

# **INTERIM REPORT**

**January – June 2000**

**OPERATING RESULT -64.9 (-94.5) MSEK**

**DIVESTMENT OF INTACTIX COMPLETED**

**ESL MARKET STILL WEAK**

**DISPOSABLE LIQUID FUNDS 188.6 MSEK**

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**OPERATION** The market for Pricer's ESL system was weak during the first half of the year. The order inflow for Pricer's ESL systems increased to 29.7 (14.2), primarily from the company's distributors in Japan and South Korea. For the second quarter, the order inflow was 2.7 (3.2) MSEK.

The order backlog amounted to 145 (187) MSEK as per June 30, 2000. As announced earlier, a major part of the order backlog, 74 per cent, is from Pricer's partners, including Migros in Turkey where the time for call-off has not been determined. Pricer still considers it uncertain if and when call-off orders could be received.

In the spring, Pricer launched a new label product family, Promoline. In order to increase the consumers' attention, the new labels have been equipped with a red field that can be flashing or fixed. In August Promoline orders were received from ICA stores in Sweden, among others.

The divestment of Intactix to the American company, JDA Software Group, Inc., was completed in April 2000. After the divestment, the organization has been streamlined for future focus entirely on the ESL business.

After the end of the report period, Pricer's American partner, Netplex Group, Inc., received their first ESL order, an additional order for a new store with Macy's in the U.S.

**Lawsuit** In July 1999, the former owners of the subsidiary Intactix International, Inc. in the U.S. sued Pricer AB and others for 28 MUSD plus legal fees and punitive damages. The outcome of this litigation is uncertain and may lead to a future liability. However, Pricer still considers that the claim is ungrounded. Therefore, accrual has not been recorded for possible damages.

**NET SALES AND RESULTS** The Intactix operation is included in the net sales and result through March 31, and thereafter only contains the Pricer ESL business.

The net sales for the period amounted to 64.8 (170.0) MSEK, of which 11.8 (69.5) MSEK relate to Pricer ESL business.

The net sales for the second quarter amounted to 7.8 (96.5) MSEK. Deliveries of ESL systems amounted to 48.8 MSEK for the equivalent period of 1999.

The operating expenses for the first six months were reduced to 101.3 (166.1) MSEK and included once-off costs of around 17 MSEK, primarily for legal fees pertaining to the divestment of Intactix, litigations and restructuring. The reduction in expenses is to a large extent related to the divestment of Intactix, but also to the fact that the expenses in the Pricer ESL business, excluding once-off costs, were reduced by around 26 MSEK compared to the first half of 1999.

For the six-month period, the Group's operating result amounted to -64.9 (-94.5) MSEK and the Pricer ESL business to -60.9 (-73.6) MSEK, including the above mentioned once-off costs. The net result for the same period was -63.6 (-113.7) MSEK.

The Group's operating result for the second quarter was -33.2 (-47.7) MSEK and the net result was -33.2 (-57.3) MSEK.

**FINANCIAL POSITION** The cash-flow from operations was -46,0 (-69.6) MSEK. The corresponding figure for the second quarter was -21,7 (-37.8) MSEK. The Group's disposable liquid assets – liquid assets adjusted for blocked deposits and unutilized overdraft facility – amounted to 188.5 (43.7) MSEK as per June 30, 2000. According to the agreement with JDA on the divestment of Intactix, 40.0 MSEK of the purchase price have been placed in a blocked bank account.

At the Annual General Meeting on May 11, it was decided that the share capital of the parent company be reduced by half, thus obtaining a better balance between share capital and total shareholders' capital.

**INTANGIBLE ASSETS** The Group's intangible assets consist of market rights for ESL systems in North America (Pricer, Inc.) and ESL patents. The valuation of the market rights is based on a forecast that supports the booked value.

**INVESTMENTS** The total investments during the period amounted to 1.0 (4.8) MSEK and pertained primarily to production tools, computers and office equipment. All product development has been expensed.

**PERSONNEL** For the first six months, the average number of employees in the Group amounted to 128 (282), while the number of employees as per June 30, 2000 amounted to 45 (281, 89 of which in the Pricer ESL business).

**PARENT COMPANY** The parent company net sales for the period was 11.6 (69.3) MSEK and the operating result for the same period was -49.7 (-91.0) MSEK. The parent company's liquid assets amounted to 182.6 (16.0) MSEK at the end of the period.

**FORECAST** The result for Pricer is dependent on the development of the ESL market. The negative operating result in the running ESL business will be reduced in the second half of 2000 and will improve with increased sales.

**NEXT REPORT DATE** The interim report for the period January – September 2000 will be published on November 9, 2000.

Uppsala, August 23 2000  
Pricer AB (publ)

Britt Sandberg  
President and CEO

WE HAVE REVIEWED THE ACCOMPANYING INTERIM REPORT IN ACCORDANCE WITH THE RECOMMENDATION ISSUED BY THE SWEDISH INSTITUTE OF AUTHORIZED PUBLIC ACCOUNTANTS (FAR). A REVIEW IS CONSIDERABLY LIMITED IN SCOPE IN COMPARISON TO AN AUDIT. NOTHING HAS COME TO OUR ATTENTION TO INDICATE THAT THE INTERIM REPORT DOES NOT FULFIL THE REQUIREMENTS THE SWEDISH ANNUAL ACCOUNTS ACT.

Stockholm, August 23 2000

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***Pricer AB (publ)** was founded in 1991 in the city of Uppsala, Sweden and has built a leading position on the world market for electronic display- and information systems to the retail industry. Pricer offers electronic information systems with the purpose to considerably improve the customer benefit and improve the profitability of the retail market and its suppliers. Through the competent partners that Pricer cooperates with, the customer is offered a totally integrated solution together with the complementary products, applications and services offered by our partners. The share of Pricer is listed on the O-list of OM Stockholm Stock Exchange. For further information please visit Pricer's website at [www.pricer.se](http://www.pricer.se) . It is also possible to register and automatically receive press releases via e-mail.*



## CONSOLIDATED INCOME STATEMENT - SUMMARY

Amounts in MSEK	Q2 2000	Q2 1999	6 months 2000	6 months 1999	Full year 1999
Net sales	7,8	96,5	64,8	170,0	309,3
Cost of goods sold	-7,5	-53,1	-18,9	-80,9	-131,6
<b>Gross result</b>	<b>0,3</b>	<b>43,4</b>	<b>45,9</b>	<b>89,1</b>	<b>177,7</b>
Sales and administrative expenses	-25,9	-69,0	-88,3	-135,8	-250,6
Research and development costs	-3,5	-15,8	-13,0	-30,3	-55,6
Items affecting comparability, operational	-	-	-	-5,4	-56,6
Amortization of goodwill, market and industrial rights	-4,0	-6,3	-9,5	-12,1	-24,3
<b>Operating result</b>	<b>-33,1</b>	<b>-47,7</b>	<b>-64,9</b>	<b>-94,5</b>	<b>-209,4</b>
Financial net	-0,1	-9,6	1,0	-19,3	-29,1
<b>Result after financial items</b>	<b>-33,2</b>	<b>-57,3</b>	<b>-63,9</b>	<b>-113,8</b>	<b>-238,5</b>
Taxes	0,0	0,0	0,3	0,1	-0,4
<b>Net result for the period</b>	<b>-33,2</b>	<b>-57,3</b>	<b>-63,6</b>	<b>-113,7</b>	<b>-238,9</b>

## CONSOLIDATED BALANCE SHEET - SUMMARY

Amounts in MSEK	Jun 30'00	Jun 30'99	Dec 31'99
Intangible fixed assets	213,3	402,4	346,2
Tangible fixed assets	4,5	34,7	20,3
Financial fixed assets	-	0,6	-
<b>Total fixed assets</b>	<b>217,8</b>	<b>437,7</b>	<b>366,5</b>
Inventories	8,0	20,7	9,7
Current receivables	7,9	103,9	59,5
Cash and bank balances	225,8	30,5	124,9
<b>Total current assets</b>	<b>241,7</b>	<b>155,1</b>	<b>194,1</b>
<b>TOTAL ASSETS</b>	<b>459,5</b>	<b>592,8</b>	<b>560,6</b>
<b>Shareholders' equity</b>	<b>324,7</b>	<b>256,3</b>	<b>384,4</b>
<b>Allocations</b>	<b>15,4</b>	<b>13,0</b>	<b>17,1</b>
Long-term loans	51,9	111,4	50,6
Other long-term non interest-bearing liabilities	14,3	0,4	12,1
Short-term loans	0,8	70,3	0,8
Other current non interest-bearing liabilities	52,4	141,4	95,6
<b>Total liabilities</b>	<b>119,4</b>	<b>323,5</b>	<b>159,1</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>459,5</b>	<b>592,8</b>	<b>560,6</b>

## CONSOLIDATED CASH FLOW STATEMENT - SUMMARY

	Q2 2000	Q2 1999	6 months 2000	6 months 1999	Full year 1999
<b>Amounts in MSEK</b>					
Result after financial items	-33,2	-57,4	-63,9	-113,8	-238,9
Adjustments for items not affecting the cash flow	4,9	12,5	18,0	33,7	92,4
Change in working capital	6,6	7,1	-0,1	10,5	28,6
<b>Cash flow from operations</b>	<b>-21,7</b>	<b>-37,8</b>	<b>-46,0</b>	<b>-69,6</b>	<b>-117,9</b>
<b>Cash flow from investments</b>	<b>147,5</b>	<b>-3,0</b>	<b>146,8</b>	<b>-4,8</b>	<b>-7,1</b>
Rights issue	-	101,7	-	101,7	257,3
Change in other financing	-	-47,1	-	-38,0	-49,1
<b>Cash flow from financing</b>	<b>-</b>	<b>54,6</b>	<b>-</b>	<b>63,7</b>	<b>208,2</b>
<b>Cash flow in the period</b>	<b>125,8</b>	<b>13,8</b>	<b>100,8</b>	<b>-10,7</b>	<b>83,2</b>

## KEY RATIOS

Amounts in MSEK	Q 2 '00	Q 1 '00	Q 4 '99	Q 3 '99	Q 2 '99
Net revenue	7,8	57,0	57,4	81,9	96,5
Operating result	-33,1	-31,8	-51,8	-63,1	-47,7
Net result for the period	-33,2	-30,4	-57,4	-67,8	-57,3
Net change in liquid funds generated from operations	-21,7	-24,3	-25,8	-22,5	-37,8
Net change in liquid funds generated from operations, moving 4 quarters	-94,3	-110,5	-117,9	-120,2	-156,3
Number of employees, end of period	45	212	223	259	281
Equity/assets ratio	71%	65%	69%	35%	43%
Debt/equity ratio	-0,53	-0,13	-0,19	0,98	0,59

## KEY RATIOS by line of business

Amounts in MSEK	Q 2 '00	Q 1 '00	Q 4 '99	Q 3 '99	Q 2 '99
<b>Pricer ESL</b>					
Order backlog	145	149	125	148	187
Net sales	7,8	4,0	6,8	36,9	48,8
Net sales - moving 4 quarters	55,5	96,5	113,2	122,7	121,7
Operating result	-33,2	-27,8	-50,2	-55,6	-33,1
Operating result - moving 4 quarters	-166,8	-166,7	-179,4	-166,7	-151,1
<b>Intactix</b>					
Net sales	-	53,0	50,6	45,0	47,7
Operating result	-	-4,0	-1,6	-7,5	-14,6

## DATA PER SHARE

	Q 2 '00	Q 1 '00	Q 4 '99	Q 3 '99	Q 2 '99
Net result per share 1)	-0,14	-0,13	-0,93	-1,54	-1,46
Shareholder equity per share 2)	1,36	1,50	1,61	4,13	5,80
Number of shares, million	238,6	238,6	238,6	44,2	44,2

1) Calculated on average number of shares in each quarter.

2) Calculated on the number of shares at the end of each quarter.

The calculation of the number of shares above is without considering dilution from outstanding options.

With full dilution the number of shares will increase by 4 332 769 shares of serie B

with conversion rates between SEK 4,40 and SEK 90,90.



