

Interim report January-March 2019 – Pricer AB (publ)

- High growth in net sales and improved profitability

First quarter 2019

- Net sales of SEK 261.9 M (180.0), an increase of 45 percent compared to the same period last year
- Operating profit of SEK 17.6 M (9.0), corresponding to an operating margin of 6.7 percent (5.0)
- Order intake of SEK 208 M (189), an increase of 10 percent compared to the same period last year
- Order backlog increased to SEK 169 M (143), of which the majority is expected to be invoiced in the next quarter
- Net profit for the period was SEK 19.3 M (5.8)
- Earnings per share were SEK 0.18 (0.05)
- Cash flow from operating activities was SEK 55.1 M (28.0)

- As of January 1, 2019, the company applies IFRS 16 for the Group's leases. The restatement had a negative impact on the period's earnings of SEK -0.2 M, a positive impact on cash flow from operating activities of SEK 2.2 M and a negative impact on the cash flow from financing activities of SEK -2.2 M. The equity/assets ratio decreased by 3 percentage points due to an increase in the balance sheet total. Comparative figures have not been restated.

Comments from CEO Helena Holmgren

The year started strong with growth in net sales of 45 percent during the first quarter compared to the same period last year. In turn, this resulted in an operating profit that increased to SEK 17.6 M (9.0).

Order intake of SEK 208 M (189) comes from a large number of orders from several customers with a broad geographic distribution. The larger customer base can in the future result in new orders and in turn reduces vulnerability and dependence on large individual customer projects.

The demand for our system continues to be high, and we are noting for the first quarter continued high market activity with an increasing number of customer dialogues and several new pilot installations.

Positive currency effects from a weaker SEK against USD and EUR, as well as price reductions on a number of standard components, contributes to the gross margin in Q1 2019 of 29.1 percent (27.4). The product and contract mix during the first quarter of the year is approximately the same as in the comparison period last year.

Cash flow from operating activities amounted to SEK 55.1 M (28.0) for the first quarter and was the result of an operating profit combined with decreased working capital.

Competition on the market continues to be tough. Significant customer projects often attract a large number of vendors of which several primarily aim to gain market share at any price. While retailers evaluate the return of their long-term investment in an ESL-system, the system's functionality, stability, update speed and future development opportunities are judged differently in the investment calculations.

We are convinced that the benefits of our unique system, such as speed, reliability, scalability and battery life, respond better to the challenges facing the retail industry than any of our competitors' systems. The increase in customer dialogues and new pilot installations are proof that our long-term and committed efforts to continuously improve the system's performance and functionality with new innovative solutions are leading us down the right path.

We will continue to dedicate the same effort to our innovative work in order to further improve the system's capacity and thus create even more added value for our customers. Our strong market position is the result of our ability to offer reliable and fast real-time communication in the physical store environment. This in turn creates conditions for innovative logistics models, streamlining of several employee-intensive store processes and an improved and more personal shopping experience for consumers in the store.

Pricer acts in an immature market where the penetration rate of ESL systems is low and paper labels remain the most widely used solution. Independent sources expect the market for ESL-systems to grow by around 15-20 percent on an annual basis in the next few years. We are therefore investing in product development, IT systems, market presence and competence to meet this growth. As part of these efforts, we moved into larger premises in Stockholm in March to prepare for additional reinforcements, primarily in our product and development organization. At the same time, we also strengthened our sales presence in a number of geographic markets to meet the increase in demand.

Helena Holmgren
President and CEO

Every care has been taken in the translation of this document. In the event of discrepancies, the Swedish original will supersede the English translation.

This information is information that Pricer AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency by the contact persons set out below, on April 25, 2019 at 12:00 CET.

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