



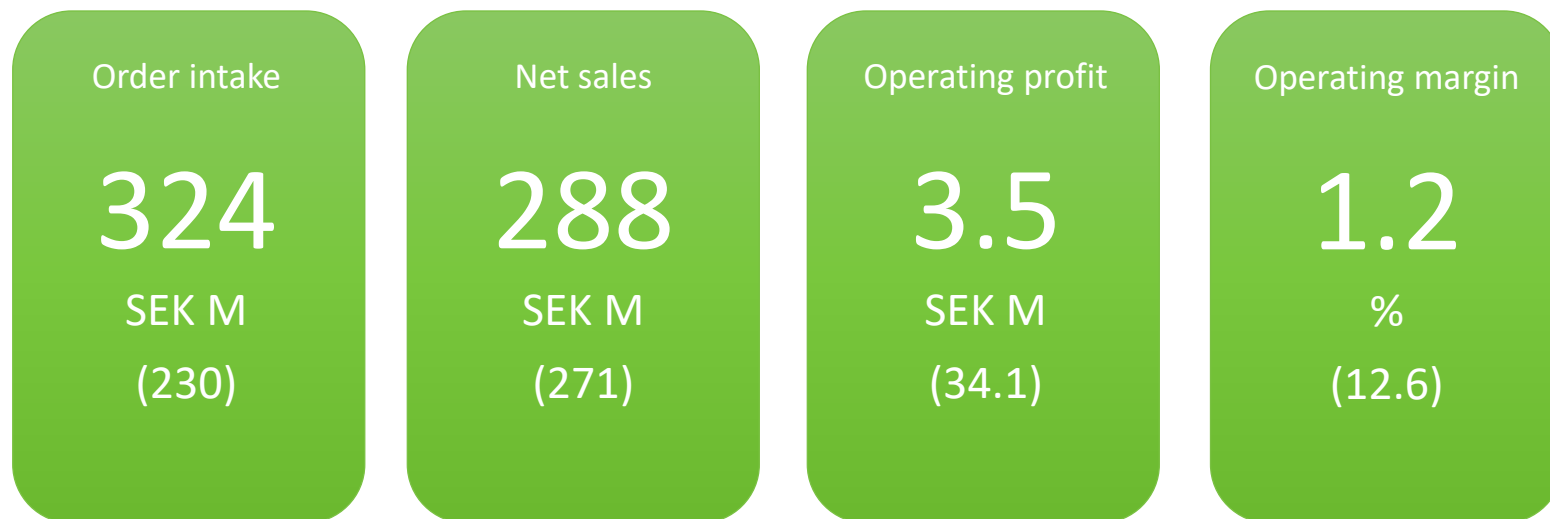
Pricer AB (publ) Second quarter 2020

Helena Holmgren

President & CEO

Stockholm, July 21, 2020

Q2 2020; High Order Intake - Increased Demand



COVID-19: Delayed sales, negative effect on gross margin and result

Jan-Jun 2020; Order Backlog 903 MSEK per June 30, 2020

Order intake

695

SEK M

(438)

Net sales

514

SEK M

(533)

Operating profit

10.8

SEK M

(51.6)

Operating margin

2.1

%

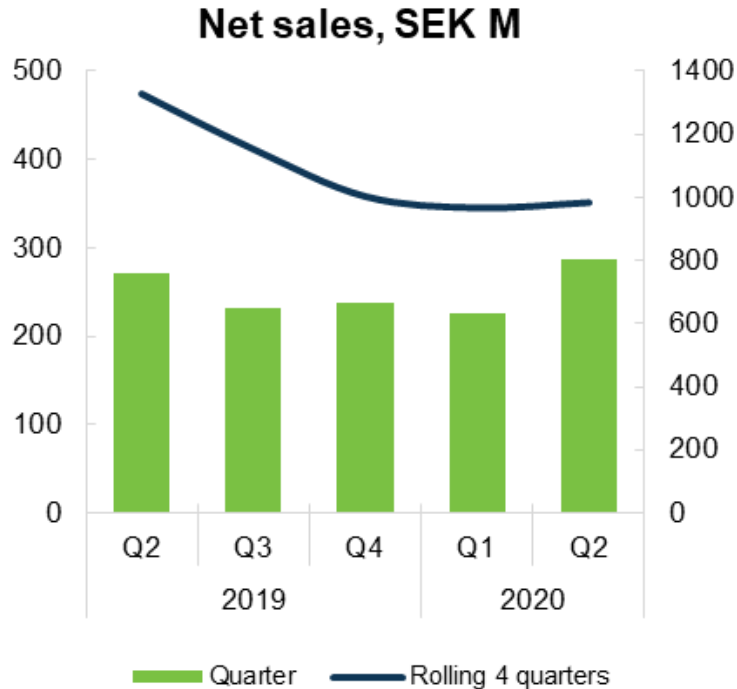
(9.7)

High Activity on Several Geographical Markets



- Order intake of SEK 324 M for Q2 2020, an increase of 41% YoY.
- Order intake includes two large orders in the quarter:
 - PLUS Retail, The Netherlands, SEK 100 M
 - Carrefour, France, SEK 50 M
- Order backlog of SEK 903 M per June 30, of which the majority is planned for delivery during second half 2020. Significant negative currency effect on order backlog since March 31 due to a strengthened SEK towards USD and EUR.
- COVID-19 related acceleration of demand on several geographical markets.
- The launch of the cloud-based platform Pricer Plaza has been well received on the market, both from existing as well as new customers.

Tough Start in the Quarter – Strong Recovery in June



- Net sales of SEK 288 M (271), an increase of 6% YoY.
- Tough start in the second quarter due to COVID-19, primarily within small- and medium sized customer projects. Strong recovery in June, but some delay in net sales to Q3.
- High order backlog and high demand give reason for optimism ahead of the second half of the year.

*Exclusive the large US order.

Change in Product and Contract Mix impacts the Gross Margin negatively



- Gross margin has been negatively impacted by multiple factors in the quarter:
 - Product mix; high proportion of large labels and low proportion of services sales.
 - Contract mix; majority of deliveries consisted of large customer projects.
 - Currency; strengthened SEK towards USD and EUR.
 - COVID-19 related challenges within logistics and components – both in availability and increased price.

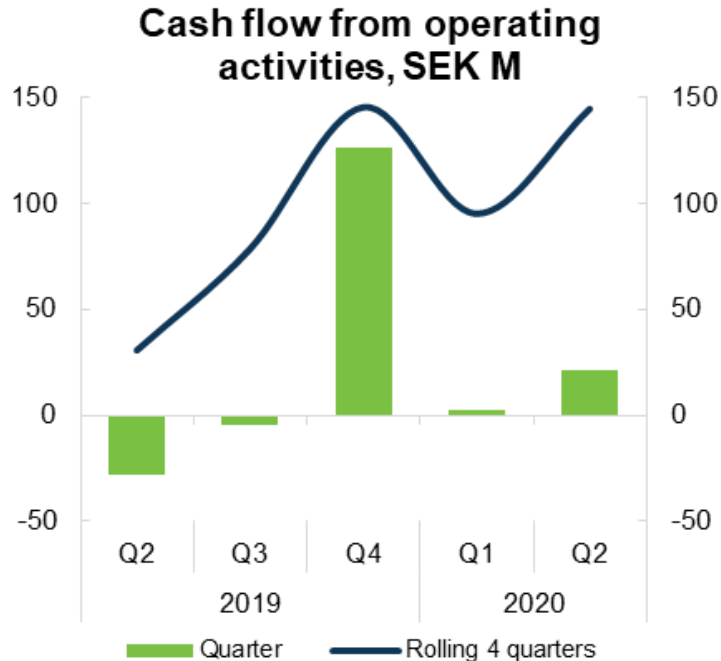
Temporary loss of profitability mainly due to COVID-19 effects and unfavorable currency movements



Tough comparison to second quarter 2019 due to:

- Change in product- and contract mix impacting the gross margin.
- Reversed currency impact; positive impact in 2019 - negative impact in 2020.
- Increased freight costs of about SEK 6 M related to airfreight.
- Strengthened market presence and investments within product development resulting in increased fixed costs.

Positive Cash Flow; Increased Capital Tie-up Expected in line with Ramp-up of Production and Delivery Activities



- Positive cash flow from operating activities of SEK 21.3 M.
- Increased capital tie-up related to the large order backlog is expected going forward. The cash flow should be viewed over time.
- Extended overdraft facility of SEK 100 M during the period 1 Jul - 31 Dec 2020. Total SEK 150 M.
- Cash & cash equivalents of SEK 133 M, June 30.
- Dividend of 0.40 SEK per share, total of SEK 44.1 M, was paid in May.

Summary

- COVID-19 impacted sales and profitability negatively, mainly in April and May, with strong recovery in June.
- Profitability in the quarter was disappointing, several factors impacted negatively.
- Large customer projects in the USA and the Netherlands have progressed according to plan, delayed deliveries mainly relating to small and medium-sized customer projects in France.
- The challenges regarding logistics and component supply seem to persist during the fall, but the uncertainty related to COVID-19 is high and the situation can change quickly.
- High order backlog and COVID-19 related acceleration of demand give reason for optimism regarding the second half of the year.
- Pricer's new cloud-based platform, Pricer Plaza, enables a new dynamic pricing model with increased recurring revenues.
- Knut Faremo was elected new Chairman of the Board of Pricer at the Annual General Meeting in May after having served as a Board member since 2019. Knut has extensive experience from the international retail industry.

Pricer's customer offering

- We provide a digital communication system for the physical retail trade.
- We provide the market's fastest, most stable, scalable and energy-efficient ESL system that improves the efficiency of several resource intense in-store processes, such as
 - price updates,
 - in-store picking,
 - replenishment
 - inventory management.
- We offer a scalable cloud platform to provide additional solutions such as monitoring of the status in the store, sophisticated shelf-space optimization, reduced food waste, etc.
- We have a long experience from supplying complex system solutions to retail.
- Our strong balance sheet and financial stability enables a long-term partnership.



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.
- 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.
- Long experience of developing solutions that work well in retail industry.
- Strong balance sheet → continued innovative strength.
- Global presence with large installed base.

PRICER

