

Interim Report January-June 2021 – Pricer AB (publ)

Net sales growth of 35 percent and strong profitability improvement

Second quarter 2021

- Net sales amounted to SEK 389.0 M (287.6) an increase of 35 percent compared to the same period last year.
- Operating profit amounted to SEK 22.6 M (3.5), which corresponds to an operating margin of 5.8 percent (1.2).
- Order intake was SEK 408 M (324), an increase of 26 percent compared to the same period last year.
- Order backlog amounted to SEK 563 M (903), of which the majority is expected to be delivered in 2021.
- Profit for the period was SEK 15.2 M (-6.9).
- Earnings per share (basic and diluted) were SEK 0.14 (-0.06).
- Cash flow from operating activities was SEK -18.2 M (21.3).

First half 2021

- Net sales amounted to SEK 781.9 M (513.6) an increase of 52 percent compared to the same period last year.
- Operating profit amounted to SEK 39.9 M (10.8), which corresponds to an operating margin of 5.1 percent (2.1).
- Order intake was SEK 850 M (695), an increase of 22 percent compared to the same period last year.
- Profit for the period was SEK 32.9 M (8.0).
- Earnings per share (basic and diluted) were SEK 0.30 (0.07).
- Cash flow from operating activities was SEK -80.8 M (23.5).

Comments from CEO Helena Holmgren

Net sales in the second quarter amounted to SEK 389 M (288), which means an increase of 35 percent compared to the same period last year. Excluding currency effects net sales grew 49 percent, and in terms of volume, during the quarter, we delivered twice as many digital labels as we did during the corresponding period the previous year. Net sales were distributed over a large number of customers with a wide geographic spread and market activity in all important markets remain high.

Paper labels are increasingly being replaced by digital labels, but despite this, the penetration rate of ESL (Electronic Shelf Label) systems remains very low from a global retail perspective. The low degree of penetration in combination with the fact that pricing of goods is one of the most central processes in store operations constitutes good conditions for continued high market growth in the coming years.

Order intake in the second quarter amounted to SEK 408 M (324), which is in line with the last three quarters and corresponds to an increase of 26 percent compared to the previous

year. In addition to the steadily growing flow of small and medium-sized orders that are generated by either our local sales organizations or our global network of partners, there are regular call-off orders from the framework agreements that were communicated in recent years. With several parallel framework agreements, we have a smoother and more stable inflow of orders than we have seen historically, even though large customer projects can create lumpiness between quarters and may also do so going forward. The order backlog increased marginally during the quarter and amounted at the end of June to SEK 563 M.

The gross margin of 24.5 percent (22.9) and the operating profit of SEK 22.6 M (3.5) continue to be under pressure from high component and logistics costs. Otherwise, the gross margin is primarily a result of the product and contract mix that was invoiced in the quarter. We are continuing to invest in a strengthened market presence, which forms the basis for a closer dialogue with our customers and a broader service offering. Combined with a continued high rate of innovation in product development, this has increased the operating expenses, primarily in the form of staff and consultants.

We are in a very exciting phase of the company's now 30-year history. In addition to providing the market's most stable and high-performing ESL system, we offer our customers a broad palette of services and software-based solutions. Using our cloud-based platform Pricer Plaza as a starting point, we can assist with everything from operations and monitoring of the ESL system to analysis based on real-time information, thus ensuring efficient performance of prioritized in-store tasks. We are still in an early phase of this development, but we are already seeing results from our investments in the form of increased service and licensing revenue, albeit at continued low levels.

The cash flow is a result of timing effects between incoming and outgoing payments. The high capital tie-up at the end of the second quarter is attributable to the high rate of production and delivery, combined with longer transport times than normal. In the second quarter we also initiated investments into more scalable production solutions that we intend to continue with in the fall to meet the increased demand we are experiencing in the market. As communicated previously, we advise that cash flow should always be analyzed over time.

As country borders open and travel restrictions are lifted, we look forward to more face-to-face meetings during the second half of the year. I would like to extend once again a warm "Thank You" to our fantastic employees and partners for the endurance and problem-solving abilities that they have demonstrated since the start of the pandemic. I truly admire the work that made the company's great development to date possible, and I look forward to the exciting journey and growth that lies ahead of us.

Helena Holmgren
President and CEO

For further information, please contact:

Helena Holmgren, President and CEO, +46 (0)702 870 068
ir@pricer.com

This information is information that Pricer AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08:30 CET on July 20, 2021.

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 leading global technology company serving the rapidly growing smart retail market with in-store digital solutions that enhance both store performance and the shopping experience. Through electronic shelf labels, advanced technology, such as optical wireless communication and AI, and continuous innovation, Pricer offers the foundation for in-store communication and efficiency. The industry leading Pricer platform delivers benefits from 30 years of deployment experience and 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