

Interim Report

January - June 2012



Record in operating profit for a single quarter

Improved order entry

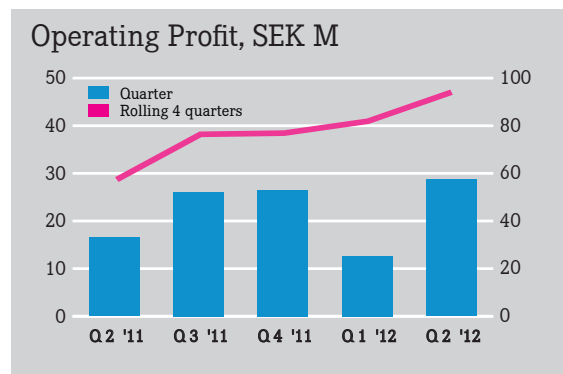
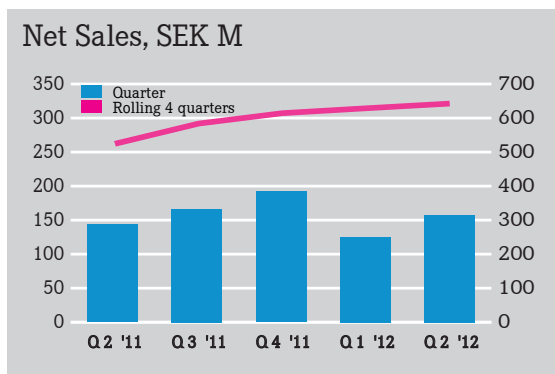
- Pricer reached its best operating profit for a single quarter
- Breakthrough in the Nordic region – Order value SEK 90 M
- One of the world's leading retailers selected Pricer's Graphic E-Paper labels for its stores – Initial order value of SEK 20 M
- Subsequent event: Pricer won during July the largest project ever in the market – The estimated value exceeds SEK 300 M
- The earlier communicated outlook is maintained, even if the uncertainty has increased with regards to the currency and economic situation

Second quarter

Order entry:	SEK 198 M (152)
Net sales:	SEK 157.7 M (143.9)
Gross margin:	33.5 percent (35.0)
Operating profit:	SEK 28.7 M (16.5)
Operating margin:	18.2 percent (11.5)
Net profit:	SEK 27.1 M (16.3)
Cash flow:	SEK 22.7 M (-8.4)
Basic earnings per share:	SEK 0.25 (0.15)

January - June

Order entry:	SEK 324 M (356)
Net sales:	SEK 283.2 M (255.0)
Gross margin:	33.1 percent (32.7)
Operating profit:	SEK 41.3 M (24.1)
Operating margin:	14.6 percent (9.5)
Net profit:	SEK 38.0 M (21.2)
Cash flow:	SEK 43.2 M (21.5)
Basic earnings per share:	SEK 0.35 (0.20)



Comments from the CEO Fredrik Berglund

The quarter was our best ever in the history of the company regarding operating profit, and net sales was the highest achieved for a second quarter. Order entry improved, both as compared to the first quarter and the equivalent quarter last year. We have won three major projects; two from customers which rank among the world's largest retail chains and the third, in the Nordic region, with a chain that will implement all its stores with the Pricer solution.

We are experiencing extended sales processes due to the economic decline in the euro area. Interest, however, remains high for our solution as it generates important savings and increases operational efficiency.

A significant portion of our sales is in euro and we are affected by a strong Swedish krona, both influencing net sales and results.

Market development

In view of the current economic climate, customers are taking longer than experienced in the past with decisions to implement new systems. Several customers are extending their pilots into additional stores, in some cases over twenty stores, and as a consequence the time period to evaluate the solution is longer.

At the same time a few of these evaluation projects have resulted in orders and frame agreements of significant value which indicates the continued interest for Pricer solutions in the market.

Europe, Middle East and Africa (EMEA)

Pricer has, through its partner PSI Group, signed an agreement with a leading retail chain in the Nordic countries for installation of electronic shelf label systems. The order value amounts to SEK 90 M and the agreement includes all stores of the retail chain. Pricer and PSI won the contract after a long period of evaluation and comprehensive pilot installations of the retailer.

Pricer has also received a substantial order for the most advanced system for electronic shelf edge information using DotMatrix graphic electronic paper labels. At SEK 20 M the order is the first of its kind at such a value, using solely graphic labels. The installations include 15 integrated stores as well as several franchise stores in Europe.

One of the 15 largest retail chains in the world, with its base in France, has advised that it has selected the Pricer solution of price- and information systems for deployment in its stores throughout France. The total estimated value of the project exceeds SEK

300 M. The project covers over 600 stores of several store formats and includes both new installations and upgrading. Installations in France are due to start in the third quarter and the ambition is to complete the rollout within three to five years. In terms of number of stores, this is the largest project ever assigned to a supplier of electronic shelf labels. The customer also has the intention to deploy the Pricer solution in its stores in other parts of the world, such as South America and Asia.

Deliveries to Carrefour are, as indicated earlier, lower than before, based on the decision by the customer to extend its upgrade programme from three to four years.

Americas

Deliveries to the American continent are lower this period than the equivalent quarter last year. They have been affected by customer delivery and installation cycles. Large volumes were delivered at the end of 2011 which has impacted deliveries 2012.

A North American retail chain with over 250 food stores continued its extensive installation of the Pricer system during the period.

Soriana, the second largest retail chain in Mexico, has installed over 200 stores with the Pricer system and installations continue despite proceeding at a slightly slower pace. The deployment to Soriana is creating increased interest among other retail chains in the country, which in turn has led to a number of pilots and other smaller installations, including beyond food retail.

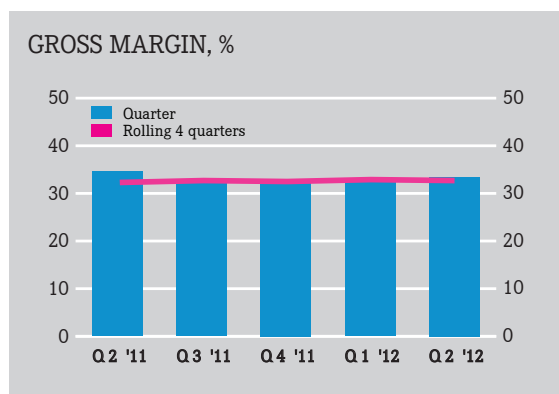
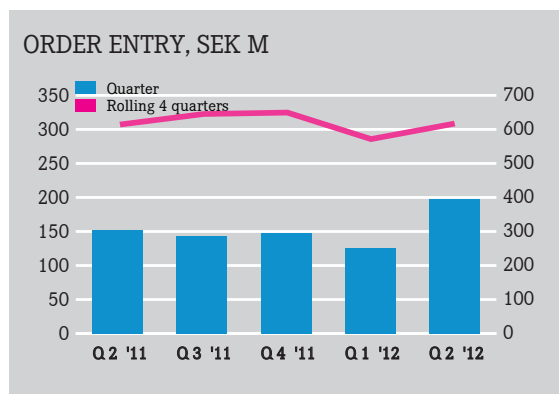
Through a partner, Pricer has started assembly of electronic shelf labels in Brazil. The establishment has been based on increasing interest and activity in the market, even though it has not yet led to any significant deliveries.

Asia and the Pacific

In Asia and the Pacific the volumes have increased in the quarter. Pricer has maintained its leading position in the region although the Japanese market continues to be weak and is affected by the subdued economic climate.

Orders, net sales and results for the second quarter

Order entry in the second quarter amounted to SEK 198 M (152), an increase of 30 percent as compared to last year. Excluding the currency effect the increase was 24 percent. It is primarily the US-dollar which has strengthened as compared to the Swedish krona affecting the value of order entry and net sales positively. The order stock at the end of the period amounted to SEK 167 M (200), a reduction of 17 percent.



Net sales amounted to SEK 157.7 M (143.9) during the quarter, an increase of 10 percent as compared to the second quarter of 2011. Excluding currency effect the increase was 7 percent.

Gross profit amounted to SEK 52.8 M (49.8) and the gross margin to 33.5 percent (35.0) for the quarter.

Operating expenses amounted to SEK 24.1 M (33.3) during the quarter and have reduced primarily due to lower amortisations.

Operating profit amounted to SEK 28.7 M (16.5) during the quarter. This resulted in an operating margin of 18.2 percent (11.5).

Net financial items were SEK 0.7 M (1.2) for the quarter and consisted mainly of positive currency effects from valuation of current financial assets.

Net profit amounted to SEK 27.1 M (16.3) for the quarter. Translation differences in other comprehensive income consisted of negative currency revaluation of net assets in foreign subsidiaries in euro, notably goodwill.

Hedge accounting for currency forwards is applied as of January 1, 2012. The effect is, among others, that change in the unrealised value of currency forwards is accounted for in other comprehensive income and not in the result for the period. There were no forward contracts at the end of the period. Furthermore, currency revaluation of accounts receivable is reported in net sales. Currency revaluation of accounts payable is reported in cost of goods sold, as in the past.

Orders, net sales and results for the first half year

Order entry in the first half year 2012 amounted to SEK 324 M (356), a decrease of 9 percent as compared to last year. Excluding the currency effect the decrease was 12 percent. It is primarily the US-dollar which has strengthened as compared to the Swedish krona affecting the value of order entry and net sales positively.

Net sales amounted to SEK 283.2 M (255.0) during the half year, an increase of 11 percent as compared to the first half of 2011. Excluding currency effect the increase was 9 percent. Net sales amounted to SEK 641 M (527) on an annual moving basis, which is an increase of 22 percent.

Gross profit amounted to SEK 93.8 M (83.4) and the gross margin to 33.1 percent (32.7) for the half year.

Operating expenses amounted to SEK 52.5 M (59.3) during the half year and have reduced primarily due to assets from acquisition in 2006 being completely amortised in 2011, and reduced legal expenses.

Operating profit amounted to SEK 41.3 M (24.1) during the half year. This resulted in an operating margin of 14.6 percent (9.5).

Net financial items were SEK -0.5 M (-2.0) for the half year and consisted mainly of negative currency effects from valuation of current financial assets and cash positions.

Net profit amounted to SEK 38.0 M (21.2) for the half year. Translation differences in other comprehensive income consisted of negative currency revaluation of net assets in foreign subsidiaries in euro, notably goodwill.

Cash flow and financial position

Second quarter

Cash flow from operating activities amounted to SEK 22.7 M (-8.4). Cash flow was positive due to increased customer payments.

Cash flow from financing activities consisted primarily of payment of dividend with SEK 27.2 M, partly financed by capital from issue of shares of SEK 6.7 M.

CURRENCY EFFECTS ORDER ENTRY & SALES

	Q 2	Q 2	6 mon	6 mon
	2012	2011	2012	2011
% Change in Order entry	30%	85%	-9%	95%
whereof currency effect	6%	-18%	3%	-20%
% Change in Order entry adjusted for currency effect	24%	103%	-12%	115%
% Change in Sales	10%	31%	11%	42%
whereof currency effect	3%	-10%	2%	-13%
% Change in Sales adjusted for currency effect	7%	41%	9%	55%

NET SALES AND OPERATING PROFIT, SEK M

	Apr - Jun 2012	Apr - Jun 2011	Jan - Jun 2012	Jan - Jun 2011
Net sales	157.7	143.9	283.2	255.0
Cost of goods sold	-104.9	-94.1	-189.4	-171.6
Gross profit	52.8	49.8	93.8	83.4
Gross margin, %	33.5	35.0	33.1	32.7
Expenses	-24.1	-33.3	-52.5	-59.3
Operating profit	28.7	16.5	41.3	24.1
Operating margin, %	18.2	11.5	14.6	9.5

Half year

Cash flow from operating activities amounted to SEK 43.2 M (21.5) and has improved through increased customer payments.

Working capital amounted to SEK 256.6 M (194.0) at the end of the period, equivalent with the level at the beginning of the year.

Cash and cash equivalents at the end of the period amounted to SEK 72.7 M (83.4). Cash has increased with SEK 13.9 M during the half year even after consideration of payment of dividend to the shareholders. In addition to available cash, Pricer has bank facilities in place amounting to SEK 50 M in the form of bank overdraft and additionally SEK 50 M in promissory credit.

Equity

The option programme to employees from 2008 expired on June 30, 2012 and 910,000 new class B shares were issued during the half year from these options, contributing SEK 6.7 M in new funds to Pricer. An additional 511,633 new class B shares have been issued after the end of the period, completing this programme. This has contributed another SEK 3.8 M in new funds to Pricer.

Capital expenditure

Second quarter

Capital expenditures amounted to SEK 4.3 M (2.1) during the quarter, and included mainly capitalised development costs of SEK 2.8 M (1.8).

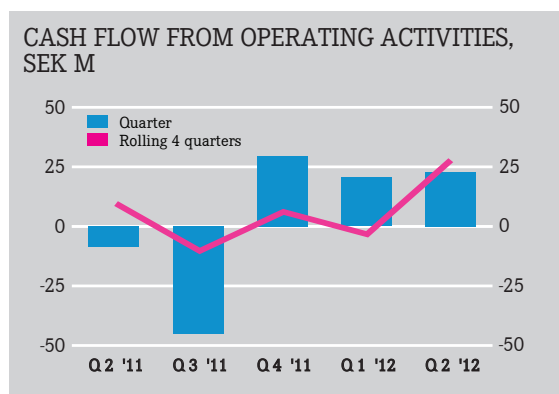
Half year

Capital expenditures amounted to SEK 8.2 M (3.4) during the first half year, and included mainly capitalised development costs of SEK 6.1 M (2.9).

Other

Parent Company

The Parent Company's net sales amounted to SEK 225.9 M (216.3) and result of the period amounted to SEK 31.4 M (19.8) for the period. The company had cash and cash equivalents of SEK 48.8 M (62.0) at the end of the period.



Employees

Average number of employees in the period amounted to 73 (66) and the number of employees at the end of the period amounted to 74 (67).

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 for the consolidated accounts has 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 which became effective January 1, 2012, have had no material effect on the consolidated financial statements.

Outlook

The earlier communicated expectations for 2012 with higher net sales and operating profit as compared to 2011 is maintained. However, the uncertainty has increased with regards to the currency and economic situation.

Next reporting date

The interim report for January – September 2012 will be published on October 29, 2012.

ISSUED AND OUTSTANDING SHARES

Stated in thousands of shares

	Serie A	Serie B	Total
At the beginning of the year 2012-01-01	226	108 239	108 465
Issues from options to employees	-	910	910
As at the end of the quarter, 2012-06-30	226	109 149	109 375

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

Sollentuna, August 23, 2012
Pricer AB (publ)

Mikael Bragd

Bo Kastensson

Peter Larsson
chairman

Bernt Magnusson

Indra Åsander

Fredrik Berglund
CEO

(The interim report including the review report from the auditors is a translation
of the Swedish original only for convenience)

Review report

Introduction

We have reviewed the interim report of Pricer AB as of June 30, 2012 and the six-month period then ended. The board of directors and the managing director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on review engagements (SÖG) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the group in accordance with IAS 34 and the Annual Accounts Act, and for the parent company, in accordance with the Annual Accounts Act.

Stockholm, August 23, 2012
KPMG AB

Åsa Wirén Linder
Authorized public accountant
Auditor in charge

Tomas Gerhardsson
Authorized public accountant

In its capacity as issuer, Pricer AB is releasing the information in this interim report for January – June 2012 in accordance with the Swedish Securities Exchange Act (2007:528). The information was distributed to the media for publication at 7.50 CEST on Thursday August 23, 2012.

For further information, please contact:
Fredrik Berglund, CEO or Harald Bauer, CFO, Pricer AB +46 8 505 582 00

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME IN SUMMARY

Amounts in SEK M	Q 2 2012	Q 2 2011	6 months 2012	6 months 2011	Full year 2011
Net sales	157.7	143.9	283.2	255.0	613.0
Cost of goods sold	-104.9	-94.1	-189.4	-171.6	-414.5
Gross profit	52.8	49.8	93.8	83.4	198.5
Selling and administrative expenses	-20.0	-27.8	-44.5	-48.9	-103.4
Research and development costs	-4.1	-5.5	-8.0	-10.4	-18.4
Operating profit	28.7	16.5	41.3	24.1	76.7
Net financial items	0.7	1.2	-0.5	-2.0	-2.2
Profit before tax	29.4	17.7	40.8	22.1	74.5
Income tax	-2.3	-1.4	-2.8	-0.9	75.8
Profit for the period	27.1	16.3	38.0	21.2	150.3
Other comprehensive income					
Translation differences	-2.8	7.2	-6.5	4.9	-1.9
Cash flow hedges	1.6	-	0.0	-	-
Tax relating to components in other comprehensive income	-0.4	-	0.0	-	-
Net comprehensive income for the period	25.5	23.5	31.5	26.1	148.4
Profit for the period attributable to:					
Owners of the Parent Company	27.1	16.3	38.0	21.2	150.3
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	25.5	23.5	31.5	26.1	148.4
Non-controlling interest	0.0	0.0	0.0	0.0	0.0

EARNINGS PER SHARE

	Q 2 2012	Q 2 2011	6 months 2012	6 months 2011	Full year 2011
Basic earnings per share, SEK	0.25	0.15	0.35	0.20	1.40
Diluted earnings per share, SEK	0.25	0.15	0.35	0.20	1.39
Number of shares, millions	109.1	106.5	108.8	106.1	107.3
Diluted number of shares, millions	109.3	108.3	109.2	107.8	108.3

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

NET SALES BY GEOGRAPHICAL MARKET

Amounts in SEK M	Q 2 2012	Q 2 2011	6 months 2012	6 months 2011	Full year 2011
Europe, Middle East and Africa	128.3	119.4	239.1	202.0	497.5
America	17.6	20.9	31.0	44.7	79.1
Asia & the Pacific	11.8	3.6	13.1	8.3	36.4
Total net sales	157.7	143.9	283.2	255.0	613.0

STATEMENT OF CONSOLIDATED FINANCIAL POSITION IN SUMMARY

Amounts in SEK M	30/06/2012	30/06/2011	31/12/2011
Intangible fixed assets	248.5	248.2	247.4
Tangible fixed assets	4.5	2.6	4.4
Deferred tax assets	123.6	42.3	124.5
Total fixed assets	376.6	293.1	376.3
Inventories	113.7	84.7	114.6
Current receivables	250.3	254.6	294.9
Cash and cash equivalents	72.7	83.4	58.8
Total current assets	436.7	422.7	468.3
TOTAL ASSETS	813.3	715.8	844.6
Shareholders' equity	702.9	568.1	691.5
Non-controlling interest	0.1	0.1	0.1
Total equity	703.0	568.2	691.6
Long-term liabilities	2.9	2.3	3.9
Short-term liabilities	107.4	145.3	149.1
Total liabilities	110.3	147.6	153.0
TOTAL EQUITY AND LIABILITIES	813.3	715.8	844.6
Pledged assets	60.4	35.6	60.4
Contingent liabilities	1.0	1.0	0.8
Basic shareholders' equity per share, SEK	6.46	5.36	6.45
Diluted shareholders' equity per share, SEK	6.44	5.27	6.38

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	6 months 2012	6 months 2011	Full year 2011
Equity at beginning of period	691.6	546.6	546.6
Result for the period	38.0	21.2	150.3
Other comprehensive result for the period	-6.5	4.9	-1.9
<i>Net comprehensive income for the period</i>	<i>31.5</i>	<i>26.1</i>	<i>148.4</i>
Share issue in progress	-	5.5	-
Share issue	6.7	11.4	16.9
Dividend	-27.2	-21.4	-21.4
Share based payments, equity settled	0.4	0.1	1.1
<i>Total transactions with owners of the Group</i>	<i>-20.1</i>	<i>-4.4</i>	<i>-3.4</i>
Equity at end of period	703.0	568.2	691.6
Attributable to:			
- Owners of the Parent Company	702.9	568.1	691.5
- Non-controlling interest	0.1	0.1	0.1
Total	703.0	568.2	691.6

STATEMENT OF CONSOLIDATED CASH FLOWS IN SUMMARY

Amounts in SEK M	Q 2 2012	Q 2 2011	6 months 2012	6 months 2011	Full year 2011
Profit before tax	29.4	17.7	40.8	22.1	74.5
Adjustment for non-cash items	1.6	7.3	2.8	5.0	10.8
Paid income tax	-10.8	-	-12.2	-	-
Change in working capital	2.5	-33.4	11.8	-5.6	-79.4
Cash flow from operating activities	22.7	-8.4	43.2	21.5	5.9
Cash flow from investing activities	-4.3	-2.1	-8.2	-3.4	-12.3
Cash flow from financing activities	-24.2	-5.9	-20.5	-4.5	-4.4
Cash flow for the period	-5.8	-16.4	14.5	13.6	-10.8
Cash and cash equivalents at beginning of period	78.5	97.5	58.8	69.9	69.9
Exchange-rate difference in cash and cash equivalents	0.0	2.3	-0.6	-0.1	-0.3
Cash and cash equivalents at end of period	72.7	83.4	72.7	83.4	58.8
Unutilised bank overdraft facilities	50.0	25.0	50.0	25.0	50.0
Disposable funds at end of period	122.7	108.4	122.7	108.4	108.8

KEY RATIOS

Amounts in SEK M	Q 2 2012	Q 1 2012	Q 4 2011	Q 3 2011	Q 2 2011
Order entry	198	126	148	144	152
Order entry - rolling 4 quarters	616	570	648	644	613
Net sales	157.7	125.5	191.9	166.1	143.9
Net sales - rolling 4 quarters	641.2	627.4	613.0	582.4	527.4
Operating profit	28.7	12.6	26.5	26.1	16.5
Operating profit - rolling 4 quarters	93.9	81.7	76.7	76.2	57.7
Profit for the period	27.1	10.9	102.5	26.6	16.3
Cash flow from operating activities	22.7	20.5	29.7	-45.3	-8.4
Cash flow from op.activities - rolling 4 quarters	27.6	-3.5	5.9	-10.5	9.4
Number of employees, end of period	74	72	72	70	66
Equity ratio	86%	87%	82%	83%	79%

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

STATEMENT OF INCOME

Amounts in SEK M	6 months 2012	6 months 2011	Full year 2011
Net sales	225.9	216.3	507.2
Cost of goods sold	-167.2	-165.8	-382.2
Gross profit	58.7	50.5	125.0
Selling and administrative expenses	-18.3	-21.6	-47.3
Research and development costs	-8.0	-9.3	-17.1
Operating profit	32.4	19.6	60.6
Income and expenses from financial items	-0.5	0.2	0.9
Profit before tax	31.9	19.8	61.5
Income tax	-0.5	0.0	81.8
Result of the period	31.4	19.8	143.3

STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK M	6 months 2012	6 months 2011	Full year 2011
Result of the period	31.4	19.8	143.3
Translation differences	-1.7	1.3	-0.5
Cash flow hedges	0.0	-	-
Tax relating to components in other comprehensive income	0.0	-	-
Net comprehensive income for the period	29.7	21.1	142.8

PARENT COMPANY BALANCE SHEET IN SUMMARY

Amounts in SEK M	2012-06-30	2011-06-30	2011-12-31
Intangible fixed assets	27.3	16.4	21.7
Tangible fixed assets	2.3	1.4	2.2
Financial fixed assets	400.7	317.4	399.4
Total fixed assets	430.3	335.2	423.3
Inventories	83.8	52.6	82.2
Current receivables	164.8	175.1	224.2
Cash and cash equivalents	48.8	62.0	12.7
Total current assets	297.4	289.7	319.1
TOTAL ASSETS	727.7	624.9	742.4
Shareholders' equity	643.5	511.5	634.2
Total equity	643.5	511.5	634.2
Provisions	10.5	10.7	11.4
Long-term liabilities	0.1	0.1	0.1
Current liabilities	73.6	102.6	96.7
Total liabilities	84.2	113.4	108.2
TOTAL EQUITY AND LIABILITIES	727.7	624.9	742.4
Pledged assets	59.6	34.8	59.6
Contingent liabilities	-	0.2	-

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK M	6 mån 2012	6 mån 2011	Helår 2011
Equity at beginning of period	634.2	494.8	494.8
Net comprehensive income for the period	29.7	21.1	142.8
Share issue in progress	-	5.5	-
Share issue	6.7	11.4	16.9
Dividend	-27.2	-21.4	-21.4
Share based payments, equity settled	0.1	0.1	1.1
Equity at end of period	643.5	511.5	634.2

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. 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 close to 50 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 the Nordic Small Cap list of OMX. For further information, please visit www.pricer.com

Pricer AB (publ.)
Bergkällavägen 20-22
SE-192 79 Sollentuna
Sweden

Website: www.pricer.com
Telephone: +46 8 505 582 00
Corporate Identity number: 556427-7993