

PRICER

BRINGING TRUST TO RETAIL



Pricer AB (publ)

Second quarter 2019

Helena Holmgren
President & CEO

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Second quarter 2019; Continued Sales Growth and Increased Profitability



Continued Strong Demand of Digital In-store Solutions



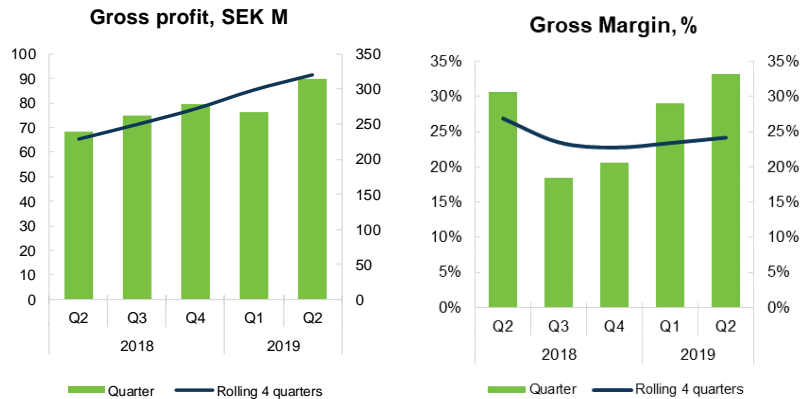
- Interest in solutions for in-store digitalization continues to increase on several geographic markets
- Q2 2018 included a large order from US customer of >300 MSEK
- No major agreements signed in Q2, but continued strong underlying demand
- Order backlog of 131 MSEK as of June 30, divided among a large number of customers and geographic markets
- Large order from the grocery chain Tosano in Italy in July (Q3) of ~60 MSEK

Continued Underlying Growth, Large Customer Projects Generate Volatility Between Quarters



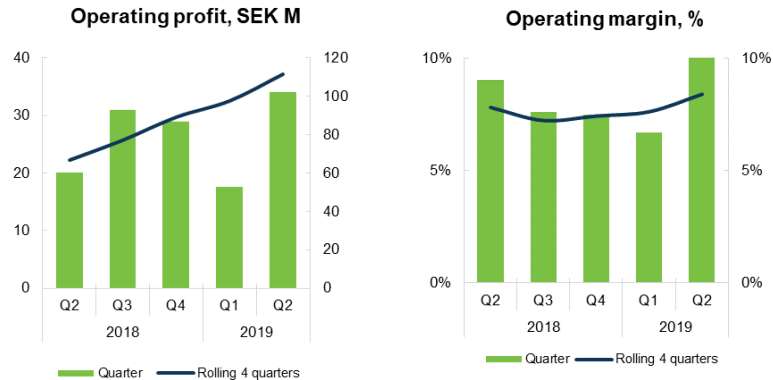
- Largest market is still Europe, especially France
- The Americas, Asia and the Pacifics are growing at high percentages, though from low levels, due to a stronger market presence in a number of geographic areas
- Continued expansion of customer base, including several new pilot installations
- Positive currency effects as a result of a weakened SEK against the EUR and USD

Increasing Trend of both Gross Profit and Gross Margin



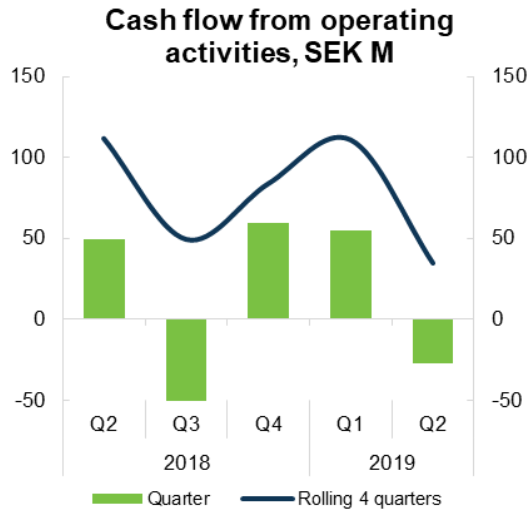
- Continued favorable product and contract mix, comparable to Q2 2018
- Reduced prices for standard components and a higher degree of automation in production contribute positively to the gross margin
- Increased utilization of boat freight as part of the sustainability strategy has had a positive impact on gross margin

Strong Increase of Profitability and Operating Margin



- Sales growth and improved gross margin lift profitability
- Positive currency effects
- 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 Puts Pressure on Cash Flow



- Negative cash flow from operating activities of -27 MSEK
- Increased 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
 - Higher accounts receivable as a result of sales growth
- The cash flow should be viewed over time
- Strong balance sheet enables continued innovation power

Summary

- Strong drivers for accelerating in-store digitalization
- Low penetration rate of ESL-systems on most markets
- Market growth; major interest in Pricer's solutions
- Larger 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 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; digitization 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

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