



Year End Report Financial Year 2005

- **Significantly increased net sales of SEK 325.8M (227.2), an increase of 43 per cent**
- **Result after tax SEK -36.4M (-52.0)**
- **Result per share of SEK -0.05 (-0.10)**
- **Significant increase in orders received to SEK 279.1M (179.9)**
- **Significantly stronger gross margin of 20 (13) per cent**
- **Operating result of SEK -43.5M (-52.0)**
- **Liquid funds of SEK 69.5M (42.5)**
- **Pricer applies IFRS from 2005**

Important events after the end of reporting period:

- **New order from Carrefour France of SEK 120M**
- **One additional Leclerc region in France commits to Pricer ESL with an order for about SEK 23M**

Operations

During 2005 operations were influenced by strong growth in the Japanese and French market. In addition, neighbouring markets to existing growth markets were created with pilot installations in Korea, Taiwan and Greece. Growth has continued strongly in the Japanese market and Pricer has together with its partner Ishida reinforced its leading position and increased its market share. During the year Pricer received an additional large order from Carrefour, the second largest retail chain in the world. The year was influenced by deliveries and installations of systems in a great number of stores in France and Spain.

Significant efforts have continued to be made in both hardware and software product development. Pricer strives to be in the forefront with maintained development and compliance with new technologies and specific demands from customers. Pricer continuously develops the system in order to obtain cost and production benefits.

Orders received for the fourth quarter amounted to SEK 26.8M (32.5) and for the financial year to SEK 279.1M (179.9), equivalent of an increase of 55 per cent. In the fourth quarter orders were mainly received from Ishida in Japan, and the European market. Orders for the financial year were mainly received from Carrefour France of about SEK 110M out of which the majority has been delivered during the year.

At December 31, 2005 the order book amounted to approximately SEK 107M (131). The order book includes primarily an order received from Ishida in 2001. The majority of Pricer's existing orders are in USD.

As of at the end of the year, Pricer systems were installed in more than 1 200 stores, the majority in Japan, Germany, France, the Nordic countries and the rest of Europe.

The market and market activities

In Pricer's judgment, the ESL market trend is continuously positive. The signals from Pricer's prioritised markets are distinct and a number of retail chains have either made decisions or initiated projects towards to include ESL as an operational tool in their automation processes.

Pricer has during 2005 further strengthened its market share and position as market leading ESL supplier.

Pricer's position in Europe is reinforced by the established relationship with the retail chain Carrefour, which installed Pricer's ESL system in several of its hyper and supermarkets in 2004 and 2005. Carrefour France's experience is being exported across other strategic markets as ESL pilots received by Pricer during 2005 in Korea, Taiwan and Greece demonstrate.

The demand for ESL systems in the Japanese market increases steadily and with more than 500 installations up and running with customers such as Ito-Yokado, Okuwa, Inageya, Maruetsu and Heiwado, expectations on this market are high.

Through Pricer's partner IBM in the US, a pilot installation is in operation since August with one of the leading five retail chains in the US. A decision for roll-out has been further deferred due to structural changes relating to the customer.

Net sales and result

Net sales increased during the fourth quarter to SEK 123.2M (63.8) and for the year to SEK 325.8M (227.2), equivalent of an increase of 43 per cent. Deliveries during the quarter and for the full year were primarily to Carrefour in France and Spain as well as to Ishida with Ito-Yokado and several other end customers.

Gross profit for the quarter amounted to SEK 25.0M (12.4) and the gross margin was 20 (19) per cent. Gross profit for the year was SEK 64.7M (30.3) and the gross margin was 20 (13) per cent. The improved gross margin is explained by lower cost of goods sold as a result of the product development that has taken place and improved sales prices.

Operating expenses increased to SEK 32.2M (24.5) for the quarter and SEK 108.2M (82.3) for the year, equivalent of an increase of 31 per cent.

The operating result amounted to SEK -7.2M (-12.1) for the quarter and SEK -43.5M (-52.0) for the year.

Net financial items amounted to SEK 1.1M (-0.5) for the quarter and SEK 7.3M (0.0) for the year and consist of positive currency differences on liquid funds in USD and a positive currency item of SEK 0.7M from currency effects of placed orders during the year with delivery in later quarters.

The net result was SEK -6.1M (-12.6) for the quarter and for the year SEK -36.4M (-52.0).

Net sales and operating result, SEK M

| | Oct-Dec 2005 | Oct-Dec 2004 | Jan-Dec 2005 | Jan-Dec 2004 |
|--------------------|--------------|--------------|--------------|--------------|
| Net sales | 123.2 | 63.8 | 325.8 | 227.2 |
| Cost of goods sold | -98.2 | -51.4 | -261.1 | -196.9 |
| Gross profit | 25.0 | 12.4 | 64.7 | 30.3 |
| Gross margin | 20 % | 19 % | 20 % | 13 % |
| Expenses | -32.2 | -24.5 | -108.2 | -82.3 |
| Operating result | -7.2 | -12.1 | -43.5 | -52.0 |

Financial position

Cash flow from operating activities in the fourth quarter amounted to SEK -21,6M (-4.2) and SEK -69.1M (-72.4) for the full year. The working capital at the end of the year amounted to SEK 66.8M as compared to SEK 48.8M at September 30, 2005, an increase of SEK 18.0M primarily relating to Carrefour in France. Liquid funds as of December 31, 2005 were SEK 69.5M (42.5).

Capital expenditure

Total capital expenditure, net was SEK -0,5M (0.5) for the quarter and SEK 4.7M (6.9) for the year. Investments were primarily in production machinery, computers and office equipment.

Employees

The average number of employees for the year was 104 (73), including 46 (28) at Appulse Ltd and PIER AB. The number of employees as of December 31, 2005 was 112 (99), including 50 (44) at Appulse Ltd and PIER AB.

Accounting principles

International Financial Reporting Standards (IFRS)

As from 2005 Pricer applies the International Financial Reporting Standards, IFRS, adopted by EU. This report has been issued in accordance with IAS 34, Interim Reporting.

In the Annual Report of Pricer for 2004 the effects of the transition to IFRS were presented. As to the standards applicable for Pricer, differences are limited as compared to the Swedish Financial Accounting Standards Council applied earlier. This led to that no adjustments were necessary.

According to IFRS 1, First-time Adoption of International Financial Reporting Standards some exceptions for retroactive application can be used when converting to IFRS. Pricer has elected to use exceptions for acquisitions according to IFRS 3 from January 1, 2004 leading to that no recalculation of acquisitions prior to 2004 are made and that accounting differences are set at zero for foreign subsidiaries in the equity position as of that date. IAS 39, Financial instruments is a new recommendation dealing with information, accounting and valuation of financial instruments. According to this recommendation currency term contracts and so called imbedded derivatives should be valued at market value. Pricer applies this recommendation as from January 1, 2005. The effects from the adoption of IAS 39 in the opening balance is a cost of about SEK 0.5M resulting from the valuation at market value of imbedded derivatives. According to IAS 27 minority interest should be reported separately in the consolidated result and in the consolidated balance sheet reported separately from debt and parent company equity. An opening balance as per January 1, 2005 including the effects of IAS 39 and IAS 27 is included in this report.

Important events after the end of reporting period

Pricer has been chosen as supplier to complete the ESL system roll out of Carrefour's remaining corporately owned hypermarkets in France after successful deployments in 2004 and 2005. The agreement is worth SEK 120M for more than 70 hypermarkets in France. The installations will commence in February and are to be completed during the year.

The French retail chain Leclerc's regional buying group Socamaine has chosen Pricer as ESL supplier for its first deployment phase. The agreement includes hardware, software and implementation services for 15 of the region's 35 hypermarkets and also includes five hypermarkets in the Leclerc Scarmor region. The agreement has a total value of about SEK 23M and deliveries will begin in March and be completed before the end of the year. This agreement strengthens Pricer's already strong position in the market in France and Europe in general.

Forecast

According to Pricer, the market trend remains positive, with an increase in the total installed base and a more solid interest from several major retail chains. Evaluations and negotiations with a number of retail chains are continuously ongoing.

The estimate of the Board, that the company will reach positive cash flow during 2006 remains.

Annual General Meeting and dividend

The Annual General Meeting 2006 will be held on 11 May 2006 at Scandic Infra City, Upplands Väsby. Please note the new location. The Board of Directors proposes that no dividend will be paid. It is expected that Annual Report will be published on April 10, 2006 at Pricer's web-site.

A Nomination Committee has been appointed consisting of Salvatore Grimaldi, Tedde Jeansson Jr, Michael Juuhl and John Örtengren. Proposals and recommendations are welcome and can be sent to the committee at Pricer AB (publ), Bergkällavägen 20-22, S-192 79 Sollentuna.

Next reporting date

The Interim Report for January - March 2006 will be published on 11 May 2006.

Sollentuna, 16 February 2006
Pricer AB (publ)

Board of Directors

For further information, please contact:

Jan Forssjö, President and CEO, Pricer AB +46 8 505 582 00

Pricer AB (publ), founded in 1991 in Uppsala, Sweden, 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 1 200 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

| | Q 4 | Q 4 | Full year | Full year |
|-------------------------------------|-------------|--------------|--------------|--------------|
| Amounts in SEK M | 2005 | 2004 | 2005 | 2004 |
| Net sales | 123,2 | 63,8 | 325,8 | 227,2 |
| Cost of Goods sold | -98,2 | -51,4 | -261,1 | -196,9 |
| Gross profit | 25,0 | 12,4 | 64,7 | 30,3 |
| Selling and administrative expenses | -20,5 | -15,2 | -70,8 | -54,5 |
| Research and development expenses | -11,7 | -9,3 | -37,4 | -27,8 |
| Operating result | -7,2 | -12,1 | -43,5 | -52,0 |
| Financial net | 1,1 | -0,5 | 7,3 | 0,0 |
| Result after financial items | -6,1 | -12,6 | -36,2 | -52,0 |
| Tax on result for the period | 0,0 | 0,0 | -0,2 | 0,0 |
| Net result for the period | -6,1 | -12,6 | -36,4 | -52,0 |
| Net result of which | | | | |
| Shareholders' interest | -5 | -10,8 | -33,0 | -49,4 |
| Minority interest | -1,1 | -1,8 | -3,4 | -2,6 |
| Net result for the period | -6,1 | -12,6 | -36,4 | -52,0 |

| Earnings per share, number of shares | Q 4 | Q 4 | Full year | Full year |
|--|--------|-------|-----------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Earnings per share, SEK | -0,01 | -0,02 | -0,05 | -0,10 |
| Earnings per share, SEK, after dilution | -0,01 | -0,02 | -0,05 | -0,10 |
| Number of shares, millions | 754,30 | 560,4 | 725,6 | 512,5 |
| Number of shares, millions, after dilution | 754,30 | 560,4 | 725,6 | 560,4 |

| NET SALES BY GEOGRAPHICAL MARKET | Q 4 | Q 4 | Full year | Full year |
|----------------------------------|--------------|-------------|--------------|--------------|
| Amounts in SEK M | 2005 | 2004 | 2005 | 2004 |
| Nordic Countries | 2,8 | 5,0 | 8,3 | 14,1 |
| Rest of Europe | 85,3 | 27,7 | 169,0 | 116,6 |
| Asia | 32,8 | 30,1 | 134,1 | 89,7 |
| Rest of the world | 2,3 | 1,0 | 14,4 | 6,8 |
| Total net sales | 123,2 | 63,8 | 325,8 | 227,2 |

CONSOLIDATED BALANCE SHEET - SUMMARY

| Amounts in SEK M | 2005-12-31 | 2004-12-31 |
|--------------------------------------|--------------|--------------|
| Patents and license rights | 7,7 | 10,2 |
| Total intangible fixed assets | 7,7 | 10,2 |
| Tangible fixed assets | 8,1 | 8,0 |
| Total fixed assets | 15,8 | 18,2 |
| Inventory | 14,9 | 12,8 |
| Current receivables | 128,2 | 79,7 |
| Cash and bank | 69,5 | 42,5 |
| Total current assets | 212,6 | 135,0 |
| TOTAL ASSETS | 228,4 | 153,2 |

Equity

| | | |
|-------------------------------------|--------------|--------------|
| Shareholders' equity | 149,2 | 91,3 |
| Equity, minority interest | 2,9 | 1,6 |
| Total equity | 152,1 | 92,9 |
| Long-term liabilities | 2,0 | 5,6 |
| Current liabilities | 74,3 | 54,7 |
| Total liabilities | 76,3 | 60,3 |
| TOTAL EQUITY AND LIABILITIES | 228,4 | 153,2 |

| | | |
|------------------------|------|------|
| Pledged assets | 35,7 | 19,8 |
| Contingent liabilities | 1,3 | 4,0 |

| | | |
|---|------|------|
| Shareholders' equity per share, SEK | 0,20 | 0,16 |
| Shareholders' equity, SEK, after dilution | 0,20 | 0,16 |

CHANGE IN EQUITY

| Amounts in SEK M | Full year 2005 | Full year 2004 |
|---|-------------------|-------------------|
| Equity at start of period | 92,9 | 89,3 |
| Effect of change of accounting principles | - | -0,5 |
| New share issue | 91,1 | 54,3 |
| Translation difference | -0,1 | -0,5 |
| Shareholder contribution, minority | 4,6 | 2,3 |
| Net result for the period | -36,4 | -52,0 |
| Equity at end of period | 152,1 | 92,9 |
| Of which | | |
| - Shareholders' equity | 149,2 | 91,3 |
| - Minority interest | 2,9 | 1,6 |
| Total | 152,1 | 92,9 |

CONSOLIDATED CASH FLOW STATEMENT - SUMMARY

| | Q 4 | Q 4 | Full year | Full year |
|--|--------------|-------------|--------------|--------------|
| Amounts in SEK M | 2005 | 2004 | 2005 | 2004 |
| Net result after financial items | -6,1 | -12,6 | -36,2 | -52,0 |
| Adjustment for non-cash items, etc | -0,2 | 2,2 | 0,8 | 7,1 |
| Paid tax | 0,0 | 0,0 | -0,2 | -0,1 |
| Change in working capital | -15,3 | 6,2 | -33,5 | -27,4 |
| Cash flow from operating activities | -21,6 | -4,2 | -69,1 | -72,4 |
| Cash flow from investing activities | 0,5 | -0,5 | -4,7 | -6,9 |
| Cash flow from financing activities | 0,0 | 1,4 | 95,2 | 55,7 |
| Cash flow for the period | -21,1 | -3,3 | 21,4 | -23,6 |
| Liquid assets at start of period | 89,8 | 46,1 | 42,5 | 66,4 |
| Exchange rate difference in liquid assets | 0,8 | -0,3 | 5,6 | -0,3 |
| Liquid assets at end of period | 69,5 | 42,5 | 69,5 | 42,5 |
| Less blocked accounts | -1,3 | -4,0 | -1,3 | -4,0 |
| Unutilised overdraft facilities | 2,9 | 2,7 | 2,9 | 2,7 |
| Disposable funds at end of period | 71,1 | 41,2 | 71,1 | 41,2 |

KEY RATIOS, GROUP

| | Q 4 | Q 3 | Q 2 | Q 1 | Q 4 |
|--|--------------|-------|-------|-------|-------|
| Amounts in SEK M | 2005 | 2005 | 2005 | 2005 | 2004 |
| Order entry | 26,8 | 62,2 | 138,5 | 51,6 | 32,5 |
| Order entry - moving 4 quarters | 279,1 | 284,8 | 258,7 | 129,2 | 179,9 |
| Net sales | 123,2 | 99,3 | 52,7 | 50,6 | 63,8 |
| Net sales - moving 4 quarters | 325,8 | 266,4 | 242,2 | 248,6 | 227,2 |
| Operating result | -7,2 | -7,2 | -14,7 | -14,4 | -10,3 |
| Operating result - moving 4 quarters | -43,5 | -46,6 | -56,8 | -55,8 | -49,4 |
| Result for the period | -6,1 | -7,6 | -9,2 | -13,5 | -10,8 |
| Cash flow from operating activities | -21,6 | -44,8 | -5,7 | 3,0 | -4,2 |
| Cash flow from op.activities - moving 4 quarters | -69,1 | -51,7 | -44,0 | -60,9 | -72,4 |
| Number of employees, end of period | 112 | 112 | 97 | 100 | 99 |
| Equity ratio | 67% | 64% | 63% | 60% | 61% |

EFFECTS ON INCOME STATEMENT WHEN APPLYING IFRS

October - December 2004, Quarter 4

| Amounts in SEK M | Adjustments, | | IFRS |
|-------------------------------------|--------------|-------------|--------------|
| | Swedish GAAP | IFRS | |
| Gross Profit | 12,4 | | 12,4 |
| Selling and administrative expenses | -15,2 | | -15,2 |
| Research and development expenses | -9,3 | | -9,3 |
| Operating result | -12,1 | | -12,1 |
| Financial income and expenses, net | -0,5 | | -0,5 |
| Result after financial items | -12,6 | | -12,6 |
| Taxes | 0,0 | | 0,0 |
| Minority share in result | 1,8 | -1,8 | 0,0 |
| Net result for the period | -10,8 | -1,8 | -12,6 |

| | | | |
|---------------------------------------|--|--|--------------|
| Net result of which | | | |
| shareholders' interest | | | -10,8 |
| Net result of which Minority interest | | | -1,8 |
| Net result for the period | | | -12,6 |

January - December 2004, Full year

| Amounts in SEK M | Adjustments, | | IFRS |
|-------------------------------------|--------------|-------------|--------------|
| | Swedish GAAP | IFRS | |
| Gross profit | 30,3 | | 30,3 |
| Selling and administrative expenses | -54,5 | | -54,5 |
| Research and development expenses | -27,8 | | -27,8 |
| Operating result | -52,0 | | -52 |
| Financial income and expenses, net | 0,0 | | 0,0 |
| Result after financial items | -52,0 | | -52,0 |
| Taxes | - | | 0,0 |
| Minority share in result | 2,6 | -2,6 | 0,0 |
| Net result for the period | -49,4 | -2,6 | -52,0 |

| | | | |
|---------------------------------------|--|--|--------------|
| Net result of which | | | |
| shareholders' interest | | | -49,4 |
| Net result of which Minority interest | | | -2,6 |
| Net result for the period | | | -52,0 |

EFFECTS ON BALANCE SHEET WHEN APPLYING IFRS

| Amounts in SEK M | January 1, 2004 Swedish GAAP | Adjustments, IFRS | January 1, 2004 IFRS |
|-----------------------|---------------------------------|----------------------|-------------------------|
| Fixed assets | 17,3 | | 17,3 |
| Current assets | 109,8 | | 109,8 |
| TOTAL ASSETS | 127,1 | | 127,1 |

Equity

| | | | |
|---------------------------|------|-----|------|
| Shareholders' equity | 87,4 | | 87,4 |
| Equity, minority interest | | 1,9 | 1,9 |
| Total equity | 87,4 | 1,9 | 89,3 |

Minority interest

| | | | |
|--|-----|------|-----|
| | 1,9 | -1,9 | 0,0 |
|--|-----|------|-----|

Provisions

| | | | |
|--|-----|------|-----|
| | 4,6 | -4,6 | 0,0 |
|--|-----|------|-----|

Long-term liabilities

| | | | |
|--|--|-----|-----|
| | | 3,0 | 3,0 |
|--|--|-----|-----|

Current liabilities

| | | | |
|--|------|-----|------|
| | 33,2 | 1,6 | 34,8 |
|--|------|-----|------|

TOTAL EQUITY, PROVISIONS AND LIABILITIES

| | | | |
|--|-------|-----|-------|
| | 127,1 | 0,0 | 127,1 |
|--|-------|-----|-------|

| Amounts in SEK M | December 31, 2004 Swedish GAAP | Adjustments, IFRS | January 1, 2005 IFRS |
|-----------------------|-----------------------------------|----------------------|-------------------------|
| Fixed assets | 18,2 | | 18,2 |
| Current assets | 135,0 | | 135,0 |
| TOTAL ASSETS | 153,2 | | 153,2 |

Equity

| | | | |
|---------------------------|------|------|------|
| Shareholders' equity | 91,8 | -0,5 | 91,3 |
| Equity, minority interest | | 1,6 | 1,6 |
| Total equity | 91,8 | 1,1 | 92,9 |

Minority interest

| | | | |
|--|-----|------|-----|
| | 1,6 | -1,6 | 0,0 |
|--|-----|------|-----|

Provisions

| | | | |
|--|-----|------|-----|
| | 5,6 | -5,6 | 0,0 |
|--|-----|------|-----|

Long-term liabilities

| | | | |
|--|--|-----|-----|
| | | 2,7 | 2,7 |
|--|--|-----|-----|

Current liabilities

| | | | |
|--|------|-----|------|
| | 54,2 | 3,4 | 57,6 |
|--|------|-----|------|

TOTAL EQUITY, PROVISIONS AND LIABILITIES

| | | | |
|--|-------|-----|-------|
| | 153,2 | 0,0 | 153,2 |
|--|-------|-----|-------|

January - December 2004, Full year

| Amounts in SEK M | Equity referable to shareholders of the parent company acc to Swedish GAAP | Reclass minority interest | IFRS- adjustments | Total equity |
|------------------------------------|---|---------------------------------|----------------------|-----------------|
| Equity, beginning of period | 87,4 | 1,9 | | 89,3 |
| New share issue | 54,3 | | | 54,3 |
| Translation difference | -0,5 | | | -0,5 |
| Shareholder contribution, minority | | 2,3 | | 2,3 |
| Net result for the period | -49,4 | -2,6 | | -52,0 |
| Equity, end of period | 91,8 | 1,6 | 0,0 | 93,4 |

January 1st, 2005

| Amounts in SEK M | Equity referable to shareholders of the parent company acc to Swedish GAAP | Reclass minority interest | IFRS- adjustments | Total equity |
|---|---|---------------------------------|----------------------|-----------------|
| Equity, beginning of period | 91,8 | 1,6 | | 93,4 |
| Effect of change in accounting principles | | | -0,5 | -0,5 |
| Equity, end of period | 91,8 | 1,6 | -0,5 | 92,9 |

