

Interim Report January - September 2001

- **Operating result SEK -59,8M (-97,5)**
- **Orders received SEK 321,6M (33,7)**
- **Cash flow from current operations SEK -55,2M (-68,8)**
- **Liquid funds SEK 87,4M (159,0)**
- **Action programme to reduce fixed costs and secure operations**

Action programme

Although the market improved during the third quarter Pricer's Board of Directors, against the background of the company's long term development, has instructed the executive management to draw up an extensive action program. The aim is to adapt the operations to customer and market needs, secure continued operations and create criteria for growth and profitability. The action programme will include proposals for reducing the fixed costs and strengthening the marketing and sales activities. In addition, the Board intends to put forward proposals for additional financing within the near future.

Operations

Orders received amounted to SEK 307.1M (4.0) for the third quarter and to SEK 321.6M (33.7) for the first nine months of 2001. Pricer's Japanese partner, Ishida, accounts for the significant increase in orders received. In August, Pricer received an order for ESL systems from Ishida, which will be delivered over five years starting in April 2002. The backlog amounted to SEK 340M. During the third quarter, the focus of the operations was changed towards direct marketing and Pricer is currently establishing its own sales force.

Market

The market for ESL showed a positive trend in the first nine months. The Japanese market continued to grow and the ESL technology is achieving an increasing acceptance. The French market also continued to grow at a higher rate over the past few months and the French retail trade has indicated an increased interest for ESL solutions.

Net sales and results

Net sales for the third quarter amounted to SEK 7.8M (9.5). Net sales for the first nine months amounted to SEK 25.6M (74.3, of which Pricer ESL accounted for 21.3).

The gross profit for the third quarter amounted to SEK 2.6M (0.1). The gross profit for the third quarter improved mainly thanks to income as a result of sales of services, improved gross profit on hardware and exchange rate fluctuations. Operating expenses for the third quarter amounted to SEK 23.0M (29.0, of which 14.0 related to one-off costs). The increase in expenses, excluding one-off costs, in comparison to the same period last year related mainly to payroll expenses as a result of change of Managing Director, consulting costs, and bonus costs to former Managing Director and senior management as a result of the order from Ishida. Operating expenses for the first nine months in the ESL operations amounted to SEK 63.3M (130.3 of which Pricer ESL 81.8) and included one-off costs of approximately SEK 6M (31). The year's one-off costs relate to the restructuring of Pricer Inc. and severance pay to former Managing Director.

For the third quarter, the consolidated operating result amounted to SEK -20.4M (-32.6). For the first nine months, the operating result amounted to SEK -59.8M (-97.5 of which Pricer ESL – 82.0). The net result for the third quarter was SEK -22.8M (-28,4) and SEK -66.8M (-92.0) for the first nine months of the year.

Net sales and operating result in the ESL operations, SEK M

| | Jan-Sep 2001 | Jan-Sep 2000 | Jul-Sep 2001 | Jul-Sep 2000 |
|--------------------|--------------|--------------|--------------|--------------|
| Net sales | 25.6 | 21.3 | 7.8 | 9.5 |
| Cost of sold goods | -22.1 | -21.5 | -5.2 | -9.4 |
| Gross result | 3.5 | -0.2 | 2.6 | 0.1 |
| Expenses | -63.3 | -81.8 | -20.4 | -32,7 |
| Operating result | -59.8 | -82.0 | -22.8 | -32,6 |
| Gross result, % | 13 % | -1 % | 33% | 1 % |

Financial position

The cash flow from current operations was SEK -15.2M (-23.4) during the third quarter and for the first nine months SEK -55,2M (-68,8). Disposable liquid funds, i.e. liquid funds excluding blocked bank deposits and an unutilised bank overdraft facility, amounted to SEK 87.4M (159.0) at 30 September 2001.

During the year, there has been an increase in the safety inventory relating to critical components. An inventory build-up has also been implemented as a result of the change in a manufacturing partner and extended delivery times. There was no inventory build-up during the third quarter.

Expenses for the divestment of Intactix were charged to the cash flow of investment operations by SEK 7.3M for the first nine months. The phasing out of the Intactix Group could involve further costs, in addition to the approximately SEK 10M which have been entered as a liability.

Interest-bearing liabilities amount to SEK 63.2M (58.1) and consist of loans from Telxon Corp (now acquired by Symbol Technologies, Inc.). The liability to Telxon also includes accrued interest of SEK 24.7M (17.2). It is estimated that the liability will amount to USD 8.4M at the 2001-year end. It will be repaid during 2002. Repayment of USD 5.2M of this liability will be made with newly issued B shares. The dilution of the share will be dependent on the current USD rate on the date of the new share issue.

As the Board of Directors has decided to issue shares to settle the liability to Telxon, existing liquid funds are expected to last until the second quarter of 2002 with the current cash flow. In connection with the action programme, the Board intends to put forward proposals for additional financing within the near future.

During the quarter, financial income and expenses weakened due to unrealised translation differences attributable to the stronger USD.

As already stated in the annual report and in previous interim reports this year, the tax authority intended to examine, during 2001, Pricer's deduction of VAT on new issue costs. Such a tax audit has been initiated, but has not yet been completed. Any repayment of VAT will be reported directly against equity.

Capital expenditure

In the first nine months, total capital expenditure amounted to SEK 0.8M (1.5) and related mainly to computers and office equipment. All product development has been written-off.

Personnel

During the first nine months of the year, the average number of employees amounted to 44 (57, of whom 46 work at Pricer ESL) whereas the number at 30 September 2001 amounted to 46 (44).

Parent company

The parent company's net sales for the first nine months amounted to SEK 25.2M (21.3) and the result before appropriations was SEK -54.1M (-243,4). Capital expenditure amounted to SEK 0.8M (1.5). The parent company's liquid funds amounted to SEK 80.6M (153.5) at 30 September 2001.

Accounting principles

This Interim Report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 Interim Reports. The same accounting principles used in the most recent Annual Report have been applied.

From 1 January 2000, the parent company's receivable from its subsidiary, Pricer Inc., is regarded as a permanent part of the financing and the translation difference is, therefore, reported directly against equity in the consolidated accounts. For the first nine months, this translation difference, which previously had an effect on the result, amounts to SEK 13.7M (14.8).

Significant events after the end of the reporting period

After the end of the reporting period, Pricer signed a Letter of Intent with the German retail chain, Metro, which is already a major customer Pricer. The declaration of intent means that Metro intends to use Pricer's ESL systems in all new Metro Cash & Carry stores and in its new concept stores, Junior, in Germany.

In October, Pricer signed a distributor agreement with Zida Tech AG relating to the Swiss market. Zida Tech is responsible for the distribution of TEC's printers and has a long experience of working with convenience goods retailers in Switzerland.

Forecast

In step with a favourable development of the market, the planned action programme is aimed at achieving a more rapid improvement in the operating result by significantly reducing the fixed costs. It is difficult to assess the continued market trend. This forecast has been changed from the forecast published in the January-June Interim Report 2001.

Next reporting date

The Year-end Report 2001 will be published on 7 February 2002.

Uppsala, 8 November 2001
Pricer AB (publ)

Jan Forssjö
President

THIS REPORT HAS NOT BEEN THE SUBJECT OF EXAMINATION BY THE AUDITORS.

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Pricer AB (publ) was founded in Uppsala in 1991 and has built a leading position in the world market as a supplier of electronic display and information systems to the retail industry. Pricer offers electronic information systems intended to improve significantly customer benefit and improve retail profitability. Through Pricer's co-operation with highly competent partners, customers are offered a totally integrated solution together with the supplementary products, applications and services offered by our partners. The Pricer share is quoted on the O-list of Stockholm Exchange. For further information, please visit Pricer's website www.pricer.se. Registration to receive news releases automatically via e-mail can be made through the website.

| CONSOLIDATED INCOME STATEMENT SUMMARY | Q3 | Q3 | 9 | 9 | Full |
|---|--------------|-----------|------------------------------|----------------|--------------|
| Amount in MSEK | 2001 | 2000 | months 2001 | months 2000 | Year 2000 |
| Net sales | 7,8 | 9,5 | 25,6 | 74,3 | 82,8 |
| Cost of goods sold | -5,2 | -9,4 | -22,1 | -28,3 | -37,0 |
| Gross result | 2,6 | 0,1 | 3,5 | 46,0 | 45,8 |
| Sales and administrative expenses | -19,1 | -25,5 | -51,8 | -113,8 | -127,7 |
| Research and development costs | -3,9 | -3,5 | -11,5 | -16,5 | -19,6 |
| Items affecting comparability, operational | - | - | - | - | -200,2 |
| Amortisation of goodwill, marketing and industrial rights | - | -3,7 | - | -13,2 | -16,8 |
| Operating result | -20,4 | -32,6 | -59,8 | -97,5 | -318,5 |
| Financial net | -2,4 | 4,2 | -7,0 | 5,2 | 10,6 |
| Result after financial items | -22,8 | -28,4 | -66,8 | -92,3 | -307,9 |
| Other taxes | | 0,0 | | 0,3 | 0,3 |
| Net result for the period | -22,8 | -28,4 | -66,8 | -92,0 | -307,6 |

| Result per share, number of shares | Q3 | Q3 | 9 | 9 | Full |
|---|--------------|-----------|------------------------------|----------------|--------------|
| | 2001 | 2000 | months 2001 | months 2000 | Year 2000 |
| Net result per share in SEK | -0,10 | -0,12 | -0,28 | -0,39 | -1,29 |
| Net result per share in SEK, with full dilution | -0,09 | -0,12 | -0,28 | -0,38 | -1,27 |
| Number of shares, millions | 238,6 | 238,6 | 238,6 | 238,6 | 238,6 |
| Number of shares, millions, with full dilution | 242,3 | 242,3 | 242,3 | 242,3 | 242,3 |

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 3 732 769 shares of series B with conversion rates between SEK 4,40 and SEK 44,84.

| NET SALES BY GEOGRAPHIC MARKET | Q3 | Q3 | 9 | 9 | Full |
|---------------------------------------|-------------|-----------|------------------------------|----------------|--------------|
| Amounts in MSEK | 2001 | 2000 | months 2001 | months 2000 | Year 2000 |
| North America | 0 | 0 | 0,1 | 0,2 | 0,4 |
| Rest of the world | 7,8 | 9,5 | 25,5 | 74,1 | 29,5 |
| Total Pricer | 7,8 | 9,5 | 25,6 | 74,3 | 29,9 |
| Intactix | - | 0,0 | - | 53,0 | 53,0 |
| Total net sales | 7,8 | 9,5 | 25,6 | 127,3 | 82,9 |

CONSOLIDATED BALANCE SHEET SUMMARY

| Amounts in MSEK | 2001-09-30 | 2000-09-30 | 2000-12-31 |
|---|-------------------|------------|------------|
| Goodwill | - | 206,2 | - |
| Market and industrial rights | - | 0 | - |
| Patent and licence rights | 19,8 | 22,7 | 21,7 |
| Total Intangible fixed assets | 19,8 | 228,9 | 21,7 |
| Tangible fixed assets | 3,2 | 3,8 | 3,9 |
| Total fixed assets | 23,0 | 232,7 | 25,6 |
| Inventories | 15,9 | 6,2 | 6,5 |
| Current receivables | 14,7 | 15,9 | 13,7 |
| Cash and bank | 109,6 | 195,0 | 169,2 |
| Total current assets | 140,2 | 217,1 | 189,4 |
| TOTAL ASSETS | 163,2 | 449,8 | 215,0 |
| Shareholders' equity | 23,4 | 310,6 | 89,6 |
| Allocations | 11,6 | 14,7 | 13,7 |
| Long-term loans | 15,8 | 57,3 | 56,5 |
| Other long-term non interest-bearing liabilities | 6,2 | 17,2 | 18,2 |
| Short-term loans | 47,4 | 0,8 | 0,2 |
| Other current non interest-bearing liabilities | 58,8 | 49,2 | 36,8 |
| Total liabilities | 128,2 | 124,5 | 111,7 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 163,2 | 449,8 | 215,0 |
| Pledged assets | 63,2 | 57,4 | 58,8 |
| Contingent liabilities | | | - |
| Shareholders' equity per share, SEK | 0,10 | 1,30 | 0,38 |
| Shareholders' equity with full dilution, SEK | 0,10 | 1,28 | 0,37 |

| CHANGE IN SHAREHOLDERS' EQUITY | 9 months | 9 months | Full Year |
|--|-----------------|----------|-----------|
| Amounts in MSEK | 2001 | 2000 | 2000 |
| Shareholders' Equity at start of period | 89,6 | 384,4 | 384,4 |
| Translation difference | 0,6 | 17,2 | 12,9 |
| Net result for the period | -60,6 | -91,2 | -307,6 |
| Other | | | -0,1 |
| Shareholders' Equity at end of period | 29,6 | 310,4 | 89,6 |

| CONSOLIDATED CASH FLOW STATEMENT-SUMMARY | Q3 | Q3 | 9 months | 9 months | Full Year |
|--|--------------|--------------|-----------------|-----------------|------------------|
| Amounts in MSEK | 2001 | 2000 | 2001 | 2000 | 2000 |
| Result after financial items | -16,7 | -28,4 | -66,9 | -92,3 | -307,4 |
| Adjustment for items which are not included in the cash flow | 4,7 | 7,4 | 20,6 | 26,0 | 224,3 |
| Changes in working capital | -3,2 | -2,4 | -8,9 | -2,5 | -10,3 |
| Cash flow from current operations | -15,2 | -23,4 | -55,2 | -68,8 | -93,4 |
| Cash flow from investment operations | -0,4 | -4,2 | -7,3 | 142,6 | 134,3 |
| Cash flow from financial operations | | - | | - | |
| Cash flow in the period | -15,6 | -27,6 | -62,5 | 73,8 | 41,0 |
| Liquid funds at start of period | 125,5 | 225,8 | 169,1 | 124,9 | 124,9 |
| Exchange difference in liquid funds | -0,3 | -3,2 | 3,0 | -3,7 | 3,0 |
| Liquid funds at end of period | 109,6 | 195,0 | 109,6 | 195,0 | 169,1 |
| Less blocked bank deposits | -25,2 | -39,0 | -25,2 | -39,0 | -25,2 |
| Unutilised overdraft facility | 3,0 | 3,0 | 3,0 | 3,0 | 3,0 |
| Disposable funds at end of period | 87,4 | 159,0 | 87,4 | 159,0 | 147,9 |

KEY RATIOS

| Amount in MSEK | Q2 '01 | Q1 '01 | Q4 '00 | Q3 '00 | Q2 '00 |
|---|---------------|---------------|---------------|---------------|---------------|
| Order Entry | 307,1 | 2,1 | 12,4 | 6,5 | 4,0 |
| Order Entry-moving 4 quarters | 328,1 | 25,0 | 25,6 | 40,2 | 36,0 |
| Net sales | 7,8 | 9,5 | 8,3 | 8,6 | 9,0 |
| Net sales-moving 4 quarters | 34,2 | 35,9 | 34,2 | 29,9 | 28,0 |
| Operating result | -20,4 | -19,2 | -20,2 | -221,0 | -32,0 |
| Operating result-moving 4 quarters | -280,8 | -293,0 | 307,0 | -314,6 | -143,0 |
| Net result for the period | -22,9 | -20,8 | -23,2 | 215,5 | -28,0 |
| Cash flow from operations | -15,2 | -19,8 | -20,4 | -17,5 | -29,0 |
| Cash flow from operations-moving 4 quarters | -72,9 | -87,4 | -89,5 | -93,7 | -102,0 |
| Number of employees, end of period | 46 | 43 | 45 | 45 | 45 |
| Equity/assets ratio | 18% | 24% | 33% | 42% | 69% |
| Debt/equity ratio | -5,84 | -4,42 | -1,28 | -1,26 | -0,7 |

