



STRATEGY UPDATE SESSION 2021

Forbes  
**How The Augmented Workforce Is Impacting The Online Grocery Industry**

FORTUNE

RETAIL • WALMART

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

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

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

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

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

2020 retail megatrends – demand for grocery retail technology skyrocketed

**Online grocery to more than double market share by 2025**

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

Innlegg  
**Innlegg: Butikkene en kjempefordel i møte med Amazon**

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

# Focus on grocery retail

## Retail Technology

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

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



plusfrésc:  
de Lleida

SPAR

joker



NorgesGruppen

WILLY:S

Bergendahls

Axfood

ICA

BARBORA

coop

coop

Matkroken

Norge

ALIMERKA

axfood Snabbgross

EXTRA

REMA 1000

iki

Grupo  
MAS

MENY

KIWI mini pris

MAXIMA

coop mega

coop marked

coop prix

Rimi

Obs

Hemköp

BUNNPRIS

coop

# Purpose

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

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

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

In-store and online.

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

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

# The StrongPoint double opportunity

## E-COMMERCE DRIVING...

### Trends

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



### Opportunity for StrongPoint

*Technology solutions to increase in-store efficiency*

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



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

# In-store: efficiency solutions



# E-commerce: logistics solutions

## Picking

6

StrongPoint

### Picking Solution

Manual picking in store or darkstore



### Automated

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



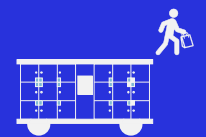
## Last mile

7

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### C&C Lockers

Stationary and mobile grocery lockers



8

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### Drive-through

Drive-through grocery pick-up



9

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### Pick-up in store

Delivery manager for in-store pick-up



10

StrongPoint .Gordon

### Route Optimisation

Route planning for home delivery



11

StrongPoint .Gordon

### Home delivery

Delivery at home



# AGENDA

StrongPoint at a glance

2025 Strategy

Outlook and priorities



STRONGPOINT AT A GLANCE

# StrongPoint at a glance



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



Listed on the **Oslo**  
Stock Exchange



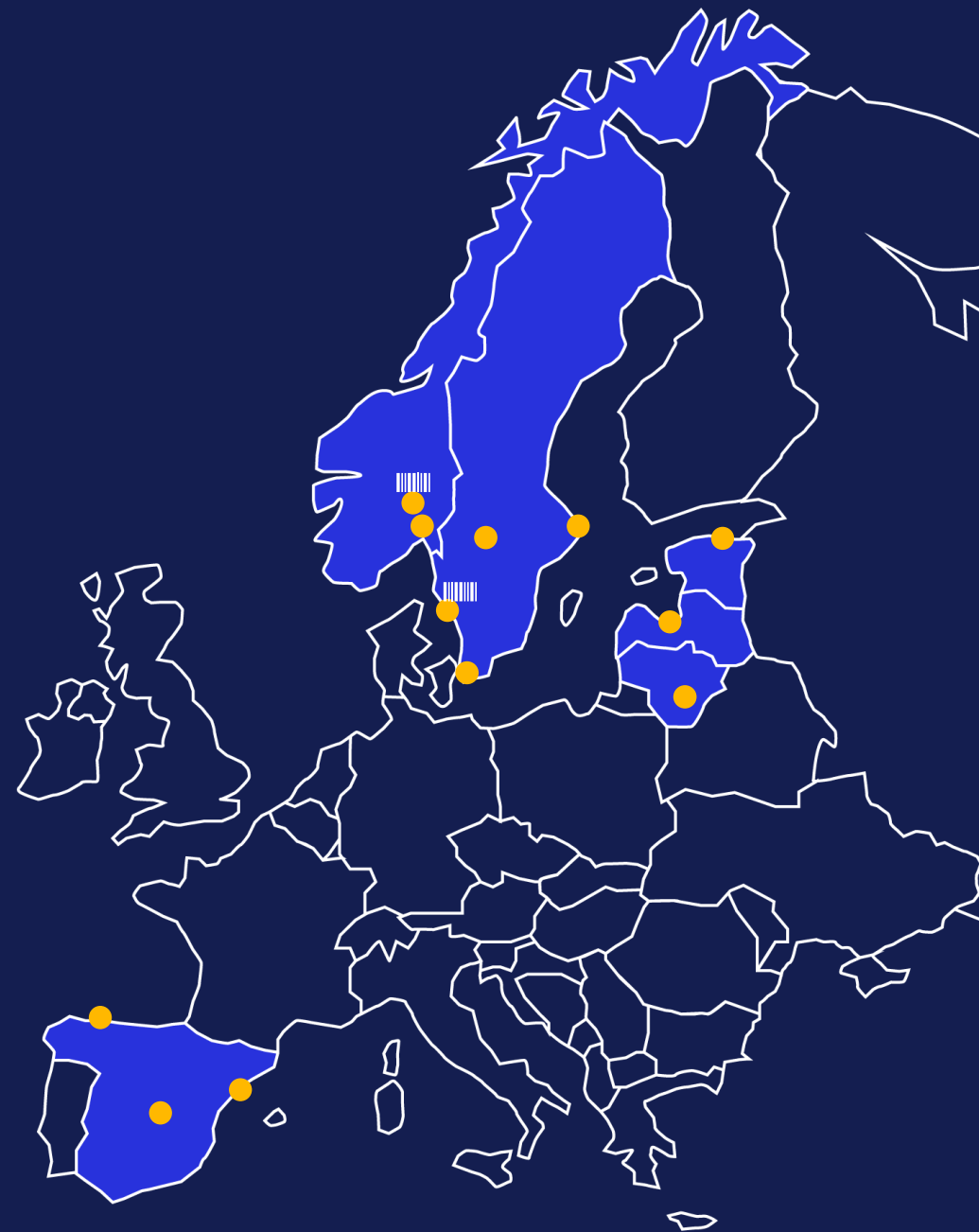
Operational revenues of **NOK 1.1 bn** and  
an EBITDA of **NOK 99 million** in 2020.



Headquartered just  
outside **Oslo**, Norway

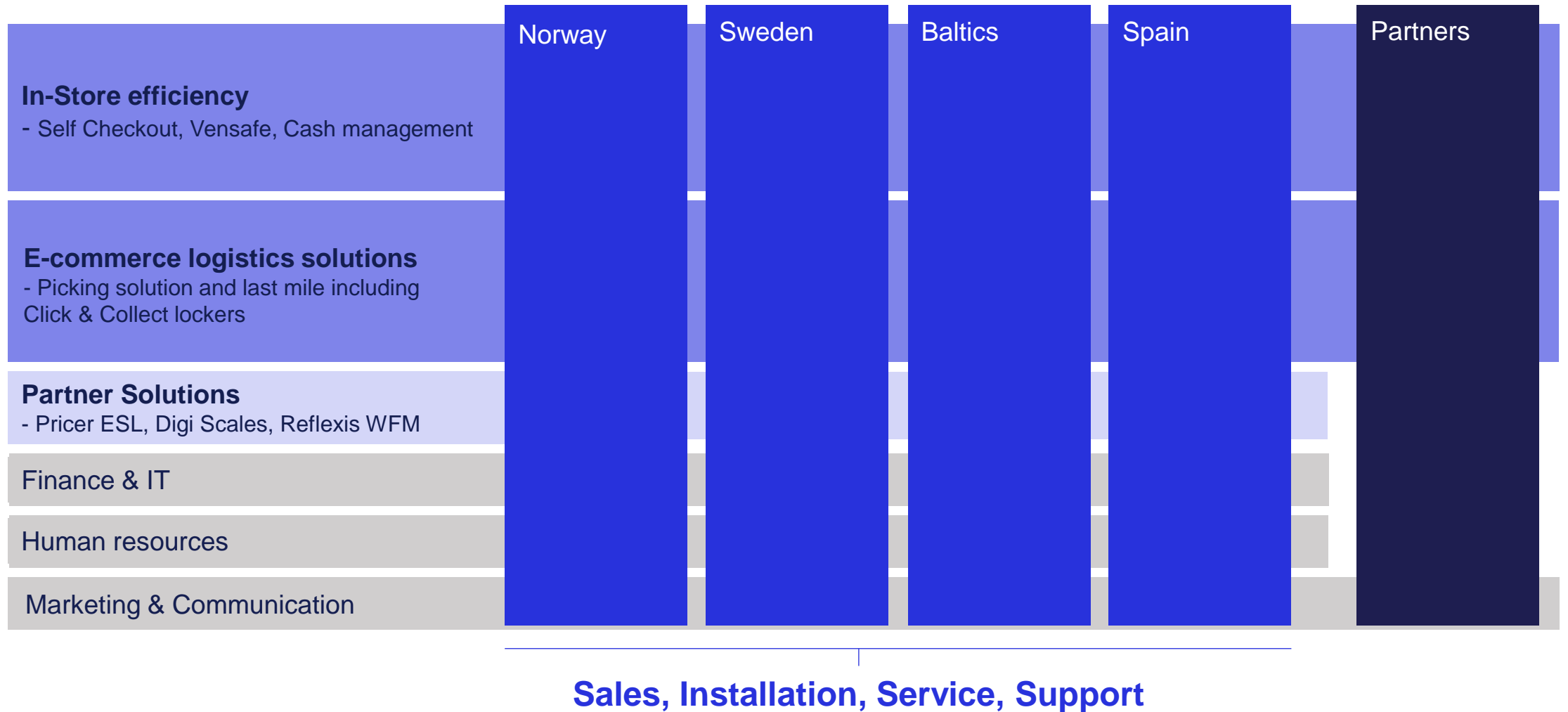


Market cap:  
**NOK 1.4 billion**



● Own offices    ▮ Labels    ■ Retail technology





# StrongPoint Retail Technology Organization



# Solutions included in our Retail Technology segments

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

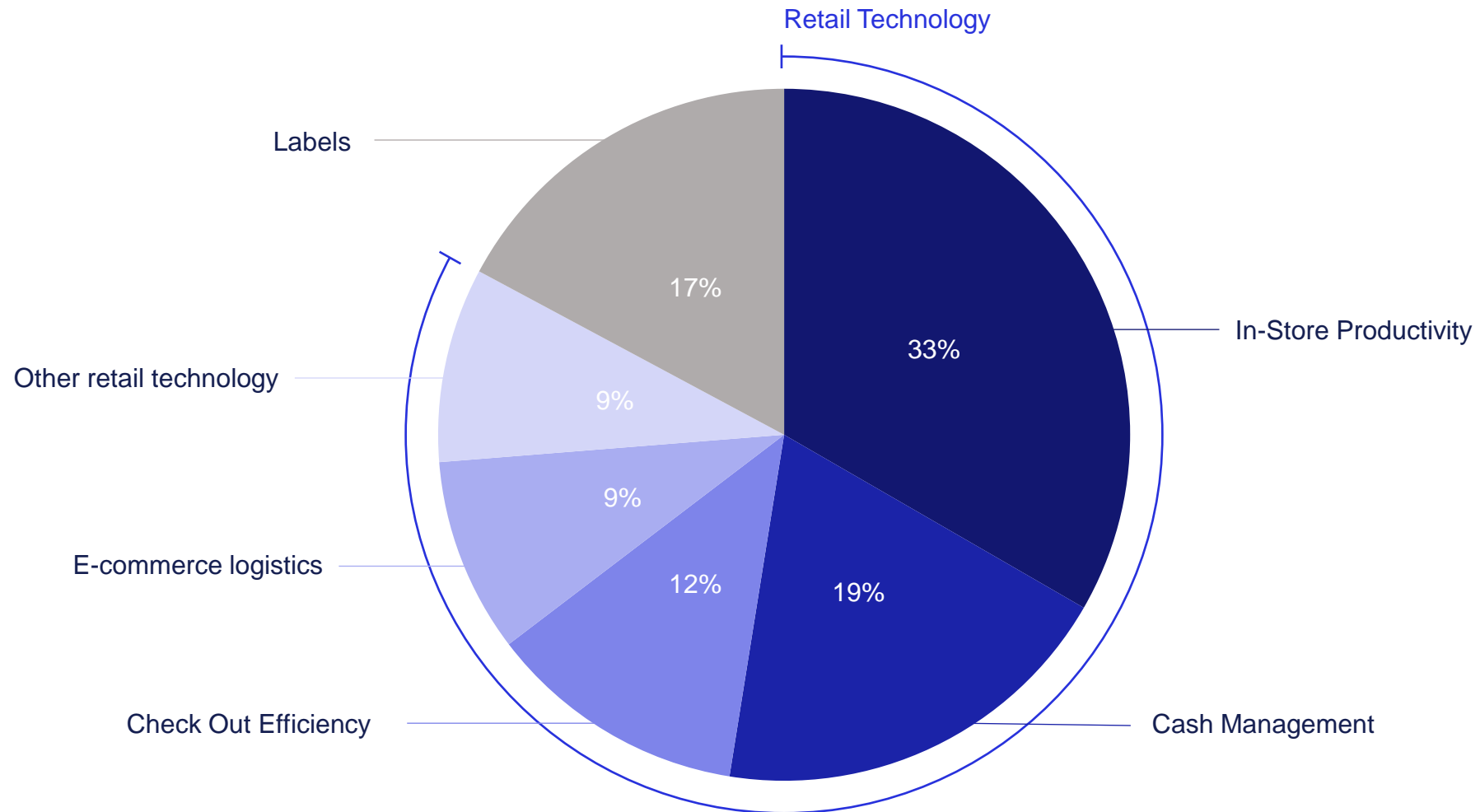
# Attractive cashflow profile with solid base of recurring revenues

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

# A strong revenue mix

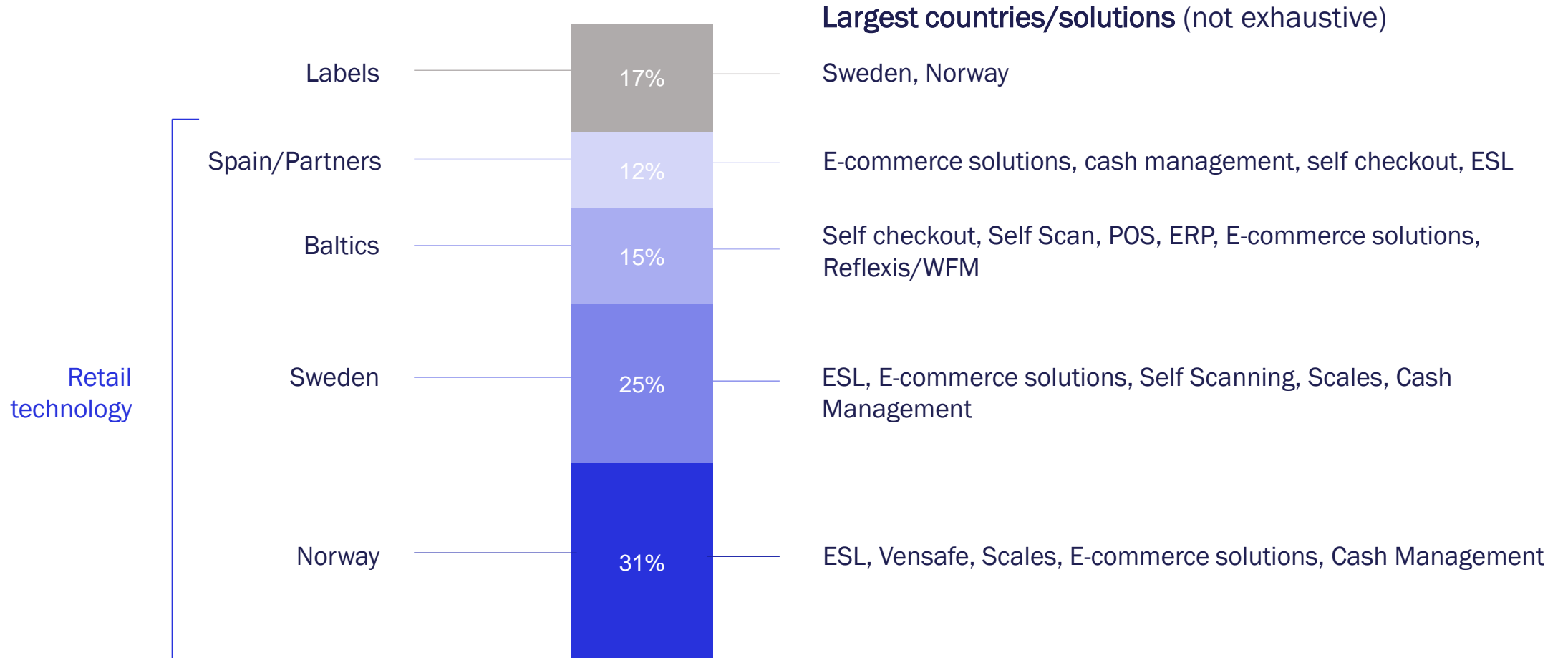
## Revenue 2020

100% = MNOK 1,127\*



# Strong and diverse position in key growth markets

Revenue  
2020



# 2025 STRATEGY



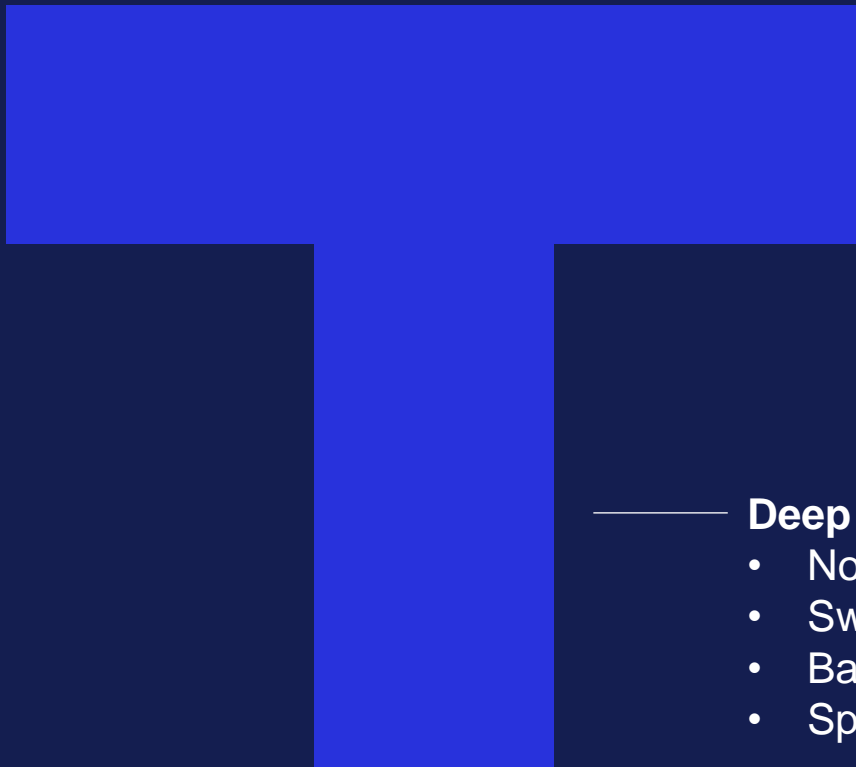
# StrongPoint's financial ambitions for organic growth

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

**EBITDA** **13-15%**

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

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



## World-class solutions to selected markets

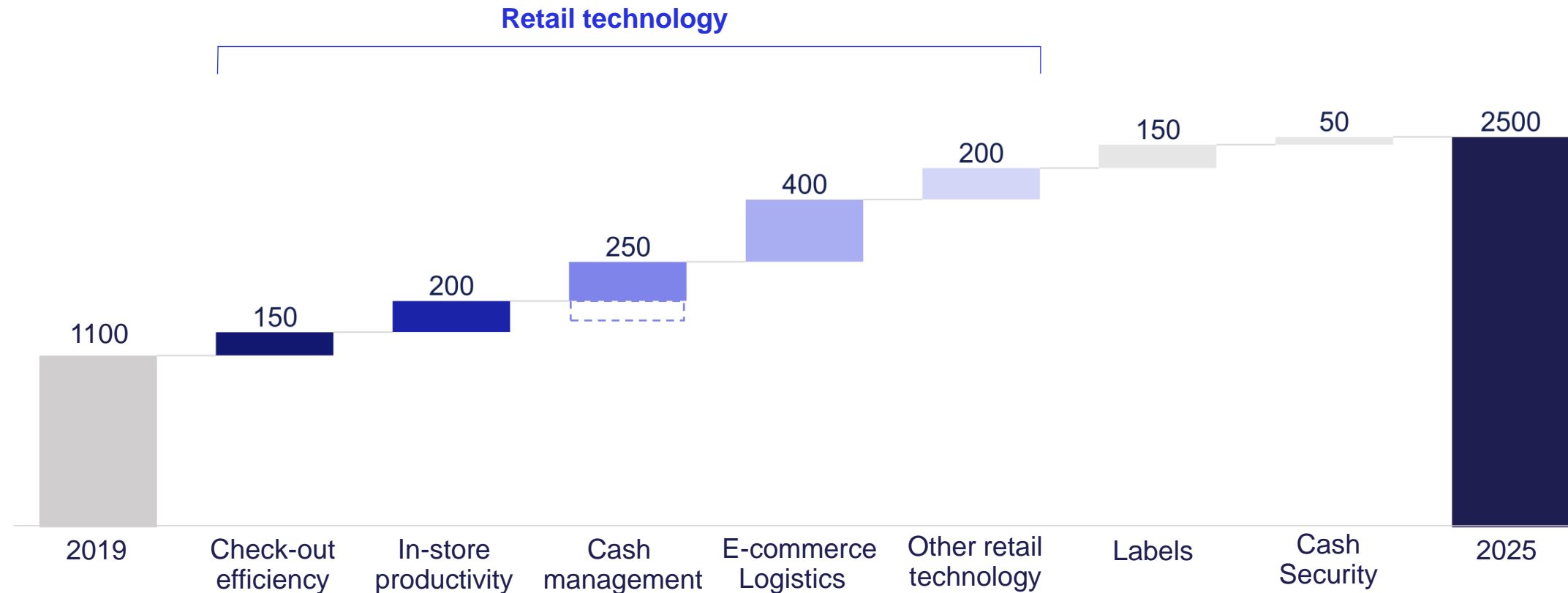
- E-Commerce Logistics Suite (Picking, Last Mile Solutions and Click & Collect lockers)
- Self Checkout
- Cash Management

## Deep in core markets

- Norway
- Sweden
- Baltics
- Spain

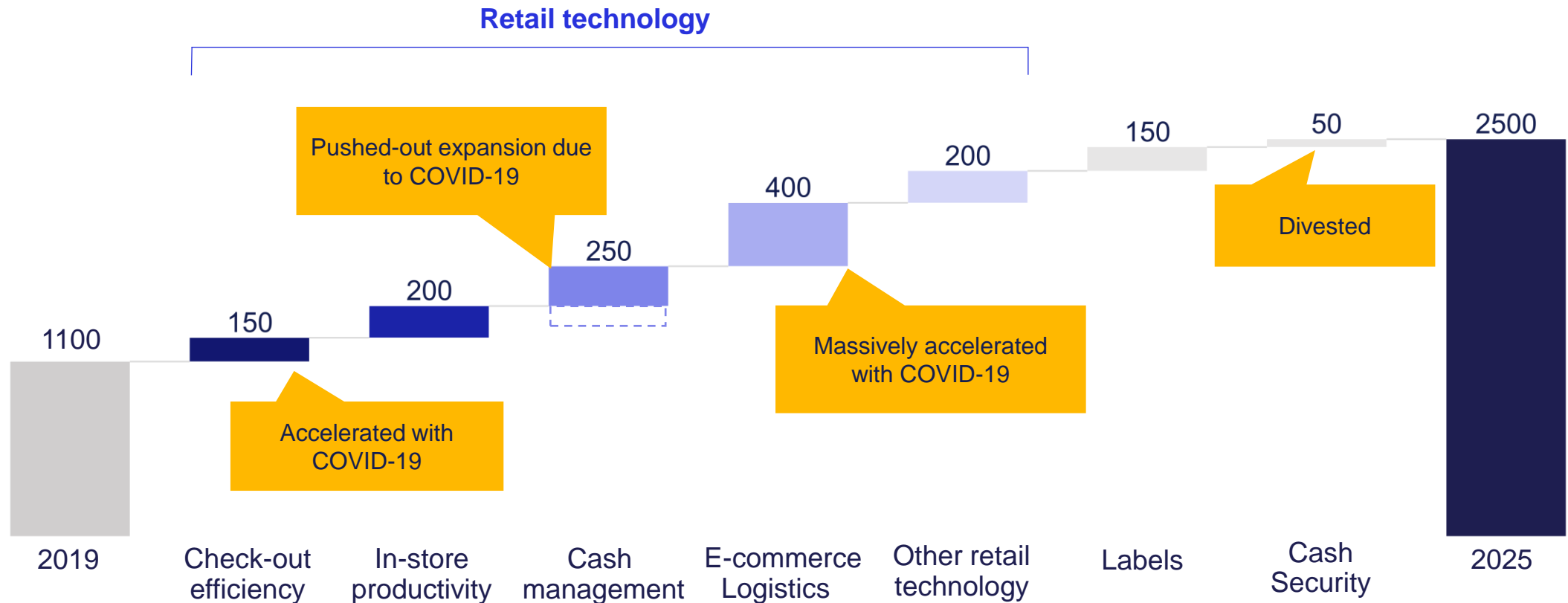
# Build-up of 2025 revenue ambition (as presented 2020)

Revenue  
MNOK



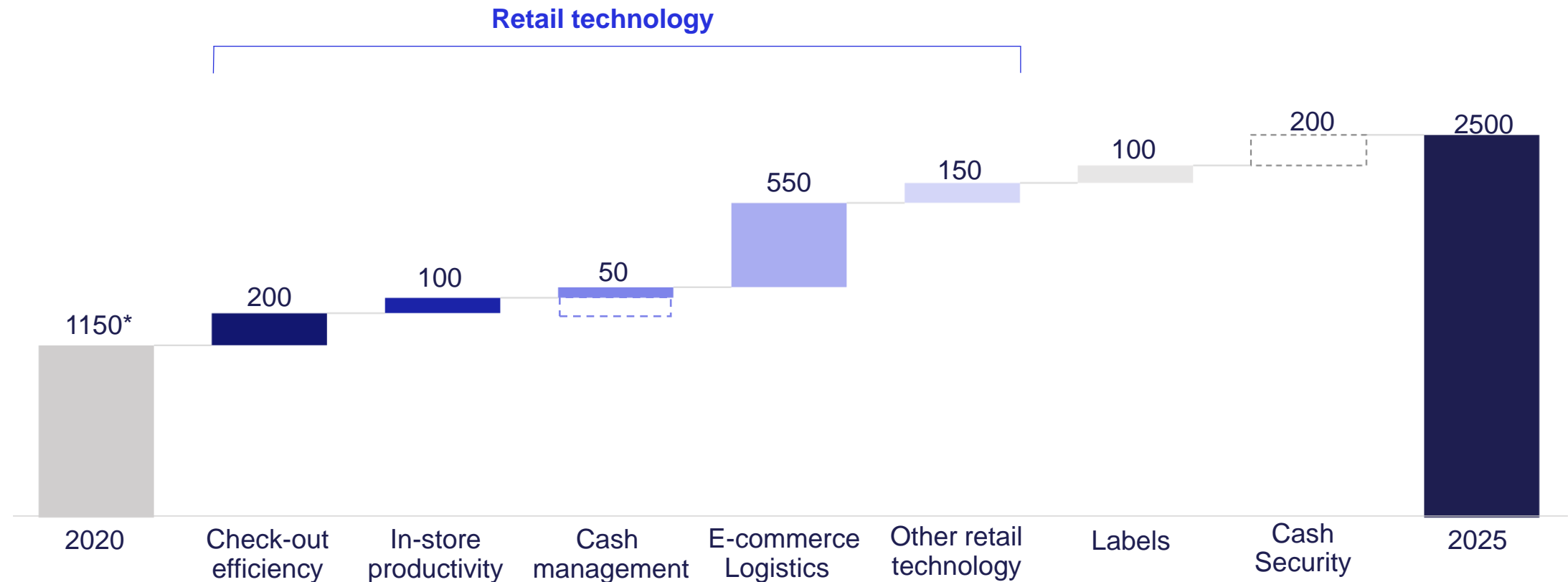
# Build-up of 2025 revenue ambition (events during 2020)

Revenue  
MNOK



# Build-up of 2025 revenue ambition

Revenue  
MNOK



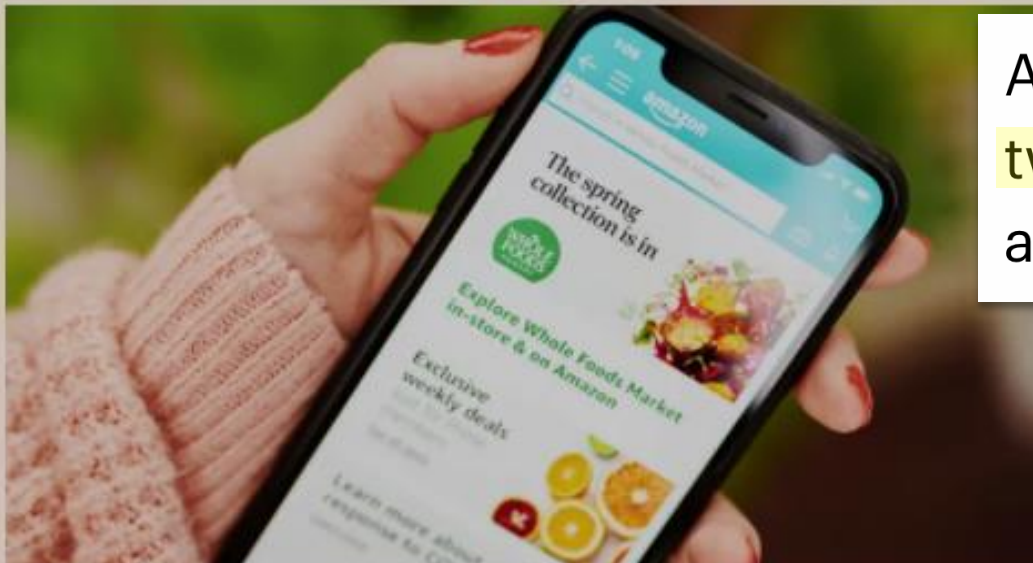


# E - C O M M E R C E   O F F E R I N G

# FINANCIAL TIMES

## US online grocery shopping jumps as chains rush to add capacity

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



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

# BAIN & COMPANY

Industries Consulting Services Vector™ Insights About Careers Explore

Snap Chart

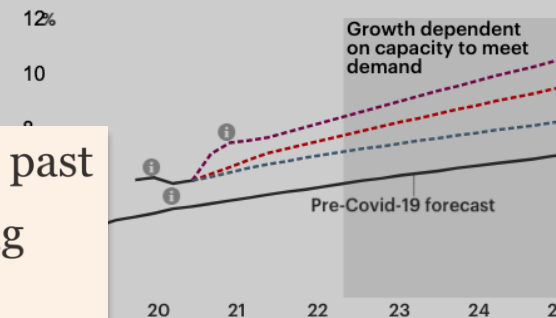
## The Next Five Years in Online Grocery: Going Mainstream, Fast

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

### Faster adoption in our five-year scenarios ...

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

#### Forecasted e-commerce grocery penetration



### ... could bring big industry ramifications

#### 2+ year

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

#### up to 1.4x

increased capacity requirements by 2023 compared with pre-pandemic levels

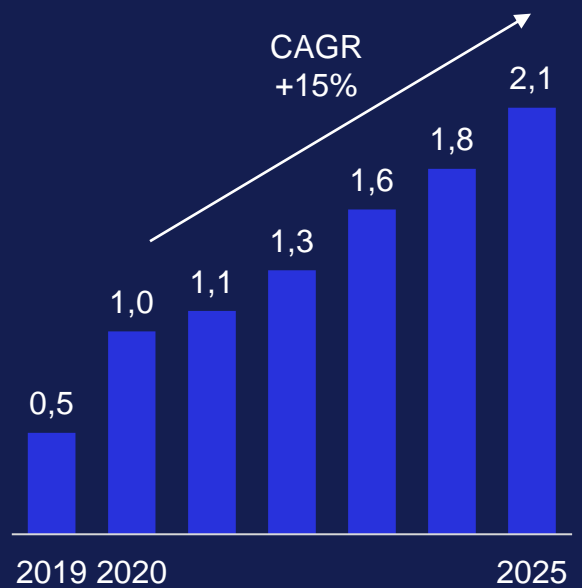
#### up to 1.5x

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

Sources: Euromonitor; Forrester; Bain analysis

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

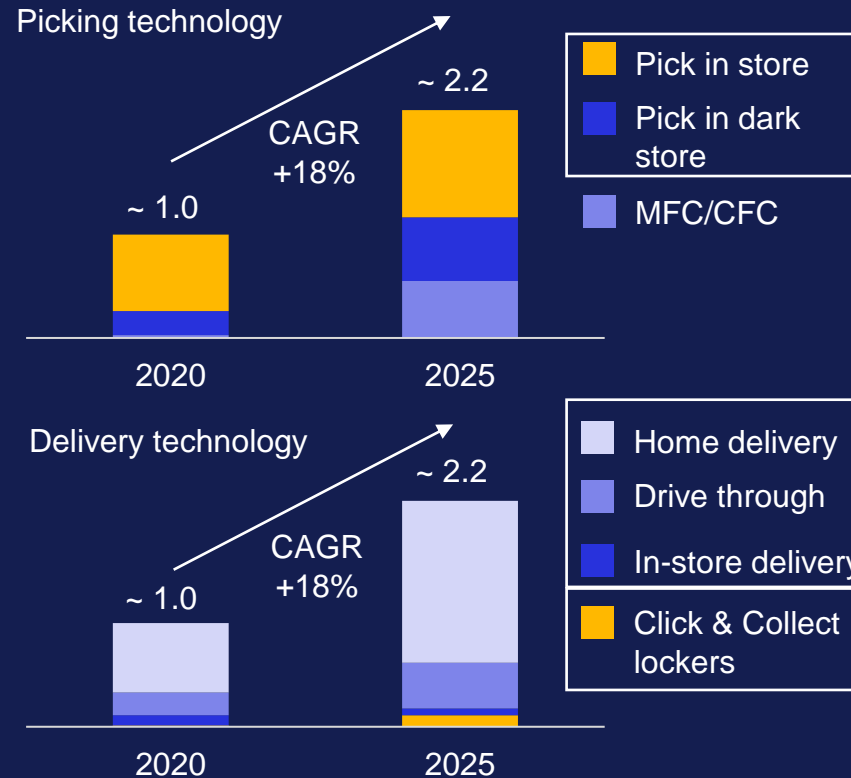
Online grocery sales estimates in StrongPoint target markets<sup>1</sup>  
NOK trillion



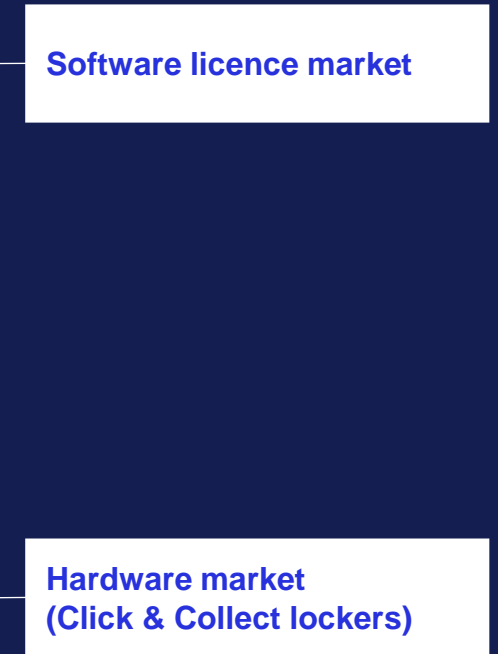
Online grocery penetration



Orders processed per technology type  
Billion orders



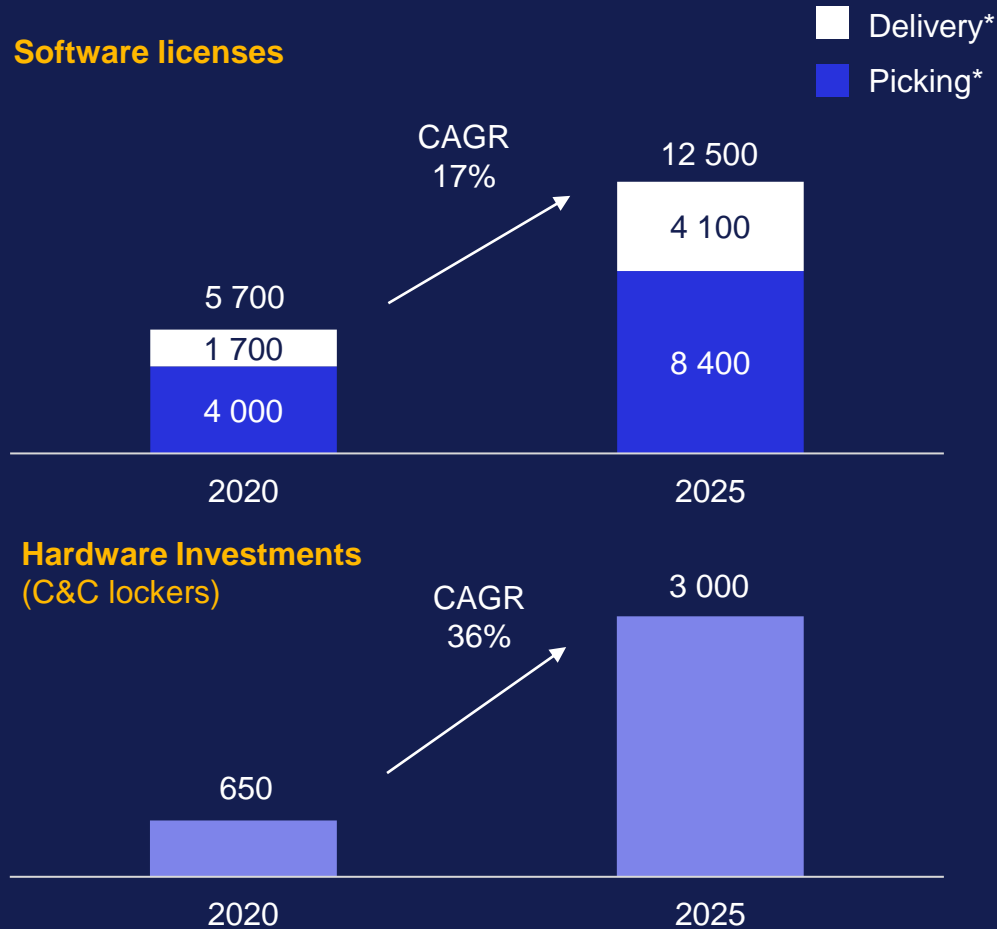
Estimated addressable market based





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

Addressable market  
MNOK pa



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

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

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

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

Source: IGD, StrongPoint analysis

# StrongPoint Picking Solution

1

Efficient, flexible & scalable

2

Fast to deploy

3

Low CapEx



Automation is growing and StrongPoint can help deliver on this opportunity



## StrongPoint is a natural partner to CFCs and MFCs

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

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

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



# Why our grocery retail customers choose StrongPoint lockers



## Fast & Efficient

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

<50 Euro cent per order

24/7/365 grocery pick-up



## Purpose-built & Reliable

Built for grocery retailers

Deployed in countries with extreme weather

Long life-cycle and low maintenance



## Flexible & Scalable

Modular so can grow with success





Mobile lockers can be scaled to meet growing demand

Age checking technology for age-restricted items

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

# Types of grocery retailer segment for our solutions

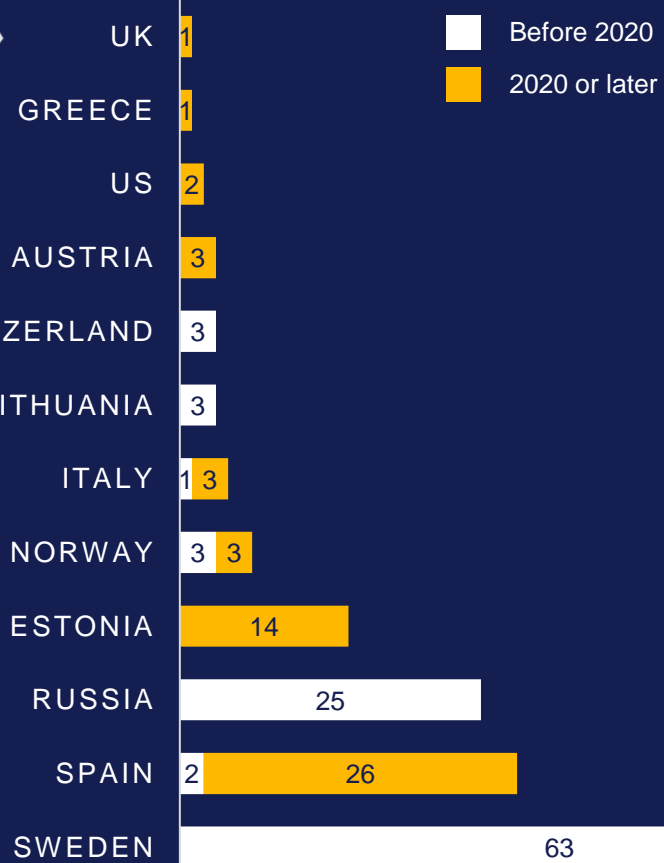
✓ Applicable  
(✓) Potentially applicable

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

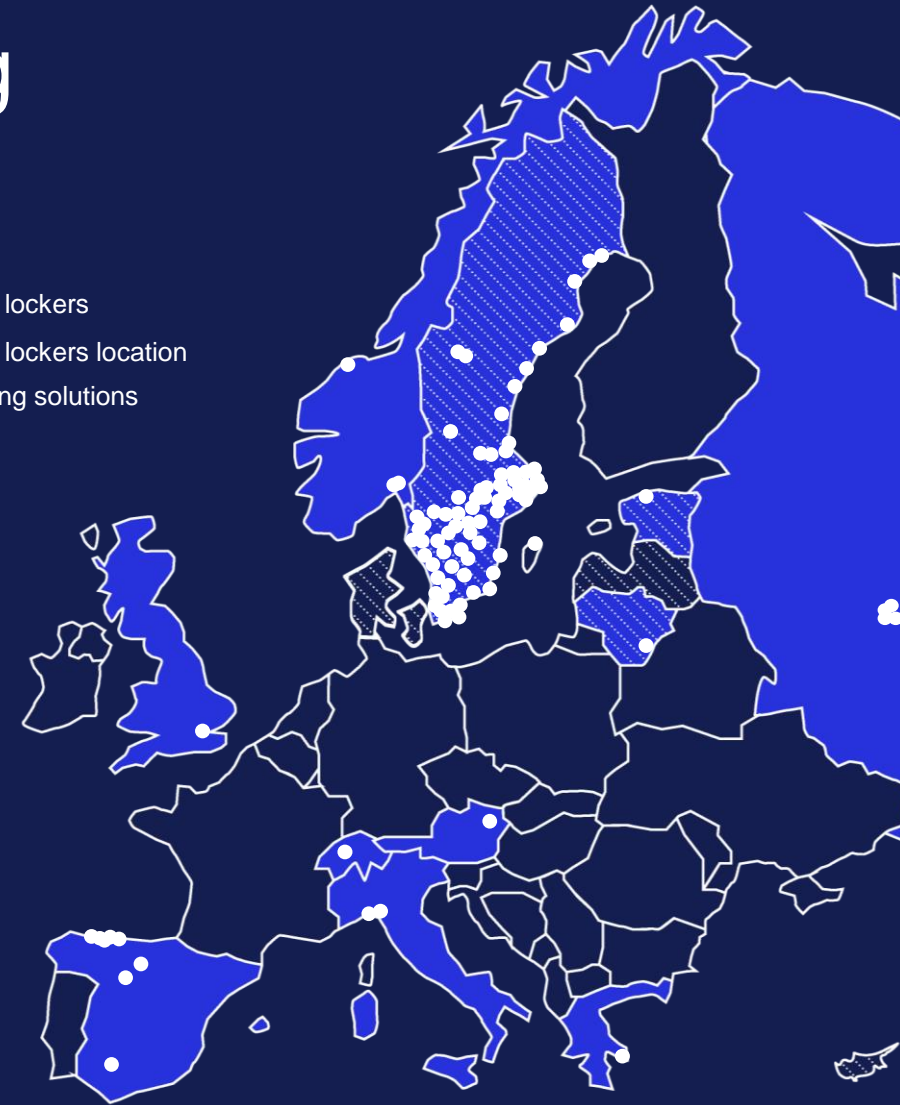
# Rapidly growing footprint of our Picking Solution and Click & Collect lockers



Number of Click&Collect lockers delivered



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



# Glovo chooses StrongPoint as preferred supplier for its grocery picking solutions



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



**Glovo?**  
Customer orders groceries from platform



**StrongPoint**  
Courier or store personnel picking with StrongPoint picking solutions



**Glovo?**  
Courier delivers to customer





# Delivery platform players worldwide providing groceries

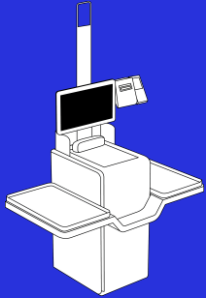




# CHECKOUT EFFICIENCY

# Checkout technologies

Current technologies being delivered to the market



## Self-checkouts

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



## Self-scanning

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

Exploring and doing assessment to add to portfolio



## Smart cart

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



## Checkout-free

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



Vensafe Dispensing

# Our Self Checkout Solution



Software



Hardware



Scan & Go



Product dispensing



Productivity add-ons



Consulting

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

Low-touch – AI & ML-powered product recognition



Automated age checks – integration with Vensafe & Yoti

# Current deployment and target geographies for our SCO



***PARTNER***

CARE . TRUST . RESPONSIBILITY

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





# CORE MARKETS

# Importance of core markets

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

**.Gordon**

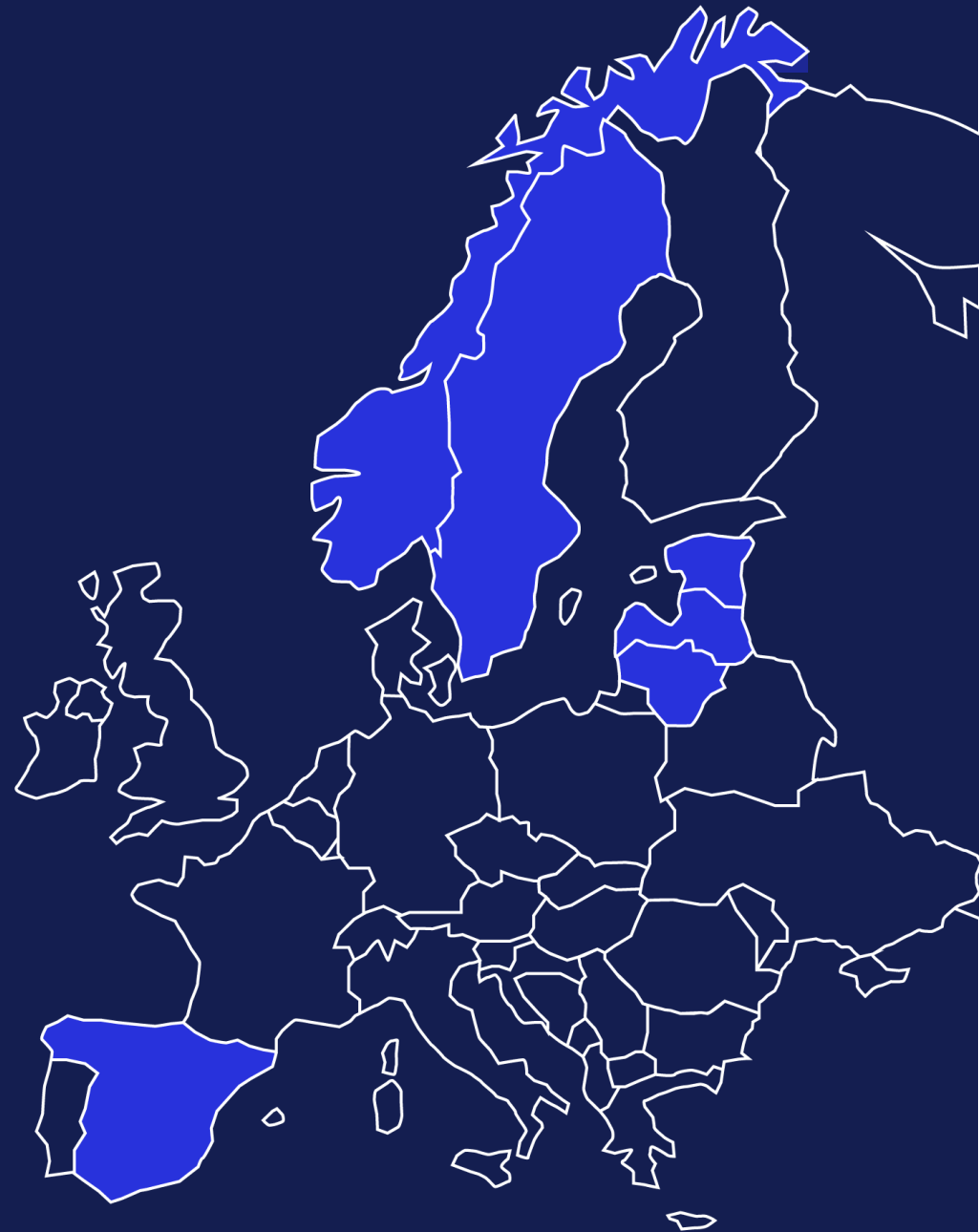


**ZEBRA**



**REFLEXYS**

**PRICER**



ENABLERS, M&A AND DIVIDEND

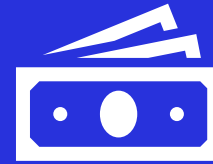


# Profitable growth, cost control and a solid balance sheet

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



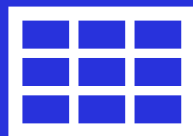
Profitable growth



Cost control

Continuous cost improvements  
Investments in products, competence and marketing

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



Balance sheet



ESG

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

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



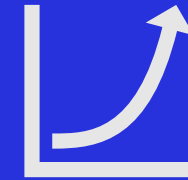
## Geographic expansion (to markets with good product/market fit)

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



## Technology additions\*

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

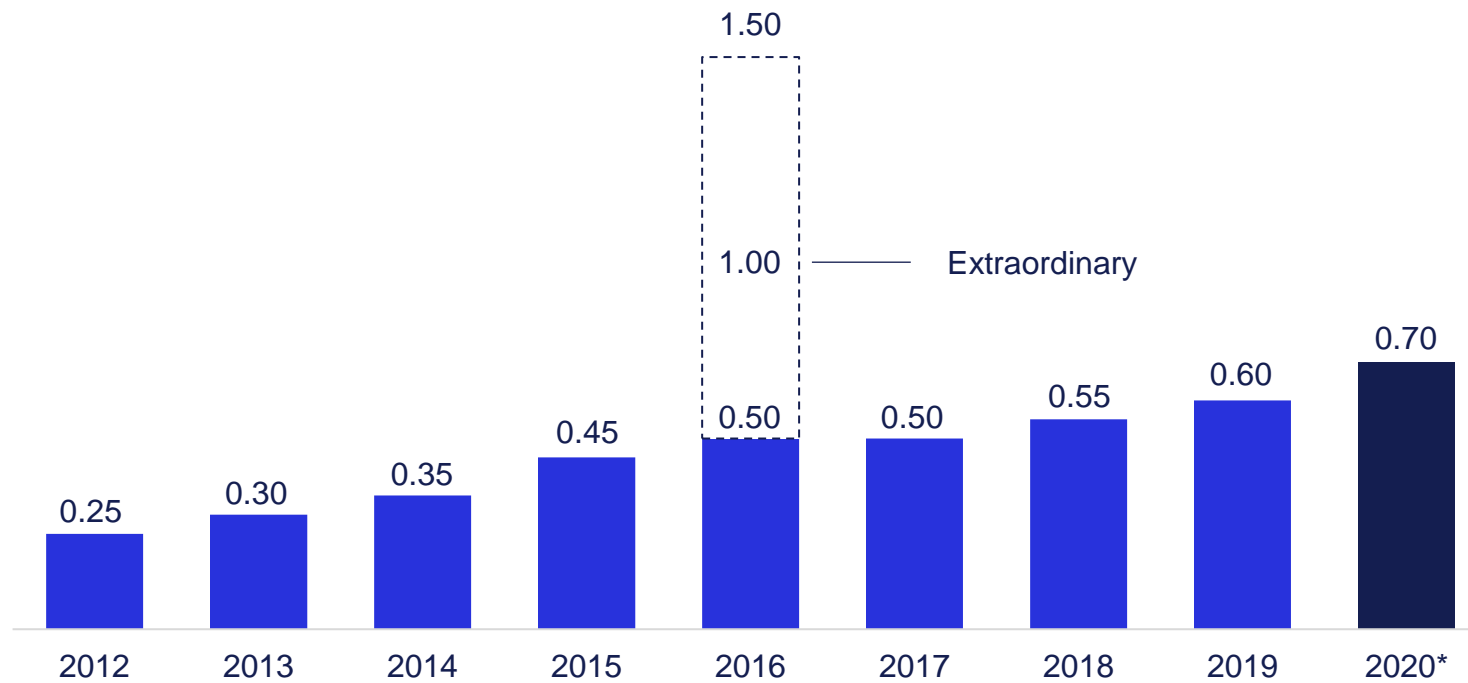


## Strengthening of core markets

- Spain
- Norway
- Sweden
- Baltics

# Dividend at StrongPoint

**Dividend**  
NOK per share



**Ambition from Board of Directors**

Continue to pay and increase the dividend forward

# OUTLOOK & PRIORITIES

# Immediate priorities



Capitalize on  
E-commerce  
logistics market



Deliver on In-store  
productivity  
solutions demand



Step up M&A  
initiatives

# Summary: Creating a NOK 2.5 billion retail technology company

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

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



**StrongPoint**