PRICER
SEARCH

Find a product in the store

Annual Report 2016

PRICER
BRINGING TRUST TO RETAIL

Contents

All amounts are presented in Swedish kronor (SEK). Thousands of kronor are abbreviated as SEK 000s and millions of kronor as SEK million/SEK M. Unless otherwise specified, the figures in brackets refer to 2015 or the corresponding period of last year. Information about markets and the competitive situation is based on Pricer's own assessments unless a specific source is named.

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About Pricer

Pricer is the global leader in digital shelf-edge solutions. With over 15,000 installations in more than 50 countries, Pricer enhances store performance and the consumer's shopping experience.

Pricer offers retailers solutions that support and optimize their internal operating processes, such as enabling a store to pick online orders as efficiently as possible, at the same time that the solutions can also help consumers to quickly identify and locate promotions and campaign products. This evolution of the label into a shelf-edge communication tool is creating new opportunities for digital interaction with consumers and store staff. A consumer in a store with the Pricer's equipment can always feel secure about paying the right price, since the same price is displayed on the shelf edge and in the POS system.

Pricer's customers are found mainly in the grocery retail trade, but in recent years the company has broken into new segments such as DIY, electronics, mobile phone chains and pharmacies. Customer needs and consumer preferences are the drivers for Pricer's innovative and sustainable solutions.

Pricer was founded in 1991 in Sweden and the company's class B share is listed on the Small Cap list of Nasdaq Stockholm. At December 31, 2016, the number of shareholders was 17,020 and the ten largest shareholders represented 37 percent of the company's shares. At the end of 2016, the Pricer Group had 93 employees.

Full year 2016

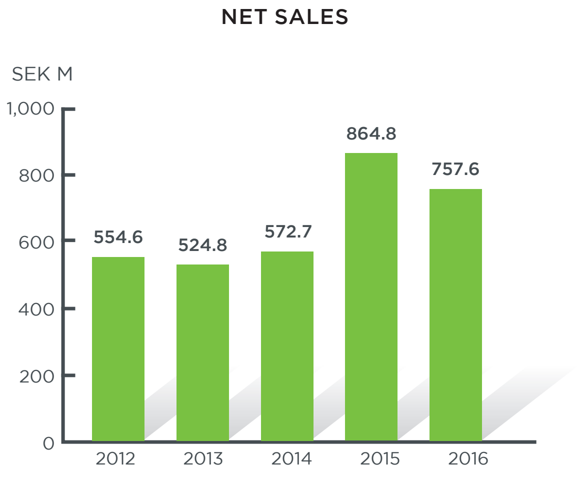
The first quarter of 2016 got off to an excellent start and Pricer set a new record for order intake in an individual quarter. It was primarily French customers, including large orders from Carrefour and Castorama that filled the order books. Net sales and profit were also up compared to the same period of last year.

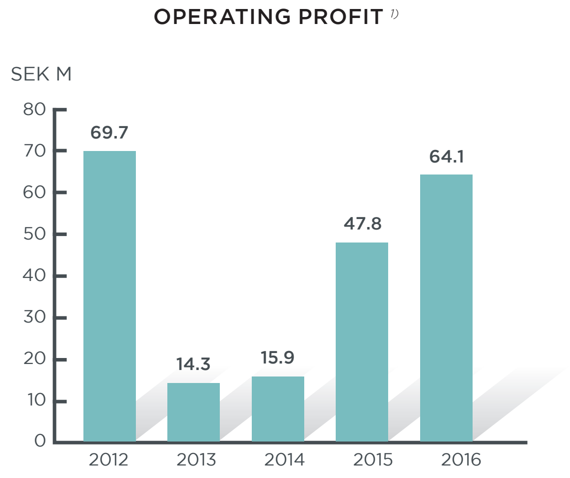
Several major industry trade fairs take place around the world during the first quarter and Pricer took the opportunity to launch its Quick Search kiosk to demonstrate how the Pricer platform enables mapping and automated positioning of products. Shoppers can easily search for any product and see where it is located in the store. The unique Quick Search kiosk was enthusiastically received by the market and was installed by a number of customers during the year.

Sales development in the second quarter of 2016 was more hesitant and order intake in the quarter fell short of the company's expectations, coming in substantially below the year-earlier period. The lack of major new projects with rollouts of graphic e-paper labels was visible in the sales figures. A graphic label costs several times more than a comparable segment label, which means that the project mix in sales has a powerful impact on revenue. The delivery rate in terms of the number of labels remained high thanks to the large order backlog from the first quarter. Despite declining sales, operating profit nearly doubled, largely owing to ongoing efforts to improve the cost structure in production and the supply chain. This work also led to a significant decrease in working capital, resulting in continued improvement in cash flow from operating activities.

The number of pilot installations continued to increase in the second quarter in Pricer's key segments, the grocery retail and DIY sectors. The number of requests for proposals (RFPs) was also up in the second quarter, reflecting a growing need to automate. However, the international grocery retail industry continues to be characterized by restructuring, price pressure and consolidation to retain profitability in pace with changes in consumer buying behavior. Pricer's solutions compete with other structural investments, which affects the decision-making processes of Pricer's potential customers.

The third quarter saw an increase in order intake compared to the same period of 2015. Net sales also rose from the second quarter level, but did not reach the record high reported in the third quarter of 2015. In the second and third quarters of 2015 there were several large-scale customer projects underway simultaneously, which resulted in historically high sales in these quarters that the company was unable to match in 2016. Gross margin nonetheless continued to strengthen and was nearly 30 percent for the third quarter. The improvement in gross margin had a major impact on operating profit for the quarter, which, despite declining sales, was nearly on par with the previous year. After the





[1] Excluding non-recurring costs of SEK 69,0 M for the year 2014 and SEK 6,5 M for the year 2013

Full year 2016 (cont'd)

first three quarters of the year, operating profit was at the same level as reported for the full year 2015.

In September Pricer took part in the annual French retail trade show Equipmag, where the company received the Paris Retail Awards "Customer Experience 360" trophy for its automated positioning kiosk "Quick Search".

In the fourth quarter Pricer posted the year's second highest order intake for a single quarter, which also surpassed the year-earlier quarter by 66 percent. Order intake was spread across a large number of customers in Pricer's established markets, mainly France, and contained no large individual orders. Activity in pilot projects remained high in the final quarter of the year.

In May 2016 the company's CEO Jonas Vestin stepped down and the Board appointed Charles Jackson as Interim CEO. Andreas Renulf was appointed by the Board as the new CEO of Pricer in September and took up duties in January 2017. Charles Jackson served as Interim CEO until Andreas Renulf took over, and has then resumed his earlier position as EVP Global Sales, Marketing and Strategy.

2016 can be summed up as a year when Pricer reaped the benefits of the operational excellent program that was started in 2014. Thanks to a dramatically improved gross margin, the company was able to strengthen its operating margin for 2016 to 8.5 percent (5.5). In addition, cash flow from operating activities remained robust and the company's cash and cash equivalents increased significantly. In light of the strong cash position at the end of the year, the Board made a weight of evidence assessment that resulted in a proposal to raise the dividend to SEK 0.50 per share.

Key figures	**2016**	**2015***	**Change**
Order intake, SEK M	783	792	-1%
Net sales,* SEK M	757.6	864.8	-12%
Gross margin,* %	28.1	21.8	29%
Operating profit, SEK M	64.1	47.8	34%
Operating margin, %	8.5	5.5	55%
Cash flow from operating activities	174.0	101.5	71%
Profit for the year, SEK M	57.3	37.0	55%
Earnings per share, SEK	0.52	0.34	53%

** 2015 figures recalculated. Further information in Note 27, Changed accounting principles*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CEO's comments

"Pricer leading the way with digital solutions that enhance store performance"

For Pricer, 2016 was a year when we continued our positive development through the optimization of our logistics and supply chain that began in 2015. Pricer is now a financially stable and profitable company.

The challenge now is to improve growth even outside the established market segments and regions. This is where we will focus all our energy and I have reason to come back to what this entail in terms of developing our solutions, our market organization and potential acquisitions that could strengthen our position.

Our business mission

A fundamental part of Pricer's business mission is to make it easy and profitable to be a store manager and consumer. Our digital solutions optimize the flow of goods in stores of all types at the same time that we help shoppers to quickly locate the right product and ensure that it is correctly priced. We have developed a unique system for product positioning that serves as the platform for our solutions and works reliably and without disruptions.

One example of how Pricer's digital platform can enhance store profitability is through real time updates, simple and correct price adjustments, and a future-proof technology that can be used to meet changes in consumer expectations for their shopping experience. The system supports solutions such as real time automated communication from the shelf edge with both consumers and store staff and the ability to find and position products, track and position all mobile devices (handheld computers, mobile phones, scanners, tablets, etc.) and customize digital messages for the recipient, and verify and update the store's planning and execution.

Shoppers can choose whichever of Pricer's various solutions suits them best, and can naturally use their own mobile device or the options available in the store. During the year we enjoyed success with our quick search kiosks, where shoppers in a store can simply and intuitively seek the desired product and the kiosk delivers a quick answer with directions, prices and supplementary information.

Stronger profit and cash flow

Net sales for 2016 amounted to SEK 757.6 M, down by 12 percent compared to 2015 as an effect of more aggressive competition and the fact that we had fewer major customer projects than in the year before. The value of a customer project is partially a function of the product mix, where customer projects in 2015 contained a larger percentage graphic labels than what was the case in 2016.

In the established markets we have noted a steadily growing interest in Electronic Shelf Labelling (ESL). From having focused on the grocery retail industry we are now seeing growth in market segments like DIY and consumer electronics. The combination of segment labels and graphic labels enables Pricer to offer the market's best solutions for boosting efficiency both in the store and throughout the entire logistics chain to reach the consumer.

2016 was characterized by ongoing efforts to strengthen our operating margin. Although net sales for the full year 2016 were lower than in 2015, operating margin for the full year improved to 8.5 percent (5,5). Pricer's cash flow improved further and this financial strength is demonstrated by net cash of over SEK 260 M at the end of the year.

Major flexibility in our solutions

To a major extent, digitalization of the retail trade clearly includes optimized solutions for price updating, but for our customers this development also involves a growing number of considerations related to infrastructure and computer systems that are prolonging the decision-making processes in procurements. Demands on scalability, durability and functionality are rising continuously, a trend that is specifically benefitting Pricer.

In 2016 we saw a continued gradual increase in graphic e-paper labels in pilot programs around the world. Thanks to the good readability of graphic labels and the capacity to freely design the message on the label, the volume of graphic labels will continue to grow in the market.

We are also noting an increase in partial store installations in which retailers are choosing one or several sections of the store where information is for various reasons updated more often and are installing ESL systems only in these sections. In recent years this has resulted in contracts that include only deployments in the fresh produce and fish sections. This trend highlights the need to use price optimization to reduce waste and improve profitability.

Sustainability work

During the year, Pricer took further steps to integrate sustainability into its business operations, among other things by ensuring that sustainability aspects are discussed as a natural aspect of the product development process. Together with a strategic supplier in Thailand, Pricer has also created a joint CSR program with the aim of supporting education and healthcare for underprivileged children in Thailand. As a result of the program, Pricer and our supplier in Thailand have been able to make a donation to build school facilities and provide eyeglasses for students in need.

Outlook for 2017

After a few months as CEO, I am delighted that Pricer has a strong cash flow as a result of the structural improvements the Group has achieved in production and the supply chain during the past year. Pricer's Board of Directors has therefore proposed that the 2017 AGM approve a dividend of SEK 0.50 per share, which is a doubling compared to the previous year.

The significantly improved financial position gives Pricer scope to accelerate its product development parallel to a focus on sales and marketing activities and evaluation of potential acquisitions.

Andreas Renulf
President and CEO

The Pricer share

The Pricer class B share is quoted on the Small Cap list of Nasdaq Stockholm. Pricer's share capital at 31 December 2016 amounted to SEK 110,971,781. The total number of shares was 110,971,781, divided between 225,523 class A shares and 110,746,258 class B shares, all with a quota value of SEK 1 (1). Each class A share carries five votes and each class B share carries one vote. All shares grant 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 Depository Receipt) program 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 2016

The share price started the year at SEK 9.35 and ended at SEK 9.30. The highest price paid during the year was SEK 9.90, quoted on 28 October, and the lowest was SEK 7.30, quoted on 27 June. The total market capitalization at 31 December 2016 was SEK 1,023 M.

Turnover for the full year 2016 amounted to 85,354,929 shares traded for a combined value of SEK 732 M, equal to an average daily volume of 337,371 shares with a combined value of SEK 2,893 thousand per trading day. The number of trades cleared for the full year was 40,350, equal to an average of 159 per trading day.

Dividend

The Board proposes that the AGM approve a dividend of SEK 0.50 per share for 2016.

Option program

The 2015 AGM approved a stock option program for certain senior executives and key employees in the Pricer Group. The company was authorized to issue a total of not more than 950,000 options, each giving the right to subscribe for one share in Pricer AB during the period from 29 May 2018 to 29 June 2018 at a price equal to 152 percent of the Pricer share's volume-weighted average price on Nasdaq Stockholm during the period from 12 May 2015 to 18 May 2015.

The 2016 AGM approved an additional option program with the same structure, with the issue of not more than 1,045,000 options each giving the right to subscribe for one share in Pricer AB during the period from 27 May 2019 to 27 June 2019 at a price equal to 150 percent of the Pricer share's volume-weighted average price on Nasdaq Stockholm during the period ten trading days after the AGM that resolves on the option program.

In 2016 the company repurchased 380,000 options issued under the 2015 program and 665,000 options were issued under the 2016 program.

WARRANTS OUTSTANDING

Designation	Number	Year issued	Exercise price (SEK) [1]	Expiration date
TO15	570,000	2015	12.40	2018-06-29
TO16	665,000	2016	12.80	2019-06-27

1) Each option gives the right to acquire one share at the indicated strike price.

Ownership structure

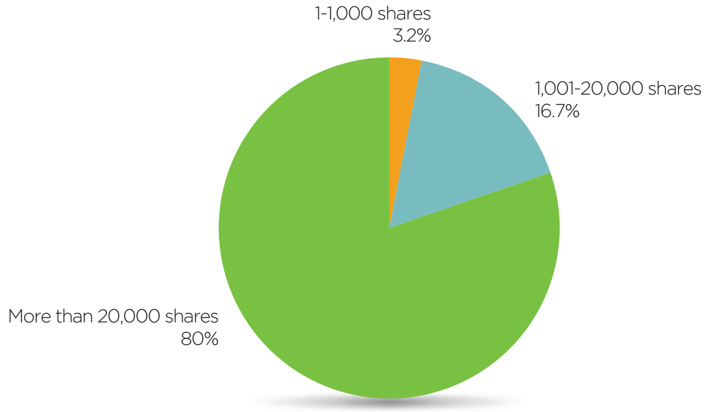
The number of shareholders at 31 December 2016 was 17,020. The ten largest shareholders held 37 percent of the number of shares and 37 percent of the number of votes. Legal entities accounted for 38 percent of the number of shares and 39 percent of the number of votes and foreign shareholders accounted for 21 percent of the number of shares and votes.

OWNERSHIP STRUCTURE 31 DECEMBER 2016

No. of shares	No. of share-holders	% of share-holders	No. of shares	% of votes	% of equity
1-1,000	12,381	73	3,589,855	3.2%	3.2%
1,001-20,000	4,133	24	18,587,220	16.6%	16.7%
20,001-	506	3	88,794,706	80.1%	80.0%
Total	**17,020**	**100**	**110,971,781**	**100.0%**	**100.0%**

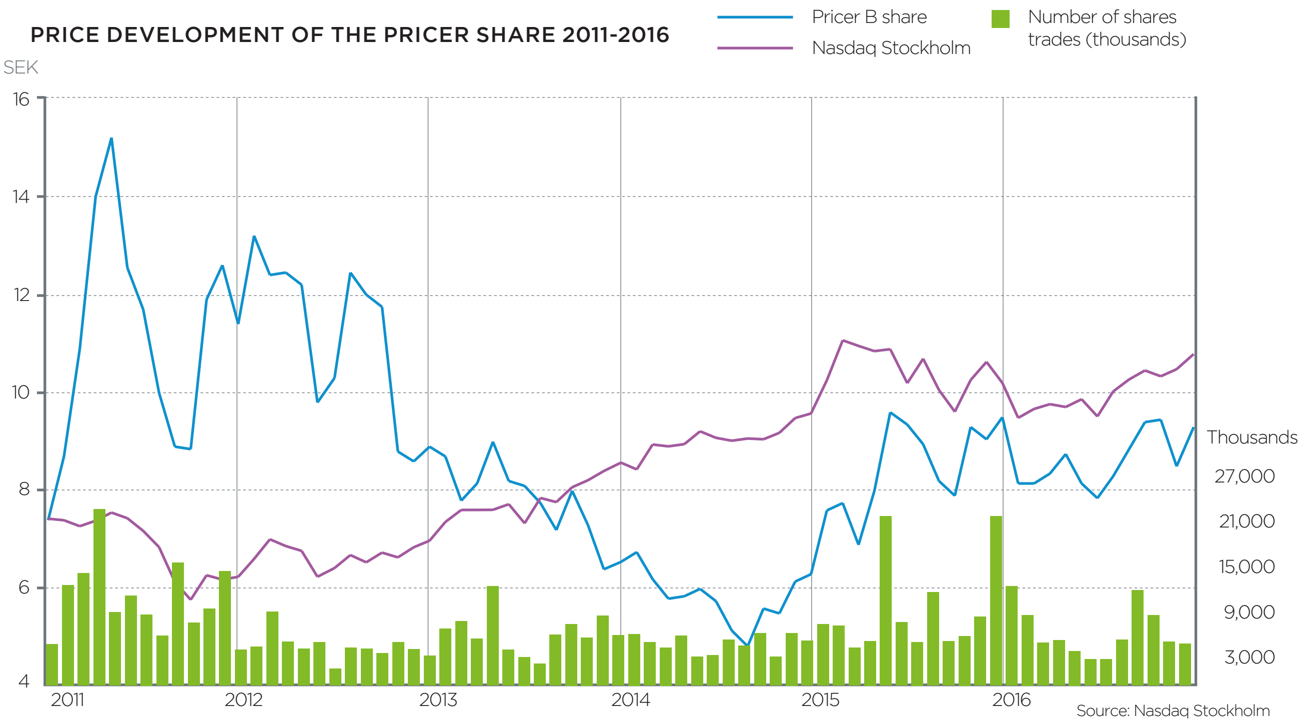
Source: Euroclear

OWNERSHIP STRUCTURE 31 DECEMBER 2016
Percent of Equity



Source: Euroclear

PRICE DEVELOPMENT OF THE PRICER SHARE 2011-2016



Source: Nasdaq Stockholm

MAJOR SHAREHOLDERS 31 DECEMBER 2016

Name	A shares	B shares	No. of shares	% of votes	% of capital
Pohjola Bank	-	11,272,576	11,272,576	10.1%	10.2%
Avanza Pension	-	7,237,592	7,237,592	6.5%	6.5%
Handelsbanken Fonder	-	4,546,914	4,546,914	4.1%	4.1%
Nordnet Pensionsförsäkring AB	-	4,359,228	4,359,228	3.9%	3.9%
Origo Quest 1	-	3,603,011	3,603,011	3.2%	3.2%
Sifonen AB	-	3,000,000	3,000,000	2.7%	2.7%
Tamt AB	211,054	1,900,000	2,111,054	1.7%	1.9%
Danica Pension	-	2,267,937	2,267,937	2.0%	2.0%
PSG MICRO CAP	-	1,559,148	1,559,148	1.4%	1.4%
BNYMSANV RE GCLB RE BNY GCM CLIENT	-	1,179,589	1,179,589	1.1%	1.1%
10 largest shareholders	**211,054**	**40,925,995**	**41,137,049**	**36.6%**	**37.1%**
Others	14,469	69,820,263	69,834,732	62.5%	62.9%
Total	**225,523**	**110,746,258**	**110,971,781**	**99.1%**	**100.0%**

Källa: Euroclear

DATA PER SHARE, 2012-2016

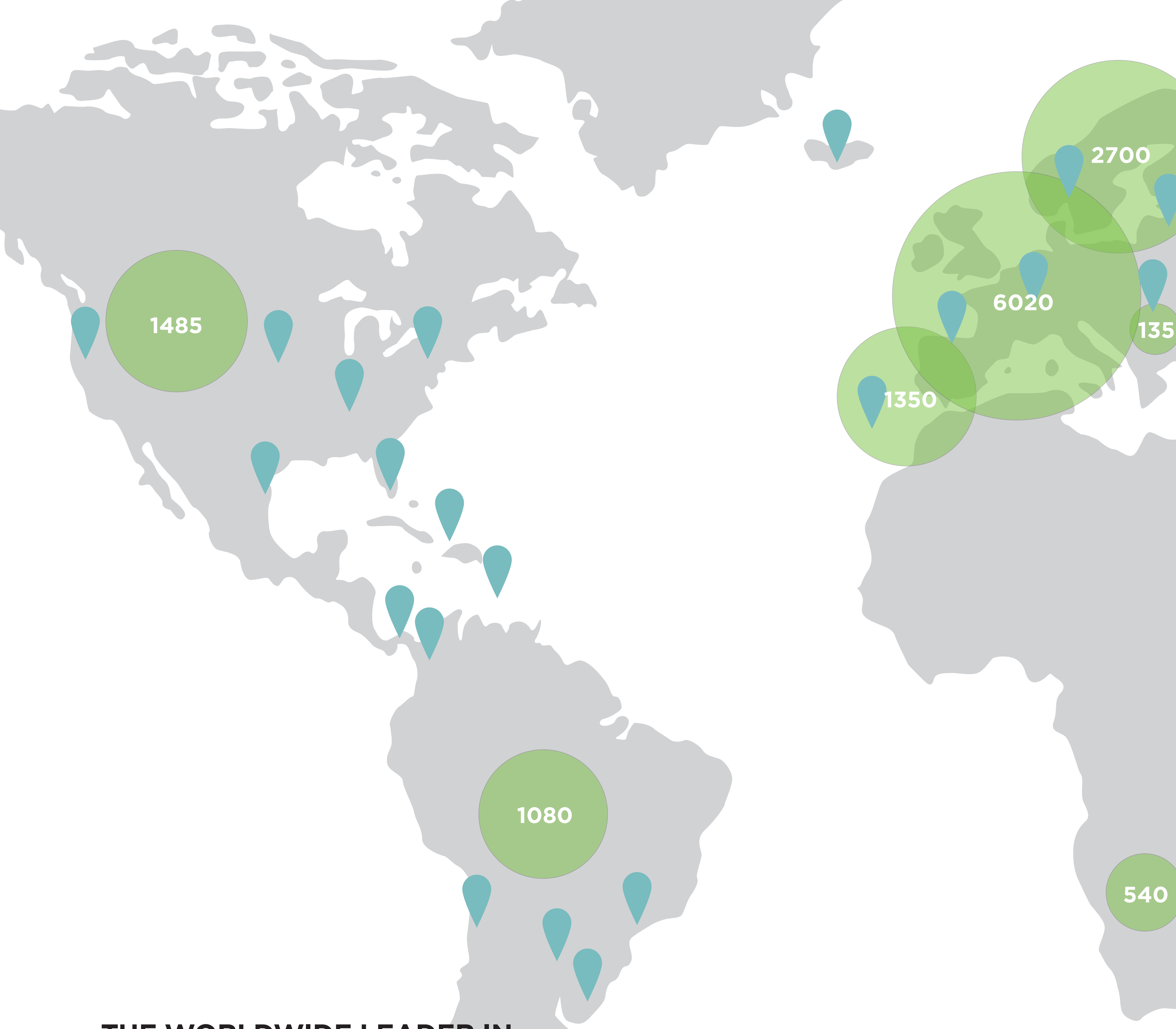
SEK per share before dilution	2016	2015	2014	2013	2012
Earnings	0.52	0.34	-0.51	0.04	0.33
Dividend	0.50	0.25	-	-	0.25
Shareholders' equity	6.63	6.23	6.00	6.30	6.40
Cash flow	1.58	0.92	0.12	0.51	0.21
P/S ratio *	1.35	1.21	1.21	1.37	1.75
SEK per share after dilution					
Earnings	0.52	0.34	-0.51	0.04	0.33
Shareholder's equity	6.63	6.23	6.00	6.30	6.40
Cash flow	1.58	0.92	0.12	0.51	0.21
P/S ratio *	1.35	1.21	1.21	1.37	1.76
Share price:					
Yearly high	9.90	12.10	7.35	9.90	13.85
Yearly low	7.30	6.15	4.60	6.05	8.10
Closing price	9.30	9.50	6.30	6.55	8.90
No. of outstanding shares on 31 Dec., 000s	110,042	109,905	109,893	109,892	109,892
Market capitalisation on 31 Dec., SEK M	1,023	1,044	692	720	978
Average number of outstanding shares, 000s	109,979	109,899	109,892	109,974	109,290
Share price on 31 Dec./shareholders' equity, %	140	152	105	104	139

* Comparative figures restated. Further information in Note 27, Changed accounting principles

SHARE CAPITAL DEVELOPMENT, 2012-2016

Year		Increase in no. of shares	Total no. of shares	Change in share capital, SEK M	Total share capital, SEK M
2012	Issue of shares from employee options	1,426,633	109,891,781	1.4	109.9
2013	Issue of shares for share savings program	750,000	110,641,781	0.8	110.6
2014	Issue of shares for share savings program	330,000	110,971,781 [1]	0.3	111.0

1) whereof treasury shares on December 31, 2016 amounted to 929,307 shares



THE WORLDWIDE LEADER IN DIGITAL SHELF-EDGE SOLUTIONS

From its establishment in Sweden in 1991, Pricer has been recognized by international tier 1 retailers as providing the most advanced, scalable and wireless Electronic Shelf Labelling (ESL) system on the market. The superior performance of infrared (IR) technology delivers the speed and radio-immunity at the core of the shelf-edge digital solutions.

This speed and reactivity have driven the unique evolution to automated real-time product positioning, the most important breakthrough in ESL since e-paper. And by combining this with in-store navigation and another unique Pricer feature, the SmartFLASH flashing tags, Pricer is capable of delivering the only comprehensive platform to address true store digitization.

With this revolution, Pricer is helping retailers take the right path to performance by providing the industry's leading ESL platform with the lowest total cost of ownership. This forward-compatible digital infrastructure is now enabling the in-store digital transformation, from price management and operational optimization to personalization and predictive tools.

Customer Experience 360

2016 | 2015 | 2015 | 2014 | 2014

PRICER IN BRIEF

Pricer is one of the world's top manufacturers of Electronic Shelf Edge solutions (ESL) for the retail industry, with a leading role in several retail segments such as food, DIY and drug stores. Pricer has achieved this position thanks to its passion for innovation and quality, combined with the drive to develop technologies that help retailers optimize their processes and take the step from traditional brick and mortar stores to an omni-channel experience.

The business model is based on creating value through store automation and digitization. By offering a fast, robust and scalable system for automated price updates at the shelf edge, it is then possible to build further with additional services and/or integrate with other parallel technologies. Pricer is committed to long-term support and ongoing enhancement of its platform, maintaining strong production and delivery capabilities and ensuring that the system is open for future integration. Today the system is a critical enabler for retailers in working to improve customer engagement and satisfaction, at the same time that it offers scope to boost the efficiency of store processes.

The challenge for many retailers is how to cross over from a transaction-oriented world to a service-oriented one. By freeing up time for the store staff, the goal is to improve the level of service and thereby also increase customer satisfaction. In one such an example, Pricer's customer Leroy Merlin, the largest DIY chain in France, won the prestigious RETA Award for Best Customer Service in connection with the important Euroshop trade fair in March 2017. The award was specifically given to Leroy Merlin for its innovative solution that helps shoppers find out if a product is available and where it is located in the store using a mobile app or an in-store quick search kiosk, a solution that is based on Pricer's technology for automated product positioning. This groundbreaking technology represents a major breakthrough in the ESL industry.

It should be pointed out that the original intent of Leroy Merlin for equipping its stores with Pricer's Electronic Shelf Labels (ESL) was to automate the painful task of manually updating prices at the shelf edge and provide accurate and reliable prices to improve the customer experience, but most importantly to free up critical time.

And here is where Pricer can make a difference and add value. The ESLs essentially become a digital representation of each product. The system's platform is based on a grid of nodes that communicate with the labels. The signal from a label is picked up by multiple communication nodes or transceivers, positioning the ESL on the store map by means of a technique known as "trilateration". Machine learning does the rest. In fact, with this technology Pricer has succeeded in automating yet another key store task in addition to the actual price updates – a big step forward for both automation and digitalization!

Positioning is everything

This is not the first time Pricer has won the coveted RETA award. The Pricer system has been part of several RETA wins over the years, including "Best Shopper Experience" for Carrefour's in-store navigation application. Once again we see how Pricer, with its forefront position in the store, can play a key role in the digital transformation of one of the world's largest retailers. That tiny digital label in front of every product is becoming more important by the year.

Pricer was founded in Sweden in 1991 and was listed on Nasdaq Stockholm in 1996. At that time there was already an interest in automating the price updating process, fueled mainly by a need for higher efficiency. Rising costs for fines and involuntary rebates caused by pricing errors on the store shelves have been other common motives for implementation of ESL systems. But until now, dynamic price strategies have faced challenging restrictions on both the IT side and in the store environment. Fortunately, the world looks much different today and innovations in both areas have opened exciting opportunities.

Paper is what shoppers want

Modern ESLs are based on one of the most advanced nanotechnologies in consumer electronics: electronic paper or e-paper. This technology is ideal for shelf edge price automation and its low power usage contributes to a useful life that is economically viable for retailers. Pricer's system is built on an extremely reliable and effective communication technology where the rapid response time and high speed label updates allow for a long battery life. The service life of an ESL system is dependent on the battery life of the labels, which means that the system's communication speed and reliability have a major impact on its total life.

However, e-paper offers more than low power consumption. Thanks to its wide angle viewability and high resolution, shoppers experience it as a traditional paper label. And now there are types of e-paper that can display an additional pigment, such as red, together with the earlier black and white. E-ink, the world's leading e-paper manufacturer, is continuously enhancing its techniques to give retailers and shoppers a digital label that can match real paper and its promotion-enabling qualities, such as red for clearance and yellow to indicate special offers.

The need for speed

Color requires bandwidth and the outstanding speed of Pricer system is therefore ideal for sending large volumes of data to the labels. This speed will become increasingly decisive in pace with the retailers' growing need for shelf edge communication.

Another fast-expanding area is price optimization. Our leading customers work with both big data analysis and supply chain excellence, and are increasingly adopting new technologies for price optimization based on sophisticated algorithms. This technology enables them to continuously send new price updates to the stores as a way of adapting their price offers to meet both established competitors and new online merchants. Price optimization is emerging as a standard tool in the retail industry, which is in turn driving the need for ESL systems.

Tomorrow

Our technology vision is based on innovation and groundbreaking solutions developed by Pricer's engineers and leading technology partners. It is a mark of our high quality that the world's leading retailers deploy our solutions for reliable store automation at this critical time in history. It is also a testimony to our ability to deliver innovative services for better customer interaction and greater store efficiency through real time information. This makes us unique in the ESL industry. We are the ESL company with a genuine focus on the solutions our customers need as a springboard for differentiation.

Today's retail chains are facing a new reality with continuously online customers, increasing price transparency and constant demands on higher efficiency, which is creating new needs for digitalization of the store environment. Through a focus on low power electronics, rapid and interference-free communication, new e-paper solutions and positioning via machine learning, our solutions effectively address these new needs. With over 150 million ESLs delivered to more than 15,000 stores, it is no exaggeration to say that most shoppers have probably been in a store equipped with our labels at some point.

Business risks and opportunities

Pricer sees 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 expected growth in demand. At the same time, all business activities and ownership of shares entail some degree of risk. Several risk factors may come to affect Pricer's business operations. For this reason, when assessing the company's future development, it is also important to consider these risks as well as the available 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 Pricer makes no claim that they are comprehensive.

Business risks

Market. The market for digital shelf-edge solutions grew in 2016 and is expected to show continued expansion, albeit from very low level and in specific geographic markets and business segments. Market penetration remains low and paper labels continue to dominate at the shelf edge. It is difficult to predict when digital shelf-edge solutions will be generally demanded on a large scale.

Customer dependency. A large share of Pricer's sales comes from a relatively small number of customers.

Suppliers. Pricer collaborates with subcontractors to create a flexible production solution and uses standard components as far as possible. However, it cannot be ruled out that a situation may arise where there is a shortage of components or where deliveries are impeded or delayed in connection with major volume increases in production or the bankruptcy of a supplier. In the event of unforeseen volume decreases, obligations at the production stage can lead to increased capital tied up in inventories.

Products. There is a risk that newly developed products will not fulfill the technical functionality requirements or meet expectations, which could lead to a need for impairment of capitalized development projects and/or inventories. Pricer markets its products with customary product warranties that in certain cases extend over several years. This means there is a risk that installed products may need to be replaced during the warranty period or for market reasons outside the reported warranty reserve, which is based on historical outcomes.

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

Competitors. Currently, there are only a few companies with similar products that compete with Pricer in 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 on the market. With restructuring of the sector, for example, if one or more competitors were to enter into an alliance with a strong partner, this could constitute a threat to other players in the market. Pricer works in close collaboration with its customers to defend its position and strengthen its offering as a means for minimizing 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, which 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 risk that heavy investments could also be required in the future to maintain the company's competitive position cannot be ruled out.

Patents. Pricer protects its products to the greatest possible extent 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.

For financial risk management and currency risks, see Note 21.

Opportunities

Market. Online shopping is exterting continued price pressure on the retail trade. Active price optimization and dynamic pricing provide means for stores to handle this price pressure. The question of how to offer their customers different types of online shopping in a cost-effective manner is increasingly decisive for retailers. Smart phones and other mobile solutions are being used as tools for stores to communicate with their staff and to optimize their internal processes in a combined in-store and online "multichannel" offering. The same technology can be used to improve and streamline a store's shelf-edge promotion and control of stock status. From the consumer's perspective, there are increasing expectations for digital solutions, social sharing of consumption and online communication with the store. Pricer's digital solution for electronic pricing, communication at the shelf edge and positioning in the store is optimized to meet these powerful trends in the market.

Customers. Pricer has a strong market presence, a strong brand name in the grocery retail trade and the market's largest installed base with over 15,000 installations in use by customers all over the world. The combination of a strong position in the core market, composed primarily of France and Norway, but also Belgium, Spain, Italy and new geographic markets in both retail and expanding segments such as electronics and DIY chains, is a competitive advantage for Pricer.

Offering and products. Thanks to several years of continuous development work, Pricer has created a modern and effective technical platform that supports the market's most efficient and high performing system. The platform also offers potential for further development and a number of customized 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

In addition to the key financial ratios that are covered by the IFRS framework, this report also includes other key ratios and measures, so-called alternative performance measures, that Pricer considers to be important for monitoring, analyzing and managing its operations. These key ratios and measures also provide Pricer's stakeholders with useful information about the company's financial position, profit or loss and development in a consistent manner. Below is a list of the definitions and measures that are used in this report.

ALTERNATIVE PERFORMANCE MEASURES	DEFINITIONS	PURPOSE
Gross profit	Net sales less cost of goods sold.	Gross profit is an important measure for management since it is used to analyze the company's underlying development excluding factors such as the product mix and price changes that can give rise to sharp fluctuations in net sales.
Gross margin	Gross profit as a percentage of net sales.	The gross margin is used for both internal evaluation of individual sales/contracts and to monitor development over time for the company as a whole.
Operating expenses	Refers to selling expenses, administrative expenses and R&D expenses that are included in operating activities.	Operating expenses provide an overall picture of expenses that are charged to operating activities and are an important internal measure that management can influence to a large extent.
Items affecting comparability	Expenses of a non-recurring nature that are not part of operating activities, such as personnel expenses related to restructurings.	This measure is used by management to understand which costs are not part of the underlying operating activities.
Operating expenses adjusted for items affecting comparability	Operating expenses less items affecting comparability.	This measure is used by management to enable comparability of operating expenses between periods and to forecast future cost trends.
Operating profit	Profit before financial items and tax.	Operating profit provides an overall picture of the total profit generation in operating activities. This is a very important measure for internal use that management can influence to a greater extent than net profit.
Operating margin	Operating profit as a percentage of net sales.	Operating margin is one of management's most important measures for performance monitoring, since it measures the company's ability to convert net sales into operating profit.
Equity per share, basic and diluted	Equity attributable to owners of the parent company divided by the weighted number of shares before/after dilution on the balance sheet date. The dilutive effect can arise from the company's outstanding share options and from the matching and performance share rights.	This measure is used to show development of equity per share over time and to enable comparability with other companies.
Earnings per share, basic and diluted	Profit for the period attributable to owners of the parent company divided by the average number of shares outstanding before/after dilution during the period. The dilutive effect can arise from the company's outstanding share options and from the matching and performance share rights.	This measure is used to show development of earnings per share over time and to enable comparability with other companies.
Order intake	The value of binding customer orders, invoiced service contracts and call-off under framework agreements. Does not include the anticipated future value of framework agreements.	Order intake is used to measure demand for the company's products and services during a specific period. This measure is also an important indicator of increases/decreases in demand between periods.
Order backlog	The value of incoming orders that have not yet been invoiced.	The size of the order backlog gives an indication of revenue development in a short to mid-term perspective.
Equity/assets ratio	Equity as a percentage of the balance sheet total.	A traditional measure that gives an indication of the company's ability to pay its debts.
Working capital	Non interest-bearing current assets (excluding cash and cash equivalents) less provisions and non interest-bearing current liabilities.	This measure is used to understand and predict development of the company's cash and cash equivalents.
Price-to-sales ratio	The share price on the balance sheet date divided by net sales per the average number of share.	This measure is used to show the development of earnings per share over time and to enable comparability with other companies.

Annual Report

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 from 1 January to 31 December 2016. Figures in parentheses refer to the preceding year.

The Group consists of the Parent Company Pricer AB (Sweden), the wholly owned subsidiaries Pricer S.A.S. (France), Pricer Inc. (USA), Pricer E.S.L. Israel Ltd. (Israel), Pricer GmbH (Germany) and a few virtually dormant companies.

Most of the Group's activities are organized 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, the USA, Israel and Germany handle sales and customer service in their respective markets and in certain cases closely related markets.

Market development

In 2016, interest in electronic shelf labels (ESL) came from the established markets. From having been focused on grocery retail, there is a growing demand in market segments like DIY and consumer electronics. Higher efficiency in the store is a powerful driver for the installation of ESL. Furthermore, functionality that enables flashing labels to help store staff with picking of online orders and positioning of the products in the store is adding to the attractiveness of ESL.

Interest in ESL is also spreading to additional countries and Pricer is supporting many retailers in their evaluations of ESL. This is generating continued high activity in pilot installations, but extensive testing and frequently long decision-making processes are often the case before customers decide to implement ESL.

In 2016 we saw a continued gradual increase in graphic labels in pilot programs around the world. Thanks to the good readability of graphic labels and the capacity to freely design the message on the label, the volume of graphic labels will continue to grow in the market.

Net sales per market and year

SEK M	2016	2015*
Europe, Middle East & Africa	687.0	799.8
America	52.0	46.1
Asia & Pacific	18.6	18.9
TOTAL	**757.6**	**864.8**

** 2015 figures recalculated. Further information in Note 27, Changed accounting principles*

Orders, net sales and profit

Order intake for the full year was SEK 783 M (792), a decrease of 1 percent compared to the corresponding period of last year. Adjusted for changes in exchange rates, order intake declined by 2 percent.

Net sales for the period amounted to SEK 757.6 M (864.8). The decrease was 12 percent year-on-year, mainly as a result of fewer large customer projects received. Adjusted for changes in exchange rates, net sales were down by 13 percent.

Gross profit for the period was SEK 213.2 M (188.1) and gross margin was 28.1 percent (21.8). The stronger gross margin was achieved thanks to a favorable product and contract mix, combined with the effects of the past year's improvements in the gross margin.

Operating expenses for the period rose to SEK 149.6 M (142.8), and were charged with items affecting comparability of around SEK 3 M related to the CEO succession. Adjusted for items affecting comparability, operating expenses rose to SEK 146.6 M for the year. The increase was driven mainly by costs for reinforcements in the organization.

Other income and expenses, consisting of the net effect of foreign exchange revaluation of trade receivables and payables at the closing day rate, fell to SEK 0.5 M (2.5) for the period. This currency effect was previously reported in gross margin (see also Note 27).

Operating profit for the period was SEK 64.1 M (47.8), equal to an operating margin of 8.5 per cent (5.5). The improved operating margin is mainly explained by the higher gross margin.

Net financial items for the period amounted to SEK 12.6 M (1.4). Currency revaluation of cash and cash equivalents had a positive impact on profit for the period.

Profit for the period was SEK 57.3 M (37.0).

Translation differences in other comprehensive income of SEK 14.2 M (-14.5) consisted of foreign currency translation of net assets in foreign subsidiaries, primarily goodwill.

	Jan – Dec 2016	Jan – Dec 2015
Net sales	757.6	864.8
Cost of goods sold	-544.4	-676.6
Gross profit	213.2	188.1
Gross margin	28.1	21.8
Operating expenses	-149.6	-142.8
Other income and expenses	0.5	2.5
Operating profit	64.1	47.8
Operating margin	8.5	5.5

Assets and cash flow

Total assets at 31 December 2016 amounted to SEK 931.3 M (803.8) and consisted among other things of intangible assets of SEK 268.3 M (250.9), most of which are attributable to the acquisition of Eldat in 2006 and the related goodwill totaling SEK 241.4 M (230.5). The increase in intangible assets is explained mainly by exchange rate movements for the Euro, which is the currency goodwill is recognized in.

Working capital (including provisions) at the end of the period amounted to SEK 115.5 M (201.0).

Equity

Pricer holds 929 thousand treasury shares in order to fulfill the promise of matching and performance shares under the two outstanding stock saving programs. The value of the promises reported in accordance with IFRS and is expensed over the vesting period.

Cash flow and financial position

Cash flow from operating activities for the period was SEK 174.0 M (101.4), mainly owing to a combination of lower capital tied up in inventories and production and the positive earnings trend. Cash flow from financing activities was charged with dividends of SEK 27.5 M (0), in accordance with the decision of the AGM on 28 April 2016.

Cash and cash equivalents at the end of the period amounted to SEK 261.3 M (135.6). In addition to cash and cash equivalents, Pricer has an unutilized overdraft facility amounting to SEK 50 M and an additional SEK 50 M in a credit facility.

Investments

Investments in non-current assets amounted to SEK 21.7 M (15.9) for the period, and consisted mainly of capitalized development costs of SEK 13.1 M (10.9).

Parent Company

The Parent Company reported net sales of SEK 629.0 M (724.3) and profit for the period was SEK 47.6 M (21.6). The Parent Company's cash and cash equivalents amounted to SEK 238.2 M (120.6) at the end of the period.

Employees

The average number of employees during the period was 90 (82) and the number of employees at the end of the year was 93 (82).

Product development

Pricer conducts two types of product development. The first is hardware-related development aimed at continuously improving the system's performance and expanding the product portfolio in order to optimally address the market. The second is software-related development that addresses functionality in the system as a whole. In 2015 Pricer focused much of its development on expanding the total solution into a digital communication platform at the shelf edge. This was done among other things by creating an advanced solution for automated product positioning. This work also continued during 2016. The platform is then used as a base on which to both build solutions for store automation and to enhance the customer's shopping experience.

Product development is directed by the Parent Company in Stockholm. Development costs amounted to SEK 20.4 M (19.9), equal to 14 percent (14) of total operating expenses and 3 percent (2) of net sales. In addition, a share of the costs for development projects during the year, SEK 13.1 M (10.9), has been capitalized as non-current assets.

Pricer's operations meet the requirements in the RoHS Directive and other legal environmental regulations regarding recovery of batteries and electronic waste.

Finance policy and currency risks

Of Pricer's sales in 2016, 75 percent (59) was denominated in EUR, 24 percent (41) in USD and 1 percent (1) in other currencies. The cost of goods sold was mainly in USD, while operating expenses were spread equally between EUR and SEK with a minor share in USD. Foreign exchange effects in net financial items amounted to SEK 12.9 M (1.6) and consisted of currency revaluations of loan receivables from subsidiaries and cash and cash equivalents.

Information about risks and uncertainties and legal dispute

Pricer's earnings and financial position are affected by various risk factors that should be taken into account when assessing the Group and the Parent Company and their future potential. These risks are primarily related to developments in the ESL market. In light of the customer structure and the scope of the agreements, a delay in the installations could have a significant impact on a specific quarter. Pricer has limited opportunity to control the rollout plans for major projects, which can lead to considerable variations between quarters.

Pricer invests substantial resources in product development to preserve and strengthen the company's leading position in systems solutions. Development projects are reported as intangible assets to the extent that they are deemed to be commercially viable. There is a risk that new products will not meet functionality requirements or live up to expectations, which could lead to a need for impairment or a reassessment of the depreciation schedules for assets. Pricer markets its products with customary warranties that in certain cases can extend over several years. There is therefore a risk that installed products may need to be replaced during the warranty period or for market reasons, above and beyond the reported warranty reserve, which is based on historical outcomes.

For more information about financial risks, see Note 21.

As part of its day-to-day operations, Pricer is occasionally involved in legal disputes. At present, the company is not involved in any disputes that are deemed to have a potential material adverse impact on Pricer's earnings or financial position.

Guidelines for remuneration to senior executives

The guidelines for remuneration to senior executives proposed by the Board of Directors to the 2017 AGM are the same as those approved by the 2016 AGM and a presented below.

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

The AGM decided on the following guidelines for remuneration to senior executives. Senior executives consist of the CEO, the Executive Vice President, the CFO and the other members of the Executive Management. For the composition of the Executive Management, see page 57.

Taking into account the conditions in the country of residence of each member of the Executive Management, Pricer shall offer a competitive total package that enables the company to recruit and retain senior executives. Remuneration to senior executives shall consist of fixed salary, a variable component, pension and other customary benefits.

The fixed salary is determined individually and

Administration report (cont'd)

based on position, performance, earnings and responsibility. The salary level shall be competitive for the market concerned. The variable component is based on the attainment of financial targets, and may not exceed an amount corresponding to fixed salary. The Executive Management's pension conditions shall be competitive and based on defined contribution solutions or comply with a national pension plan.

To align the long-term interests of the employees with those of the 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 CEO is six months when notice is given by the employee and twelve months when notice is given by the company. The period of notice for other senior executives varies and in no case exceeds twelve months.

Senior executives are not entitled to severance pay. With reference to Chapter 6, Section 2a of the Annual Accounts Act, there is no other such information than that stated above.

The Board of Directors maintains the right to deviate from the above guidelines if the Board finds reason to do so in individual cases, based on specific circumstances.

Board of Directors

The nomination of candidates as Board members for submission to the AGM is prepared by the Nomination Committee, which consists of Bo Kastensson, Theodor Jeansson, Stefan Roos, Göran Sundholm and Gunnar Ek. Gunnar Ek is Chairman of the Nomination Committee. For more information about the Nomination Committee, see page 52. At the 2016 AGM, Bo Kastensson, Hans Granberg, Bernt Ingman, Olof Sand, Christina Åqvist and Jenni Virnes were elected as Board members. Bo Kastensson was elected as Chairman of the Board. No deputies have been appointed for Board members elected by the AGM. A Remuneration Committee consisting of Bernt Ingman and Olof Sand has been active during the year. An Audit Committee consisting of Bo Kastensson and Bernt Ingman has been active during the year. Other matters are dealt with by the Board as a whole, but can be prepared by various groups of members. For a description of the Board's activities and procedures, see page 53.

Related parties

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

Corporate governance report

The corporate governance report can be found on page 52 and on Pricer's website, www.pricer.com.

Future outlook

In recent years the company has successfully reviewed its processes to increase scalability and efficiency and reduce capital tied up in the logistics and production processes. A large amount of capital has been freed up as a result of this work and at year-end Pricer was free from debt and had cash and cash equivalents of SEK 261 M. The positive cash flow in 2016 motivated the Board's recommendation to raise the dividend to SEK 0.50 per share. The Board is of the opinion that in this situation, shareholder value is best created by supporting the working capital required for organic growth and increasing the preparedness to promote organic growth through acquisitions in Pricer's core business.

Events after the balance sheet date

Andreas Renulf took up duties as the new President and CEO of Pricer AB on 9 January 2017.

Forecast

No forecast is issued for 2017.

Proposed appropriation of retained earnings

The Board of Directors proposes that of the Parent Company's available funds of SEK 368,294,077, that SEK 55,021,237 be distributed to shareholders based on the number of shares existing on the effective date and that the remainder of SEK 313,272,840 be carried forward. The proposed dividend amounts to SEK 0.50 (0.25) per share.

The previously adopted dividend policy is as follows:

The Board's long-term intention is to pay the 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. In the long term, the annual dividend should be equivalent to 30 to 50 percent of net profit.

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 income and consolidated statement of financial position for the Group, with the accompanying accounting policies and notes.

Statement of consolidated comprehensive income

1 JANUARY - 31 DECEMBER

Amounts in SEK 000s	**Note**	**2016**	(recalculated*) **2015**
Net sales*	2, 3	757,641	864,772
Cost of goods sold*		-544,394	-676,641
Gross profit		**213,247**	**188,131**
Selling expenses		-78,930	-77,859
Administrative expenses		-50,337	-45,079
Research and development costs		-20,381	-19,905
Other income and expenses*		510	2,518
Operating profit	4 , 5, 6, 22	**64,109**	**47,806**
Financial income		12,964	1,642
Financial expenses		-339	-255
Net financial items	7	**12,625**	**1,387**
Profit before tax		**76,734**	**49,193**
Income tax	8	-19,446	-12,230
Profit for the year		**57,288**	**36,963**
Comprehensive income			
Items that are or may be reclassified to profit or loss for the period			
Translation differences		14,167	-14,393
Tax attributable to items in other comprehensive income		0	773
Net comprehensive income for the year		**71,455**	**23,343**
Profit for the year attributable to:			
Owners of the Parent Company		57,288	36,963
Net comprehensive income for the year attributable to:			
Owners of the Parent Company		71,455	23,343

Earnings per share	17	**2016**	**2015**
Basic earnings per share, SEK		0.52	0.34
Diluted earnings per share, SEK		0.52	0.34
Number of shares before dilution, millions		109,979	109,899
Diluted number of shares, after dilution, millions		110,212	110,174

** 2015 figures recalculated. Further information in Note 27, Changed accounting principles*

Statement of consolidated financial position

AT 31 DECEMBER

Amounts in SEK 000s	**Note**	**2016**	**2015**
ASSETS			
Intangible assets	9	268,363	250,869
Tangible fixed assets	10	11,151	8,614
Deferred tax assets	8	81,246	94,782
Total non-current assets		**360,760**	**354,265**
Inventories	13	104,503	113,679
Accounts receivable	14	150,741	151,226
Prepaid expenses and accrued income	15	17,062	9,741
Other current receivables	12	36,882	39,249
Cash and cash equivalents		261,332	135,656
Total current assets		**570,520**	**449,551**
TOTAL ASSETS		**931,280**	**803,816**
EQUITY AND LIABILITIES			
EQUITY	16		
Share capital		110,972	110,972
Other paid in capital		400,027	399,368
Legal reserve for internally generated intangible assets		12,539	0
Reserves		5,817	-8,350
Accumulated profits including profit for the year		200,027	182,754
Equity attributable to holders of the Parent Company		**729,382**	**684,744**
LIABILITIES			
Provisions	18	4,929	4,423
Other non-current liabilities		3,287	1,710
Total non-current liabilities		**8,216**	**6,133**
Advances from customers		10,945	5,990
Accounts payable		120,086	46,455
Other current liabilities	19	13,426	8,944
Accrued expenses and deferred income	20	33,204	37,436
Provisions	18	16,021	14,114
Total current liabilities		**193,682**	**112,939**
Total liabilities		**201,898**	**119,072**
TOTAL EQUITY AND LIABILITIES		**931,280**	**803,816**

Statement of changes in consolidated equity

Amounts in SEK 000s	Note	Share capital	Other paid in capital	Legal reserve for internally generated intangible assets	Translation reserve	Accumulated profits incl. profit for the year	Total equity
		Equity attributable to owners of the Parent Company					
Equity at 1 January 2016		**110,972**	**399,368**	**0**	**-8,350**	**182,754**	**684,744**
Profit for the year						57,288	57,288
Other comprehensive income for the year					14,167		14,167
Net comprehensive income for the year					*14,167*	*57,288*	*71,455*
Legal reserve for internally generated intangible assets				12,539		-12,539	0
Dividend						-27,476	-27,476
Share based payments, equity settled			659				659
Total transactions with owners of the Group		*0*	*659*	*12,539*	*0*	*-40,015*	*-26,817*
Equity at 31 December 2016	16	**110,972**	**400,027**	**12,539**	**5,817**	**200,027**	**729,382**
Equity at 1 January 2015		**110,972**	**397,669**	**0**	**5,270**	**145,791**	**659,702**
Profit for the year						36,963	36,963
Other comprehensive income for the year					-13,620		-13,620
Net comprehensive income for the year					*-13,620*	*36,963*	*23,343*
Share based payments, equity settled			1,699				1,699
Total transactions with owners of the Group			*1,699*				*1,699*
Equity at 31 December 2015	16	**110,972**	**399,368**	**0**	**-8,350**	**182,754**	**684,744**

Statement of consolidated cash flows

1 JANUARY - 31 DECEMBER

Amounts in SEK 000s	Note	2016	2015
	26		
Operating activities			
Profit before tax		76,734	49,193
Adjustment for non-cash items		14,671	12,171
Paid income tax		-6,200	-4,786
Cash flow from operating activities before changes in working capital		**85,205**	**56,578**
Cash flow from changes in working capital			
Change in inventories		10,702	45,413
Change in operating receivables		-271	26,617
Change in operating liabilities		78,392	-27,130
Cash flow from changes in working capital		**88,823**	**44,900**
Cash flow from operating activities		**174,028**	**101,478**
Investing activities			
Acquisition of intangible fixed assets		-15,786	-11,024
Acquisition of tangible fixed assets		-5,879	-4,826
Cash flow from investing activities		**-21,665**	**-15,850**
Financing activities			
Paid dividend		-27,476	-
Cash flow from financing activities		**-27,476**	**0**
Cash flow for the year		**124,887**	**85,628**
Cash and cash equivalents at beginning of year		135,656	53,031
Exchange-rate difference in cash and cash equivalents		789	-3,003
Cash and cash equivalents at end of year		**261,332**	**135,656**

Income statement and Statement of comprehensive income of parent company

1 JANUARY - 31 DECEMBER

Income statement

Amounts in SEK 000s	**Note**	**2016**	*(recalculated*)* **2015**
Net sales*	2	628,989	724,276
Cost of goods sold*		-504,837	-625,492
Gross profit		**124,152**	**98,784**
Selling expenses		-5,730	-6,147
Administrative expenses		-50,142	-45,079
Research and development costs		-20,381	-19,905
Other income and expenses*		586	2,518
Operating profit	4, 5, 22	**48,485**	**30,171**
Result from financial investments:	7		
Result from participations in Group companies		-172	16
Result from other financial assets and receivables accounted as financial fixed assets		12,859	-1,942
Interest income and similar profit/loss items		115	1
Interest expenses and similar profit/loss items		-259	-255
Profit before tax		**61,028**	**27,991**
Income tax	8	-13,536	-6,422
Profit for the year		**47,492**	**21,569**
Statement of comprehensive income			
Profit for the year		47,492	21,569
Comprehensive income			
Comprehensive income for the year		**0**	**0**
Net comprehensive income for the year		**47,492**	**21,569**

** 2015 figures recalculated. Further information in Note 27, Changed accounting principles*

Parent company balance sheet

AT 31 DECEMBER

Amounts in SEK 000s	**Note**	**2016**	**2015**
ASSETS			
Fixed assets			
Intangible assets	9	26,044	18,704
Tangible fixed assets	10	9,374	7,847
Financial fixed assets			
Participations in Group companies	25	185,253	184,885
Receivables from Group companies	11, 24	7,055	88,327
Deferred tax asset	8	81,246	94,782
Total financial fixed assets		*273,554*	*367,994*
Total non-current assets		**308,972**	**394,545**
Current assets			
Inventories, etc.	13	76,413	91,670
Current receivables			
Accounts receivable	14	41,920	57,199
Receivables from Group companies	24	108,670	57,219
Other current receivables	12	33,779	37,432
Prepaid expenses and accrued income	15	13,093	6,869
Total current receivables		**197,462**	**158,719**
Cash and cash equivalents		238,181	120,569
Total current assets		**512,056**	**370,958**
TOTAL ASSETS		**821,028**	**765,503**

Parent company balance sheet (cont'd)

Amounts in SEK 000s	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	16		
Restricted equity			
Share capital		110,972	110,972
Legal reserve for internally generated intangible assets		12,539	0
Statutory reserve		104,841	104,841
Total restricted equity		228,352	215,813
Non-restricted equity			
Share premium reserve		203,179	202,520
Accumulated profit		117,624	136,069
Profit for the year		47,492	21,569
Total non-restricted equity		368,295	360,158
Total equity		**596,647**	**575,971**
PROVISIONS			
Provisions	18	20,950	18,537
Total provisions		**20,950**	**18,537**
NON-CURRENT LIABILITIES			
Non-current liabilities	24	2,215	3,744
Total non-current liabilities		**2,215**	**3,744**
CURRENT LIABILITIES			
Advances from customers		0	4,611
Accounts payable		116,024	44,684
Liabilities to Group companies	24	72,551	106,624
Other liabilities	19	1,353	652
Accrued expenses and deferred income	20	11,288	10,680
Total current liabilities		**201,216**	**167,251**
TOTAL EQUITY AND LIABILITIES		**821,028**	**765,503**

Parent company statement of changes in equity

		Restricted equity		Non-restriced equity			
Amounts in SEK 000s	Note	Share capital	Statutory reserv	Legal reserve for internally generated intangible assets	Share premium reserve	Accumulated profits incl. profit for the year	Total
Equity at 1 January 2016		**110,972**	**104,841**	**0**	**202,520**	**157,638**	**575,971**
Profit for the year						47,492	47,492
Other comprehensive income for the year							0
Net comprehensive income for the year						*47,492*	*47,492*
Legal reserve for internally generated intangible assets				12,539		-12,539	0
Dividend						-27,476	-27,476
Share based payments, equity settled					659		659
Total transactions with owners of the Parent Company		*0*	*0*	*12,539*	*659*	*-40,015*	*-26,817*
Equity at 31 December 2016	16	**110,972**	**104,841**	**12,539**	**203,179**	**165,116**	**596,647**
Equity at 1 January 2015		**110,972**	**104,841**	**0**	**200,819**	**136,068**	**552,700**
Profit for the year						21,569	21,569
Other comprehensive income for the year							0
Net comprehensive income for the year						*21,569*	*21,569*
Share based payments, equity settled					1,700		1,700
Total transactions with owners of the Parent Company		*0*			*1,700*	*0*	*1,700*
Equity at 31 December 2015	16	**110,972**	**104,841**	**0**	**202,520**	**157,638**	**575,971**

Parent company cash flow statement

1 JANUARY - 31 DECEMBER

Amounts in SEK 000s	Note	2016	2015
	26		
Operating activities			
Profit before tax		61,028	27,991
Adjustment for items not included in cash flow		798	4,118
Paid tax		-	-235
Cash flow from operating activities before changes in working capital		**61,826**	**31,874**
Cash flow from changes in working capital			
Change in inventories		15,257	33,514
Change in operating receivables		-39,291	-18,347
Change in operating liabilities		35,069	25,856
		11,035	41,023
Cash flow from operating activities		**72,861**	**72,897**
Investing activities			
Acquisition of intangible fixed assets		-15,560	-8,298
Acquisition of tangible fixed assets		-4,448	-3,224
Acquisition of financial assets		-368	-
Decrease in long-term loan receivables subsidiaries		79,743	16,321
Cash flow from investing activities		**59,367**	**4,799**
Financing activities			
Paid dividend		-27,476	-
Cash flow from financing activities		**-27,476**	**0**
Cash flow for the year		**104,752**	**77,696**
Cash and cash equivalents at beginning of year		120,569	44,545
Exchange-rate difference in cash and cash equivalents		12,860	-1,672
Cash and cash equivalents at end of year		**238,181**	**120,569**

Notes to the financial statements

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

Note 1 Accounting policies

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".

Valuation principles in the preparation of the financial reports

Assets and liabilities are measured at cost, except in the case of certain financial assets and liabilities which are measured at fair value.

Functional currency and reporting currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and Group. This means that the consolidated financial statements are reported 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 expenses. Actual outcomes may differ from these estimates and assumptions.

The estimates and assumptions are reviewed regularly. Changes in estimates are recognized 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 29 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 policies

The following accounting policies 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, when required through adjustment to the Group's policies.

Changes in accounting policies

None of the amendments and interpretations of existing standards effective for financial periods beginning on or after 1 January 2016 have had any material impact on the financial statements of the Parent Company or the Group.

New IFRSs and interpretations that are not yet effective

A number of new or amended IFRS standards will go into effect in the next financial year and have not been adopted in advance when preparing these financial reports. There are no plans for early adoption of standards or amendments with future application.

IFRS 9, Financial Instruments, effective 1 January 2018, will replace IAS 39, Financial Instruments: Recognition and Measurement, and deals with recognition measurement of financial instruments. At present, the standard is expected to have a limited impact on Pricer.

IFRS 15, Revenue from Contracts with Customers. The standard establishes new principles for revenue recognition and introduces a five-step model to be applied for all customer contracts to determine how and when revenue should be recognized. The standard is not expected to have any material impact on recognition of revenue for the company's type of operations. Revenue will essentially be recognized at the same point in time as with the current rules. The company is completing its assessment of the full effects of IFRS 15. Application of the standard is mandatory as of 1 January 2018.

IFRS 16, Leases. The standard establishes extensive changes in reporting of leases and requires all leases to be recognized in the balance sheet. The company has operating leases for assets such as office premises, cars and certain office equipment. Application of the standard is mandatory as of 1 January 2019.

Other new and amended IFRS with future adoption are not expected to affect the company's financial statements.

Classification

Non-current assets and non-current 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 segments

An operating segment is a part of the Group that engages in business operations from which it may earn revenues and incur expenses and for which discrete financial information is available. The operating results of an operating segment are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Pricer has only one operating segment. See Note 3 for more information about the categorization and presentation of operating segments.

Basis of consolidation

Subsidiaries are companies that are under the control of Pricer AB. Control exists if the parent company has power over the subsidiary, has exposure to variable returns from its involvement and is able to use its power to affect the amount of the returns.

The financial statements of subsidiaries are consolidated from the date of acquisition until the date when control ceases.

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. Foreign exchange differences arising on translation are recognized in profit or loss. Foreign exchange differences arising from operating receivables and liabilities are recognized in other income and expenses in operating profit, while foreign exchange differences arising from financial receivables and liabilities are recognized in net financial items. Non-monetary assets and liabilities accounted for at fair value are translated to the functional currency at the rate prevailing at the date of the valuation to fair value.

Financial statements of foreign operations

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

Net investments in foreign operations

Monetary non-current receivables from a foreign operation for which settlement is not planned and is unlikely to occur in the foreseeable future, are in practical terms part of the net investment in the foreign operation. A foreign exchange difference that arises on monetary long-term receivables is recognized cumulatively in a separate component of equity, the foreign currency translation reserve. When a foreign operation is disposed of, the cumulative amount of the exchange differences attributable to monetary non-current receivables is reclassified from the translation reserve in equity and recognized in profit or loss.

Revenue

Revenue from the sale of goods is recognized in profit and loss when significant risks and benefits of ownership have passed to the buyer. Revenue from services is reported in the income statement if the customer has approved the delivery.

Revenue is not recognized in cases where it is not likely that the financial benefits will pass to the Group. There is no recognition if there is a considerable degree of uncertainty regarding payment, the attributable costs or risk of return or if the seller retains managerial involvement to the degree usually associated with ownership. Revenue is recognized at the fair value of the consideration received or receivable, with a deduction for granted discounts.

Revenue in the form of royalties or licenses resulting from an external party's use of the Group's assets is recognized when it is likely that the financial benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

Leases

Operating lease payments are recognized on a straight-line basis over the term of the lease in the year's profit. Benefits received in conjunction with the signing of an agreement are recognized in profit as a reduction in the total leasing charge allocated over the term of the lease. Variable fees are recognized in the income statement as an expense in the period in which they arise. In the Group, contracted leases for company cars that extend until 2019 are treated as finance leases.

Financial income and expenses

Financial income and expense consist of interest income on investments.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method.

Foreign exchange gains and losses on financial receivables and liabilities are recognized in their net amount.

Tax

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

Current tax is tax that is to be paid or recovered with regard to the current year using the tax rates/laws that have been enacted or substantively enacted by balance sheet date. Tax adjustments pertaining to previous periods are also included here.

Deferred tax is calculated using the liability method, based on temporary differences between the carrying amount and tax base of assets and liabilities. Temporary differences are not reflected in consolidated goodwill nor are they reflected for differences that arise on initial recognition of assets and liabilities other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit. Temporary differences associated with investments in subsidiaries or associated companies are not recognized to the extent that it is probable that reversal will not occur in the foreseeable future. Deferred tax is measured on the basis of how the carrying amount of the assets or liabilities is expected to be realized or settled using the tax rates/laws that have been enacted or substantively enacted by balance sheet date.

Deferred tax assets in respect of deductible temporary differences and unutilized loss carryforwards are recognized to the extent that it is probable that these will be utilized. The value of accrued tax receivables is reduced when it is no longer considered probable that they can be utilized.

Any additional income tax that arises for dividends is reported when the dividend is recognized as a liability.

Deferred tax assets are set off against deferred tax liabilities when the asset and liability refer to the same taxation authority.

Financial instruments

The financial instruments stated on the asset side of the statement of financial position include cash and cash equivalents, trade receivables and other receivables. On the liability side, they include trade payables, borrowings and other liabilities.

Recognition and derecognition from the statement of financial position

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

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

A financial asset and a financial liability are set off and recognized in the net amount in the statement of financial position if, and only if, there is a legal right of set-off.

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

Classification and measurement

Non-derivative financial instruments are initially measured at cost, corresponding to the fair value of the instrument plus transaction costs for all financial instruments except those in the category of financial assets at fair value through profit or loss, which are measured at fair value excluding transaction costs. A financial instrument is initially classified based on the purpose for which the instrument was acquired. This classification determines how the financial instrument is subsequently measured, as described below.

Cash and cash equivalents consists of cash on hand and demand deposits with banks and equivalent institutions, and short-term, highly liquid investments that have a term to maturity of less than three months and are exposed to an insignificant risk for changes in value.

Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. These assets are measured at amortized cost. Amortized cost is determined on the basis of the effective interest rate that was calculated at the time of acquisition. Trade receivables are measured at the amount in which they are expected to be received, i.e. after deductions for bad debts.

Other financial liabilities

This category contains loans and other financial liabilities such as trade payables. The liabilities are valued at amortized cost.

The categories to which the Group's financial assets and liabilities have been attributed are specified in Note 21.

Property, plant and equipment

In the consolidated accounts, items of property, plant and equipment are recognized at cost less accumulated depreciation and impairment. Cost includes the purchase price and includes all costs necessary to bring the asset to working condition for its intended use.

The carrying amount of an item of property, plant and equipment is derecognized from the statement of financial position on disposal or when it is withdrawn for use and no future economic benefits are expected from its use or withdrawal/disposal. The gain or loss on disposal or withdrawal is the difference between the proceeds and the carrying amount less direct selling costs. This gain or loss is recognized in other operating income/expenses.

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset. Leased assets are also depreciated over the estimated useful life or, if it is shorter, over the contractual term of the lease.

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

Note 1 Accounting policies (cont'd)

Intangible assets

Goodwill

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

Research and development

All research costs are recognized as expenses in 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 capitalized 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. Depreciation usually commences at product launch. The carrying amount includes all directly attributable costs, e.g. for materials and services, remuneration to employees, registration of a legal entitlement, depreciation of patents and licenses. Other development costs are recognized as an expense as they arise. Development costs reported in the statement of financial position are taken up at cost less accumulated depreciation and impairment.

Other intangible assets

Other intangible assets acquired by the Group are recognized at cost less accumulated depreciation and impairment.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is recognized in the statement of financial position only when it increases the future economic benefits to which they are attributable. All other expenditure is expensed as incurred.

Amortization principles

Amortization according to plan is based on the original cost and is applied on a straight-line basis 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 for use are tested for impairment annually or as soon as there are indications that the asset in question has diminished in value. Intangible assets with definite useful lives are tested for impairment when they are available for use.

Estimated useful lives:
- Markets, patents and licenses: 5-12 years
- development projects: 3 years

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

Inventories

Inventories are recognized at the lower of cost and net realizable 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.

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

Impairment

The carrying amounts of the Group's intangible assets and property, plant and equipment are tested at each balance sheet 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 amount, an impairment loss is recognized in profit or loss. Impairment losses on assets belonging to a cash-generating unit (group of units) are primarily allocated to goodwill. Thereafter, the carrying amounts of other assets in the cash-generating unit (group of units) are reduced on a pro rata basis.

The recoverable amount 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 the risks specific to the asset. For more information about impairment testing, see Notes 9 and 29.

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.

The company classifies trade receivables as doubtful when it is considered unlikely that they will be paid. Impairment of receivables is established by reference to historical experience of customer defaults on similar receivables.

Distribution of capital to shareholders

Dividends

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

Earnings per share

Basic earnings per share are calculated by dividing the profit of the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. To calculate diluted earnings per share, the average number of shares is adjusted for the dilutive effects of potential ordinary shares originating from options issued to employees and rights to matching and performance shares during the period. Options and share rights are not considered dilutive if profit for the period is negative. The dilutive effect arises only when the exercise price is lower than the quoted price and is greater the wider the spread between the exercise price and the listed price. The strike price is adjusted by making an addition for the value of future services associated with the employee share-based program that is recognized as share-based payment. Matching shares are considered dilutive if profit for the period is positive. Performance shares are dilutive to the extent that the profitability targets have been met at the reporting date. When calculating the dilutive effect of matching and performance shares, an adjustment is made for the value of future services, which is similar to the treatment for options.

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 amount it agrees to contribute. In such cases, the size 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 obligations regarding payments to defined contribution plans are recognized 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 recognized in connection with termination of employment only if the company is demonstrably committed to terminate employment before the normal retirement date, or when termination benefits take the form of an offer to encourage voluntary redundancy. When compensation is paid as an offer to encourage voluntary redundancy, a cost is recognized 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 payment

Share-based payment pertains to employee benefits, including senior executives in accordance with the employee share option scheme, granted by Pricer in 2015 and 2016, as well as the Performance Share Plan that was adopted in 2013 and 2014. Expenses for employee benefits are recognized as the value of services received, allocated over the vesting periods of the plans, measured at the fair value of the granted equity instruments. The fair value is determined on the date of grant, or the date on which Pricer and the employees have agreed on the terms and conditions of the plans. Since the plans are settled with equity instruments, they are classified as "equity settled" and an amount corresponding to the recognized expense for employee benefits is recognized directly in shareholders' equity (other contributed capital). The vesting of share options depends on the scheme participant remaining in employment. The Performance Share Plan contains two types of rights. Matching share rights grant entitlement to

Pricer shares if the participant remains in employment and retains the Saving Share that must initially be purchased. Performance shares grant entitlement to shares under the same conditions and if the accumulated earnings per share are sufficiently high during the vesting period. The recognized expense is initially based on, and regularly adjusted in relation to, the number of share options/share rights that are expected to be vested by considering how many participants are expected to remain in service during the vesting period and the expected and actual fulfillment of the conditions of the Group's financial targets. Nor is such an adjustment carried out when participants lose share rights as a result of selling the saving shares that they were required to purchase and must retain. In this case, the entire remaining expense is instead recognized immediately. When share options are exercised or shares are matched, social security contributions are paid in certain countries for the value of the employee's benefits. An expense and a provision are recognized, allocated over the vesting period, for these social security contributions. The provision for social security contributions is based on the number of share options/share rights that are expected to be vested and the fair value of the share options/share rights on each reporting date and finally, on the exercise/matching.

Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation that has arisen as the result of a past event, it is probable that an outflow of financial resources will be required to settle the commitment and the amount can be estimated reliably.

When necessary, the amount recognized is discounted to present value to take into account any significant time value effects of future payments.

Warranties

A provision for warranties is recognized 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.

Parent Company accounting policies

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 to IFRS.

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 basis of presentation

An income statement and a statement of comprehensive income are presented for the Parent Company, whereas for the Group these two reports form a single statement of comprehensive income. Furthermore, the terms "statement of financial position" and "cash flow statement" are used by the Parent Company for statements that in the Group are titled "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 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 in the Parent Company income statement and balance sheet consist mainly of reported (adapted) financial income and expenses, non-current assets, equity and the occurrence of provisions as a separate heading in the balance sheet

Subsidiaries

In the Parent Company, investments in subsidiaries are reported in accordance with the cost method. This means that transaction costs are included in the carrying amounts. In the consolidated accounts, transaction costs attributable to subsidiaries are recognized directly in profit or loss as they arise.

When there is an indication of a decrease in the value of shares in a subsidiary (including receivables from the subsidiary) an impairment test is carried out, normally using a discounted cash flow model.

Note 2 Distribution of revenue

	G 2016	G 2015*	PC 2016	PC 2015*
*Net sales**				
Revenue from goods	688,652	799,375	616,940	709,433
Revenue from services	59,991	56,273	5,083	10,107
Royalties	8,998	9,125	6,966	4,737
Total	**757,641**	**864,772**	**628,989**	**724,276**

The Parent Company's net sales include intra-group sales of SEK 379 M (380).

** 2015 figures recalculated. Further information in Note 27, Changed accounting principles*

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. For that reason, the various product components do not constitute separate operating segments. The system is sold to customers in more than 50 countries worldwide. Customer activities are to a large extent directed towards large global retail chains. For external reporting, revenue is reported in three geographical areas is reported externally in order to provide comments on and analysis of market development to a certain extent, but these areas are not a basis for internal guidance and monitoring and therefore do not constitute different operating segments. Sales are made both directly to customers and via resellers, but this division does not constitute different operating segments in the operations. Furthermore, sales are made to different categories of the retail trade such as grocery, food, non-food, DIY, etc., that also do not constitute different operating segments. Pricer's operations are not divided into different operating segments and are monitored in their entirety. Consequently, the entire Pricer business constitutes a single operating segment.

Revenue from external customers by geographical domicile

Revenue is allocated by country based on the country of the external customer.

In certain markets, Pricer operates through resellers. The company's net sales in 2016 amounted to SEK 758 M, with one customer accounting for more than 10% of total sales. Sales to this customer amounted to SEK 175 M, which is equal to 23% of net sales. In 2015 there were three customers that each accounted for more than 10% of the company's net sales. Sales to these three customers amounted to SEK 483 M, which is equal to 56% of Pricer's total sales in 2015.

Net sales by country	G 2016	G 2015
Sweden	31,427	20,092
France	478,149	390,916
Norway	64,058	218,303
Italy	22,100	46,307
Other countries	161,907	189,155
Total	**757,641**	**864,772**

Note 4 Employees and personnel costs

Average number of employees

	2016		2015	
	Number	of whom, men	Number	of whom, men
Parent Company				
Sweden	35	89%	32	81%
Hong Kong	3	100%	3	100%
Subsidiaries				
USA	4	100%	4	100%
Israel	1	100%	1	100%
Germany	1	100%	-	
France	46	71%	42	69%
Total subsidiaries	52	76%	47	72%
Total Group	**90**	**82%**	**82**	**77%**

Gender distribution in executive management on balance sheet date

	G 2016	G 2015	PC 2015	PC 2016
	% of women	% of women	% of women	% of women
Board of Directors	33%	17%		
Other senior executives	20%	17%	33%	25%

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

	G 2016	G 2015	PC 2015	PC 2016
Board and CEO	9,764	5,229	8,527	5,229
(of which bonus, etc.)	(249)	(1,203)	(249)	(1,203)
Other senior executives	7,799	9,852	4,613	4,360
(of which bonus, etc.)	(1,142)	(2,986)	(613)	(1393)
Other employees	49,276	50,951	22,927	23,145
(of which bonus, etc.)	(5,506)	(9,961)	(497)	(3,409)
Total salaries and other remuneration	**66,839**	**66,032**	**36,067**	**32,734**
(of which bonus, etc.)	(6,897)	(14,150)	(1,359)	(6,005)
Social security expenses, Board and CEO	1,764	2,160	1,094	2,160
Social security expenses, other senior executives	4,862	4,519	2,394	2,217
Social security expenses, other employees	21,517	22,105	9,178	9,170
Total social security expenses	**28,143**	**28,784**	**12,666**	**13,547**
of which:				
Pension costs, Board and CEO	193	479	193	479
Pension costs, other senior executives	984	676	742	582
Pension costs, other employees	3,694	3,164	2,690	2,342
Total pension costs	**4,871**	**4,319**	**3,625**	**3,403**

The company's outstanding pension commitments on behalf of the Board and CEO amount to SEK 0 (0). The category "Other senior executives" consisted of 5 (5) individuals at Group level, including 3 (3) individuals in the Parent Company.

Note 4 Employees and personnel costs (cont'd)

Remuneration to senior executives

Remuneration principles

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 16. In 2016 the Board delegated responsibility to a special Remuneration Committee for drawing up a proposed remuneration structure for senior executives within the framework of the guidelines resolved on by the AGM. Based on this remuneration structure, the Board has authorized the Chairman to reach an agreement with the CEO regarding salary and other benefits. The remuneration and benefits of senior executives who report directly to the CEO are determined by the CEO 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, factors such as competence, experience and performance are taken into account. Remuneration to senior executives consists of basic salary, a variable salary, in certain cases pension in the form of defined contribution plans, other benefits and a long-term incentive scheme in the form of employee stock options and/or share saving programs for all employees in the Group. Other benefits may include a company car and health care insurance. All pension plans in the Group are defined contribution plans.

Remuneration and benefits

Fees to Board of Directors of the Parent Company are payable as follows: During the 2015/2016 mandate period (until the Annual General Meeting on 28 April 2016), director's fees amounted to a total of SEK 1,450 thousand, to be paid in an amount of SEK 450 thousand to the Chairman and SEK 200 thousand to other members (6 board members in total). The fees were expensed over the mandate period. During the 2016/2017 mandate period (until the Annual General Meeting on 27 April 2017), director's fees amounted to a total of SEK 1,450 thousand, to be paid in an amount of SEK 450 thousand to the Chairman and SEK 200 thousand to other members (6 board members in total). The fees were expensed over the mandate period. In addition, remuneration of SEK 100 thousand (0) has been paid to a board member for work performed above and beyond the normal board duties. Furthermore, the company has reimbursed board members for certain outlays on a minor scale. Certain board members have invoiced the fee via their own company, which in that case also includes the fee for social security expenses. Aside from the above-mentioned exceptions, the specified amounts are the fees determined by the AGM excluding social security expenses.

On 19 May the company's President and CEO Jonas Vestin stepped down. The Board appointed Charles Jackson as Interim CEO. Jonas Vestin's remuneration until 19 May and Charles Jackson's remuneration as of 19 May are shown in the table.

Remuneration to other senior executives is shown in the table. For other senior executives, the variable salary for 2016 was based on operating profit. The variable salary is individualized and was maximized at 50 percent of basic salary in 2016. The period of notice for other senior executives varies and in no case exceeds twelve months. Senior executives are not entitled to severance pay.

Option program

The AGM in 2015 approved a stock option program for certain senior executives and key employees in the Pricer Group. The company was authorized to issue up to 950,000 options, each granting the right to subscribe for one share in Pricer AB during the period from 29 May 2018 to 29 June 2018 at a price equal to 152 percent of the average volume-weighted price of the Pricer share on Nasdaq Stockholm during the period from 12 May 2015 to 18 May 2015.

The AGM in 2016 approved an additional stock option program with the same structure. The company was authorized to issue up to 1,045,000 options, each granting the right to subscribe for one share in Pricer AB during the period from 27 May 2019 to 27 June 2019 at a price equal to 150 percent of the average volume-weighted price of the Pricer share on Nasdaq Stockholm during the period ten trading days after the AGM that resolves on the option program.

Employee share-based compensation scheme

The 2014 AGM approved a Performance Share Plan covering a maximum of 750,000 shares for all employees, including matching shares and performance shares. For matching shares, the employees purchase the shares ("saving shares") in the market, or exercise shares they already hold and, provided that the shares are kept and the employment is retained for three years, the employee receives one share for each savings share free of charge from the company, i.e. a matching share. Performance shares relate to management and key employees, around 20 people in total. In addition to the above-mentioned conditions regarding continued term of employment and holding of savings shares, performance shares are conditional on the fulfillment of annual performance targets, where one-third of the performance shares are attributable to each year's performance targets. These are the same for all individuals concerned and include targets for sales and operating profit. The targets in the performance plan's first two years were not achieved, and some employees have terminated their employment, which has meant that the maximum number of earnable matching and performance shares has been reduced. The total number of outstanding shares in this program was 233,046 at the end of 2016.

To ensure the delivery of the shares in the plan, Pricer holds 929,307 treasury shares.

Summary of share value based incentive programs for employees

	Share savings program	Share savings program	Stock options	Stock options
Program	**2013**	**2014**	**2015**	**2016**
Maximum number of option	750,000	750,000	950,000	665,000
Expiration date	May 31, 2016	30 June, 2017	29 June, 2018	27 June, 2019
Exercise price, SEK	-	-	12,40	12,80
Type of shares	B	B	B	B
-of which warrants/performance shares	448,603	560,876	950,000	665,000
Outstanding Jan. 1, 2016	136,483	372,276	950,000	-
Granted	0	0		665,000
Exercised	-130,854	-6,294	-	-
Respurchased	-	-	-380,000	
Forfeited	-5,629	-132,936	-	-
Outstanding Dec. 31, 2016	**0**	**233,046**	**570,000**	**665,000**
Remaining exercise period months	-	6	18	30
Outstanding Jan. 1, 2015	143,318	377,648	-	-
Granted	0		950,000	-
Exercised	-6,835	-5,372	-	-
Outstanding Dec. 31, 2015	**136,483**	**372,276**	**950,000**	**-**
Remaining exercise period months	5	18	30	-

Note 4 Employees and personnel costs (cont'd)

During 2016, costs relating to the value of the employee stock options and matching and performance shares were charged to consolidated profit in an amount of SEK 0.3 M (1.7), of which SEK 0.1 M (1.7) in the Parent Company in the form of a booking against equity.

For information about senior executives' holdings of shares and stock options, see page 57.

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 Group's profit or financial position.

Reimbursements and other benefits to the group management

GROUP 2016	Basic salary	Variable reimburse-ments	Expenses for share options	Other benefits *	Pension	Other reimburse-ments**	Total 2016
Jonas Vestin (CEO) tom May 19, 2016	978	-1	0	39	193	5,364	6,573
Charles Jackson, from 19 maj 2016	1,460	250					1,710
Other members of the group management (5 (5) pers.)	6,308	1,142	104	144	984	0	8,682
Total	**8,746**	**1,391**	**104**	**183**	**1,177**	**5,364**	**16,965**

GROUP 2015	Basic salary	Variable reimburse-ments	Expenses for share op-tions	Other benefits *	Pension	Other reim-bursements	Total 2015
Jonas Vestin (CEO)	2,313	1,203	278	118	479	125	4,516
Other members of the group management (5 (5) pers.)	6,768	2,993	344	91	676	91	10,963
Total	**9,081**	**4,196**	**622**	**209**	**1,155**	**216**	**15,479**

* Other benefits represent mainly car benefits
** Jonas Vedin left his post as CEO 19 May 2016. The provision for remuneration during the notice period is recognized under other reimbusements

Note 5 Fees and reimbursements to auditors

	G 2016	G 2015	PC 2016	PC 2015
Fees to Ernst & Young				
Auditing assignment	804	790	570	565
Auditing services beyond the assignment	-	-	-	-
Non-auditing services	97	460	97	460
Fees to KPMG				
Auditing assignment	126	-22	-	-
Auditing services beyond the assignment	-	-	-	-
Non-auditing services		156	-	156
Total	**1,027**	**1,384**	**667**	**1,181**

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 2016	G 2015
Cost of goods sold, excl of amortisation and depreciation*	534,018	663,344
Personnel costs	93,951	91,962
Amortisation/depreciation and write-down	12,640	18,128
Other operating expenses	53,433	46,050
Total	**694,042**	**819,484**

** 2015 figures recalculated. Further information in Note 27, Changed accounting principles*

Note 7 Net financial items

GROUP

	2016	2015
Interest income	105	10
Net exchange-rate change	12,859	1,632
Financial income	**12,964**	**1,642**
	,	,
Interest expenses	-271	-255
Other expenses	-68	-
Net exchange-rate change	-	-
Financial expenses	**-339**	**-255**
Net financial items	**12,625**	**1,387**

PARENT COMPANY

Result from participations in Group companies	2016	2015
Revaluation gain/impairment loss	-172	16
Total	**-172**	**16**

Result from other financial assets and receivables accounted for as fixed assets	2016	2015
Interest income, Group companies	-	-
Total	**0**	**0**

Interest income and similar profit/loss items	2016	2015
Interest income	105	10
Interest income, Group companies	10	-9
Net exchange-rate change	12,859	-
Total	**12,974**	**1**

Interest expenses and similar profit/loss items	2016	2015
Interest expenses	-259	-255
Net exchange-rate change	-	-1,942
Total	**-259**	**-2,197**

Interest income and expenses in the Group and the Parent Company is related to items valued at amortised acquisition value.

Note 8 Income tax

Reported tax	G 2016	G 2015	PC 2016	PC 2015
Current tax				
Current tax in the period	-5,910	-5,262	-	-235
Adjustment of tax relating to earlier years		-8		-
Total current tax	-5,910	-5,270	0	-235
Deferred tax expense/income				
Temporary differences	-13,536	-6,960	-13,536	-6,187
Total deferred tax expense/income	-13,536	-6,960	-13,536	-6,187
Total accounted tax expense/income (net)	**-19,446**	**-12,230**	**-13,536**	**-6,422**

Reconciliation of effective tax	Percent	2016	Percent	2015
GROUP				
Profit before tax		76,734		49,193
Tax according to applicable tax rate for the Parent Company	-22.0	-16,881	-22,0	-10,822
Effect of applicable tax rates for foreign subsidiaries		-2,763		-1,369
Non-deductible expenses		-530		-93
Non-taxable income		728		63
Tax relating to earlier years		-		-8
Reported effective tax	**-25.3**	**-19,446**	**-24.9**	**-12,230**

	Percent	2016	Percent	2015
PARENT COMPANY				
Profit before tax		61,028		27,991
Tax according to applicable tax rate for the Parent Company	-22.0	-13,426	-22.0	-6,158
Non-deductible expenses		-110		-266
Non-taxable income		0		2
Reported effective tax	**-22.2**	**-13,536**	**-22.9**	**-6,422**

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

GROUP 2016	Opening balance	Recorded in the result	Recorded in other compre-hensive income	Closing balance
Provisions	4,078	531	-	4,609
Tax losses carry-forward	90,704	-14,067	-	76,637
Total	**101,720**	**-13,536**	**-**	**81,246**

GROUP 2015	Opening balance	Recorded in the result	Recorded in other compre-hensive income	Closing balance
Tangible assets	5	-5	-	0
Inventory	751	-751	-	0
Provisions	1,964	2,114	-	4,078
Tax losses carry-forward	99,000	-8,296	-	90,704
Total	**101,720**	**-6,937**	**0**	**94,782**

PARENT COMPANY 2016	Opening balance	Recorded in the result	Recorded in other compre-hensive income	Closing balance
Provisions	4,078	531	-	4,609
Tax losses carry-forward	90,704	-14,067	-	76,637
Total	**94,782**	**-13,536**	**-**	**81,246**

PARENT COMPANY 2015	Opening balance	Recorded in the result	Recorded in other compre-hensive income	Closing balance
Tangible assets	5	-5	-	0
Provisions	1,964	2,114	-	4,078
Tax losses carry-forward	99,000	-8,296	-	90,704
Total	**100,969**	**-6,187**	**0**	**94,782**

Unrecognized deferred taxes

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

	G 2016	G 2015	PC 2016	PC 2015
Tax loss carry-forwards	569,448	556,167	267,077	267,077

Note 8 Income tax (cont'd)

That which is reported above is the gross value of the temporary differences and tax loss carryforwards for which no deferred tax assets have been recognized. The net value of these is an effect of the current tax rate in Sweden, which is 22 percent. The tax loss carryforwards relate primarily to the Parent Company. The tax loss carryforwards (federal tax) in Pricer Inc. are subject to time limits of 15 and 20 years. The total recognized tax loss carryforwards at 31 December 2016 amounted to SEK 370.3 M (434.2). Furthermore, there are additional tax loss carryforwards in a gross amount of SEK 569.4 M (556.1) in the Group for which no deferred tax asset has been recognized.

Deferred tax assets relating to temporary differences and tax loss carryforwards are recognized for only if it is likely that these will lead to lower taxes paid in the future. For additional information about critical accounting estimates, see Note 29.

Note 9 Intangible assets

GROUP 2016

Accumulated acquisition value	**Marketing, patent and licensed rights**	**Customer relationships**	**Product technology**	**Development projects**	**Goodwill**	**Other intangible assets**	**Total intangible assets**
Opening balance	311	30,000	10,000	45,105	230,530	3,654	319,600
Purchases during the year	-	-	-	13,074	-	2,712	15,786
Disposals	-	-30,000	-10,000	-26,431	-	-	-66,431
Exchange-rate difference	14	-	-	-	10,899	173	11,086
Closing balance	*325*	-	-	*31,748*	*241,429*	*6,539*	*280,041*
Accumulated amortisation							
Opening balance	-256	-30,000	-10,000	-26,401	-	-2,074	-68,731
Disposals	-	30,000	10,000	26,431	-	-	66,431
The year's amortisation	-57	-	-	-8,220	-	-983	-9,260
Exchange-rate difference	-12	-	-	-	-	-106	-118
Closing balance	*-325*	-	-	*-8,190*	-	*-3,163*	*-11,678*
Carrying value	**-**	**-**	**-**	**23,558**	**241,429**	**3,376**	**268,363**

GROUP 2015

Accumulated acquisition value	**Marketing, patent and licensed rights**	**Customer relationships**	**Product technology**	**Development projects**	**Goodwill**	**Other intangible assets**	**Total intangible assets**
Opening balance	9,092	30,000	10,000	46,944	240,132	5,831	341,999
Purchases during the year	70	-	-	10,948	-	-	11,018
Disposals	-8,841	-	-	-11,083	-	-	-19,924
Write-down	-	-	-	-1,704	-	-2,025	-3,729
Exchange-rate difference	-10	-	-	-	-9,602	-152	-9,764
Closing balance	*311*	*30,000*	*10,000*	*45,105*	*230,530*	*3,654*	*319,600*
Accumulated amortisation							
Opening balance	-9,092	-30,000	-10,000	-27,335	-	-2,209	-78,636
The year's amortisation	8,841	-	-	11,083	-	-	19,924
Disposals	-	-	-	-	-	1,080	1,080
Write-down	-19	-	-	-10,149	-	-1,018	-11,186
Exchange-rate difference	14	-	-	-	-	73	87
Closing balance	*-256*	*-30,000*	*-10,000*	*-26,401*	-	*-2,074*	*-68,731*
Carrying value	**55**	**-**	**-**	**18,704**	**230,530**	**1,580**	**250,869**

Note 9 Intangible assets (cont'd)

PARENT COMPANY 2016

Accumulated acquisition value	**Patent and licensed rights**	**Development projects**	**Other intangible assets**	**Total intangible assets**
Opening balance	-	45,105	-	45,105
Purchases during the year	-	13,074	2,712	15,786
Disposals	-	-26,431	-	-26,431
Closing balance	-	*31,748*	*2,712*	*34,460*
Accumulated amortisation				
Opening balance	-	-26,401	-	-26,401
Disposals	-	26,431	-	26,431
The year's amortisation	-	-8,220	-226	-8,446
Closing balance	-	*-8,190*	*-226*	*-8,416*
Carrying value	**-**	**23,558**	**2,486**	**26,044**

PARENT COMPANY 2015

Accumulated acquisition value	**Patent and licensed rights**	**Development projects**	**Other intangible assets**	**Total intangible assets**
Opening balance	5,040	46,944	2,025	54,009
Purchases during the year	-	10,948	-	10,948
Disposals	-5,040	-11,083	-	-16,123
Write-down	-	-1,704	-2,025	-3,729
Closing balance	-	*45,105*	-	*45,105*
Accumulated amortisation				
Opening balance	-5,040	-27,335	-810	-33,185
Disposals	5,040	11,083	-	16,123
Write-down	-	-	1,080	1,080
The year's amortisation	-	-10,149	-270	-10,419
Closing balance	-	*-26,401*	-	*-26,401*
Carrying value	**-**	**18,704**	**-**	**18,704**

DISTRIBUTION OF AMORTISATION AND WRITE-DOWNS

Amortisations and write-downs are recognised on the following lines in the statement of consolidated comprehensive income	G 2016	G 2015	PC 2016	PC 2015
Cost of goods sold	8,220	10,149	8,220	10,149
Selling expenses	206	767	149	-
Administration costs	77	1,215	77	1,215
Research and development costs	-	1,704	-	1,704
Total	**8,503**	**13,835**	**8,446**	**13,068**

In 2016 Price recognized impairment losses of SEK 0 thousand (1,704) for development projects that will not be launched.

Impairment testing of goodwill
Pricer's assets include goodwill of SEK 241.4 M (230.5) arising from the acquisition of Eldat in 2006. This goodwill item is accounted for in EUR, which means that it is affected by currency revaluations. The goodwill item has been tested for impairment by discounting future cash flows from the operations, whereby value in use was estimated as follows:

The acquisition of Eldat gave Pricer a clear position as the 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 shared customer base represents an asset for the Group as a whole.

A multi-year forecast was prepared in connection with the acquisition, and is updated regularly. The forecast is based on a continuation of the positive business development in the market for Pricer's products and growth in sales. After the initial five years, a terminal growth rate of 2 percent is assumed. The gross margin is expected to increase slightly as an effect of an adjusted product mix, but the gross contribution in the forecast is expected to increase through volume growth. Even though volume growth will require more resources, it is expected that costs, which mainly consist of personnel-related costs, will be contained so that they increase at a lower rate than gross profit.

Some of the cash flow generated by the business will be tied up in a higher working capital.

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

The cash flow thus projected for the coming five years and the estimated residual value at the end of year three have been discounted by an estimated average weighted cost of capital (WACC) to calculate the recoverable amount. The estimated average weighted cost of capital is 16 percent (15) before tax. The estimated recoverable amount does not indicate any need for impairment. The recoverable amount is also compared to the company's value in the stock market.

A sensitivity analysis for changes in assumptions made, such as expected growth in sales in combination with a higher gross margin and discount rate, indicates that impairment is highly unlikely even with slower market development and/or higher yield requirements. For additional information about key accounting estimates and assumptions, see Note 29.

Note 10 Fixed assets

GROUP 2016

Accumulated acquisition value	Leasehold improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Total tangible assets
Opening balance	2,485	2,744	15,784	21,013
Purchases during the year	10	39	5,945	5,995
Sales and disposals	-	-148	-312	-460
Exchange-rate difference	116	68	108	292
Closing balance	*2,612*	*2,703*	*21,525*	*26,841*
Accumulated depreciation				
Opening balance	-2,375	-2,408	-7,616	-12,399
The year's depreciation	-79	-166	-3,147	-3,392
Sales and disposals	-	113	299	412
Exchange-rate difference	-110	-32	-168	-310
Closing balance	*-2,564*	*-2,493*	*-10,632*	*-15,690*
Carrying value	**48**	**210**	**10,893**	**11,151**

GROUP 2015

Accumulated acquisition value	Leasehold improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Total tangible assets
Opening balance	2,522	12,147	14,815	29,484
Purchases during the year	67	189	4,594	4,850
Sales and disposals	-	-9,579	-3,690	-13,269
Exchange-rate difference	-104	-13	65	-52
Closing balance	*2,485*	*2,744*	*15,784*	*21,013*
Accumulated depreciation				
Opening balance	-2,350	-12,037	-7,027	-21,414
The year's depreciation	-118	-119	-2,815	-3,052
Sales and disposals	-	9,579	2,507	12,086
Exchange-rate difference	93	169	-281	-19
Closing balance	*-2,375*	*-2,408*	*-7,616*	*-12,399*
Carrying value	**110**	**336**	**8,168**	**8,614**

PARENT COMPANY 2016

Accumulated acquisition value	Leasehold improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Total tangible assets
Opening balance	-	1,580	13,189	14,769
Disposals	-	-35	-290	-325
Purchases during the year	-	39	4,407	4,447
Closing balance	-	*1,584*	*17,306*	*18,891*
Accumulated depreciation				
Opening balance	-	-1,399	-5,523	-6,922
Disposals	-	35	209	244
The year's depreciation	-	-77	-2,762	-2,839
Closing balance	-	*-1,441*	*-8,076*	*-9,517*
Carrying value	**-**	**143**	**9,230**	**9,374**

PARENT COMPANY 2015

Accumulated acquisition value	Leasehold improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Total tangible assets
Opening balance	-	10,923	12,563	23,486
Disposals	-	-9,532	-3,592	-13,124
Purchases during the year	-	189	4,218	4,407
Closing balance	-	*1,580*	*13,189*	*14,769*
Accumulated depreciation				
Opening balance	-	-10,923	-5,282	-16,205
Disposals	-	9,532	2,409	11,941
The year's depreciation	-	-8	-2,650	-2,658
Closing balance	-	*-1,399*	*-5,523*	*-6,922*
Carrying value	**-**	**181**	**7,666**	**7,847**

DISTRIBUTION OF DEPRECIATION

Amortisations are recognised on the following lines in the statement of consolidated comprehensive income	G 2016	G 2015	PC 2016	PC 2015
Cost of goods sold	2,156	3,148	2,156	3,148
Selling expenses	470	394	-	-
Administrative expenses	602	521	532	521
Research and development costs	152	172	152	172
Total	**3,380**	**4,235**	**2,840**	**3,841**

Note 11 Receivables from group companies

	PC 2016	PC 2015
Accumulated acquisition value		
At beginning of year	88,327	101,480
Loans granted during the year	-87,004	-9,534
Exchange-rate differences	5,733	-3,619
Closing balance	**7,055**	**88,327**

The above receivables consist of loans to subsidiaries that run indefinitely. An amount of SEK 89.5 M was repaid during the year. Interest is charged according to LIBOR rates.

Note 12 Other current receivables

	G 2016	G 2015	PC 2016	PC 2015
VAT recoverable	670	17	629	-
Receivables suppliers	33,336	36,848	32,508	36,848
Other	2,876	2,384	642	584
Total	**36,882**	**39,249**	**33,779**	**37,432**

Note 13 Inventories

	G 2016	G 2015	PC 2016	PC 2015
Finished goods and goods for resale	104,503	113,679	76,413	91,670
Total	**104,503**	**113,679**	**76,413**	**91,670**

The cost of goods sold includes a write-down of inventories by SEK 0 M (1,315). The cost of goods sold for the Parent Company includes a write-down of inventories by SEK 0 M (1,587).

Note 14 Accounts receivable

Trade receivables are reported after dissolution of/provisions for bad debt losses, which amounted to SEK 640 K (356) during the year in the Group and SEK 0 (0) in the Parent Company. During the year, SEK 9 K (363) of the previously provisioned losses were recovered. Total provisions for doubtful debts at the end of 2016 amounted to SEK 804 K (155) in the Group and 0 (0) in the Parent Company. For additional information about credit risks, see Note 21.

Note 15 Prepaid expenses and accrued income

	G 2016	G 2015	PC 2016	PC 2015
Prepaid expenses	8,826	8,354	5,319	6,250
Accrued revenue	2,793	1,150	2,331	382
Other	5,443	237	5,443	237
Total	**17,062**	**9,741**	**13,093**	**6,869**

Note 16 Equity

Issued and outstanding shares

Stated in number of shares	**Class A**	**Class B**	**Total**
Issued at January 1, 2016	225,523	110,746,258	110,971,781
Issue of shares			-
Issued December 31, 2016	225,523	110,746,258	110,971,781
Treasury shares January 1, 2016		-1,066,455	-1,066,455
Repurchased during the year		-	-
Granted as part of share savings plan		137,148	137,148
Treasury shares December 31, 2016		-929,307	-929,307
Outstanding shares December 31, 2016	225,523	109,816,951	110,042,474

Note 16 Equity (cont'd)

Aktiekapital

Issued at January 1, 2015	225,523	110,746,258	110,971,781
Issue of shares			-
Issued December 31, 2015	225,523	110,746,258	110,971,781
Treasury shares January 1, 2015		-1,078,662	-1,078,662
Repurchased during the year			-
Granted as part of share savings plan		12,207	12,207
Treasury shares December 31, 2015		-1,066,455	-1,066,455
Outstanding shares December 31, 2015	225,523	109,679,803	109,905,326

The registered share capital at 31 December 2016 amounted to 110,971,781 ordinary shares with a quota value of SEK 1.00 each.

Group

Other contributed capital

Pertains to equity contributed by the shareholders. As of 1 January 2006, allocations to the share premium reserve are also recognized as capital contributions.

Reserve for capitalized development costs

The amount transferred from retained earnings corresponds to the net asset of internally generated intangible assets capitalized in the balance sheet as of 1 January 2016.

Foreign currency translation reserve

The foreign currency 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 kronor (SEK).

Retained earnings

Retained earnings include profit for the year and accumulated profits from previous years. During the period, an amount corresponding to the net asset of internally generated intangible assets was transferred from retained earnings to the reserve for capitalized development costs.

Parent Company

Restricted equity

Statutory reserve

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

Reserve for capitalized development costs

The amount transferred from retained earnings corresponds to the net asset of internally generated intangible assets capitalized in the balance sheet as of 1 January 2016.

Non-restricted 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.

Retained earnings

This item includes accumulated profits and profit for the year. During the period, an amount corresponding to the net asset of internally generated intangible assets was transferred from retained earnings to the reserve for capitalized development costs.

Appropriation of profits

The Board of Directors proposes that of the Parent Company's available funds of SEK 368,294,077, SEK 55,021,237 be distributed to the shareholders, based on the number of shares on the record date, and that the remainder of SEK 313,272,840 be carried forward. The proposed dividend amounts to SEK 0.50 per share (0.25).

Note 17 Earnings per share

Earnings per share	Before dilution		After dilution	
	2016	2015	2016	2015
Basic earnings per share	0.52	0.34	0.52	0.34

Basic earnings per share

Basic earnings per share are calculated based on profit for the year attributable to owners of the Parent Company of SEK 57,288 (36,963) and the basic weighted average number of shares outstanding during the year, 109,979 thousand shares (109,899 thousand shares).

Diluted earnings per share

Diluted earnings per share are calculated based on profit for the year attributable to owners of the Parent Company of SEK 57 288 K (36 963) and the diluted weighted average number of shares outstanding during the year. The dilutive effects arise from the company's outstanding employee stock options, as well as rights to matching and performance shares.

Weighted average number of shares after dilution: 110,212 thousand shares (110,174 thousand shares).

Potentially dilutive instruments

Profit for 2016 was positive, and part of the shares included in earlier years' Performance Share Plans was therefore dilutive. Profit for 2015 was also positive. If profit for future periods is positive and all the other prerequisites for dilution are present, then dilutive effects may arise.

Note 18 Provisions

Warranty provisions	G 2016	G 2015	PC 2016	PC 2015
Opening balance	18,537	30,870	18,537	30,870
Provisions	10,043	9,371	10,043	9,371
Utilised during the year	-7,630	-21,704	-7,630	-21,704
Closing balance	**20,950**	**18,537**	**20,950**	**18,537**
Whereof as long-term liability	4,929	4,423	-	-

Warranty provisions pertain primarily to certain obligations regarding products sold in prior years, as well as sales in 2016. The provision is based on calculations made on the basis of outcomes during 2016 and prior years. Pricer markets its products with customary warranties which in some cases extend over several years, although the majority are expected to be paid within 1-5 years.

Note 19 Other liabilities

	G 2016	G 2015	PC 2016	PC 2015
Employee withholding tax	1,874	657	765	642
VAT payable	5,710	4,485	-	-
Other liabilities	5,842	3,802	588	10
Total	**13,426**	**8,944**	**1,353**	**652**

Note 20 Accrued expenses and deferred income

	G 2016	G 2015	PC 2016	PC 2015
Accrued vacation pay	5,168	3,788	2,015	1,564
Accrued salaries	11,219	17,557	4,915	6,381
Social security contributions	2,038	2,123	983	920
Accrued expenses for delivery and installation	-	4,238	-	-
Prepaid income	7,012	3,015	228	-
Other accrued expenses	7,767	6,715	3,147	1,815
Total	**33,204**	**37,436**	**11,288**	**10,680**

Note 21 Financial instruments and financial risk management

Pricer's financial assets consist primarily of trade receivables and cash in bank.

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 finance policy adopted by the Board with the purpose of limiting and controlling these risks. 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 minimize 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 effects of fluctuations in the currencies on customer and supplier invoices, as well as the currency risk resulting from expected or contracted payment flows (transaction exposure). Pricer is also exposed to currency risk in financial assets, primarily loans to subsidiaries and cash in bank in foreign currencies. Currency risks also arise in connection with the translation of foreign subsidiaries' assets and liabilities into the Parent Company's functional currency (translation exposure). The company has not hedged its translation exposure in foreign currency, aside from internal loans taken up in EUR and USD depending the subsidiaries' respective presentation currencies.

Pricer's policy is to limit its transaction exposure by matching flows in foreign currencies by denominating customer contracts in USD and using currency clauses in price quotations and contracts. In 2016, Pricer's main payment flows were denominated in EUR and USD. Pricer's closing order books were denominated in EUR and USD since sales are invoiced in these currencies, predominantly in EUR. Purchases of components and finished products are mainly invoiced in USD. Pricer did not entered into any new forward exchange contracts in 2016.

% of sales and costs by currency:	USD	EUR	SEK and other currencies
Sales	24 (41)%	75 (59)%	1 (1)%
Costs	72 (77)%	14 (11)%	12 (12)%

Of Pricer's sales in 2016, 75 percent (59) was denominated in EUR, with 24 percent (41) in USD and 1 percent (1) in other currencies. The USD accounts for virtually all of the cost of goods sold, while operating expenses are shared equally between EUR and SEK, with USD accounting for a minor portion. Foreign exchange effects in net financial items to SEK 12.9 M (1.6) and consisted of foreign currency translation of loan receivables from subsidiaries and cash and cash equivalents.

To ensure efficiency and risk control, Pricer's subsidiaries raise their new loans via the Parent Company. After 30 days, unsettled internal trade payables are converted into loans from the Parent Company carrying market interest at LIBOR 30 days.

Pricer's net assets in foreign currency at the end of 2016 amounted to SEK 416.6 M (483.0).

Interest rate risk
Interest rate risk is the risk that changes in market interest rates will have a negative impact on cash flow or the fair value of financial assets and liabilities. At present, Pricer has no assets carrying fixed rates of interest, since its cash and cash equivalents are placed on deposit at banks. Accordingly, any change in interest rates will have a direct impact on consolidated earnings. At year-end 2016 the Group had cash and cash equivalents of SEK 261.3 M (135.7). A change of one percentage point in interest rates would affect net financial items by SEK 2.6 M (1.4) on an annual basis.

Credit risk
credit risk is the risk that a counterparty in a transaction will fail to meet its financial obligations, and that collateral, if any, will not be sufficient to cover the company's receivable. Pricer's sales are spread across a large number of customers with a wide geographic distribution. The Group has established routines for how credits are to be valued, how uncertain debts are to be dealt with, and sets decision levels for various credit limits. 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.

Financial credit risks
Pricer's finance policy regulates the handling of the financial credit risks that arise in the financial management, for example in connection with the placement of cash and cash equivalents. 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.

Concentration of credit risk	Number of customers	% of number of customers	% of portfolio
Exposure < SEK 1 M	66	70%	9%
Exposure SEK 1-5 M	18	19%	26%
Exposure > SEK 5 M	10	11%	65%
Total	**94**	**100%**	**100%**

Refinancing risk
Refinancing risk consists of the risk of not being able to meet future financing requirements. In addition to the available cash and cash equivalents, Pricer has an unutilized overdraft facility amounting to SEK 50 M and an additional SEK 50 M in a credit facility to ensure access to the necessary funds for Pricer's continued development. The promissory credit facility includes covenants linked to the Group's earnings.

Time analysis of accounts receivable	2016		2015	
Overdue but not written off accounts receivable	Overdue payments	Total exposure	Overdue payments	Total exposure
< 60 days	42,288		35,531	
> 60 days	7,850		22,125	
Total	**50,138**	**150,741**	**57,656**	**151,266**

Overdue and written off accounts receivable	2016	2015
<60 days	-	-
>60 days	804	155
Total	**804**	**155**

Provision for possible bad debts	2016	2015
Opening provisions	**155**	**523**
Provisions for possible bad debts	1,672	281
Proven bad debts	9	-13
Recovery from provision for possible bad debts	-1,032	-636
Closing provision	**804**	**155**

Fair value of financial instruments
The carrying amounts of assets and liabilities in the statement of financial position may differ from their fair values, among other things due to fluctuations in market interest rates. However, Pricer has no financial borrowing or lending other than bank deposits.

Capital management
The company's goal is to have an efficient capital structure with regard to operational and financial risks that provides a platform for the company's long-term development while at the same time ensuring that the shareholders receive a satisfactory return. Capital is defined as total equity.

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

Financial instruments

	Financial assets at fair value via the result	Financial assets valued at accrued acquisition value	Financial liabilities at fair value via the result	Financial liabilities valued at accrued acquisition value	Carrying value
GROUP 2016					
Accounts receivable	-	150,741	-	-	150,741
Prepaid expenses and accrued income	-	8,180	-	-	8,180
Other current receivables	-	35,399	-	-	35,399
Cash and cash equivalents	-	261,332	-	-	261,332
Advances from customers	-	-	-	-10,945	-10,945
Accounts payable	-	-	-	-120,086	-120,086
Other liabilities	-	-	-	-5,960	-5,960
Accrued expenses and deferred income	-	-	-	-6,131	-6,131
Total financial assets and liabilities per category	**-**	**455,652**	**-**	**-143,122**	**312,530**
GROUP 2015					
Accounts receivable	-	151,226	-	-	151,226
Prepaid expenses and accrued income	-	1,387	-	-	1,387
Other current receivables	-	38,995	-	-	38,995
Cash and cash equivalents	-	135,656	-	-	135,656
Advances from customers	-	-	-	-5,990	-5,990
Accounts payable	-	-	-	-46,455	-46,455
Other liabilities	-	-	-	-3,802	-3,802
Accrued expenses and deferred income	-	-	-	-10,953	-10,953
Total financial assets and liabilities per category	**-**	**327,264**	**-**	**-67,200**	**260,064**
PARENT COMPANY 2016					
Accounts receivable	-	41,920	-	-	41,920
Receivables from Group companies	-	32,632	-	-	32,632
Other current receivables	-	33,113	-	-	33,113
Prepaid expenses and accrued income	-	7,714	-	-	7,714
Cash and cash equivalents	-	238,181	-	-	238,181
Advances from customers	-	-	-	-	0
Accounts payable	-	-	-	-116,024	-116,024
Liabilities subsidiaries	-	-	-	-7,610	-7,610
Other liabilities	-	-	-	0	0
Accrued expenses and deferred income	-	-	-	-3,603	-3,603
Total financial assets and liabilities per category	**-**	**353,560**	**-**	**-123,634**	**226,323**
PARENT COMPANY 2015					
Accounts receivable	-	57,199	-	-	57,199
Receivables subsidiaries	-	145,546	-	-	145,546
Other receivables	-	36,611	-	-	36,611
Accrued income	-	619	-	-	619
Cash and cash equivalents	-	120,569	-	-	120,569
Advances from customers	-	-	-	-4,611	-4,611
Accounts payable	-	-	-	-43,793	-43,793
Liabilities subsidiaries	-	-	-	-111,259	-111,259
Other liabilities	-	-	-	-4	-4
Accrued expenses	-	-	-	-1,815	-1,815
Total financial assets and liabilities per category	**-**	**360,544**	**-**	**-161,482**	**199,062**

For the Group and the Parent Company the financial assets and liabilities fall due for the most part within 3 months and at the maximum within 1 year. The company is of the opinion that carrying value approximately is the same as fair value due, among others, to the duration and operative character of the items.

Note 22 Operating leases

Non-cancellable lease payments amount to:

	G 2016	G 2015	PC 2016	PC 2015
Within one year	5,487	7,195	4,178	4,328
Between one and five years	6,118	7,928	1,111	300
More than 5 years	-	-	-	-

The Parent Company has operating leases in a lesser scale for properties, cars and other technical equipment.

Most of the Group's operating leases consist of leasing expenses for the Parent Company's premises and office facilities for the Group's subsidiaries, Pricer SAS and Pricer Inc. The lease contracts for these facilities extend past 2017. The majority of lease contracts in the Group are operating leases for which the expenses are recognized directly in the income statement for the respective period. For contracts where the obligation extends past the date of access, the Group has handled the contracts as finance leases. This applies to cars with leases that extend into 2019. However, the Parent Company recognizes the corresponding expense in operating leases

In the financial statements for 2016, a cost of SEK 9,947 thousand (8,346) is recognized in the Group. The fees are minimum lease payments and are not variable.

Note 23 Pledged assets and contingent liabilities

Assets pledged	G 2016	G 2015	PC 2016	PC 2015
To secure own liabilities and provisions				
Floating charges	59,625	59,625	59,625	59,625
Bank deposits	832	795	-	-
Total	**60,457**	**60,420**	**59,625**	**59,625**

Contingent liabilities	G 2016	G 2015	PC 2016	PC 2015
Bank guaranties	2,732	2,695	1,900	1,900
Total	**2,732**	**2,695**	**1,900**	**1,900**

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	2016	379,300	-2,319	-10	115,762	74,776
Subsidiaries	2015	379,946	2,662	-9	145,546	111,262

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 2016	PC 2015
Accumulated acquisition value		
Opening balance	1,143,195	1,142,735
Shareholder contribution	403	460
	1,143,598	*1,143,195*
Accumulated impairment losses		
Opening balance	-958,310	-958,326
Impairment losses/gains	-35	16
Total accumulated impairment losses	-958,345	-958,310
Carrying value of participations in Group companies	**185,253**	**184,885**

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, 2016	Carrying amount at 31 Dec, 2015
Pricer Inc., (22-3215520) Dallas, USA	100	223,000	USD	9,421	9,377
Pricer SAS, (RCS 395 238 751) Paris, France	100	2,138	EUR	170,255	170,167
Pricer Communication AB, 556450-7563, Stockholm, Sweden	100	100,000	SEK	4,981	4,981
Pricer Explorative Research (PER) AB, 556454-7098, Stockholm, Sweden	100	260	SEK	260	260
Pricer GmbH, HR B 13017, Kempten, Bavaria, Germany	100	25000	EUR	236	-
Pricer E.S.L. Israel Ltd , 511838732, Tel Aviv, Israel	100	56,667,922	ILS	0	-
Dormant companies				100	100
Participations in Group companies				**185,253**	**184,885**

Note 26 Cash flow statement

Cash and cash equivalents	G 2016	G 2015	PC 2016	PC 2015
Cash and cash equivalents include the following sub-components:				
Cash and bank	261,332	135,656	238,181	120,569
Total according to the report over financial position	**261,332**	**135,656**	**238,181**	**120,569**
Total according to the cash flow statement	**261,332**	**135,656**	**238,181**	**120,569**

	G 2016	G 2015	PC 2016	PC 2015
Interest				
Interest received	105	10	105	1
Interest paid	-271	-255	-259	-255

Adjustments for non-cash items				
Amortisation/ depreciation	12,640	18,128	11,060	13,077
Phased costs of employee stock options	659	1,101	659	1,700
Exchange-rate differences/translation differences	-2,518	4,879	-13,415	1,672
Result from sale of fixed assets	-	-17	81	-
Change in provisions	3,890	-12,000	2,413	-12,331
Total non-cash items	**14,671**	**12,091**	**798**	**4,118**

Note 27 Changed accounting principles

As of 1 January 2016, realized and unrealized translation differences from trade payables and trade receivables and were included under the item other income and expenses. Previously, translation differences from trade receivables were included in net sales and translation differences from trade payables in the cost of goods sold. As a result of this change and to ensure continued comparability between periods, Pricer has restated net sales, cost of goods sold and gross profit for prior periods. Operating profit is unchanged.

The reported and restated figures for 2015 are shown below.

Participations in Group companies	Restated figures	Reported figures in 2015	Difference in reporting methods
Net sales	865	871	-5.8
Cost of goods sold	-677	-680	3.3
Gross profit	188	191	-2.5
Operating expenses	-143	-143	0.0
Other income and expenses	3	-	2.5
EBIT	48	48	0.0
Gross margin %	**21.8%**	**21.9%**	-0.1
EBIT-margin %	**5.5%**	**5.5%**	0.0

Note 28 Significant events after the end of the year

No significant events have taken place between the end of the financial year and the issuance of this annual report that could affect the financial statements in this annual report.

On 9 January Andreas Renulf took up duties as President and CEO of Pricer AB. Andreas was previously CEO and Group Managing Director of Scan Coin AB, a company that has significant operations in the retail trade and achieved strong growth in both sales and profit under his management.

Note 29 Critical accounting estimates and assumptions

In preparing the annual accounts in accordance with IFRS, the Group has used estimates and assumptions in reporting of assets and liabilities and in disclosures regarding contingent assets and liabilities. With other assumptions and under other circumstances, the actual outcomes may deviate from these estimates. Below is a summary of the accounting policies whose application requires more extensive subjective assessments on the part of the Group with regard to estimates and assumptions about matters that are, by nature, difficult to assess.

Impairment testing of goodwill
For the Group, the estimates and assumptions made in connection with impairment testing of goodwill are deemed to be the most significant for the consolidated financial statements. Goodwill is allocated to the Group's cash-generating units (CGUs), which consist of the Group as a whole. At least once a year, the Group tests whether there is any indication of impairment of the carrying amounts, and the recoverable amounts of cash-generating units are determined through calculation of value in use. The calculations are based on certain assumptions about the future which for the Group are associated with a risk for material adjustments in the carrying amounts in future financial years. The calculations are also based on cash flows according to financial budgets and forecasts that have been approved by management and that cover a three-year period. Cash flows beyond the five-year period are extrapolated with the help of assessed growth rates.

The critical assumptions used in calculation of value in use are:
- The budgeted operating margin.
- The growth rate to extrapolate cash flow beyond the budget period.
- The discount rate after tax applied for the estimated future cash flow.

Management has determined the budgeted operating margin based on previous results and expectations for future market development. To extrapolate cash flow beyond the budget period, a growth rate of 2 percent has been used for the unit. This growth rate is assessed to be a conservative estimate. Furthermore, the average discount rate after tax has been used in the calculations. The difference in value compared to the use of a discount rate before tax has been deemed immaterial. The discount rate has been determined by calculating the weighted cost of capital (WACC) for the Group.

Measurement and recognition of deferred tax assets
In preparing the financial statements, Pricer calculates income tax for each tax jurisdiction where the Group is active, and deferred taxes attributable to temporary differences. Deferred tax assets that are primarily attributable to loss carryforwards and temporary differences are recognized if the tax assets can be expected to be recovered through future taxable income. Changes in assumptions about forecasted future taxable income, as well as changes in tax rates, can result in significant differences in measurement of deferred taxes. At 31 December 2016 Pricer reported deferred tax assets that exceeded deferred tax liabilities by a net amount of SEK 81.2 M, of which the bulk is attributable to loss carryforwards. At 31 December 2016 the Group had loss carryforwards and other deductible temporary differences amounting to SEK 81.2 M that have not been taken into account in calculation deferred tax assets.

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

Note 30 Information about the Parent Company

Pricer AB is a Swedish-registered public limited company domiciled in Stockholm, Sweden. The shares of the Parent Company are registered on the Small Cap list of Nasdaq Stockholm. The address of the head office is PO Box 215, SE-101 24 Stockholm, Sweden, and the visiting address is Västra Järnvägsgatan 7, SE-111 64 Stockholm, Sweden.

Five-year summary

Five-year summary - group

All amounts in SEK M unless otherwise stated	2016	2015	2014	2013	2012
INCOME STATEMENT DATA					
Net sales[2)]	757.6	864.8	572.7	524.8	554.6
Cost of goods sold[1,2)]	-544.4	-676.6	-475.2	-404.9	-381.6
Gross profit	**213.2**	**188.1**	**97.5**	**119.9**	**173.0**
Selling expenses	-78.9	-77.9	-75.0	-56.5	-50.9
Administrative expenses	-50.3	-45.1	-43.7	-38.5	-33.5
Research and development costs[1)]	-20.4	-19.9	-36.7	-15.2	-13.0
Other income and expenses[2)]	0.5	2.5	4.9	-1.9	-5.9
Operating profit	**64.1**	**47.8**	**-53.1**	**7.8**	**69.7**
Financial items	12.6	1.4	-0.1	-0.1	-3.1
Profit before tax	**76.7**	**49.2**	**-53.2**	**7.7**	**66.6**
Income tax	-19.4	-12.2	-2.3	-3.5	-31
Profit for the year	**57.3**	**37.0**	**-55.5**	**4.2**	**35.6**

[1)] Depreciation of capitalized R&D projects has been reclassified as cost of goods sold for all five years.

[2)] As of January 1, 2016, the net effect of realized and unrealized exchange rate effects based on the revaluation of trade receivables and trade payables at the closing rate for the period, is reported under Other income and expenses. Earlier, the currency effects from revaluations of trade receivables were reported in Net sales, while currency effects from revaluations of trade payables were reported in Cost of goods sold. For further information see Note 27.

	2016	2015	2014	2013	2012
Cash flow from operating activities	**174.0**	**101.5**	**13.5**	**56.5**	**23.2**
KEY RATIOS					
Capital data					
Working capital	115.5	201.0	238.4	269.6	305.7
Financial data					
Equity/assets ratio, percent	78	85	81	86	87
Margin data					
Operating margin, percent	8.5	5.5	-9.1	1.5	12.7
Net margin, percent	7.6	4.2	-9.5	0.8	6.5
Other data					
Backlog at 31 December	95	63	90	102	88
Average number of employees	90	82	79	78	72
Number of employees at end of year	93	82	83	77	73

The Board and CEO hereby give their assurance that the annual report was prepared in accordance with generally accepted accounting principles in Sweden and that 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 results of operations 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 results of operations, financial position and performance of the Group and the Parent Company and also describes the 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 31 March 2017. 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 27 April 2017.

Stockholm, 31 March 2017

Bo Kastensson
Chairman of the Board

Hans Granberg   Bernt Ingman   Christina Åqvist   Olof Sand   Jenni Virnes

Andreas Renulf
CEO

Our audit report was submitted on 4 April 2017

Ernst & Young AB

Rickard Andersson
Authorized Public Accountant
Auditor in charge

Audit report

To the general meeting of the shareholders in Pricer AB (publ), corporate identity number 556427-7993

Report on the annual accounts and consolidated accounts

Opinion

We have audited the annual accounts and consolidated accounts of Pricer AB (publ) for the year 2016. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 16-48.

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 at 31 December 2016 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 2016 and of its 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 Group.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities according to these standards are described in more detail in the section Auditor's responsibilities. We are independent in relation to the Parent Company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in compliance with these requirements.

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

Key audit matters

Key audit matters are defined as those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed within the framework of the audit of, and in our standpoint on, the annual accounts and consolidated accounts as a whole, but we make no separate statements on these areas.

Impairment of goodwill

Goodwill is recognized at SEK 241 M (SEK 230 M) in the statement of financial position for the Group at 31 December 2016 and shares in subsidiaries are recognized at SEK 185 M (SEK 185 M) in the Parent Company's balance sheet.

As stated in Note 1, an impairment test carried out annually of when there is an indication of a lasting decrease in value. Goodwill is allocated to cash-generating units and in cases where the carrying amount exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is determined by calculating value in use and Note 29 presents the assumptions about future earnings growth that have been applied in calculating value in use. The future earnings trend and cash flow may deviate from these assumptions if circumstances in the market change without the company's management adapting the organization and operations to the changed market conditions. Notes 9 and 29 state that the assessment of value in use is based on budgets and forecasts for an additional 3 years with an assumed perpetual growth rate of 2 percent (2%) for the cash-generating unit. A weighted cost of capital before tax of 11.5 percent (15%) has been used in the calculation in view of risk factors in the various cash-generating units. The company's establishment of key assumptions is based on a reflection of historical experience. No indications of impairment have been found for 2016. Note 29 describes the estimates and assumptions that have made. As a result of the key estimates and assumptions required to calculate value in use, we have deemed measurement of goodwill and shares in subsidiaries to be key audit matters.

In our audit we have evaluated the company's process for conducting the impairment test. We have reviewed how cash-generating units are identified in relation to the established criteria and compared how the company monitors goodwill internally. With the help of valuation experts, we have evaluated the applied valuation methods and calculation models, assessed the reasonableness of the assumptions made and sensitivity analyses for changed assumptions and made comparisons against historical outcomes and the precision of previous forecasts. We have evaluated the reasonableness of the applied discount rate and long-term growth rate for the respective units through comparisons with other companies in the same industry. We have also assessed whether the information provided is sufficient and appropriate.

Revenue recognition

Revenues for 2016 amounted to SEK 758 M in the consolidated statement of comprehensive income. Revenue is recognized when it is likely that the future economic benefits will flow to the company and the benefits can be measured reliably. Revenue from license agreements with end customers is recognized in connection with delivery or installation, depending on the structure of the agreement, and revenue from license agreements with partner companies is recognized in connection with delivery. Support revenue is recognized on a straight-line basis over the term of the agreement. Recognition of revenue related to the sale of licenses to end customers requires management to estimate when in time the delivery or partial delivery has been fulfilled. This means that the Group's revenue includes a certain degree of estimates and that the Group's revenue is significant, for which reason revenue recognition has been deemed a key audit matter. A description of the assumptions underlying the company's revenue recognition is provided in the section on accounting policies, Note 1. We have reviewed revenue recognition to ensure that it is carried out in accordance with IFRS. We have among other things performed an analytical review of agreements and tax allocations in connection with the closing of the accounts to assess the relevance of revenue recognition. We have particularly focused on reviewing new and more complex customer agreements.

Measurement of deferred tax asset

The deferred tax asset is recognized at SEK 81.2 M at 31 December 2016. Deferred tax assets are recognized if it is deemed likely that the amounts can be utilized against future taxable profits. The company has significant loss carryforwards where it is deemed likely that sufficient taxable profits will be generated in future years in order for the loss carryforwards to be utilized. The assessment is based on opportunities for setoff of tax assets and liabilities and that that a substantial share of the loss carryforwards are attributable to Sweden and are perpetual. Assessment of the probability that the loss carryforwards can be utilized

Audit report (cont'd)

is based on relevant business plans, budgets and assumptions about taxable income. A description of the calculation is presented in Note 8 and in the section "Key accounting estimates and assumptions" in Note 29.

In our audit we have evaluated and tested the management's process for measurement and estimation of the deferred tax asset, among other things by evaluating the accuracy of earlier forecasts and assumptions. We have also studied the Board's approved business plans and the company's assessment of the probability that taxable income will be generated in the countries that have loss carryforwards. We have assessed whether the disclosures provided in the annual accounts are sufficient and appropriate.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts that is found on pages 1-15. The Board of Directors and President are responsible for this other information.

Our opinion regarding the annual accounts and consolidated accounts does not include this information and we have issued no opinion regarding verification of this other information.

In connection with the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and to consider whether the information is, to a significant degree, inconsistent the annual accounts and consolidated accounts. In this review, we take into account the knowledge we have otherwise gained during the audit and assess whether the information otherwise appears to contain material misstatements.

If we, based on the work performed in respect of this informa tion, draw the conclusion that this other information contains material misstatements, we are obligated to report this. We have nothing to report in regard.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with IFRS as adopted by the EU. The Board of Directors is also responsible for such internal control as it determines are necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In the preparation of the annual accounts and consolidated accounts, the Board of Directors is also responsible for assessing the ability of the Parent Company and the Group to continue as a going concern. When appropriate, they inform about circumstances that could affect the ability to continue as a going concern and to use the going concern assumption. However, the going concern assumption is not applied unless the Board of Directors intends to liquidate the company, to cease operations or has no realistic alternative to any of these.

Without otherwise affecting the responsibilities and duties of the Board, the Board of Directors' Audit Committee shall among other things monitor the company's financial development.

Auditor's responsibility

Our goal is to achieve a reasonable degree of assurance as to whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to submit an auditor's report that contains our opinions. Reasonable assurance is a high degree of assurance, but does not guarantee that an audit performed in accordance with ISA and generally accepted accounting practices in Sweden will always detect material misstatements if any such exist. Misstatements can arise as a result of irregularities or errors, and are considered material when they can together or individually be reasonably expected to affect the financial decisions made by the user based on the annual accounts and consolidated accounts.

As part of the audit in accordance with ISA, we use professional judgement and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks for material misstatements in the annual accounts and consolidated accounts, whether due to fraud or error, design and conduct audit procedures among other things based on these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of failure to detect material misstatements due to fraud is higher than that for material misstatements due to error, since irregularities can include collusion, forgery, intentional omission, incorrect information or infringement of internal control.
- We gain an understanding of the part of the company's internal control that is of importance for our audit 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 internal control.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of the Board of Directors' estimates in the accounts and the related disclosures.
- We draw a conclusion about the appropriateness of the Board of Directors' use of the going concern assumption in the preparation of the annual accounts and consolidated accounts. We also draw a conclusion, based on the obtained audit evidence, about whether there is any material uncertainty relating to such events or conditions that could indicate substantial doubt about the ability of the Group and the company to continue as a going concern. If we draw the conclusion that there is material uncertainty, we must in the auditor's report draw attention to the disclosures in the annual accounts and consolidated accounts about this material uncertainty, or, if such disclosures are insufficient, modify the opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence that is obtained up to the date of the auditor's report. However, future events or conditions could result in the company and the Group no longer being a going concern.
- We evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual account and consolidated accounts reflect the underlying transactions and events in a manner that gives a true and fair view.
- We obtain sufficient and appropriate audit evidence regarding the financial information for the units or business activities in the Group in order to express an opinion regarding the consolidated financial statements. We are responsible for steering, monitoring and performance of the consolidated audit. We bear sole responsibility for our opinions.

We must inform the Board of Directors among other things about the planned scope, focus and timing of the audit. We must also inform them about key observations made in the audit, including any significant shortcomings in internal control that we have identified.

We must furthermore provide the Board of Directors with an opinion that we have fulfilled the relevant ethical responsibilities regarding independence, take up all relationships and other conditions that could reasonably affect our independence, and, when appropriate, take related countermeasures.

Of the areas communicated with the Board of Directors, we determine which of these have been of the most significance for the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatements, and which therefore constitute areas of key importance for the audit. We describe these areas in the auditor's report unless laws or other provisions prevent disclosure of this matter, or, in extremely rare cases, when we are of the opinion that a matter should not be communicated in the auditor's report because the negative consequences of doing so could be reasonably expected to be greater than the general interest in this communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also performed an audit of the Board of Directors' administration of Pricer AB (publ) for the financial year 2016 and the proposed appropriation of the company's profit or loss.

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 be discharged from liability for the financial year.

Basis for opinions

We conducted our audit in accordance with generally accepted accounting practices in Sweden. Our responsibilities in accordance with these are described in more detail in the section "Auditor's responsibilities". We are independent in relation to the Parent Company and the Group in accordance with generally accepted accounting practices in Sweden and have otherwise fulfilled our ethical responsibilities in compliance with these requirements.

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

Responsibilities of the Board of Directors and President

The Board of Directors is responsible for the proposal for appropriation of the company's profit or loss. With regard to the proposed dividend, this includes an assessment of whether the distribution is justifiable with consideration to the demands placed by the nature, scope and risks of the Parent Company'sand the Group's operations on amount of equity, strengthening of the balance sheet, liquidity and financial position in general.

The Board of Directors is responsible for the company's organization and management of the company's affairs. This means among other things continuously assessing the company's financial situation and ensuring that the company's organization is designed so that the company's accounts, management of assets and financial affairs can otherwise be satisfactorily controlled. The President is responsible for following the Board's guidelines and instructions and among other things taking the measures that are necessary for the company's bokföring ska fullgöras in compliance with the law and that the company's management of assets and financial affairs are satisfactorily controlled.

Auditor's responsibility

Our goal for the audit of the administration, and thereby our opinion regarding discharge from liability, is to obtain audit evidence in order to assess with a reasonable degree of certainty whether any member of the Board of Directors in any material respect:

- has taken any measure or is guilty of any negligence that could lead to a liability to the company, or.
- has in any other way acted in breach of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our goal for the audit of the proposed appropriation of the company's profit or loss, and thereby our opinion on this, is to assess with a reasonable degree of certainty whether the proposal is compliant with the Companies Act.

Reasonable assurance is a high degree of assurance, but does not guarantee that an audit performed in accordance with ISA and generally accepted accounting practices in Sweden will always detect measures or negligence that could lead to a liability to the company, or that a proposed appropriation of the company's profit or loss is not compliant with the Companies Act.

As part of an audit in accordance with generally accepted accounting practices in Sweden, we use professional judgement and maintain professional skepticism throughout the audit. The review of the administration and proposed appropriation of the company's profit or loss is based mainly on the audit of the financial statements. Which additional audit procedures are performed is based on our professional judgement with respect to risk and materiality. This means that we focus the audit on such measures, areas and circumstances that are significant for the operations and where deviations and infringements would be of particular importance to the company's situation. We review and test decisions made, decision data, measures taken and other conditions of relevance for our opinion on discharge from liability. As a basis for our opinion about the Board of Directors' proposed appropriation of the company's profit or loss, we have reviewed whether the proposal is compliant with the Companies Act.

Stockholm 4 april 2017
Ernst & Young AB

Rickard Andersson
Rickard Andersson
Authorized Public Accountant

Corporate governance report

Introduction

Pricer AB (publ) (henceforth "Pricer" or "the company"), corporate ID number 556427-7993, is a Swedish public company headquartered in Stockholm. Pricer is listed on the Small Cap list of Nasdaq Stockholm.

This corporate governance report has been prepared in accordance with the rules in the Swedish Corporate Governance Code ("the Code"). The Code is available on the Swedish Corporate Governance Code's website (www.bolagsstyrning.se).

Pricer hereby submits its corporate governance report for the 2016 financial year. The report is not part of the formal financial statements, but has been reviewed by the company's auditor, who has issued a separate opinion that the statutory information in the corporate governance report is consistent with that in the annual report and the consolidated accounts.

External control instruments

The external control instruments that influence governance of Pricer consist mainly of the Swedish Companies Act, the Swedish Annual Accounts Act, other applicable laws, Nasdaq Stockholm's Rules for Issuers and the Code.

Internal control instruments

The internal control instruments that influence governance of Pricer consist mainly of the Articles of Association, which are adopted by the AGM, and the policy documents adopted by the Board. These include rules of procedure for the Board, instructions for the CEO, the finance policy and the certification and authorization rules.

General meeting of shareholders

Pricer's shareholders exercise their influence at the Annual General Meeting (AGM or, where appropriate, EGM), which is the company's highest governing body. Among other things, the AGM appoints the Board members and the Board Chairman, elects the auditors, and decides on amendments to the Articles of Association. In addition, the AGM adopts the income statements and balance sheets and approves the appropriation of the company's profit or loss, decides on discharge of liability for the Board members and the CEO, decides on remuneration for the Board and auditors and establishes the principles for remuneration to the CEO and senior management. The AGM of Pricer is normally held in April or May in Stockholm. Pricer announces the date and location of the AGM as soon as it has made its decision, at the latest in connection with the third quarter report. Information about the date and location of the AGM can be found on the company's website www.pricer.com.

Notice of the AGM is published in the official gazette, Post- och Inrikes Tidningar, and on the company's website. Furthermore, the company publishes an announcement in the Swedish newspaper Svenska Dagbladet that notice has been given. Shareholders who are registered in their own name in the share register maintained by Euroclear Sweden AB on the record date and who have notified the company by the specified date are entitled to attend the AGM and vote for their shares. Shareholders who are unable to attend may be represented by a proxy. All information about the company's general meetings, such as notification, the right to have matters included in the notice, minutes, etc., is available on the company's website.

The company's Articles of Association contain no restrictions on the number of votes each shareholder may cast at a general meeting, nor is the issue of amending the Articles of Association regulated. Due to the composition of the company's ownership, it is not financially justifiable to offer simultaneous interpretation into another language, or translation of all or parts of the AGM material, including the minutes.

The 2016 AGM was held on 28 April 2016 and was attended by 47 shareholders representing 29.8 percent of the votes in the company. The minutes of the AGM are available on the company's website.

The AGM of Pricer AB (publ) on 28 April 2016 resolved among other things to authorize the Board of Directors, on one or several occasions during the period until the next AGM, with deviation from the shareholders' preferential rights, to decide on the issue of new shares of class B in a total number that does not exceed 10 per cent of the total number of class B shares outstanding in the company on the date of notice of the Annual General Meeting. The shares may be issued only with the provision that payment shall be made through contribution in kind or set-off. The Board was furthermore authorized to decide on the repurchase of the company's own shares, on one or several occasions during the period until the 2017 AGM. The number of shares acquired shall be such that that the holding of treasury shares at any given time does not exceed 10 percent of all class B shares in the company. A more detailed description of these two authorizations can be found in the Notice of the Annual General Meeting from 29 March 2016.

The 2017 AGM, as stated in the press release regarding the interim report for January-September 2016 published on 28 October 2016, will take place on 27 April 2017. This information is also available on the company's website. Pricer's website provides information about how and at what time a shareholder must submit a request to have a matter dealt with at a general meeting.

Ownership structure

The number of shareholders at 31 December 2016 was 17,020. The ten largest shareholders accounted for 36.6 percent of the shares and 37.0 percent of the votes. Pohjola Bank (Göran Sundholm) was the largest shareholder, with 10.1 percent of the votes. For additional ownership information, see pages 8-9.

Nomination Committee

The tasks of the Nomination Committee are to evaluate the composition and performance of the Board and to prepare proposals for approval by the AGM regarding election of the Chairman of the AGM, election of Board members and the Board Chairman and, when appropriate, election of auditors. The Nomination Committee shall also prepare proposals for the

AGM regarding remuneration to the Board and auditors. Finally, the Nomination Committee proposes principles for the appointment of a new Nomination Committee.

According to the Code, the Nomination Committee shall consist of at least three members, one of whom shall be appointed chairman. The general meeting of shareholders shall appoint the members of the Nomination Committee or state how they are to be appointed.

The 2016 AGM resolved that the Chairman of the 2017 AGM would be authorized to contact the company's three largest shareholders (based on the known number of votes immediately prior to publication) and ask them to each appoint one representative, together with the Board Chairman, for the period until a new Nomination Committee is appointed by the 2017 AGM. In addition, it was decided that the Nomination Committee should include a representative for the minority shareholders who is independent in relation to the company and its major shareholders. If any shareholder waives its right to appoint a representative, the shareholder next in order of voting power shall be invited to appoint a representative. The members of the Nomination Committee shall be made public no later than six months prior to the AGM.

The Nomination Committee of Pricer ahead of the 2017 AGM was announced on 13 October 2016 through a press release and on the company's website, and, in addition to Board Chairman Bo Kastensson, consisted of Theodor Jeansson, Göran Sundholm, Stefan Roos and Gunnar Ek. Gunnar Ek has served as Chairman of the Nomination Committee.

The members of the Nomination Committee are independent in relation to the company and its management. Apart from Göran Sundholm, all members of the Nomination Committee are independent in relation to the company's largest shareholder or group of shareholders in terms of voting power that collaborate in the company's management. The company has only one shareholder, Pohjola Bank (Göran Sundholm), representing at least one-tenth of the number of votes.

Since the 2016 AGM, the Nomination Committee has held several meetings and has also been in contact by telephone. The work of the Nomination Committee will be presented ahead of the 2017 AGM. No special remuneration was paid to the Nomination Committee members.

Board of Directors

Size and composition of the Board

Board members are appointed by the shareholders at the AGM to serve for the period until the end of the next AGM. In accordance with the Code, the Chairman of the AGM is also appointed.

In accordance with the Articles of Association, the Board of Pricer shall consist of a minimum of three and a maximum of seven members and the AGM shall decide on the exact number of Board members. The Articles of Association contain no specific provisions regarding on the appointment and dismissal of Board members.

The AGM on 28 April 2016 resolved to re-elect sitting Board members Bo Kastensson, Hans Granberg, Bernt Ingman, Olof Sand and Christina Åqvist. In addition, Jenni Virnes till was elected as a new Board members. Bo Kastensson was elected as Chairman of the Board. No deputies have been appointed for Board members elected by the AGM. All members are considered independent in relation to the company, its management and the major shareholders.

The attendance of the Board of Directors at Board meetings is shown in the table below. Additional information about the Board of Directors, such as their experience, current assignments and shareholdings in the company, is provided on page 57.

Board attendance

Board member	Present at no. of meetings	Of total no. of meetings
Bo Kastensson	18	18
Hans Granberg	18	18
Jan Rynning	4	5
Bernt Ingman	18	18
Olof Sand	18	18
Christina Åqvist	16	18
Jenni Virnes	13	13

With respect to the company's operations, phase of development and circumstances in general, the Board believes that it has an appropriate composition that is characterized by diversity and a breadth of qualifications, experience and backgrounds.

Work of the Board at Pricer

The Board Chairman is responsible for organizing and overseeing the work of the Board and ensuring that it is performed in accordance with the applicable rules. The Board Chairman continuously monitors operations in dialogue with the CEO and ensures that the Board is provided with the information and documentation necessary for it to discharge its duties.

The Board is responsible for the company's strategy and organization and the management of the company's affairs. The Board ensures that the company's organization is designed to ensure that accounting, cash management and other financial matters are controlled in a satisfactory manner. The Board continuously monitors the financial situation of the company and the Group, which is reported monthly, to ensure that the Board can meet its obligation to evaluate as required by law, the listing rules and good Board practice. The work of the Board is governed by special rules for working procedures. Generally, the Board must handle matters of material significance for the Group such as strategic plans, budgets and forecasts, product planning, working capital, financing and the acquisition of operations, businesses or significant assets.

The Board held 18 meetings during the 2016 financial year. The attendance of the Board members at meetings is shown in the above table. The Board's work follows a yearly agenda. The CEO prepares the agenda in consultation with the Chairman ahead of each meeting, and determines the required supporting data and

Corporate governance report (cont'd)

documentation necessary to deal with the matters at hand. Other members may request that certain matters be added to the agenda. Prior to each scheduled meeting, the CEO provides the Board with a status report containing at least the following points: market, sales, production, research and development, finance, staff issues and, where appropriate, legal disputes.

The CEO and CFO attend all Board meetings, except in cases where issues involve barriers due to conflicts of interest, such as when remuneration for the CEO is determined or when the performance of the CEO is evaluated. Normally, the company's auditors attend two Board meetings during the year, and did so in 2016.

The meetings have been held at the company's headquarters in Stockholm or by telephone.

Evaluation of the Board

The Board Chairman is responsible for evaluation of the Board of Directors' performance, including the contributions of the individual members. This is done through a structured yearly self-assessment that is followed by discussions in the Board where the compiled results of the survey, including any comments made, are presented by reviewing the individual answers as well as the average and standard deviation for each question. For 2016, the self-assessment was carried out through a questionnaire that was answered by all Board members. In the questionnaire, the Board members have ranked statements about the Board as a whole, the Board Chairman, the CEO's work on the Board and their own performance. Furthermore, the Board members have made personal comments. In addition, the representatives on the Nomination Committee have called and interviewed the Board members.

Remuneration to the Board

At the 2016 AGM it was resolved, in accordance with the Nomination Committee's proposal, that fees to the Board would be paid in a total amount of SEK 1,450,000, of which SEK 450,000 to the Board Chairman and SEK 200,000 to each of the other five members.

In addition to the fees above, Bernt Ingman has received remuneration of SEK 100,000 for time worked in addition to his customary Board duties. In brief, this work has pertained to matters related to new rules for listed companies and other accounting-related issues throughout the year.

In addition to the above fees, no other remuneration or financial instruments have been paid or been made available other than pure costs for outlays.

Board committees

The Board has appointed a Remuneration Committee. The Remuneration Committee deals with issues related to remuneration and terms of employment for senior executives and the preparation of draft guidelines for remuneration to the CEO and senior executives, which the Board submits for resolution by the AGM.

The Remuneration Committee for 2016 consisted of Board members Bernt Ingman and Olof Sand, both of whom are independent in relation to the company and its management, as well as the company's major shareholders.

The Remuneration Committee has held a number of telephone consultations and met with the management on two occasions. A report has been prepared and submitted to the Board which includes a proposal for resolution.

An Audit Committee consisting of Bo Kastensson and Bernt Ingman has been appointed by the Board and has been active since the 2016 AGM. In addition to the matters incumbent upon an audit committee, they have also continuously supported the CEO with major financing and structural issues and with preparation of these matters for the Board.

CEO and Executive Management

CEO

The CEO is appointed and dismissed by the Board and his/her performance is evaluated regularly by the Board, which occurs without the presence of company's management. Pricer's CEO supervises the ongoing operational activities. Written instructions define the division of responsibilities between the Board of Directors and the CEO. The CEO reports to the Board and presents a special CEO report at each Board meeting, which among other things contains information about how the business is performing based on the decisions taken by the Board. In 2016 the former CEO Jonas Vestin left the company. In January 2017 he was replaced by Andreas Renulf. During the transitional period, Charles Jackson, the company's Executive Vice President, was appointed Interim CEO by the Board. Additional information about the CEO Andreas Renulf, his experience and current assignments, shareholdings in the company, etc., is provided on page 57.

Apart from his assignments for the company's subsidiaries, Andreas Renulf has a board assignments in Cale Access AB. Neither Andreas Renulf, nor any closely related physical or legal person, has any material shareholdings or ownership interests in companies with which Pricer has significant business relations.

Executive Management

Pricer's Executive Management consists of five members in addition to the CEO. Each of the members has operating responsibility for part of the organization. For a presentation of the member of the Executive Management, see page 57.

Remuneration to the CEO and senior executives

The company has established a Remuneration Committee about which information is presented above in the "Board Committees" section. At the 2016 AGM, the Board adopted the proposed guidelines for remuneration to senior executives. The CEO's remuneration is determined by the Board. Remuneration to other senior executives is determined after consultation with the Remuneration Committee and the Chairman.

Compliance with Swedish stock exchange rules, etc., during the financial year

For the 2016 financial year, Pricer has not been subject to any decision by Nasdaq Stockholm's disciplinary committee or the Swedish Securities Council regarding violations of Nasdaq Stockholm's regulatory framework or stock market good practices.

Information about the Auditor

The Auditor is appointed by the AGM following a proposal by the Nomination Committee. Ernst & Young AB is the elected auditor with the Authorized Public Accountant Rickard Andersson as Auditor in Charge. The AGM also resolved that the auditor shall be paid according to an approved invoice. See also Note 5 for information about remuneration to auditors.

Internal control over financial reporting

The Board is responsible for internal control, pursuant to the Swedish Companies Act and the Code.

Pricer's internal control process shall provide reasonable assurance regarding the quality and reliability of its financial reporting. It shall also ensure that reports are prepared in accordance with the applicable laws and regulations, and the requirements that apply to publicly listed companies in Sweden.

Control environment

The foundation for internal control over financial reporting is based on the organizational and system structures, decision-making paths and separation of duties that are documented and communicated in control documents, policies and manuals. The Board has adopted rules of procedure that regulate the Board's responsibilities and work on the Board's committees. To uphold an effective control environment and good internal control, the Board has delegated practical responsibility to the CEO and drafted instructions for the CEO. To safeguard the quality of the financial reporting, the company has a number of internal control instruments such as certification and authorization routines and a standard model for ongoing monthly reporting that has been designed together with the Board. Pricer uses an integrated ERP system, Jeeves, that handles all financial flows in combination with order management, invoicing, logistics, etc.

Risk assessment

The Board is responsible for ensuring that significant financial risks and risks for misstatements in the financial statements are identified and dealt with.

Control activities

Control activities are designed to ensure the accuracy and completeness of the financial statements. Procedures and actions have been designed to manage significant risks related to the financial statements, which have been identified in the risk assessment. Control activities are available at both a general and detailed level. By way of example, complete monthly financial statements are prepared that are monitored by the unit and functional managers and controllers. Senior management meets at least once a month for a review of the business situation. In addition, representatives from the finance function visit group companies several times a year to discuss current issues and review the results and financial status, and verify that processes are being observed and developed. The Board monitors the activities through monthly reports in which the CEO comments on business performance, results and financial position. Measures and activities aimed at strengthening and optimizing internal controls are implemented on a regular basis.

Information and communication

The Board has adopted an information policy that states what is to be communicated, by whom, and in what manner, in order to safeguard the accuracy and completeness of the external information. To ensure effective and correct dissemination of information, there are guidelines and routines that regulate how financial information is communicated both internally and externally. For external communication Pricer collaborates with Cision, which publishes the financial reports and other press releases on behalf of the company. All financial reports and press releases that are issued by the company can be found on the company's website. In addition, the press releases are distributed internally via email in connection with their publication. The CEO is responsible for ensuring that the financial reports are distributed internally in connection with external publication of the quarterly and interim reports.

The company's financial position is discussed at each Board meeting, where the Board receives detailed monthly reports on the financial position and development of operations. Furthermore, the Board is provided with a financial report every month for ongoing monitoring. The company's ERP system Jeeves provides the basis for the financial information.

Monitoring

Internal control is monitored continuously. This is done primarily in the form of deviation reporting against budget/forecast and the previous year's outcome. The Board reviews each interim report and discusses the contents with the CFO and, when appropriate, with the company's auditor. The company monitors the areas for improvement in internal control that are reported by the external auditor. Furthermore, the CEO and the CFO hold regular meetings with the Board's Audit Committee to discuss financial matters on an ongoing basis. The accounting/finance staff that are employed in the subsidiaries have explicit responsibility for reporting deviations to the central finance and controller organization. In accordance with the rules in the Swedish Corporate Governance Code, the Board has assessed the need for a special internal audit function. Against this background, the Board of Directors is of the opinion that there is no need in the company at present.

Auditors' report on the Corporate Governance Statement

To the annual meeting of the shareholders in Pricer AB, corporate ID number 556427-7993

The Board of Directors is responsible for the Corporate Governance Statement for the year 2016 on pages 52 - 55 and for ensuring 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, 4 april 2017
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant
Auditor in charge

Board of Directors

BO KASTENSSON
Born: 1951
Education: B.A.
Chairman of the Board since: 2014
CEO of Kastensson Holding AB
Other assignments: Chairman of Coromatic Group Holding AB and Axema Access Control AB. Industrial Advisor in EQT.
Shareholding: 600,000 B shares

HANS GRANBERG
Born: 1953
Education: High school diploma
Member of the board since: 2014
Other assignments: Chairman of Investment AB Karlsvik
Shareholding: 1,764 A shares 2,392,300 B shares

BERNT INGMAN
Born: 1954
Education: Business degree
Member of the board since: 2014
Other assignments: Chairman of Beijer Ref AB, Handelsbanken's local office in Kista and Sveriges Bostadsrättscentrum AB.
Shareholding: 60,000 B shares

OLOF SAND
Born: 1963
Education: MBA and Advanced Management Program
CEO of Quant AB
Member of the board since: 2015
Other assignments: Member of the board of Affecto Oy
Shareholding: 100,000 B shares

CHRISTINA ÅQVIST
Born: 1978
Education: Law degree
CEO of Elfa Distrelec
Member of the board since: 2015
Other assignments: Member of the boards of Elfa Distrelec AB and Swedol AB
Shareholding: 12 000 B shares

JENNI VIRNES
Born: 1974
Education: MSc. Industrial engineering and Management.
CEO of Sensisto Oy
Member of the board since: 2016
Other assignments: Member of the board of MariElla Labels Oy
Shareholding: 0 B shares

Executive Management

ANDREAS RENULF
CEO
Born: 1974
Education: MBA
Employed since: 2017
Other assignments: Member of the board of Cale Access AB
Shareholding: 0 B shares

HELENA HOLMGREN
CFO
Born: 1976
Education: MBA
Employed since: 2015
Shareholding: 16,540 B shares 190,000 options *

CHARLES JACKSSON
EVP Global Sales, Marketing and Strategy
Born: 1963
Education: Bachelor of Business Administration
Employed since: 2014
Shareholding: 380,000 optioner *

NILS HULTH
VP Business Development
Born: 1971
Education: M.Sc. in Computer Science and M.Sc. in Evolutionary and Adaptive Systems
Employed since: 2006
Shareholding: 45,366 B shares, 190,000 options *

FRANCOIS AUSTRUY
VP Industrialization and Group Development Projects
Born: 1965
Education: Graduate Engineer
Employed since: 2005
Shareholding: 27,692 B shares, 190,000 options *

TORBJÖRN MÖLLER
Chief Operating Officer
Born: 1965
Education: M.Sc. Electrical Engineering
Employed since: 2015
Shareholding: 14,000 B shares 190,000 options *

* Each option grants the right to one share

Shareholder information

Annual General Meeting

The Annual General Meeting of Pricer AB will be held at 4:00 p.m. on 27 April 2017, at World Trade Center in Stockholm, Sweden. In order to participate in the AGM, shareholders must be entered in the share register maintained by Euroclear Sweden AB by Friday, 21 April, and must notify the company of their intention to participate no later than 5:00 p.m. on Friday, 21 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 21 April. Notification can be made as follows:

- By email: ir@pricer.com
- By telephone: +46 8-505 582 00
- By mail: Pricer AB, Box 215, SE-101 24 Stockholm

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 Bo Kastensson, Theodor Jeansson, Stefan Roos, Göran Sundholm and Gunnar Ek, can be contacted via the company's head office.

Proposed dividend

The Board will propose that the AGM approve a dividend of SEK 0.50 per share for 2016.

Financial calendar

In 2017, the quarterly financial reports will be published as follows:
Interim report January–March, 27 April 2017
Interim report January–June, 21 July 2017
Interim report January–September, 25 October 2017
Year-end report 2017, 14 February 2018

Information channels

Press releases, interim reports, annual reports and share price data are presented on the company's website www.pricer.com. To sign up for an e-mail news subscription, visit the website. Printed materials can be ordered from the company. For other information, contact ir@pricer.com.

Distribution of the annual report

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

History

2016 Pricer introduces automated product positioning, where the system uses electronic shelf labels to help shoppers and staff to find products in the store.

2015 Record high order intake and sales driven by sharply increased demand for digital shelf edge solutions with graphic e-paper. The loss is turned into profit.

2014 Pricer launches new digital strategy that gives stores a solution not only for pricing, but also for streamlining processes, consumer contact, campaigns and forecasts.

2013 100 million labels installed.

2012 Pricer maintains its market-leading position.

2011 Continued significant growth in revenue and profit leading to the best year ever for Pricer.

2010 Significant increase in net sales and profit. Several important framework agreements signed.

2009 Pricer reaches 5,000 store installations. Pricer ESL and DotMatrix™ reach new customer segments.

2008 Breakthrough for the product DotMatrix™. Pricer maintains its market-leading position.

2007 Integration of Eldat is completed. Pricer reports positive earnings.

2006 Eldat Communication Ltd. in Israel is acquired. The holding in Appulse Ltd. is sold.

2005 Significant increase in sales and Carrefour expands deployment in France. Continuum is launched.

1991 Pricer is founded in June and development of the first ESL system begins.

1993 The first Pricer system is installed for the ICA supermarket chain in Sweden.

1995 Contract for installations in 53 Metro stores in Germany.

1996 Pricer is introduced on the O list of the Stockholm Stock Exchange.

1997 Pricer acquires Intactix, a provider of systems for retail space management. Cooperation is initiated with Telxon, which delivers mobile data capture solutions.

1998 Collaboration with Ishida of Japan is initiated.

1999 Deliveries to the Metro stores are completed.

2000 Intactix is sold to US-based JDA Software Group.

2001 Pricer's partner in Japan, Ishida, places a significant order.

2002 A large-scale action program is launched to restructure and streamline operations for increased customer focus.

2003 The development company PIER AB is formed. Pricer acquires a majority holding in the software company Appulse Ltd. in India. StoreNext becomes new partner in the US market.

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. IBM becomes a new partner in the US.

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