



Interim Report January – September 2002

- **Increased net sales of SEK 51.9M (25.6)**
- **Improved operating result of SEK -33.2M (-59.8)**
- **Orders received of SEK 45.7M (321.6)**
- **Liquid funds of SEK 82.5 (109.6)**
- **Strategic order from Leclerc Scarmor in France**

Subsequent events:

- **Agreement with AWEK Nord C-POS systems, a leading cash system supplier in Germany**

OPERATIONS

The third quarter is normally slightly weaker, taking into account a low activity from customers related to the holiday months. Sales were slightly lower than expected due to delayed deliveries to Japan. However, these deliveries were made during October. Orders received amounted to SEK 4.9M (307.1) for the third quarter and to SEK 45.7M (321.6) for the first nine months of 2002. Orders received for the third quarter of 2001 consisted mainly of an order from Pricer's Japanese partner, Ishida, which will be delivered over five years. At the period end, the backlog amounted to SEK 288M (340). The majority of Pricer's orders are made in USD and currency fluctuations affect the value of the backlog in SEK.

The majority of the action programme that was agreed in November 2001 was implemented during the first quarter. The effects of the cost reduction will make an impact gradually during 2002.

During the period, Pricer's French subsidiary received a strategically important order for an ESL system (Electronic Shelf Label) in the Leclerc retail chain in France. It is Pricer's first installation with the new generation of products (R3) in France.

Market

Signals pointing to an increased interest were recorded from most markets and customers, among others Germany, Belgium and the Netherlands. Belgium have emerged as markets in which Pricer have implemented an increased number of installations. The number of installations of the Pricer ESL-system in Japan also shows a satisfactory increase. A further sign that the market is developing is that a large retail chain in the United Kingdom has made a decision to install electronic price labelling.

Net sales and results

Net sales for the quarter amounted to SEK 13.7M (7.8). Net sales were affected by the fact that some of the deliveries to the Japanese market were delayed. The deliveries were made during October. Net sales for the first nine months amounted to SEK 51.9M (25.6), which is a twofold increase compared with the same period in the previous year and more than total sales for 2001.

The gross profit for the third quarter amounted to SEK 2.8M (2.6) and to SEK 8.7M (3.5) for the first nine months of the year. The gross margin for the third quarter was 20 (33) per cent and 17 (14) per cent for the first nine months. The change in the margin for the third quarter of 2002 compared with the third quarter of 2001 can mainly be attributed to the dissolution of a guarantee reserve and currency effects.

Operating expenses for the third quarter fell to SEK 11.2M (23.0) and to SEK 41.9M (63.3) for the first nine months of 2002. One-off costs amounting to SEK 0.3M arose in the third quarter. These related to the new office in Sollentuna into which Pricer's Swedish operations will move during November.

The operating result for the quarter improved compared with 2001 and amounted to SEK -8.4M (-20.4). The operating result for the first nine months of the year was SEK -33.2M (-59.8).

Financial income and expenses for the quarter was SEK 0.4M (-2.4) and SEK -2.4M (-7.0) for the nine months. In the first nine months, financial income and expenses were affected by negative exchange rate differences as a result of the weak USD.

The net result for the quarter was SEK -8.0M (-22.8) and SEK -35.6M (-66.8) for the first nine months.

Net sales and operating result, SEK M

	Jul-Sep 2002	Jul-Sep 2001	Jan-Sep 2002	Jan-Sep 2001
Net sales	13.7	7.8	51.9	25.6
Cost of goods sold	-10.9	-5.2	-43.2	-22.1
Gross result	2.8	2.6	8.7	3.5
Expenses	-11.2	-23.0	-41.9	-63.3
Operating result	-8.4	-20.4	-33.2	-59.8
Gross margin, %	20 %	33 %	17 %	14 %

Financial position

The cash flow from current operations was SEK -21.6M (-15.2) for the third quarter and SEK -58.0M (-55.2) for the first nine months of 2002. Liquid funds amounted to SEK 82.5M (109.6). In the first nine months of the year, the cash flow was affected by restructuring costs for the action programme of approximately SEK 8M. Increased sales during the year generated a need for a larger safety inventory.

As previously announced, the share issue implemented during spring 2002 was not paid in full. One of the members of the guarantee consortium has not paid his share although he is liable to do so. Approximately SEK

1.7M remains to be paid. The Board of Directors of Pricer will therefore declare 1,750,000 B shares forfeited. The Swedish Patent and Registration Office will thereafter make a decision about a corresponding write-down of the company's share capital. Pricer intends to take legal action against the guarantor for the non-payment. What has occurred has no significant negative effect on the company's financial position.

Expenses of SEK 0.6M for the divestment of Intactix were charged to the cash flow of investment operations, but not the result, during the first nine months of 2002. Costs of approximately SEK 7M remain for the phasing out of the Intactix Group. These have been entered as a liability. The phasing out of the Intactix Group is taking longer than anticipated. It is not impossible that additional costs could arise.

The tax authority has announced a changed assessment relating to VAT on issue costs of SEK 3.4M, which were declared in 1999 in accordance with the opinion of the National Tax Board applicable at that time. Pricer has appealed against the decision and has not entered the amount as a liability. Should the decision of the highest court be the same as that of the tax authority, Pricer will report the amount directly against equity.

Capital expenditure

Total capital expenditure for the third quarter amounted to SEK 0.3M (0.4) and to SEK 0.9M (0.8) for the first nine months of the year.

Personnel

During first nine months of 2002, the average number of employees amounted to 36 (44) whereas the number at 30 September 2002 amounted to 31 (46).

Parent company

The parent company's net sales for the first nine months amounted to SEK 51.5M (25.2) and the result before appropriations was SEK -35.3M (-54.1). Capital expenditure amounted to SEK 0.9M (0.8). The parent company's liquid funds amounted to SEK 81.1M (80.6) at 30 September 2002.

Accounting principles

This Interim Report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 Interim Reports.

Compared with the Annual Report for 2001, the following new recommendations have been applied from 1 January 2002: RR 1:00 Consolidated accounts, RR15 Intangible fixed assets, RR 16 Provisions, contingent liabilities and contingent assets, and RR17 Write-downs. The application of these recommendations has not had any significant impact on the company's results and position.

Subsequent events

Pricer has entered into an agreement with a leading cash system supplier in Germany, AWEK Nord C-POS systems. The agreement means that C-POS systems will sell, install and maintain Pricer's ESL systems in the German market. A separate unit has been formed with representatives of both companies with the aim of securing a customer-oriented sales and development process.

Forecast

In line with increasing sales, the action programme is aimed at achieving a faster improvement in the operating result by significantly reducing the fixed costs. It is difficult to assess the continued market trend. However, there are positive signs of a general increase in interest.

The Board of Directors is of the opinion that the payment from the new share issue will meet Pricer's capital requirement until the operations generate a positive cash flow. This is expected to be achieved during the first half of 2004.

This forecast has not been changed from the Interim Report for the second quarter of 2002.

Next reporting date

The Year-End Report for 2002 will be published on 13 February 2003.

Uppsala, 7 November 2002
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), 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 300 stores in three continents. Among others, the second largest retailer in Europe and some of the largest retailers in Japan are customers to Pricer. Pricer, in cooperation with highly competent partners, offer a totally integrated solution together with the supplementary products, applications and services.

Pricer AB (publ) is quoted on the O-list of OM 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.

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CONSOLIDATED INCOME STATEMENT-SUMMARY	Q3	Q3	9 month	9 month	Full year
Amount in MSEK	2002	2001	2002	2001	2001
Net sales	13,7	7,8	51,9	25,6	36,4
Cost of goods sold	-10,9	-5,2	-43,2	-22,1	-31,8
Gross result	2,8	2,6	8,7	3,5	4,6
Sales and administrative expenses	-8,6	-19,1	-32,2	-51,8	-73,5
Research and development costs	-2,6	-3,9	-9,7	-11,5	-16,8
Items affecting comparability, operational	-	-	-	-	-
Amortisation of goodwill, marketing and industrial rights	-	-	-	-	-
Operating result	-8,4	-20,4	-33,2	-59,8	-85,7
Financial net	0,4	-2,4	-2,4	-7,0	41,2
Result after financial items	-8,0	-22,8	-35,6	-66,8	-44,5
Other taxes	0,0	0,0	0,0	0,0	-
Net result for the period	-8,0	-22,8	-35,6	-66,8	-44,5

Result per share, number of shares	Q3	Q3	9 month	9 month	Full year
	2002	2001	2002	2001	2001
Net result per share in SEK	-0,02	-0,10	-0,11	-0,28	-0,19
Net result per share in SEK, with full dilution	-0,02	-0,09	-0,10	-0,28	-0,18
Number of shares, millions	334,0	238,6	334,0	238,6	238,6
Number of shares, millions, with full dilution	357,9	242,3	357,9	242,3	242,3

NET SALES BY GEOGRAPHIC MARKET	Q3	Q3	9 month	9 month	Full year
Amounts in MSEK	2002	2001	2002	2001	2001
The Nordic Countries	3,0	0,3	10,8	2,4	2,9
The rest of Europe	7,5	4,2	17,1	8,2	12,6
Asia	3,1	2,8	23,8	12,5	18,5
The rest of the world	0,1	0,5	0,2	2,5	2,4
Total net sales	13,7	7,8	51,9	25,6	36,4

CONSOLIDATED BALANCE SHEET-SUMMERY

Amounts in MSEK	2002-09-30	2001-09-30	2001-12-31
Goodwill	-	-	-
Market and industrial rights	-	-	-
Patent and licence rights	16,7	19,8	19,2
Total Intangible fixed assets	16,7	19,8	19,2
Tangible fixed assets	2,8	3,2	2,9
Total fixed assets	19,5	23,0	22,1
Inventories	11,9	15,9	12,9
Current receivables	26,2	14,7	12,6
Cash and bank	82,5	109,6	72,8
Total current assets	120,6	140,2	98,3
TOTAL ASSETS	140,1	163,2	120,4
Shareholders' equity	100,3	23,4	43,2
Allocations	7,6	11,6	9,7
Long-term loans	0,0	15,8	0,0
Other long-term non interest-bearing liabilities	0,0	6,2	0,0
Short-term loans	0,0	47,4	21,3
Other current non interest-bearing liabilities	32,2	58,8	46,2
Total liabilities	32,2	128,2	67,5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	140,1	163,2	120,4
Pledged assets	33,9	63,2	58,3
Contingent liabilities	-	-	-
Shareholders' equity per share, SEK	0,30	0,10	0,18
Shareholders' equity with full dilution, SEK	0,28	0,10	0,18

CHANGE IN SHAREHOLDERS' EQUITY	9 month	9 month	Full year
Amounts in MSEK	2002	2001	2001
Shareholders' Equity at start of period	43,2	89,6	89,6
New share issue	92,9	-	-
Translation difference	-0,2	0,6	-1,9
Net result for the period	-35,6	-66,8	-44,5
Shareholders' Equity at end of period	100,3	23,4	43,2

CONSOLIDATED CASH FLOW STATEMENT-SUMMARY	Q3	Q3	9 month	9 month	Full year
Amounts in MSEK	2002	2001	2002	2001	2001
Result after financial items	-8,0	-16,7	-35,6	-66,9	-44,5
Adjustment for items which are not included in the cash flow	-0,8	4,7	4,2	20,6	-37,2
Changes in working capital	-12,8	-3,2	-26,6	-8,9	10,5
Cash flow from current operations	-21,6	-15,2	-58,0	-55,2	-71,2
Cash flow from investment operations	-0,5	-0,4	-1,6	-7,3	-6,7
Cash flow from financial operations	2,9	-	70,5	-	-21,4
Cash flow in the period	-19,2	-15,6	10,9	-62,5	-99,3
Liquid funds at start of period	98,9	125,5	72,8	169,1	169,2
Exchange difference in liquid funds	2,8	-0,3	-1,2	3,0	2,9
Liquid funds at end of period	82,5	109,6	82,5	109,6	72,8
Less blocked bank deposits	-0,2	-25,2	-0,2	-25,2	-24,7
Unutilised overdraft facility	3,2	3,0	3,2	3,0	3,4
Disposable funds at end of period	85,5	87,4	85,5	87,4	51,5

KEY RATIOS	Q3	Q2	Q1	Q4	Q3
Amount in MSEK	2002	2002	2002	2001	2001
Order Entry	4,9	18,1	22,7	6,6	307,1
Order Entry-moving 4 quarters	52,3	354,5	338,5	328,2	328,1
Net sales	13,7	20,5	17,7	10,8	7,8
Net sales-moving 4 quarters	62,7	56,8	45,8	36,4	34,2
Operating result	-8,4	-11,7	-13,1	-25,9	-20,4
Operating result-moving 4 quarters	-59,1	-71,1	-78,6	-85,7	-280,8
Net result for the period	-8,0	-13,9	-13,7	22,3	-22,9
Cash flow from operations	-21,6	-16,9	-19,5	-15,8	-15,2
Cash flow from operations-moving 4 quarters	-73,8	-67,4	-70,3	-71,2	-72,9
Number of employees, end of period	31	37	40	43	46
Equity/assets ratio	72%	70%	26%	36%	18%
Debt/equity ratio	0,85	0,91	-0,88	-2,15	-5,84

