

# PRICER

## Third quarter of 2020 Financial result Jan – Sep 2020

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President & CEO

Stockholm, Sweden, October 23, 2020

# Third quarter 2020 in summary

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- **High delivery activity** with several large on-going customer projects
- **Strong order intake**; good mix of large customer projects and small- and medium size orders
- **Record high profitability** for an individual quarter
- **Positive cash flow** with 150 MSEK in cash at the end of the third quarter

# Third quarter financials;

## Record high Net sales for an individual quarter

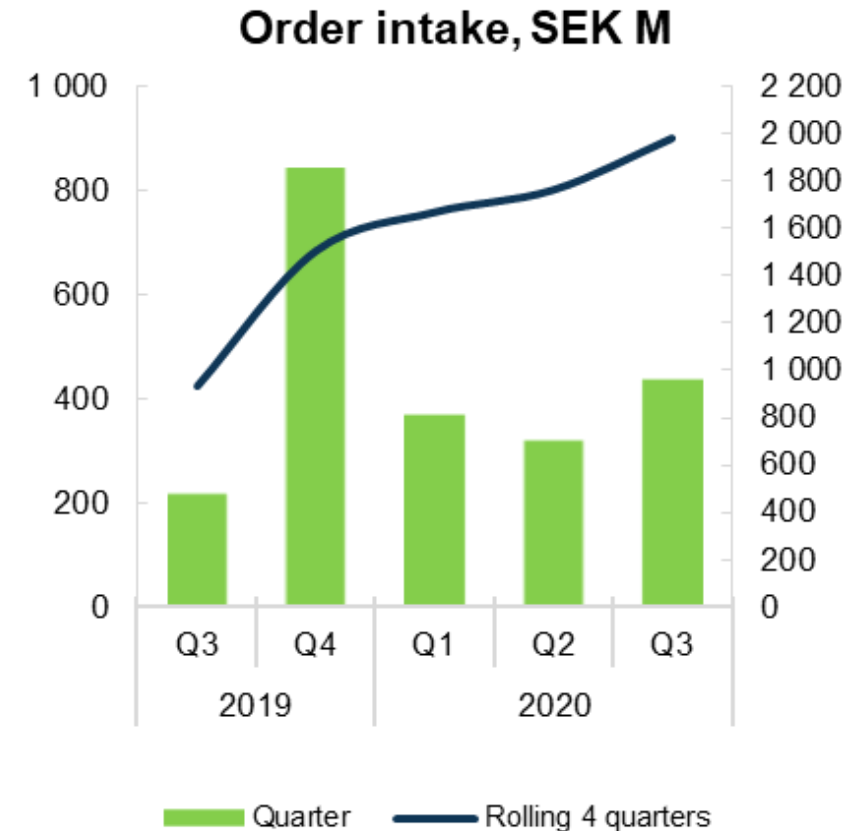


- Several large customer projects on-going
- Catch-up on deliveries originally planned in second quarter
- Top 3 contributors;
  - USA
  - Netherlands
  - France
- 150+ stores running on Pricer Plaza

# Third quarter financials;

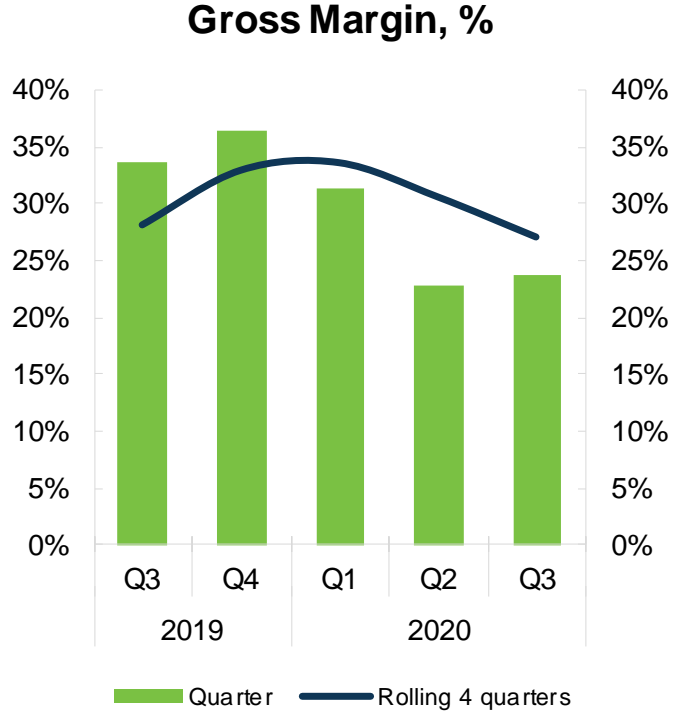
## Accelerating market demand following COVID-19; need for automation and digitalization

- New customer projects announced with Canadian Tire and NorgesGruppen
- Good inflow of small and medium size orders
- Top 3 contributors;
  - Canada
  - Norway
  - France
- Order backlog of 754 MSEK at the end of September 2020



# Third quarter financials;

Record high Gross profit driven by high Net sales



# Gross margin;

## Many contributing factors cause volatility

- Product mix;
  - Type of labels
  - Label sizes
  - Services
  - Licenses and subscriptions
- Customer mix;
  - Direct vs indirect sales
  - Large customer orders with volume discounts
- Component pricing
- Logistics
- Currency effects
- Etc...



# Third quarter financials;

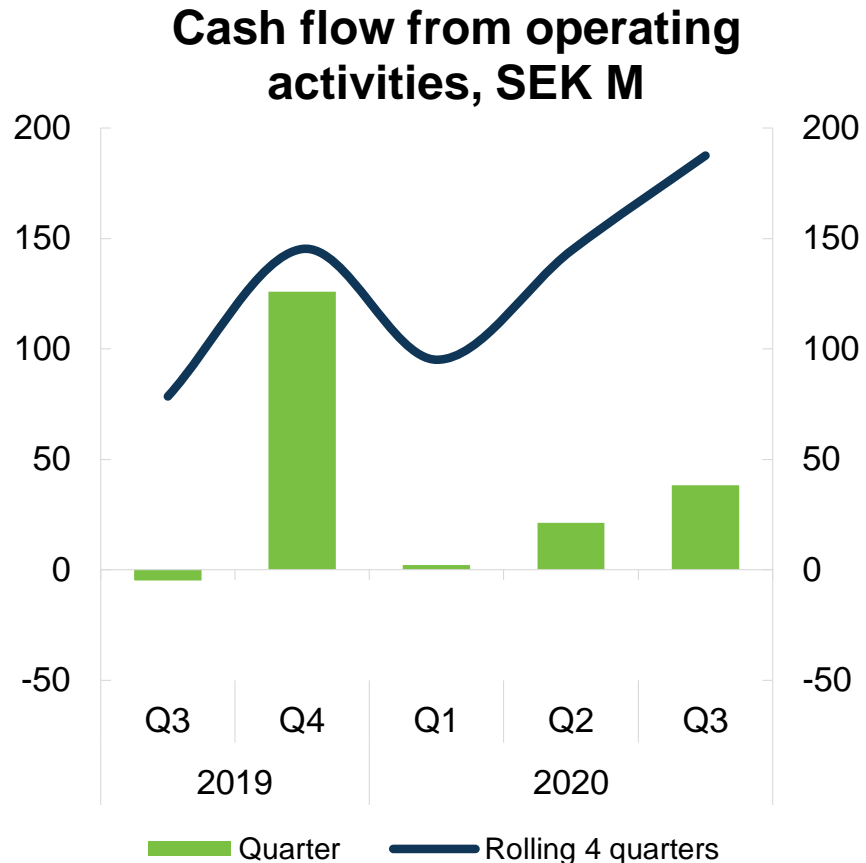
## Good scalability drives operating profit to new heights



- Large proportion of fixed costs in operating expenses
- Good cost control
- Positive currency effect due to continued F/X volatility
- Scalable supply chain

# Third quarter financials;

Well managed cash flow considering high delivery activity and backlog

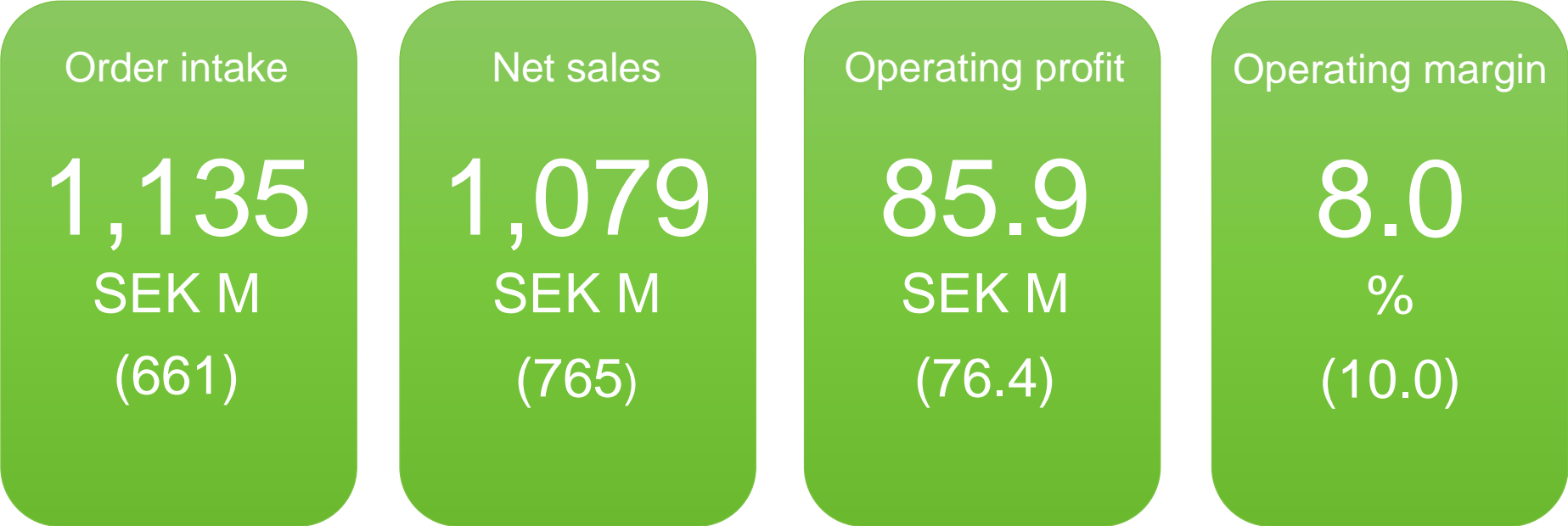


- High inventory level to manage deliveries planned in fourth quarter
- Favorable project-based payment terms
- No bad debt as consequence of pandemic
- Cash position of 150 MSEK at end of Q3
  
- Second dividend payment of 0.40 SEK per share on November 11, 2020



# January – September 2020

Strong growth in several markets; notably USA, Netherlands, Norway and Canada



# General update

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- Established presence in the Netherlands and Taiwan
- Strengthened market presence in several strategic markets; particularly with focus on tier 2-3 customers
- Customer dialogues proceeding well despite travel- and meeting restrictions in several strategic markets
- Logistics remain challenging both in terms of cost and availability

# Market development

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- High activity in all markets and all retail verticals
- E-commerce continues to drive transformation of retail
- Need for automation and process efficiency resulting in increased investment pace
- Full chain decisions resulting in more complex procurement processes
- Penetration rate of digital labels still on low single digits in most markets
- Paper label remains #1 competitor

# 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.