethical guidelines and guidelines for corporate social responsibility

The group's operations shall be conducted in accordance with the company's values, ethical guidelines and guidelines for social responsibility determined by the Board and Executive Management. In addition we shall through our activities contribute to a responsible business conduct. StrongPoint ASA's guidelines are presented on the company's website.

2. Business

The company's business objective is described in the company's articles of association. StrongPoint is a retail technology company that provides solutions to make shops smarter, shopping experiences better and online grocery shopping more efficient. The business objective ensures that shareholders have control of the business and its risk profile, without limiting the Board or management's ability to carry out strategic and commercially appropriate decisions within the defined purpose. The articles of association of StrongPoint ASA are presented on the group's website: strongpoint.com. The company's objectives and main strategies are presented in the annual report.

3. Equity and dividends

Equity

The group's equity as of 31 December 2022 amounted to 507.2 MNOK corresponding to an equity ratio of 51.5 per cent.

The company's share capital is NOK 27,830,778.24, divided into 44,888,352 shares with a nominal value of NOK 0.62.

Dividends

StrongPoint's shareholders should over time get a competitive return on their investment through a combination of cash dividends and increased value of their shares.

When deciding the annual dividend level, the Board of directors will take into consideration expected cash flow, investments in organic growth, plans for growth through mergers and acquisitions, and needs for appropriate financial flexibility.

In addition to cash dividends, StrongPoint ASA may buy back shares as part of its total distribution of capital to the shareholders.

Board authorizations

The Board's proposals for future Board authorizations accord with the recommendations with two exceptions. The first concerns the Board's authorization to increase share capital by up to 9,000,000 shares, which is not limited to a defined purpose.

Secondly, the Board has an authorization to acquire treasury shares at par value of up to NOK 2,728,000 and an overall capital increase of up to 4,400,000 shares. The authorization is not limited to a defined purpose.

The Board has asked the General Meeting for these authorizations to increase the group's maneuverability.

Both authorizations are valid until the next general meeting or 30 June 2023, whichever comes first.

4. Equal treatment of shareholders and transactions with close associates

The company has a single class of shares, and all shares carry the same rights related to the company. Equal treatment of all shareholders is essential. Transactions involving the company's own shares are executed on the Oslo Stock Exchange, except for the repurchase of minor shareholdings from shareholders with 500 or fewer shares. In the event of material transactions between the company and a shareholder, Board member, member of executive management, or a party closely related to any of the beforementioned, the Board will ensure that independent valuations are made available.

Board members and members of executive management shall report to the Chairman of the Board and the group CEO if they directly or indirectly have significant interests in agreements entered into by StrongPoint ASA or companies in which StrongPoint ASA has significant interests. Additional information on transactions with related parties appears in note 18 in the consolidated accounts. Existing shareholders shall have pre-emptive rights to subscribe for shares in the event of share capital increases, unless otherwise indicated by special circumstances. If the pre-emptive rights of existing shareholders are waived in a share capital increase, the reasons for this waiver shall be explained by the Board of directors and be published through the Oslo Stock Exchange distribution system and on the company website.

5. Freely negotiable shares

StrongPoint ASA's shares are freely negotiable. There are no restrictions on transferability in the company's articles of association.

6. General meetings

Meeting notification, registration, and participation

The company encourages all shareholders to participate at general meetings. Notices of general meetings and comprehensive accompanying information are made available to shareholders on the company's website and sent to shareholders within the deadlines stated in the Norwegian Public Limited Liability Companies Act. The deadline for shareholders to register to attend a general meeting is set as close to the date of the meeting as possible, normally two or three days prior to the meeting. The company is of the opinion that no adequate systems for handling electronic participation at general meetings are currently available. Thus, the Board has decided not to allow such participation at StrongPoint ASA's general meetings. From 2020, the articles of association allow for digital execution of general meetings, and regulates that votes in advance can be registered. This allows for improved shareholder engagement cross borders.

Proxy and votes in advance

When the general meeting is held digitally, the shareholders can send in votes in advance. Shareholders who are unable to attend a meeting may vote by proxy.

The company has prepared forms that enable shareholders to vote on individual issues. Procedures for using such forms are available on the company's website. The company does not appoint an independent proxy to vote on behalf of shareholders. The company considers that shareholders' interests are adequately safeguarded by the option to participate through an appointed proxy or voiting in advance. Procedures for attendance registration and granting proxy are presented in the notice, on the attendance and proxy form and on the company website.

Meeting chair, voting, etc.

Board members, the chairman of the nomination committee, and the company's auditor are encouraged to attend general meetings. The general meeting is led by the Chairman of the Board or someone elected by the general meeting.

The nomination committee focuses on composing a board that works as a team, that meets legally established regulations as to equal gender representation on boards of directors, and whose members' experience and qualifications complement each other. Minutes of general meetings are published as soon as practical via the Oslo Stock Exchange distribution system and on the company website.

7. Nomination committee

The company has a nomination committee, as stated in the articles of associations, which consists of: Svein Jacobsen (Chairman), Audun Nordtveit and Inger Johanne Solhaug. The nomination committee consists of no fewer than three members. Each member is normally elected for a two-year period. The composition of the nomination committee should ensure the interests of shareholders and independence from the Board and executive management.

Nomination committee members and its chairman are elected by the company's general meeting, which also determines remuneration payable to committee members.

In accordance with StrongPoint ASA's articles of association, the nomination committee recommends candidates for election to the Board of Directors. In addition, the nomination committee recommends a candidate for Chairman. The nomination committee also makes recommendations on remuneration of Board members. The nomination committee is to justify its recommendations, how it takes care of the shareholders' and the company's need for expertise, capacity and diversity. Care should be taken that the Board functions effectively as a cooperative body. Proposals for Board candidates are to be submitted in reasonable time before the general meeting. The annual general meeting will, in accordance with the Code of Practice, be presented with the guidelines governing the duties of the nomination committee for approval. The duties of the nomination committee are found on the company website.

8. Corporate assembly and Board of Directors, composition and independence

In accordance with the company's articles of association, the Board comprises between 5 and 11 members. Board members are elected for a period of one year. The Board members are independent of the company's executive management and its significant business associates. No member of the company's executive management is a Board member. CEO Jacob Tveraabak has ownership interests in StrongPoint ASA privately and trough his company Celo Industries AS. The current composition of the Board is presented on the company website. The Board members' expertise is also presented. In 2022, the Board of Directors had 16 meetings.

Board members' shareholdings are presented in note 9 to the consolidated accounts. Board members are encouraged to invest in the company's shares, and also receive shares as part of the remuneration. The Board members represent a combination of expertise and experience from finance, industry and organizations. The nomination committee's reasoned proposal for candidates will be presented on the company website.

9. The work of the Board of Directors

The Board of StrongPoint ASA annually adopts a plan for its work, emphasizing goals, strategies, and implementation. Also, the Board has adopted board instructions that regulate areas of responsibility, tasks and division of roles of the Board, the Chairman of the Board and the Chief Executive Officer. The Board instructions also feature rules governing Board schedules, notice and chairing of Board meetings, decision-making, the Chief Executive Officer's duty and right to disclose information to the Board, professional secrecy, impartiality and other issues. The Board evaluates its own performance and expertise once a year through a survey. The Board has an audit committee, which consists of Chairman of the Board Morthen Johannessen and the Board member Klaus de Vibe. The

Board evaluates the competence of the audit committee members to be sufficient. The audit committee sets the agenda according to the tasks set in Allmennaksjelovens §6-43.

10. Risk management and internal control

The Board of Directors of StrongPoint ASA is ultimately responsible for the group's business operations and is to ensure that the company maintains solid in-house control practices and appropriate risk management systems tailored to the company's business activities.

StrongPoint ASA is exposed to currency and interest risk, market risk, credit risk and operational risk at its underlying companies. Management of operational risk primarily takes place at each underlying operating company, reported to Group management, and evaluated and handled to the best for the company.

StrongPoint takes an active role on Boards of Directors in subsidiaries. As a rule, all companies have established effective risk management procedures. Management of financial market exposure, including currency, interest and counterparty risk, is presented in greater detail in note 17 to the parent company accounts. StrongPoint has adopted a series of policies to support this, including:

- Financial reporting, financial and risk management.
- Ethics and social responsibility.
- Authorization conditions, including instructions for the Board and CEO, as well as certification authority.
- Audit committee.
- Accounting manual regulating group accounting policies, risk accruals and internal control.

The Audit committee and the Board reviews the company's most important risk areas and internal control systems and procedures, and the main elements of these assessments are presented in the Board of Directors' report. The audit committee also serves as a preparatory group in connection with the quarterly report and reviews the major events, the directors' report, balance sheet, income statement items and notes to the interim financial statements together with the administration before the report is presented to the Board.

11. Remuneration of the Board

Board remuneration reflects the Board's responsibility, expertise, time spent and the complexity of the business. Remuneration does not depend on StrongPoint's financial performance. There are no option programs for any Board members. 20% of gross remuneration to the Board shall be used for share purchases until the value of the shares corresponds to a minimum of one year's gross remuneration. The annual general meeting determines Board remuneration following recommendations by the company's nomination committee. Board members are elected because of their expertise and knowledge. Directors or their related companies should not undertake special assignments for the company in addition to their Board appointments. However, if they do, the whole Board should be informed. Fees for such assignments must be approved by the Board. All remunerations are specified in the financial statement. Additional information on remuneration paid to Board members for 2022 is presented in note 9 to the consolidated accounts.

12. Remuneration of executive personnel

The Board has adopted guidelines for remuneration of executive management in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act. The Board of Directors determines the remuneration of the CEO. StrongPoint ASA implemented a Long Term Incentive Program in 2020 represented as a Stock Option program. The program has ambition to both motivate and retain executive management and key personnel to achieve the overall strategic ambitions, and has been granted in the years 2020, 2021 and 2022. The company's guidelines and further information on remuneration for 2022 for members of StrongPoint's executive management is presented in note 9 to the consolidated accounts. Additional information will be shared in a remuneration report to be presented to the General meeting in 2023. Some members of StrongPoint's executive management maintain the company's interests as board members of other StrongPoint companies. They do not personally receive board remuneration for this. StrongPoint has a worldwide Directors' and Officer's liability insurance with a limit of approx. 4% of revenue.

13. Information and communications

The company has prepared a policy for investor relations (IR), which determines guidelines for contact with shareholders apart from the general meeting. The company's reporting of financial and other information is based on transparency and equal treatment of interested parties.

The long-term purpose of StrongPoint's IR activities is to ensure access to capital at competitive terms for the company and correct pricing of shares for shareholders. These goals are to be accomplished through accurate and timely distribution of information that can affect the company's share price; the company is also to comply with current rules, regulations, and market practices, including the requirement of equal treatment.

All stock exchange notices and press releases are published on the company's website. Stock exchange notices are also available at: newsweb.oslobors.no. All information that is distributed to shareholders is published through the Oslo Stock Exchange distribution system and on the company website.

The company intends to host public presentations of its financial reporting and these meetings are webcasted simultaneously. The company's financial calendar is found on the company website.

14. Take-overs

In a bid situation, StrongPoint's Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer. The Board of Directors will not seek to hinder or obstruct take-over bids for the company's activities or shares unless there are particular reasons for this. An agreement with the bidder to limit the company's ability to obtain other offerings on the company's shares will only be entered into when it clearly can be attributed to the company and shareholders' common interest. The same applies to an agreement to compensate the bidder if the offer is not completed. Any compensation shall be limited to the cost the bidder has incurred in making the bid. Agreements between the company and provider of importance for the market's assessment of the offer should be made public no later than the alert that the offer is made. In the event of a take-over bid for the company's shares, the company's Board of Directors will not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid. If an offer is made for the company's shares, the company's Board of Directors will issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on the offer will make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the Board's statement. The Board will arrange a valuation from an independent expert. The valuation will include an explanation, and will be made public no later than at the time of the public disclosure of the Board's statement.

15. Auditor

The auditor participates in the Board meeting that decides the annual accounts. The auditor audit material changes in the company's accounting principles and assessments of material accounting estimates with the Board.
Further, the auditor has provided the Board with written confirmation that the requirement of independence is met. The Board and the audit committee meet with the auditor without the presence of representatives of executive management. The audit committee determines guidelines for executive management's access to use the auditor for services other than auditing and receives an overview of services rendered by the auditor to the company. Remuneration for auditing and other services are presented in note 5 to the StrongPoint ASA accounts. Such details are presented to the annual general meeting.

Rælingen, 20 March 2023

Morthen Johannessen Chairman	Ingeborg Molden Hegstad Director	Cathrine Laksfoss Director	Klaus de Vibe Director	Peter Wirén Director	Jacob Tveraabak CEO

Investor Relations

StrongPoint ASA strives to have an open IR policy towards its shareholders and the market in general. The most important event for shareholder information is the Annual Strategy Update Session during Q1. In addition the group uses its website, meetings and direct communiction to provide investors and analysts with relevant information. Information for shareholders is available at strongpoint.com and ose.no (ticker STRO).

Hilde Horn Gilen
CFO

StrongPoint ASA has frequent contact with investors and analysts to provide the best possible information regarding the group's financial situation and development. The market is informed of orders/contracts worth 10 MNOK or more, as well as orders that are considered strategically important.

StrongPoint ASA is a public limited company and is established under Norwegian law. The company is listed on the Oslo Stock Exchange. The Group's issued share capital is NOK 27,830,778 allocated as 44,888,352 shares, each with a nominal value of NOK 0.62, all fully paid and issued in accordance with Norwegian law. The company has one class of shares.

For more information
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CFO
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E-mail: hilde.gilen@strongpoint.com

Share information

Financial Calendar 2023

Q1 – 27.04
Q2 – 14.07
Q3 – 23.10
Annual General Meeting – 27.04

Webcast will be available at our website www.strongpoint.com from CET 08.30, the same time as the presentation starts.

Consolidated income statements of comprehensive income

KNOK	Note	2022	2021
Operating revenue	3	1 372 392	981 339
Cost of goods sold	12	850 956	560 104
Payroll	9	305 842	255 147
Share based compensation	9	5 079	6 178
Other operating expenses	5, 16, 27	134 976	106 285
Total operating expenses		1 296 853	927 714
EBITDA		75 540	53 625
Depreciation tangible assets	10	25 353	18 718
Depreciation intangible assets	11	12 840	7 403
Total depreciations		38 193	26 120
Operating profit		37 347	27 504
Financial expences	8	6 073	9 176
Financial income	6, 8	6 891	7 571
Total financial items		818	-1 605
Profit before tax		38 165	25 899
Income tax expense	26	9 060	3 542
Net income from continued operations		29 105	22 357
Profit after tax from discontinued operations	4	-	168 418
Profit/loss after tax		29 105	190 775

KNOK	Note	2022	2021
Other comprehensive income net of tax			
Items that may be reclassified through profit or loss in later periods			
Currency translation differences		-3 069	-19 400
Total comprehensive income		26 036	171 375
Earnings per share	23	0,66	4,32
Diluted earnings per share	23	0,62	4,12
Earnings per share from continued operations	23	0,66	0,51
Diluted earnings per share from continued operations	23	0,62	0,48

Consolidated balance sheet

KNOK	Note	31.12.2022	31.12.2021
ASSETS			
Intangible assets	11	82 503	30 371
Goodwill	11	159 918	124 641
Tangible assets	10	23 755	19 031
Right-of-use assets	10	82 698	43 241
Associated companies	6	977	774
Other long-term investments	7	4 001	4 001
Other long-term receivables	13	15 147	15 622
Deferred tax assets	26	20 925	17 240
Total fixed assets		389 924	254 921
Inventories	12	232 124	211 256
Accounts receivables	13, 17	274 348	175 627
Prepaid expenses	13	25 731	16 646
Other current receivables	13	16 265	13 885
Cash and cash ecquivalents	14	47 248	174 198
Total current assets		595 716	591 612
TOTAL ASSETS		985 640	846 533

KNOK	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Share capital	24	27 831	27 513
Treasury shares	24	-362	-364
Other equity		479 738	471 041
Total equity		507 207	498 190
Long term interest bearing liabilities	15	8 087	11 236
Long term lease liabilities	15	59 426	25 972
Deferred tax liabilities	26	20 997	8 720
Total long term liabilities		88 511	45 928
Current interest bearing liabilities	15	29 670	4 768
Short term lease liabilities	15	21 777	16 086
Accounts payable		147 839	101 969
Tax payable	26	11 126	11 717
Public duties payable		46 072	40 954
Other short term liabilities	22,27	133 439	126 920
Total short term liabilities		389 923	302 415
Total liabilities		478 433	348 343
TOTAL EQUITY AND LIABILITIES		985 640	846 533

Rælingen, 20 March 2023

Morthen Johannessen Chairman	Ingeborg Molden Hegstad Director	Cathrine Laksfoss Director	Klaus de Vibe Director	Peter Wirén Director	Jacob Tveraabak CEO

Consolidated cash flow statement

KNOK	Note	2022	2021
Ordinary profit before tax continued operations		38 165	25 899
Ordinary profit before tax discontinued operations		-	169 755
Net interest		3 427	1 935
Tax paid		-17 989	-17 856
Share of profit, associated companies	6	-388	-175
Ordinary depreciation	10, 11	38 193	33 431
Gain/-loss on sale of tangible assets	10	-84	-793
Change in inventories		-1 146	-74 046
Change in accounts receivables		-48 506	34 601
Change in accounts payable		10 351	22 673
Change in other accrued items		-5 390	30 057
Net cash flow from operational activities		16 633	225 482
Payments for fixed assets	10	-11 144	-8 794
Payments for long term shares	6	-15	-3 001
Sale of tangible assets (sales proceeds)	10	60	738
Net effect acquisitions	4	-88 695	-4 200
Net effect divestment	4	19 641	199 888
Interest received	8	772	300
Dividends received from associated companies	6	200	100
Net cash flow from investment activities		-79 181	185 033

KNOK	Note	2022	2021
Purchase of own shares	24	-12 290	-16 431
Sale of own shares	24	2 011	2 796
Payment long and short term debt	15	-4 037	-38 331
Payment of leasing commitments	15	-19 503	-17 267
Loan to joint venture company	13	-13 668	-
Change in overdraft	15	20 934	-208 080
Interest paid	8	-4 199	-2 235
Dividends paid		-34 991	-31 050
Net cash flow from financing activities		-65 741	-310 598
Net cash flow in the period		-128 290	99 917
Cash and cash equivalents at the start of the period		174 198	75 007
Effect of foreign exchange rate fluctuations on foreign currency deposits		1 339	-727
Cash and cash equivalents at the end of the period	14	47 248	174 198

Consolidated statement of changes in equity

			Other equity				
KNOK	Share capital	Treasury shares	Other paid-in equity	Translation variances	Share Option Program	Other equity	Total equity
Equity at 31.12.2020	27 513	-52	351 262	66 252	440	-79 356	366 059
Profit for the year after tax						190 775	190 775
Other comprehensive income and expenses [1)]				-19 400			-19 400
Purchase/sale of own shares		-313				-13 322	-13 635
Dividend 2020 paid in 2021						-31 050	-31 050
Share Option Program					5 441		5 441
Reclassification discontinued operations				-11 028		11 028	-
Equity at 31.12.2021	27 513	-364	351 262	35 824	5 881	78 076	498 190
Profit for the year after tax						29 105	29 105
Other comprehensive income and expenses [1)]				-3 069			-3 069
Purchase/sale of own shares		-308				-9 970	-10 278
Dividend 2021 paid in 2022						-34 991	-34 991
Acquisition of ALS paid in shares	318	310				22 202	22 830
Share Option Program					5 420		5 420
Equity at 31.12.2022	27 831	-362	351 262	32 755	11 301	84 422	507 207

Other paid in equity are funds which can be allocated by the General Assembly.

1) The balance sheet is converted with the closing rate at the balance sheet date, while the income statement is converted with the average monthly exchange rate. The net effect of the translation is recognized as translation differences in other comprehensive income and expenses. See exchange rates in note 21.

Note 1: General information

StrongPoint ASA is based in Norway with registered office at Slynga 10 in the municipality of Rælingen. The company is listed at the Oslo Stock Exchange with the ticker STRO. The group's main business is development, sale and implementation of innovative, integrated technology solutions to retailers especially within the grocery segment but also other segments like Do-It-Yourself or pharmacies. During 2022, two new reporting segments was implemented. The "Nordics" consists of sale to Norway and Sweden, while all other geographies including partners were included as "Rest of Europe". The R&D activities are costed as part of the "Rest of Europe"-segment.

StrongPoint ASA acquired the company Air Link Group Ltd in 2022, and the figures for the company with subsidiaries was consolidated from June 1, 2022. Air Link Group Ltd operates in UK and Ireland, and has a subsidiary for internal purposes in Bulgaria. See more information in note 4.

The proposed annual financial statements are prepared with the assumption of a going concern and were adopted by the board and CEO on the date shown on the signed balance sheet. The annual financial statements will be approved by the ordinary general meeting 27 April 2023.

Note 2: Accounting principles

Basic principles

The consolidated financial statements have been prepared in accordance with the EU approved International Financial Reporting Standards (IFRS) and associated interpretations and with additional Norwegian disclosure requirements pursuant to the Accounting Act, Stock Exchange Regulations and stock exchange rules applicable to financial statements completed by 31.12.2022. The consolidated financial statements have been produced based on historical costs with the exception of certain financial instruments, which have been disclosed at fair value.

The group has incorporated all standards and interpretation applying to the financial statements prepared at 31.12.2022.

The consolidated financial statements are presented in thousand Norwegian kroner unless otherwise stated.

Estimates and judgements

In preparing the consolidated financial statements, management makes various accounting estimates and assumptions that form the basis of the presentation, recognition and measurement of StrongPoint's assets and liabilities.

Determining the carrying amounts of some assets and liabilities requires estimates and assumptions concerning future events. Estimates and assumptions are based on historical experience and other factors, which management assesses to be reasonable, but which by their nature involve uncertainty and unpredictability. These assumptions may have to be revised as unexpected events or circumstances may occur. The areas that involve a high degree of estimation uncertainty and usage of management's judgement are described in more detail in note 25.

Consolidation principles

The consolidated financial statements have been prepared to show StrongPoint Group as a unit. This involves consolidating all companies where StrongPoint has direct or indirect control and elimination of internal transactions and balances. An entity is consolidated from the date when the Group achieve control.

Associated companies are accounted for using the equity method in the consolidated financial statements. Associated companies are entities where the group has significant influence but no control (normally in the case of stakes between 20% and 50%) over financial and operational management. Shares held for sale in associated companies, are valued at fair value, and unrealised increase or decrease in value which earlier have been recognized directly as income and costs in the statement of other comprehensive income, will be reversed. Share of profit after tax in associated companies are recognized included in financial items in the P&L. Investments in associated companies are tested for impairment indicators based on the principles in IFRS 9. If there are objective indications of impairment, impairment tests are conducted in accordance with IAS 28.40.

Any other investments are considered to be investments held for sale and are recognized at their fair value and with any change in value through other comprehensive income.

Translation of foreign currency

The accounts of individual entities within the group are measured in the local currency in each country (functional currencies). The functional currencies mainly consist of NOK, SEK, EUR and GBP. The consolidated financial statements have been prepared in NOK, which is both the functional currency and the reporting currency of the parent company and the Norwegian subsidiary.

The balance sheet is converted with the closing rate at the balance sheet date, while the income statement is converted with the average monthly exchange rate. The net effect of the translation is recognized as translation differences in other comprehensive income.

Loans from an entity within the group to subsidiaries where repayment has not been planned or is not likely in the foreseeable future, are considered as part of the net investment in subsidiaries, while foreign exchange gains or losses linked to such loans are recognized as translation differences in the statement of other comprehensive income.

Tangible assets

Tangible assets are recognized at acquisition cost less any accumulated impairments and depreciation. Upgrades on fixed assets is capitalised. Maintenance is expensed.

The acquisition cost of fixed assets are depreciated linearly according to the expected useful life of the assets, which is:

- Fixtures and equipment 3–5 years
- Machinery 3-10 years
- Plant and property (production and warehouse facilities) 20 years
- Land values are not depreciated

The useful life of the assets, depreciation method and their residual value are revalued on each balance sheet date and adjusted if necessary. When the balance sheet value of a fixed asset is higher than the estimated recoverable amount, the value is reduced to the recoverable amount. Any profit and loss on disposal of the asset is recorded as the difference between sale price and balance sheet value.

Leasing

Contracts with a lifetime of more than one year and a value of KNOK 100 are booked as IFRS 16 Leases as both right-of-use assets and liabilities. Operational leases with lower value or shorter lifetime are not booked as leases.

Any fixed assets hired on terms that predominantly sees the transfer risk and rewards to StrongPoint (operational leasing agreements with a lifetime of more than one year and a value of more than KNOK 100 and financial leasing) are activated as fixed assets at the current value of the minimum leasing amount, alternatively at their fair value if this is lower. The commitment is recognized as a short-term and long-term liability.

In the case of any other leasing agreements the hire amount is carried as an operating cost and distributed systematically throughout the leasing period (operational leasing)

Intangible assets

Intangible assets are recognized at their cost price, less any accumulated write-downs and amortisation, and are considered periodically for impairment in the case of a fall in value. Any losses in relation to fall in value are recognized as operating costs.

Economic life is either specific or indefinite. Intangible assets with specific lives are amortized over economic life and tested for impairment when there are indications on this. The depreciation method and -period are considered at least yearly. Changes in depreciation method and -period are treated as changes in estimates.

Intangible assets with indefinite lives are impairment tested at least yearly, either individually or as part of a cash-generating unit. Intangible assets with indefinite lives are not amortized. The lifetime is considered yearly with regard to whether the assumption of an indefinite useful life can be defended.

Goodwill and other intangible assets from acquisitions

Any differences between the acquisition compensation and the fair value of net identifiable acquired assets are classified as goodwill. In the case of gradual acquisitions made in stages, former assets are valued at fair value at the time of acquisition. Any alterations related to booked value on former assets are recognized in the statement of other comprehensive income.

On the balance sheet date, or when there are indications of impairment, the group evaluates the book value of the goodwill. Expensing of loss due to fall in value is recognized if the recoverable amount related to the entity in question falls below book value of the entity included goodwill.

Negative goodwill related to acquisitions is realized immediately as income on the date of acquisition

Goodwill is not depreciated but evaluated through impairment tests.
Identifiable intangible assets from acquisitions are booked at fair value at the time of acquisition. This includes items such as technology, brand and customer relationships. Brand value/trademarks are not depreciated, but they are tested annually for impairment along with goodwill. The other items are depreciated throughout their estimated life cycle.

Development costs

Product development costs and research into new products and maintenance of existing products are expensed as costs. The expenses include in-house payroll costs and outsourced services. The expenses are reduced with any government grants received related to this development. Government grants (Skattefunn) are recognised where there is reasonable assurance that the grant will be received.

Inventories

Inventories are measured at its acquisition cost or net realizable value, whichever is lower. The acquisition cost of inventories is based on the “first in, first out method” (FIFO) and includes costs in relation to the acquisition, the cost of production or reworking, as well as any other cost of bringing the inventories to its present location and condition.

The net realizable value is the estimated sale price under ordinary condition less the estimated cost of preparation and completion at the transfer date.

Provisions for obsolescence are, where possible, made on an individual basis. If it is not possible to carry out an individual assessment, provisions for obsolescence are made based on the current inventory turnover rate.

Accounts receivables

For account receivables, the Group applies a simplified approach in calculating Expected credit losses (ECL). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognized in the income statement.

Provisions are made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. It should, in minimum, be made provisions for: 50% of the amounts ex VAT that has been due for 3 months or more, 80% of the amounts ex VAT that has been due for 6 months or more, 100% of the amounts ex VAT that has been due for 12 months or more. Changes in provision are booked as other operating expenses.

Cash and cash equivalents

Cash includes cash in hand and cash deposits in banks.

Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of change in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquistion.

Pension commitments, bonus schemes and other staff compensation schemes

(a) Pension commitments

The employees in StrongPoint have pension schemes in line with local statutory and obligatory company pension schemes, and are in general recognized as a defined contribution plan.

(b) Bonus schemes

The group recognizes a provision and a cost for bonus schemes. The group recognizes a provision where there are contractual obligations or a precedent that generates a self-imposed obligation.

(c) Share program

The Group has a share program for the executive management where the CEO has the opportunity to buy shares for up to NOK 1,000,000 per year with 20% discount with a 3 years lock-in period and the other members have the opportunity to buy shares for up to NOK 500,000 per year with 20% discount with a 3 years lock-in period. In addition, all permanent employees in a StrongPoint legal entity, are offered to buy shares for up to NOK 35,000 per year with a 20% discount. The eployees can chose to participate in the share program where shares will be allocated 4 times per year and the discount is deducted in the monthly salary deduction, or the employee can buy the shares themselves and get 20% of the amount refunded on their next salary. The discount is recognized as a personnel cost.

Revenue recognition

Income from the sale of products and services is stated at its fair value, net after deductions for value added tax, returns, reductions and discounts. Intercompany sales are eliminated. Revenue from the sale of products is recorded when an entity within the group has delivered the products to the customer, the customer has accepted the product and the customer's ability to settle the account has been satisfactory confirmed. Services are recorded as income based on the number of hours supplied.

Long-term service and license agreements are recognized linearly over the contracted period.

The Group's sales of products and services are considered to be separate performance obligations according to IFRS 15. The assessment is supported by independence between product sales and sales of services and that both types of sales are based on market prices without cross-subsidisation. The performance obligation related to the sale of products is fulfilled upon installation by the customer (at a point in time) and the performance obligation related to service agreements is fulfilled on a linear basis over the contract period (over time).

Tax

Tax expenses are linked to the recorded profit and comprise of tax payable and changes in deferred tax.

Deferred tax is calculated on temporary differences between the taxable value and consolidated accounting value of assets and debts, with the exception of goodwill, which is not tax deductible. Deferred tax is calculated by applying tax according to local tax legislation, on the balance sheet date and that are expected to be applied when the deferred tax asset is realized or when the deferred tax is settled. Positive and negative differences are offset against each other. Deferred tax assets are recognized on the balance sheet to the extent that it is likely that future taxable earnings will be present and the temporary differences can be deducted from these earnings.

Equity and cost of equity

Debts and equity

Financial instruments are classified as debt or equity in accordance with the signed agreement.

Interest, dividends, profits and losses related to a financial instrument classified as debts are reported as costs or income. Dividend to StrongPoint shareholders classified as equity will be recognized directly against the equity.

Cost of equity transactions

Transaction costs directly linked to an equity transaction are recognized directly through equity after the deduction of tax.

Share option program

IFRS cost related to share options is booked against equity and social security expenses related to the options are booked as provisions.

The equity-settled share-based option program is as part of the total remuneration plan for the Group management team. The option program is designed to align and incentivize management performance with shareholder value creation and to attract and retain high calibre executive management and key personnel.

The share options will be allocated to the Participants based on company- and individual goal achievement, and at the Board's discretion. The Board will take into consideration the company's goals and strategies as well as targeted performance for executive management, when granting options. The option plan is a performance-based remuneration scheme reflecting the underlying long-term value creation of the company. The limits for the allocation of share options to the Participants is determined by the board, within the board mandates approved by the general meeting.

The option scheme will be granted with a strike price equal to the market price at grant. 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. Any non-exercised options expire five years after grant. If an employee leave the company before the end of the vesting period, the employee will not vest more options.

Provisions

A provision is recognized when the group has an obligation (legal or constructive) resulting from a previous event if it is likely that there will be a financial settlement as a result of this obligation, and if the size of the amount can be reliably measured. If the effect is significant the provision is calculated by expected future cash flow and, if relevant, any risks specifically linked to the obligation. Provisions for warranties are recognized when the underlying products and services are sold. The provisions are based on historic warranty cost weighted with probability.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Borrowing costs

Borrowing costs are recorded when the borrowing costs occurs. Borrowing costs are capitalized when directly related to the purchase or manufacture of a qualifying asset.

Government grants

Government grants are recognized if there are resonable assurance that the company will meet the criteria of the grant and the grant will be awarded. The recognition of operating grants shall be recognized systematically during the grant period.

Fixed assets held for sale and discontinued operations

Fixed assets and groups of fixed assets and debts are classified as held for sale if the carrying amount primarily can be recovered through a sales transaction rather than continued use. Fixed assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Cash flow statement

The cash flow statement is presented using the indirect method. The Group's activities are divided into operational, financing and investment activities.

New standards and interpretations

The company has not implemented new principles for 2022 that have had a significant effect on the accounts.There are no new standards not yet taken into use that is expected to materially impact the financial statements for StrongPoint.

Note 3: Segment information

The segment information is based on reported revenues, EBITDA, EBT and assets for the legal entities included in the segment, with eliminations of internal items within the segment. Intra-group items are included in the column Eliminations. Eliminations consists of internal sales with associated costs, intercompany balances, goodwill, intangible assets and other group postings. Internal sales are based on market prices.

Management fee invoiced from StrongPoint ASA to subsidiaries are not included in the segment statements.

Segments

Due to sale of the Cash Security business area in December 2020 and the Label business area in 2021, the Group has identified new segments effective from the 1st quarter 2022: Nordics and Rest of Europe incl. R&D. The financial statement also include revenue information for core markets and product information in the current reporting. Following the acquisition of Air Link Group Ltd, the geographic segment Rest of Europe incl. R&D increased with ”UK&Ireland”, and the product information segments added the sub-segment ”Shop Fitting” reflecting the majority of the operations for Air Link Group.

The Group delivers proprietary solutions within In-store Productivity, E-commerce, Payment Solutions and Checkout Efficiency, as well as tailor-made retail solutions from leading third-party suppliers, including Pricer Electronic Shelf Labels (ESL), POS, ERP and Digi scales and wrapping systems. The group management has in the fiscal year 2022 governed the business based on reported sales revenues, EBITDA and EBIT for the two business areas Nordics and Rest of Europe incl. R&D.

Revenue per product segment

KNOK	2022	2021
- Product sale	338 955	283 930
- Service	87 218	81 963
In-store Productivity	426 173	365 893
- Product sale	164 642	102 317
- Service	119 953	122 172
Payment Solutions	284 595	224 489
- Product sale	115 900	116 109
- Service	39 405	34 190
Check Out Efficiency	155 306	150 298
- Product sale	53 417	64 867
- Service	41 045	43 204
E-commerce logistics	94 461	108 070
- Product sale	-	-
- Service	241 311	-
Shop Fitting	241 311	-
- Product sale	85 902	63 600
- Service	84 644	68 988
Other retail technology	170 545	132 632
- Product sale	758 815	630 822
- Service	613 577	350 516
Total sales revenue	1 372 392	981 339

Segment and geographical information

	Nordics		Rest of Europe incl. R&D		ASA/Elim		Consolidated	
KNOK	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
- Product sale	269 709	248 283					269 709	248 283
- Service	116 385	113 138					116 385	113 138
Norway	386 093	361 420					386 093	361 420
- Product sale	225 058	191 709				- 7 170	225 058	184 539
- Service	132 916	142 238					132 916	142 238
Sweden	357 974	333 947				-7 170	357 974	326 777
- Product sale			100 241	94 109			100 241	94 109
- Service			100 368	79 423			100 368	79 423
Baltic			204 610	173 532			204 610	173 532
- Product sale			60 196	53 728			60 196	53 728
- Service			16 556	13 796			16 556	13 796
Spain			76 752	67 524			76 752	67 524
- Product sale							-	-
- Service			241 311				241 311	-
UK & Ireland			241 311				241 311	-
- Product sale			103 611	50 163			103 611	50 163
- Service			2 040	1 923			2 040	1 923
Rest of Europe			105 652	52 085			105 652	52 085
- Product sale	494 767	439 992	264 048	198 000		- 7 170	758 815	630 872
- Service	249 301	255 376	364 276	95 141			613 577	350 516
Total sales revenue	744 068	695 368	628 325	293 141		-7 170	1 372 392	981 339
EBITDA	67 224	77 030	53 868	14 596	-45 553	-38 001	75 540	53 625
EBT	59 524	66 021	21 141	-1 942	-42 499	-38 180	38 165	25 899
Assets	387 016	384 416	398 513	293 928	200 111	168 189	985 640	846 533
Liabilities	178 741	198 442	315 804	181 813	-16 111	-31 913	478 433	348 343
Working capital	231 260	215 582	154 117	85 934	-26 744	-16 603	358 632	284 913
Investment fixed assets	840	169	10 278	2 458	27	6 167	11 144	8 794

EBITDA is operating profit before depreciation, amortization interest and tax.
EBT is profit before tax.
Working capital is inventory plus accounts receivables minus accounts payables.
There are no customers that represent 10% or more of revenues in the individual business areas in 2022 and 2021.
Revenue per customer is based on sales per legal entities.
The comparison figures are restated, but does not include UK/Ireland which was acquired in June 2022.

Note 4: Changes in the group structure

Acquisition of Air Link Group Ltd with subsidiaries

June 1, 2022, StrongPoint ASA acquired 100% of the shares in Air Link Group Ltd with subsidiaries.

UK has been identified as a very interesting market for StrongPoint solutions. The online grocery penetration is higher than in the rest of Europe, putting constantly pressure on the profit margins in the brick-and-mortar stores.

ALS has 25 years of experience handling installation, service, construction and refurbishment for large grocery retailers in UK and Ireland. In the 2025 strategy, sale of StrongPoint solutions to this region was included, but it was estimated that the installation and service were to be handled by a sub-supplier. The ALS acquisition enables StrongPoint to include this revenue as part of the 2025 ordinary business. It also enables StrongPoint to have access to the largest grocery retail customers, making it easier to access and sell StrongPoints own solutions with comfort that the business critical systems will be supported by on-the-ground resources.

The purchase price allocation was based on balance sheet per December 31, 2021. Final purchase price was calculated based on balance sheet per May 31, 2022.

The purchase price was paid by 80% cash and 20% shares in StrongPoint ASA. 50% of the shares was issued as new shares, and 50% was allocated from treasury.

The acquired companies contributed with the following revenue and profit before tax for the period between the acquisition and 31.12.2022:

	KNOK
Revenue	241 268
Profit before tax	25 371

If the acquisitions had been completed as at 01.01.2022, the Group's total revenue and ordinary profit before tax had been:

	KNOK
Revenue	1 490 690
Profit before tax	41 659

There are identified additional value related to customers of KNOK 56,000 and branding of KNOK 10,000. The additional value for customers will be written off over 7 years and the additional value for branding will be written off over 5 years.

Included in the value of goodwill is employees with special skills and expected synergies with StrongPoint's existing business. These intangible assets do not meet the recognition criteria in IAS 38 and are therefore not recorded separately. Recorded goodwill is allocated to the cash-generating unit ALS. Goodwill is not amortized. However, it is subject to impairment tests annually.

The table to the right shows the statement of financial position for the business combination in line with IFRS 3.

Allocation of excess values related to acquisition in 2022 distributed as follows:

KNOK	
Assets	
Deferred tax assets	27
Fixed assets	2 018
Leased assets	38 854
Other investments	389
Cash and cash equivalents	4 973
Receivables	54 644
Inventories	18 649
	119 554
Liabilities	
Leasing liabilities	-38 854
Accounts payable	-35 330
Other short term debt	-16 068
	-90 252
Net identifiable assets at fair value	29 302
Branding	10 000
Customers relations	56 000
Goodwill	37 673
Deferred tax assets	-16 500
Purchase amount	116 475
Cash	93 646
Shares in StrongPoint	22 830
Purchase amount	116 476
Paid in cash	93 646
Cash received	-4 951
Net cash out	88 695

The acquisition costs regarding ALS amounted to KNOK 6,696 and are booked as Opex.

Discontinued operations

StrongPoint Labels business area was divested in June 2021 through an acquisition done by the Swedish company Volati Tryck Holding AB. The business area constituted of StrongPoint Labels AB in Malmö, Sweden, and parts of the Norwegian legal entity StrongPoint AS which was demerged into StrongPoint Labels AS in Q3 2021.The Swedish part of the transaction was closed July 1 and the Norwegian part was closed September 1. The transaction led to a net gain of 163.4 MNOK included in the line Profit after tax from discontinued operations in the P&L.

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 P&L tables.

Calculation of profit Labels Business area	2021
Payment	226 576
Sales costs / advisors	-4 485
Book value equity	-58 703
Profit	163 389

Profit from discontinued operations

KNOK	2021
Operating revenue	110 144
Cost of goods sold	53 177
Payroll	31 766
Other operating expenses	9 690
Total operating expenses	94 633
EBITDA	15 512
Depreciation tangible assets	7 090
Depreciation intangible assets	221
EBIT	8 201
Interest expenses	339
Other financial expenses/currency differences	1 495
Profit on sale of discontinued operations	163 389
EBT	169 755
Taxes	1 337
Profit from discontinued operations	168 418

Cash Flow from discontinued operations

KNOK	2021
Cash flow from operational activities	5 487
Cash flow from investment activities	-1 895
Cash flow from financing activities	-6 156
Net Change in liquid assets	-2 563
Cash and cash equivalents at the start of the peri	29 251
Cash and cash equivalents at the end of the period	26 687

Note 5: Other operating expenses

KNOK	2022	2021
Short term rent, electricity, cleaning	13 242	7 251
Vehicles	11 473	8 677
Other consultancy fees	51 414	35 131
IT	21 018	22 311
Travel	8 632	4 138
Marketing	10 044	8 763
Other costs	19 152	20 014
Total [1)]	134 976	106 285

Specification of recognized auditors fee:	2022	2021
Fee for auditing services	2 365	2 211
Fee for tax advise	14	12
Fee for other services	292	40
Total [2)]	2 671	2 263

1) 60% of the increased operating costs are from Air Link Group Ltd. The other 40% is to a large extent caused by inflation.
2) Of which TNOK 302 applies to auditors other than EY. Auditors fee are exclusive of VAT, with the exception of transaction expenses.

Note 6: Investment in associated companies

StrongPoint ASA owns 49,9997% of the shares in Spok AS. The company performs services on behalf of StrongPoint AS.
StrongPoint owns 49% of the shares in StrongPoint Cash Tech S.L. The Joint Venture has been established regulating the partnership with a technology company in Spain.

StrongPoint ASA had the following investments in associated companies as at 31 December 2022:

KNOK Entity	Country	Industry	Stake 31.12.2022	Cost price 31.12.2022	Book value 31.12.2021	Dividend paid in 2022	Share of net profit 2022	Book value 31.12.2022
StrongPoint Cash Tech S.L. (under establishment)	Spain	R&D company	49,0%	15	-	-	-	15
Spok AS	Norway	Service company	50,0%	1 700	774	-200	388	962
Total				1 715	774	-200	388	977

An overview of financial information about the associated company, based on 100%:

KNOK	2022					
Entity	Current assets	Fixed assets	Debt	Equity	Turnover	Profit for year
Spok AS	3 990	683	2 755	1 918	15 098	775
Total	3 990	683	2 755	1 918	15 098	775

Note 7: Shares in other companies

KNOK	2022		2021	
Company	Cost price	Market value	Cost price	Market value
Other long-term investments:				
Settle Group AS	476	-	476	-
1X Technologies AS	4 001	4 001	4 001	4 001
Total	4 477	4 001	4 477	4 001

The shares are booked at fair value with level 3 in the fair value hierarchy. Any changes in the value will be booked through the profit and loss.

The shares in 1X Technologies AS (Halodi Robotics AS) is of strategic importance for the Group. In March 2021, StrongPoint announced a partnership with humanoid robotics company 1X Technologies to develop an in-store grocery retail robotics solution, which in a few years' time will be seen in grocery stores conducting repetitive, labour-intensive tasks which will drive in-store efficiencies.

The shares in Settle Group AS were written down to 0 in 2018 and the fair value is evaluated to be unchanged.

Note 8: Financial items

KNOK	2022	2021
Interest income	772	300
Currency adjustment bank and unpaid receivables and liabilities	5 448	4 765
Profit from associated companies	388	175
Other financial income	284	2 331
Total financial income	6 891	7 571
Interest expense	2 031	1 112
Interest expenses leasing IFRS 16	2 168	784
Currency adjustment bank and unpaid receivables and liabilities	984	6 897
Other financial expenses [1]	890	382
Total financial expenses	6 073	9 176
Net financial items	818	1 605

1) Other financial expenses are primarily related to financial liabilities.

Currency differences relating to the payment of purchases are recorded as cost of goods and constitutes a cost of KNOK 6,096 in 2022 (cost of KNOK 3,336 in 2021).
Currency differences relating to the payment of sales revenues are recorded as sales revenues and constitutes a revenue of KNOK 2,085 in 2022 (revenue of KNOK 707 in 2021).

Note 9: Payroll costs and number of employees

KNOK	2022	2021
Salaries	224 046	187 089
Severance packages	537	1 401
Director's fee and Nomination Committee	1 958	1 825
Social fee	39 092	37 357
Pension costs	13 429	12 917
Other payroll costs	26 781	14 558
Total payroll costs	305 842	255 147
Number of full-time employees employed during the year:	472	395
Number of full-time employees at the end of the year:	511	400

The employees in StrongPoint have pension schemes in line with local statutory and obligatory company pension schemes, and are recognized as a defined contribution plan.

Salaries and remuneration for Executive Management Team and Directors

KNOK	2022	2021
Board of Directors		
Directors fee	1 834	1 777
Executive Management Team		
Salaries	17 424	13 241
Bonus	4 902	2 249
Company car	919	709
Other remuneration	1 102	56
Pension	1 298	1 044
Total salaries and remuneration	27 479	19 075

The following members of the Executive Management Team and Board of Directors own shares or share options in the company per 31.12:

Name, position	Shares per 31.12.22	Shares per 31.12.21	Options per 31.12.22	Options per 31.12.21
Board of Directors				
Morthen Johannessen, Chairman [1)]	105 662	100 047		
Klaus de Vibe, Director [2)]	92 491	89 683		
Camilla Tepfers, former Director		11 023		
Peter Wirén, Director	33 345	26 666		
Ingeborg Molden Hegstad, Director [3)]	22 365	19 557		
Cathrine Laksfoss, Director	1 974	-		
Total	255 837	246 976	-	-

1) Morthen Johannessen ownes the shares privatly and through the company Motri AS.
2) Klaus de Vibe ownes the shares privatly and through the company De Vibe AS.
3) Ingeborg Molden Hegstad ownes the shares privatly and through the company Imsight AS.
4) Jacob Tveraabak ownes the shares privately and through the company Celo Industries AS.

Name, position	Shares per 31.12.22	Shares per 31.12.21	Options per 31.12.22	Options per 31.12.21
Executive Management Team				
Jacob Tveraabak, CEO [4)]	212 246	206 000	600 000	450 000
Hilde Gilen, CFO	53 827	49 573	93 750	225 000
Knut Olav Nyhus Olsen, SVP People & Organisation, and head of Marketing and Internal Communication	13 814	10 839	225 000	150 000
Gisle Elvebakken, SVP Norway	39 329	26 032	250 000	150 000
Julius Stulpinas, SVP Technology & supply chain	31 094	25 296	225 000	150 000
Rimantas Mažulis, SVP Baltics	22 806	19 034	225 000	150 000
Lorena Gómez, SVP Spain	5 350	2 139	125 000	50 000
Chris Mackie, SVP E-commerce	15 936		75 000	
Magnus Rosén, SVP Sweden	9 000		75 000	
Steve Smith, SVP UK & Ireland	-		75 000	
Total	403 402	338 913	1 968 750	1 325 000

Members of the Extended Group Management Team and key employees have stock options:

Total costs and Social Security Provisions (KNOK)	2022	2021
Total IFRS cost	5 420	5 441
Total Social security provisions	- 341	737
	5 079	6 178

Granted instruments	2022	2021
Instrument	Option	Option
Quantity 31.12.2022 (instruments)	1 100 000	1 075 000
Quantity 31.12.2022 (shares)	1 100 000	1 075 000
Contractual life*	5,00	5,00
Strike price*	22,55	31,13
Share price*	22,25	31,40
Expected lifetime*	3,25	3,25
Volatility*	43,26%	40,55%
Interest rate*	2,599%	0,713%
Dividend*	0,00	0,00
FV per instrument*	7,21	9,21

*Weighted average parameters at grant of instrument.

Outstanding instruments Year End - Option

Quantity and weighted average prices Activity	Number of instruments 01.01.2022 - 31.12.2022	Weighted Average Strike Price
Outstanding OB (01.01.2022)	2 075 000	24,14
Granted	1 100 000	22,55
Exercised [1]	- 50 000	17,31
Released	0	0,00
Adjusted	0	0,00
Performance Adjusted	0	0,00
Cancelled	0	0,00
Terminated	- 456 250	24,53
Expired	0	0,00
Outstanding CB (31.12.2022)	2 668 750	23,54
Vested CB	681 250	22,00

1) Exercised share price NOK 23.53

Outstanding Instruments Overview

Strike price	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2022	Weighted Average Strike Price
		Outstanding Instruments			Vested Instruments
17,31	850 000	2,84	17,31	450 000	17,31
20,53	125 000	4,44	20,53	0	0,00
22,81	862 500	4,36	22,81	0	0,00
31,13	831 250	3,35	31,13	231 250	31,13
	2 668 750			681 250	

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.

The measure of volatility used in the option pricing models is the annulised standard deviation of the continuously compounded rates of return on the share over a period of time.

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 1/4 vesting after one year, 1/4 after two years, and the remaining 1/2 after three years. The split in vesting underpins the retention ambition of the program. Any non-exercised options expire five years after grant.

Note 10: Tangible assets

Tangible assets, company owned

KNOK	Land	Buildings	Equipment owned	2022 Total	Land	Buildings	Equipment owned	2021 Total
Acquisition costs 01.01	825	8 731	56 931	66 487	825	8 731	82 503	92 059
Discontinued operations			-	-			-26 711	-26 711
Acquisition			20 346	20 346				
Addition			11 041	11 041			7 202	7 202
Divestment			-9 664	-9 664			-3 798	-3 798
Currency exchange differences			1 225	1 225			-2 264	-2 264
Acquisition costs 31.12	825	8 731	79 880	89 436	825	8 731	56 931	66 487
Accumulated depreciations 01.01	-825	-8 731	-37 901	-47 457	-825	-8 731	-58 473	-68 029
Discontinued operations			-	-			23 691	23 691
Acquisition			-18 294	-18 294			-	-
Depreciations			-5 035	-5 035			-2 517	-2 517
Depreciations of the year regarding rental machines is booked as cost of gods sold			-3 812	-3 812			-4 246	-4 246
Divestment			9 650	9 650			4 232	4 232
Currency exchange differences			-733	-733			-588	-588
Accumulated depreciations 31.12	-825	-8 731	-56 125	-65 681	-825	-8 731	-37 901	-47 457
Book value 31.12	-	-	23 755	23 755	-	-	19 031	19 031
Depreciation ratio			10-33%				10-33%	
Depreciation method			Linear				Linear	

Some equipment has been fully depreciated per 31 December 2022 but is still in use.
StrongPoint has no contractual purchasing obligations.

Tangible assets, right of use

KNOK	Right of use rent	Right of use equipment	2022 Total	Right of use rent	Right of use equipment	2021 Total
Acquisition costs 01.01	61 694	27 496	89 190	90 874	64 251	155 125
Discontinued operations	-	-	-	-41 994	-41 965	-83 959
Acquisition	38 437	-	38 437			
Addition	13 346	6 911	20 257	15 220	6 226	21 446
Divestment	-	16	16	-	-1 502	-1 502
Currency exchange differences	363	717	1 080	-2 407	486	-1 921
Acquisition costs 31.12	113 840	35 140	148 980	61 694	27 496	89 190
Accumulated depreciations 01.01	-30 266	-15 682	-45 948	-48 760	-38 623	-87 383
Discontinued operations	-	-	-	27 717	29 232	56 950
Depreciations	-14 189	-6 128	-20 317	-9 968	-6 233	-16 201
Currency exchange differences	-340	324	-16	744	-58	686
Accumulated depreciations 31.12	-44 795	-21 486	-66 281	-30 266	-15 682	-45 948
Book value 31.12	69 044	13 654	82 698	31 428	11 814	43 241
Depreciation ratio	10-33%	10-33%		10-33%	10-33%	

See note 16 for information about the comittments related to the leasing.

Note 11: Intangible assets

	2022						2021					
Other intangible assets (KNOK)	**Technology**	**Brand**	**Customer**	**Software**	**Other**	**Total**	**Technology**	**Brand**	**Customer**	**Software**	**Other**	**Total**
Acquisition costs 01.01	107 510	21 502	36 425	9 272	-	174 709	107 510	21 502	57 643	14 387	764	201 807
Acquired by aquisition	-	10 000	56 000	-	-	66 000	-	-	-	-	-	-
Investment	-	-	-	104	-	104	-	-	-	-	-	-
Divestment	-	-	-	-	-	-	-	-	-	-	-764	-764
Discontinued operations	-	-	-	-	-	-	-	-	-21 218	-5 115	-	-26 333
Acquisition costs 31.12	107 510	31 502	92 425	9 376	-	240 813	107 510	21 502	36 425	9 272	-	174 709
Accumulated impairments and depreciations 01.01	-101 268	-	-35 344	-8 382	-	-144 994	-96 644	-	-54 539	-10 893	-115	-162 191
Access depreciation acquisitions	-	-	-	-	-	-	-	-	-	-	115	115
Discontinued operations	-	-	-	-	-	-	-	-	21 970	2 512	-	24 482
Accumulated impairments and depreciations 31.12	-105 655	-1 164	-42 632	-8 383	-	-157 834	-101 268	-	-35 344	-8 382	-	-144 994
Translation differences	-1 855	937	1 332	-890	-	-476	-1 744	1 672	1 617	-890	-	654
Book value 31.12	-	31 275	51 125	103	-	82 503	4 498	23 174	2 699	-	-	30 371
Depreciations of the year	-4 387	-1 164	-7 288	-1	-	-12 840	-4 624	-	-2 774	-2	-2	-7 403
This year change in translation differences	-110	-735	-285	-	-	-1 130	-510	-1 641	-1 058	1 503	-34	-1 740
Depreciation schedule	10 og 15 år	Impairment test	1-7 år	4-7 år	-	-	10 og 15 år	Impairment test	1-7 år	4-7 år	3 år	-
Depreciation ratio	7-10%		14-100%	14-25%	-	-	7-10%		14-100%	14-25%	33%	-

In 2022 there have been expensed KNOK 42,993 (KNOK 32,763 in 2021) in research and development costs.
Intangible assets regarding brand are related to CashGuard and ALS.

Goodwill (KNOK)	StrongPoint AS	StrongPoint AB	StrongPoint Technology AB	StrongPoint Baltic	StrongPoint S.L.U	StrongPoint E-com AB	ALS	2022 Total	2021 Total
Acquisition costs 01.01	15 976	2 612	81 127	23 318	4 431	25 889	-	153 352	169 643
Acquisition							38 268	38 268	-
Discontinued operations							-	-	-16 290
Acquisition costs 31.12	15 976	2 612	81 127	23 318	4 431	25 889	38 268	191 620	153 352
Accumulated impairment and depreciations 01.01	-14 689	-229	-	-23 345	-	-	-	-38 263	-38 263
Accumulated impairment and depreciations 31.12	-14 689	-229	-	-23 345	-	-	-	-38 263	-38 263
Translation differences	-	-	3 921	2 903	774	-1 037	-	6 561	9 552
Book value 31.12	1 286	2 383	85 048	2 877	5 205	24 852	38 268	159 918	124 641
								-	
Impairment of the year								-	-
This year change in translation differences	-	-	-2 627	144	260	-768	-	-2 991	-10 635
Depreciation schedule	Impairment test	Impairment test	Impairment test	Impairment test	Impairment test	Impairment test	Impairment test		

Goodwill is not depreciated. Impairment tests are carried out every year.The impairment test per 31 December 2022 has been carried out with the segments Nordics and Rest of Europe incl. R&D as the cash generating units.

		Goodwill (KNOK)	
Acquired company	Cash generating unit	31.12.2022	31.12.2021
StrongPoint AS	Nordics	1 286	1 286
StrongPoint AB	Nordics	2 383	2 383
StrongPoint Technology AB	Nordics / Rest of Europe incl. R&D	85 048	87 675
StrongPoint UAB	Rest of Europe incl. R&D	2 877	2 733
StrongPoint S.L.U	Rest of Europe incl. R&D	5 205	4 945
StrongPoint E-com AB	Nordics / Rest of Europe incl. R&D	24 852	25 620
StrongPoint ALS	Rest of Europe incl. R&D	38 268	-
Total goodwill		159 918	124 641

Impairment test of goodwill and intangible assets with indefinite useful life

Impairment tests are carried out in order to assess the prospects of each cash flow-generating unit based on value in use. Value in use is measured against net book value for the cash flow-generating entity.

The brands are considered to be indefinite due to the Group's strategy for 2025 which contains a growth path for the brands, and confirms the value of the IP in the balance sheet, as long term future cashflow is expected.

The Group has used value in use to determine recoverable amounts for the cash flow-generating entities. Value in use is determined by using the discounted cash flow method. The expected cash flow is based on the business areas' budgets and long term plans, which are approved by StrongPoint's executive management and the Board. Budgets and long-term plans cover a five-year period (explicit prognosis period). Approved budgets and long-term plans are adjusted for cash flow related to investments, future product improvements and new development, if the elements are considered significant for the impairment test. After the five years of explicit plans a terminal value is calculated based on 2.5% growth in net cash flow. To calculate value in use, the Group has used anticipated cash flow after tax and, correspondingly, discount rates after tax. The recoverable amount would not have been significantly different if cash flow before tax and the discount rate before tax had been used. The WACC after tax has been stipulated using an iterative method and is 8.29%. The assumptions are based on historical results and observable market data.

Key assumptions

Discount rate

The discount rates are based on a weighted average cost of capital (WACC) method, whereby the cost of equity and the cost of liabilities are weighted according to an estimated capital structure. The discount rates reflect the market's required return on investment at the time of the test and in the industry to which the cash-generating unit belongs. The estimated capital structure is based on the average capital structure in the industry in which the cash generating unit operates and an assessment of what is a reasonable and prudent long-term capital structure. The CAPM model is used to estimate the cost of equity. In accordance with the CAPM model, the cost of equity consists of risk-free interest as well as an individual risk premium. The risk premium is the entity's systematic risk (beta), multiplied by the market's risk premium. The risk-free interest is estimated on a 10-year Norwegian government bond interest rate and is based on all cash flow being translated to NOK. The cost of liabilities represents an expected long-term after-tax interest rate for comparable liabilities and consists of risk-free interest and an interest spread.

Profit margin (EBITDA)

The profit margin is reviewed based on expectations of future development and historical performance. This gives the Group good prospects for order intake and is a solid basis for long-term growth.

Growth rate

Growth rates in the explicit prognosis period are based on management's expectations of market trends. The Group uses stable growth rates to extrapolate cash flow in excess of five years. The long-term growth rate beyond five years is not higher than the expected long-term growth rate in the industry in which the undertaking operates within.

Market shares and macro trends

Group entities monitors competition environment and market shares on a detailed level, both in the local geography and from a product point of view. StrongPoint is a retail technology company and exposed to global changes within technology development, international competition, supply change and raw material distribution following political, climate or international trading challenges etc, Expected changes in market shares or new competitive solutions that can influence future cash flow from the business units are taken into account in the impairment test.

Risk

Group management and Board of directors monitors and acts upon risk within the following areas: Strategic, operational, financial and sustainability/climate. Main assumptions in the impariment test are adjusted to reflect the risk environment that the Group operates within.

Sensitivity analysis

In connection with impairment tests of goodwill and intangible assets, sensitivity analyses are carried out. There will not be an impairment situation before relatively large changes in the key assumptions, and these changes are considered to be outside the reasonable outcome.

Estimation uncertainty

There will always be uncertainty related to the estimate of value in use. The assessments are based on key assumptions as described above, and are to a large degree influenced by market data for comparable companies, interest rates and other risk conditions. These calculations are based on discounted future cash flow, in which judgement was used as regards future profit and operation. Significant changes in the cash flow may affect the value of goodwill.

Note 12: Inventories

Inventories (KNOK)	2022	2021
Inventories	242 540	222 582
Provision for obsolete stock	-10 416	-11 326
Total	232 124	211 256

Inventories are measured at the lower of cost and net realisable value.
The stock is pledged as security for loans, see note 15.

Provision for obsolete stock (KNOK)	2022	2021
Provision for obsolete stock, opening balance	-11 326	-12 912
Taken to income/charged to expense (-) change in provision	910	1 586
Provision for obsolete stock, closing balance	-10 416	-11 326

The cost of goods sold of KNOK 850,956 includes direct costs of goods with KNOK 578,407.

Note 13: Other receivables

Short term receivables (KNOK)	2022	2021
Accounts receivables	274 348	175 627
Prepaid expenses	25 731	16 646
Other receivables	16 265	13 885
Total short term receivables 31.12	316 344	206 158

Other receivables included MNOK 4.4 in expected government grants (SkatteFUNN) refunds for development costs in 2022. This was booked as reduction of other operating expenses.

Changes in provision for bad debts (KNOK)	2022	2021
01.01	6 981	5 251
Discontinued operations	-	-16
Acquisition	138	-
Applied provisions	-1 145	27
Reversed provisions	-2 119	-1 325
New provision for bad debt	2 173	3 044
Total 31.12	6 027	6 981

The provisions per 31.12.2022 are not directly related to individual customers.
Losses on bad debts are classified as other operating expenses in the income statement.

Aging of accounts receivables (KNOK)	2022	2021
Not due	206 384	158 854
0-3 months	67 414	16 197
3-6 months	550	556
6-12 months	-	21
Older than 12 months	-	-
Total 31.12	274 348	175 627

Long term receivables (KNOK)	2022	2021
Earn-out Cash Security [1)]	-	14 650
Loan to Joint venture company in Spain	13 668	-
Deposit rented offices	1 479	972
Total long term receivables 31.12	15 147	15 622

1) Expected Earn-out from sale of Cash Security in 2020 of MNOK 1.4 is included short term receivables.

Note 14: Cash and cash equivalents

KNOK	2022	2021
Cash and bank deposits	47 248	174 198
Overdraft	22 137	-
Unused overdraft facilities	77 863	100 000

The Group had liquid assets (bank deposits and unused overdraft facilities) of MNOK 125.1 per 31.12.2022 (2021: MNOK 274.2). KNOK 2,611 are restricted funds pr. 31.12.2022 (2021: KNOK 0).

The Group has a cash pool arrangement allowing efficient distribution of cash between the different business units, and can withdraw up to MNOK 100 from the Group's overdraft facility if necessary to cover short term liquidity needs.

Note 15: Interest-bearing debt and secured debt

Debt per 31.12. and specification of terms. Figures in KNOK

Type of loan	2022	2021	Borrowing terms	Average nominal interest for 2022
Multi-currency, group credit account [1)]	22 137	-	Overdraft limit MNOK 100, not time limited	2,98%
Repayment loan	11 455	12 985	Quarterly repayments	1,72%
Short term debt	4 165	3 068	Repayment in 2023	2,6%-5,77%
Leasing liabilities	81 203	42 009	Monthly and quarterly payments	
Total interest bearing debt	118 960	58 062		

1) The Groups' main bank connection has loan covenants in relation to the ratio between NIBD/EBITDA. The loan agreements are measured on a quarterly basis. See note 17 for more information. All loans are secured.

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

KNOK	2022	2021
Bank overdraft	22 137	-
Current interest-bearing liabilities	29 310	20 854
Due after one year	67 513	37 208
Total interest-bearing debt	118 960	58 062

Pledged assets per 31.12. and book value:

Asset	31.12.2022	31.12.2021
Operating equipment and inventories for StrongPoint AS	115 442	147 375
Lien over Företagsinnteckning StrongPoint AB [1)]	109 844	113 237
Co-surety Norway, Sweden, the Baltics and UK*	135 000	135 000

* The foreign companies liabilities are limited to the amount the guarantor at any time has drawn.
1) Företagsinnteckning is equivalent to a priority lien over the company's assets.

Change in liabilities arising from financing activities:

KNOK	31.12.2021	CashFlow	New contracts	Currency differences	31.12.2022
Interest bearing liabilities	16 004	16 897	-	4 855	37 757
Lease liabilities	42 058	-19 503	58 694	-46	81 203
Total	58 062	-2 605	58 694	4 809	118 960

KNOK	31.12.2020	CashFlow	New contracts	31.12.2021
Interest bearing liabilities	54 335	-38 331	-	16 004
Lease liabilities	54 816	-17 267	4 510	42 058
Total	109 151	-55 598	4 510	58 062

Note 16: Leasing commitments

Tenancy agreements on premises has a lease-term of 1.5 - 10 years. Annual payment for these premises is approx. KNOK 17,078.

Leasing contracts on vehicles has a lease-term of 1 - 6 years. Annual payment is approx. KNOK 6,498.

Leasing contracts on inventory (copy machines, coffe machines etc.) has a lease-term of 1 - 3 years. Annual payment is approx. KNOK 587.

The numbers above includes approxemately MNOK 1 as leasing expenses in the P&L regarding contracts with a lifetime of less than one year and a value of less than KNOK 100. These contracts are not booked as leasing commitments in the balance sheet.

Future minimum rent for the leasing contracts per 31.12 is as follows: KNOK	**2022**	**2021**	**The present value of future payments 2022**
Within one year	24 164	18 180	22 067
After one year, but within five years	53 504	35 191	40 224
After more than five years	20 854	1 076	12 098
Total	98 522	54 448	74 389

At the commencement date the present value of the lease payments has been calculated based on the lessee's incremental borrowing rate. The discount rate is 9.5%, included an interest rate of 7.5% business risk and 2.0% risk free.

The carrying value of financial leasing and IFRS16 leasing are included in note 10.

Note 17: Financial instruments

Financial risks

StrongPoint's activities expose the group to exchange rate-, interest-, credit- and liquidity risks.

(i) Credit risks

The Group's credit risk is related to the sale of goods and services on credit.

The Group has established guidelines to ensure that sales are only made to customers who have not had significant payment problems earlier and that the outstanding amount do not exceed credit limits. Guidelines are implemented to prevent the company's risk associated with loans and guarantees related to employees and customers.

Per 31.12.2022 the Group had KNOK 274,348 in outstanding accounts receivables. Of this KNOK 67,964 were overdue, traditionally most of the overdue amount are paid a few days after period end. The Group has historically had a low rate of loss on receivables. This year's expenses in relation to bad debts amounting to a cost of KNOK 1,203, including realized losses and changes in the provision for bad debts.

KNOK	2022	2021
Total interest-bearing debt	118 960	58 062
Cash	47 248	174 198
Net interest-bearing debt	71 712	-116 136
Total capital adjusted for Goodwill	825 722	721 891
Debt ratio	9%	-16%

(ii) Interest rate risk

The company's interest-bearing debt increased in 2022.

The interest risk is measured by the group treasury department by simulating the effect of a change in interest rates. The simulation illustrates the cash effect of a change in interest rates given the loan size and the level of any existing interest rate hedging. The results from the simulation are used to support decisions concerning the possible conclusion of fixed-rate contracts.

As a result of this the group's interest-bearing debt has a floating interest rate at year-end. It has not been used fixed rate contracts or other hedging instruments in 2022 or 2021.

Based on the financial instruments in existence as of 31 December 2022, a general increase in interest rates of two per cent will reduce pre-tax profits by KNOK 800.

The average effective rate of interest on financial instruments was as follows:

	2022	2021
Bank overdraft	2,98%	1,74%
Short term loans	4,19%	1,88%
Long term loans	1,72%	1,72%

The interest rate on overdraft are based on 1 month NIBOR for the draft in NOK, 1 month STIBOR SEK, 1 month EURIBOR EUR and 1 month SONIA for GBP. The interest rate on the largest long-term loan are fixed until 2026. The interest rate on the smaler loans is determined quarterly.

See note 15 for information about long-term loans and note 16 for information about liabilities in relation to financial leasing agreements.

(iii) Liquidity risk

The Group manages liquidity risk by monitoring the expected future cash from operations and available cash and credit facilities are adequate to serve the operational and financial obligations. This is done by preparing cash flow forecasts 12 months ahead, and detailed monthly cash monitoring, based on different outcomes in turnover and productmix. Capital tied up in the individual business units are supervised, focusing on inventory, accounts receivable, financing and accounts payable.

The group's strategy is to have sufficient cash, cash equivalents or credit facilities available at any time to be able to finance operations and investments for the next 6 months. Excess liquidity is mainly located in the Groups Cash Pool which is netted against overdraft. Unused credit facilities are described in note 14.

The loan agreement with the main financial institution has a claim (covenant) in which the ratio of net interest bearing debt and moving 12-month earnings before depreciation (EBITDA) shall not exceed 3.5. This is measured quarterly. The company met this requirement in 2022 and 2021. Interest bearing debt was totally increased by MNOK 60.9 during 2022, of which MNOK 40.0 was related to IFRS 16 liabilities. This combined with the EBITDA of MNOK 75.5 (MNOK 53.6 in 2021) resulted in net debt divided by 12 month rolling income before depreciation (EBITDA) per 31.12.2022 was 0.95. Per 31.12.2021 it was measured -2.17.

Overview of maturity structures of financial liabilities:

KNOK	Balance sheet amount	0-6 months	6-12 months	1-2 year	2-3 year	more than 3 years	Undefined
Secured loans (long and short term interest bearing debt)	15 620	3 751	3 782	3 426	3 485	1 175	-
Secured loans, interest	IA	153	104	110	50	IA	-
Overdraft (short-term interest bearing debt) [1)]	22 137	-	-	-	-	-	22 137
Overdraft, interest	IA	-	-	-	-	IA	-
Financial leasing (long-term and short-term interest bearing debt)	2 240	416	416	726	463	219	-
Financial leasing, interest	IA	21	17	21	9	IA	-
IFRS16 leasing (long-term and short-term interest bearing debt)	78 963	10 472	10 472	13 999	11 643	32 377	-
IFRS16 leasing, interest	IA	1 416	1 416	2 323	1 910	IA	-
Accounts payable	147 839	147 839	-	-	-	-	-
Net liabilities financial instruments	266 799	164 069	16 208	20 605	17 561	33 771	22 137

1) The overdraft contract with Danske Bank runs until renegotiated by either party.

The payment of financial obligations is intended to be covered by the payment of accounts receivable, sale of goods and services, and available cash and available credit facilities.

(iv) Currency risks

The Company has no material debt or bank deposits in foreign currency, except Euro, Norwegian and Swedish kroner. The main exposure to foreign currency derived from accounts payable and accounts receivable in connection with the purchase and sale of goods in foreign currency, and contracts where the sales price is determined in a currency other than the cost of goods sold. The Group is mainly exposed to fluctuations in the price of goods bought in foreign currencies, primarily in SEK, USD, EUR and GBP, and sale of goods in EUR.

The company do not normally use forward contracts to hedge this exposure. Large currency fluctuations are compensated by contracted agreement allowing adjusted sales prices accordingly.

(v) Financial investments

Excess liquidity is placed in the Group's cashpool to reduce its short-term interest-bearing debt. The company uses a small degree of financial investments.

A change of 5% exchange rate as at 31 December 2022 would have resulted in the following effects on the profit in the group

Sensitivity currency exposure;	
SEK weakened by 5% against EUR	-168
SEK weakened by 5% against GBP	-
SEK weakened by 5% against USD	-47
NOK weakened by 5% against SEK	234
NOK weakened by 5% against EUR	87
NOK weakened by 5% against GBP	12
NOK weakened by 5% against USD	237

(vi) Capital structure

The Board aims to maintain a strong capital base in order to retain the trust of shareholders, creditors and the market in order to continually develop the company. The Board want to create a balance between higher return, which is made possible by higher borrowing levels, and the benefits and security provided by a solid equity. The Board aims to ensure that StrongPoint shareholders will over time gain a competitive return on their investment through a combination of cash dividends and increased value of their shares. In determining the annual dividend, the Board will take into account the expected cash flow, investments in organic growth, plans for growth through mergers and acquisitions, and the need for adequate financial flexibility.

The level of net debt is measured in terms of cash flow. The company is comfortable with the level of debt per 31.12.22

(viii) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

		Fair value measurement using	
	Date of valuation	**Total**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value:			
Financial assets			
Cash	31 December 2022	47 248	47 248
Accounts receivable	31 December 2022	274 348	274 348
Other long-term investments	31 December 2022	4 001	4 001
Financial debts			
Accounts payable	31 December 2022	-147 839	-147 839
Bank loans	31 December 2022	-15 620	-15 620
Financial leasing liabilities	31 December 2022	-2 240	-2 240

Due to their short term nature, the carrying value of current financial assets and liabilities is deemed as reasonable approximation to the fair value of the financial assets and liabilities. As such, the carrying amount is considered not to be significantly different from the fair value.

Based on characteristics of the financial instruments recognized in the consolidated financial statements, these have been grouped in classes and categories as described below. The estimated fair value corresponds substantially carrying value.

Other long term investments are classifed as equity instruments designated at fair value, according to IFRS 9.

The balance sheet value of cash and cash equivalents and overdrafts is approximate to the fair value as these instruments have a short expiry period. Similarly, the balance sheet value of accounts receivables and accounts payable is approximate to the fair value as they are agreed on "ordinary" terms.

Book value of debt is deemed to be equivalent to market value, since the company should be able to refinance the loan at the same rate in the market.

Note 18: Transactions with related parties

There have been no transactions with Board members and employees in 2022.

Transactions with associated companies

The group carried out a number of transactions with Spok AS in 2022 and 2021. All transactions were carried out as part of its ordinary activities and at ordinary business conditions.

	2022		2021	
KNOK	**Sale**	**Purchase**	**Sale**	**Purchase**
Spok AS	290	3 628	609	3 657

The balance includes the following amounts resulting from transactions with the associated company:

	2022		2021	
KNOK	**Receivables**	**Debt**	**Receivables**	**Debt**
Spok AS	-	7	-	26
StrongPoint Cash Tech S.L. (under establishment)	13 668	-	-	-

The Group will continue to financially support the Joint Venture in Spain as long as the outcome of the R&D project give an expected positive return of investment. The Group has no other binding future transactions with related parties.

Note 19: Post balance sheet events

No significant events have occurred after the balance sheet date.

Note 20: Overview of subsidiaries

The following subsidiares are included in the consolidated accounts:

Company	Adress	Main area of business	Share of votes	Stake
StrongPoint AS [1)]	Rælingen	Service and product provider	100%	100%
StrongPoint AB	Göteborg (Sweden)	Service and product provider	100%	100%
StrongPoint Retail Solutions Sdn Bhd	Malaysia	Under liquidation	100%	100%
StrongPoint UAB [2)]	Vilnius (Lithuania)	Service and product provider	100%	100%
StrongPoint S.L.U	Spain	Service and product provider	100%	100%
StrongPoint E-com AB	Täby (Sweden)	Production and sales	100%	100%
Air Link Group Ltd [3)]	Birmingham (UK)	Service and product provider	100%	100%
StrongPoint Retail Ltd	Manchester (UK)	Sales Office	100%	100%

1) StrongPoint AS owns 100% of its company in Germany.
2) StrongPoint UAB owns 100% of its sales companies in Latvia and Estonia.
3) Air Link Group Ltd owns 100% of its sales companies in UK, Ireland and Belgium.

Note 21: Exchange rates

	2022													2021	
	Average exchange rate												Exchange rate	Exchange rate	
	January	February	March	April	May	June	July	August	September	October	November	December	31.12.	Average	31.12.
SEK	0,966	0,955	0,923	0,933	0,966	0,972	0,963	0,936	0,943	0,949	0,950	0,951	0,945	1,002	0,975
Euro	10,007	10,054	9,737	9,624	10,137	10,307	10,182	9,831	10,170	10,392	10,336	10,448	10,514	10,163	9,989
GBP	11,984	12,000	11,642	11,498	11,927	12,016	11,985	11,635	11,627	11,937	11,895	12,017	11,854	11,818	11,888

Profit or loss items in the subsidiaries are converted to NOK monthly, based on the average exchange rate of that month.
Balance sheet items for the subsidiaries are converted to NOK, based on the exchange rate as at 31.12.2022.

Note 22: Short and long term provisions

KNOK	2022	2021
Balance 01.01	-	5 254
Currency differences		-115
Payment earn-out 2020 Cub Business Systems AB		-4 200
Payment / reversed earn-out PYD Seguridad S.L.		-939
Balance 31.12	-	-

Note 23: Earnings per share

KNOK	2022	2021
Profit for the year	29 105	190 775
Profit for the year continued operations	29 105	22 357
Weighed average number of shares during the year		
Basic	44 260 195	44 190 919
Effect of dilutive share based incentive plans	2 668 750	2 075 000
Diluted	46 928 945	46 265 919
Earnings per share (NOK)		
Basic	0,66	4,32
Diluted	0,62	4,12
Earnings per share continued operations (NOK)		
Basic	0,66	0,51
Diluted	0,62	0,48

Number of outstanding shares (numbers in thousand)	2022	2021
01.01: Number of shares (after deductions for own shares)	43 788	44 293
New shares	500	0
Sale of own shares during the year	594	96
Purchase of own shares during the year	-591	-600
31.12: Number of shares (after deductions for 584.5 thousand own shares)	44 292	43 788

Note 24: Shareholder information

Overview of shareholders per 31.12.2022

No.	Name	No. of shares	%
1	STRØMSTANGEN AS	3 933 092	8.76
2	SOLE ACTIVE AS	2 221 717	4.95
3	HSBC BANK PLC	1 896 000	4.22
4	V. EIENDOM HOLDING AS	1 865 000	4.15
5	PICTET & CIE (EUROPE) S.A.	1 641 821	3.66
6	NORDNET BANK AB	1 506 472	3.36
7	ZETTERBERG, GEORG (incl. fully owned companies)	1 395 000	3.11
8	AVANZA BANK AB	1 252 847	2.79
9	RING, JAN	1 176 648	2.62
10	VERDADERO AS	1 031 926	2.30
11	VERDIPAPIRFONDET DNB SMB	886 783	1.98
12	EVENSEN, TOR COLKA	840 000	1.87
13	WAALER AS	771 966	1.72
14	HAUSTA INVESTOR AS	699 600	1.56
15	JOHANSEN, STEIN	580 000	1.29
16	STRONGPOINT ASA	584 518	1.30
17	MP PENSJON PK	561 402	1.25
18	ALS KINGFISHER LIMITED 1)	506 156	1.13
19	EUROPEAN RETAIL ENGINEERING LIMITED 1)	506 156	1.13
20	BNP PARIBAS	452 487	1.01
	Sum 20 largest shareholders	24 309 591	54.16
	Sum 2 525 other shareholders	20 578 761	45.84
	Sum all 2 545 shareholders 2)	44 888 352	100.00

1) The shares to ALS Kingfisher Limited and European Retail Engineering Limited have not yet been issued to their VPS accounts.
2) The issuance of 512,312 new shares were registered with the Norwegian Register of Business Enterprises 04 June 2022. These shares have not been registered in VPS yet, but are included here.

StrongPoint ASA had per 31.12.2022 a share capital of NOK 27,830,778.24 spread over 44,888,352 shares with a nominal value of NOK 0.62.

All shares have equal voting rights.

Changes in share capital:

KNOK	Number of shares 2022	Number of shares 2021	Share capital 2022	Share capital 2021
Ordinary shares 01.01	44 376	44 376	27 513	27 513
Ordinary shares 31.12	44 888	44 376	27 831	27 513

Own shares:

Numbers in 1000	2022	2021
01.01	588	83
Purchase of own shares	591	600
Sales of own shares	-594	-96
31.12	585	588
Nominal value	0,62	0,62
Own shares specified in equity (KNOK):	362	364

As at 31.12.2022 the Group owned 584,518 own shares. Cost price of these was KNOK 12,145, giving an average share price of NOK 20.78.

In 2022 it was paid KNOK 34,991 in dividend, which was NOK 0.80 per share.

The Board has proposed a dividend of NOK 0,90 per share in 2023. Total dividends to external shareholders will be KNOK 39,873.

Members of the Group management team have stock options. See note 9 for more information.

Note 25: Estimation uncertainties

When preparing the annual accounts in accordance with IFRS the company management has used estimates based on best judgement and assumptions that are considered to be realistic. Situations or changes in market conditions may occur that may lead to estimates being adjusted, thus affecting the company's assets, debts, equity and profit.

The company's most significant accounting estimates are linked to the following items:

- Business combinations
- Impairment of intangible assets.
- Impairment assessment of goodwill
- Recognition of deferred tax on balance sheet
- Warranty provisions

StrongPoint must allocate the cost price of acquired entities to acquired assets and transferred debts based on estimated fair value. Significant intangible assets that StrongPoint has recognized includes customer contracts, customer base, brands, own technology and commitments in relation to any royalty agreements entered into. Assumptions taken into account when valuing assets include, but are not limited to, the replacement cost of fixed assets and fair value. The management's estimates of fair value are based on assumptions that are considered to be reasonable, but that are by nature uncertain. As a result the actual results may differ from the estimates. Depreciation periods and amounts are given in note 11.

Management prepare a Key Audit Matter report to the Audit Committee at least every 6 months, where major estimates are discussed and agreed.

Goodwill and brands as stated on the balance sheet are evaluated for impairment whenever there are indications of impairment, at least annually. The valuation is based on value in use when discounting expected future cash flow. The valuation is carried out with starting points in next year's budget and in a forecast for the next four years. Next, a terminal value is calculated based on 2.5% growth in net cash flow. The most sensitive assumption used in the estimates is that of future turnover growth, but EBITDA and discount rate are also important. The assumptions and sensitivity analysis are detailed in note 11.

The management has used estimates and assessments when making provisions for obsolete stock and future warranty costs. The provisions have been made with basis in a historical assessment of provision requirements, past figures for returns and under-warranty repairs and the age distribution of stock. Further details are provided in note 12 for stock and note 27 for warranty provisions.

The sale of Labels business and the acquisition of Air Link Group does not have any variable price mechanisms. An accrual for potential guarantee claims of 1.5 MNOK are released in December 2022 as management does not expect any claims.

Note 26: Tax

Tax expense:

KNOK	2022	2021
Tax payable	16 108	12 983
Tax items relating to previous years [1)]	726	-
Change in deferred tax	-7 774	-9 441
Tax expense	9 060	3 542
Included as tax expense in the financial statements	9 060	3 542
Reconciliation of the nominal tax rate	22%	22%

KNOK	2022	2021
Profit before tax	38 165	25 899
Tax calculated at a rate of 22%	8 396	5 698
Taxing related to companies in other countries with other tax rate	-2 926	-2 771
Change in tax rate in Sweden	-	-88
Non-taxable items (22% of permanent differences)	2 345	-651
Unrecognised deferred tax asset	1 245	1 355
Tax expense	9 060	3 542

1) Reversal of provision of tax previous years

Deferred tax assets and deferred tax liabilities:

	Deferred tax assets		Deferred tax liabilities		Consolidated income statement 1)	
KNOK	2022	2021	2022	2021	2022	2021
Current assets	631	665	4 271	2 657	-1 542	455
Liabilities	3 092	1 992	-3 185	-2 727	-642	1 368
Fixed assets	347	367	-18 301	-4 963	-3 048	-2 180
Losses carried forward	16 855	14 216	-3 783	-3 686	-2 542	-9 084
Deferred tax [1)]	20 925	17 240	-20 997	-8 720	-7 774	-9 441

1) Exchange rates differences and opening balance in discontinued operations are not booked over the consolidated income statement for continued operations.

The Company has no liabilities / deferred tax assets that effect Total comprehensive income.

Per 31.12.2022 the group has losses carried forward of MNOK 62.0 in the Spanish entity. Deferred tax assets of MNOK 15.5 (MNOK 14.2) associated with this is included in the balance sheet.

Note 27: Other short term debt

KNOK	2022	2021
Holiday pay owed	17 716	16 853
Accrued expenses	28 467	22 603
Contracts liabilities	73 550	69 495
Warranty provisions	2 149	1 883
Other short term debt	11 557	16 087
Total other short term debt	133 439	126 920

Warranty provisions (KNOK)	2022	2021
Balance 01.01	1 883	1 681
Provision	4 060	2 198
Currency differences	-56	-111
Used	-3 737	-1 886
Balance 31.12	2 149	1 883
Of which warranties due within 1 year	2 149	1 883

Note 28: Macro perspectives influencing the business

COVID 19 Pandemic

The COVID 19 pandemic had limited effect on the business in 2022.

Global supply chain and component shortages

The Group was influenced by the global shortage of some components especially for the production of CashGuards. The shortage can be explained by the COVID 19 pandemic and various severe weather incidents affecting production facilities. StrongPoint works closely with suppliers to ensure as little effect on customer deliveries as possible, but experienced delay in installation during 2022.

Climate

Global climate changes influence both StrongPoints, customers and suppliers in different ways, contributing to both risks and opportunities.

Climate risks are related especially to shortage of energy for the production and distribution of goods, both proprietory solutions and third party products. If climate changes requires dramatic changes in the energy consumption, this will influence StrongPoints ability to produce the products. Hardware represents 55% of the business. Risk is also related to shortages on food, which will affect the customers of StrongPoint, and shortages of raw materials for specific components. Management does not see these as a risks in the short term.

Climate opportunities are linked to StrongPoint solutions that can reduce energy consumption, like AutoStore storage of frozen goods. StrongPoint Air Link (UK/Ireland) are providing refurbishment of interior or point of sales physical installation, and this can contribute positive to climate if utilised in other markets.

Income statement StrongPoint ASA

KNOK	Note	2022	2021
Other operating income	3	14 983	16 374
Payroll	2	23 756	24 273
Depreciation	5	28	144
Other operating expenses	2	21 275	13 916
Total operating expenses		45 058	38 332
Operating profit		-30 075	-21 958
Financial items	6	26 909	206 874
Profit before tax		-3 166	184 916
Income tax expense	12	-1 109	-1 372
Net income		-2 057	186 287
Transfer to / from other equity	8	-41 931	151 257
Proposed dividend	8	39 873	35 031
Total distributions		-2 057	186 287

Balance sheet

KNOK	Note	31.12.2022	31.12.2021
ASSETS			
Tangible assets	5	38	39
Investments in subsidiaries	10	441 898	290 450
Loans to group companies		78 223	74 916
Other long term investments	11	5 701	5 701
Other long term receivables		-	14 650
Deferred tax	12	2 606	1 497
Total fixed assets		528 465	387 253
Accounts receivables		-	34
Group receivables		62 787	42 176
Prepaid expenses		8 972	6 493
Other short term receivables		1 420	7 325
Bank deposits	13	-	21 337
Total current assets		73 178	77 365
TOTAL ASSETS		601 643	464 617

KNOK	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Share capital	7,8	27 831	27 513
Treasury shares	8	-362	-364
Other equity	8	364 052	388 291
Total equity		391 520	415 440
Current liabilities to credit institutions	9	156 980	-
Short term liabilities to group companies		533	721
Accounts payable		7 924	3 656
Public duties payable		209	1 075
Proposed dividend		39 873	35 031
Other short term liabilities	4	4 604	8 695
Total short term liabilities		210 123	49 178
TOTAL EQUITY AND LIABILITIES		601 643	464 617

Rælingen, 20 March 2023

Morthen Johannessen
Chairman

Ingeborg Molden Hegstad
Director

Cathrine Laksfoss
Director

Klaus de Vibe
Director

Peter Wirén
Director

Jacob Tveraabak
CEO

Cash flow statement

KNOK	Note	2022	2021
Cash flow from operational activities			
Ordinary profit before tax		-3 166	184 916
Ordinary depreciation	5	28	144
Tax paid		-	-105
Share Option Program		5 079	6 178
Profit/loss from divestment		-87	-177 758
Change in accounts receivables		34	401
Change in accounts payable		4 268	-4 491
Change in short term group accounts		-59 078	89 051
Change in other accrued items		-6 094	-46 205
Net cash flow from operational activities		-59 016	52 130
Cash flow from investment activities			
Payments for fixed assets	5	-27	-31
Payment shares in Haldodi Robotics AS		-	-4 001
Net effect divestment		19 641	226 576
Net effect acquisitions		-93 646	-4 200
Net cash flow from investment activities		-74 032	218 345
Cash flow from financing activities			
Purchase / Sale of treasury shares	8	-10 278	-13 635
Change in interestbearing debt		-	-22 667
Dividend paid		-34 991	-31 050
Change in overdraft		156 980	-181 786
Net cash flow from financing activities		111 711	-249 138
Net cash flow in the period		-21 337	21 337
Cash and cash equivalents at 01.01		21 337	-
Cash and cash equivalents at 31.12		-	21 337

Note 1: Accounting principles

The financial statements, prepared by the company's Board and management, should be interpreted in light of the Directors' report. The financial statements comprise income statement, balance sheet, cash flow statement and notes and have been prepared in accordance with laws and generally accepted accounting principles in Norway.

Basic Principles

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Similar criteria are applied when classififying short-term and long term liabilities.

Fixed assets are valued at the acquisition cost less accumulated depreciation. If the fair value of fixed assets is lower than the carrying amount and the reduction is not expected to be temporary, it is written down to fair value. Fixed assets with limited useful lives are depreciated using the straight line method over their economic life.

Shares in other companies are recorded using the cost method. Dividends and group contributions from subsidiaries are recognized in the year the amount is set aside as a liability in the paying companies. Dividends from other companies are recognized in the year it is paid.

Tangible assets are capitalized and depreciated over the useful life if they have a useful life of more than 3 years. Maintenance costs are expensed as incurred, while improvements are added to the tangible assets and depreciated over the remaining useful life.

Current assets are valued at lower of cost or fair value.

Other long-term liabilities and short-term liabilities are valued at nominal value.

Subsidiaries / associated companies

Subsidiaries and associated companies are valued at cost in the financial statements. The investments are valued at acquisition cost for the shares unless impairment has been required. It is written down to fair value if impairment is not considered to be temporary and it is deemed necessary by generally accepted accounting principles. Impairment losses are reversed when the reasons for the impairment no longer exists.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as it is booked in the subsidiary's accounts.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate on the transaction date. Monetary items in foreign currencies are translated into Norwegian kroner by using the exchange rate at the balance sheet date. Non-monetary items measured at historical cost in a foreign currency are translated into Norwegian kroner at the exchange rate on the transaction date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the time of measurement. Changes in foreign currency exchange rates are recorded in the accounting period under other financial items.

Intangible assets

Intangible assets purchased individually are capitalized at cost. Intangible assets obtained through acquisitions are capitalized at cost when the criteria for capitalization are met.

Intangible assets with a limited useful life are depreciated according to a schedule. Intangible assets are written down to fair value if the expected economic benefits do not cover the carrying value and any remaining production expenses.

Pensions

The company has a statutory obligatory company pension sheme for its employees. The company pension scheme meets the requirements of the law.

Receivables

Accounts receivables and other receivables are stated at nominal value less provisions for expected losses. Provisions for losses are based on an individual assessment of each receivable. For other receivables, a general provision is made to cover any expected losses.

Bank deposits, cash etc.

Cash and cash equivalents include cash, bank deposits and other forms of payment that become due within three months of acquisition.

Tax

Tax related to equity transactions are recorded in equity. Tax expensed comprises tax payable (tax on the taxable income for the year) and changes in net deferred tax. Deferred tax is calculated at 22% on the basis of temporary differences between accounting and tax values and tax losses carried forward at year end. Taxable and deductible temporary differences that reverse or may reverse in the same period are netted. Other deductible temporary differences is not assessed, but recognized on the balance sheet if it is likely that the company can utilize them and net recorded if appropriate. Deferred tax and deferred tax assets are presented at net value in the balance sheet.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term liquid investments.

Note 2: Payroll, number of employees, benefits, loans to employees, etc.

With regard to salary and remuneration to the Executive Management Team and Board members, reference is made to Note 9 Salaries and remuneration for Executive Management Team and Directors in the consolidated financial statements and the seperate Remuneration report.

Payroll (KNOK)	2022	2021
Salaries	16 209	14 328
Social fee	1 333	2 472
Pension costs	640	620
Options	5 420	5 441
Other benefits	154	1 412
Total	23 756	24 273
Number of full-time equivalents employed during the year:	4	4
Number of employees at the end of the year:	4	4

Remuneration to Ernst & Young for audit and audit-related services in 2022 was KNOK 520 (against KNOK 381 in 2021). Remuneration for other services was KNOK 192 (against KNOK 0 in 2021).

Note 3: Other operating income

KNOK	2022	2021
Received management fee from Norwegian subsidiaries	5 000	5 000
Received management fee from Swedish subsidiaries	4 727	6 380
Received management fee from other subsidiaries	5 257	4 994
Total operating income	14 983	16 374

Note 4: Other short term debt

KNOK	2022	2021
Holiday pay owed	953	1 022
Accrued expenses	3 651	7 673
Total other short term debt	4 604	8 695

Note 5: Tangible assets

KNOK	2022	2021
Acquisition costs 01.01	1 957	1 926
Acquired	27	31
Acquisition costs 31.12	1 983	1 957
Accumulated depreciations 01.01	1 917	1 774
Depreciations of the year	28	144
Accumulated depreciations 31.12	1 945	1 917
Book value as at 31.12	38	39
Useful economic life	3 years	
Depreciation method	Linear	

Note 6: Other financial items

KNOK	2022	2021
Interest income from group companies	1 294	427
Other interest income	629	292
Group contributions received from subsidiaries	13 480	17 403
Dividend received from associated companies	200	100
Currency gains	4 479	4 495
Dividend from subsidiaries	9 822	12 377
Profit on sale of subsidiaries	1 587	177 758
Other	31	939
Total financial income	31 522	213 791
Other interest expenses	2 395	684
Currency loss	541	6 189
Loss on investment in subsidiaries	1 500	-
Other financial expenses	176	45
Total financial expenses	4 613	6 918
Net financial items	26 909	206 874

Note 7: Share capital and shareholder information

The company's share capital per 31.12.2022 comprises the following share classes:

	Number	Nominal value	Book value
Shares	44 888 352	0,62	27 830 778
Total	44 888 352		27 830 778

Overview of shareholders per 31.12.2022

No.	Name	No. of shares	%
1	STRØMSTANGEN AS	3 933 092	8.8
2	SOLE ACTIVE AS	2 221 717	4.9
3	HSBC BANK PLC	1 896 000	4.2
4	V. EIENDOM HOLDING AS	1 865 000	4.2
5	PICTET & CIE (EUROPE) S.A.	1 641 821	3.7
6	NORDNET BANK AB	1 506 472	3.4
7	ZETTERBERG, GEORG (incl. fully owned companies)	1 395 000	3.1
8	AVANZA BANK AB	1 252 847	2.8
9	RING, JAN	1 176 648	2.6
10	VERDADERO AS	1 031 926	2.3
11	VERDIPAPIRFONDET DNB SMB	886 783	2.0
12	EVENSEN, TOR COLKA	840 000	1.9
13	WAALER AS	771 966	1.7
14	HAUSTA INVESTOR AS	699 600	1.6
15	JOHANSEN, STEIN	580 000	1.3
16	STRONGPOINT ASA	584 518	1.3
17	MP PENSJON PK	561 402	1.3
18	ALS KINGFISHER LIMITED [1)]	506 156	1.1
19	EUROPEAN RETAIL ENGINEERING LIMITED [1)]	506 156	1.1
20	BNP PARIBAS	452 487	1.0
	Sum 20 largest shareholders	24 309 591	54.2
	Sum 2 525 other shareholders	20 578 761	45.8
	Sum all 2 545 shareholders [2)]	44 888 352	100.0

1) The shares to ALS Kingfisher Limited and European Retail Engineering Limited have not yet been issued to their VPS accounts.
2) The issuance of 512,312 new shares were registered with the Norwegian Register of Business Enterprises 04 June 2022. These shares have not been registered in VPS yet, but are included here.

Note 8: Equity

KNOK	Share capital	Treasury shares	Share Option Program	Other equity	Total 2022
Equity per 01.01	27 513	-364	5 881	382 408	415 440
Change of equity for the year:					
Acquisition of ALS paid in shares	318	310		22 202	22 830
Proposed dividend				-39 873	-39 873
Change in dividend 2021 paid in 2022				40	40
Sale of own shares		58		1 953	2 011
Purchase of own shares		-366		-11 924	-12 290
Share Option Program			5 420		5 420
Profit for the year				-2 057	-2 057
Equity per 31.12	27 831	-362	11 301	352 748	391 520

Own shares:

Numbers in thousand	2022	2021
01.01	588	83
Sale of own shares	-594	-96
Purchase of own shares	591	600
31.12	585	588
Nominal value	0,62	0,62
Treasury shares specified in equity (KNOK)	362	364

Per 31.12.2022 the company owned 584,518 own shares. Cost price of these was KNOK 12,145.3, giving an average share price of NOK 20.78.

It was paid KNOK 34,991 in dividend in 2022, which was NOK 0.80 per share.

The Board has proposed a dividend of NOK 0,90 per share in 2022. Total dividends to external shareholders will be KNOK 39,873. The tax effect of dividends does not affect the company's current or deferred tax.

Note 9: Interest bearing debt

Distribution repayment loans (KNOK)	2022	2021
Due within one year	-	-
Debt, not time-restricted (group credit account)	156 980	-
Total short term liabilities to credit institutions	156 980	-

Debts and terms of borrowing

Lender (KNOK)	2022	2021	Borrowing terms	Interest terms
Multi-currency, group credit account	156 980	-	Overdraft limit MNOK 100, not time limited	2,98%
Repayment business loan		-		
Total interest bearing debt	156 980	-		

The group's main bank has covenants on the relationship between EBITDA and net interest bearing debt. The group is not in breach of the terms pr. 31.12.22.
The loans are secured.

Loan security per 31.12.2022

Asset (KNOK)	Book value / nominal security
Co-surety Norway, Sweden, The Baltics and UK*	135 000

* The foreign companies liabilities are limited to the amount the guarantor at any time has drawn.

Note 10: Shares in subsidiaries

Company	Address	Main area of business	Stake	Book Value
StrongPoint AS	Rælingen	Service and product provider	100%	37 942
StrongPoint AB	Malmö (Sweden)	Printing	100%	139 224
StrongPoint UAB	Vilnius (Lithuania)	Service and product provider	100%	20 348
StrongPoint Retail Solutions Sdn Bhd	Kualalumpur (Malaysia)	Under liquidation	100%	-
StrongPoint S.L.U.	Madrid (Spain)	Service and product provider	100%	69 033
StrongPoint E-com AB	Täby (Sweden)	Service and product provider	100%	58 864
StrongPoint Retail Ltd.	UK	Start up	100%	12
Air Link Group Ltd	UK	Service and product provider	100%	116 476
Total				441 898

Note 11: Other long term investment

Company	Main area of business	Stake	Book Value
Spok AS	Service company	50%	1 700
1X Technologies AS		1%	4 001
Total			5 701

Note 12: Tax expense

Tax expenses for the year are as follows (KNOK):	2022	2021
Change in deferred tax	-1 109	-1 372
Tax expense	-1 109	-1 372

Reconciliation from nominal to actual tax rate:

KNOK	2022	2021
Ordinary profit before tax	-3 166	184 916
Expected income tax based on nominal rate of tax 22%	-696	40 681
Tax effect of the following items:		
Permanent differences	-412	-42 053
Tax expense	-1 109	-1 372
Effective tax rate	35,0%	-0,7%

Overview of deferred tax assets (KNOK):	2022	2021
Fixed assets	-194	-255
Liabilities	-11 733	-6 654
Profit and loss account	83	103
Net negative differences	-11 844	-6 805
Deferred tax assets	2 606	1 497

Deferred tax assets are recognized on the balance sheet, as they are expected to be utilised through future group contribution from subsidiaries in Norway.

Note 13: Cash and cash equivalents

KNOK	2022	2021
Cash and bank deposit	-	21 337
Unused overdraft facility	77 863	100 000
Cash and cash flow in the cash flow statement	-	21 337

The parent company shares an overdraft facility with the rest of the group. The group as whole may withdraw up to KNOK 100,000 from the group's overdraft facility.

Note 14: Macro perspectives influencing the business

COVID 19 Pandemic

The COVID 19 pandemic had limited effect on the business in 2022.

Global supply chain and component shortages

The Group was influenced by the global shortage of some components especially for the production of CashGuards. The shortage can be explained by the COVID 19 pandemic and various severe weather incidents affecting production facilities. StrongPoint works closely with suppliers to ensure as little effect on customer deliveries as possible, but experienced delay in installation during 2022.

Climate

Global climate changes influence both StrongPoint, customers and suppliers in different ways, contributing to both risks and opportunities.

Climate risks are related especially to shortage of energy for the production and distribution of goods, both proprietory solutions and third party products. If climate changes requires dramatic changes in the energy consumption, this will influence StrongPoints ability to produce the products. Hardware represents 55% of the business. Risk is also related to shortages on food, which will affect the customers of StrongPoint, and shortages of raw materials for specific components. Management does not see these as a risks in the short term.

Climate opportunities are linked to StrongPoint solutions that can reduce energy consumption, like AutoStore storage of frozen goods. StrongPoint Air Link (UK/Ireland) are providing refurbishment of interior or point of sales physical installation, and this can contribute positive to climate if utilised in other markets.

Responsibility statement

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with IFRS as adopted by the EU, that the financial statements for the parent company for the year ended 31 December 2022 have been prepared in accordance with the Norwegian Accounting Act, that they give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group and includes a description of the principle risks and uncertainties that they face.

Rælingen, 20 March 2023

Morthen Johannessen Chairman	Ingeborg Molden Hegstad Director	Cathrine Laksfoss Director	Klaus de Vibe Director	Peter Wirén Director	Jacob Tveraabak CEO

Auditor’s report

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of StrongPoint ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of StrongPoint ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 22 years from the election by the general meeting of the shareholders in 2000.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of goodwill, brands and shares in subsidiaries

Basis for the key audit matter	*Our audit response*
Total goodwill and intangible assets in the consolidated financial statement amounts to MNOK 242 in 2022, which is 25% of total assets. Shares in subsidiaries in the financial statement of the parent company amounts to MNOK 441,9 which is 73,4% of total assets. Management performs an annual impairment test of goodwill and brands with indefinite useful life. Impairment loss is recognized if the carrying value exceeds the recoverable amount. Recoverable amount is measured as value in use calculated based on discounted future cash flows. The estimates require considerable insight and judgement from management and uncertainty will exist with respect to technological development and market conditions. The impairment of goodwill, brands and shares in subsidiaries was a key audit matter due to the size of the items and the judgment involved in the estimated future cash flows.	We evaluated the impairment model used and checked the calculation for mathematically accuracy. We assessed management’s assumptions used in the calculations, including discount rate and predicted cash flows used in the model. Management’s assumptions regarding future cash flows were compared to historical actual numbers. The weighted average cost of capital used as discount rate in the impairment assessment was compared to external data on risk-free rate of interest, market risk premiums, beta and capital structure in comparable entities. Sensitivity in changes in main assumptions are analyzed and reviewed. We refer to note 11 and note 25 in the consolidated financial statement and note 10 in the separate financial statement.

Acquisition and Purchase Price Allocation

Basis for the key audit matter	*Our audit response*
During 2022 Strongpoint finalized the acquisition of all the shares in Air Link Group Ltd (ALS). The final purchase price was agreed during third quarter of 2022 to NOK 116 million. The company carried out an assessment of fair value of identifiable assets acquired and liabilities assumed in the acquired company. The purchase price allocation, the valuation and identification of net identifiable assets and liabilities and the assumptions used in the allocation of the purchase price require significant judgement and	As part of our audit procedures, we obtained an understanding of the acquisition, the valuation process and the valuation methods used to determine the purchase price allocations. We further reviewed the share purchase agreement, tested assumptions and amounts in the valuations to underlying supporting documentation. We evaluated the identification of net identifiable assets and liabilities and the principles used for recognition and allocation of the purchase price. As part of evaluation of used principles, we

Auditor’s report

assumptions by management. Due to the matter described, we considered the acquisition and in particular the purchase price allocation and the initial consolidation as a key audit matter in our audit.

obtained an understanding that the principles used are in accordance with the description in note 4.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of StrongPoint ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name «strongpoint-2022-12-31-en», have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815

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on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 20 March 2023
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The auditor's report is signed electronically

Finn Espen Sellæg
State Authorised Public Accountant (Norway)

StrongPoint

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