



Year-end report for the 2003 financial year

- **Net sales of SEK 62.0M (73.9), fourth quarter SEK 19.2M (22.0)**
- **Loss after tax of SEK 52.4M (loss 46.5)**
- **Loss per share of SEK 0.16 (loss 0.16)**
- **Gross margin of 22 per cent (19), fourth quarter 28 (24) per cent**
- **Operating loss of SEK 54.9M (loss 44.8)**
- **Order received of SEK 23.2M (55.0)**
- **Liquidity strengthened by SEK 51.3M through new share issue**
- **Liquid funds of SEK 66.7M (70.5)**
- **Pricer set up PIER AB, a joint venture with Ishida for product development**
- **Agreement with partner in USA, StoreNext Retail, and first order received**

Important events after the end of reporting period:

- **Pricer has been chosen as sole supplier of ESL systems for the French Retail chain Carrefour**

Operations

During 2003, operations were characterised by a strong focus on specific marketing activities and customer-adapted product development. The majority of the marketing activities were focused on large and medium-sized retail chains which have initiated discussions aimed at evaluating both systems and suppliers. Pricer has put high priority in these negotiations, therefore, participated in evaluations and discussions aimed at major opportunities in the future. These negotiations have in a number of cases been extended more than previously stated. The main objective of the implemented product development strategy has been to produce more cost-efficient solutions and to further strengthen the system with additional functions in line with demands from customers. During the year,

Pricer also continued to improve the performance of the system's infrastructure and moved production to a new partner.

Orders received for the fourth quarter amounted to SEK 8.6M (9.3) and for the financial year to SEK 23.2M (55.0). Orders were mainly received from customers on the Nordic and French market as well as the German retail chain Metro. At the end of the period, the order book amounted to approximately SEK 185M (USD 25M). The order book includes an order received from Ishida in 2001, of which SEK 177M (USD 24M) remains to be delivered up to the end of 2007. Orders are to a large extent taken in USD and currency fluctuations had an adverse effect on the value of the orders in hand in SEK.

In the fourth quarter, Pricer signed a distributor agreement with StoreNext Retail, thereby making a move onto the North American market. The first order - for ESL systems (Electronic Shelf Label) for two retail chains in Connecticut - was received and delivered in December 2003. StoreNext is jointly owned by Fujitsu Transaction Solutions and Retailix USA and offers PoS solutions for the retail sector. It has a network of 50 distributors across the North American continent.

In order to meet customer demands for new high-quality customised software for the Pricer system, Pricer became a part owner of Appulse Retail Software Solutions Private Ltd in the second quarter. Appulse Ltd is based in New Delhi, India, and specializes in the development and support of software for the retail trade. In the fourth quarter, Pricer raised its interest in Appulse Ltd from 10 per cent to 51 per cent.

During the year, Pricer and Ishida set up and launched a joint venture, Pricer Ishida Explorative Research (PIER) AB. The main purpose of the company is to continuously develop Pricer's ESL systems using new technologies to meet future requirements, especially in Japan, but also for other markets around the world.

Market

The Japanese market, a key market for Pricer, is facing a strong growth as the number of retail chains that installed Pricer's ESL systems has increased during the year, and installations have accelerated in the final quarter. The Japanese market is characterised by a broader base of retail chains gradually expanding into ESL systems rather than there being any large scale "roll outs", although negotiations on such projects have been underway recently with several chains.

Pricer has received further clear signs that a growing number of retail chains around the world are starting to realise the value of investing in electronic pricing and information systems in order to rationalise and streamline their operations. A number of large European retail chains are already installing ESL systems or are about to make significant investments in them. Some of these companies are in the late stages of the evaluation process, during which they select suppliers rather than evaluate the ESL concept as such. The retail chains showing the greatest level of activity are based in France, Spain, Italy, Belgium and Holland.

Pricer believes that interest in ESL systems is also growing in the USA, which is confirmed by a number of enquiries from and trial/pilot installations by retail chains across the American continent. In the state of Connecticut and adjacent states with pro-ESL legislation or recommendations signs are pointing at additional installations.

Net sales and results

2003

Net sales amounted to SEK 62.0M (73.9). Deliveries were mainly made to Ishida (approximately 50 per cent), to Germany's Metro retail chain and the Nordic market. Deliveries to customers remained at the sale level as in the previous year. The decline in sales from 2002 is mainly attributable to the depreciation of the US dollar.

The gross profit was SEK 13.8M (14.0), and the gross margin was 22 per cent (19), an improvement brought about by lower production costs and more rational logistics.

Operating expenses amounted to SEK 68.7M (58.8). The increased operating expenses are attributable to research and development. The increase is due to increased demand for customer adaptations and adaptations to different geographic markets, increased investment in new development, and projects aimed at reducing product and production costs. During the year, Pricer

started collaboration with its Japanese partner, Ishida, as part of its investment in new development. The operation is carried out in PIER AB which is wholly consolidated in the Pricer Group.

The operating result was a loss of SEK 54.9M (loss 44.8).

Net financial items amounted to a cost of SEK 1.7M (cost 1.7) and consist mainly of exchange rate losses on the US dollar and interest income.

Minority interests in the result amounted to SEK 4.3M, and relate to Appulse Ltd and PIER AB.

The net result was a loss of SEK 52.4M (loss 46.5).

Fourth quarter

Net sales for the fourth quarter amounted to SEK 19.2M (22.0). Deliveries were mainly to Ishida but also to StoreNext, Pricer's new partner in the USA. The gross profit amounted to SEK 5.3M and the operating result was a loss of SEK 12.3M.

Net sales and operating result, MSEK

	Oct-Dec 2003	Oct-Dec 2002	Jan-Dec 2003	Jan-Dec 2002
Net sales	19.2	22.0	62.0	73.9
Cost of sold goods	-13.9	-16.7	-48.2	-59.9
Gross profit	5.3	5.3	13.8	14.0
Expense	-17.6	-16.9	-68.7	-58.8
Operating loss	-12.3	-11.6	-54.9	-44.8
Gross margin, %	28	24	22	19

Financial position

The cash flow from current operations was a deficit of SEK 48.3M (deficit 69.3) for the year and a deficit of SEK 6.2M (deficit 11.5) for the fourth quarter. Liquid funds amounted to SEK 66.7M (70.5).

During the fourth quarter, an underwritten share issue was carried out, which raised SEK 44.6M after issue costs. The company was provided with the remaining sum of SEK 6,7M in January 2004.

Capital expenditure

Total capital expenditure for the year amounted to SEK 3.7M (2.0) and for the fourth quarter to SEK 1.5M (1.1).

Employees

The average number of employees was 42 (35), 12 (0) of whom were employed by PIER AB and Appulse Ltd. The number of employees at 31 December 2003 was 51 (32), 14(0) of whom were employed by PIER AB and Appulse Ltd.

Accounting principles

This year-end report is made up in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20 Interim Reports.

The following new recommendations, which were not applied in the 2002 Annual Report, have been applied from 1 January 2003:

RR 2 Inventories, RR 22 The compilation of financial reports, RR 25 Reporting by segment, RR 26 Events after the balance sheet date, RR 27 Financial instruments – disclosure and presentation, and RR28 Accounting for Government grants. The application of these recommendations has not had any significant effect on the company's results, financial position or comparative periods.

Otherwise, the same accounting principles have been applied as in the latest Annual Report.

Forecast

In Pricer's view, the market is continuing to grow, with an increase in the total number of installations and genuine interest from several major retail chains. The Board believes that the total market for ESL systems is about to see the start of a breakthrough. However, evaluations and negotiations taking place within a number of retail chains are taking longer than could have been expected. In its preparations for the share issue, the Board's view was that the business would achieve a positive cash flow during the course of 2005; it still believes this to be the case.

To sum up, this means that Pricer's sales will increase significantly during 2004 and that the results will improve.

Important events after the end of the reporting period

Pricer has been chosen as the sole supplier of ESL systems for the French retail chain Carrefour. The contract was finalised after one year of rigorous, detailed evaluations by Carrefour. During this process, three pilot installations were made by different suppliers. The estimated value of the deliveries is in the region of SEK 100M. The systems will be installed in 2004.

Annual General Meeting and dividend

The Annual General Meeting 2004 will be held on 13 May 2004. The Board of Directors proposes that no dividend will be paid. It is expected that Annual Report will be published on 8 April 2004.

A Nomination Committee has been appointed consisting of the following members: Salvatore Grimaldi, Tedde Jeansson Jr and Michael S Juuhl. Proposals or recommendations can be sent to the committee at Pricer AB, Bergkällavägen 20-22, s- 172 29 Sollentuna.

Next reporting date

The Interim Report for January-March 2004 will be published on 13 May 2004.

Sollentuna, 12 February 2004
Pricer AB (publ)

Board of Directors

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Pricer AB (publ), founded in 1991 in Uppsala, has the world's leading position as a supplier of electronic display and information systems to the retail industry. Pricer offers electronic information systems that improves significantly customer profitability and productivity.

With the largest product range on the market, Pricer ESL System is installed in more than 450 stores in three continents. Among others, the largest and second largest retailer in Europe and some of the largest retailers in Japan are customers to Pricer. Pricer, in cooperation with highly competent partners, offers a totally integrated solution together with the supplementary products, applications and services.

Pricer AB is listed on the Stockholmsbörsen's "O" list. For further information visit Pricer's website. Registration to receive news releases automatically by email can be made on the website.

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CONSOLIDATED INCOME STATEMENT-SUMMARY	Q4	Q4 Full year	Full Year	
Amount in MSEK	2003	2002	2003	2002
Net sales	19,2	22,0	62,0	73,9
Cost of goods sold	-13,9	-16,7	-48,2	-59,9
Gross result	5,3	5,3	13,8	14,0
Sales and administrative expenses	-10,5	-11,9	-44,1	-44,1
Research and development costs	-7,1	-5,0	-24,6	-14,7
Operating loss	-12,3	-11,6	-54,9	-44,8
Financial net	-0,7	0,7	-1,7	-1,7
Loss after financial items	-13,0	-10,9	-56,6	-46,5
Other taxes	-0,1	0,0	-0,1	0,0
Minority share of result	2,2	-	4,3	-
Loss for the period	-10,9	-10,9	-52,4	-46,5

Result per share, number of shares	Q4	Q4	Q4	Q4
	2003	2002	2003	2002
Net loss per share in SEK *)	-0,03	-0,03	-0,16	-0,16
Net loss per share in SEK, with full dilution	-0,03	-0,03	-0,16	-0,16
Number of shares, millions	345,2	332,3	335,5	299,9
Number of shares, millions, with full dilution	562,6	356,2	562,6	356,2

*) including share payments during January 2004

NET SALES BY GEOGRAPHIC MARKET	Q4	Q4 Full year	Full Year	
Amounts in MSEK	2003	2002	2003	2002
The Nordic Countries	1,7	3,1	6,7	13,9
The rest of Europe	3,0	7,4	19,8	24,5
Asia	12,4	11,5	33,4	35,3
The rest of the world	2,1	0,0	2,1	0,2
Total net sales	19,2	22,0	62,0	73,9

CONSOLIDATED BALANCE SHEET-SUMMARY

Amounts in MSEK	2003-12-31	2002-12-31
Patent and licence rights	13,0	15,9
Total Intangible fixed assets	13,0	15,9
Tangible fixed assets	4,3	3,6
Total fixed assets	17,3	19,5
Inventories	10,4	10,0
Current receivables	32,4	27,0
Cash and bank	66,7	70,5
Total current assets	109,5	107,5
TOTAL ASSETS	126,8	127,0

Shareholders' equity	87,4	88,0
Minority shareholding	1,9	
Allocations	3,8	6,6
Other current non interest-bearing liabilities	33,7	32,4
Total liabilities	33,7	32,4
TOTAL SHAREHOLDERS' EQUITY		
AND LIABILITIES	126,8	127,0

Pledged assets	10,5	33,9
Contingent liabilities	0,8	-
Shareholders' equity per share, SEK	0,19	0,26
Shareholders' equity with full dilution, SEK	0,25	0,25

CHANGE IN SHAREHOLDERS' EQUITY	Full year	Full year
Amounts in MSEK	2003	2002
Shareholders' Equity at start of period	88,0	43,2
New share issue	51,3	91,1
Warrant programme, employees	0,1	0,3
Translation difference	0,4	-0,1
Loss for the period	-52,4	-46,5
Shareholders' Equity at end of period	87,4	88,0

CONSOLIDATED CASH FLOW STATEMENT-SUMMARY	Q4	Q4	Full	Full
Amounts in MSEK	2003	2002	year	year
			2003	2002
Loss after financial items	-13,0	-10,9	-56,6	-46,5
Adjustment for items which are not included in the cash flow	2,5	-4,6	3,7	3,2
Changes in working capital	4,3	4,0	4,6	-26,0
Cash flow from current operations	-6,2	-11,5	-48,3	-69,3
Cash flow from investment operations	-1,7	-1,1	-5,6	-2,9
Cash flow from financial operations *)	50,8	-0,4	50,8	70,1
Cash flow in the period	42,9	-13,0	-3,1	-2,1
Liquid funds at start of period	24,1	82,5	70,5	72,8
Exchange difference in liquid funds	-0,3	1,0	-0,7	-0,2
Liquid funds at end of period	66,7	70,5	66,7	70,5
Less blocked bank deposits	-0,2	-0,2	-0,2	-0,2
Unutilised overdraft facility	2,8	3,1	2,8	3,1
Disposable funds at end of period	69,3	73,4	69,3	73,4

*) Pricer received SEK 7,6 M of the share payment during 2004

KEY RATIOS	Q4	Q3	Q2	Q1	Q4
Amount in MSEK	2003	2003	2003	2003	2002
Order Entry	8,6	5,0	7,4	2,2	9,3
Order Entry-moving 4 quarters	23,2	23,9	23,8	34,5	55,0
Net sales	19,2	15,0	14,4	13,4	22,0
Net sales-moving 4 quarters	62,0	64,8	63,5	69,6	73,9
Operating loss	-12,3	-13,1	-13,0	-16,5	-11,6
Operating loss-moving 4 quarters	-54,9	-54,3	-49,6	-48,3	-44,9
Loss for the period	-10,9	-11,0	-14,2	-16,3	-10,9
Cash flow from operations	-6,2	-14,3	-19,7	-8,1	-11,5
Cash flow from operations-moving 4 quarters	-48,3	-53,6	-60,9	-58,1	-69,5
Number of employees, end of period	51	50	44	33	32
Equity/assets ratio	69%	61%	70%	63%	69%

