

Annual Report 2012



Content

2	2012 IN BRIEF
4	CEO'S STATEMENT
6	THE PRICER SHARE
8	BUSINESS RISKS AND OPPORTUNITIES
9	DEFINITIONS
10	ADMINISTRATION REPORT
13	FINANCIAL REPORTS
13	Statement of consolidated comprehensive income
14	Statement of consolidated financial position
15	Statement of changes in consolidated equity
16	Statement of consolidated cash flows
17	Income statement and Statement of comprehensive income of parent company
18	Parent company balance sheet
20	Parent company statement of changes in equity
21	Parent company cash flow statement
43	AUDIT REPORT
44	FIVE-YEAR SUMMARY
46	CORPORATE GOVERNANCE REPORT
48	Board of Directors' report on internal control regarding financial reporting
49	Auditors' report of the Corporate Governance Statement
50	BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT
51	HISTORY AND SHAREHOLDER INFORMATION

This annual report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish annual report and the English translation the former shall have precedence.

All amounts are specified in Swedish kronor (SEK). Thousands are abbreviated as SEK 000s and millions as SEK M. Unless otherwise specified, the figures in brackets refer to 2011 or the corresponding period the previous year. Information about market data and the competitive situation is based on Pricer's own assessments unless a specific source is named.

Copy and production: Pricer.
Graphic design: Progrezzo.
Photos: Pricer, FotoKenne, Vincent Colin
© Pricer 2013

About Pricer

With over 8,400 installations in close to 50 countries, Pricer is the leading supplier of Electronic Shelf Label (ESL) solutions. Pricer's customers include several of the top retailers in Europe, Latin America, Africa and Japan. Pricer's solutions enhance profitability for its customers by affording them price optimization and margin control tools while also helping to reduce personnel and printing costs. Consumers in stores fitted with Pricer equipment can always be secure in knowing that they are paying the right price, as the price displayed on the shelf edge is always the same as the one in the cash register system. This helps increase consumer satisfaction and strengthen customer loyalty. Pricer's customers are primarily in the retail trade although in the last few years there have been breakthroughs in other segments such as the Do-It-Yourself, electronics and mobile phone retail chains and pharmacies.

Pricer was founded in 1991 in Sweden and the company's class B shares are quoted on the Small Cap list of NASDAQ OMX Stockholm. The company has around 21,000 shareholders, with the ten largest accounting for 39 (38) percent of the number of votes on 31 December 2012. At the end of 2012 the Pricer Group had 73 employees.



Highlights of 2012

Second best year so far

Pricer is maintaining its position as the leading supplier of electronic shelf labels (ESL). In 2012 the company achieved its second-best result to date, despite the subdued development of the euro area. Net sales and operating result fell by 10 percent to SEK 549 M and SEK 70 M respectively. The operating margin remained unchanged at 13 (13) percent.

New markets – increased potential

Europe continues to be Pricer's largest and most important region, with France constituting the largest single market with its high penetration of ESL installations. During 2012 a number of important long-term deals were won with several large retail chains. The number of pilots remains at a high level, a clear indication of future business prospects, and the projects span over several continents and business segments.

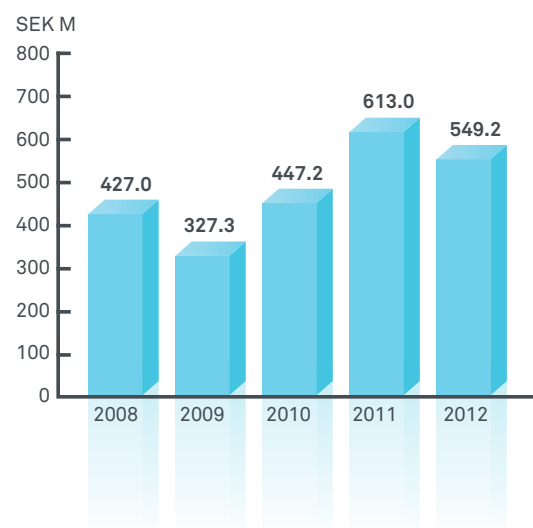
France – the world's leading ESL market

France is the market where ESL made its quickest breakthrough. Close to 30 percent of hypermarkets in France are equipped with ESL solutions. Pricer has taken a substantial share of the French market and continues to conclude new agreements, despite the weaker development of the euro area.

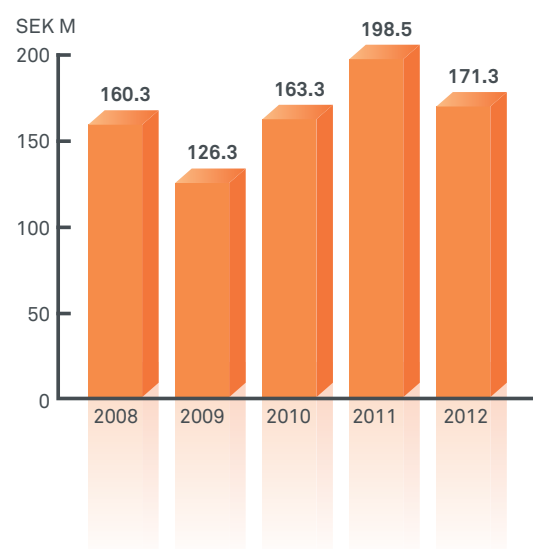
Strong range of products

During the year the company continued its work on developing solutions, keeping a strong focus on product innovation. Pricer's scalable, open two-way system enables the company's customers to gradually expand their systems and combine all Pricer's different labels, both traditional LCD-based and graphic labels. Graphic labels account for an increasing share of net sales. The functionality and the possibilities with graphic displays will broaden the market for electronic shelf labels. Short-term net sales will be affected positively but margins negatively. Work on reducing product costs continued.

Net sales



Gross profit



Key figures	2012	2011	Change
Net sales, SEK M	549,2	613,0	-10%
Gross profit, SEK M	171,3	198,5	-14%
Gross margin, %	31	32	-4%
Operating profit, SEK M	69,7	76,7	-9%
Profit for the year, SEK M	35,6	150,3	-76%
Earnings per share, SEK	0,33	1,40	-76%
Equity ratio, %	87	82	6%

CEO's statement

In 2012 Pricer showed its strength as a company while having to contend with difficulties in the wake of the economic slowdown in many of our markets, including France which is our biggest market. Despite the economic situation, we nevertheless posted the second-best result in our history.

During the year we landed a number of significant deals and did not lose a single procurement. Pricer won the second-largest project in the market to date with a sales value which is expected to exceed SEK 300 M for three to five years. Alongside this success, one of our larger customers, Carrefour, announced that it is postponing the upgrade of our labels. This is not due to any misgivings about the benefit of our solution, but simply a delay in the investment. Those who have evaluated our solutions for electronic price labelling know its benefits, and the fact that they can recoup their investment in one to two years. It is also possible to postpone an investment, which some companies chose to do in the challenging economic times of 2012.

It is difficult to anticipate what the customers' longer decision-making processes will entail in 2013. But we are pleased to report that the number of pilot installations – our primary indicator for future business – have reached record level. We therefore have every reason to be optimistic.

A growing number of customers are choosing the next generation of labels – the graphic labels. This type of label can accommodate more than just price information; it can also include a product description. This means that this generation of label will carry selling information about the product, which we are convinced will help broaden our market. Not only does our solution help to keep costs down but also it advertises the products and, by extension, sells them.

Product-wise it is important for us to have a head start on our competitors. That is why we are proud to announce that in September we helped the world's first store install labels fitted with NFC technology (Near Field Communication). We have continued to focus on developing new solutions, based on customer demand, some of which will be launched in 2103.

During the year we continued to expand our sales and marketing organisation. Pricer's ability to combine the market's best technical solutions with a strong market focus has been decisive for our success in recent years. That is why we are favourably positioned in 2013. According to our forecast, sales will increase during the year, even though the overall picture of the economy remains unclear. There is good underlying demand for our solutions as only a marginal portion of the western world's stores have switched to the new electronic shelf labels.

You could ask yourself how much longer the world's retail chains will allow their staff to continue manually changing the prices of products, when instead they could do so for thousands of items by pressing a button on a keyboard.

Fredrik Berglund
CEO, Pricer



"You could ask yourself how much longer the world's retail chains will allow their staff to continue manually changing the prices of products, when instead they could do so for thousands of items by pressing a button on a keyboard."

World leader in digital pricing solutions

*Providing Electronic Shelf Label solutions
to retailers for over 20 years*



The Pricer share

The Pricer Class B share is quoted on NASDAQ OMX Stockholm, Small Cap. Pricer's share capital at 31 December 2012 was SEK 109,891,781. The total number of shares was 109,891,781 represented by 225,822 Class A shares and 109,665,959 Class B shares, all with a quota value of SEK 1.00. Each Class A share carries five votes and each Class B share carries one vote. All shares carry equal rights to the Company's assets and profits. The Articles of Association permit the conversion of Class A shares to B shares at the request of holders of Class A shares.

To enhance the accessibility of the Pricer share for US investors, an ADR (American Depositary Receipt) programme is available through the Bank of New York Mellon. This means that the Class B share is available as a depository receipt in the US without a formal stock market listing. Each ADR corresponds to one Class B share.

Trading and price trend 2012

The share price started the year at SEK 11.40 and ended at SEK 8.90. The year high of SEK 13.85 was quoted on 12 February and the SEK 8.10 low was quoted on 21 November. Market capitalisation on 31 December 2012 was SEK 978 M.

The turnover for the full year 2012 amounted to 62,482,599 shares traded for a combined value of SEK 708 M, which is equal to an average daily volume of 250 thousand shares worth a combined value of SEK 2,835 thousand. The number of trades for the full year was 39,150, which is equal to an average of 157 per trading day. Shares were traded on every trading day.

Dividend

The Board of Directors has proposed a dividend of SEK 0.25 (0.25) per share for 2012 based on existing dividend policy:

The Board's long-term intention is to give shareholders a dividend that reflects both reasonable yield and dividend growth, and to implement a policy where the dividend rate is adjusted to Pricer's earnings, financial position and other factors deemed relevant. The annual dividend should in the long-term be equivalent to 30 to 50 percent of net income.

Warrants

In 2011, 30,000,000 warrants were issued for the benefit of employees. Ten warrants shall provide entitlement to subscription of one new Class B share during the period until 31 August 2015. The subscription price is SEK 15.60.

Warrants outstanding

Designation	Number	Year issued	Exercise price (SEK) ¹⁾	Expiration date
T011	30 million	2011	15.60	31/08/2015

¹⁾ Each ten options give right to acquire one share at the indicated exercise price

Ownership structure

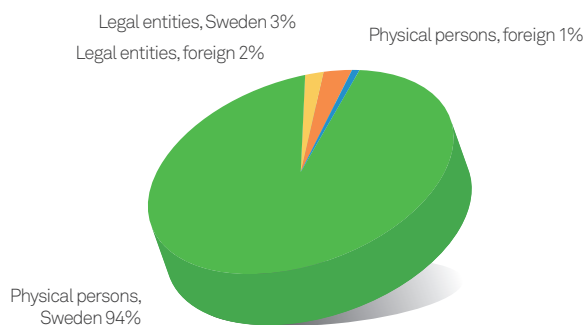
The number of shareholders on 31 December 2012 was 20,743. The ten largest shareholders held 39 percent of the number of shares and the number of votes. Legal entities held 65 percent of the total number of shares and votes, while foreign shareholders held 30 percent of the total number of shares and votes.

Ownership structure 31 December 2012

No. of shares	No. of share-holders	% of share-holders	No. of shares	% of votes	% of equity
1-1,000	15,382	74	4,539,313	4	4
1,001-20,000	4,927	24	20,793,921	19	19
20,001-	434	2	84,558,547	77	77
Total	20,743	100	109,891,781	100	100

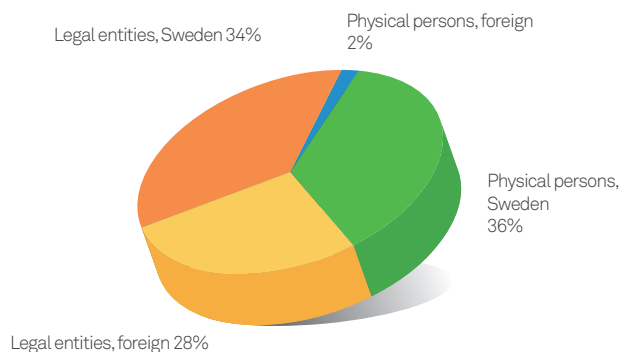
Source: Euroclear

Shareholders 31 December 2012
No. of holders



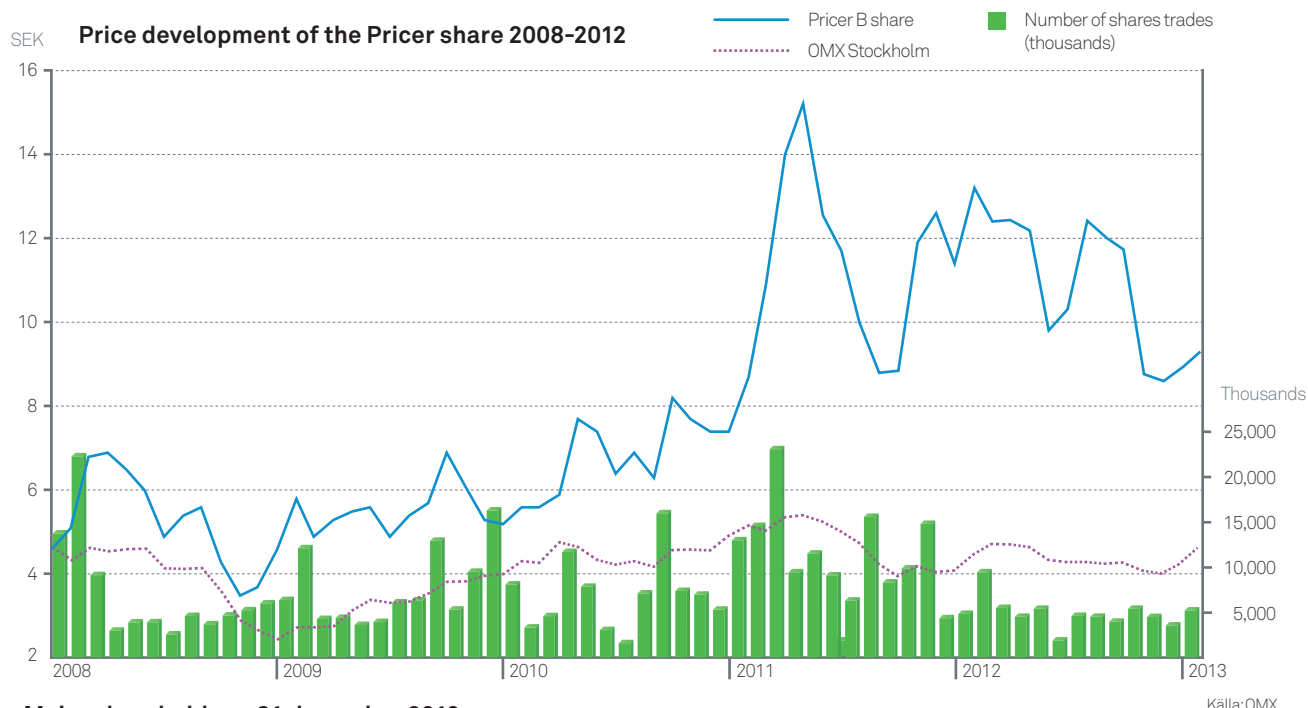
Source: Euroclear

Votes 31 December 2012



Source: Euroclear

SEK Price development of the Pricer share 2008-2012



Källa: OMX

Major shareholders, 31 december 2012

Name	A shares	B shares	No. of shares	% of votes	% of capital
Grimaldi, Salvatore incl. companies	211,054	10,315,755	10,526,809	10.3	9.6
Handelsbanken fonder	-	8,859,383	8,859,383	8.0	8.1
Pohjola Bank	-	5,539,107	5,539,107	5.0	5.0
Avanza Pension Försäkringsaktiebolag	-	4,801,799	4,801,799	4.3	4.4
Sifonen	-	3,000,000	3,000,000	2.7	2.7
Nordnet Pension	-	2,697,811	2,697,811	2.4	2.5
Danica Pension	-	2,121,410	2,121,410	1.9	1.9
Fjärde AP Fonden	-	1,746,177	1,746,177	1.6	1.6
Hajskäret Invest	-	1,600,000	1,600,000	1.4	1.5
FIM Bank	-	1,592,659	1,592,659	1.4	1.4
10 largest shareholders	211,054	42,274,101	42,485,155	39.1	38.7
Others	14,768	67,391,858	67,406,626	60.9	61.3
Total	225,822	109,665,959	109,891,781	100.0	100.0

Source: Euroclear

Data per share, 2008-2012

SEK per share	2012	2011	2010	2009	2008
Earnings	0.33	1.40	0.54	0.20	1.06
Dividend	0.25	0.25	0.20	-	-
Shareholders' equity	6.40	6.38	5.18	5.05	5.02
Cash flow	0.21	0.06	-0.14	0.55	0.02
P/S ratio	1.77	1.99	1.71	1.61	1.09
Adjusted for dilution:					
Earnings	0.33	1.39	0.54	0.19	0.96
Shareholder's equity	6.40	6.44	5.48	5.27	5.14
Cash flow	0.21	0.06	-0.15	0.53	0.02
P/S ratio	1.77	1.94	1.72	1.68	1.20
Share price:					
Yearly high	13.85	15.40	8.50	7.60	7.70
Yearly low	8.10	6.90	5.10	4.50	3.10
Closing price	8.90	11.40	7.40	5.20	4.60
No. of shares on 31 Dec., 000s	109,892	108,459	105,552	108,027	115,327
Market capitalisation on 31 Dec., SEK M	978	1236	779	549	497
Average number of shares, 000s	109,290	107,258	103,583	111,677	115,327
Share price on 31 Dec./shareholders' equity, %	139	177	135	93	149

Share capital development, 2008-2012

Year	Increase in no. of shares	Total no. of shares	Change in share capital, SEK M	Total share capital, SEK M
2008	0	1,016,132,200	0	101.6
2009	0	1,016,132,200	0	101.6
2010 Conversion/share issue	39,385,963	1,055,518,163	4.0	105.6
2011 Issue of shares from employee options	11,509,870	1,067,028,033	1.2	106.8
2011 Reversed split 10:1	-960,325,229	106,702,804	0	105.6
2011 Issue of shares from employee options	1,762,344	108,465,148	1.8	108.5
2012 Issue of shares from employee options	1,426,633	109,891,781	1.4	109.9

Business risks and opportunities

Pricer sees a significant potential in the retail trade where the company, with its strong technical platform and solid customer references, is well positioned to meet and benefit from the expected growth in demand. At the same time, all entrepreneurial activities and ownership of shares entail a degree of risk. Several risk factors may come to affect Pricer's business operations. For this reason, when making an assessment of the company's future development, it is also important to consider these risks as well as the opportunities. Some of the factors that may be of material importance to the company's future development, earnings and financial position are described below. They are not presented in any order of priority, and it is not claimed that they are comprehensive.

Business risks

The market. The ESL market has grown and is expected to show continued growth, even if a certain slowdown in growth has been noted during the past year. It is difficult to estimate when large-scale demand for ESL systems will materialise.

Customer dependence. Pricer has a relatively small number of large customers who account for a large portion of its sales. The company is actively seeking to reduce its dependence on individual customers by creating partnerships and thereby increasing the number of customers.

Suppliers. Pricer cooperates with sub-suppliers to create a flexible production solution and to use standard components to the greatest extent possible. However, a situation where a shortage of components may arise or where deliveries are impeded in connection with major volume increases in production cannot be excluded.

Products. Pricer invests significant resources in product development to retain and strengthen its leading position in system solutions. Development projects are recognised as intangible assets if they are deemed commercially viable. There is a risk that new products will not fulfil technical functionality requirement or meet expectations, which may lead to an impairment need or an adjustment in the valuation of depreciations periods of assets. Pricer markets its products with customary product warranties, which in some extend over several years. This means there is a risk that some installed products need replacing during the warranty period or for market reasons outside the warranty reserve which is based on historical outcome.

Key competencies. There is a risk that employees with key competences leave the company. Through knowledge transfer and documentation of work processes, Pricer is taking steps to ensure that expertise is retained within the company.

Future capital requirements. Pricer's assessment is that no additional financing is needed as the cash flow from operations has been positive for the last few years. However, Pricer may require an additional injection of capital if sales of the ESL system do not increase at the projected rate, if the gross margin is not sufficient to maintain a positive cash flow or if other events occur that create such a need.

Competitors. Currently, there is only one company with similar products that competes with Pricer on the ESL market on a larger scale. There are also a number of smaller regional companies or companies that are attempting to develop products with a view to establishing a position in the market. With the restructuring of the sector, for example, if one or more competitors were to enter into an alliance with a strong partner, could constitute a threat to other players in the market. Pricer works in close collaboration with its customers to maintain its position and strengthen its offering as a means to minimise the risk of losing market share.

Competing technologies. The infrared light system used by Pricer allows more secure transfer and higher speeds than the competing radio technology and is the most common technology for ESL systems. However, it is possible that new technologies will represent a threat in the future. To date, Pricer has not identified any technology that constitutes a definite threat to the company's technology. The cost of developing the ESL system has been very high, and the possibility that heavy investments could also be required in the future to maintain the company's competitive position cannot be excluded.

Patents. Pricer protects its products to the greatest extent possible by means of patents. However, there is no guarantee that the company's newly developed products can be patented, that current and future applications will actually lead to patents, or that the company's existing patents will be adequate to protect Pricer. There is also a risk of costly patent disputes that could tie up management resources.

Financial risk management and currency risks. See note 21.

Opportunities

Market. Far-reaching changes are currently taking place in the retail trade, above all in the convenience goods sector, where restructuring, stiffer competition and a sharper focus on price are all reflected in the growing use of automation strategies. This will ultimately benefit ESL suppliers in a market where penetration is still negligible, but where the potential is estimated at between six and ten billion labels. Pricer is well positioned to respond to growing demand.

Customers. Pricer has a strong market presence, a strong brand name in the convenience goods trade and the market's broadest installation base with over 8,400 installations in use at prestigious customers.

Offering and products. As a result of several years of continuous development work, Pricer has created a modern and effective technical platform that supports the market's most effective and best performing system. The platform also offers scope for further development and a number of customised applications. Pricer offers end-to-end customer service and has also built up its capacity to extend its range of products and services in a profitable after-sales market.

Definitions



Return on equity

Result for the year as a percentage of average equity, calculated as the sum of opening and closing equity divided by two.

Return on capital employed

Operating result as a percentage of average capital employed, calculated as the sum of opening and closing capital employed divided by two.

Equity per share

Equity divided by the number of shares on the closing date.

Capital turnover rate

Net sales for the year divided by average capital employed, calculated as the sum of opening and closing capital employed divided by two.

Cash flow per share

Cash flow from operating activities as a percentage of shares on the balance sheet date.

Acid-test ratio

Total current assets excluding inventories as a percentage of total current and long-term liabilities.

Net debt

Interest-bearing liabilities minus interest-bearing assets.

Net margin

Result for the year as a percentage of net sales.

Net debt/equity ratio

Net debt in relation to equity.

P/S (Price/Sales) ratio

Share price on the closing date divided by net sales per share (average number of shares).

Earnings per share

Result for the year attributable to the owners of the Parent Company divided by the average number of shares in issue.

Working capital

Interest-free current assets minus interest-free current liabilities.

Operating margin

Operating result as a percentage of net sales.

Operating cash flow

Cash flow from operating activities.

Equity/assets ratio

Equity including non-controlling interest as a percentage of the balance sheet total.

Capital employed

Assets as stated in the balance sheet excluding interest-bearing assets less interest-free liabilities.

Administration report

The Board of Directors and President of Pricer AB (publ.), Corp. ID no. 556427-7993, hereby submit the annual report for the financial year 1 January – 31 December 2012. Figures in parentheses refer to the preceding year.

The Group consists of the parent company Pricer AB (Sweden), the wholly owned subsidiaries Pricer SAS (France), Pricer Inc. (USA), Pricer E.S.L. Israel Ltd. (Israel) and a limited number of small, virtually dormant companies.

Most of the Group's activities are organised in the Parent Company, which has responsibility for product development, production management, purchasing, sales to subsidiaries and certain markets and customer service. The subsidiaries in France and the US handle sales and customer service in their respective market areas. Pricer E.S.L. Israel Ltd. was acquired in 2006 and was previously responsible for the Eldat product line. The company receives licensing fees from the sale of Eldat products and provides services in sales and product maintenance.

Nature of operations

Pricer is maintaining its position as the leading supplier of ELS. The second-best result in the history of the company was achieved in 2012, despite the subdued development in the euro area. The economic slowdown led to a decline in both order inflows and net sales during the year. We have also experienced some pressure on our gross margin.

Several important contracts were won and Pricer has not lost any larger Request-For-Proposals during the year. The number of pilots remains at a high level, a clear indication of future business prospects, and the projects span several continents and business segments. However, the difficult economic climate means that the investments take longer. There are longer periods between pilot projects and orders and projects are slower than planned.

The company has focused on developing new solutions, based on customer requests, a number of which will be launched during 2013. Work on strengthening the sales and marketing organization has continued.

Graphic labels account for an increasing share of net sales. The functionality and the possibilities with graphic displays will broaden the market for electronic shelf labels. Short-term net sales will be affected positively but margins negatively.

Pricer is well-positioned for the future with its strengthened sales organization and product mix. At the same time, the economic decline makes the outlook picture unclear. While net sales are expected to rise in 2013, the gross margin will come under pressure as the share of graphic labels will increase leading to a lower operating result for 2013.

Market developments

Europe, Middle East and Africa (EMEA)

Net sales in the region amounted to SEK 454.1 M (497.5). The decrease is explained by the declining economic climate in Europe, particularly in France and Italy.

Despite the slow development in the important French market which, among other things, led to Carrefour deciding not to do any installations during the year, a number of long-term agreements have been signed with several large food retail chains in France. Orders have also been signed in other European markets.

Through its partner PSI Group, Pricer has, signed an agreement with REMA 1000, a leading retail chain in the Norway with over 500 stores. The sales value amounted to close to SEK 100 M in 2012 and included all stores of the retail chain. The installed base is expected to generate additional orders going forward.

One of the largest retail chains in the world, based in France, has selected the Pricer solution of price and information systems for its stores throughout France. The total estimated value of the project exceeds SEK 300 M for three to five years, the largest project ever in the industry. The project covers more than 600 stores of different formats and includes both new installations and upgrades.

Pricer has also received a substantial contract with Belgian company Delhaize for the most advanced electronic shelf edge information system using DotMatrix graphic electronic paper labels. The order is the first at such value using graphic labels exclusively. The initial order value amounted to SEK 20 M and included 15 integrated stores and a number of franchise stores and has increased continuously.

America

Net sales in the region amounted to SEK 64.8 M (79.1). Interest in electronic shelf labels is growing on the American continent with the base being the most significant on-going installation projects for a few years, both in the US and Mexico, even if the latter is progressing at a slower pace than in the previous year. Pilot projects and smaller installations are in progress in several countries and in several market areas in this important market region.

The deployment to Mexican company Soriana is creating growing interest among other retail chains in the country, which in turn has led to a number of pilots and other smaller installations, including the food retail and other industries. While the number of customers in the region has increased, no significant volume has yet been generated.

Asia and the Pacific

Net sales in the region totalled SEK 30.3 M (36.4). The development in Japan, the largest market in the region, continued to be slow during the year even though Pricer has maintained its leading position. A certain amount of interest from customers in other countries in the region has been noted, although from an initially low level.

Orders, net sales and results for the year

Inflow of orders amounted to SEK 512 M (648), a decrease of 21 percent compared to last year. No significant currency effects were noted. The strengthening of the US dollar is balanced out by the weakening euro.

Net sales for the year totalled SEK 549.2 M (613.0), a decrease of 10 percent compared to 2011. The decrease excluding currency effects was also 10 percent.

Gross profit amounted to SEK 171.3 M (198.5) and the gross margin was 31.2 percent (32.4) for the period.

Operating expenses for the year were SEK 101.6 M (121.8) and have decreased primarily due to a reduction in provision for bonuses, assets from an acquisition in 2006 being completely amortised in 2011, and reduced legal expenses.

Operating profit amounted to SEK 69.7 M (76.7) during the year. This resulted in an operating margin of 12.7 percent (12.5).

Net financial items for the year were SEK -3.1 M (-2.2) and consisted mainly of negative currency effects from the valuation of current financial assets and cash positions. The reported tax expense of SEK 31.0 M consisted primarily of the revaluation of deferred tax assets as a consequence of the reduced income tax rate in Sweden for 2013.

Net profit amounted to SEK 35.6 M (150.3).

Translation differences in other comprehensive income consisted of negative currency revaluation of net assets in foreign subsidiaries in euro, notably goodwill.

	Jan – Dec 2012	Jan – Dec 2011
Net sales	549.2	613.0
Cost of goods sold	-377.9	-414.5
Gross profit	171.3	198.5
Gross margin, %	31.2	32.4
Overheads	-101.6	-121.8
Operating profit	69.7	76.7
Operating margin, %	12.7	12.5

Total assets, financial position and cash flow

Total assets amounted to SEK 809 M (845) at the end of the year and consisted of intangible assets of SEK 247.2 M (247.4) primarily from the acquisition of Eldat in 2006 including goodwill of SEK 217.4 M (225.7).

Working capital amounted to SEK 305.7 M (260.4) at the end of the year, which is equivalent to an increase of 17 percent. Working capital in relation to net sales increased in 2012 from 42 to 56 percent, mainly because of higher inventory levels to better respond to demands for earlier deliveries from the customers but also lower supplier credits.

Cash and cash equivalents at the end of the year totalled SEK 45.7 M (58.8). In addition to available cash, Pricer has bank facilities amounting to SEK 50 M in the form of a bank overdraft and an additional SEK 50 M in promissory credit.

Equity

The option programme for employees from 2008 expired on 30 June 2012 and 1,426,633 new class B shares were issued during the year from these options, contributing SEK 10.6 M in new funds to Pricer.

Cash flow

Cash flow from operating activities amounted to SEK 23.2 M (5.9) and continued to increase.

Pricer's acid-test ratio was 295 percent (231). The closing equity ratio was 87 percent (82).

Capital expenditure

Capital expenditure was SEK 18.3 M (12.3) during the year, and mainly included capitalised development costs of SEK 11.1 M (8.4).

Other

Parent Company

The Parent Company's net sales totalled SEK 439.6 M (507.2) and net profit for the year amounted to SEK 22.3 M (143.3). The company had cash and cash equivalents of SEK 29.8 M (12.7) at the end of the year.

Information relevant to the Parent Company can be found under other headings in the administration report.

Employees

The average number of employees for the year was 72 (66) and the number of employees at the end of the year was 73 (72). Pricer strives actively to achieve a more equal gender spread in all departments and promotes diversity. The health risks at Pricer are small and the work environment is inspected at least once every two years. Absenteeism due to illness is very low and was less than 1.4 (1.0) percent in 2012.

Product development

Pricer was the world's first supplier to install in September a whole store where each label is fitted with an NFC tag. With a smartphone, consumers can view more information about the product, put it in their shopping baskets and add allergy information.

Pricer launched BSE3, a pocket-sized base station, to meet the demand from smaller stores such as chemists and specialist retail stores that are generally short of space.

Thanks to Pricer's focus on readability and the consumer experience, all graphic labels have e-paper from Ink, which is the world's largest supplier of e-paper. It replaces the new SmartTAG HD 110, for example, an earlier generation and thereby offers better readability and greater richness of detail.

The significant need for large, clear and, for personnel, easy-to-use signage has led to Price Poster, a solution for displaying prices clearly in lists and promotion displays. The sign is simple to manage locally and is a fully integrated part of Pricer's system.

Pricer's large network of partners means there are wide variety of needs and requirements on the layout of labels, which Pricer has taken into account in the latest version of the server software, R4. Adjusting the layout of labels and adding business logic tailored to the customers' needs has never been simpler.

The previous year's in-store marketing initiative has been further developed and resulted in SmartFrame, a concept that enables you price goods on shelves attractively, simply and robustly.

Product development is managed by the Parent Company in Stockholm. In 2012, investments in product development increased as a consequence of investments in additional capacity and efficiency in production. Costs amounted to SEK 17.2 M (18.4), corresponding to 17 (15) percent of total operating expenses and 3 (3) percent of net sales. In addition, a portion of the year's costs for development work, SEK 11.1 M (8.4), was capitalised as fixed assets related to development projects.

Pricer's operations comply with the requirements of RoHS and other legal environmental requirements regarding the recovery of batteries and electronic waste.

Financial policy and currency risks

Risk management is controlled by a financial policy adopted by the Board, see note 21.

Exchange rate fluctuations continued to be substantial in 2012. During the year the value of the Swedish krona strengthened against the euro but weakened against the US dollar. The average exchange rate for euro depreciated over SEK 0.32 (0.52), 4 (5) percent and for US dollar it appreciated by SEK 0.28 (-0.71), equivalent to 4 (-10) percent in relation to the average exchange rate in 2011. The main part of Pricer's sales in 2012, about 58 (74) percent, was denominated in euro, 39 (18) percent in US dollar and 3 (8) percent in other cur-

Administration report (cont'd)

rencies. The US dollar accounts for virtually all of the cost of goods sold, while operating expenses are spread equally between euro and krona, with US dollar accounting for a minor portion. Pricer hedges a part of its anticipated flows through forward currency contracts in order to hedge its margins and postpone possible adverse currency effects. In general, Pricer never signs contracts for the prices it charges customers for longer than one year and it usually applies shorter periods to be able to adjust prices to factors such as Exchange rate differences. Effects from realised and unrealised currency forward contracts amounted to SEK -2.3 M (-4.5) in the result. Currency effects in financial items amounted to expenses totalling SEK -3.1 M (-1.7) and comprised currency revaluation of loan assets to subsidiaries and cash positions. Basically, Pricer benefits from a strong euro and is not favoured by a strong US dollar.

Information on risks, uncertainties and legal disputes

Pricer's earnings and financial position are affected by various risk factors that should be taken into account when assessing the company and its future potential. These risks are primarily related to developments in the ESL market. Considering the structure of the customers and the size of the agreements, a delay in the installations may have a significant effect in any given quarter.

Pricer invests substantial resources in product development to preserve and strengthen the company's leading position in systems solution. Development projects are reported as intangible assets insofar as they are demand to be commercially viable. The risk of the new products fail to live up to expectations or meet functionality requirements, which could lead to an impairment need or a change in the valuation of depreciation periods of the assets. Pricer markets its products with customary warranties which in some cases extend over several years. There is therefore a risk that installed products may need to be replaced during the warranty undertaking or for market reasons in addition to the reported warranty reserve which is based on historical performance.

For more information about financial risks, see note 21.

As a feature of its on-going operations, Pricer is occasionally involved in legal disputes. At present the company is not involved in any disputes that could have a material adverse impact on its earnings or financial position.

Guidelines for remuneration of senior executives

The guidelines for remuneration of senior executives proposed by the Board of Directors to the Annual General Meeting 2013 are the same as those approved by the Annual General Meeting in 2012. These guidelines are listed below.

The members of the Board receive a fee, as decided by the AGM.

The AGM decided on the following guidelines for the remuneration of senior executives. Senior executives consist of the President, CFO and other members of Group management. Members of Group management are listed on page 50.

Pricer shall, taking into account the conditions in the country of residence of each member of Group management, offer a competitive total package that will enable the com-

pany to hire and retain senior executives. The remuneration of senior executives shall consist of fixed salary, a variable component, pension and other customary benefits.

The fixed salary is determined individually and based on position, performance, earnings and responsibility. The salary level shall be competitive for the market concerned. The variable component is based on the achievement of financial and personal targets. It must not exceed an amount corresponding to the fixed salary. Group management's pension conditions shall be competitive and based on defined contribution solutions or comply with a national pension plan.

To harmonise the long-term interests of personnel and shareholders, the company shall, in addition to salary, pension and other benefits, be able to provide incentives in the form of share-based instruments.

The period of notice for the President is six months when notice is given by the employee and twelve months when notice is given by the employer. The period of notice for other senior executives varies and in no case exceeds twelve months.

The President has the right to severance pay amounting to twelve months' salary if he retires as a consequence of significant changes of ownership and certain other events, i.e. "change of control". Senior executives are not entitled to severance pay. With reference to Chap. 6 Section 2a of the Annual Accounts Act, there is no other such information than is stated above.

The Board of Directors maintains the right to deviate from the above guidelines if the Board deems it motivated in individual cases, based on specific circumstances.

Information on Pricer's shares

Pricer has a total of 109,891,781 outstanding shares, of which 0.2 percent are Class A shares carrying five votes each and the remainder are Class B shares, each carrying one vote. Pricer has about 21,000 shareholders, of whom the ten largest account for about 39 percent of the capital. Salvatore Grimaldi (and companies controlled by him) is the largest shareholder, with an interest of slightly more than 10 percent. More details regarding ownership of Pricer's shares are provided on page 7.

The 2012 AGM approved the Board's right to issue up to 5 million shares for acquisitions of companies, operations, intangible rights or other assets. No issue based on this approved right has been made.

Board of Directors

The nomination of candidates as Board members for submission to the Annual General Meeting is prepared by the Nomination Committee, which comprises Salvatore Grimaldi, Thomas Bill, Frank Larsson, John Örtengren and Peter Larsson. At the 2012 AGM, Mikael Bragd, Bo Kastensson, Peter Larsson and Bernt Magnusson were re-elected and Indra Åsander was elected as Board member. Peter Larsson was elected as Chairman of the Board. No deputies to members appointed by the AGM have been appointed. A remuneration committee consisting of Peter Larsson and Bo Kastensson was appointed at the statutory meeting of the Board. Other matters are dealt with by the Board as a whole, but can be prepared by various groups of members. For information regarding the Board's activities and procedures, see page 47.

Related parties

There have been no significant transactions involving related parties that could have a material impact on Pricer's financial position and earnings.

Corporate governance report

The corporate governance report can be found on page 46 and at Pricer's website, www.pricer.com.

Future outlook

Higher net sales but a slightly lower operating profit are expected for 2013 because of a lower gross margin resulting from an adjusted product mix.

Proposed appropriation of retained earnings

The Board of Directors proposes that SEK 27,472,945 of the available SEK 427,426,029 funds in the Parent Company should be distributed to shareholders, based on the

number of shares existing on the effective date. The board proposes that the remaining SEK 399,953,084 is carried forward. The proposed dividend amounts to SEK 0.25 (0.25) per share.

For 2012 the Board of Directors has proposed a dividend that is based on existing dividend policy:

The Board's long-term intention is to give shareholders a dividend that reflects both a reasonable yield and dividend growth, and to implement a policy where the dividend rate is adjusted to Pricer's earnings, financial position and other factors deemed relevant. The annual dividend should in the long-term be equivalent to 30 to 50 percent of net income.

With respect to other aspects of the company's earnings and financial position, please refer to the following income statement and balance sheet for the Parent Company and consolidated statement of comprehensive result and consolidated statement of financial position with the accompanying accounting principles and notes.

Statement of consolidated comprehensive income

1 January - 31 December

Amounts in SEK 000s	Note	2012	2011
Net sales	2, 3	549,199	612,994
Cost of goods sold		-377,862	-414,474
Gross profit		171,337	198,520
Selling expenses		-50,878	-59,368
Administrative expenses		-33,494	-44,047
Research and development costs		-17,220	-18,389
Operating profit	4, 5, 6, 22	69,745	76,716
Financial income		353	282
Financial expenses		-3,540	-2,459
Net financial items	7	-3,187	-2,177
Profit before tax		66,558	74,539
Income tax	8	-30,927	75,761
Profit for the year		35,631	150,300
Other comprehensive income			
Translation differences		-12,403	-1,888
Cash flow hedges		239	-
Tax relating to components in other comprehensive income		4,580	-
Net comprehensive income for the year		28,047	148,412
Attributable to:			
Owners of the Parent		35,630	150,300
Non-controlling interests		1	0
Attributable to:			
Owners of the Parent		28,046	148,412
Non-controlling interests		1	0
Earnings per share	17	2012	2011
Basic earnings per share, SEK		0.33	1.40
Diluted earnings per share, SEK		0.33	1.39

Statement of consolidated financial position

At 31 December

Amounts in SEK 000s	Note	2012	2011
ASSETS			
Intangible fixed assets	9	247,255	247,444
Tangible fixed assets	10	7,506	4,434
Deferred tax assets	8	101,687	124,456
Total fixed assets		356,448	376,334
Inventories	13	141,987	114,559
Accounts receivable	14	191,543	256,820
Prepaid expenses and accrued income	15	15,764	16,434
Other receivables	12	57,109	21,644
Cash and cash equivalents		45,662	58,788
Total current assets		452,065	468,245
TOTAL ASSETS		808,513	844,579
EQUITY AND LIABILITIES			
EQUITY			
	16		
Share capital		109,892	108,465
Other paid in capital		396,721	387,072
Reserves		-28,818	-21,234
Accumulated profits including profit for the year		225,637	217,251
Equity attributable to holders of the Parent Company		703,432	691,554
Non-controlling interests		69	68
Total equity		703,501	691,622
LIABILITIES			
Provisions	18	2,908	3,149
Other long-term liabilities		1,402	755
Total long-term liabilities		4,310	3,904
Prepayments from customers		5,565	10,475
Accounts payable		55,340	80,663
Other liabilities	19	8,346	25,739
Accrued expenses and deferred income	20	26,254	23,949
Provisions	18	5,197	8,227
Total current liabilities		100,702	149,053
Total liabilities		105,012	152,957
TOTAL EQUITY AND LIABILITIES		808,513	844,579
Pledged assets	23	60,375	60,403
Contingent liabilities	23	750	778

Statement of changes in consolidated equity

Equity attributable to owners of the Parent Company

Amounts in SEK 000s	Note	Share capital	Other paid in capital	Translation reserve	Hedging reserve	Accumulated profits incl. profit for the year	Total	Non-controlling interests	Total equity
Opening equity, 1 January 2012		108,465	387,072	-21,234	-	217,251	691,554	68	691,622
Profit for the year						35,630	35,630	1	35,631
Other comprehensive income for the year				-7,770	186		-7,584		-7,584
Net comprehensive income for the year				-7,770	186	35,630	28,046	1	28,047
Share issue		1,427	9,130				10,557		10,557
Dividend						-27,244	-27,244		-27,244
Share related remuneration to be settled with own capital instrument			519				519		519
Total transactions with owners of the Group		1,427	9,649			-27,244	-16,168		-16,168
Closing equity, 31 December 2012	16	109,892	396,721	-29,004	186	225,637	703,432	69	703,501
Opening equity, 1 January 2011		105,552	372,020	-19,346	-	88,313	546,539	68	546,607
Profit for the year						150,300	150,300		150,300
Other comprehensive income for the year				-1,888			-1,888		-1,888
Net comprehensive income for the year				-1,888		150,300	148,412		148,412
Share issue		2,913	14,022				16,935		16,935
Dividend						-21,362	-21,362		-21,362
Share related remuneration to be settled with own capital instrument			1,030				1,030		1,030
Total transactions with owners of the Group		2,913	15,052			-21,362	-3,397		-3,397
Closing equity, 31 December 2011	16	108,465	387,072	-21,234	-	217,251	691,554	68	691,622

Statement of consolidated cash flows

1 January - 31 December

Amounts in SEK 000s	Note	2012	2011
	26		
Operating activities			
Profit before tax		66,557	74,539
Adjustment for non-cash items		10,174	10,835
Paid income tax		-15,556	-
Cash flow from operating activities before changes in working capital		61,175	85,374
Cash flow from changes in working capital			
Change in inventories		-28,614	-36,624
Change in operating receivables		28,699	-92,069
Change in operating liabilities and provisions		-38,105	49,231
Cash flow from changes in working capital		-38,020	-79,462
Cash flow from operating activities		23,155	5,912
Investing activities			
Acquisition of intangible fixed assets		-12,347	-9,336
Acquisition of tangible fixed assets		-5,964	-2,983
Sale of tangible fixed assets		229	-
Cash flow from investing activities		-18,082	-12,319
Financing activities			
New share issue		10,557	16,935
Paid dividend		-27,244	-21,362
Cash flow from financing activities		-16,687	-4,427
Cash flow for the year		-11,614	-10,834
Cash and cash equivalents at beginning of year		58,788	69,867
Exchange-rate difference in cash and cash equivalents		-1,512	-245
Cash and cash equivalents at end of year		45,662	58,788

Income statement and Statement of comprehensive income of parent company

1 January - 31 December

Income statement

Amounts in SEK 000s	Note	2012	2011
Net sales	2	439,565	507,207
Cost of goods sold		-336,172	-382,161
Gross profit		103,393	125,046
Selling expenses		-2,491	-3,287
Administrative expenses		-32,972	-44,047
Research and development costs		-17,220	-17,139
Operating profit	4, 5, 22	50,710	60,573
<i>Result from financial investments:</i>	7		
Result from participations in Group companies		-148	-26
Result from other financial assets and receivables accounted as financial fixed assets		192	2,631
Interest income and similar profit/loss items		428	705
Interest expenses and similar profit/loss items		-3,233	-2,424
Profit/loss after financial items and before tax		47,949	61,459
Income tax	8	-25,619	81,876
Profit for the year		22,330	143,335
Statement of comprehensive income			
Profit for the year		22,330	143,335
<i>Other comprehensive income</i>			
Translation differences		-3,031	-528
Cash flow hedges		239	-
Tax relating to components in other comprehensive income		4,580	-
Other comprehensive income for the year		1,788	-528
Net comprehensive income for the year		24,118	142,807

Parent company balance sheet

At 31 December

Amounts in SEK 000s	Note	2012	2011
ASSETS			
Fixed assets			
Intangible fixed assets	9	29,791	21,663
Tangible fixed assets	10	5,736	2,220
<i>Financial fixed assets</i>			
Participations in Group companies	25	184,256	183,804
Receivables from Group companies	11, 24	86,333	94,328
Deferred tax asset	8	100,802	121,326
Total financial fixed assets		371,391	399,458
Total fixed assets		406,918	423,341
Current assets			
Inventories, etc.	13	115,402	82,242
<i>Current receivables</i>			
Accounts receivable	14	91,303	116,992
Receivables from Group companies	24	29,606	82,612
Other receivables	12	51,484	19,299
Prepaid expenses and accrued income	15	12,657	5,258
Total current receivables		185,050	224,161
Cash and cash equivalents		29,838	12,680
Total current assets		330,290	319,083
TOTAL ASSETS		737,208	742,424

Parent company balance sheet (cont'd)

Amounts in SEK 000s	Note	2012	2011
EQUITY AND LIABILITIES			
Equity	16		
<i>Restricted equity</i>			
Share capital		109,892	108,465
Statutory reserve		104,841	104,841
Total restricted equity		214,733	213,306
<i>Non-restricted equity</i>			
Share premium reserve		199,871	190,222
Reserve for fair value		-16,240	-18,028
Accumulated profit		221,464	105,373
Profit for the year		22,330	143,335
Total non-restricted equity		427,425	420,902
Total equity		642,158	634,208
PROVISIONS			
Provisions	18	8,105	11,376
Total provisions		8,105	11,376
LONG-TERM LIABILITIES			
Liabilities to Group companies	24	100	100
Total long-term liabilities		100	100
CURRENT LIABILITIES			
Accounts payable		46,796	56,811
Liabilities to Group companies	24	21,740	17,663
Other liabilities	19	2,111	7,172
Accrued expenses and deferred income	20	16,198	15,094
Total current liabilities		86,845	96,740
TOTAL EQUITY AND LIABILITIES		737,208	742,424
Pledged assets	23	59,625	59,625
Contingent liabilities	23	-	-

Parent company statement of changes in equity

		Restricted equity		Non-restricted equity				
				Reserve for fair value				
Amounts in SEK 000s	Note	Share capital	Statutory reserv	Share premium reserve	Trans-lation reserve	Hedging reserve	Accu-mulated profits incl. profit for the year	Total
Opening equity, 1 January 2012		108,465	104,841	190,222	-18,028	-	248,708	634,208
Profit for the year							22,330	22,330
Other comprehensive income for the year					1,602	186		1,788
Net comprehensive income for the year					1,602	186	22,330	24,118
Issue of shares from employee options		1,427		9,130				10,557
Dividend							-27,244	-27,244
Share related remuneration to be settled with own capital instrument				519				519
Total transactions with owners of the Parent Company		1,427		9,649			-27,244	-16,168
Closing equity, 31 December 2012	16	109,892	104,841	199,871	-16,426	186	243,794	642,158

Opening equity, 1 January 2011		105,552	104,841	175,170	-17,500	-	126,735	494,798
Profit for the year							143,335	143,335
Other comprehensive income for the year					-528			-528
Net comprehensive income for the year					-528		143,335	142,807
Issue of shares from employee options		2,913		14,022				16,935
Dividend							-21,362	-21,362
Share related remuneration to be settled with own capital instrument				1,030				1,030
Total transactions with owners of the Parent Company		2,913		15,052			-21,362	-3,397
Closing equity, 31 December 2011	16	108,465	104,841	190,222	-18,028	-	248,708	634,208

Parent company cash flow statement

1 January - 31 December

Amounts in SEK 000s	Note	2012	2011
	26		
Operating activities			
Profit before tax		47,949	61,459
Adjustment for items not included in cash flow		10,217	17,136
Paid tax		-514	-
Cash flow from operating activities before changes in working capital		57,652	78,595
Cash flow from changes in working capital			
Change in inventories		-32,637	-29,947
Change in operating receivables		21,596	-113,997
Change in operating liabilities		-3,795	49,264
		-14,836	-94,680
Cash flow from operating activities		42,816	-16,085
Investing activities			
Acquisition of intangible fixed assets		-12,321	-9,255
Acquisition of tangible fixed assets		-4,867	-1,712
Divestitures of tangible fixed assets		229	-
Decrease in long-term loan receivables subsidiaries		13,485	2,615
Increase in long-term loan receivables subsidiaries		-3,970	-6,446
Cash flow from investing activities		-7,444	-14,798
Financing activities			
New share issue		10,557	16,935
Paid dividend		-27,244	-21,362
Cash flow from financing activities		-16,687	-4,427
Cash flow for the year		18,685	-35,310
Cash and cash equivalents at beginning of year		12,680	49,144
Exchange-rate difference in cash and cash equivalents		-1,527	-1,154
Cash and cash equivalents at end of year		29,838	12,680

Notes on the financial statements

(Amounts in SEK 000s unless otherwise stated. Group is abbreviated as "G" and Parent Company as "PC")

Note 1 Accounting principles

Compliance with standards and laws

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) as endorsed by the European Commission for application in the EU. The Swedish Financial Reporting Council's recommendation RFR 1 Supplementary Reporting Rules for Groups has also been applied. The Parent Company applies the same accounting principles as the Group, except in those cases described under "Parent Company accounting policies".

The annual report and consolidated financial statements have been approved for publication by the Board of Directors and Chief Executive Officer on 20 March 2013.

Valuation principles in the preparation of the financial reports

Assets and liabilities are recognised at historical acquisition value, except in the case of certain financial assets and liabilities which are valued at fair value. Financial assets and liabilities reported at fair value consist of derivative instruments.

Functional currency and reporting currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation currency for the Parent Company and Group. This means that the consolidated financial statements are presented in SEK. Except where otherwise stated, all amounts are rounded off to the nearest thousand.

Estimates and assumptions in the financial statements

When preparing financial statements in accordance with IFRS, management is required to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs. Actual outcomes may differ from these estimates and assumptions.

The estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period of the change, if the change affects only that period; or in the period of the change and future periods, if the change affects both.

Note 28 contains a description of inputs and assessments that have been used by the company's management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates that could lead to significant adjustments in the financial statements of subsequent years.

Significant applied accounting principles

The following accounting principles for the Group have been applied consistently in all the periods presented in the consolidated financial statements. The Group's accounting policies have also been applied consistently by group companies.

Changes in accounting principles

The new and changed IFRS that are implemented from 2012 have not had any significant effect on the consolidated financial statements.

New IFRS standards and interpretations that have not yet been implemented

A number of new or amended IFRS standards come into effect in the next financial year and have not been adopted in advance when preparing these financial reports. New standards or amendments due for future adoption have not been adopted in advance.

- IFRS 9, Financial Instruments, is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, by 2015 at the latest. The IASB has published the first two of at least three parts that will together comprise IFRS 9. The first part deals with classification and measurement of financial assets. The categories for financial assets defined in IAS 39 have been replaced by two categories which are measured at either fair value or amortised cost. Amortised cost is used for instruments managed in a business model where the objective is to hold the financial assets to obtain the contractual cash flows; consisting of payments of principal and interest on the principal outstanding on specified dates. Other financial assets are measured at fair value and the opportunities to apply the "fair value option" as in IAS 39 remain.

Fair value changes are recognised in profit or loss, with the exception of value changes for equity instruments that are not held for trading and for which an irrevocable election has been made at initial recognition to measure value changes in other comprehensive income. Value changes for derivatives that are treated as hedging instruments are not affected by this part of IFRS 9 and the requirements of IAS 39 still apply to these.

In October 2010 IASB also published parts of IFRS 9 that deal with the classification and measurement of financial liabilities. Most of it is in line with the previous rules in IFRS 39 with the exception of financial liabilities that are measured at fair value according to the "Fair Value Option". For these liabilities the value change should be divided into changes that are attributable to the company's own credit rating and changes in the reference interest rate.

- The amended IAS 1 Presentation of financial reports. The change regulates the way items in other comprehensive income should be presented. Items should be split into two categories; items that will be reclassified to the year's profit or loss and items that will not be reclassified. Items that will be reclassified include translation differences and gains/losses from cash flow hedges. Items that are not reclassified include actuarial gains. For the group the amended standard will entail that translation differences and losses/gains on cash flow hedges will be presented in a separate category under Other comprehensive income.

The following changes in the accounting principles for future adoption are not expected to have any impact on the consolidated financial statements in addition to the increased disclosure requirement:

- IFRS 12 Disclosure of Interest in Other Entities
- IFRS 13 Fair value measurement

Classification

Fixed assets and long-term liabilities in the Parent Company and the Group essentially comprise amounts that are expected to be recovered or settled more than twelve months after the balance sheet date. Current assets and current liabilities essentially comprise amounts that are expected to be recovered or settled within twelve months from the balance sheet date.

Operating segment reporting

An operating segment is a part of the Group with an operation generating revenue and costs with independent available financial information. The result of an operating segment is followed by the highest executive of the company in order to evaluate the result and to allocate resources to each operating segment. Pricer has only one operating segment, see further note 3 for more information about the categorisation and presentation of operating segments.

Consolidation principles

Subsidiaries

Subsidiaries are all entities over which Pricer AB has a controlling influence. Controlling influence means the ability to directly or indirectly have the power to govern the subsidiary's financial and operating policies in order to obtain economic benefits. The existence and effect of potential voting rights that can be readily used or converted are factors to be considered in deciding whether significant influence exists.

Business combinations on 1 January 2010 or later

Subsidiaries are recognised using the purchase method. With this method, acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition cost on consolidation is established through an acquisition analysis in conjunction with the acquisition. The analysis establishes the acquisition cost of the participating interests or business, the fair value, on the acquisition date, of acquired identifiable assets and assumed liabilities and contingent liabilities. Transaction costs, with the exception of transaction costs attributable to the issue of equity or debt instruments that arise, are reported directly in the year's profit or loss.

In business combinations where the fair value of consideration is transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree (in a business combination acquired in steps) exceeds the Group's share in the fair value of net identifiable assets acquired and liabilities

reported separately, the difference is accounted for as goodwill. When the difference is negative, i.e. when the acquisition is at a bargain price, it is reported directly in the profit for the year.

The consideration transferred for the acquisition of a subsidiary does not include amounts related to the settlement of pre-existing business relationships. Such amounts are recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, it is not re-measured and settlement is accounted for within equity. Otherwise, the fair value of contingent consideration is re-measured at each reporting date and the change is recognised in profit or loss.

In business combinations where less than 100 per cent of the subsidiary is acquired, non-controlling interests arise. There are two alternative methods for accounting for non-controlling interests. The first of these is to record non-controlling interests as their proportionate share of net assets, while the second is to record non-controlling interests at fair value, which means that the non-controlling interests have a share in goodwill. The choice between these two methods can be made on an acquisition-by-acquisition basis.

In business combinations that are conducted in stages, the goodwill is determined on the date on which the controlling interest comes into effect. Previous holdings are measured at fair value and the value change is reported in the profit for the year.

Business combinations made between 1 January 2004 and 31 December 2009

In combinations made between 1 January 2004 and 31 December 2009 for which the acquisition cost exceeds the fair value of acquired assets and assumed liabilities and contingent liabilities recognised separately, the difference is recognised as goodwill. Any negative difference is recognised directly in profit for the year. Transaction costs, with the exception of transaction costs attributable to the issue of equity or debt instruments that arise are included in the acquisition cost.

Financial statements of subsidiaries are included in the consolidated accounts from the moment of acquisition until controlling interest disappears.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and costs, and unrealised gains or losses arising on transactions between Group companies are eliminated in full when preparing the consolidated financial statements. Unrealised gains and losses arising on transactions with associate companies are eliminated to the extent that they correspond to the Group's interest in the company. Unrealised losses are eliminated in the same way, unless there is any indication of impairment.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction date. The functional currency is the currency of the primary economic environment in which the companies conduct their business. Monetary assets and liabilities in foreign currency are translated into the functional currency at balance sheet date rates. Currency differences arising on translation are recognised in profit and loss. Non-monetary assets and liabilities accounted for at fair value are converted to the functional currency at the rate prevailing at the date of the valuation to fair value.

Financial statements of foreign businesses

The assets and liabilities of foreign businesses are translated from the foreign unit's functional currency into the Group's presentation currency, SEK, at balance sheet date exchange rates. Income and costs of foreign businesses are translated into SEK at the average rate during the year. Translation differences arising on the translation of foreign businesses are recognised in other comprehensive income and are accumulated in a separate component in equity, labelled translation reserve.

Net investments in foreign operations

Monetary long-term receivables from a foreign operation for which settlement is not planned and will probably not be performed in the foreseeable future, is in practical terms part of the net investment in the foreign operation. An exchange rate difference that arises on the monetary long-term receivables is recognised cumulatively in a

separate component of equity, the translation reserve. When divesting a foreign operation the accumulated exchange rate differences that are attributable to monetary long-term receivables in the cumulative translation differences that are reclassified from the translation reserve in equity to the year's profit.

Revenue

Sale of goods and completion of work performed

Revenue from the sale of goods is recognised in profit and loss when significant risks and benefits of ownership have passed to the buyer. Income from services is reported in the income statement based on the stage of completion at the balance sheet date. Stage of completion of work performed is established on the basis of investigation. Revenue is not recognised in cases where it is not likely that the financial benefit will pass to the Group. There is no recognition if there is considerable degree of uncertainty regarding payment, the attributable costs or risk of return or if the seller retains an assignment in the on-going administration which is normally associated with ownership. Revenue is recognised at fair value of the received amount, or the amount expected to be received, with a deduction for granted discounts. Revenue is not recognised in cases where it is not likely that the financial benefit will pass to the Group. Revenue in the form of royalties or licences resulting from an external party's use of the Group's assets is recognised when it is likely that the financial benefits associated with the transaction will pass to the company and the amount of revenue can be calculated reliably. The criteria for revenue recognition are applied to each transaction on an individual basis.

Leasing

Costs relating to operational leases

Costs from operational leasing agreements are recognised on a straight line basis over the term of the lease period in the year's profit. Benefits received in conjunction with the signing of an agreement are reported in the profit as a reduction in the total leasing charge allocated over the term of the lease. Variable fees are recognised in the income statement as an expense in the period in which they arise.

The Group has no financial leasing agreements.

Financial income and expense

Financial income and expense consist of interest income on investments, dividend gains, gains from value changes in financial assets valued at fair value via the profit and any gains on hedge instruments that are recognised in the year's profit.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method (see below). Dividend income is recognised when the right to receive dividend has been established. The gain or loss from sale of a financial instrument is recognised when the economic risks and rewards incidental to ownership have been transferred to the purchaser and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, value losses on financial assets/liabilities valued at fair value via profit/loss, and the impairment of financial assets and such losses on hedge instruments that are reported in the profit for the year. Borrowing costs are recognised in profit or loss with application of the effective interest method, except to the extent they are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, in which case they are included in the acquisition value of the assets.

Exchange gains and losses are reported at their net value.

Tax

Tax consists of current tax and deferred tax. Taxes are recognised in the income statement, except for when the underlying transaction is recognised directly as equity, in which case the associated tax effect is recognised in equity.

Current tax is tax that is to be paid or recovered with regard to the current year using the tax rates valid or announced at balance sheet date. Tax adjustments pertaining to previous periods are also included here.

Deferred tax is calculated using the liability method, based on the temporary difference between the carrying amount and the fiscal value of assets and liabilities. The amount is calculated based on the expectation of how the temporary differences are to be adjusted, and using the tax rates and fiscal regulations valid or announced at balance sheet date. Temporary differences are not reflected in corporate goodwill nor

Note 1 Accounting principles (cont'd)

are they reflected for differences that arise at the first reporting of assets and liabilities that are not operating acquisitions that at the time of the transaction did not affect either the reported or taxable profit. Temporary differences attributable to shares in subsidiaries or associated companies that are not expected to be recovered in the foreseeable future.

Deferred tax assets are valued on the basis of how the carrying amount of the assets or liabilities is expected to be realised or settled using the tax rates and rules that have been decided on, or in practice decided on, at the balance sheet date.

Deferred tax assets in respect of deductible temporary differences and unused loss carry-forwards are recognised to the extent that it is probable that these will be utilised. The value of accrued tax receivables is reduced when it is no longer considered probable that they can be utilised. Any additional income tax that arises for dividends is reported when the dividend is recognised as a liability.

Financial instruments

The financial instruments stated on the assets side of the statement of financial position include cash and cash equivalents, accounts receivable and derivatives. On the liability side, they include liabilities to suppliers, other liabilities and derivatives.

Inclusion in and removal from statement of financial position

A financial asset or liability is recognised in the statement of financial position when the company becomes party to the contractual conditions of the instrument. A receivable is recognised when the company has performed and agreed conditions are met for the counterpart to pay, even if an invoice has not yet been sent. Accounts receivable are recognised in the statement of financial position when an invoice has been sent. Liabilities to suppliers are recognised when an invoice has been received. Financial liabilities are recognised when the counterpart has performed a service and there is a contractual obligation to pay, even if no invoice has been received.

A financial asset is removed from the statement of financial position when the company's rights under the agreement have been realised, expire or the company has relinquished control over the asset. The same applies to a part of a financial asset.

A financial liability is removed from the statement of financial position when the obligation specified in the agreement has been discharged or is otherwise extinguished. The same applies to a part of a financial liability.

The purchase or divestment of a financial asset is recognised on the transaction date, which is the date when the company undertakes to purchase or divest the asset.

Classification and impairment testing

Financial instruments which are not derivatives are initially valued at acquisition cost, equivalent to the fair value of the instrument. A financial instrument's classification determines how it is valued after the first recording occasion. IAS 39 classifies financial instruments in categories. The classification depends on the purpose behind acquiring the financial instrument. The relevant categories for the Group are as follows: Financial assets at fair value through the income statement, Loans receivable and trade receivables, Financial liabilities valued at fair value through the income statement, Other financial liabilities and Derivatives used for hedge accounting.

Derivative instruments are initially reported at fair value, meaning that transaction costs are charged to profit/loss for the period. After the initial recognition, derivative instruments are recognised as follows. If the derivative is used for hedge accounting, then to the extent that it is effective the change in value of the derivative is recognised on the same line as the hedged item in the profit and loss accounts. Even if hedge accounting is not used, increases and decreases in the value of the derivative are recognised as income or expense in operating profit/loss or in financial income and expenses based on what the derivative is used for and to what extent the use is related to an operating item or financial item. If hedge accounting is used, the ineffective portion is recognised in the same way as value changes in a derivative not used for hedge accounting.

Liquid funds consist of cash and immediately available balances with banks and equivalent institutions, and short-term liquid investments with a term to maturity of less than three months, exposed to minimal risk for fluctuation in value.

Financial assets at fair value through profit and loss

This category consists of two sub-groups: financial assets available for trading and other financial assets that company has initially placed in this category in accordance with the 'Fair Value Option'. Financial instruments in this category are regularly measured at fair value and

changes in fair value are recognised in the profit for the year.

The first sub-group includes derivatives with a positive fair value with the exception for derivatives that are an identified and effective hedging instrument.

Loan receivables and accounts receivable

Loans and receivables are financial assets that are not derivatives with fixed or determinable payments and which are not quoted in an active market. These assets are valued at accrued acquisition value. The accrued acquisition cost is determined on the basis of the effective interest rate that was calculated at the time of acquisition. Accounts receivable are reported at the amount that they are expected to be received, i.e. after deductions for bad debts.

Financial liabilities at fair value through profit and loss

This category consists of two sub-groups: financial liabilities held for trading and other financial liabilities that the company has initially placed in this category in accordance with the 'Fair Value Option', see description above under "Financial assets at fair value through profit and loss". The first sub-group includes derivatives with a negative fair value with the exception for derivatives that are identified as effective hedging instruments. Changes in fair value are reported in the profit.

Other financial liabilities

This category contains loans and other financial liabilities such as accounts payable. The liabilities are valued at accrued acquisition cost.

The category to which the group's financial assets and liabilities have been attributed is specified in note 21.

Derivatives and hedge accounting

The Group's derivative instruments have been acquired in order to financially cover the risks of interest rate and current exposure that the group is exposed to. Embedded derivatives are reported separately when they are not closely related to the host contract. Derivatives are reported initially at fair value which means that the transaction costs are charged to the year's profit. After initial recognition derivatives are valued at fair value and recognised in the manner stated below.

An unequivocal connection to the hedged item is required to meet the criteria for hedge accounting stated in IAS 39. The hedge must also effectively protect the hedged item, hedging documentation must be drawn up, and efficacy must be measurable. Gains and losses on hedges of cash flows and net investments are recognised in the income statement at the same time that gains and losses are recognised for the hedged items. Hedge accounting is applied in 2012 (but not for the comparative year 2011).

Receivables and liabilities in foreign currency and transaction exposure

For hedging against currency exposure risks of receivables and liabilities forward currency contracts are used. For hedging against currency risks hedge accounting is not used as an economic hedge is derived in the accounting through that both the underlying receivable and liability and the hedging instrument are accounted for at the rate of the balance sheet date and currency differences are accounted for in profit and loss.

Currency differences relating to operational receivables and liabilities are accounted for in operating result and currency differences relating to financial receivables and liabilities are reported in financial net.

Cash flow hedging of forecast sales in foreign currencies

The currency futures used for hedging highly probable forecast sales in foreign currency are recognised in the consolidated statement of financial position at fair value. The value movement for the period is recognised in the other comprehensive income and the cumulative change in value in a separate component of equity (hedging reserve) until the flow affects the profit or loss, whereupon the cumulative changes in value of the hedge instrument are reclassified in the profit or loss for the year when the hedged item (sales revenue) affects the year's profit.

Tangible fixed assets

Owned assets

In the consolidated accounts, tangible assets are recognised at acquisition value less accumulated depreciation and any impairment losses. Acquisition value includes the purchase price and all costs directly attributable to the asset that are required to bring the asset to its proper location and in the necessary condition, depending on the purpose of the acquisition.

The carrying amount of a tangible fixed asset is removed from the statement of financial position on retirement or disposal or when no future financial benefits are expected from its use or retirement/disposal. The gain or loss on disposal or retirement is the difference between the

proceeds and the carrying amount less direct selling costs. Such gain or loss is stated under other operating income/costs.

Additional expenditure

Additional expenditure is added to the acquisition value of the asset only if it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost of the asset can be calculated reliably. All other additional expenditure is stated as a cost in the period in which they arise.

The decisive factor determining if additional expenditure should be added to the acquisition value is whether the expenditure relates to the replacement of an identified component, or parts thereof, in which case it is capitalised. In cases where a new component is created, the resulting expenditure is also added to the acquisition value. Any residual value of replaced components, or parts thereof, is retired and expensed in connection with replacement. Repairs are expensed as incurred.

Depreciation principles

Tangible fixed assets are depreciated on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. Leased assets are also depreciated over the estimated useful life or, if it is shorter, over the contractual term of the lease. The group applies component depreciation, such that the estimated useful lives of material subcomponents are a basis for depreciation.

Estimated useful lives:

- machinery and other technical installations: 3-5 years
- equipment, tools, fixtures and fittings: 3-5 years
- leasehold improvements: 3 years

Intangible fixed assets

Goodwill

Goodwill is recognised at acquisition cost less accumulated impairments. Goodwill is allocated to the smallest cash-generating unit and is impairment tested at least annually.

Research and development

All research costs are recognised as costs for the period in which they arise.

Costs for development, where research findings or other knowledge are used to create new or improved products or processes, are only capitalised in the statement of financial position when the technical and commercial feasibility of the product or process has been established, and the company has adequate resources to complete its development and then intends to use or sell the intangible asset. The reported value includes all directly attributable costs, e.g. for materials and services, remuneration to employees, registration of a legal entitlement, depreciation of patents and licenses, borrowing costs in accordance with IAS 23. Other development costs are reported in the year's profit as a cost as they arise. Development costs reported in the statement of financial position are taken up at acquisition cost less accumulated depreciation and any impairment losses.

Other intangible assets

Other intangible assets acquired by the Group are recognised at acquisition value less accumulated depreciation and impairment losses.

Additional expenditure

Additional expenditure on capitalised intangible assets is reported in the statement of financial report only when it increases the future financial benefits to which they are attributable. All other expenditure is expensed when it is incurred.

Amortisation principles

Amortisation according to plan is based on original acquisition values and is applied straight line over the estimated useful life of the asset, unless its useful life is indefinite. The residual value and useful life of an asset are assessed annually. Goodwill and intangible assets that are not yet ready to be used, are tested for impairment annually or as soon as there are indications that the asset in question has diminished in value. Intangible assets with finite periods of use are tested for impairment when they are available for use.

Estimated useful lives:

- Market, patents and licences: 5-12 years
- customer relationships: 5 years
- product technology: 5 years
- development projects: 3 years

Patents and licences are depreciated over the term of the patent or licence, which in some cases exceeds five years.

Inventories

Inventories are recognised at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of indirect costs based on normal capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and realising the sale. The risk of obsolescence is taken into account in the valuation of inventories.

Impairment

The carrying amounts of the Group's intangible and fixed assets are tested at each statement of financial position date to determine if there is any indication of impairment.

Impairment of tangible and intangible assets

If there is any indication of impairment, the asset's recoverable value is calculated (see below).

The recoverable value of goodwill and other intangible assets that are not ready for use is also calculated annually.

If it is not possible to establish an essentially independent cash flow associated with a particular asset when testing for impairment, the assets are grouped at the lowest level for which it is possible to identify an essentially independent cash flow (known as a cash-generating unit). When the carrying amount of an asset or cash-generating unit exceeds its recoverable value, an impairment loss is recognised in profit and loss. Impairment of assets belonging to a cash-generating unit (group of units) is primarily allotted to goodwill. Thereafter impairment of other assets in the unit (group of units) is distributed pro rata among them.

The recoverable value is the higher of fair value less selling costs and value in use. When calculating value in use, future cash flows are discounted using a discounting factor that reflects the risk-free interest rate and any risks associated specifically with the asset. In the case of an asset that does not generate a cash flow that is essentially independent of other assets, the recoverable value is calculated for the cash-generating unit to which the asset belongs.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence consists of observable events that have occurred and adversely affect the ability to recover the cost of the asset, and a significant or prolonged decline in the fair value of an investment in a financial instrument classified as an available-for-sale financial asset.

The Company classifies trade receivables as doubtful when it is considered unlikely that they will be paid or when they are 180 days past due. Impairment of receivables is established by reference to historical experience of customer defaults on similar receivables.

Payments to shareholders

Dividends

Dividends are reported as liabilities after they have been approved for payment by the Annual General Meeting.

Earnings per share

Basic earnings per share are calculated on the basis of consolidated profit for the year attributable to the Parent Company's shareholders and the weighted average number of shares in issue during the year. To calculate diluted earnings per share the average number of shares are adjusted to take account of the dilution effects of potential ordinary shares originating from the convertible loan and options issued to employees during the period. The dilution effect arises only when the exercise price is lower than the listed price and is greater the wider the spread between the exercise price and the listed price. The exercise price is adjusted by making an addition for the value of future services associated with the share-based personnel programme that is stated as share-based payment in accordance with IFRS 2.

Employee benefits

Defined-contribution plans

All pension solutions in the Group are classified as defined contribution plans. Consequently the company's obligation is limited to the contributions that it has committed itself to pay. In such cases the size

Note 1 Accounting principles (cont'd)

of employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the contributions' return on capital. The employee thus bears the actuarial risk (that the remuneration will be lower than expected) and the investment risk (that the invested assets will not suffice to pay out the expected remuneration). The company's commitments regarding payments to defined contribution plans are recognised as an expense in the income statement as they are earned over time by the employee rendering services for the company.

Termination benefits

A provision is recognised in connection with termination of employment only if the company is demonstrably obliged to terminate employment before the normal retirement date; or when termination benefits take the form of an offer to encourage voluntary redundancy. In the event of termination of employment, a detailed plan is prepared that includes at least the place of work, positions and approximate number of persons affected, as well as the amount of compensation for each category of employee or position and when the plan will be implemented. In the event of voluntary redundancy, a cost is stated if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Share-based payments

An option program enables employees to acquire shares in the company. The fair value of the allocated options is recognized as a personnel expense with an equivalent increase in equity. The fair value is determined on the grant date and allocated over the vesting period. The fair value of the granted options is calculated using the Black-Scholes method and the terms and conditions on the grant date are considered. The reported costs are equivalent to the fair value of the estimated number of options that are expected to be vested, with account taken of the service and performance terms that are not market terms. The recognized cost is adjusted in subsequent period to reflect the actual number of vested options. However, no adjustment is made when options expire only because market terms and/or non-vesting terms not being met.

Social security fees related to share-based payments to employees for services rendered are recognized as expenses allocated to the periods when the services were rendered. The provision for social security contribution is based on the fair value of the options at the reporting date. Fair value is determined according to the same measurement model that was used on the grant date.

Provisions

Provisions can be distinguished from other liabilities because there is uncertainty about the timing or amount of the future expenditure required in settlement.

A provision is stated in the statement of financial position when the Group has a legal or informal commitment that has arisen as the result of a past event and it is probable that an outflow of financial resources will be needed to settle the commitment and a reliable estimate of the amount can be made.

When necessary, a present value calculation is made to take into account any significant time-effects of future payments.

Guarantees

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a total appraisal of conceivable outcomes in relation to the probabilities to which the outcomes are linked.

Contingent liabilities

A contingent liability is recognised where there is a possible commitment that derives from a past event and the existence of which can be confirmed only by the occurrence of one or more uncertain future events, or in the event of a commitment that is not stated as a liability or provision since it is not likely that an outflow of financial resources will be required.

Parent Company accounting principles

The Parent Company's annual accounts are prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Council's recommendation RFR 2, Reporting by Legal Entities. The Swedish Financial Reporting Council's recommendations also apply for listed companies. RFR 2 states that in the report for the legal entity, the Parent Company shall apply all EU-endorsed IFRS and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. This recommendation defines the exceptions and additional disclosures compared with IFRS.

Differences between accounting principles of the Group and the Parent Company

The differences between the accounting principles applied by the Group and the Parent Company are described below. The following accounting principles for the Parent Company have been applied consistently for all periods presented in the financial statements of the Parent Company.

Classification and forms of presentation

An income statement and a statement of comprehensive income is presented for the Parent Company, whereas for the Group these two reports form one statement of comprehensive income. Furthermore, the terms "statement of financial position" and "cash flow statement" are used for the Parent Company for the statements that in the Group are entitled "statement of financial position" and "statement of cash flows". The Parent Company's income statement and statement of financial position have been prepared in accordance with the schedule specified by the Swedish Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and the statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences between the accounting principles applied by the Group that arise of the Parent Company income statement and balance sheet consist mainly of reported (adapted) financial income and expenses, fixed assets, equity and the occurrence of provisions as a separate heading in the balance sheet.

Subsidiaries

In the Parent Company, participations in subsidiaries are reported in accordance with the cost model. This implies that transaction expenses are included in carrying amounts. In the Consolidated Accounts, transaction expenses attributable to subsidiaries are recognized directly in profit or loss as they arise.

Conditional purchase prices are measured on the likelihood that the purchase price will be payable. Potential changes to the provision/receivable is added to/deducted from the acquisition cost. In the Consolidated Accounts, conditional purchase prices are recognized at fair value with value changes in profit or loss.

Note 2 Distribution of revenue

	G 2012	G 2011	PC 2012	PC 2011
Net sales:				
Revenue from goods	502,044	558,395	428,636	490,005
Revenue from services	38,155	44,252	4,044	7,719
Royalties	9,000	10,347	6,885	9,483
Total	549,199	612,994	439,565	507,207

The Parent Company's product sales include intra-group sales of 235,062 (335,788). The revenue of the Group and the Parent Company includes exchange-loss of 5,364 (-).

Note 3 Operating segments

Pricer develops and markets a complete system consisting of components for communication in a store environment. The components are never sold separately except as additions to existing systems. Therefore the various product components do not constitute separate operating segments. The system is sold to customers in close to 50 countries over the whole world. Customer activities are to a large extent directed towards large global retail chains. Accountability of the sales force and follow up is made based on each customer. Revenue divided in three geographical areas is reported externally in order to, to a certain extent, be able to provide comments and analysis of the market development but it is not basis for internal guidance and follow up and therefore, these do not constitute different operating segments. Sales are made both direct to customers but also via resellers but this division does not constitute different operating segments in the operations. Sales is made to different categories of retail such as grocery, food, non-food, do-it-yourself, etc. but these categories do not either constitute different operating segments. Operation is not divided into different operating segments and is followed up in its entirety. Therefore the entire Pricer business constitutes one and the same operating segment.

Information per company

Total revenue from external customers amounted to SEK 549.2 M (613.0). Any division in different product categories is not made as revenue is constituted by sale of systems. See further note 2 Distribution of revenue.

Net sales by country	G 2012	G 2011
Sweden	19,472	17,651
France	222,083	317,933
Norway	98,944	10,132
Other countries	208,700	267,278
Total	549,199	612,994

Revenue from external customers per geographic domicile

Revenue is allocated per country based on the country of the customer.

The business of Pricer is not based on any large fixed assets other than intangible assets. Fixed assets in Sweden are limited. The intangible assets are primarily constituted of goodwill and other assets from the acquisition of Eldat in 2006 and capitalized tax loss carry-forwards. The value of these assets is based on future cash flow from the Group as a whole and cannot be allocated to any particular country.

In certain markets Pricer operates through resellers. Net revenue from one customer group amounted to SEK 119 M, equivalent to 21 percent of the consolidated revenue of Pricer in 2012. No other individual customer or reseller represents more than 10 percent of the consolidated revenue.

Note 4 Employees and personnel costs

Average number of employees

	2012		2011	
	Number	of whom, men	Number	of whom, men
Parent Company				
Sweden	30	82%	30	85%
Subsidiaries				
USA	4	100%	3	100%
Israel	2	100%	3	100%
France	36	71%	30	73%
Total subsidiaries	42	78%	36	77%
Total Group	72	78%	66	80%

Gender distribution in executive management on balance sheet date

	G 2012	G 2011	PC 2012	PC 2011
	% of women	% of women	% of women	% of women
Board of Directors	20%	0%	20%	0%
Other senior executives	0%	0%	0%	0%

Salaries, other remuneration, pension costs under defined premium plans and social security expenses

	G 2012	G 2011	PC 2012	PC 2011
Board and CEO	4,848	5,962	4,848	5,962
(of which bonus, etc.)	(0)	(1,734)	(0)	(1,734)
Other senior executives	6,651	8,196	2,591	3,047
(of which bonus, etc.)	(440)	(2,325)	(84)	(817)
Other employees	27,909	31,537	14,210	16,342
(of which bonus, etc.)	(-401)	(4,589)	(-199)	(2,476)
Total salaries and other remuneration	39,408	45,695	21,649	25,351
(of which bonus, etc.)	(39)	(8,648)	(-115)	(5,027)
Social security expenses, Board and CEO	1,777	2,144	1,777	2,144
Social security expenses, other senior executives	4,112	4,229	1,773	1,613
Social security expenses, other employees	12,613	14,974	6,233	8,089
Total social security expenses	18,503	21,347	9,783	11,846
of which:				
Pension costs, Board and CEO	359	302	359	302
Pension costs, other senior executives	1,210	991	486	439
Pension costs, other employees	2,437	1,975	1,975	1,612
Total pension costs	4,006	3,268	2,820	2,353

The company's outstanding pension commitments on behalf of the Board and CEO amount to SEK 0 (0). The category "Other senior executives" consists of 6 individuals (Group), including 3 (2) in the Parent Company.

Remuneration and benefits of senior executives

Remuneration principles

The Board of Director's fees are paid in accordance with a resolution passed by the Annual General Meeting, which also passes a resolution on guidelines for the remuneration and benefits of senior executives. These guidelines are presented in the Administration Report on page 12. The Board has authorised the Chairman to reach an agreement with the President regarding salary and other benefits. The remuneration and benefits of senior executives who report directly to the President are determined by the President after consultation with the Chairman and/or the Board's Remuneration Committee. The main principle is to offer senior executives a total remuneration package and terms of employment that are market-based. When determining the actual levels of remuneration, facts such as competence, experience and performance are taken into account. Remuneration to senior executives consists of basic salary, a variable salary, in certain cases a pension in the form of defined-contribution schemes, other customary benefits and a long-term incentive scheme in the form of employee stock options and/or share saving programmes to all employees in the Group. Other benefits may include a company car and health care insurance.

Continued on page 28

Note 4 Employees and personnel costs (cont'd)

Summary of share value based incentive programs for employees

Program	Share options	
	2008	2011
Maximum number of options ¹⁾	20,000,000	30,000,000
Expiration date	June 30, 2012	August 31, 2015
Exercise price, SEK	7.40	15.60
Type of shares	B	B

¹⁾ Each ten options give right to acquire one share at the indicated exercise price

Warrants:

Employees in:	-	Sweden, USA
Initial number of employees	-	29
Initial number of transferred options	-	11,850,000

Employee options:

Employees in:	All employees	France, Israel
Initial number of employees	60	30
Initial number of options granted	17,200,000	9,350,000
Total initial number of warrants and options	17,200,000	21,200,000

Number of employee options		
Outstanding (granted) options Jan. 1, 2012	14,266,667	21,200,000
Granted	-	800,000
Exercised	-14,266,667	-
Repurchased	-	-1,000,000
Forfeited	-	-
Outstanding Dec. 31, 2012	0	21,000,000
-of which vested	-	14,766,667
-of which exercisable	-	11,650,000
Remaining exercise period months	-	32
Average weighted stock price for exercised employee options, SEK	11.23	-

Number of employee options

Outstanding (granted) options Jan. 1, 2011	14,600,000	-
Granted	-	21,200,000
Exercised	-233,333	-
Forfeited	-100,000	-
Outstanding Dec. 31, 2011	14,266,667	21,200,000
-of which vested	14,266,667	11,850,000
-of which exercisable	8,833,334	11,850,000
Remaining exercise period months	6	44
Average weighted stock price for exercised employee options, SEK	13.61	-

Loans to senior executives and other related-party transactions

No loans, guarantees or sureties have been issued on behalf of members of the Board or senior executives in the Group. Nor are there any past or present business transactions between the company and members of its board, management or auditors that have a material effect on the consolidated profit or financial position.

From page 27

Remuneration and benefits

Fees to directors of the Parent Company are payable as follows: During the 2011/2012 assignment period (until the Annual General Meeting on 25 April 2012), director fees amounted to SEK 1,050 thousand total divided by SEK 450 thousand to the Chairman and SEK 200 thousand to other members (total 4 board members). During the 2012/2013 assignment period (until the Annual General Meeting on 24 April 2013), directors' fees amounted to SEK 1,250 thousand total divided by SEK 450 thousand to the Chairman and SEK 200 thousand to other members (total 5 board members). The fees were expensed during the assignment periods. No other remuneration, apart from defrayal of outlays, was paid to the Board. Certain board members have invoiced the fee via their own company, which in that case also includes the fee for social security contributions. The specified amounts are the fees determined by the AGM excluding social security contributions.

All pension plans in the Group are defined-contribution plans.

For the President Fredrik Berglund remuneration appears in table. The variable remuneration is linked to the performance of the company during the year. For 2012, the variable compensation was based on Group net sales and operating profit. The objectives were not achieved and there was no bonus. The period of notice for the President is twelve months when notice is given by the employer and six months when notice is given by the employee.

For remuneration to other senior executives, please refer to table. For other senior executives, the variable salary for 2012 was based on Group net sales, operating profit and cash flow as well as on individual targets. The variable salary is individual and was in 2012 maximised from 20 to 60 percent of basic salary. The period of notice for other senior executives varies and in no case exceeds twelve months. Senior executives are not entitled to severance pay.

Employee stock option scheme

The 2008 Annual General Meeting adopted an employee option scheme including 20 million options with duration of four years until 30 June 2012. The Annual General Meeting in 2011 complemented with a scheme including 30 million options with duration for four years until 31 August 2015. All employees in the Group have been allotted options from these programmes. Employee options vest over three years based on continuous employment. There are no other prerequisites.

During 2012, costs of SEK 0.5 M (1.0) relating to the value of the employee stock options were charged to the consolidated profit, out of which SEK 0.0 M (0.8) in the Parent Company, partly in the form of a booking against equity relating to the schemes.

For information about senior executives' holdings of shares and stock options, see page 50.

Note 4 Employees and personnel costs (cont'd)

Reimbursements and other benefits to the group management

	Basic salary	Variable reimbursements	Expenses for share options	Other benefits *	Pension	Other reimbursements	Total 2012	Total 2011
Fredrik Berglund (CEO) *	3,222	-	-	122	359	207	3,910	5,374
Other members of the group management (6 (5) pers.) ¹⁾	6,147	440	200	596	1,210	64	8,657	9,725
Total	9,369	440	200	718	1,569	271	12,567	15,099

* Other benefits represent mainly car benefits

1) Group management was increased by one person in September 2012

Note 5 Fees to auditors

	G 2012	G 2011	PC 2012	PC 2011
Fees to KPMG, Sweden and France				
Auditing assignment	650	560	650	560
Auditing services beyond the assignment	154	245	154	245
Tax advice	-	15	-	15
Non-auditing services	662	573	662	573
Fees to Michel Bohdanowicz, France				
Auditing assignment	304	208	-	-
Fees to Dunskey Knobel Beltzer & Co, Israel				
Auditing assignment	54	26	-	-
Non-auditing services	88	78	-	-
Total	1,912	1,705	1,466	1,393

Audit services comprise examination of the annual financial statements, accounting records and administration of the Board and CEO, other procedures required to be carried out by the Company's auditors and advice or other assistance arising from observations made during the performance of such other procedures.

Note 6 Operation expenses allocated by cost type

	G 2012	G 2011
Cost of goods sold	376,976	413,809
Personnel costs	54,288	65,618
Amortisation/depreciation	6,409	8,522
Other operating expenses	41,781	48,329
Total	479,454	536,278

The cost of goods sold includes exchange-rate loss of 516 (loss: 12,857).

Note 7 Net financial items

Group	2012	2011
Interest income	353	246
Other income	-	36
Financial income	353	282
Interest expenses	-411	-357
Other expenses	-51	-412
Net exchange-rate change	-3,078	-1,690
Financial expenses	-3,540	-2,459
Net financial items	-3,187	-2,177

Parent Company	2012	2011
Result from participations in Group companies		
Impairment losses	-148	-26
Total	-148	-26

Result from other financial assets and receivables accounted for as fixed assets	2012	2011
Interest income, Group companies	192	1,202
Reversed write-downs, Group companies	-	1,429
Total	192	2,631

Interest income and similar profit/loss items	2012	2011
Interest income	342	246
Interest income, Group companies	86	459
Total	428	705

Interest expenses and similar profit/loss items	2012	2011
Interest expenses	-412	-357
Other expenses	-	-250
Net exchange-rate change	-2,821	-1,817
Total	-3,233	-2,424

Exchange-rate changes refer primarily to loan receivables from Group companies. Interest income and expenses in the Group and the Parent Company is related to items valued at amortised acquisition value, mainly from/to banks.

Note 8 Taxes

Reported tax	G 2012	G 2011	PC 2012	PC 2011
Current tax				
Current tax in the period	-4,099	-7,894	-514	-
Adjustment of tax relating to earlier years	523	-723	-	-
Total current tax	-3,576	-8,617	-514	-
Deferred tax expense/income				
Temporary differences	-8,717	5,478	-6,298	2,976
Capitalised tax losses carry-forward	-	78,900	-	78,900
Effect of adjusted tax rate ^{*)}	-18,634	-	-18,807	-
Total deferred tax expense/income	-27,351	84,378	-25,105	81,876
Total accounted tax expense/income (net)	-30,927	75,761	-25,619	81,876

^{*)}The deferred tax expense in the Group and the Parent Company in 2012 is related to the adjusted corporate income tax rate from 26.3 percent to 22.0 percent in Sweden as from 2013. This has lead to a recalculation on the deferred taxes of the Group and the Parent Company.

Reconciliation of effective tax

	Percent	2012	Percent	2011
Group				
Profit before tax		66,557		74,539
Tax according to applicable tax rate for the Parent Company	-26.3	-17,504	-26.3	-19,604
Effect of applicable tax rates for foreign subsidiaries		-366		-1,228
Non-deductible expenses		-1,040		-822
Non-taxable income		395		84
Tax relating to earlier years		523		-723
Non-recorded deferred tax		-		5,478
Utilisation of uncapitalised loss carry-forwards		6,045		13,676
Capitalisation of tax losses carry-forward		-		78,900
Effect of adjusted tax rate		-18,980		-
Reported effective tax	-46.5	-30,927	101.6	75,761
	Procent	2012	Procent	2011
Parent Company				
Profit before tax		47,949		61,459
Tax according to applicable tax rate for the Parent Company	-26.3	-12,611	-26,3	-16,164
Non-deductible expenses		-83		-38
Non-taxable income		1		3
Non-recorded deferred tax		-		2,976
Utilisation of uncapitalised loss carry-forwards		5,881		16,199
Capitalisation of tax losses carry-forward		-		78,900
Effect of adjusted tax rate		-18,807		-
Reported effective tax	-53.4	-25,619	133.2	81,876

Accounted for in the statement of financial position

Deferred tax assets and liabilities	G 2012	G 2011	PC 2012	PC 2011
Tangible fixed assets	128	315	128	315
Inventory	770	3,130	-115	-
Provisions	1,783	2,992	1,783	2,992
Other (derivatives)	6	-331	6	-331
Tax losses carry-forward	99,000	118,350	99,000	118,350
Deferred tax assets (net)	101,687	124,456	100,802	121,326

Note 8 Taxes (cont'd)

Changes in deferred tax in temporary differences and tax losses carry forward

GROUP 2012	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
Tangible assets	315	-187		128
Inventory	3,130	-2,360		770
Provisions	2,992	-1,209		1,783
Other (derivatives)	-331	390	-53	6
Tax losses carry-forward	118,350	-23,983	4,633	99,000
Total	124,456	-27,351	4,580	101,687

GROUP 2011	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
Intangible assets	-1,315	1,315		-
Tangible assets	-	315		315
Inventory	1,943	1,187		3,130
Provisions	-	2,992		2,992
Other (derivatives)	-	-331		-331
Tax losses carry-forward	39,450	78,900		118,350
Total	40,078	84,378	-	124,456

PARENT COMPANY 2012	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
Tangible assets	315	-187		128
Inventory	-	-115		-115
Provisions	2,992	-1,209		1,783
Other (derivatives)	-331	390	-53	6
Tax losses carry-forward	118,350	-23,983	4,633	99,000
Total	121,326	-25,105	4,580	100,802

PARENT COMPANY 2011	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
Tangible assets	-	315		315
Provisions	-	2,992		2,992
Other (derivatives)	-	-331		-331
Tax losses carry-forward	39,450	78,900		118,350
Total	39,450	81,876	-	121,326

Unrecognized deferred taxes

Deductible tax loss carried-forwards where no deferred taxes have been accounted for in the financial statements.

	G 2012	G 2011	PC 2012	PC 2011
Tax loss carry-forwards	545,528	616,594	235,954	271,364

What is being reported above are the gross value of the tax losses carry-forward for which no deferred tax assets has been recognised. The net value of these is an effect of the current tax rate, being 22 percent in Sweden from 2013. The tax losses carry-forward relate primarily to the Parent Company. The tax losses carry-forward in Pricer Inc. are subject to time limits of 15 and 20 years. At the time of the annual closing a review was made of the taxable income expected in the foreseeable

future confirming the earlier reported gross value of SEK 450 M. In addition to this there are additional tax losses carry-forward of gross SEK 546 M (617) in the Group for which no deferred tax asset has been accounted for.

Deferred tax assets relating to temporary differences and tax losses carry-forward are accounted for only if it is likely that these will lead to lower taxes paid in the future.

Note 9 Intangible assets

GROUP 2012

<i>Accumulated acquisition value</i>	Marketing, patent and licensed rights	Customer relationships	Product - technology	Development projects	Goodwill	Other intangible assets	Total intangible assets
Opening balance	247,611	30,000	10,000	24,082	225,727	812	538,232
Purchases during the year	26	-	-	11,138	-	1,183	12,347
Disposals *)	-208,402	-	-	-	-	-	-208,402
Exchange-rate difference	-12,700	-	-	-	-8,280	-	-20,980
<i>Closing balance</i>	<i>26,535</i>	<i>30,000</i>	<i>10,000</i>	<i>35,220</i>	<i>217,447</i>	<i>1,995</i>	<i>321,197</i>
<i>Accumulated amortisation</i>							
Opening balance	-247,555	-30,000	-10,000	-3,233			-290,788
The year's amortisation	-64	-	-	-4,191			-4,255
Disposals	208,402	-	-	-			208,402
Exchange-rate difference	12,699	-	-	-			12,699
<i>Closing balance</i>	<i>-26,518</i>	<i>-30,000</i>	<i>-10,000</i>	<i>-7,424</i>			<i>-73,942</i>
Carrying value	17	-	-	27,796	217,447	1,995	247,255

GROUP 2011

<i>Accumulated acquisition value</i>	Marketing and industrial rights	Customer relationships	Product-technology	Development projects	Goodwill	Other intangible assets	Total intangible assets
Opening balance	243,769	30,000	10,000	18,133	227,173	-	529,075
Purchases during the year	81	-	-	8,443	-	812	9,336
Reclassification	-	-	-	-2,494	-	-	-2,494
Exchange-rate difference	3,761	-	-	-	-1,446	-	2,315
<i>Closing balance</i>	<i>247,611</i>	<i>30,000</i>	<i>10,000</i>	<i>24,082</i>	<i>225,727</i>	<i>812</i>	<i>538,232</i>
<i>Accumulated amortisation</i>							
Opening balance	-243,750	-26,250	-8,750	-1,215			-279,965
The year's amortisation	-35	-3,750	-1,250	-2,018			-7,053
Exchange-rate difference	-3,770	-	-	-			-3,770
<i>Closing balance</i>	<i>-247,555</i>	<i>-30,000</i>	<i>-10,000</i>	<i>-3,233</i>			<i>-290,788</i>
Carrying value	56	-	-	20,849	225,727	812	247,444

PARENT COMPANY 2012

<i>Accumulated acquisition value</i>	Patent and licensed rights	Development projects	Other intangible assets	Total intangible assets
Opening balance	31,933	24,082	812	56,827
Purchases during the year	-	11,138	1,183	12,321
Disposals *)	-26,893	-	-	-26,893
<i>Closing balance</i>	<i>5,040</i>	<i>35,220</i>	<i>1,995</i>	<i>42,255</i>
<i>Accumulated amortisation</i>				
Opening balance	-31,931	-3,233		-35,164
The year's amortisation	-2	-4,191		-4,193
Disposals	26,893	-		26,893
<i>Closing balance</i>	<i>-5,040</i>	<i>-7,424</i>		<i>-12,464</i>
Carrying value	0	27,796	1,995	29,791

PARENT COMPANY 2011

<i>Accumulated acquisition value</i>	Patent and licensed rights	Development projects	Other intangible assets	Total intangible assets
Opening balance	31,933	18,133	-	50,066
Purchases during the year	-	8,443	812	9,255
Reclassification	-	-2,494	-	-2,494
<i>Closing balance</i>	<i>31,933</i>	<i>24,082</i>	<i>812</i>	<i>56,827</i>
<i>Accumulated amortisation</i>				
Opening balance	-31,923	-1,215		-33,138
The year's amortisation	-8	-2,018		-2,026
<i>Closing balance</i>	<i>-31,931</i>	<i>-3,233</i>		<i>-35,164</i>
Carrying value	2	20,849	812	21,663

*) Relating to older rights to exploit product patents which have expired leading to disposal of the rights

Note 9 Intangible assets (cont'd)

DISTRIBUTION OF AMORTISATION

Amortisations are recognised on the following lines in the statement of consolidated comprehensive income

	G 2012	G 2011	PC 2012	PC 2011
Selling expenses	62	3,777	-	-
Administration costs	2	8	2	8
Research and development costs	4,191	3,268	4,191	2,018
Total	4,255	7,053	4,193	2,026

Portion of internal time

Of the cost of capitalised development projects above SEK 22,496 (15,710) are acquired externally and SEK 12,724 (8,371) are generated internally.

Impairment testing of goodwill

Pricer's assets include goodwill of SEK 217 M (226) arising from the acquisition of Eldat in 2006. The goodwill item is accounted for in euro which means that it is affected by currency revaluations. The goodwill item has been impairment tested by discounting future cash flows from the operations, whereby the value in use was estimated in the following way:

The acquisition of Eldat gave Pricer a clear position as market leader in the ESL industry. The value of the goodwill item is based on the expected cash flow from Pricer as a whole, since Eldat's business has been totally integrated into Pricer's operations. Eldat is not an autonomous cash-generating unit within the Pricer Group, as one of the reasons for the acquisition was for Eldat's business to become fully integrated with Pricer's operations. The common customer base represents an asset for the Group as a whole.

A multi-year forecast was prepared in connection with the acquisition, and this is updated regularly. The forecast is based on a continuation of the positive business development on the market for Pricer's products with growth in sales. After the initial five years an eternal growth of 2 percent (2) is assumed. The gross margin is expected to decrease slightly

as an effect of adjusted product mix but the gross contribution in the forecast is expected to increase through volume growth. Even if volume growth will require more resources, it is expected that costs, which mainly comprise personnel-related costs, will be contained so that they increase at a slower pace than the gross profit.

Some of the cash flow generated by the business will be ploughed back in a higher working capital. However, the turnover rate for working capital is relatively high and historically represents about 45 percent of annual sales with a certain increase the last few years. Together cash flow from operating activities is expected to show a positive trend.

Pricer's investments in plants, apart from any acquisitions of intangible assets, are limited, largely because manufacturing is outsourced to external suppliers.

The cash flow thus projected for the coming five years and the residual at the end of year five has been discounted using an estimated interest rate to arrive at an estimated value in use. This interest rate amounts to 13 percent (11) before tax. The estimated interest rate has increased somewhat due to the slightly higher market risks. The thus arrived at value in use does not give rise to an impairment loss. The residual value is also compared to the value of the company at the stock market.

At a sensitivity analysis for changes in assumptions made, mainly growth and discounting interest, it appears that it is highly unlikely that an impairment would be needed even with a slower market development and/or higher yield requirements.

Note 10 Tangible fixed assets

GROUP 2012

<i>Accumulated acquisition value</i>	Leasehold improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Total tangible assets
Opening balance	2,317	14,223	7,830	24,370
Purchases during the year	519	322	5,123	5,964
Reclassification	692	-44	-648	-
Sales and disposals	-1,369	-259	-3,780	-5,408
Exchange-rate difference	-22	-46	-125	-193
<i>Closing balance</i>	<i>2,137</i>	<i>14,196</i>	<i>8,400</i>	<i>24,733</i>
<i>Accumulated depreciation</i>				
Opening balance	-1,388	-12,028	-6,520	-19,936
The year's depreciation	-633	-918	-603	-2,154
Reclassification	-474	44	430	-
Sales and disposals	1,341	85	3,292	4,718
Exchange-rate difference	25	28	92	145
<i>Closing balance</i>	<i>-1,129</i>	<i>-12,789</i>	<i>-3,309</i>	<i>-17,227</i>
Carrying value	1,008	1,407	5,091	7,506

GROUP 2011

<i>Accumulated acquisition value</i>	Leasehold improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Total tangible assets
Opening balance	1,327	12,609	7,421	21,357
Purchases during the year	999	1,614	370	2,983
Sales and disposals	-	-	-172	-172
Exchange-rate difference	-9	-	211	202
<i>Closing balance</i>	<i>2,317</i>	<i>14,223</i>	<i>7,830</i>	<i>24,370</i>
<i>Accumulated depreciation</i>				
Opening balance	-1,311	-11,301	-5,985	-18,597
The year's depreciation	-77	-732	-451	-1,260
Sales and disposals	-	-	145	145
Exchange-rate difference	-	5	-229	-224
<i>Closing balance</i>	<i>-1,388</i>	<i>-12,028</i>	<i>-6,520</i>	<i>-19,936</i>
Carrying value	929	2,195	1,310	4,434

PARENT COMPANY 2012

<i>Accumulated acquisition value</i>	Leasehold improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Total tangible assets
Opening balance	1,369	13,153	5,095	19,617
Purchases during the year	-	-	4,867	4,867
Disposals	-1,369	-	-3,283	-4,652
<i>Closing balance</i>	<i>0</i>	<i>13,153</i>	<i>6,679</i>	<i>19,832</i>
<i>Accumulated depreciation</i>				
Purchases during the year	-1,334	-11,437	-4,626	-17,397
Disposals	1,340	-	3,123	4,463
The year's depreciation	-6	-737	-419	-1,162
<i>Closing balance</i>	<i>0</i>	<i>-12,174</i>	<i>-1,922</i>	<i>-14,096</i>
Carrying value	0	979	4,757	5,736

PARENT COMPANY 2011

<i>Accumulated acquisition value</i>	Leasehold improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Total tangible assets
Opening balance	1,327	11,638	4,940	17,905
Purchases during the year	42	1,515	155	1,712
<i>Closing balance</i>	<i>1,369</i>	<i>13,153</i>	<i>5,095</i>	<i>19,617</i>
<i>Accumulated depreciation</i>				
Purchases during the year	-1,311	-10,846	-4,399	-16,556
The year's depreciation	-23	-591	-227	-841
<i>Closing balance</i>	<i>-1,334</i>	<i>-11,437</i>	<i>-4,626</i>	<i>-17,397</i>
Carrying value	35	1,716	469	2,220

DISTRIBUTION OF DEPRECIATION

<i>Amortisations are recognised on the following lines in the statement of consolidated comprehensive income</i>	G 2012	G 2011	PC 2012	PC 2011
Cost of goods sold	886	665	886	665
Selling expenses	992	422	0	3
Administrative expenses	160	88	160	88
Research and development costs	116	85	116	85
Total	2,154	1,260	1,162	841

Note 11 Receivables from group companies

	PC 2012	PC 2011
Accumulated acquisition value		
At beginning of year	94,328	94,226
Loans granted during the year	-4,276	547
Exchange-rate differences	-3,719	-445
Closing balance, 31 December	86,333	94,328
Accumulated impairment losses		
At beginning of year	-	-1,517
Reversal of write-down	-	1,429
The year's impairment losses/ exchange-rate changes	-	88
Closing balance, 31 December	-	-
Carrying value	86,333	94,328

The above receivables consist of loans to subsidiaries. Interest is charged according to LIBOR rates.

Note 12 Other receivables

	G 2012	G 2011	PC 2012	PC 2011
VAT recoverable	25,855	14,762	25,842	14,755
Preliminary tax	3,639	1,198	405	1,198
Derivatives (forward contracts)	522	1,258	522	1,258
Receivables suppliers ¹⁾	24,726	-	24,681	-
Other	2,367	4,426	34	2,088
Total	57,109	21,644	51,484	19,299

¹⁾ Receivables suppliers were reported as accounts receivable in 2011 and amounted to 33,216.

Note 13 Inventories

	G 2012	G 2011	PC 2012	PC 2011
Finished goods and goods for resale	141,987	114,559	115,402	82,242
Total	141,987	114,559	115,402	82,242

The cost of sold products includes inventory impairments of pos. 1,106 (neg. 435). The Parent Company's accounts include inventory impairments of pos. 237 (pos. 279). Total provision for inventory impairment at the end of 2012 amounted to 3,085 (4,233) in the Group and 2,534 (2,771) in the Parent Company.

Note 14 Accounts receivable

Accounts receivable are stated recognised after making release of/ provision for bad debts, which amounted during the year to 207 (2,120) for the Group and 0 (0) for the Parent Company. During the year 1,353 (2,476) of provisions from previous year were recovered. At the end of 2012, total reserve for possible bad debts amounted to 974 (2,120) for the Group and 0 (0) for the Parent Company.

Note 15 Prepaid expenses and accrued income

	G 2012	G 2011	PC 2012	PC 2011
Prepaid expenses	2,968	2,336	897	763
Accrued service incomes	250	7,308	-	-
Prepayments for fixed assets	947	947	947	947
Prepaid components	3,636	-	3,636	-
Accrued reimbursements	6,156	-	6,156	-
Other	1,807	5,843	1,021	3,548
Total	15,764	16,434	12,657	5,258

Note 16 Equity

Issued and outstanding shares

Stated in number of shares	Class A	Class B	Total
Issued at January 1, 2011	2,259,717	1,053,258,446	1,055,518,163
Issue from employee options	-	11,509,870	11,509,870
Conversion from A to B	-1,500	1,500	-
Equalization Issue	3	4	7
Reversed split 10:1	-2,032,398	-958,292,838	-960,325,236
Issue from employee options	-	1,762,344	1,762,344
	225,822	108,239,326	108,465,148

Issued at January 1, 2012	225,822	108,239,326	108,465,148
Issue from employee options	-	1,426,633	1,426,633
	225,822	109,665,959	109,891,781

Votes per share	5	1	
Total number of votes	1,129,110	109,665,959	110,795,069

The registered share capital at 31 December amounted to 109,891,781 ordinary shares with a quota value of SEK 1.00. Holders of ordinary shares are entitled to a dividend determined during the following year, and a shareholder confers the above voting rights at general shareholders meetings.

Consolidated

Other capital contribution

Pertains to equity contributed by the shareholders. From 1 January 2006, allocations to the share premium reserve are also recognised as capital contribution.

Translation reserve

The translation reserve consists of all exchange rate differences arising on translation of the financial statements of foreign operations that present their financial statements in a currency other than that in which the consolidated financial statements are presented. The currency in which the Parent Company and the Group present their financial statements is Swedish krona (SEK).

Hedging reserve

The hedging reserve includes the efficient portion of the accumulated net change of fair value of a cash flow hedge instrument related to hedge transactions which have yet to occur.

Accumulated profits

Accumulated profits include profit for the year and previous years' accumulated profit.

Parent Company

Restricted equity

Statutory reserve

The statutory reserve consists of amounts transferred to the share premium reserve prior to 1 January 2006.

Nonrestricted equity

Share premium reserve

When new shares are issued at a premium, meaning that the price to be paid for a share exceeds the previous quota value of the share, an amount corresponding to the amount received in excess of the share's quota value is transferred to the share premium reserve. Amounts transferred to the share premium reserve prior to 1 January 2006 are included in non-restricted equity.

Translation reserve

This item contains currency differences on monetary items being part of a net investment in foreign subsidiaries.

Hedging reserve

The hedging reserve includes the efficient portion of the accumulated net change of fair value of a cash flow hedge instrument related to hedge transactions which have yet to occur.

Accumulated results

This item includes accumulated earnings and profit of the year.

Continued on page 36

From page 35

Note 16 Equity (cont'd)

Dividend

For 2012 the Board of Directors has proposed a dividend of SEK 0.25 (0.25) per share, totally SEK 27,472,945. The existing dividend policy has been adopted:

The Board's long-term intention is to give shareholders a dividend that reflects both reasonable yield and dividend growth, and to implement a policy where the dividend rate is adjusted to Pricer's earnings, financial position and other factors deemed relevant. The annual dividend should in the long-term be equivalent to 30 to 50 percent of net income.

Note 17 Earnings per share

Basic earnings per share

SEK	Before dilution		After dilution	
	2012	2011	2012	2011
Basic earnings per share	0.33	1.40	0.33	1.39

Determination of the numerator and the denominator used in the above calculations of earnings per share specified below:

Basic earnings per share

Basic earnings per share are calculated based on the profit for the year attributable to owners of the parent of 35,630 (150,300) and the basic weighted average number of shares outstanding, 109,290 thousand shares (107,258 thousand shares).

Diluted earnings per share

Diluted earnings per share are calculated based on the profit for the year attributable to owners of the Parent Company of 35,630 (150,300) and the diluted weighted average number of shares outstanding. The dilutive effects arise from the stock options that are settled in shares. The stock options have a dilutive effect when the average share price during the period exceeds the exercise price of the options. The dilutive effect increases in proportion to the increase in the difference between the average share price during the period and the exercise price of the options. The exercise price is adjusted by the value of future services related to the options when calculating the dilutive effect.

The diluted weighted average number of shares outstanding total 109,495 thousand shares (108,315 thousand shares).

Outstanding warrants

Designation	Number	Year issued	Strike price	Expiration
TO11	30 million	2011	15.60	August 31, 2015

Potentially dilutive instruments

At year end the exercise price for the 2011 program exceeded the average share price and this program is, therefore, considered anti-dilutive and is not included in the calculation of diluted earnings per share. If the average share price exceeds the exercise price in the future, these options will be dilutive.

Note 18 Provisions

Provisions that are long-term liabilities

	G 2012	G 2011	PC 2012	PC 2011
Warranty provisions	2,908	3,149	2,908	3,149

Provisions that are current liabilities

	G 2012	G 2011	PC 2012	PC 2011
Warranty provisions	5,197	8,227	5,197	8,227

Warranty provisions	G 2012	G 2011	PC 2012	PC 2011
Opening balance	11,376	11,851	11,376	11,203
Provisions	4,956	5,096	4,956	5,096
Utilised during the year	-4,206	-3,998	-4,206	-3,350
Reversed during the year	-4,021	-1,573	-4,021	-1,573
Closing balance	8,105	11,376	8,105	11,376

Warranty provisions pertain primarily to certain commitments regarding products sold in prior years, as well as sales in 2012. The provision is based on calculations conducted on the basis of outcomes during 2012 and prior years. Pricer invests substantial resources in product development to preserve and strengthen the company's leading position in systems solution. Pricer markets its products with customary warranties which in some cases extend over several years, the majority expected to be paid within 1-5 years. There is therefore a risk that installed products may need to be replaced during the warranty undertaking or for market reasons in addition to the reported warranty reserve which is based on historical performance.

Note 19 Other liabilities

	G 2012	G 2011	PC 2012	PC 2011
Employee withholding tax	1,751	1,277	1,080	529
VAT payable	2,714	4,794	-	-
Income tax	-	8,524	-	-
Derivatives (forward contracts)	549	-	549	-
Other liabilities	3,332	11,144	482	6,643
Total	8,346	25,739	2,111	7,172

Note 20 Accrued expenses and deferred income

	G 2012	G 2011	PC 2012	PC 2011
Accrued vacation pay	2,945	2,488	1,564	1,134
Accrued salaries	1,017	10,028	479	6,810
Social security contributions	1,155	3,881	418	1,735
Accrued expenses external providers	5,500	-	744	-
Accrued expenses for delivery and installation	8,485	-	8,485	-
Other accrued expenses	7,152	7,552	4,508	5,415
Total	26,254	23,949	16,198	15,094

Note 21 Financial instruments and financial risk management

Pricer's financial assets consist primarily of accounts receivable and cash in bank. Derivatives (currency hedging contracts) also constitute financial assets and financial liabilities.

Financial risk management in the Pricer Group

Given the nature of its business, the Group is exposed to various types of financial risk, including fluctuations in the company's earnings and cash flow caused by changes in exchange rates and interest rates, as well as refinancing and credit risks.

Risks are managed by a risk policy adopted by the Board with the purpose of limiting and controlling them. The policy establishes a framework of guidelines and rules in the form of risk mandates and limits for financial activities. The Group's financial transactions are executed centrally by the Parent Company. The Parent Company's finance department has responsibility for the Group's cash management and ensures that any cash requirements of the subsidiaries are satisfied. The overriding goal of the finance department is to arrange cost-effective financing and to minimise any negative effects of market fluctuations on consolidated earnings resulting from market fluctuations.

Currency risk

The Group is exposed to various types of currency risk. The main exposure relates to purchases and sales in foreign currencies, where the risks include the effect of currency fluctuations on the value of financial instruments, accounts receivable and payable, as well as the currency risk resulting from expected or contracted payment flows

(designated transaction exposure). Currency risks also arise in connection with the translation of foreign subsidiaries' assets and liabilities into the Parent Company's functional currency, known as translation exposure. The company has not hedged its translation exposure in foreign currency.

Pricer's policy is to limit its transaction exposure by matching flows in foreign currencies by denominating customer contracts in US dollars, using currency clauses in quotations and contracts and using forward contracts to hedge the flows. The company's policy stipulates that exposures should be identified and hedged through forward contracts. The degree of hedging increases as the expected flows become more certain in time and volume from initially 40 percent to 80 percent of expected flows. The hedges are adjusted as changes in the expected flows are noted. In 2012, Pricer's main payment flows were denominated in euro and US dollar. Pricer's closing order books were denominated in euro and US dollar as sales are invoiced in these currencies, predominantly in euro. Purchases of components and finished products are mainly invoiced in US dollar. Since this means that the Group has a net inflow in euro and net outflow in US dollars, Pricer has decided to hedge some of these gross flows by selling euro and buying US dollars forward. The forward contracts are valued according to level 2, meaning to market value at each balance sheet date.

% of sales and costs by currency:	USD	EUR	SEK and other currencies
Sales	39 (18)%	58 (74)%	3 (8)%
Costs	69 (68)%	16 (15)%	15 (17)%

Exchange rate differences on operational receivables are recognised in net sales and are explained in Note 2. Exchange rate differences on operating liabilities are re-recognised in the cost of goods sold and are explained in Note 6. Exchange-rate differences that affected net financial items are explained in Note 7.

Currency movements continued to be significant also in 2012. The SEK strengthened during the year against the euro but weakened against the US dollar. The average rate for euro weakened by over SEK 0.32 (0.52), 4 (5) percent, and appreciated against the US dollar by SEK 0.28 (-0.71) being equivalent to 4 (-10) percent as compared to average rates during 2011. The main part of Pricer's sales in 2012, about 58 (74) percent, was denominated in euro, 39 (18) percent in US dollars and other currencies 3 (8) percent. The US dollar accounts for virtually all of the cost of goods sold, while operating expenses are shared equally between euro and krona, with US dollars accounting for a minor portion. Pricer hedges part of its anticipated flows through forward currency contracts in order to hedge its margins and postpone possible adverse currency effects. In general, Pricer never signs contracts for the prices it charges customers for longer than one year and it usually applies shorter periods, to be able to adjust prices to such factors as exchange rate differences.

Effects from realised and unrealised currency forward contracts amounted to SEK -2.3 M (-4.5) in the result. Currency effects in financial items amounted to expenses of SEK -3.1 M (-1.7) and comprised currency revaluation of loan assets to subsidiaries and cash positions.

Basically, Pricer benefits from a strong euro and is not favoured by a strong US dollar.

A one percent variation of the rate between euro and SEK leads to a change of the gross margin of 0.5 percent and similarly, the effect of a one percent variation of the rate between US-dollar and SEK leads only to a marginal change of the gross margin based on the currency mix in 2012.

To ensure efficiency and risk control, Pricer's subsidiaries raise their new loans via the Parent Company. Unsettled internal liabilities to suppliers are converted after 30 days into a loan from the Parent Company paying interest at Libor 30 days.

Pricer's net foreign currency assets at the end of 2012 amounted to SEK 497.1 M (420.9).

Embedded derivatives

Pricer has contracts with both suppliers and customers in currencies other than the counterparty's own functional currency, e.g. USD for purchases in China and USD for sales to Japan. Such transactions give rise to what is known as an embedded derivative. The effect of these imbedded derivatives has been limited in 2012 and is not accounted for in the result.

Interest risk

Interest risk is the risk of changes in market interest rates having a negative impact on cash flow or the fair value of financial assets and liabilities. At present, Pricer has no assets earning fixed rates of interest since its liquid funds are placed on deposit at banks. Accordingly, any change in interest rates will have a direct impact on consolidated earnings. The Group had cash and cash equivalents of SEK 45.7 M (58.8) at the year-end. A change of one percentage point in interest rates would affect net financial items by SEK 1 M on an annual basis.

Credit risk

The credit risk is the risk that a counterparty in a transaction will fail to fulfil his financial obligations, and that collateral, if any, does not cover the company's receivable. Pricer's sales go to numerous customers that are widely diversified geographically.

The Group obtains credit ratings of its customers by obtaining information about their financial position from credit rating agencies. The Group has an established credit policy to regulate the granting of credit to customers. The policy describes how credits shall be valued, how uncertain debts are to be dealt with, and sets decision levels for various credit limits.

		% of number of customers	% of portfolio
Concentration of credit risk			
Exposure < SEK 1 M	39	65%	5%
Exposure SEK 1-5 M	9	15%	10%
Exposure > SEK 5 M	12	20%	85%
Total	60	100%	100%

Pricer has known its customers for many years, and they are relatively large or very large retailers or retail chains whose bad debts have tended historically to be low.

Time analysis of accounts receivable	2012	2011
	Overdue payments	Total exposure
Overdue but not written off accounts receivable		Overdue payments
<60 days	24,397	35,729
>60 days	19,278	23,095
Total	43,675	58,824
	2012	2011
Overdue and written off accounts receivable		
<60 days	-	-
>60 days	974	2,120
Total	974	2,120
Provision for possible bad debts	2012	2011
Opening provisions	2,120	2,476
Provisions for possible bad debts	207	2,120
Proven bad debts	-	-
Recovery from provision for possible bad debts	-1,353	-2,476
Closing provision	974	2,120

Note 21 Financial instruments and financial risk management (cont'd)

Financial risks

Pricer's finance policy regulates the handling of the financial credit risks that arise in the financial management, in connection with the placement of cash and cash equivalents and trading in derivatives, for example. Transactions are only executed within established limits and with selected creditworthy counterparties. The policy for interest-rate and credit risks is to aim for a low risk profile. Temporary surplus cash and cash equivalents may only be invested in instruments issued by institutions with the highest rating and with established banking connections.

Eligible counterparties	Unlimited	2012		2011	
		Actual exposure	Percentage breakdown	Actual exposure	Percentage breakdown
Sovereign borrowers / Kingdom of Sweden	SEK 100 M	-	-	-	-
Banks	SEK 10 M	46	100%	59	100%
Swedish local government authorities with K-1	SEK 10 M	-	-	-	-
Bonds issued by Swedish mortgage finance institutions	SEK 10 M	-	-	-	-
Corporate paper with K-1	SEK 10 M	-	-	-	-
Total exposure		46	100%	59	100%

Refinancing risk

The refinancing risk consists of the risk of not being able to meet future financing requirements. To ensure future access to funds, Pricer's policy states that over and above budgeted capital requirements the company should, if possible, also have committed lines of credit of at least SEK 50 M. Bank facilities amounting to SEK 50 M in the form of an overdraft were in place at the end of the year and, since then, a promissory credit facility of an additional SEK 50 M has been granted to ensure access to funds for Pricer's continued development. The promissory credit includes covenants linked to the Group's result.

Fair value of financial instruments

Fair value and reported value in the statement of consolidated financial position may differ due to fluctuations in market interest rates, among other things.

Capital management

The company's goal is to have an efficient capital structure with regard to operational and financial risks that pave the way for the long-term development of the company while at the same time ensuring that the shareholders receive a satisfactory return.

The table below provides information on how fair value is determined for financial instruments valued at fair value in the statement of financial position. Allocation of the assessment of fair value is based on the following three levels:

Level 1: According to prices quoted in an active market for the same instrument

Level 2: Based directly or indirectly on quoted market data not included in level 1

Level 3: Based on data not quoted in the market

SEK '000	Level 1	Level 2	Level 3	Dec. 31, 2012
Forward currency contracts, financial asset		522		522
Forward currency contracts, financial liability	-	-549	-	-549
Financial items (asset (+), liability (-))	-	-27	-	-27

SEK '000	Level 1	Level 2	Level 3	Dec. 31, 2011
Forward currency contracts	-	1,258	-	1,258
Financial assets	-	1,258	-	1,258

Disclosure of hedge accounting

With effect from 2012, hedge accounting is applied for sales in euros and purchases in US dollars. The hedging instruments are foreign exchange forward contracts. The hedged cash flows are expected to occur within six months. Any change in the value of the forward contract is recognised in other comprehensive income until the hedged sale or purchase affects profit or loss. At the same time, the forward contract is reclassified and recognised in profit or loss. Exchange gains and losses arising on revaluation are recognised in net sales for trade receivables and in cost of goods sold for trade payables. Changes in the value of forward contracts not reported in other comprehensive income are recognised in the same way.

During the period, approx. SEK 1 million (net) was reclassified from other comprehensive income to the income statement under the items net sales and cost of goods sold, and had a negative impact on operating profit. The other comprehensive income closing value is shown in other comprehensive income.

Note 21 Financial instruments and financial risk management (cont'd)

Financial instruments – fair value

	Financial assets at fair value via the result	Loan assets and accounts receivable val- ued at accrued acquisition value	Derivatives used for hedge accounting	Financial liabili- ties valued at accrued acqui- sition value	Carrying value	Fair value
GROUP 2012						
Accounts receivable		191,543			191,543	191,543
Accrued income		6,406			6,406	6,406
Derivatives			522		522	522
Other receivables		56,587			56,587	56,587
Cash and cash equivalents		45,662			45,662	45,662
Accounts payable				-55,340	-55,340	-55,340
Derivatives			-549		-549	-549
Other liabilities				-3,332	-3,332	-3,332
Accrued expenses				-26,254	-26,254	-26,254
Total financial assets and liabilities per category	-	300,198	-27	-84,926	215,245	215,245

GROUP 2011

Accounts receivable		256,820			256,820	256,820
Accrued income		10,552			10,552	10,552
Other receivables		20,386			20,386	20,386
Cash and cash equivalents		58,788			58,788	58,788
Derivatives	1,258				1,258	1,258
Accounts payable				-80,663	-80,663	-80,663
Other liabilities				-11,144	-11,144	-11,144
Accrued expenses				-23,949	-23,949	-23,949
Total financial assets and liabilities per category	1,258	346,546	-	-115,756	232,048	232,048

PARENT COMPANY 2012

Accounts receivable		91,303			91,303	91,303
Receivables subsidiaries		115,939			115,939	115,939
Accrued income		6,156			6,156	6,156
Derivatives			522		522	522
Other receivables		50,962			50,962	50,962
Cash and cash equivalents		29,838			29,838	29,838
Accounts payable				-46,796	-46,796	-46,796
Liabilities subsidiaries				-21,840	-21,840	-21,840
Derivates			-549		-549	-549
Other liabilities				-482	-482	-482
Accrued expenses				-16,198	-16,198	-16,198
Total financial assets and liabilities per category	-	294,198	-27	-85,316	208,855	208,855

PARENT COMPANY 2011

Accounts receivable		116,992			116,992	116,992
Receivables subsidiaries		176,940			176,940	176,940
Accrued income		3,244			3,244	3,244
Other receivables		18,041			18,041	18,041
Cash and cash equivalents		12,680			12,680	12,680
Derivatives	1,258				1,258	1,258
Accounts payable				-56,811	-56,811	-56,811
Liabilities subsidiaries				-17,663	-17,663	-17,663
Other liabilities				-6,643	-6,643	-6,643
Accrued expenses				-15,094	-15,094	-15,094
Total financial assets and liabilities per category	1,258	327,897	-	-96,211	232,944	232,944

For the Group and the Parent Company the derivatives and financial liabilities fall due for the most part within 3 months and at the maximum within 1 year.

Note 22 Operating leases

Non-cancellable lease payments amount to:

	G 2012	G 2011	PC 2012	PC 2011
Within one year	5,022	3,686	3,773	2,380
Between one and five years	13,855	2,225	13,735	678

The Group has some small operational leasing contracts for vehicles and other technical equipment. All contracts are on normal market conditions. The Group's contracts for rented premises were entered into on market conditions. Most of the Group's rental contracts relate to the Parent Company's premises and office premises for the Group's French company, Pricer SAS. The contracts for these premises runs until beyond 2014.

The consolidated accounts for 2012 include a cost of 6,019 (4,190) in respect of operational leasing. Payments are minimum payments and not variable.

Note 23 Pledged assets and contingent liabilities

Assets pledged	G 2012	G 2011	PC 2012	PC 2011
To secure own liabilities and provisions				
Floating charges	59,625	59,625	59,625	59,625
Bank deposits	750	778	-	-
Total	60,375	60,403	59,625	59,625

Contingent liabilities	K 2012	K 2011	M 2012	M 2011
Bank guaranties	750	778	-	-
Total	750	778	-	-

Floating charges (chattel mortgages) are a type of general collateral in the form of an undertaking to the bank. In the case of subsidiaries, guarantees are issued to tax and customs authorities and to landlords. Blocked funds in the companies' bank accounts are available for the guarantees.

Note 24 Related party transactions

The Parent Company has a related party relationship with its subsidiaries, see Note 25.

Summary of related party transactions

	Year	Sales of goods and services to related party	Purchase of services from related party	Interest income	Receivable from related party at 31 December	Liability to related party at 31 December
Subsidiaries	2012	235,062	5,733	278	115,939	21,840
Subsidiaries	2011	335,788	8,139	1,661	176,940	17,763

Transaction with key management personnel

Individuals in senior positions receive no benefits other than Board fees and salary. See also Note 4 Employees and personnel costs. There have been no significant transactions with related parties that have a material impact on the financial standing and results of Pricer.

Note 25 Group companies

Participations in Group companies	PC 2012	PC 2011
Accumulated acquisition value		
Opening balance	1,093,120	1,092,914
Shareholder contribution	600	206
	1,093,720	1,093,120
Accumulated impairment losses		
Opening balance	-909,316	-909,290
Impairment losses	-148	-26
Total accumulated impairment losses	-909,464	-909,316
Carrying value of participations in Group companies	184,256	183,804

Specification of Parent company shareholdings and participations in Group companies:

Group company / Corp. ID. no. / Domicile	Holding %	Number of shares / participations	Currency	Carrying amount at 31 Dec, 2012	Carrying amount at 31 Dec, 2011
Pricer Inc., (22-3215520) Dallas, USA	100	223,000	USD	9,276	9,128
Pricer SAS, (RCS 395 238 751) Paris, France	100	2,138	EUR	169,437	169,133
Pricer Communication AB, 556450-7563, Sollentuna, Sweden	100	100,000	SEK	4,980	4,980
Pricer Ishida Explorative Research (PIER) AB, 556454-7098, Sollentuna, Sweden	50	130	SEK	192	192
Pricer E.S.L. Israel Ltd, 511838732, Tel Aviv, Israel	100	56,667,922	ILS	-	-
Dormant companies				371	371
Participations in Group companies				184,256	183,804

The Group consolidates its equity interest in PIER AB in the same way as of other subsidiaries, since it is entitled to formulate the subsidiaries' financial and operative strategies with the object of obtaining financial benefits.

Note 26 Cash flow statement

Cash and cash equivalents	G 2012	G 2011	PC 2012	PC 2011
<i>Cash and cash equivalents include the following sub-components:</i>				
Cash and bank	45,662	58,788	29,838	12,680
Total according to the report over financial position	45,662	58,788	29,838	12,680
Total according to the cash flow statement	45,662	58,788	29,838	12,680

Short-term investments have been classified as cash and cash equivalents according to the following criteria:

- they are associated with an insignificant risk for value fluctuations
- they are readily convertible into cash
- they have a maturity of less than three months from the date of acquisition

	G 2012	G 2011	PC 2012	PC 2011
Interest				
Interest received	353	246	620	246
Interest paid	-412	-357	-412	-357

Adjustments for non-cash items

Amortisation/depreciation	6,409	8,522	5,423	2,893
Phased costs of employee stock options	519	1,030	-	824
Exchange-rate differences/translation differences	5,381	126	8,106	14,675
Result from sale of fixed assets	438	-	-41	-
Change in provisions	-2,573	1,157	-3,271	173
Brought back write-down	-	-	-	-1,429
Total non-cash items	10,174	10,835	10,217	17,136

Note 27 Significant events after the close of the financial year

There are no significant events to report.

Note 28 Critical estimates and assumptions

Estimates and assumptions that affect the Group's accounting policies have been made on the basis of known conditions at the date of publication of the Annual Report. Such estimates and assumptions may be revised as a result of changes in the business environment.

The areas where assumptions and estimates have a significant impact on Pricer are presented below. No separate audit committee has been established. Instead, the significant accounting policies and estimates, and the application of these policies and estimates, are dealt with by Board of Directors as a whole.

Impairment testing of goodwill and deferred tax assets

A large proportion of the Group's assets consists of goodwill and deferred tax assets. Several estimates and assumptions have been made about future conditions as a basis for estimating the cash flow used to determine the recoverable amount. Based on the recoverable amount, the amount of any impairment is then calculated. The value of the goodwill item depends on continued growth in the ESL market and Pricer's ability to maintain profitability.

Product warranties

Pricer markets its products with product warranties which in some cases can extend over several years. There is therefore a risk that installed products may need to be replaced during the warranty undertaking or for market reasons in addition to the reported warranty reserve which is based on historical performance.

Note 29 Information about the Parent Company

Pricer AB is a Swedish-registered public limited company domiciled in Sollentuna, Sweden. The domiciliation is suggested to be changed to Stockholm at the Annual General Meeting 2013. The shares of the Parent Company are registered on NASDAQ OMX Stockholm, Small Cap. The address of the head office is PO Box 215, SE-101 24 Stockholm, Sweden and the visiting address is Västra Järnvägsgränd 7, SE-111 64 Stockholm, Sweden.

The Board and CEO declare that the annual report was prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements were prepared in accordance with the international accounting standards referred to in the European Parliament's and Council's regulation (EC) No. 1606/2002 of 19 July 2002 concerning the application of international accounting standards. The annual report and the consolidated financial statements provide a true and fair picture of the performance and financial position of the Parent Company and the Group. The administration report for the Parent Company and the Group

provides a true and fair picture of the development of the operations, financial position and performance of the Group and the Parent Company and also describes material risks and uncertainties to which the Parent Company and the other companies in the Group are exposed.

The Annual Report and the consolidated financial statements, as presented above, were approved for publication on 20 March 2013. The income statement and balance sheet of the Parent Company, statement of consolidated comprehensive income and statement of consolidated financial position will be submitted to the Annual General Meeting for adoption on 24 April 2013.

Stockholm, 20 March 2013

Peter Larsson

Chairman of the Board

Mikael Bragd

Bo Kastensson

Bernt Magnusson

Indra Åsander

Fredrik Berglund

CEO

Our audit report was submitted on 2 April 2013

KPMG AB

Åsa Wirén Linder

Authorised Public Accountant

Auditor in charge

Tomas Gerhardsson

Authorised Public Accountant

Audit report

To the annual meeting of the shareholders of Pricer AB
Corporate identity number 556427-7993

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Pricer AB for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 10 - 42.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial

performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Pricer AB for the year 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 2 April 2013
KPMG AB

Åsa Wirén Linder
Authorised Public Accountant
Auditor in charge

Tomas Gerhardsson
Authorised Public Accountant

Five-year summary

Five-year summary

All amounts in SEK M unless otherwise stated	2012	2011	2010	2009	2008
INCOME STATEMENT DATA					
Net sales	549.2	613.0	447.2	327.3	427.0
Cost of goods sold	-377.9	-414.5	-283.9	-201.0	-266.7
Gross profit	171.3	198.5	163.3	126.3	160.3
Other operating income, net	-	-	-	-	6.2
Selling expenses	-50.9	-59.4	-55.0	-63.4	-64.7
Administrative expenses	-33.5	-44.0	-31.4	-22.1	-26.0
Research and development costs	-17.2	-18.4	-16.1	-15.6	-20.4
Operating profit	69.7	76.7	60.8	25.2	55.4
Financial items	-3.1	-2.2	-6.3	-7.8	8.7
Profit before tax	66.6	74.5	54.5	17.4	64.1
Income tax	-31.0	75.8	1.7	2.5	43.6
Profit for the year	35.6	150.3	56.2	19.9	107.7
Attributable to:					
Owners of the Parent Company	35.6	150.3	56.2	19.9	107.7
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
	35.6	150.3	56.2	19.9	107.7
BALANCE SHEET DATA					
Intangible fixed assets	247.2	247.4	249.1	282.3	297.9
Tangible fixed assets	7.5	4.4	2.8	2.6	3.7
Financial fixed assets	101.7	124.5	40.1	41.5	41.1
Inventories	142.0	114.6	78.0	57.5	65.7
Accounts receivable	191.5	256.8	184.0	117.2	155.5
Other current assets	72.9	38.1	16.8	11.3	19.1
Cash and cash equivalents and short-term investments	45.7	58.8	69.9	102.8	75.8
Total assets	808.5	844.6	640.7	615.2	658.8
Equity attributable to owners of the Parent Company	703.4	691.6	546.5	513.1	509.8
Non-controlling interests	0.1	0.1	0.1	0.1	0.1
Long-term liabilities	4.3	3.9	2.7	5.9	52.8
Current liabilities	100.7	149.0	91.4	96.1	96.1
Total liabilities and equity	808.5	844.6	640.7	615.2	658.8

All amounts in SEK M unless otherwise stated	2012	2011	2010	2009	2008
CASH FLOW DATA					
Profit after financial items	66.6	74.5	54.5	17.4	64.1
Adjustment for non-cash items	10.2	10.8	27.4	13.5	-1.6
Paid income tax	-15.6	-	-0.3	-	-
Change in working capital	-38.0	-79.4	-96.9	25.2	-60.4
Cash flow from operating activities	23.2	5.9	-15.3	56.1	2.1
Cash flow from investing activities	-18.1	-12.3	-12.0	-8.2	-2.4
Change in loan financing	-	-	-	-22.6	-32.1
Change in shareholder financing	-16.7	-4.4	-	-	-
Cash flow from financing activities	-16.7	-4.4	0.0	-22.6	-32.1
Cash flow for the year	-11.6	-10.8	-27.3	25.3	-32.4
KEY RATIOS					
Capital data					
Working capital	305.7	260.5	187.4	112.0	144.1
Capital employed	657.8	632.9	476.7	432.5	478.7
Acid-test ratio, percent	295	231	288	227	168
Net loan debt	-45.7	-58.8	-69.9	-80.7	-31.2
Financial data					
Equity/assets ratio, %	87	82	85	83	77
Net debt/equity ratio, times	-0.06	-0.09	-0.13	-0.16	-0.06
Margin data					
Operating margin, percent	13	13	14	8	13
Net margin, percent	6	25	13	6	25
Capital turnover rate, times	0.85	1.10	0.98	0.72	1.06
Return data					
Return on capital employed, percent	11	14	13	6	14
Return on equity, percent	5	24	11	4	25
Other data					
Order book at 31 December	88	123	80	78	63
Average number of employees	72	66	54	67	70
Number of employees at end of year	73	72	56	57	68
Total payroll	39	46	41	41	43

Corporate governance report

Introduction

Pricer AB (publ) (referred to below as “Pricer” or “the Company”), with corporate identity number 556427-7993, is a Swedish public company domiciled in Sollentuna. The domicile is proposed to be changed to Stockholm at the Annual General Meeting 2013. Pricer is listed at NASDAQ OMX Stockholm, Small Cap.

This corporate governance report was prepared according to the provisions of the Swedish Code of Corporate Governance (“Code”).

The Code is available at the web page of the Swedish Corporate Governance Board (www.bolagsstyrning.se).

Pricer hereby submits its Corporate Governance Report for financial year 2012. The report does not comprise a part of the formal Annual Report documents but has been reviewed by the Company’s auditors who have issued a specific statement.

External control instruments

The external control instruments that affect the control of Pricer consist mainly of the Swedish Companies Act, the Annual Accounts Act, the Public Listing Rules and Regulations of Issuers of NASDAQ OMX and the Code.

Internal control instruments

The internal control instruments that affect the control of Pricer consist mainly of the Articles of Association, which are approved by the Annual General Meeting, and the control documents established by the Board of Directors. These include the working procedures for the Board of Directors, Instructions for the President, Instructions for the Remuneration Committee, the Information Policy, Finance Policy, Ethical Regulations and Equality Policy.

General meetings of shareholders

The influence of shareholders in Pricer is exercised at meetings of shareholders (Annual General Meeting or, whenever necessary, extraordinary shareholder meetings), which are the Company’s supreme decision-making body. The Annual General Meeting appoints the members and Chairman of the Board, elects the auditors, makes decisions regarding changes in the Articles of Association, approves the income statement and balance sheet and the distribution of the Company’s profit or loss, renders decisions regarding discharge from liability for the Board of Directors and President, and establishes the amounts of fees paid to Board members and the principles for remuneration of the President and senior executives. The Annual General Meeting of Pricer is usually held in April or May in Upplands Väsby but as from 2013 it will be held in Stockholm. Pricer announces the time and place of the Annual General Meeting as soon as a decision on the matter has been made by the Board of Directors, but no later than in conjunction with publication of the third-quarter report. Information about the meeting’s time and place is also available on the Company’s website.

Notice of shareholder meetings is made in the form of an advertisement in Post- och Inrikes Tidningar and on the Company’s website. In addition the Company also releases information about the Annual General Meeting in Svenska Dagbladet. Shareholders who are listed in their own names in the shareholders’ register maintained by Euroclear Swe-

den AB on the record day and notify the Company of their intention to participate in the Annual General Meeting within the stipulated time are entitled to participate in the Annual General Meeting and exercise their voting rights. Shareholders who are unable to attend the meeting may be represented by proxy. All information regarding the Company’s shareholder meetings, such as notification, entitlement to submit issues to be announced in the notification, minutes, etc. is available on Pricer’s website.

In view of the composition of the Company’s ownership interests, it has not been considered necessary, nor justified with respect to the Company’s economic condition, to offer simultaneous interpretation to another language, or translations of all or parts of the general meeting material, including the minutes.

The 2012 Annual General Meeting was held on 24 April, 2012 with 23 percent of the votes in the Company represented by 42 shareholders. The minutes of the Annual General Meeting are available on Pricer’s website.

The time and place for the 2013 Annual General Meeting was announced in a release published at 11 October 2012 to take place in April 2013 and is also available on the Company website. Pricer’s website presents information about how and when shareholders must submit their requests for business to be addressed at the meeting.

Nomination Committee

The Nomination Committee’s task is to evaluate the Board’s composition and work, formulate proposals for submission to the Annual General Meeting concerning election of a Chairman of the Meeting, election of Board members and the Chairman of the Board and, when necessary, elections of auditors. The Nomination Committee also formulates proposals for submission to the Annual General Meeting regarding fees paid to Board members and auditors. Furthermore, the Nomination Committee also has to propose principles on how a new Nomination Committee shall be appointed.

In accordance with the Code, the Nomination Committee shall consist of a minimum of three members, one of whom shall be appointed Chairman. The Annual General Meeting appoints the members of the Nomination Committee, or specifies procedures for their appointment.

The 2012 Annual General Meeting resolved that the Chairman of the Board, prior to the 2013 Annual General Meeting, should be authorised to contact the Company’s three largest shareholders (based on known voting rights immediately before the announcement is made) and request that they each appoint one representative, and that in addition to the Chairman of the Board, they would comprise the Nomination Committee during the period until a Nomination Committee has appointed by authorisation from the 2013 Annual General Meeting. In addition, it was resolved that the Nomination Committee should include one representative who is independent in relation to the Company and its major shareholders to represent minor shareholders. If any shareholders refrain from exercising their right to appoint a representative, the next largest shareholder in terms of voting rights shall be offered the opportunity to appoint a representative. The names of the Nomination Committee members shall be announced no later than six months prior to the Annual General Meeting.

Prior to the 2013 Annual General Meeting, the Nomination Committee of Pricer was announced in a press release issued on 11 October 2012 and, in addition to Chairman of the Board Peter Larsson, has consisted of Salvatore Grimaldi (appointed by SAGRI Development AB), Thomas Bill (appointed by Monterro Holding AB), Frank Larsson (appointed by Handelsbanken fonder) and John Örtengren (appointed by Aktiespararna [Swedish Shareholders' Association]). Salvatore Grimaldi has served as Chairman of the Nomination Committee.

The majority of the Nomination Committee's members are independent in relation to the Company and corporate management. With the exception of the Chairman, all members of the Nomination Committee are independent in relation to the Company's largest shareholders, in terms of voting rights, or groups of shareholders that cooperate with regard to governance of the Company. The Company has only one shareholder, SAGRI Development AB, representing at least one tenth of the total number of votes in the Company. SAGRI Development represents 10.3 percent of the number of votes.

The Nomination Committee has held two meetings since the 2012 Annual General Meeting, in addition to telephone contact. An account of the Nomination Committee's work will be presented at the 2013 Annual General Meeting. No remuneration is paid to members of the Committee.

Board of Directors

Size and composition of Board

Members of the Board of Directors are appointed by the Annual General Meeting for the period of time until the close of the next Annual General Meeting. In compliance with the Code, the Chairman of the Board is also appointed by the Annual General Meeting.

The Board of Directors of Pricer, as stipulated by the Articles of Association, shall consist of no fewer than three and no more than seven members, and the exact number of Board members is established by the Annual General Meeting. The Annual General Meeting held on 25 April 2012 re-elected Mikael Bragd, Bo Kastensson, Peter Larsson and Bernt Magnusson and Indra Åsander was elected. Peter Larsson was elected to serve as Chairman of the Board. No deputies to Board members elected by the Annual General Meeting were appointed. All members of the Board are considered independent in relation to the Company, corporate management and the Company's largest owners.

Member attendance at Board Meetings is shown in the illustration below. Additional information about the Board members, such as experience and present assignments, shareholdings in the Company, etc., is presented on page 50.

Board member attendance

Board members	Present at meetings	Of total number of meetings
Mikael Bragd	9	9
Bo Kastensson	9	9
Peter Larsson	9	9
Bernt Magnusson	9	9
Indra Åsander	6	6

It is the opinion of the Board of Directors that, with regard to the Company's business activities, development phase and other conditions, the Board has an appropriate composition characterised by versatility and diversity in terms of the members' expertise, experience and background. Gender

equality is uneven today, but has improved with the election of Indra Åsander.

Work of Pricer's Board of Directors

The Chairman of the Board is responsible for organising and leading the work of the Board of Directors to ensure that its duties are performed in compliance with applicable laws, regulations and directives. It is also the responsibility of the Chairman of the Board to ensure that the Board's work is evaluated every year, and that the Nomination Committee is provided with results of the evaluations. The Chairman of the Board continuously monitors the business operations in dialogue with the President and is responsible for providing other Board members with information and documentation that is required for them to perform their duties.

The Board is responsible for the Company's strategy and organisation and the management of the Company's business activities. The Board shall ensure that the Company's organisation is formulated so the financial accounts, asset management and the Company's financial position in general are controlled in a secure and satisfactory manner. The Board continuously controls the Company's and the Group's financial position, which is reported monthly, so that the Board is able to fulfil its statutory evaluation obligation, listing regulations and sound Board practices. The work of the Board is governed by special working procedures. In general, the Board shall address issues of significant importance to the Group, such as strategy plans, budgets and forecasts, product planning, capital requirements and financing and acquisitions of companies, business activities and substantial assets.

During the 2012 financial year, the Board held nine meetings. Member attendance at Board Meetings is shown in the illustration above. The Board's work follows a procedural plan, or agenda. In consultation with the Chairman of the Board, the President of the Company formulates the agenda for each meeting and establishes the background information and documentation that is required to render decisions on the business at hand. Other members of the Board may request that certain issues be included in the agenda. Prior to every scheduled meeting, the President provides the Board of Directors with a written status report that should contain a minimum of the following points: market, sales, production, research and development, finances, personnel and legal disputes.

The President and Chief Financial Officer shall participate in all Board meetings, with the exception of meetings that address issues which may cause conflicts of interest, such as when remuneration for the President is established and when the work performed by the President is evaluated. The Company's auditors normally participate partly in two Board meetings during the year, and did so in 2012.

The meetings were held at the Company's head office in Sollentuna and from October 2013 in Stockholm will be held in a conference hotel in the Stockholm region and via telephone. Gunnar Mattsson (born 1964), Advokatfirman Lindahl, Uppsala, serves as the Board's secretary.

Evaluation of Board of Directors

The Chairman of the Board is responsible for evaluations of work performed by the Board each year, and the Nomination Committee is provided with copies of these evaluations. The evaluations are conducted in the form of anonymous questionnaires and/or interviews, and address issues such as the Board composition, work methods and responsibilities. The results are presented to the Nomination Committee.

Corporate governance report (cont'd)

Remuneration of the Board of Directors

In accordance with a proposal by the Nomination Committee, a resolution was passed at the 2012 Annual General Meeting to pay total fees to the Board of Directors amounting to SEK 1,250,000 to be distributed as follows: SEK 450,000 to the Chairman of the Board and SEK 200,000 to each of the other four members of the Board. No other remuneration or financial instruments over and above the fees were paid or made available, with the exception of out-of-pocket expenses.

Board committees

The Board has appointed a Remuneration Committee to address questions regarding remuneration and terms of employment for the President and senior executives and formulate proposals for guidelines for remuneration of the President and senior executives, which the Board submits for resolution to the Annual General Meeting.

During 2012, the Remuneration Committee consisted of the Chairman of the Board Peter Larsson and the member of the Board Bo Kastensson, both of whom are independent of the Company and corporate management, and the Company's major shareholders.

The assignment and the decision-making authority delegated to the Remuneration Committee are presented in the working instructions for the Committee as adopted by the Board. The working instructions also show the manner in which the Remuneration Committee is to report to the Board.

The Remuneration Committee held meetings during 2012, with both members of the Committee and the President and Chief Financial Officer also present. Minutes of this meeting were kept and presented to the Board of Directors.

According to the Company's Act, the Company should have an Audit Committee to survey the financial reporting and efficiency of internal control and risk management. The Board of Directors can form the Audit Committee under the conditions that the members of the Board are not employees of the Company and that at least one of the members is independent and has accounting and audit competence. The Company meets these requirements and the Board of Directors has elected to in its entirety constitute the Audit Committee.

President and senior executives

President

The President is appointed and dismissed by the Board of Directors, and his/her work is evaluated continuously by the Board.

Fredrik Berglund, President of Pricer, manages the Company's day-to-day business operations. Written instructions define the division of responsibilities between the Board of Directors and the President. The President reports to the Board and presents a special CEO report at every Board meeting, which contains information on how the operations have developed in relation to decisions by the Board. Additional information about the President, his experience, current assignments and shareholdings in the Company is presented in the Annual Report on page 50.

Other than assignments for the Company's subsidiaries and associated companies, Fredrik Berglund is member of the Board of Directors of EmblaCom AB. Neither Fredrik Berglund, nor any closely associated individual or legal entity, has any significant shareholding or part ownership interest in companies with which Pricer has major business relations.

Executive management

Pricer's executive management team consists of six members with day-to-day responsibility for different segments of the operations. For a presentation of the members of executive management, please refer to page 50.

Remuneration to President and senior executives

The Company has established a Remuneration Committee, on which information is presented above in the section entitled "Board committees."

The 2012 Annual General Meeting adopted the Board's proposed guidelines for remuneration of senior executives. The President's remuneration is established by the Board of Directors. Remuneration of other senior executives is established by the President after consultation with the Remuneration Committee.

Compliance with Swedish stock market regulations etc. during the past financial year

Pricer was not the subject of any decisions by the NASDAQ OMX Stockholm's Disciplinary Committee during 2012 or any statements by the Securities Council on issues concerning breaches of NASDAQ OMX Stockholm's regulations or generally acceptable practices on the stock market.

Information about the auditors

Auditors are appointed by the Annual General Meeting based on proposals issued by the Nomination Committee. At the 2012 Annual General Meeting, the audit company KPMG AB was elected as the Company's auditors for the forthcoming four-year period. The auditor-in-charge is authorised public accountant Åsa Wirén Linder. For additional information about the auditors, see page 50.

The Annual General Meeting also resolved that remuneration of the auditors will be paid in compliance with approved invoices. Also see Note 5, Remuneration to auditors.

Board of Directors' report on internal control regarding financial reporting

In accordance with the Swedish Companies' Act and the Swedish Code of Corporate Governance ("the Code"), the Board of Directors is responsible for internal control. Since this presentation was prepared in compliance with Section 10.5 of the Code, it is limited to the internal control of financial reporting.

Pricer's process of internal control shall provide reasonable assurance of the quality and accuracy of its financial reporting. It shall also ensure that financial reports are prepared in compliance with appropriate laws and directives, and the requirements that apply to publicly listed companies in Sweden. The internal control is normally described in accordance with the framework for internal control that has been issued by COSO (Committee of Sponsoring Organisations of the Treadway Commission). In accordance with this framework, the internal control is presented with the following components: control environment, risk assessment, control activities, information and communication and follow-up.

Control environment

Internal controls of financial reporting are based on organisational and system structures, decision-making channels

and distribution of responsibility, all of which must be documented clearly and communicated in control documents, policies and manuals. The Board of Directors has established working procedures that regulate the Board's responsibilities and the Board's committee work. To maintain an effective control environment and good internal control, the Board has delegated practical responsibility to the President and prepared instructions for the President. To ensure the quality of its financial reporting, the Company has established a number of internal control instruments, consisting mainly of a Financial Policy, Information policy and Reporting instructions. Guidelines have also been established for issues related to business ethics, which are intended to clarify and strengthen the Group's philosophy and values. These include Pricer's ethical regulations and equality policy.

Risk assessment

The Board of Directors is responsible for significant financial risks and risks associated with the identification and handling of errors in the financial reports. A risk assessment is conducted every year to identify inherent risks in the financial reports. The risk assessment is reconciled with the auditors and may include processes critical to the Group's earnings and financial position, such as geographically remote operations and recently established or acquired units.

Control activities

The control activities are intended to ensure accuracy and completeness in financial reporting. Procedures and actions are designed to address the most significant risks associated with the financial statements, as identified in the risk assessment. Control activities focus on both overall and more detailed levels within the Group. For example, complete monthly financial statements are prepared and monitored by the unit and function managers and controllers. Group management meets at least once a month to review and evaluate overall business operations. Furthermore, officers from the accounting function visit companies in the Group several times a year to discuss current issues and review their earnings

and financial position, and to ensure compliance with and development of procedures. The Board monitors the activities through monthly reports in which the President comments on development of the activities, and their earnings and financial position. Measures and actions are implemented continuously to improve the internal control.

Information and communications

The Board of Directors has established an Information Policy that specifies what should be communicated and by whom, and the formats in which the information shall be released to ensure that the external information is correct and complete. Guidelines and procedures specify how financial information should be communicated between management and other employees in order to maintain effective and correct disclosure of information both internally and externally. Pricer's Report Instructions comprise a central control document that is updated in parallel with changes.

Follow-up

The internal control procedures are monitored and followed up continuously. The Company's financial position is addressed at every Board meeting, at which the Board receives detailed monthly reports regarding the financial position and performance of business activities. The Board monitors the internal control procedures with regard to financial reporting. The Board reviews every interim report and discusses the contents with the Chief Financial Officer and, in certain cases, the Company's auditors. The auditors conduct annual reviews of the internal controls within the framework of their audit. They report the results of their audit to the President, Chief Financial Officer and the Board of Directors. Pricer does not have a separate internal audit function. The financial accountants that are employed by the subsidiaries have a specific responsibility to report any deviations to the central accounting and control organisation. The services of the Company's elected auditors are utilised as required. Given this situation, the Board does not consider it necessary to have a separate internal audit function.

Auditors' report of the Corporate Governance Statement

To the annual meeting of the shareholders in Pricer AB
Corporate identity number 556427-7993

It is the board of directors who is responsible for the Corporate Governance Statement for the year 2012 in the pages 46 – 49 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the

Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 2 April 2013
KPMG AB

Åsa Wirén Linder
Authorised Public Accountant
Auditor in charge

Tomas Gerhardsson
Authorised Public Accountant

Board of Directors



MIKAEL BRAGÐ

Born: 1962
Education: Degree in Business Administration, Stockholm School of Economics, in marketing and financing
Other assignments: Founder and Senior

Partner Bridgetools Advisers and Chairman of the Board for Ikivo

Previous assignments: CEO of OBH Nordica and Nordic President of Electrolux hemprodukter

Board Member since: 2008

Holding: 7,500 B shares



BO KASTENSSON

Born: 1951
Education: B.A., University of Lund
Other assignments: Chairman of Coromatic Group and Doro, Board Member of Skandinaviska Kraftprodukter, Reservkraft (No),

ATek (Dk) and Industrial Advisor EQT

Previous assignments: CEO of Bewator Group and Incentive Development

Board Member since: 2008

Holding: 400,000 B shares



PETER LARSSON

Born: 1964
Education: B.Sc. in Computer and System Science, University of Stockholm
Other assignments: Chairman of EPiServer, IAR, Northern Parklife

and Q-matic, Board Member of Common

Agenda Venture Management and The Online Backup Company
Previous assignments: CEO of EpiServer, Protect Data and Pointsec Mobile Technologies

Board Member since: 2008

Holding: 661,110 B shares



BERNT MAGNUSSON

Born: 1941
Education: Masters of Political Science, University of Uppsala
Other assignments: Board Member of Kancera, Fareoffice, Coor Service Management, Net Insight and STC Interfinans
Previous assignments: CEO and President of Nordstjernen, Chairman and President of NCC, Chairman of Nobel Industrier, Assi Domän, Skandia and Swedish Match
Board Member since: 2009
Holding: 463,000 B shares



INDRA ÅSANDER

Born: 1956
Education: Master of Science, Kungliga Tekniska Högskolan
Other assignments: CEO of Sergel Group within TeliaSonera, Board Member of Amer Sports
Previous assignments: Various positions at, among others, TeliaSonera, Telia and Vattenfall and Board Member of Skandia and SCA and others.
Board Member since: 2012
Holding: None

Executive Management



FRANCOIS AUSTRUY
Head of Operations

Born: 1965
Education: Graduate Engineer
Employed since: 2005
Holding: 20,000 B shares, 1,200,000 warrants *



HARALD BAUER
CFO

Born: 1957
Education: M.B.A.
Employed since: 2004 and 1998–2000
Holding: 47,333 B shares, 1,200,000 warrants *



FREDRIK BERGLUND
CEO

Born: 1961
Education: B. Sc. Business Administration
Other assignments: Chairman of EmblaCom
Employed since: 2010
Holding: 150,000 B shares, 2,000,000 optioner *



ORON BRANTITZKY
Vice President Sales,

Born: 1958
Education: M.B.A., B. Sc
Employed since: 2006 (Eldat 1997)
Holding: 160,767 B shares, 1,200,000 warrants *



NILS HULTH
Vice President, R&D

Born: 1971
Education: M.Sc. in Computer Science and Master of Science Evolutionary and Adaptive Systems
Employed since: 2005
Holding: 30,000 B shares, 1,200,000 warrants *



ARNAUD LECAT
Vice President, Professional solutions

Born: 1962
Education: Graduate Engineer
Employed since: 2002
Holding: 14,550 B shares, 1,200,000 warrants *



NICLAS QVIST
Head of Marketing and Partner management

Born: 1975
Education: M Sc Industrial Engineering & Management
Employed since: 2004
Holding: 16,000 B shares, 700,000 warrants *

Auditor

The 2008 Annual General Meeting re-elected the auditing firm of KPMG AB with Authorised Public Accountant Åsa Wirén Linder (born 1968) as auditor in charge, to serve as the company's auditors for four years. Åsa Wirén Linder is also auditor in charge for CDON, HL Display, MTG and Ski Star as well as being a Board Member of FAR.

* Each ten options give right to acquire one share at the indicated exerciseprice

History

2008

Pricer reaches a record operating profit. Pricer installs full DotMatrix™ hypermarkets in Food.

2009

Pricer reaches 5 000 store installations. Pricer ESL and DotMatrix™ extend into Non-Food.

2010

Significant increase in net sales and result. Several important frame agreements signed.

2011

Continued significant growth in revenue and profit leading to the best year ever for Pricer.

2012

Pricer maintained its leading position in the market. Weak economic development in Europe.

2007

Integration of Eldat is completed. Pricer reports a positive result. Pricer streamlines worldwide activities.

2006

Eldat Communication Ltd. is acquired. Appulse Ltd. is sold. The activities in PIER AB is transferred to the Parent Company.

2005

Significant increase in sales and Carrefour expands deployment in France. New system generation C2 is launched.

2004

Pricer wins a major order from the French chain Carrefour. Via Ishida, Pricer is awarded a sizeable contract by Ito-Yokado in the Japanese market.

2003

The development company PIER AB is formed. Pricer acquires a majority holding in the software company Appulse Ltd. in India.

1998

Collaboration with Ishida of Japan is initiated.

1999

Deliveries to the Metro stores are completed.

2000

Intactix is sold to U.S.-based JDA Software Group.

2001

Pricer's partner in Japan, Ishida, places a significant order.

2002

A large-scale action programme is launched to restructure and streamline operations for increased customer focus.

1997

Pricer acquires Intactix, a provider of systems for retail space management. Metro installs its first systems.

1996

Pricer is introduced on the O list of the Stockholm Stock Exchange.

1995

The pilot order from Metro leads to a contract for installations in 53 Metro stores in Germany.

1993

The first Pricer system is installed for the ICA supermarket chain in Sweden.

1991

Pricer is founded in June and development of the first ESL system begins.

Shareholder information

Annual General Meeting

The Annual General Meeting of Pricer AB will be held at 3:00 p.m. on Wednesday, 24 April 2013, at Sheraton hotel, Stockholm, Sweden. In order to participate in the AGM, shareholders must be entered in the share register maintained by Euroclear Sweden AB (formerly VPC AB) by Thursday 18 April, and must notify the company of their intention to participate no later than 4:00 p.m. on Friday 19 April. Shareholders whose shares are held in the name of a trustee must temporarily re-register the shares in their own name well in advance of 18 April. Notification can be made as follows:

- By e-mail: info@pricer.com
- By fax: +46 8 505 582 01
- By telephone: +46 8 505 582 00
- By mail: Pricer AB, PO Box 215, SE-101 24 Stockholm, Sweden

The notification should include the shareholder's name, social security/corporate registration number, address and telephone number, registered shareholding and, when appropriate, the names of any participating advisors. The Nomination Committee, consisting of Salvatore Grimaldi, Thomas Bill, Frank Larsson, John Örtengren and Peter Larsson can be contacted via the company's head office.

Proposed dividend

The Board of Directors proposes a dividend of SEK 0.25 (0.25) per share for the year 2012.

Financial calendar

In 2013, the quarterly financial reports will be published as follows:

- Interim report January–March, 24 April 2013
- Interim report January–June, 23 August 2013
- Interim report January–September, 23 October 2013
- Year-end report 2013, 18 February 2014

Information channels

Pricer's website www.pricer.com is a vital information channel through which the company presents press releases, interim reports, annual reports, share price data and the newsletter Pricer News. To sign up for an e-mail news subscription, visit the website. Printed materials can be ordered from the company. For other information, contact info@pricer.com.

Distribution of the annual report

For reasons of cost, the annual report is only distributed to those share-holders who so request. A digital version is available at www.pricer.com. A printout can be ordered directly from the company at info@pricer.com or by calling +46 8 505 582 00.

Head Office

Pricer AB
Box 215
SE-101 24 Stockholm
Visiting address: Västra Järnvägsgatan 7
SE-111 64 Stockholm
Sweden
Telephone: +46 8 505 582 00
Fax: +46 8 505 582 01

Sales Europe

Pricer SAS
3 Parc Ariane - Bât. Saturne
2 Rue Hélène Boucher
78280 Guyancourt
France
Telephone: +33 1 61 08 40 20
Fax: +33 1 61 08 40 30

Sales North America

Pricer Inc.
6600 Peachtree Dunwoody Road
400 Embassy row - suite 290
Atlanta, GA 30328
USA
Telephone: +1 866 463 4766
Fax: +1 866 256 2485

www.pricer.com
info@pricer.com