



Interim Report January – March 2007

- Net sales of SEK 64.1 M (67.5), a decrease of 5 percent
- Result after tax of SEK -2.7 M (-21.9), a significant improvement
- Result per share of SEK -0.003 (-0.03)
- Orders received of SEK 91.1 M (160.0)
- Gross margin of 27 (16) percent
- Improved operating result, amounting to SEK -3.2 M (-21.0)
- Liquid funds of SEK 35.8 M (56.3)

- Pricer issues convertible debentures for SEK 74.9 M
- Pricer and Ishida sign license agreement for wireless graphic displays with a first payment of SEK 14 M received in April

Subsequent events

- Cepsa Spain rolls out Pricer ESL with an order worth SEK 5 M
- Casino continues ESL installations
- Metro Cash & Carry France deploys Pricer ESL

Operations

Orders received for the first quarter amounted to SEK 91.1 M (160.0) and includes orders primarily from the French retail chain Carrefour, from the German chain Metro and from Pricer's Japanese partner Ishida. The order book at the end of the period amounted to approximately SEK 102 M (204). The majority of Pricer's existing orders are in EUR and USD.

At the end of the first quarter, Pricer had a total of over 3,100 installations. These stores are located mainly in Japan, France and Germany.

The market and market activities

In Pricer's view, the market for ESL is showing sustained positive development. The signals from Pricer's prioritised geographical markets are clear, and many retail chains have made a decision or launched projects to include ESL as an operating tool in their automation processes.

Pricer continues to supply ESL systems to hypermarkets of Carrefour France after having successfully installed systems in 2004, 2005 and 2006.

Cepsa Spain has placed an order for 100 Pricer ESL installations which will be installed by IBM Spain. The stores operate under the "PROMIMER" banner. The installations will start in Q2 and involve 20 stores in 2007, and will continue through 2009. The total value of the project for Pricer is estimated at approximately SEK 5 M.

Pricer has been chosen to roll out the remaining Casino supermarkets after Pricer successfully completed the 2006 installations. The agreement represents 42 supermarkets in France and the installations will commence in April and are to be finished before year end.

Metro Cash & Carry Germany was the first major retailer in the world to roll out ESL and is now in the process of upgrading to Pricer's new ESL generation in Germany. Metro Cash & Carry France operates 84 Cash & Carry stores and has chosen the Pricer ESL system for deployment. A first order has been placed for 17 Cash & Carry stores at a total value of SEK 12 M with deliveries taking place during Q2 and Q3 2007.

The volume of deliveries to the Japanese market was weaker during Q1 2007 than during the same quarter 2006 and weaker also than during the fourth quarter of 2006. The two Pricer distributors in Japan, Ishida and Teraoka, were both awaiting formal technical approval of communication infrastructure of the two respective product lines, Pricer and Eldat. Orders and deliveries are increasing in Q2 and the underlying demand for ESL systems in Japan, according to Pricer's assessment, is growing steadily. A renewed distribution agreement between Pricer and Ishida is expected to be signed in Q2.

A licensing agreement has been signed with Ishida for development, marketing and sales of wireless graphic display labels mainly for the Japanese market. Pricer has in April received a first payment for this right of SEK 14 M, to be followed by an additional SEK 21 M approximately, in the form of goods or cash, on attainment of certain targets in the next few years. Pricer will also receive volume-based royalties.

Signals from the U.S. market remain generally promising. Installations are ongoing for one customer with approximately ten supermarkets planned for 2007. Another customer is expected to decide on a purchase of ESL systems in 2007.

Net sales and result

Net sales amounted to SEK 64.1 M (67.5) during the first quarter, equal to a decrease of 5 percent. Deliveries went mainly to Ishida in Japan and Carrefour and Casino in France. Pricer E.S.L. Israel Ltd, formerly Eldat Communication Ltd, was acquired in August of 2006 and is consolidated from that date.

Gross profit reached SEK 17.3 M (10.6) and the gross margin was 27 (16) percent. The stronger gross margin is mainly attributable to a market mix of sales and reduced unit costs.

Other operating income of SEK 14 M is the first payment from the license agreement with Ishida.

Operating expenses amounted to SEK 34.5 M (31.6).

The operating result improved to SEK -3.2 M (-21.0). Excluding the payment from Ishida operating result would have been SEK -17.2 M.

Net financial items totalled SEK -0.1 M (-0.9).

The net result for the period improved to SEK -2.7 M (-21.9).

Net sales and operating result, SEK M

	Jan – Mar 2007	Jan – Mar 2006
Net sales	64.1	67.5
Cost of goods sold	-46.8	-56.9
Gross profit	17.3	10.6
Gross margin, %	27	16
Other operating items	14.0	0.0
Expenses	-34.5	-31.6
Operating result	-3.2	-21.0

Financial position

Cash flow from operating activities during the first quarter was SEK 4.6 M (-11.7). It has been positively affected by reduced working capital partly offset by negative result and adjustments for non-cash items. Liquid funds as of March 31, 2007 amounted to SEK 35.8 M (56.3). Working capital amounted to SEK 66.0 M (58.0) as compared to SEK 76.1 M at the beginning of 2007, a reduction of SEK 10.1 M, primarily a reduction in receivables.

Pricer strengthened its financial situation and cash position through the issue of convertible debentures of SEK 74.9 M. The duration of the debentures is two years with approximately 8 percent annual interest (6 months STIBOR + 4.5 percent) and can be converted to shares in Pricer at a share price of SEK 0.70, corresponding to a dilution of about 9 percent. The debentures can be drawn in three tranches until August 15, 2007 of which SEK 25.9 M was drawn in April.

In March Pricer and the vendors of Eldat agreed to settle a warranty claim relating to insufficient financial provisions. Pricer will receive an amount of approximately SEK 7 M from the vendors as compensation which will reduce the acquisition balance of Eldat in the consolidated accounts of Pricer. As part of this settlement all shares held in escrow will be released to the vendors. No further warranty claims can be made by either party in relation to Pricer's acquisition of Eldat.

Capital expenditure

Total net capital expenditure amounted to SEK 0.2 M (1.5) and comprised production tools, computers and office equipment.

Personnel

The average number of employees in the Group during the quarter was 102 (117). The number of employees at March 31, 2007 was 102 (124). As of December 31 the equivalent number of employees was 110.

Subsequent events

Cepsa Spain rolls out Pricer ESL with an order worth SEK 5 M.

Casino France continues ESL installations.

Metro Cash & Carry France deploys Pricer ESL.

Future outlook

Pricer anticipates further positive development in the market with growth in the total installed base of systems in store and more concrete interest from several major retail chains. Evaluations and negotiations with a number of retail chains are in progress. Margins are expected to be further strengthened by lower product costs. The Pricer Group is expected to show a profit and therefore also positive cash flow in 2007.

Next reporting date

The Interim Report for the period January-June 2007 will be published on August 23, 2007.

This interim report has not been subject to review by the auditor.

Sollentuna, May 9, 2007
Pricer AB (publ)

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Pricer provides the retail industry's leading electronic display and Electronic Shelf Label (ESL) platform, solutions, and services for intelligently communicating, managing, and optimizing product information on the shop floor. The platform is based on a two-way communication protocol to ensure a complete traceability and management of resources. The Pricer system significantly improves consumer benefit and store productivity.

Pricer, founded in 1991 in Uppsala, Sweden, offers the most complete and scalable ESL solution. Pricer has over 3,100 installations across three continents with approximately 60 % market share. Customers include many of the world's top retailers and some of the foremost retail chains in Europe, Japan and the USA. Pricer, in co-operation with qualified partners, offers a totally integrated solution together with supplementary products, applications and services.

Pricer AB (publ.) is quoted on the Nordic Small Cap list of OMX. For further information, please visit www.pricer.com

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CONSOLIDATED INCOME STATEMENT – SUMMARY

	Q 1	Q 1	Full year
Amounts in SEK M	2007	2006	2006
Net sales	64,1	67,5	409,9
Cost of goods sold	-46,8	-56,9	-320,2
Gross profit	17,3	10,6	89,7
Other operating income	14,0	0,0	-0,2
Selling and administrative expenses	-29,4	-21,6	-95,3
Research and development expenses	-5,1	-10,0	-35,2
Operating result	-3,2	-21,0	-41,0
Net financial items	-0,1	-0,9	-8,1
Result before tax	-3,3	-21,9	-49,1
Tax on result for the period	0,6	0,0	1,1
Net result for the period	-2,7	-21,9	-48,0
Attributable to:			
Equity holders of the Parent Company	-2,8	-21,0	-46,5
Minority interest	0,1	-0,9	-1,5
Net result for the period	-2,7	-21,9	-48,0

Earnings per share, number of shares	Q 1	Q 1	Full year
	2007	2006	2006
Earnings per share before dilution, SEK	-0,003	-0,03	-0,05
Earnings per share after dilution, SEK	-0,002	-0,03	-0,05
Number of shares, millions	1 016,1	754,3	853,2
Number of shares after dilution, millions	1 153,1	754,3	853,2

NET SALES BY GEOGRAPHICAL MARKET	Q 1	Q 1	Full year
Amounts in SEK M	2007	2006	2006
Nordic Countries	4,1	1,5	15,5
Rest of Europe	41,4	42,1	265,3
Asia	16,7	22,2	115,6
Rest of the world	1,9	1,7	13,5
Total net sales	64,1	67,5	409,9

CONSOLIDATED BALANCE SHEET – SUMMARY

Amounts in SEK M	2007-03-31	2006-03-31	2006-12-31
Intangible fixed assets	279,6	7,0	282,2
Tangible fixed assets	7,5	8,2	8,1
Financial assets	0,3	0,0	0,2
Total fixed assets	287,4	15,2	290,5
Inventories	61,1	32,5	64,6
Current receivables	88,2	109,6	107,8
Cash and cash equivalents	35,8	56,3	31,5
Total current assets	185,1	198,4	203,9
TOTAL ASSETS	472,5	213,6	494,4
Shareholders' equity	344,8	127,5	353,1
Equity, minority interest	0,0	2,0	0,1
Total equity	344,8	129,5	353,2
Long-term liabilities	15,7	2,2	17,3
Current liabilities	112,0	81,9	123,9
Total liabilities	127,7	84,1	141,2
TOTAL EQUITY AND LIABILITIES	472,5	213,6	494,4
Pledged assets	63,6	35,9	77,2
Contingent liabilities	1,2	1,3	1,1
Shareholders' equity per share, SEK	0,34	0,17	0,35
Shareholders' equity, SEK, after dilution	0,30	0,17	0,35

CHANGE IN EQUITY

Amounts in SEK M	Q 1 2007	Q 1 2006	Full year 2006
Equity at start of period	353,2	152,1	152,1
New share issue	-	-	253,9
Translation difference	-5,7	-0,7	-3,7
Shareholder contribution, minority	-	-	0,4
Change in shareholder minority	-	-	-1,5
Net result for the period	-2,7	-21,9	-48,0
Equity at end of period	344,8	129,5	353,2
Attributable to:			
- Equity holders of the Parent Company	344,8	127,5	353,1
- Minority interest	0,0	2,0	0,1
Total	344,8	129,5	353,2

CONSOLIDATED CASH FLOW STATEMENT – SUMMARY

	Q 1	Q 1	Full year
Amounts in SEK M	2007	2006	2006
Net result after financial items	-3,2	-21,9	-49,1
Adjustment for non-cash items	-2,0	2,1	17,6
Paid tax	-0,3	0,0	-0,5
Change in working capital	10,1	8,1	-19,8
Cash flow from operating activities	4,6	-11,7	-51,8
Cash flow from investing activities	-0,2	-1,5	-11,2
Cash flow from financing activities	-1,1	0,0	25,5
Cash flow for the period	3,3	-13,2	-37,5
Cash and cash equivalents at start of period	31,6	69,5	69,5
Exchange rate difference in cash and cash equivalents	0,9	-0,1	-0,4
Cash and cash equivalents at end of period¹⁾	35,8	56,2	31,6
Unutilised bank overdraft facilities	0,0	2,9	0,0
Disposable funds at end of period	35,8	59,1	31,6

¹⁾ Whereof blocked accounts 1,2 1,3 1,1

KEY RATIOS, GROUP

	Q 1	Q 4	Q 3	Q 2	Q 1
Amounts in SEK M	2007	2006	2006	2006	2006
Order entry	91,1	70,5	43,4	29,6	160,0
Order entry - moving 4 quarters	234,6	303,4	259,8	216,4	387,5
Net sales	64,1	113,7	125,9	102,8	67,5
Net sales - moving 4 quarters	406,5	409,9	419,4	293,5	342,7
Operating result	-3,2	-8,2	2,7	-14,3	-21,0
Operating result - moving 4 quarters	-23,0	-40,8	-39,8	-42,5	-50,1
Result for the period	-2,7	-13,3	1,5	-15,2	-21,9
Cash flow from operating activities	4,6	-3,5	-24,2	-14,6	-11,7
Cash flow from op.activities - moving 4 quarters	-37,7	-54,0	-71,7	-47,5	-83,8
Number of employees, end of period	102	110	112	73	124
Equity ratio	73%	71%	67%	54%	61%

