

Interim Report January – September 2010

Sales increase by 47 percent in the quarter

– Currencies effect the result negatively

Third quarter

- Order entry of SEK 113 M (89)
- Net sales of SEK 106.7 M (72.4)
- Gross margin of 30 percent (38)
- Operating profit of SEK 7.1 M (2.8)
- Net profit of SEK 2.3 M (1.1)
- Cash flow from operating activities of SEK -25.4 M (16.1)
- Earnings per share before dilution SEK 0.00 (0.00)

January – September

- Order entry of SEK 296 M (244)
- Net sales of SEK 285.9 M (213.2)
- Gross margin of 38 percent (40)
- Operating profit of SEK 34.9 M (5.9)
- Net profit of SEK 30.6 M (0.9)
- Cash flow from operating activities of SEK -28.6 M (44.8)
- Earnings per share before dilution SEK 0.03 (0.00)

- The largest installation so far for Pricer, done at French Carrefour, begins in the fourth quarter. This deal, valued at approximately SEK 300 M, will be finalized in 2013
- French Cora invest in Pricer's Electronic Shelf Label (ESL) system in 50 hypermarkets. Implementation has begun and will take place during 2010-2012
- Schiever in France installs Pricer solution in all 74 hypermarkets. The value of this project is estimated to SEK 45 M and will be finished during 2011
- Leading French Do-It-Yourself retailer Castorama deployed Pricer solution in 20 stores during the year
- Pricer rolls out ESL at one of North America's top 50 grocers

Comments from the CEO

"I am pleased to note that our sales increased strongly during the quarter. The recovery in European sales continued and we saw good growth in other of our important markets with the exception of Japan. In addition to a brighter market environment several of our customers discover that our electronic shelf labels contribute to reduction in cost, improved efficiency and thereby increased profitability. We continue to win significant deals on the, to us so important French market. We have won three strategic and large deals there this quarter. However, our result is burdened during the quarter by a stronger krona. All in all I confirm our outlook of being able to report higher revenue and a significantly higher result for the year 2010 than what we did for 2009."

Fredrik Berglund, CEO Pricer AB



Market development

Store installations totalled 589 (521) year to date, and 182 (219) stores during the quarter.

Order intake and sales improved for Pricer over same period last year. This reflected several new ESL deployment programs being initiated or accelerated in both food and non-food retail.

Europe

France continues to be the country where Pricer has the largest sales. The Nordic and most southern and eastern European markets remain weaker than in previous years. Italy however is continuing to grow strongly in large retail accounts. There are also several significant pilot programs in these markets which are expected to lead to decisions in 2010.

Carrefour, the second largest retailer worldwide, has chosen Pricer for upgrading the Electronic Shelf Labels in its hypermarkets. Pricer's new Continuum labels will replace the previous generation labels that are installed in 194 hypermarkets in France. As a first step about 15 hypermarkets will be installed this year. Pricer estimates that the total value of the ESL replacement at Carrefour hypermarkets is close to SEK 300 M.

Cora has decided to roll out Pricer Electronic Shelf Label system in all its remaining 50 hypermarkets. The project value is about SEK 50 M. Cora is planning to install 20 stores before the end of the year and the rest during 2011-2012.

Groupe Schiever, a French retail group and affiliate of the Auchan group, has decided to roll out Pricer system in all 74 Atac hypermarkets. The first 20 stores will be installed by year end and the rollout will be completed by the end of 2011. The total project value is SEK 45 M.

Growth opportunities in other segments of retail are also improving. One such example is Castorama, part of the Kingfisher Group and the second largest retailer in the French DIY industry, have begun a significant implementation in the first 20 stores with a total value of SEK 45 M. The program will continue also next year.

Asia Pacific, Oceania & other markets

Several new markets in the region continue to grow and contribute significantly to Pricer's results during the year. However, Japan sales continue to disappoint but certain signs of improvement are appearing.

America

Several important contracts highlight the importance - and more importantly the potential - this market has for Pricer.

Significantly, a North American food chain operating over 250 grocery stores manages an important deployment project with Pricer solution. Soriana, a large food retailer in Mexico, is in the process of fully deploying Pricer throughout the country. The Soriana deployment is leading to new opportunities in the region. Several new pilot projects are now underway in Mexico as well as in other Latin American countries.

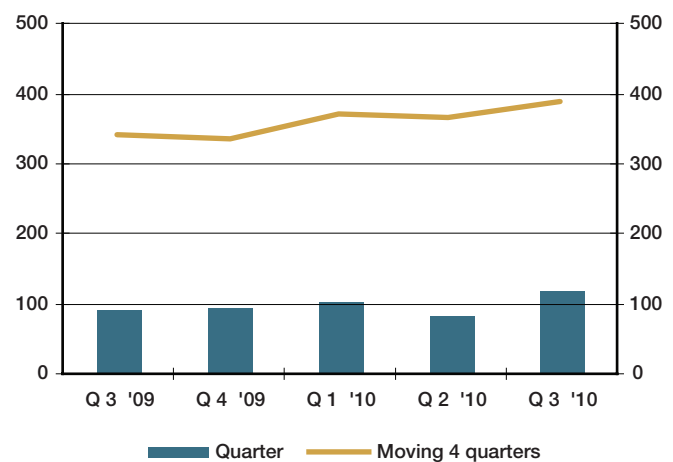
As part of Pricer's on-going efforts with new retail segments, The Cellular Connection, Midwest USA's largest Verizon wireless premium retailer, selected Pricer's graphic Electronic Shelf Labels, DotMatrix, for a company-wide rollout in all of its 215 retail stores.

Orders, net sales and result for the third quarter 2010

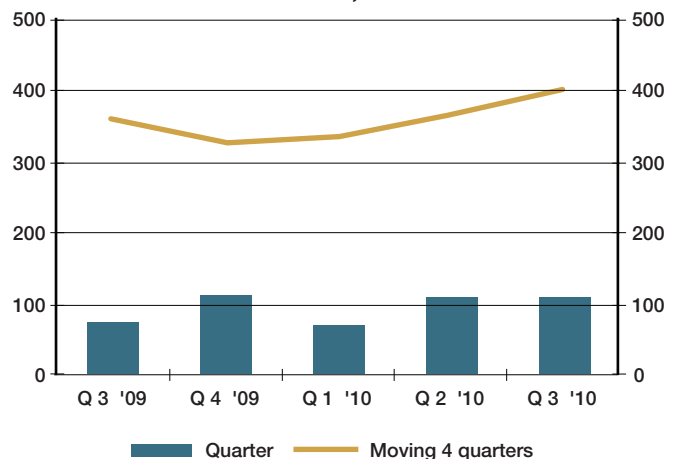
Order entry amounted to SEK 113 M (89) in the third quarter, an increase of 26 percent. Excluding the negative currency effect the increase was 37 percent over last year. Euro and dollar, Pricer's main trading currencies, have weakened compared to the Swedish krona since the same period previous year. Net sales were SEK 106.7 M (72.4), an increase of 47 percent. Excluding the negative currency effect the increase was 59 percent. During the third quarter gross profit amounted to SEK 31.7 M (27.8) and the gross margin decreased to 30 percent (38). The reduced gross margin in the quarter is attributable to negative currency effects from hedging contracts as especially the dollar has weakened in the quarter. The currency effects are essentially yet unrealized and contributed SEK -9.4 M. Without these effects, the margin in the third quarter was 38 percent.

Operating expenses amounted to SEK 24.6 M (25.0). Capitalised development expenses, net of depreciations, amounted to SEK 1.2 M (2.6) in the quarter. Expenses also include an accrual of SEK 1.7 M for the parting CEO. Operating result was SEK 7.1 M (2.8) leading to an operating margin of 6.7 percent (3.9). Net financial items were SEK -5.4 M (-2.2) for the quarter and consisted primarily of negative currency revaluations of loans and cash positions. Net profit was SEK 2.3 M (1.1) for the quarter.

Order Entry, SEK M



Net Sales, SEK M



Orders, net sales and result for January - September 2010

Order entry amounted to SEK 296 M (244) for the period, up 21 percent as compared to last year. Excluding the negative currency effect the increase was 32 percent. At the end of September order backlog amounted to SEK 97 M (98).

Net sales amounted to SEK 285.9 M (213.2) during the period, up 34 percent as compared to 2009. The increase was 46 percent excluding the negative currency effect. Net sales amounted to SEK 400 M (361) on a rolling annual basis, an increase of 11 percent.

Gross profit amounted to SEK 110.0 M (85.5) and the gross margin was 38 percent (40) for the period. Gross profit has been marginally negatively affected by currency effects from hedging contracts contributing SEK -0.8 M.

Operating expenses amounted to SEK 75.2 M (79.6) for the period, down 6 percent. Expenses have been reduced in the year by SEK 6.1 M (4.6) through capitalised product development expenses, net of depreciations. It is noted that expenses include SEK 6.0 M (6.0) for depreciations of intangible assets from the acquisition of Eldat in 2006 depreciated over five years until August 2011.

The operating profit amounted to SEK 34.9 M (5.9) for the period. Accordingly, the operating margin improved to 12.2 percent (2.8).

Net financial items amounted to expenses of SEK -6.0 M (-6.5) for the period and consisted primarily of negative currency revaluation of loans and cash positions. No income tax was recorded in the year due to existing tax loss carry-forwards.

Net profit was SEK 30.6 M (0.9) for the period. Translation differences in other comprehensive result consisted of negative currency revaluation of assets, notably goodwill and loan to a subsidiary, denominated in euro.

Currency effect Order & Sales

	Q 3 2010	9 months 2009
% change in Orders	26%	21%
whereof currency effect	-11%	-11%
% change in Orders adjusted for currency effect	37%	32%
% change in Sales	47%	34%
whereof currency effect	-12%	-11%
% change in Sales adjusted for currency effect	59%	45%

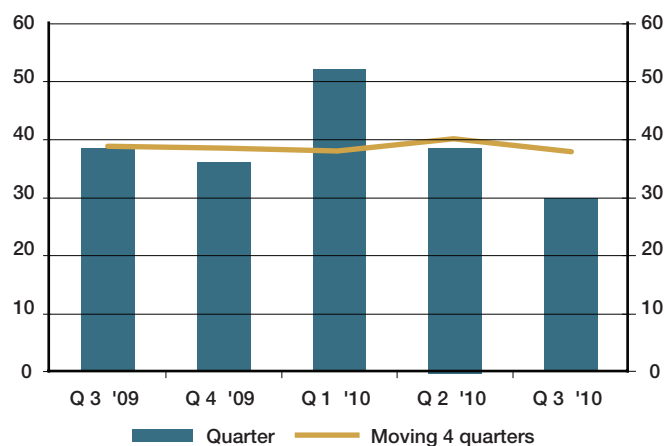
Growth would have been higher with currency rates prevailing last year as both the dollar and the euro were stronger.

Adjusted Gross Margin

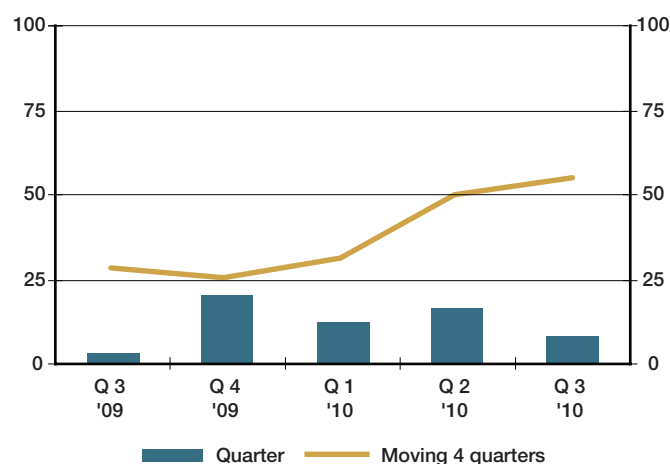
	Q 3 2010	9 months 2009
% Gross Margin	30%	38%
where of value changes in currency futures	-8%	-1%
% Adjusted Gross Margin	38%	39%

The result in the third quarter has been affected negatively by revaluation of currency hedging contracts.

Gross Margin, %



Operating Profit, SEK M



Financial position Third quarter 2010

Cash flow from operating activities amounted to SEK -25.4 M (16.1) for the quarter. Cash flow has been negatively affected by increased working capital related to sales volume in the quarter.

January - September 2010

Cash flow from operating activities amounted to SEK -28.6 M (44.8) for the period. Working capital amounted to SEK 170.4 M (106.1) at the end of the period, the increase being explained mostly by increased inventory levels facing expected sales growth and increased receivables. Working capital has increased during the year related to sales volume. Cash and cash equivalents at the end of September amounted to SEK 59.4 M (88.0).

The convertible loans issued in 2007 were converted to equity on June 30 and the share capital increase was registered in July. The number of shares increased by approximately 39 million shares or by 4 percent.

In addition to available cash of SEK 59.4 M there are bank facilities in place amounting to SEK 50 M, of which SEK 25 M in the form of bank overdraft.

Net sales and operating profit, SEK M

SEK M	Jul - Sep 2010	Jul - Sep 2009	Jan - Sep 2010	Jan - Sep 2009
Net sales	106.7	72.4	285.9	213.2
Cost of goods sold	-75.0	-44.6	-175.9	-127.7
Gross profit	31.7	27.8	110.0	85.5
Gross margin, %	30	38	38	40
Expenses	-24.6	-25.0	-75.2	-79.6
Operating profit	7.1	-2.8	34.9	5.8
Operating margin, %	6.7	3.9	12.2	2.8

Capital expenditure

Capital expenditures during the third quarter amounted to SEK 2.7 M (2.7), and included capitalised development costs of SEK 1.3 M.

For the period capital expenditures amounted to SEK 9.4 M (6.3), and included capitalised development costs of SEK 6.4 M.

Employees

The average number of employees in the quarter was 53 (67) and in the period 53 (67). The number of employees at the end of the period was 53 (67).

Parent Company

The Parent Company's net sales amounted to SEK 236.4 M (175.0) and net profit amounted to SEK 20.7 M (2.6) for the period. The company had cash and cash equivalents of SEK 39.2 M (74.8) at the end of September.

Risks and uncertainties

Pricer's results and financial position are affected by a number of risk factors that should be taken into consideration when assessing the company and its future potential. These risks are primarily related to development of the ESL market. Given the customer structure and the large size of the contracts any delay in the installations may have a significant impact on any given quarter. For additional risks reference is made to the annual report.

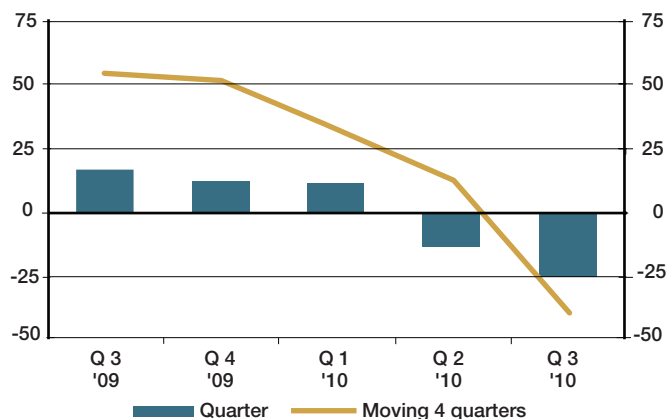
Related parties

There have been no significant transactions involving related parties that could have a material impact on Pricer's financial position and earnings other than the conversion of loans in June 2010.

Accounting principles

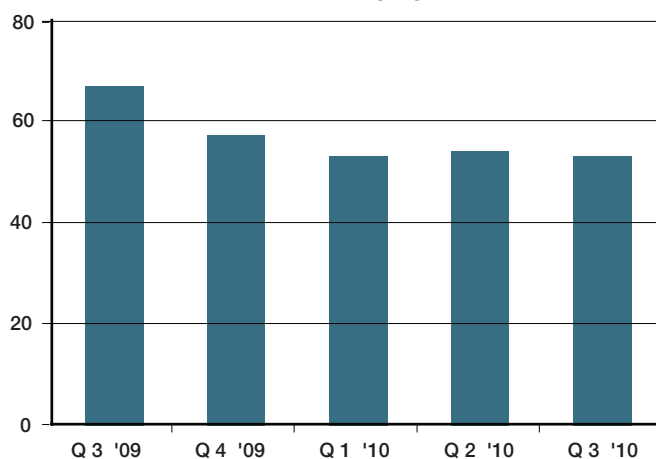
This interim report has for the consolidated accounts been issued in accordance with the IAS 34 Interim reporting and relevant regulations in the Swedish Annual Accounts Act. This interim report for the Parent Company has been issued in accordance with the Swedish Annual Accounts Act, chapter 9. Accounting principles applied for the consolidated and the Parent Company accounts are coherent with the principles in the latest annual report.

Cash Flow from operating activities, SEK M



The growth of Pricer leads to more working capital, negatively affecting cash flow.

Number of Employees



Outlook

The earlier outlook of higher revenue and significantly higher result in 2010 as compared to 2009 remains valid.

Nomination committee

A nomination committee has been appointed consisting of Salvatore Grimaldi (chairman), Thomas Bill, Theodore Jeansson, John Örtengren and Peter Larsson.

Next reporting date

The Year-end report for 2010 will be published on February 16, 2011.

Calendar

Annual General Meeting	May 4, 2011
Interim report Q1	May 4, 2011
Interim report Q2	August 24, 2011
Interim report Q3	October 31, 2011
Year-end report 2011	February 17, 2012

Sollentuna, November 1, 2010
Pricer AB (publ)

Fredrik Berglund
CEO

This report has not been reviewed by the auditors

(The interim report is a translation of the Swedish original only for convenience)

In its capacity as issuer, Pricer AB is releasing the information in this interim report for January – September 2010 in accordance with the Swedish Securities Exchange Act (2007:528). The information was distributed to the media for publication at 08:30 AM CEST on Monday November 1, 2010.

For further information, please contact:

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STATEMENT OF COMPREHENSIVE INCOME

	Q 3	Q 3	9 mån	9 mån	Full year
Amounts in SEK M	2010	2009	2010	2009	2009
Net sales	106.7	72.4	285.9	213.2	327.3
Cost of goods sold	-75.0	-44.6	-175.9	-127.7	-201.0
Gross profit	31.7	27.8	110.0	85.5	126.3
Selling and administrative expenses	-20.4	-21.4	-63.5	-67.0	-85.5
Research and development expenses	-4.2	-3.6	-11.7	-12.6	-15.6
Operating profit	7.1	2.8	34.9	5.9	25.2
Net financial items	-5.4	-2.2	-6.0	-6.5	-7.8
Result before tax	1.7	0.6	28.8	-0.6	17.4
Taxes	0.6	0.5	1.8	1.5	2.5
Net profit for the period	2.3	1.1	30.6	0.9	19.9

OTHER COMPREHENSIVE INCOME

Translation differences	-12.3	-21.2	-40.1	-23.9	-19.1
Net comprehensive income for the period	-10.0	-20.1	-9.5	-23.0	0.8
Net profit for the period attributable to:					
Equity holders of the Parent Company	2.3	1.1	30.6	0.9	19.9
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Net comprehensive income for the period attributable to:					
Equity holders of the Parent Company	-10.0	-20.1	-9.5	-23.0	0.8
Non-controlling interest	0.0	0.0	0.0	0.0	0.0

EARNINGS PER SHARE

	Kv 3	Kv 3	9 mån	9 mån	Full year
	2010	2009	2010	2009	2009
Earnings per share before dilution, SEK	0.00	0.00	0.03	0.00	0.02
Earnings per share after dilution, SEK	0.00	0.00	0.03	0.00	0.02
Number of shares, millions	1,056	1,016	1,029	1,016	1,016
Number of shares after dilution, millions	1,106	1,173	1,082	1,055	1,055

NET SALES BY GEOGRAPHICAL MARKET

	Kv 3	Kv 3	9 mån	9 mån	Full year
Amounts in SEK M	2010	2009	2010	2009	2009
Nordic Countries	2.8	8.7	11.7	27.0	32.6
Rest of Europe	77.0	43.6	181.2	130.1	215.7
Asia	3.5	4.8	8.3	30.5	38.5
Rest of the world	23.3	15.3	84.7	25.6	40.6
Total net sales	106.7	72.4	285.9	213.2	327.3

STATEMENT OF FINANCIAL POSITION

Amounts in SEK M	30/09/2010	30/09/2009	31/12/2009
Goodwill and other intangible assets	254.1	279.7	282.3
Tangible fixed assets	2.6	2.8	2.6
Financial assets	42.0	41.0	41.5
Total fixed assets	298.7	323.5	326.4
Inventories	111.9	81.5	57.5
Receivables	162.2	101.5	128.5
Cash and cash equivalents	59.4	88.0	102.8
Total current assets	333.5	271.0	288.8
TOTAL ASSETS	632.2	594.5	615.2
Shareholders' equity	526.3	489.3	513.1
Non-controlling interest	0.1	0.1	0.1
Total equity	526.4	489.4	513.2
Long-term liabilities	2.1	28.2	5.9
Short-term liabilities	103.7	76.9	96.1
Total liabilities	105.8	105.1	102.0
TOTAL EQUITY AND LIABILITIES	632.2	594.5	615.2
Pledged assets	35.6	151.7	154.6
Contingent liabilities	1.0	1.3	1.3
Shareholders' equity per share, SEK	0.51	0.48	0.51
Shareholders' equity, SEK, after dilution	0.49	0.50	0.52

STATEMENT OF CHANGE IN EQUITY

Amounts in SEK M	9 mån 2010	9 mån 2009	Full year 2009
Equity at beginning of period	513.2	510.0	510.0
Net comprehensive income for the year	-9.5	-23.0	0.8
Effect of raising convertible loans	0.0	0.8	0.8
Share issue/conversion	22.4	0.0	0.0
Change due to employee stock options	0.3	1.6	1.6
Equity at end of period	526.4	489.4	513.2
Attributable to:			
- Equity holders of the Parent Company	526.3	489.3	513.1
- Non-controlling interest	0.1	0.1	0.1
Total	526.4	489.4	513.2

STATEMENT OF CASH FLOWS - SUMMARY

	Q 3	Q 3	9 months	9 months	Full year
Amounts in SEK M	2010	2009	2010	2009	2009
Net result after financial items	1.7	0.6	28.8	-0.6	17.4
Adjustment for non-cash items	6.4	6.7	8.6	16.0	13.5
Paid tax	-	-	-0.4	-	-
Change in working capital	-33.5	8.8	-65.6	29.4	25.2
Cash flow from operating activities	-25.4	16.1	-28.6	44.8	56.1
Cash flow from investing activities	-2.7	-2.7	-9.4	-6.3	-8.2
Cash flow from financing activities	-	-	-	-22.6	-22.6
Cash flow for the period	-28.1	13.4	-38.0	15.9	25.3
Cash and cash equivalents at start of period	91.8	77.2	102.8	75.8	75.8
Exchange rate difference in cash and cash equivalents	-4.3	-2.6	-5.4	-3.7	1.7
Cash and cash equivalents at end of period	59.4	88.0	59.4	88.0	102.8
Unutilised bank overdraft facilities	25.0	25.0	25.0	25.0	25.0
Disposable funds at end of period	84.4	113.0	84.4	113.0	127.8

KEY RATIOS, GROUP

	Q 3	Q 2	Q 1	Q 4	Q 3
Amounts in SEK M	2010	2010	2010	2009	2009
Order entry	112,6	82,3	100,1	93,9	89,4
Order entry - moving 4 quarters	388,9	365,7	370,3	337,7	342,3
Net sales	106,7	109,5	69,7	114,1	72,4
Net sales - moving 4 quarters	400,0	365,7	333,9	327,3	360,9
Operating profit	7,1	15,7	12,0	19,3	2,8
Operating profit - moving 4 quarters	54,2	49,8	30,9	25,2	27,7
Profit for the period	2,3	17,9	10,4	19,0	1,1
Cash flow from operating activities	-25,4	-14,0	10,8	11,5	16,1
Cash flow from op.activities - moving 4 quarters	-17,1	24,4	40,5	56,3	58,3
Number of employees, end of period	53	54	53	57	67
Equity ratio	83%	82%	84%	83%	82%

PARENT COMPANY INCOME STATEMENT - SUMMARY

	9 months	9 months	Full year
Amounts in SEK M	2010	2009	2009
Net sales	236.4	175.0	253.0
Cost of goods sold	-177.3	-135.2	-190.4
Gross profit	59.1	39.8	62.6
Selling and administrative expenses	-21.0	-19.1	-25.2
Research and development expenses	-11.7	-12.6	-15.6
Operating profit	26.4	8.1	21.8
Result from participations in group companies	-	-	9.3
Net financial items	-5.4	-5.5	-6.5
Result before tax	21.0	2.6	24.6
Tax on result for the period	-0.3	-	-
Net profit for the period	20.7	2.6	24.6

STATEMENT OF PARENT COMPANY COMPREHENSIVE INCOME

	9 months	9 months	Full year
Amounts in SEK M	2010	2009	2009
Net profit for the period	20.7	2.6	24.6
Translation differences	-7.9	6.0	-5.0
Net comprehensive income for the period	12.8	8.6	19.6

PARENT COMPANY BALANCE SHEET - SUMMARY

	30/09/2010	30/09/2009	31/12/2009
Amounts in SEK M			
Intangible fixed assets	15.9	6.3	8.1
Tangible fixed assets	1.4	1.4	1.2
Financial assets	340.6	337.4	339.2
Total fixed assets	357.9	345.1	348.5
Inventories	76.3	50.9	35.3
Current receivables	96.3	39.5	60.3
Cash and cash equivalents	39.2	74.8	91.0
Total current assets	211.8	165.2	186.6
TOTAL ASSETS	569.7	510.3	535.1
Shareholders' equity	489.1	432.8	456.9
Total equity	489.1	432.8	456.9
Long-term liabilities	1.7	23.7	2.1
Current liabilities	78.9	53.8	76.1
Total liabilities	80.6	77.5	78.2
TOTAL EQUITY AND LIABILITIES	569.7	510.3	535.1
Pledged assets	34.8	51.9	52.3
Contingent liabilities	0.2	0.2	0.2



About Pricer

Pricer provides the retail industry's leading electronic display and Electronic Shelf Label (ESL) platform, solutions, and services for intelligently communicating, managing, and optimizing price and product information on the retail floor. Pricer is the only company today offering a communication platform that supports both segment based ESL and pixel-based ESL. The platform is based on a two-way communication protocol to ensure a complete traceability and effective management of resources. The Pricer system significantly improves consumer benefit and store productivity by simplifying work in the store.

Pricer, founded in 1991 in Uppsala, Sweden, offers the most complete and scalable ESL solution. Pricer has closer to 6,000 installations in more than 40 countries with the largest ESL world market share. Customers include many of the world's top retailers and some of the foremost retail chains in Europe, Japan and the USA. Pricer, in co-operation with qualified partners, offers a totally integrated solution together with supplementary products, applications and services.

Pricer AB (publ.) is quoted on Nasdaq OMX Nordic Small Cap.
For further information, please visit www.pricer.com

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