

Interim report January-September 2020 – Pricer AB (publ)

Record-high delivery activity — strong increase in net sales and operating profit

Third quarter 2020

- Net sales amounted to SEK 565.7 M (232.5), an increase of 143 percent compared to the same period last year.
- Operating profit amounted to SEK 75.1 M (24.8), which corresponds to an operating margin of 13.3 percent (10.7).
- Order intake was SEK 440 M (222), an increase of 98 percent compared to the same period last year.
- Order backlog amounted to SEK 754 M (132), of which the majority is expected to be delivered in 2020.
- Profit for the period was SEK 69.3 M (27.0).
- Earnings per share (basic) were SEK 0.63 (0.25). Earnings per share (diluted) were SEK 0.62 (0.24).
- Cash flow from operating activities was SEK 38.2 M (-4.8).

January–September 2020

- Net sales amounted to SEK 1,079.2 M (765.1), an increase of 41 percent compared to the same period last year.
- Operating profit amounted to SEK 85.9 M (76.4), which corresponds to an operating margin of 8.0 percent (10.0).
- Order intake was SEK 1,135 M (661), an increase of 72 percent compared to the same period last year.
- Profit for the period was SEK 77.3 M (78.6).
- Earnings per share (basic) were SEK 0.70 (0.71). Earnings per share (diluted) were SEK 0.69 (0.71).
- Cash flow from operating activities was SEK 61.7 M (19.4).

Comments from CEO Helena Holmgren

We can look back with satisfaction on a record-setting third quarter and with pride state that Pricer is continuing to deliver solutions that help strengthen our customers' market position even in a challenging situation due to the ongoing pandemic. I would like once again to applaud all our fantastic employees, who with courage, innovative thinking and hard work have made this positive development possible. Net sales in the third quarter amounted to just over SEK 565 M, which is an increase of 143 percent compared to the same period last year. The delivery delays resulting from various restrictions during the second quarter have been recouped, and activity on the market continues to be high. This was reflected in particular in the excellent order intake of SEK 440 M for the third quarter, which is almost twice the order intake from Q3 2019.

The operating profit of just over SEK 75 M for the third quarter is proof of the good scalability in the business. Apart from the costs directly attributable to sales, costs consist to a large

extent of fixed costs. The major ongoing customer projects in the USA, the Netherlands, Norway and Canada have progressed according to plan. Production capacity has been expanded to manage the sharp volume increase and scalability in the supply chain has lived up to all expectations, despite the unusual challenges consequent to the pandemic.

Pricer decided during the spring not to furlough any employees or in any other way utilize the government support that was made available to companies hit hard by the rapidly changing market conditions. Instead, we have continued to consciously work our strategic markets and pave the way for continued growth. We also kept up the pace of our product development, in particular with regard to our new cloud-based offering, Pricer Plaza, which is in operation in more than 150 stores. We intend to continue to invest in product development, market presence, and system support to further build on our strong market position and ensure growth for many years going forward.

The outcome for the first three quarters of the year combined with an order backlog that is still high indicates that Pricer has doubled its business in the past three years. We are also noting on the market an accelerating need to digitalize store operations and utilize technology to strengthen competitiveness and meet the challenges facing physical retail. We stand by our previous assessment that the conditions are in place for strong market growth in Europe and North America over the next few years. The penetration rate for ESL systems continues to be low, and the task is to replace analogue paper labels with connected digital labels. Our focus going forward is to continue to build the organization and our offering to enable a further doubling of our business in the coming years.

To maintain a high growth rate, it will continue to be important to win large customer projects. The timing of these projects is difficult to influence, thus the day-to-day business based on small and mid-sized customer projects will continue to be an important part of the operations and the growth rate. In 2020, we continued our geographic expansion and established a presence with our own staff in the Netherlands and Taiwan. We have also strengthened our presence on a number of strategic markets.

In the short term, the uncertainty in the world continues to be high, and we are doing our best to be agile and adapt to the local guidelines and recommendations that are issued. The health and welfare of our staff is our top priority. Together we will create conditions for continued value creation and support for our customers for a long time.

Helena Holmgren
President and CEO

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

About Pricer

Pricer AB is a global leader in providing in-store digital shelf-edge solutions that enhance both store performance and the shopping experience. The increasingly feature-rich Pricer platform is fast, robust, interconnectable and scalable. Pricer was founded in Sweden in 1991 and is listed on NASDAQ Stockholm. For further information, please visit www.pricer.com