



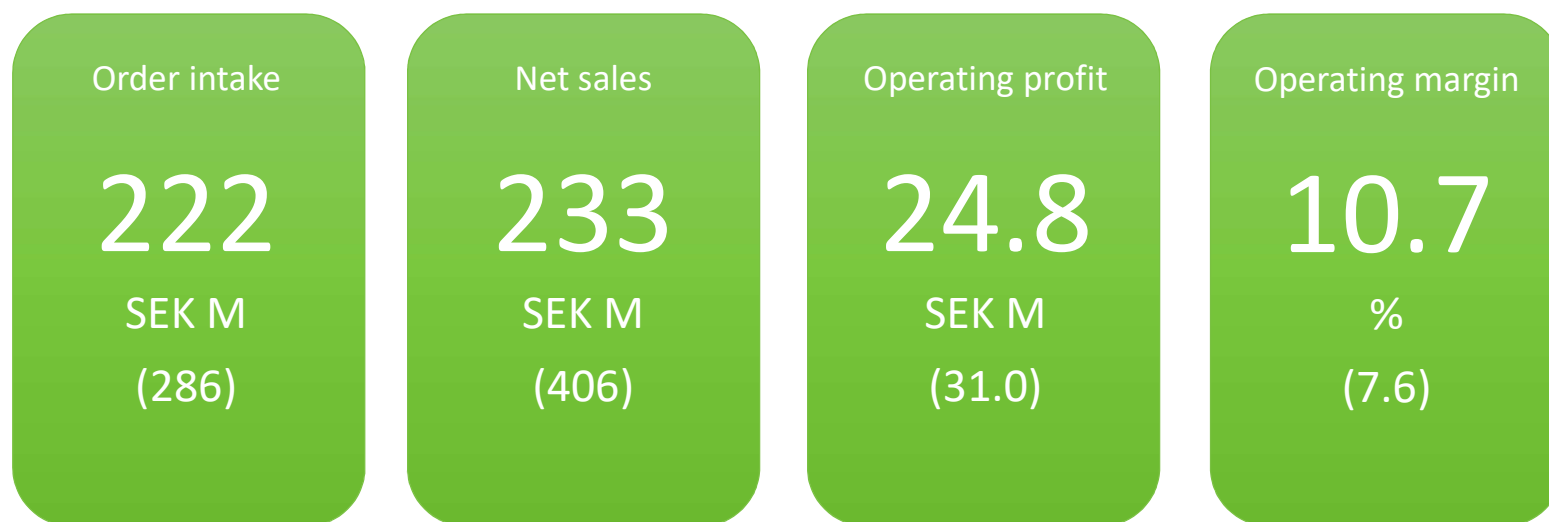
Pricer AB (publ) **Third quarter 2019**

Helena Holmgren

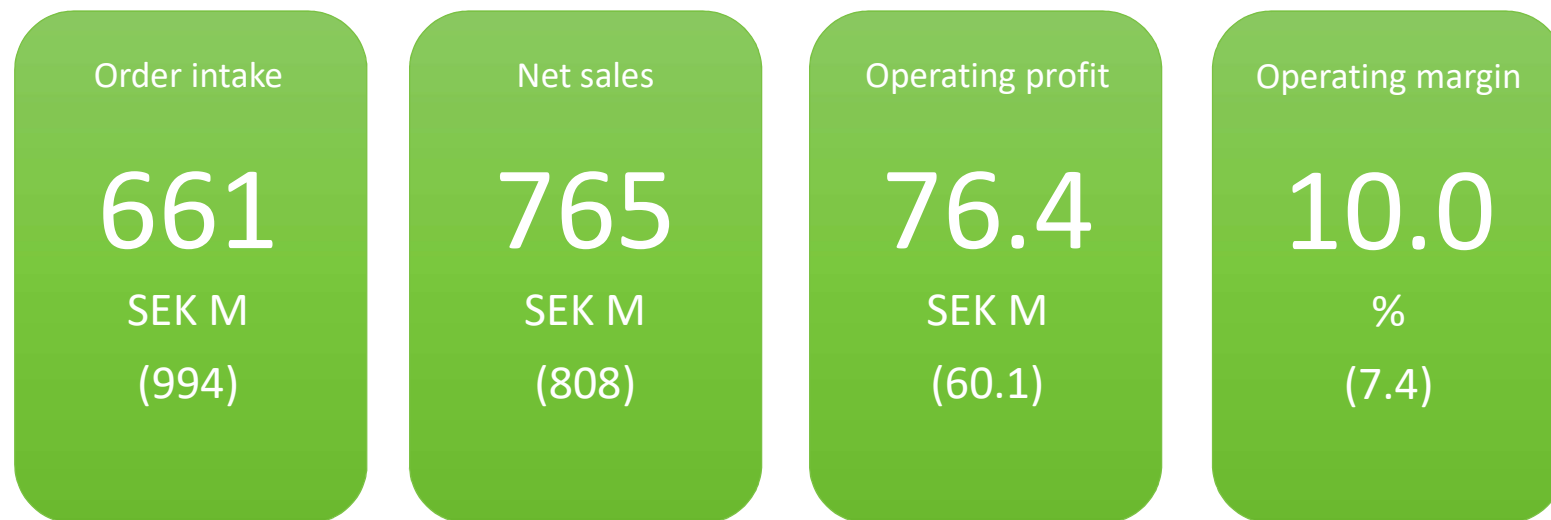
President & CEO

Stockholm, October 25, 2019

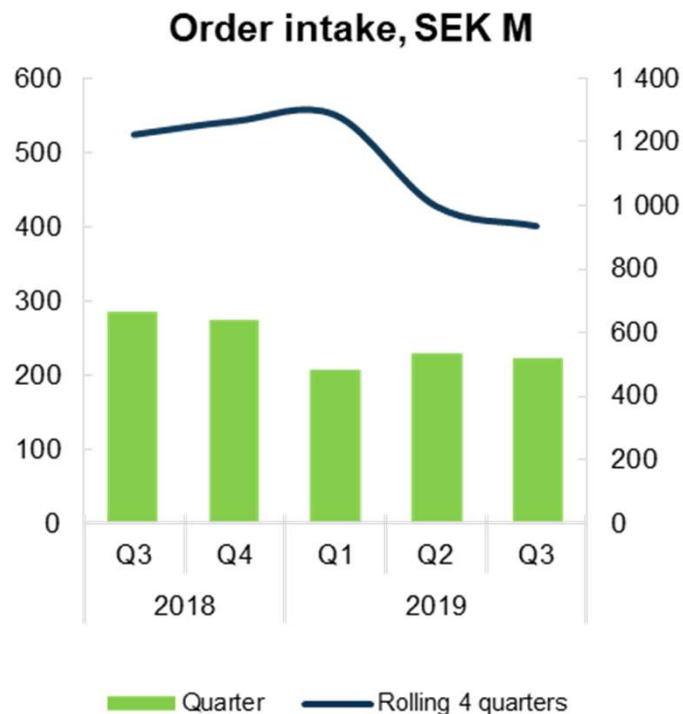
Third quarter 2019; Continued Good Profitability, Tough Comparison versus 2018



January - September 2019; Fewer Large Projects, but Improved Profitability

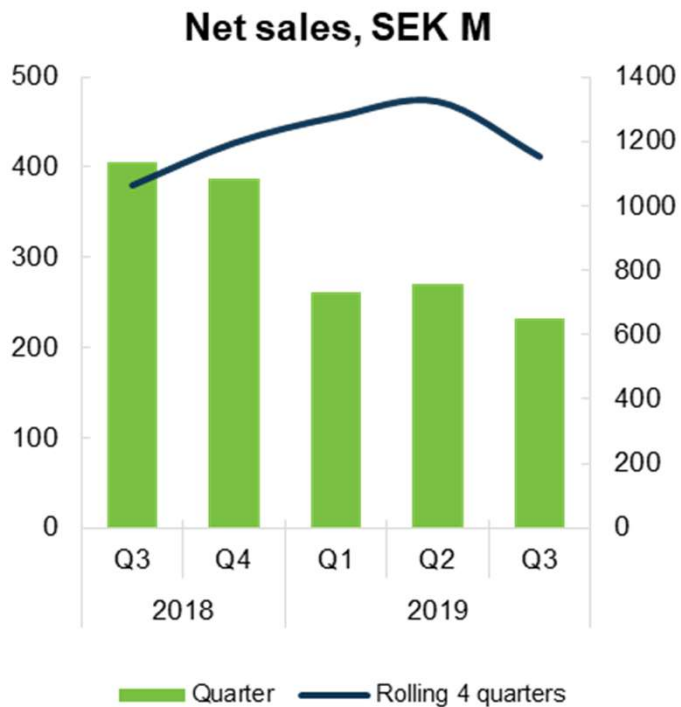


Steady Order Intake, Level Does not Fully Reflect the Continued High Activity on the Market



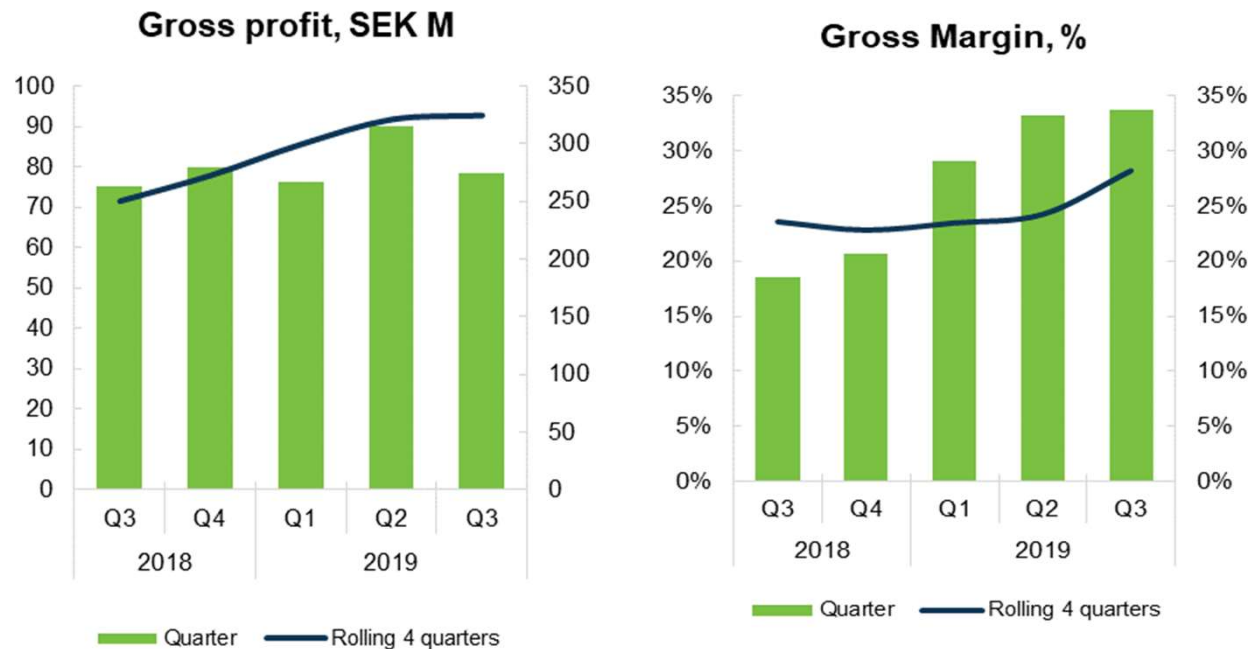
- Large order from the Italian grocery store Tosano amounting to around SEK 60 M
- Continued strong underlying interest in store digitalization with broad geographic distribution
- Order backlog of SEK 132 M as of September 30, of which the majority is expected to be invoiced in the fourth quarter

Growth from Small- & Midsized Customer Projects, but Tough Comparison to 2018



- Large US customer project contributed just over SEK 200 M in Q3 2018
- Italy, Canada and Belgium exhibit high growth rates in Q3
- Fewer ongoing exchange and upgrade programs on the French market
- Continued expansion of customer base, including several new pilot installations
- Positive currency effects as a result of a weakened SEK against the EUR and USD

Stable development of Gross Profit generates strong Gross Margin



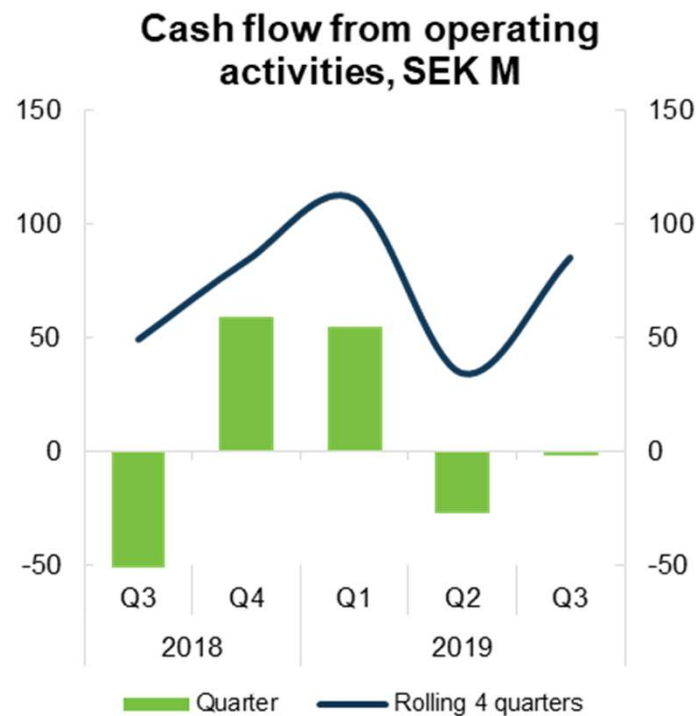
- Favorable product and contract mix, comparable to Q3 2018
- Over capacity in production and supply due to the trade negotiations between the US and China has enabled lower purchase prices and favorable access to transport to lower prices
- As supply and demand stabilize, the assessment is that the cost situation will return to previous levels

Operating Margin Remains Above 10%



- High gross margin compensate for the decrease in net sales and results in continued strong profitability
- Positive currency effects due to weak SEK
- Increased operating expenses as a result of investments in product development and a strengthened market presence
- Stable foundation for continued growth and market penetration

Capital Tie-up Remains High



- Negative cash flow from operating activities of SEK -2 M
- Continued high capital tie-up as a result of:
 - Increased stock for maintaining a good scalability to meet expected lead times to customers with a broad geographical spread
 - Increased utilization of boat freight as part of the sustainability strategy
 - Higher investments in product development and fixed assets for increased scalability in production
- The cash flow should be viewed over time
- Strong balance sheet enables continued innovation power

Summary

- Stability and profitability in the underlying flow of small and medium-sized orders; reduces dependence on major customer projects for the business expansion
- Strong drivers for accelerating in-store digitalization, the paper label has no chance to keep up with the development
- Low penetration rate of ESL-systems on most markets
- Market growth; interest remain high in Pricer's solutions
- Enlarged customer base spread over several geographical markets → increased stability of underlying revenue streams but continued volatility in major customer projects
- Pricer's product positioning solutions combined with the label's flash capability activated by several major retail chains
- Competition remains fierce; Pricer's strength is in the core system performance and functionality
- The demand from the North American market regarding high update speed and system reliability is particularly suitable for Pricer's communication technology

Why Invest in Pricer?

- Strong underlying market growth; digitalization of physical retail considered necessary for maintaining competitiveness
- Best system on market → Unique and hard to copy technical solution; based on reliable, scalable, energy-efficient and interference-free communication
- Strong balance sheet → continued innovative strength
- Global presence with large installed base
- Long experience of developing solutions that work well in retail
- Flash capability in the labels combined with dynamic positioning of products in the store enables cost reductions as well as increased sales and improved customer satisfaction

PRICER

