

PRICER

BRINGING TRUST TO RETAIL

**Q3 • INTERIM REPORT • January – September 2019****SEK 232.5 M****Net sales
in the quarter****10.7%****Operating margin in
the quarter****SEK 27.0 M****Net profit for the
quarter****Continued good profitability, tough comparison figures versus 2018****Third quarter 2019**

- Net sales amounted to SEK 232.5 M (406.0), a decrease of 43 percent compared to the same period last year.
- Operating profit amounted to SEK 24.8 M (31.0), which corresponds to an operating margin of 10.7 percent (7.6).
- Order intake was SEK 222 M (286), a decrease of 22 percent compared to the same period last year.
- Order backlog amounted to SEK 132 M (338), of which the majority is expected to be invoiced in the next quarter.
- Profit for the period was SEK 27.0 M (27.4). IFRS 16 had a negative impact on profit of SEK -0.4 M.
- Earnings per share (basic) were SEK 0.25 (0.25).
- Cash flow from operating activities was SEK -1.8 M (-52.6).

January–September 2019

- Net sales amounted to SEK 765.1 M (808.0), a decrease of 5 percent compared to the same period last year.
- Operating profit amounted to SEK 76.4 M (60.1), which corresponds to an operating margin of 10.0 percent (7.4).
- Order intake was SEK 661 M (994), a decrease of 33 percent compared to the same period last year.
- Profit for the period was SEK 78.6 M (61.5). IFRS 16 had a negative impact on profit of SEK -0.8 M.
- Earnings per share (basic) were SEK 0.71 (0.56).
- Cash flow from operating activities was SEK 26.0 M (24.5).

As of January 1, 2019, the company applies IFRS 16 to the Group's leases. Data from previous years has not been restated. The equity/assets ratio decreased by 4 percentage points due to an increase in the balance sheet total.

Amounts in SEK M unless otherwise stated	Q3 2019	Q3 2018	9 mths 2019	9 mths 2018	Rolling 4 Q	Full year 2018
Order intake	222	286	661	994	934	1 268
Net sales	232,5	406,0	765,1	808,0	1 151,6	1 194,5
Gross margin, %	33,7%	18,5%	32,0%	23,8%	28,2%	22,8%
Operating profit	24,8	31,0	76,4	60,1	105,4	89,1
Operating margin, %	10,7%	7,6%	10,0%	7,4%	9,2%	7,5%
Cash flow*	-1,8	-52,6	26,0	24,5	85,2	83,7
Net profit for the period	27,0	27,4	78,6	61,5	104,3	87,3
Basic earnings per share, SEK	0,25	0,25	0,71	0,56	0,95	0,79

*Cash flow from operating activities



Comments from CEO Helena Holmgren

It was expected that net sales in the third quarter of SEK 233 M would not reach last year's record-high sales for a single quarter of SEK 406 M. This is due to the large U.S. customer project that contributed just over SEK 200 M to the net sales for the corresponding quarter of last year and which was not compensated by a similar project in 2019. Instead, the good news is that the underlying flow of small and mid-sized customer projects continues to show growth and that the geographic distribution indicates a widening of the addressable market.

Order intake for the third quarter amounted to SEK 222 M, which is a level that does not fully reflect the continued high activity we note in the market. Aside from the order totaling just over SEK 60 M from the Italian grocery store Tosano that was communicated in July, no other large customer projects were finalized during the third quarter. The unevenness created by the timing of large customer projects in terms of both order intake and sales for individual quarters has been mentioned many times before. Our overall picture remains that the market activity is high, and that the interest in store digitalization is growing rapidly in many geographical markets.

The third quarter was characterized by numerous in-depth customer projects, of which several are approaching final negotiation stage. As customers' needs for solutions to streamline critical store processes are added to system evaluations, the complexity of integration increases, and each procurement process becomes more and more resource intensive. Competition in the market remains fierce. However, we remain convinced that the benefits of our unique system's functionality, such as speed, reliability, scalability and battery life, respond better to the challenges facing retailers than any of our competitors' systems.

The improved gross margin for the third quarter contributes to continued good profitability. Similar to the previous quarter, the product and contract mix combined with optimized component sourcing and good delivery planning had a positive impact on the gross margin. The weak Swedish krona also contributed positively.

The turbulence on the global market following the trade negotiations between the USA and China and the subsequent import duties has, as we have mentioned before, led to a deferment of business decisions. However, this same uncertainty has contributed positively to our cost development in the supply chain where, due to a globally declining demand in a number of different electronics segments, there has been a temporary overcapacity of components and transport, among other things. As the situation stabilizes, it is our assessment that costs will return to their previous levels.

To summarize, we are confident about the future. Digital store solutions are a natural part of the future of retail. Despite this, the global penetration rate of ESL (Electronic Shelf Label) systems continues to be low, and our primary competitor — the paper label — has no chance to keep up with the development.

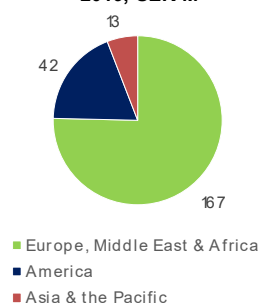
Helena Holmgren
President and CEO

Continued good profitability and confidence about the future





Order intake per region in Q3 2019, SEK M



Growing customer base on the North American market increases confidence in the growth opportunity

Order intake, SEK M



Market development

NET SALES BY GEOGRAPHICAL MARKET

Amounts in SEK M	Q3 2019	Q3 2018	9 mths 2019	9 mths 2018	Full year 2018
Europe, Middle East & Africa	171,7	170,6	606,5	519,8	741,7
America	35,5	223,7	88,4	249,4	396,1
Asia & the Pacific	25,3	11,6	70,1	38,8	56,7
Total net sales	232,5	406,0	765,1	808,0	1 194,5

The underlying growth in the third quarter is spread over a large number of geographies. Countries that distinguish themselves with high growth rates in the quarter include Italy, Belgium and Canada. In Italy, the installations at the grocery chain Tosano started during the third quarter, although most stores are planned for installation during the last quarter of the year. In Canada, one of our large customers, a banner within the Metro Canada Group, accelerated the rate of store installations. In Belgium, we work with a number of customers in different retail segments through our local distributors.

On the North American market, several new customer names have been added to the growing list of projects. These projects refer to both new pilot installations for evaluating possible future collaborations and installations of smaller retail chains. At the same time, we are continuing to work with our existing customer base, both regarding new store installations and upgrades of ageing installations. The level of activity in North America is high and we believe there is good support for continued growth.

In addition to fewer ongoing large customer projects in the third quarter compared to the same period of last year, we also have fewer ongoing exchange and upgrade programs on the French market. The service life of a digital price tag is a function of the degree of utilization in relation to the total energy supply in the batteries. Subsequently, the labels need to be renewed via exchange or upgrade programs. The timing and size of these programs, which form part of the company's recurring business, are difficult to influence and contribute to the unevenness of order intake and sales levels between quarters.

Order intake in the third quarter and the period January–September 2019

Order intake in Q3 amounted to SEK 222 M (286), a decrease of 22 percent compared to the same quarter last year. Adjusted for exchange rate fluctuations, order intake decreased by 25 percent. Order intake is spread across a large number of customers on several geographic markets, with Italy, France and Canada as the largest contributors. Order intake for the quarter includes a major order of around SEK 60 M from Tosano, an Italian grocery store chain.

Order intake amounted to SEK 661 M (994) during the first nine months of the year, a decrease of 34 percent compared to the same period last year. Adjusted for exchange rate fluctuations, order intake decreased by 37 percent. Last year's order intake included more than SEK 300 M from a large U.S. retail chain. France, Italy, and Norway comprise the largest countries. Order intake, which has a broad geographic distribution, includes several new customers from the year, of which a number constitute so-called pilot installations, where the system's functionality and business contribution are assessed during a test period.



Net sales and profit in the third quarter 2019 and the period January–September 2019

NET SALES IN MAJOR CURRENCIES

Amount in SEK M unless otherwise stated	Reported current period	Reported prior period	Reported change	Reported change	Whereof F/X	Adjusted for F/X
Third quarter compared with the same period last year						
EUR	133,5	141,5	-8,0	-6%	2%	-8%
USD	99,3	263,7	-164,5	-62%	2%	-65%
Other	-0,2	0,7	-1,0	-131%	0%	-133%
Total	232,5	406,0	-173,5	-43%	2%	-45%
January - September compared with the same period last year						
EUR	477,1	403,2	73,9	18%	3%	15%
USD	284,7	402,1	-117,4	-29%	5%	-34%
Other	3,3	2,7	0,5	20%	1%	19%
Total	765,1	808,0	-42,9	-5%	4%	-9%

Starting in January 2019, Pricer will calculate currency effects using the current period's rates compared to the previous period's volumes in local currency.

Currency effects had a positive impact on net sales at translation due to a depreciation in SEK against EUR and USD compared to Q3 2018 and the first nine months of 2018. Currency effects also had a positive impact on gross profit since the company has a higher volume in net sales compared to costs. The absolute majority of the company's costs for goods sold were in USD, while net sales were generated primarily in EUR and USD.

NET SALES AND PROFIT, SEK M

	Q3 2019	Q3 2018	9 mths 2019	9 mths 2018	Full year 2018
Net sales	232,5	406,0	765,1	808,0	1 194,5
Cost of goods sold	-154,1	-331,1	-520,6	-615,6	-922,3
Gross profit	78,4	74,9	244,5	192,4	272,2
Gross margin	33,7%	18,5%	32,0%	23,8%	22,8%
Operating expenses	-52,5	-44,8	-167,6	-134,5	-188,3
Other income and expenses	-1,1	0,9	-0,5	2,2	5,2
Operating profit	24,8	31,0	76,4	60,1	89,1
Operating margin	10,7%	7,6%	10,0%	7,4%	7,5%

Third quarter

Net sales amounted to SEK 232.5 M (406.0) in the quarter, a decrease of 43 percent compared to the same quarter last year. Adjusted for exchange rate fluctuations, net sales decreased by 45 percent. This decrease is primarily due to the large U.S. customer project that contributed just over SEK 200 M to the net sales for the third quarter of last year. Net sales in the third quarter of 2019 were spread across a large number of customers, the majority of which are in Europe.

Gross profit amounted to SEK 78.4 M (74.9), and the gross margin amounted to 33.7 percent (18.5) for the quarter. The improvement in the gross margin is primarily an effect of the product and contract mix. Positive currency effects, lowered prices on a number of standard components, an increased share of sea freight instead of air freight, and a higher degree of automation in production contributed to the improvement in the gross margin.

Operating expenses increased to SEK -52.5 M (-44.8) for the quarter, primarily as a result of increased costs for staff and consultants related to investments in product development and a stronger market presence in a number of geographic markets. These steps were taken to meet



the increased demand emerging from both customer dialogues and pilot installations and for broader use of the system in supporting more processes with new customer applications.

Other income and expenses amounted to SEK -1.1 M (0.9) and consisted of the net effect of realized and unrealized currency revaluations of trade receivables and trade payables.

Operating profit amounted to SEK 24.8 M (31.0), which corresponded to an operating margin of 10.7 percent (7.6). The combination of lower net sales and a higher gross margin led to a decrease in the operating profit but an increase in the operating margin.

Financial items, primarily consisting of currency revaluation of balance sheet items such as cash and cash equivalents and the Parent Company's loans to subsidiaries in foreign currency, had a positive impact on the quarter and amounted to SEK 3.2 M (-2.9), which was largely the outcome of positive translation effects on bank holdings in USD.

Tax for the quarter amounted to SEK -1.0 M (-0.8), of which SEK -0.1 M (0.2) refers to deferred tax and SEK -0.9 M (-1.0) to current tax. The current tax rate amounted to -3 percent (-3), and the reported total tax rate amounted to -4 percent (-3). The low tax rate is due to the capitalization during the quarter of part of a previously non-recognized tax loss carried forward. Deferred tax assets related to capitalized losses carried forward amounted in the balance sheet on September 30, 2019, to SEK 70.4 M (70.4).

Profit for the period was SEK 27.0 M (27.4). The decrease compared to the same period last year can be linked to a decrease in the operating profit, in part offset by positive net financial items.

The new accounting principle IFRS 16 Leases is applied as of January 1, 2019. Operating expenses for previous operating leases of SEK 2.9 M were replaced by depreciation on right-of-use assets of SEK -2.8 M and interest rate expenses for lease liabilities of SEK -0.4 M. Comparative figures have not been restated.

Translation differences in other comprehensive income of SEK 6.5 M (-4.4) consisted of currency revaluation of net assets in foreign subsidiaries.

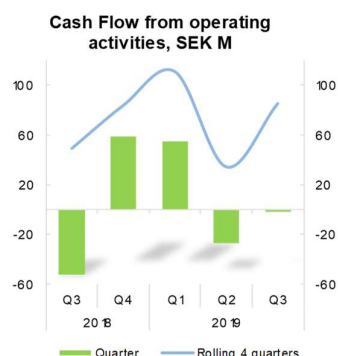
January 1–September 30, 2019.

Net sales amounted to SEK 765.1 M (808.0) during the first nine months of the year, a decrease of 5 percent compared to the same period last year. Adjusted for exchange rate fluctuations, net sales decreased by 9 percent. The decrease is primarily due to the large U.S. customer project that was under way in the third quarter of 2018. Net sales in the period's first nine months were spread among a large number of customers, the majority of which are in Europe.

Gross profit amounted to SEK 244.5 M (192.4), and the gross margin amounted to 32.0 percent (23.8) for the period. The change in the gross margin is primarily a result of the product and contract mix, positive currency effects, and lowered prices on a number of standard components. A greater share of sea freight instead of air freight also had a positive impact.

Operating expenses increased to SEK -167.6 M (-134.5) for the period, primarily as a result of increased costs for staff and consultants for investments in product development and an increased market presence on a number of geographic markets, including North America and Southern Europe. These steps were taken to meet the increased demand emerging from both customer dialogues and pilot installations and for broader use of the system in supporting more processes with new customer applications.

Other income and expenses amounted to SEK -0.5 M (2.2) for the period and consisted of the net effect of realized and unrealized currency revaluations of trade receivables and trade payables.



Operating profit amounted to SEK 76.4 M (60.1), which corresponded to an operating margin of 10.0 percent (7.4). Higher gross profit despite the decrease in net sales led to an increase in both the operating profit and the operating margin.

Financial items, which consist primarily of currency revaluation of balance sheet items such as cash and cash equivalents, impacted the period positively and amounted to SEK 4.8 M (2.1).

Tax for the period amounted to SEK -2.6 M (-0.6), of which SEK 0.6 M (2.4) refers to deferred tax and SEK -3.2 M (-3.0) to current tax. The current tax rate amounted to -4 percent (-5), and the reported total tax rate amounted to -3 percent (-1). The low tax rate is due to the capitalization during the period of part of a previously non-recognized tax loss carried forward.

Profit for the period was SEK 78.6 M (61.5). The increase compared to the same period last year is due to the increase in operating profit.

The new accounting principle IFRS 16 Leases has been applied as of January 1, 2019. Operating expenses for previous operating leases of SEK 7.8 M were replaced by depreciation on right-of-use assets of SEK -7.7 M and interest rate expenses for lease liabilities of SEK -0.8 M. Comparative figures have not been restated.

Translation differences in other comprehensive income of SEK 16.7 M (15.2) consisted of currency revaluation of net assets in foreign subsidiaries.

Cash flow, investments and financial position

Third quarter

Cash flow from operating activities amounted to SEK -1.8 M (-52.6) for Q3. The change in working capital during the quarter had a negative impact on cash flow from operating activities of SEK -37.7 M (-92.3) primarily due to a decrease in trade payables combined with continued capital tie-up in standard products in inventory to maintain good scalability and meet expected lead times for customers with broad geographic spread. Cash flow from operating activities should be analyzed over time.

Cash flow from investing activities amounted to SEK -11.3 M (-3.6) in Q3 and consisted primarily of capitalized development expenditure of SEK -10.2 M (-3.1) for continued investments in product development and investments in property, plant and equipment of SEK -1.1 M (-0.3) attributable to production equipment for automation.

Cash outflow from financing activities amounted to SEK -2.1 M (-0.0) in Q3 and referred to leases reported in accordance with IFRS 16 Leases. Comparative figures for leases have not been restated, so the cash flow for leases was reported instead as part of the operating activities.

Cash and cash equivalents amounted to SEK 89.6 M (117.5) on September 30, 2019. In addition to cash and cash equivalents, the company has an unutilized overdraft facility of SEK 50 M (50).

January 1–September 30, 2019.

Cash flow from operating activities amounted to SEK 26.0 M (24.5) for the period. The change in working capital had a negative impact of SEK -85.1 M (-54.2) on cash flow from operating activities, primarily due to a decrease in trade payables, an increase in capital tie-up in inventory, which reduced cash flow, and a decrease in outstanding trade receivables, which increased cash flow.

Cash flow from investing activities amounted to SEK -35.0 M (-21.5) during the first nine months of the year and consisted primarily of capitalized development expenditure of



SEK -26.3 M (-13.8) and investments in property, plant and equipment of SEK -8.7 M (-7.2). The investments refer in part to production equipment for the unit outside of China that has been established to increase scalability in the supply chain, work that has been accelerated with the aim of minimizing the effect of import duties to the USA.

Cash flow from financing activities amounted to SEK -73.2 M (-55.2) during the first nine months of the year and referred to the dividend of SEK -66.2 M (-55.2) in accordance with a resolution by the Annual General Meeting on April 25, 2019. Cash flow also referred to leases of SEK -7.0 M (0.0), reported in accordance with IFRS 16 Leases. Comparative figures for lease contracts have not been restated, so the cash flow for leases was reported instead as part of the operating activities.

Equity

Pricer is holding 705,000 treasury shares in order to meet the promise of matching and performance shares under the outstanding performance share plans from 2017, 2018, and 2019. The value of the promise is expensed during the vesting period.

From the 2017 performance share plan, a maximum of 228,000 shares can be transferred free of charge in June 2020 to the participants. From the 2018 performance share plan, a maximum of 409,000 shares can be transferred free of charge in June 2021 to the participants. For more information about the performance share plans from 2017 and 2018, please refer to Note 4 of the 2018 Annual Report.

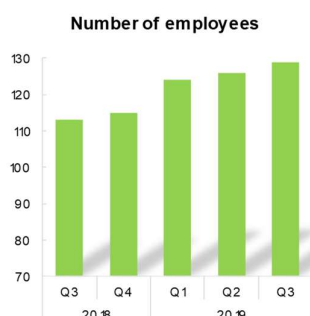
From the performance share plan that was resolved at the 2019 AGM, a maximum of 316,000 shares can be transferred free of charge to the participants in June 2022. Read more under Note 4 2019 Share Performance Plan in this interim report.

On June 27, 2019, 475,000 warrants expired without redemption from the warrant program resolved upon in 2016. There are no outstanding warrants as at September 30, 2019.

ISSUED AND OUTSTANDING SHARES

Stated in thousands of shares	Class A	Class B	Total
Outstanding shares at the beginning of the year	226	110 746	110 972
Issued and converted shares in the year	-	-	-
Issued at the end of the period	226	110 746	110 972
Treasury shares	-	-705	-705
Outstanding shares at end of period	226	110 041	110 267

Class A share carries five votes and class B share carries one vote



Employees

The average number of employees in Q3 was 128 (113), and the number of employees at the end of the period was 129 (113). The average number including hired staff and consultants amounted to 146 (123) in Q3. The organization was strengthened in several areas, such as product development and sales. Due to the greater rate of innovation to respond to the new challenges in the retail trade and expand the utilization rate of ESL systems, we have expanded the R&D organization. We also strengthened our presence in a number of geographic markets, including North America, with the aim of managing both the increased demand and the growing installed customer base.

**Publication of
Year-end Report
February 13, 2020****Parent Company**

The Parent Company's net sales for January–September amounted to SEK 652.2 M (798.4), and the profit for the period amounted to SEK 127.1 M (50.1). The Parent Company's cash and cash equivalents amounted to SEK 66.9 M (46.8) at the end of the period.

Risks and uncertainty factors

Pricer's earnings and financial position are affected by various risk factors that must be considered when assessing the Group and the Parent Company and their future potential. These risks apply primarily to the development of the market for digital shelf edge labels and systems as well as large currency fluctuations, but also to political factors affecting trade such as import duties. In view of the client structure and the scope of the agreement, a delay in the installations or large fluctuations in exchange rates can have a significant effect in any given quarter. For other risks, please refer to the 2018 Annual Report, pages 20–21 and 52–54.

Forecast

No forecast is provided for 2019.

New accounting principles

Pricer applies IFRS 16 Leases as of January 1, 2019. Read more under Note 1 Accounting Principles.

Events after the end of the reporting period

No significant events occurred after the end of the reporting period.

Annual General Meeting

The Annual General Meeting will be held in Stockholm on May 6, 2020, at 2:00 PM at Kapitel 8 Klara Strand, Klarabergsviadukten 90, Stockholm, Sweden. The notice will be duly distributed.

Financial Calendar

February 13, 2020	Year-end Report 2019
March 25, 2020	Annual Report 2019
April 24, 2020	Interim Report January–March 2020
May 6, 2020	Annual General Meeting
July 21, 2020	Interim Report January–June 2020
October 23, 2020	Interim Report January–September 2020



The Board of Directors and CEO hereby certify that this interim report for the Parent Company and the Group provides a true and fair view of the results of the operations, financial position and performance of the Group and describes the risks and significant uncertainties to which the Parent Company and other companies in the Group are exposed.

This interim report for Pricer AB (publ) was submitted on the authorization of the Board of Directors.

Stockholm, October 25, 2019

Pricer AB (publ)

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 October 25, 2019 at 13:00 CET.

For more information, please contact:

Helena Holmgren, President and CEO
Susanne Andersson, CFO
Tel: +46 8 505 582 00
Email: ir@pricer.com



Auditors' review report

Pricer AB, CIN 556427-7993

Västra Järnvägsgratan 7
111 64 Stockholm

Introduction

We conducted a review of the summary interim financial information (interim report) for Pricer AB as at September 30, 2019, and the nine-month period ending on this date. The Board of Directors and the CEO are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion about this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and a substantially narrower scope than that of an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that may have been identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, no circumstances have come to our attention that bring cause for us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 25, 2019

Ernst & Young AB

Rickard Andersson
Authorized public accountant



Financial Reporting

CONSOLIDATED INCOME STATEMENT IN SUMMARY

Amounts in SEK M	Q3 2019	Q3 2018	9 mths 2019	9 mths 2018	Full year 2018
Net sales	232,5	406,0	765,1	808,0	1 194,5
Cost of goods sold	-154,1	-331,1	-520,6	-615,6	-922,3
Gross profit	78,4	74,9	244,5	192,4	272,2
Selling and administrative expenses	-43,2	-39,0	-141,2	-117,6	-162,6
Research and development costs	-9,3	-5,8	-26,4	-16,9	-25,7
Other income and expenses	-1,1	0,9	-0,5	2,2	5,2
Operating profit	24,8	31,0	76,4	60,1	89,1
Net financial items	3,2	-2,9	4,8	2,1	-0,3
Net profit before tax	28,0	28,1	81,2	62,2	88,8
Income tax	-1,0	-0,8	-2,6	-0,6	-1,5
Net profit for the period	27,0	27,4	78,6	61,5	87,3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK M	Q3 2019	Q3 2018	9 mths 2019	9 mths 2018	Full year 2018
Net profit for the period	27,0	27,4	78,6	61,5	87,3
<i>Items that are or may be reclassified to profit or loss for the period</i>					
Translation differences	6,5	-4,4	16,7	15,2	14,9
Cash flow hedges	-	1,0	-	2,4	2,9
Tax attributable to items in other comprehensive income	-	-0,2	-	-0,5	-0,6
Other comprehensive income for the period	6,5	-3,6	16,7	17,1	17,2
Net comprehensive income for the period	33,6	23,7	95,3	78,6	104,5

Net profit for the period attributable to:

Owners of the Parent Company	27,0	27,4	78,6	61,5	87,3
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Net comprehensive income for the period attributable to:

Owners of the Parent Company	33,6	23,7	95,3	78,6	104,5
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EARNINGS PER SHARE

	Q3 2019	Q3 2018	9 mths 2019	9 mths 2018	Full year 2018
Basic earnings per share, SEK	0,25	0,25	0,71	0,56	0,79
Diluted earnings per share, SEK	0,24	0,25	0,71	0,55	0,79
Number of shares before dilution, millions	110,3	110,3	110,3	110,3	110,3
Diluted number of shares, millions	111,2	110,9	111,2	110,9	110,9


CONSOLIDATED BALANCE SHEET IN SUMMARY

Amounts in SEK M	Sep 30 2019	Sep 30 2018	Dec 31 2018
Intangible assets	325,1	300,4	301,5
Property, plant and equipment	23,3	21,9	22,3
Right-of-use asset	53,7	-	-
Deferred tax assets	76,7	75,3	76,1
Total non-current assets	478,7	397,5	399,8
Inventories	269,2	251,0	189,0
Current receivables	273,2	464,4	361,8
Cash and cash equivalents	89,6	117,5	171,0
Total current assets	632,0	832,9	721,8
TOTAL ASSETS	1 110,6	1 230,4	1 121,6
Equity attributable to holders of the parent company	800,6	743,0	769,3
Total equity	800,6	743,0	769,3
Provisions	35,0	29,3	31,9
Non-current liabilities	43,3	-	-
Current liabilities	231,7	458,2	320,5
Total liabilities	310,0	487,5	352,3
TOTAL EQUITY AND LIABILITIES	1 110,6	1 230,4	1 121,6
Basic shareholders' equity per share, SEK	7,26	6,74	6,98
Diluted shareholders' equity per share, SEK	7,20	6,70	6,94

CHANGES IN CONSOLIDATED EQUITY IN SUMMARY

Amounts in SEK M	9 mths 2019	9 mths 2018	Full year 2018
Equity at the beginning of the period	769,3	718,7	718,7
Net profit for the period	78,6	61,5	87,3
Other comprehensive income for the period	16,7	17,1	17,2
<i>Net comprehensive income for the period</i>	<i>95,3</i>	<i>78,6</i>	<i>104,5</i>
Dividend	-66,2	-55,1	-55,1
Share based payments, equity settled	2,2	0,8	1,3
<i>Total transactions with owners of the Group</i>	<i>-64,0</i>	<i>-54,3</i>	<i>-53,9</i>
Equity at the end of the period	800,6	743,0	769,3
Attributable to:			
- Owners of the parent company	800,6	743,0	769,3



CONSOLIDATED CASH FLOW STATEMENTS IN SUMMARY

	Q3 2019	Q3 2018	9 mths 2019	9 mths 2018	Full year 2018
Amounts in SEK M					
Net profit before tax	28,0	28,1	81,2	62,2	88,8
Adjustment for non-cash items	8,8	12,8	31,8	18,4	28,4
- of which depreciations and amortizations	9,0	5,7	27,8	15,9	20,9
- whereof other non-cash items	-0,3	7,2	4,0	2,5	7,5
Paid income tax	-0,9	-1,2	-1,9	-1,9	-3,4
Change in working capital	-37,7	-92,3	-85,1	-54,2	-30,1
Net cash flow from operating activities	-1,8	-52,6	26,0	24,5	83,7
Net cash used in investing activities	-11,3	-3,6	-35,0	-21,5	-27,6
Net cash used in financing activities	-2,1	-	-73,2	-55,2	-55,2
Net cash flow for the period	-15,2	-56,1	-82,2	-52,2	0,9
Cash and cash equivalents at beginning of period	104,3	173,1	171,0	166,8	166,8
Exchange rate losses/gains in cash and cash equivalents	0,5	0,6	0,8	3,0	3,4
Cash and cash equivalents at end of period	89,6	117,5	89,6	117,5	171,0
Unutilized bank overdraft facility	50,0	50,0	50,0	50,0	50,0
Available funds at end of period	139,6	167,5	139,5	167,5	221,0

KEY FIGURES

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Amounts in SEK M					
Order intake	222	230	208	274	286
Order intake - rolling 4 quarters	934	998	1 287	1 268	1 225
Net sales	232,5	270,7	261,9	386,5	406,0
Net sales - rolling 4 quarters	1 151,6	1 325,1	1 276,4	1 194,5	1 061,0
Operating profit	24,8	34,1	17,6	29,0	31,0
Operating profit - rolling 4 quarters	105,4	111,6	97,6	89,1	77,0
Net profit for the period	27,0	32,2	19,3	25,8	27,4
Cash flow from operating activities	-1,8	-27,3	55,1	59,1	-52,6
Cash flow from operating activities - rolling 4 quarters	85,2	34,4	110,8	83,7	49,2
Number of employees, end of period	129	126	124	115	113
Equity/assets ratio	72%	66%	66%	69%	60%



PARENT COMPANY INCOME STATEMENT IN SUMMARY

Amounts in SEK M	9 mths 2019	9 mths 2018	Full year 2018
Net sales	652,2	798,4	1 057,4
Cost of goods sold	-485,4	-682,5	-889,7
Gross profit	166,8	116,0	167,6
Selling and administrative expenses	-71,7	-54,7	-78,1
Research and development costs	-26,4	-16,9	-25,7
Other income and expenses	-0,5	2,2	5,1
Operating profit	68,2	46,5	68,9
Net financial items	58,5	1,3	-5,2
Net profit before tax	126,7	47,8	63,8
Income tax	0,4	2,4	3,3
Net profit for the period	127,1	50,1	67,1

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK M	9 mths 2019	9 mths 2018	Full year 2018
Net profit for the period	127,1	50,1	67,1
<i>Comprehensive income for the period</i>			
<i>Items that are or may be reclassified to profit or loss for the period</i>			
Cash flow hedges	-	2,4	2,9
Tax attributable to items in other comprehensive income	-	-0,5	-0,6
Comprehensive income for the period	-	1,8	2,3
Net comprehensive income for the period	127,1	51,9	69,3



PARENT COMPANY BALANCE SHEET IN SUMMARY

Amounts in SEK M	Sep 30 2019	Sep 30 2018	Dec 31 2018
Intangible assets	54,3	40,5	42,1
Property, plant and equipment	20,1	18,1	18,7
Financial fixed assets	271,2	294,1	268,3
Total non-current assets	345,6	352,7	329,1
Inventories	211,1	109,8	133,0
Current receivables	251,5	562,6	314,2
Cash and cash equivalents	66,9	46,8	161,0
Total current assets	529,5	719,2	608,2
TOTAL ASSETS	875,0	1 072,0	937,3
Shareholders' equity	649,0	568,0	585,9
Total equity	649,0	568,0	585,9
Provisions	26,5	21,9	24,6
Non-current liabilities	0,1	0,1	0,1
Current liabilities	199,4	481,9	326,7
Total liabilities	226,0	504,0	351,4
TOTAL EQUITY AND LIABILITIES	875,0	1 072,0	937,3

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Amounts in SEK M	9 mths 2019	9 mths 2018	Full year 2018
Equity at the beginning of the period	585,8	570,3	570,3
Net comprehensive income for the period	127,1	51,9	69,3
Dividend	-66,2	-55,1	-55,1
Share based payments, equity settled	2,2	0,8	1,3
Equity at the end of the period	649,0	568,0	585,9



Note 1 — Accounting Principles

This interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with Chapter 9 of the Annual Accounts Act and RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Council. The same accounting principles and bases for calculation were applied for the Group and the Parent Company, as in the latest annual report, with the following additions.

New IFRS effective from 2019 — IFRS 16 Leases

IFRS 16 Leases entered into force on January 1, 2019. The standard changes the reporting of leases and requires all leases to be recognized in the balance sheet. The company has operating leases for office premises and cars, which affects the financial position and key ratios at transition. The company has chosen to apply the transition rules for this standard in accordance with the simplified approach, which recognizes the accumulated effect of an initial application of the standard on the first day of application, January 1, 2019. Comparative information will not be restated, and it will continue to be reported in accordance with *IAS 17 Leases* and *IFRIC 4 Determining Whether an Arrangement Contains a Lease*. The company has opted to exclude leases in which the value of the underlying asset is low. Leasing expenses for earlier operating leases will be replaced as of January 1, 2019, with write-downs on right-of-use assets and financial interest expenses for lease liabilities. Right-of-use assets will be measured at an amount corresponding to the lease liabilities on the date of transition. On January 1, 2019, the change in the reporting of leases impacted the balance sheet total by SEK 57.1 M (corresponding to 5 percent) without having an impact on equity. The Group's weighted average marginal lending rate amounted to 2.4 percent. See more lease disclosures below.

IFRS 16 – TRANSITION DISCLOSURES

	Jan 1 2019
Amounts in SEK M	
Lease liability	
Operating leases as of 31 December 2018	60,9
Discounting with the Group's weighted average marginal lending rate	-3,8
Lease liability for operating leases as of 31 December 2018	57,1
Additional liabilities for financial leases as of 31 December 2018	1,1
Lease liability recorded 1 January 2019	58,2
Right-of-use asset	
Lease liability recorded 1 January 2019	57,1
Additional assets for financial leases as of 31 December 2018	1,2
Right-of-use asset recorded 1 January 2019	58,3

LEASE LIABILITY

	Sep 30 2019	Jan 1 2019
Amounts in SEK M		
Within one year	11,1	9,7
Between one and five years	39,1	41,1
More than five years	4,2	7,5
Total	54,3	58,2

RIGHT-OF-USE ASSET

	Sep 30 2019	Jan 1 2019
Amounts in SEK M		
Premises	51,1	56,5
Cars	2,6	1,8
Total	53,7	58,3



Note 1 — Accounting Principles: IFRS 16 Leases, cont'd.

COST AND CASH FLOW INFORMATION

Amounts in SEK M	Q3 2019	Full year 2019
Depreciation of right-of use assets	2,8	7,7
(of which premises)	2,7	7,0
(of which cars)	0,2	0,8
Interest expense for lease liabilities	0,4	0,8
Cash flow for leases	2,8	7,7

Note 2 — Revenue from Contracts with Customers

BREAKDOWN OF REVENUE

Amounts in SEK M	Q3 2019	Q3 2018	9 mths 2019	9 mths 2018	Full year 2018
Revenue from goods	214,7	385,2	706,1	750,4	1 111,0
Revenue from services	14,6	14,7	48,0	45,8	64,9
Revenue from licensees	3,2	6,1	11,0	11,8	18,6
Total	232,5	406,0	765,1	808,0	1 194,5

The company has allocated discounts proportionally for all performance obligations in the agreement except for when there is observable proof that the entire discount refers to one or several, but not all, performance obligations.

NET SALES BY SALES CHANNEL

	Q3 2019	Q3 2018	9 mths 2019	9 mths 2018	Full year 2018
Direct customers	44%	62%	40%	75%	66%
Resellers	56%	38%	60%	25%	34%
Total	100%	100%	100%	100%	100%

Note 3 — Related party transactions

Significant related party transactions are described in Note 23 of the consolidated financial statements in the 2018 annual report. No related party relationships changed, and no significant transactions took place with related parties that significantly affect the Group's or Parent Company's financial position or earnings compared to the description in the 2018 annual report.

Note 4 — Share Performance Plan 2019

The AGM on April 25, 2019, resolved on a share performance plan (LTI 2019) that targets ten senior executives. After an initial investment by the participant in Pricer's B-share, the participant receives one matching share right and one performance-based share right per invested share. Following the vesting period of three years, the share rights entitle the participants to receive one matching share and up to five performance shares depending on the outcome of the performance conditions. At the end of the subscription period, ten senior executives had subscribed. From the 2019 performance share plan, a maximum of 316,000 shares can be transferred free of charge to the participants in June 2022 in the event the predefined performance targets are fully met.



Note 5 — Financial instruments

For financial instruments measured at amortized cost — trade receivables, other current receivables and cash and cash equivalents, trade payables, lease liabilities, and other current interest-free liabilities — the fair value is assessed to correspond to the carrying amount. The fair values of other non-current and current liabilities are not assessed to deviate substantially from their carrying amounts.

The derivatives for forward contracts are valued at fair value in accordance with Level 2 of the fair value hierarchy (see the definition below). Measurement of forward contracts at fair value is based on customary models with observable inputs such as interest rates and exchange rates. There were no outstanding forward contracts in 2019.

Level 1: Based on quoted prices in active markets for identical assets or liabilities

Level 2: Based directly or indirectly on observable market inputs not included in Level 1

Level 3: Based on inputs that are unobservable in the market

FINANCIAL INSTRUMENTS

	Sep 30 2019	Sep 30 2018	Dec 31 2018
Amounts in SEK M			
Derivatives used in hedge accounting (level 2)	-	0,6	-
Loan and trade receivables	331,6	555,5	519,8
Total financial assets	331,6	556,1	519,8
Derivatives used in hedge accounting (level 2)	-	1,5	-
Lease liabilities	54,3	-	-
Other financial liabilities	193,7	426,6	278,5
Total financial liabilities	248,0	428,1	278,5

Note 6 — Pledged assets and contingent liabilities

Floating charges (chattel mortgages) are a type of general collateral in the form of an undertaking to the bank. In the case of the Parent Company, guarantees are issued to customs authorities, landlords and advance payments from customers. Blocked funds in the companies' bank accounts are available for bank guarantees.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Parent company			Group		
	Sep 30 2019	Sep 30 2018	Dec 31 2018	Sep 30 2019	Sep 30 2018	Dec 31 2018
Amounts in SEK M						
Pledged assets						
Floating charges	59,6	59,6	59,6	59,6	59,6	59,6
Blocked funds	-	-	-	0,9	0,9	0,9
Total	59,6	59,6	59,6	60,6	60,5	60,5
Contingent liabilities						
Bank guarantee	-	-	-	0,9	0,9	0,9
Customs authorities	0,1	0,2	0,1	6,0	0,2	0,1
Landlords	1,7	1,7	1,7	1,7	1,7	1,7
Prepayment guarantee	-	-	13,0	-	-	13,0
Total	1,8	1,9	14,8	8,6	2,8	15,7



Alternative key ratios

In addition to the key financial ratios that are covered by the IFRS framework, this report also includes other key ratios and measures, so-called alternative performance measures, that Pricer considers to be important for monitoring, analyzing and managing its operations. These key ratios and measures also provide Pricer's stakeholders with useful information about the company's financial position, profit and loss and development in a consistent manner. The reconciliation and definitions of the alternative key ratios and measures used in this report and that cannot be inferred directly from the financial statements are presented below.

Amounts in SEK M unless otherwise stated	Sep 30 2019	Sep 30 2018	Dec 31 2018
PERFORMANCE MEASURE			
Operating expenses			
Selling and administrative expenses	-141,2	-117,6	-162,6
Research and development costs	-26,4	-16,9	-25,7
Operating expenses	-167,6	-134,5	-188,3
Operating expenses adjusted for items affecting comparability			
Operating expenses	-167,6	-134,5	-188,3
Operating expenses adjusted for items affecting comparability	-167,6	-134,5	-188,3
MARGIN RATIOS			
Net Sales	765,1	808,0	1 194,5
Gross Profit	244,5	192,4	272,2
Gross profit margin, %	32,0%	23,8%	22,8%
Operating profit	76,4	60,1	89,1
Operating margin, %	10,0%	7,4%	7,5%
CAPITAL AND FINANCIAL RATIOS			
Equity/assets ratio			
Total assets	1 110,6	1 230,4	1 121,6
Equity	800,6	743,0	769,3
Equity/assets ratio, %	72%	60%	69%
RETURN RATIOS			
Equity per share basic/diluted			
Number of outstanding shares, million	110,3	110,3	110,3
Dilution, million	1,0	0,6	0,6
Equity	800,6	743,0	769,3
Equity per share basic, SEK	7,26	6,74	6,98
Equity per share diluted, SEK	7,20	6,70	6,94
Earnings per share, before and after dilution			
Average number of outstanding shares, million	110,3	110,3	110,3
Dilution, million	1,0	0,6	0,6
Net profit	78,6	61,5	87,3
Earnings per share, before dilution, SEK	0,71	0,56	0,79
Earnings per share, after dilution, SEK	0,71	0,55	0,79



ALTERNATIVE KEY RATIOS	DEFINITION	REASON FOR USE
PERFORMANCE MEASURE		
Change in net sales adjusted for exchange rate fluctuations / change in local currency	Relationship between the period's net sales and the comparative period's net sales translated using the period's exchange rates.	This measure is used by management to follow underlying change in net sales in comparable currencies.
Gross profit	Net sales less cost of goods sold	Gross profit is an important measure for management since it is used to analyze the company's underlying development excluding factors such as the product mix and price changes that can give rise to sharp fluctuations in net sales.
Operating expenses	Refers to selling expenses, administrative expenses and R&D expenses that are included in operating activities.	Operating expenses provide an overall picture of expenses that are charged to operating activities and are an important internal measure that management can influence to a large extent.
Items affecting comparability	Expenses of a non-recurring nature that are not part of operating activities, such as personnel expenses related to reorganizations.	This measure is used by management to understand which costs are not part of the underlying operating activities.
Operating expenses adjusted for items affecting comparability	Operating expenses minus items affecting comparability.	This measure is used by management to enable comparability of operating expenses between periods and to forecast future cost trends.
Operating profit	Profit before financial items and tax.	Operating profit provides an overall picture of the total profit generation in operating activities. This is a very important measure for internal use that management has more influence over than net profit.
Rolling four quarters	Financial KPIs and measurements based on the four most recent quarters.	Rolling four quarters are used to show financial development over time adjusted for any seasonal effects.
MARGIN RATIOS		
Gross profit margin	Gross profit as a percentage of net sales.	The gross margin is used for both internal evaluation and individual sales/contracts and to monitor development over time for the company as a whole.
Operating margin	Operating profit as a percentage of net sales.	Operating margin is one of management's most important measures for performance monitoring since it measures the company's ability to convert net sales into operating profit.
CAPITAL AND FINANCIAL RATIOS		
Equity/asset ratio	Equity as a percentage of total assets.	A traditional measure that gives an indication of the company's ability to pay its debts.
RETURN RATIOS		
Equity per share, before/after dilution	Equity attributable to owners of the Parent Company divided by the weighted number of shares before/after dilution on the balance sheet date. The dilutive effect can arise from the company's outstanding warrants or performance share plans.	This measure is used to show development of equity per share over time and enable comparability with other companies.



ALTERNATIVE KEY RATIOS	DEFINITION	REASON FOR USE
Earnings per share, before/after dilution	Profit for the period attributable to owners of the Parent Company divided by the average number of shares outstanding before/after dilution during the period. The dilutive effect can arise from the company's outstanding warrants or performance share plans.	This measure is used to show development of earnings per share over time and to enable comparability with other companies.
OTHER RATIOS		
Order intake	The value of binding customer orders, invoiced service contracts and call-off under framework agreements. Does not include the anticipated future value of frameworks agreements.	Order intake is used to measure demand for the company's products and services during a specific period. This measure is also an important indicator of increases/decreases in demand between periods.
Change in order intake adjusted for exchange rate fluctuations	Relationship between the period's order intake and the comparative period's order intake translated using the period's exchange rates.	This measure is used by management to follow underlying change in order intake in comparable currencies.
Order backlog	The value of incoming orders that have not yet been invoiced.	The size of the order backlog gives an indication of net sales development from a short to mid-term perspective.

About Pricer

Pricer offers solutions to the retail trade for more efficient and safer price information through electronic display and information systems. Pricer's systems significantly increase the utility for consumers and in-store productivity. Pricer's platform is based on two-way communication to ensure traceability and an efficient use of resources. Pricer's system leads to increased productivity in-store and makes things easier for customers.

Pricer, which was founded in Uppsala in 1991, is the leading supplier of electronic display and information systems for the retail trade. With the most comprehensive ESL solution, Pricer has installations in more than 50 countries and the majority of the world market for ESL systems. Customers include many of the world's leading store chains and several of the largest retail chains in Europe, Japan and the USA. In cooperation with qualified partners, Pricer offers a total integrated solution with add-on products, applications and services.

The Pricer share is quoted on the Small Cap list of Nasdaq Stockholm. For more information, please visit www.pricer.com.

Pricer AB
Box 215
SE-101 24 Stockholm, Sweden
Street address: Västra Järnvägsgatan 7
SE-111 64 Stockholm

Website: www.pricer.com
Telephone: +46 8 505 582 00
CIN: 556427-7993