

INTERIM REPORT JANUARY – SEPTEMBER 2011

New record in sales and profit

Third quarter 2011

- Order entry: SEK 144 M (113)
- Net sales: SEK 166.1 M (106.7)
- Gross margin: 32 percent (30)
- Operating profit: SEK 26.1 M (7.1)
- Operating margin: 15.7 percent (6.7)
- Net profit: SEK 26.6 M (2.3)
- Cash flow: SEK -45.3 M (-25.4)
- Basic earnings per share: SEK 0.24 (0.02)

January - September 2011

- Order entry: SEK 500 M (296)
- Net sales: SEK 421.1 M (285.9)
- Gross margin: 32 percent (39)
- Operating profit: SEK 50.2 M (34.9)
- Operating margin: 11.9 percent (12.2)
- Net profit: SEK 47.8 M (30.6)
- Cash flow: SEK -23.8 M (-28.6)
- Basic earnings per share: SEK 0.45 (0.30)

- Pricer reaches its highest net sales and profit during a single quarter
- Pricer has signed a number of frame agreements during the last year resulting in a good base for the business and future
- Pricer continues to grow in all geographical markets
- Pricer installs an increasing number of pilot stores in a number of markets

Comments from the CEO Fredrik Berglund

“It is pleasing that the stable development of Pricer continues through the third quarter. We have reached our highest net sales and profit during a single quarter. Since the fall of 2010 a number of large frame agreements have been signed which is creating an important base for the business and for the future. We note that an increasing number of customers have discovered the strength of the Pricer solution and that, as a consequence, we have been able to win important contracts in Europe and also obtained a stronger presence in the American market. So far we have not noticed any effect of the uncertain economic climate, however, our business model allows us to react quickly to the possibility of reduced growth. In all, we confirm our earlier outlook for the year regarding higher net sales and profit for the full year 2011 as compared to 2010.”



Market development

Pricer has had a continued increased order intake during the third quarter. The company has entered in to new markets as well as strengthened its position in existing markets.

During the quarter an increasing number of pilot installations are noted, which is usually a good indication of future deals.

Europe, Middle East and Africa

In Europe – which is the most important region for Pricer – the company has continued to strengthen its position both with longstanding and newer customers. For several of Pricer's largest and oldest customers net sales have increased during 2011. This included, among others, continued strong sales to the retail chains Carrefour and Metro and includes both new sales and upgrades of existing systems. For both these two large chains Pricer has obtained the confidence to expand by installing the Pricer solution also outside of their respective home markets (France and Germany). For Metro deliveries are taking place in close to ten various countries. Furthermore, sales volumes to the French retail chains Casino and the do-it-yourself giant Castorama have continued to grow. Castorama continues its deployment of the Pricer solution in all its stores.

Pricer has succeeded in winning a number of important orders, leading to increased presence in Southern Europe and the Nordic countries. Pricer is gaining a stronger position in the Nordic home market; particularly noteworthy is the agreement with Coop Nordic.

Installations in southern Africa continue. There is interest for the Pricer solution among customers in the Middle East even if volumes are still minor.

America

In both North and Latin America Pricer has had a good development during the quarter. A North American retail chain with over 250 food stores continues its large installation of ESL-systems. Installations are ongoing in more than 40 stores in 2011. A general increased interest in the North American market is noted. This has led to a number of pilots and installations in retail chains for both grocery products as well as for mobile telephony and IT/electronics.

In Latin America efforts in sales and marketing have led to results. Soriana, a large supermarket chain in Mexico with over 800 stores, is installing Pricer systems across the country and in various store formats. This has created an increased interest among other retail chains in the country which in its turn has also led to a number of pilots and other smaller installations.

Asia and the Pacific

In the region of Asia and the Pacific the development has been more mixed. Pricer reached an agreement with its longstanding Japanese partner, Ishida, as the license agreement from 2007 was revised. The agreement includes that Ishida has placed orders for ESL equipment, valued at SEK 40 M, to be delivered in 2011 – 2012.

In other parts of the region market activities are on-going, however, these have not yet led to any significant breakthrough.

Orders, net sales and result for the third quarter 2011

Order entry in the third quarter amounted to SEK 144 M (113), an increase of 28 percent as compared to last year. Excluding negative currency effect the increase was 33 percent. The Swedish krona has strengthened as compared to Pricer's main trading currencies, the euro and US dollar. The order backlog amounted to about SEK 170 M (97) at the end of September.

Net sales amounted to SEK 166.1 M (106.7) during the quarter, being the highest net sales for a single quarter for Pricer. The increase in net sales amounted to 56 percent as compared to the third quarter of 2010. Excluding negative currency effect, the increase was 65 percent.

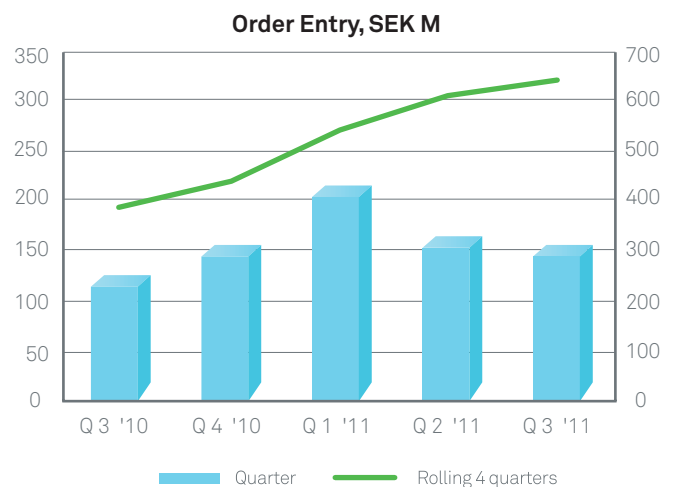
Gross profit amounted to SEK 53.3 M (31.7) and the gross margin to 32 percent (30) for the quarter. The gross profit has been positively affected by realised and unrealised currency hedging effects of SEK 1.5 M (-9.4) in the quarter. Gross margin was 31 percent before this impact.

Operating expenses amounted to SEK 27.2 M (24.6) during the quarter and have increased due to, among other things, increased market activities.

Operating profit amounted to SEK 26.1 M (7.1) during the quarter being the highest result in a single quarter in the history of the company. This resulted in an operating margin of 15.7 percent (6.7).

Net financial items were SEK 2.8 M (-5.4) for the quarter and consisted mainly of positive currency revaluations of loan assets and cash positions. The tax charge in the quarter is related to the French subsidiary where tax loss carry forwards are exhausted.

Net profit amounted to SEK 26.6 M (2.3) for the quarter. Translation differences in other comprehensive income consisted of positive currency revaluation of net assets in foreign subsidiaries in euro, notably goodwill.



Orders, net sales and result for January – September 2011

Order entry in the period amounted to SEK 500 M (296), equivalent to an increase of 69 percent as compared to last year. Excluding negative currency effect the increase was 83 percent. The Swedish krona has strengthened as compared to Pricer's main trading currencies, the euro and US dollar.

Net sales amounted to SEK 421.1 M (285.9) during the period - an increase of 47 percent as compared to the same period of 2010. Excluding negative currency effect the increase was 59 percent. Net sales amounted to SEK 582 M (400) on a rolling annual basis, an increase of 46 percent.

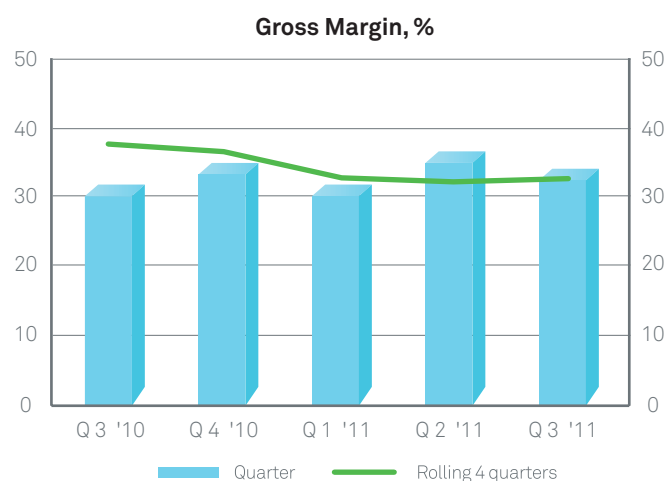
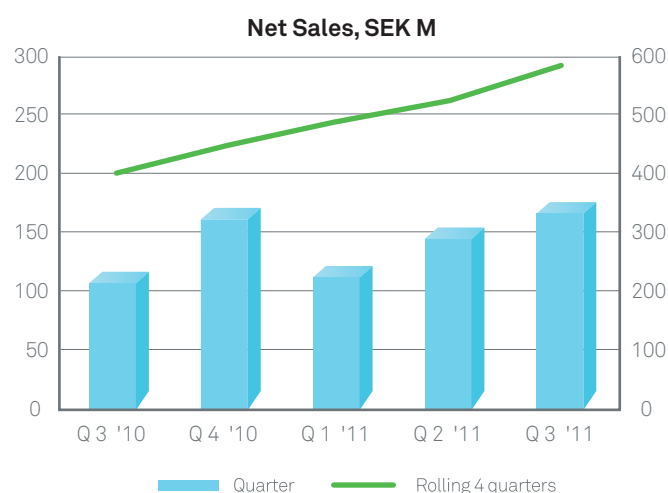
Gross profit amounted to SEK 136.7 M (110.0) and the gross margin to 32 percent (38) for the period. The gross profit during 2011 has been affected negatively by realised and unrealised currency hedging effects of SEK -5.0 M (-0.8) during the period. Gross margin was 33 percent before this impact. The gross margin was not as high as in 2010, when it was affected by a generally favourable mix of products and services.

Operating expenses amounted to SEK 86.5 M (75.2) during the period and increased due to increased market activities, number of employees and expenses of non-recurring nature.

Operating profit was SEK 50.2 M (34.9) during the period corresponding to an operating margin of 11.9 percent (12.2).

Net financial items were SEK 0.8 M (-6.0) for the period and consisted mainly of positive currency revaluations of loan assets and cash positions. The tax charge is related to the French subsidiary where tax loss carry forwards are exhausted.

Net profit amounted to SEK 47.8 M (30.6) for the period. Translation differences in other comprehensive income consisted of positive currency revaluation of net assets in foreign subsidiaries in euro, notably goodwill.



Currency Effect Order & Sales

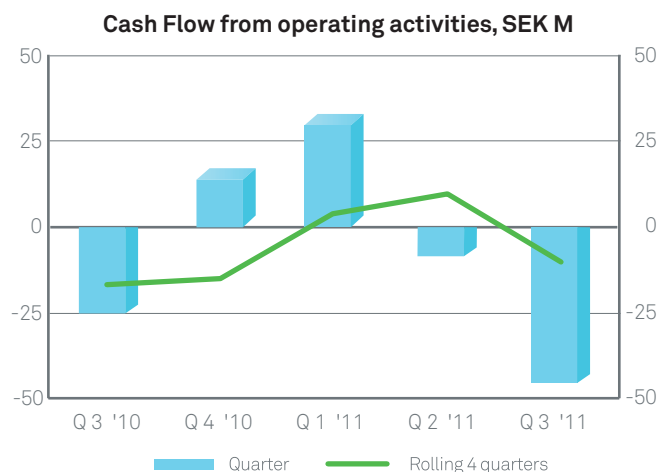
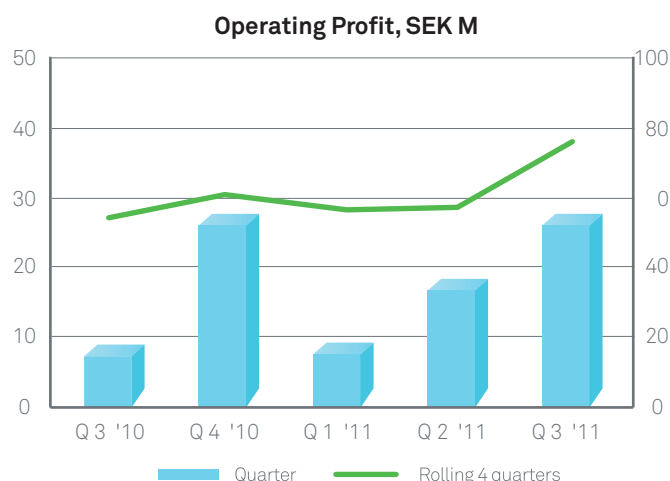
	Q3 2011	Q3 2010	9 months 2011	9 months 2010
% change in Orders	28%	26%	69%	21%
whereof currency effect	-5%	-11%	-14%	-11%
% change in Orders adjusted for currency effect	33%	37%	83%	32%
% change in Sales	56%	47%	47%	34%
whereof currency effect	-9%	-12%	-11%	-11%
% change in Sales adjusted for currency effect	65%	59%	58%	45%

Growth would have been higher with currency rates prevailing last year, as both the euro and the dollar were stronger against the krona.

Adjusted Gross Margin

	Q3 2011	Q3 2010	9 months 2011	9 months 2010
% Gross Margin	32%	30%	32%	38%
whereof value changes in currency futures	1%	-8%	-1%	-1%
% Adjusted Gross Margin	31%	38%	33%	39%

The result in the quarter has been affected slightly positively by revaluation of currency hedging contracts. The effect was negative in the equivalent quarter preceding year.



Financial position

Third quarter 2011

Cash flow from operating activities amounted to SEK -45.8 M (-25.4). Both inventory and accounts receivable have increased as a consequence of increased volume. Credit terms in markets where Pricer is active are generally more extended than for example in the Nordic countries.

January - September 2011

Cash flow from operating activities amounted to SEK -23.8 M (-28.6) in the period. Working capital amounted to SEK 269.7 M (170.4) at the end of the period, equivalent of an increase of 44 percent from the level of SEK 187.4 M at the beginning of the year. Cash and cash equivalents at September 30, 2011 amounted to SEK 35.8 M (59.4). In addition to available cash, Pricer has bank facilities in place amounting to SEK 38 M, of which SEK 13 M in the form of bank overdraft.

Equity etc.

In May Pricer completed a reversed split of the shares with one new share for ten old. The dividend decided at the Annual General Meeting of SEK 0.20 per share, or SEK 21.4 M total, was paid in May. An option program to employees from 2007 expired June 30, 2011 and class B shares were issued, representing about 3 percent dilution of the number of shares. Pricer obtained SEK 16.9 M in new funds.

The financial policy of Pricer with regards to extent and accounting of currency hedging is under review. As a consequence the extent of the hedged currency volume is lower than as compared to earlier.

Net sales and operating profit, SEK M

SEK M	Jun - Sep 2011	Jun - Sep 2010	Jan-Sep 2011	Jan-Sep 2010
Net sales	166.1	106.7	421.1	285.9
Cost of goods sold	-112.8	-75.0	-284.4	-175.9
Gross profit	53.3	31.7	136.7	110.0
Gross margin, %	32	30	32	38
Expenses	-27.2	-24.6	-86.5	-75.2
Operating profit	26.1	7.1	50.2	34.9
Operating margin, %	15.7	6.7	11.9	12.2

Capital expenditure

Third quarter 2011

Capital expenditures amounted to SEK 3.1 M (2.7) during the third quarter, and included mainly capitalised development costs of SEK 2.6 M (1.3).

January - September 2011

For the period capital expenditures amounted to SEK 6.5 M (9.4) and included mainly capitalised development costs of SEK 5.5 M (6.4).

Employees

The average number of employees in the quarter was 69 (53) and the number of employees at the end of the quarter was 70 (53). Complementing recruitments to strengthen the position of the company in the market has taken place during the quarter and a few additional recruitments are planned for.

Parent Company

The Parent Company's net sales amounted to SEK 361.0 M (236.4) and net profit amounted to SEK 48.4 M (20.7) for the period. The company had cash and cash equivalents of SEK 10.8 M (39.2) at September 30, 2011.

Issue and outstanding shares

Stated in thousands of shares	Class A	Class B	Total
As of December 31, 2010	2 260	1 053 257	1 055 517
Issue from options to employees	-	11 510	11 510
Conversion from class A to class B	-2	2	0
Reverse split 10:1	-2 032	-958 293	-960 325
Issue from options to employees	-	1 753	1 753
As of September 30, 2011	226	108 229	108 455

Class A share holds five votes and class B shares one vote

Risks and uncertainties

Pricer's results and financial position are affected by a number of risk factors that should be taken into consideration when assessing the Group and the Parent Company and their future potential. These risks are primarily related to development of the ESL market. Given the customer structure and the large size of the contracts any delay in the installations may have a significant impact on any given quarter. For additional risks reference is made to the annual report.

Related parties

There have been no significant transactions involving related parties that could have a material impact on the financial position and earnings of the Group or the Parent Company.

Accounting principles

This interim report has for the consolidated accounts been issued in accordance with the IAS 34 Interim reporting and relevant regulations in the Swedish Annual Accounts Act. This interim report for the Parent Company has been issued in accordance with the Swedish Annual Accounts Act, chapter 9 and RFR 2. Accounting principles applied for the consolidated and the Parent Company accounts are coherent with the principles in the latest annual report. The new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2011, have had no material effect on the consolidated financial statements.

Legal disputes

As Pricer announced in 2009, the company is party to an arbitration proceeding against ProMargin. An interlocutory award has been passed to the detriment of Pricer and the size of potential damages will be determined in continuing arbitration. The defendant has presented a significant claim. Pricer has not made any provisions in the matter.

Outlook

Expectations of higher net sales and result in 2011 than in 2010 remain.

Nomination committee

A nomination committee has been appointed consisting of Salvatore Grimaldi (chairman), Thomas Bill, Frank Larsson, John Örtengren and Peter Larsson.

Next reporting date

The year end report for January – December 2011 will be published on February 17, 2012.

Calendar

Annual General Meeting	April 25, 2012
Interim report Q1	April 25, 2012
Interim report Q2	August 23, 2012
Interim report Q3	October 29, 2012
Year-end report 2012	February 15, 2013

Sollentuna, October 31, 2011

Pricer AB (publ)

Fredrik Berglund

CEO

This report has not been reviewed by the auditors

(The interim report is a translation of the Swedish original only for convenience)

In its capacity as issuer, Pricer AB is releasing the information in this interim report for January – September 2011 in accordance with the Swedish Securities Exchange Act (2007:528). The information was distributed to the media for publication at 08.10 AM CEST on Monday October 31, 2011.

For further information, please contact:

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STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME IN SUMMARY

	Q 3	Q 3	9 months	9 months	Full year
Amounts in SEK M	2011	2010	2011	2010	2010
Net Sales	166.1	106.7	421.1	285.9	447.2
Cost of goods sold	-112.8	-75.0	-284.4	-175.9	-283.9
Gross profit	53.3	31.7	136.7	110.0	163.3
Selling and administrative expenses	-23.6	-20.4	-72.5	-63.5	-86.4
Research and development costs	-3.6	-4.2	-14.0	-11.7	-16.1
Operating profit	26.1	7.1	50.2	34.9	60.8
Net financial items	2.8	-5.4	0.8	-6.0	-6.3
Profit before tax	28.9	1.7	51.0	28.8	54.5
Income tax	-2.3	0.6	-3.2	1.8	1.7
Profit for the period	26.6	2.3	47.8	30.6	56.2

OTHER COMPREHENSIVE INCOME

Translation differences	4.5	-12.3	9.4	-40.1	-45.6
Net comprehensive income for the period	31.1	-10.0	57.2	-9.5	10.6
Profit for the period attributable to:					
Owners of the Parent Company	26.6	2.3	47.8	30.6	56.2
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Net comprehensive income for the period attributable to:					
Owners of the Parent Company	31.1	-10.0	57.2	-9.5	10.6
Non-controlling interest	0.0	0.0	0.0	0.0	0.0

EARNINGS PER SHARE

	Q 3	Q 3	9 months	9 months	Full year
Amounts in SEK M	2011	2010	2011	2010	2010
Basic earnings per share, SEK	0.25	0.02	0.45	0.30	0.54
Diluted earnings per share, SEK	0.24	0.02	0.44	0.28	0.52
Number of shares, millions	108	106	107	103	104
Diluted number of shares, millions	109	111	108	108	109

Historical values are recalculated due to the reverse split of shares in May 2011

NET SALES BY GEOGRAPHICAL MARKET

	Q 3	Q 3	9 months	9 months	Full year
Amounts in SEK M	2011	2010	2011	2010	2010
Europe, Middle East and Africa	142.7	86.9	344.7	218.6	350.8
America	15.5	14.3	60.2	51.2	57.0
Asia & the Pacific	7.9	5.5	16.2	16.1	39.4
Total net sales	166.1	106.7	421.1	285.9	447.2

The geographical markets have been changed as of January 1, 2011 and historical values have therefore been recalculated

STATEMENT OF CONSOLIDATED FINANCIAL POSITION IN SUMMARY

Amounts in SEK M	2011-09-30	2010-09-30	2010-12-31
Intangible fixed assets	252.4	254.1	249.1
Tangible fixed assets	2.9	2.6	2.8
Deferred tax assets	42.3	42.0	41.4
Total fixed assets	297.6	298.7	293.3
	0.0	0.0	0.0
Inventories	109.9	111.9	78.0
Current receivables	280.8	162.2	200.8
Cash and cash equivalents	35.8	59.4	69.9
Total current assets	426.5	333.5	348.7
TOTAL ASSETS	724.1	632.2	642.0
Shareholders' equity	600.2	526.3	546.5
Non-controlling interest	0.1	0.1	0.1
Total equity	600.3	526.4	546.6
Long-term liabilities	3.0	2.1	4.0
Short-term liabilities	120.8	103.7	91.4
Total liabilities	123.8	105.8	95.4
TOTAL EQUITY AND LIABILITIES	724.1	632.2	642.0
Pledged assets	35.6	35.6	35.6
Contingent liabilities	1.0	1.0	1.0
Basic shareholders' equity per share, SEK	5.62	5.11	5.28
Diluted shareholders' equity per share, SEK	5.55	4.86	5.02

Historical values are recalculated due to the reverse split of shares in May 2011

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY IN SUMMARY

Amounts in SEK M	9 months 2011	9 months 2010	Full year 2010
Equity at beginning of period	546.6	513.2	513.2
Net comprehensive income for the period	57.2	-9.5	10.6
Share issue	16.9	-	22.4
Dividend	-21.4	-	-
Share based payments, equity settled	1.0	0.3	0.4
Equity at end of period	600.3	526.4	546.6
Attributable to:			
- Owners of the Parent Company	600.2	526.3	546.5
- Non-controlling interest	0.1	0.1	0.1
Total	600.3	526.4	546.6

STATEMENT OF CONSOLIDATED CASH FLOWS IN SUMMARY

Amounts in SEK M	Q 3 2011	Q 3 2010	9 months 2011	9 months 2010	Full year 2010
Profit before tax	28.9	1.7	51.0	28.8	54.5
Adjustment for non-cash items	0.7	6.4	5.7	8.6	27.4
Paid income tax	-	-	-	-0.4	-0.4
Change in working capital	-74.9	-33.5	-80.5	-65.6	-96.8
Cash flow from operating activities	-45.3	-25.4	-23.8	-28.6	-15.3
Cash flow from investing activities	-3.1	-2.7	-6.5	-9.4	-12.0
Cash flow from financing activities	-	-	-4.5	-	-
Cash flow for the period	-48.4	-28.1	-34.8	-38.0	-27.3
Cash and cash equivalents at beginning of period	83.4	91.8	69.9	102.8	102.8
Exchange-rate difference in cash and cash equivalents	0.8	-4.3	0.7	-5.4	-5.6
Cash and cash equivalents at end of period	35.8	59.4	35.8	59.4	69.9
Unutilised bank overdraft facilities	13.1	25.0	13.1	25.0	25.0
Disposable funds at end of period	48.9	84.4	48.9	84.4	94.9

KEY RATIOS, GROUP

Amounts in SEK M	Q 3 2011	Q 2 2011	Q 1 2011	Q 4 2010	Q 3 2010
Order entry	143.6	152.1	152.1	204.2	144.0
Order entry - rolling 4 quarters	643.9	612.9	612.9	543.1	439.0
Net sales	166.1	143.9	143.9	111.1	161.3
Net sales - rolling 4 quarters	582.4	527.4	527.4	488.6	447.2
Operating profit	26.1	16.5	16.5	7.6	26.0
Operating profit - rolling 4 quarters	76.2	57.7	57.7	56.4	60.8
Profit for the period	26.6	16.3	16.3	4.9	25.6
Cash flow from operating activities	-45.3	-8.4	-8.4	29.9	13.3
Cash flow from op.activities - rolling 4 quarters	-10.5	64.7	64.7	3.8	-15.3
Number of employees, end of period	70	66	66	61	55
Equity ratio	83%	79%	79%	82%	85%

STATEMENT OF INCOME AND STATEMENT OF COMPREHENSIVE INCOME OF PARENT COMPANY IN SUMMARY

INCOME STATEMENT	9 months	9 months	Full year
Amounts in SEK M	2011	2010	2010
Net sales	361.0	236.4	356.4
Cost of goods sold	-271.4	-177.3	-262.5
Gross profit	89.6	59.1	93.9
Selling and administrative expenses	-32.1	-22.6	-33.2
Research and development costs	-12.7	-10.1	-14.1
Operating profit	44.8	26.4	46.6
Result from participations in group companies	-	-	-13.3
Net financials items	3.6	-5.4	-5.4
Profit before tax	48.4	21.0	27.9
Income tax	0.0	-0.3	-0.4
Result of the period	48.4	20.7	27.5

STATEMENT OF COMPREHENSIVE INCOME	9 months	9 months	Full year
Amounts in SEK M	2011	2010	2010
Result of the period	48.4	20.7	27.5
Translation differences	2.5	-11.0	-12.5
Net comprehensive income for the period	50.9	9.7	15.0

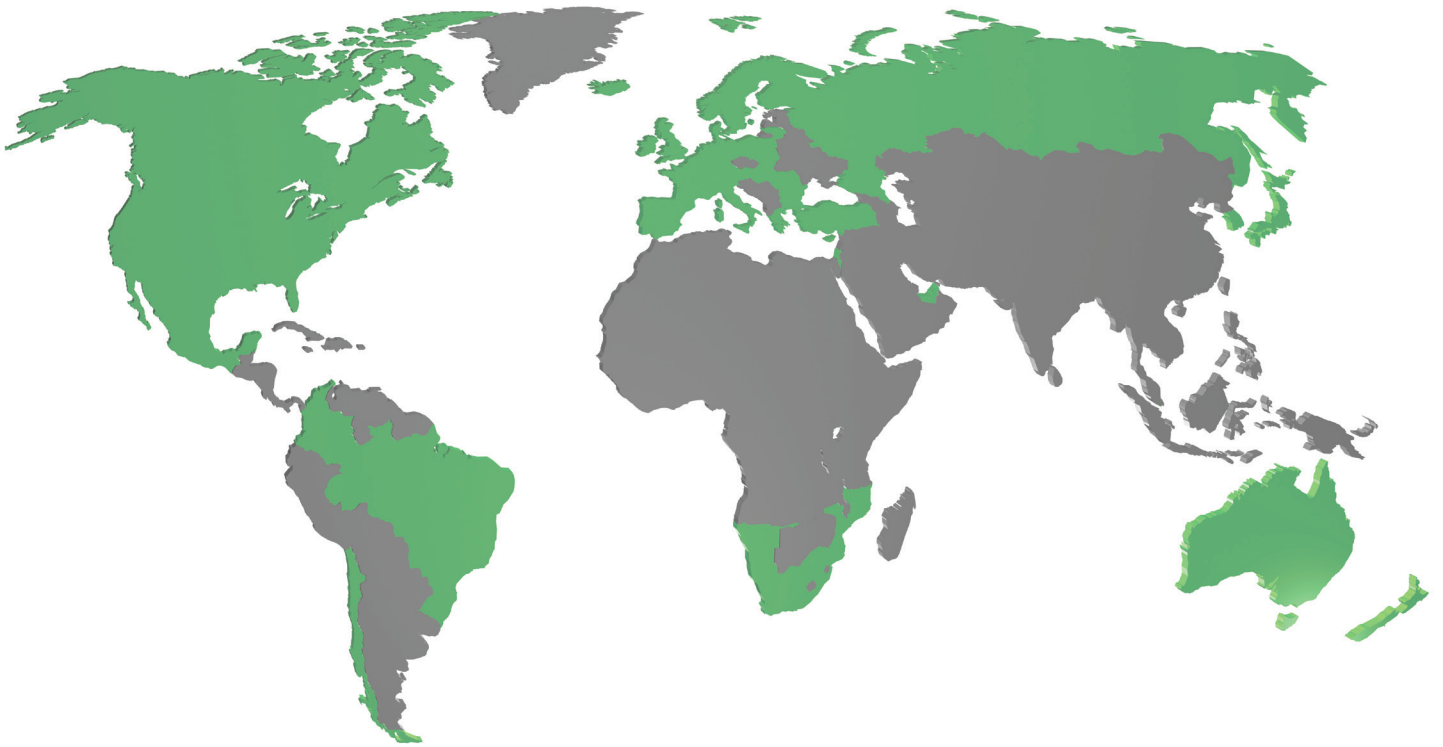
BALANCE SHEET AND STATEMENT OF CHANGES IN PARENT COMPANY EQUITY IN SUMMARY

BALANCE SHEET OF THE PARENT COMPANY

Amounts in SEK M	2011-09-30	2010-09-30	2010-12-31
Intangible fixed assets	18.5	15.9	16.9
Tangible fixed assets	1.8	1.4	1.3
Financial fixed assets	316.7	340.6	315.8
Total fixed assets	337.0	357.9	334.0
Inventories	69.8	76.3	52.3
Current receivables	203.6	96.3	124.5
Cash and cash equivalents	10.8	39.2	49.1
Total current assets	284.2	211.8	225.9
TOTAL ASSETS	621.2	569.7	559.9
Shareholders' equity	542.0	489.1	494.8
Total equity	542.0	489.1	494.8
Provisions	11.3	14.4	11.2
Long-term liabilities	0.1	0.1	0.1
Current liabilities	67.8	66.1	53.8
Total liabilities	79.2	80.6	65.1
TOTAL EQUITY AND LIABILITIES	621.2	569.7	559.9
Pledged assets	34.8	34.8	34.8
Contingent liabilities	0.2	0.2	0.2

STATEMENT OF CHANGES IN PARENT COMPANY EQUITY

Amounts in SEK M	9 months 2011	9 months 2010	Full year 2010
Equity at beginning of period	494.8	456.9	456.9
Net comprehensive income for the period	50.9	9.7	15.0
Share issue	16.9	-	22.4
Dividend	-21.4	-	-
Share based payments, equity settled	0.8	0.1	0.4
Equity at end of period	542.0	489.1	494.8



About Pricer

Pricer provides the retail industry's leading electronic display and Electronic Shelf Label (ESL) platform, solutions, and services for intelligently communicating, managing, and optimizing price and product information on the retail floor. Pricer is the only company today offering a communication platform that supports both segment based ESL and pixel-based ESL. The platform is based on a two-way communication protocol to ensure a complete traceability and effective management of resources. The Pricer system significantly improves consumer benefit and store productivity by simplifying work in the store.

Pricer, founded in 1991 in Uppsala, Sweden, offers the most complete and scalable ESL solution. Pricer has installations in more than 40 countries with the largest ESL world 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 Nasdaq OMX Nordic Small Cap.
For further information, please visit www.pricer.com

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