

## Annual Report 2013



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

All amounts are specified in Swedish kronor (SEK). Thousands are abbreviated as SEK 000s and millions as SEK M. Unless otherwise specified, the figures in brackets refer to 2012 or the corresponding period the previous year. Information about market data and the competitive situation is based on Pricer's own assessments unless a specific source is named.

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# About Pricer

With over 10,500 installations in over 50 countries, Pricer is the leading supplier of Electronic Shelf Label (ESL) solutions. Pricer's customers include several of the top retailers in Europe, Latin America, Africa and Japan. Pricer's solutions enhance profitability for its customers by affording them price optimization and margin control tools while also helping to reduce personnel and printing costs. Consumers in stores fitted with Pricer equipment can always be secure in knowing that they are paying the right price, as the price displayed on the shelf edge is always the same as the one in the cash register system. This helps increase consumer satisfaction and strengthen customer loyalty. Pricer's customers are primarily in the retail trade although in the last few years there have been breakthroughs in other segments such as the Do-It-Yourself, electronics and mobile phone retail chains and pharmacies.

Pricer was founded in 1991 in Sweden and the company's class B shares are quoted on the Small Cap list of NASDAQ OMX Stockholm. The company has around 20,000 shareholders, with the ten largest accounting for 40 percent of the number of votes on 31 December 2013. At the end of 2013 the Pricer Group had 77 employees.



# Highlights of 2013

## 2013 – a challenging year

Pricer retains its position as one of the world's leading suppliers of electronic shelf label systems in 2013, despite an economically challenging year in several of our important markets. Net sales dipped slightly by 5 percent to SEK 525 million, and the operating profit fell to SEK 8 million. As a result, the operating margin declined to a level of 1 (13) percent, mainly due to the increase in the number of graphic labels and an increase in the number of employees. There are also some items of good news from 2013 that are worth mentioning.

## New markets – increased potential

Europe continues to be Pricer's largest and most important region, with France constituting the largest single market with its high penetration of ESL installations. Pricer continued to strengthen its position in the French market during the year which, among other things, manifested itself in Pricer winning a major procurement deal from French company Intermarché. In 2013 a number of other important long-term deals were won with several large retail chains. Of particular note was the success with the electronics retail chain Media Saturn, which bases its strategy for different sales channels, i.e. omni-channel strategy, on Pricer's system, starting in the Netherlands. The challenge facing the retail trade adapt to online sales and via regular stores is significant and Pricer's system provides an opportunity to quickly adjust prices in different channels.

## Geographic expansion

Pricer has widened its geographic presence during the year. After Japan and France, Norway is the country where consumers are confronted by Pricer's system more frequently.

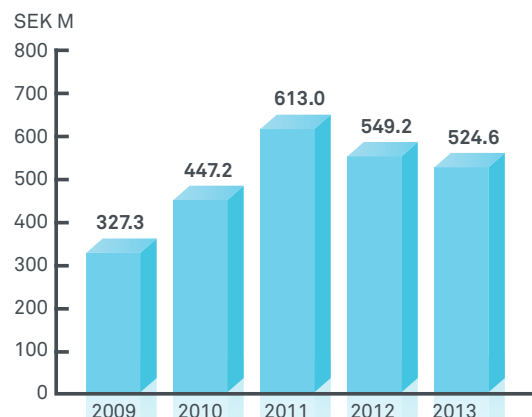
## Strong range of products

During the year, Pricer continued to develop solutions with a strong focus on cost reduction and product innovation. Sales of graphic labels have increased significantly and the proportion of new sales was around 40 percent for the full year. These labels are in greater demand but are also more expensive and can therefore be combined with traditional LCD-based labels in stores to ensure an optimised structure. A new line of products, SmartTAG, was launched successfully in 2013. It accommodates both LCD and graphic displays. The line is based on a system of more standardised components which means lower price, shorter delivery times and lower capital tied up in inventories.

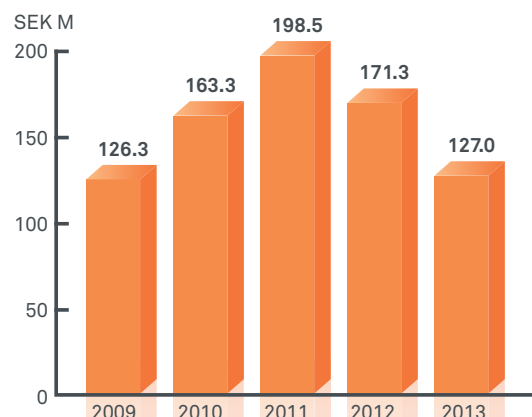
## Trends in the retail trade

The retail trade is undergoing constant development. Strategies that combine online products and services with traditional commerce are new challenges that retailers are working on, i.e. omni-channel retail. In order to synchronise prices in these channels and quickly adjust in-store prices to the nimbler-footed online retail depends on your ability to update your prices electronically and automatically. This means new prospects for Pricer's offering. The Internet also enables you to monitor what the customer is looking "in the store". Being able to communicate with consumers in regular stores by mobile phone is another trend that the retail trade is working on. In this respect too, Pricer has attractive solutions and projects that support the customers in these challenges.

### Net sales



### Gross profit



Key figures	2013	2012	Change
Net sales, SEK M	524.6	549.2	-4%
Gross profit, SEK M	127.0	171.3	-26%
Gross margin, %	24	31	-22%
Operating profit, SEK M	7.8	69.7	-89%
Operating margin, %	1.5	12.7	-88%
Profit for the year, SEK M	4.2	35.6	-88%
Earnings per share, SEK	0.04	0.33	-88%
Equity ratio, %	86	87	-1%



# CEO's statement



2013 presented a number of challenges. The continuing economic downturn in Europe has affected Pricer. Customers have in growing numbers switched to graphic labels. They are currently more expensive to produce than the previous generation of labels. Graphic labels have increased value-wise from 10 to 40 percent. In essence this is a good thing, as it increases the customer benefit. These displays allow retailers to communicate other important information than just the price, such as product information and promotional offers. They increase the market potential for existing customers and new market segments. We are already noticing a wider interest in our solutions.

We have continued work on developing our products both to reduce costs and increase quality. Temporary problems at suppliers in connection with new product models have led to one-time costs in the fourth quarter of about SEK 6.5 M.

The economic downturn in Europe has meant that some of our larger customers have concluded fewer and smaller deals with us than expected. On the other hand, we made key strategic gains with other customers in the food industry and in electronic retail chains. Examples include Intermarché and Media Saturn.

The number of pilot installations remained at a high level during the year, which fills us with optimism about the future. During the year we passed a gratifying milestone in our history – Pricer installed its hundred millionth label.

I am optimistic about 2014. We have already publicised a number of important deals and several test projects which are up-and-running are yielding encouraging results. In all, we anticipate that 2014 will see an improvement in sales and operating profit compared with 2013.

Harald Bauer  
*CEO (acting), Pricer*

**"During the year we passed a gratifying milestone in our history – Pricer installed its hundred millionth label"**

# Retailers connect their stores with Pricer

*ESLs enable omnichannel retail, consumer interaction, dynamic pricing*

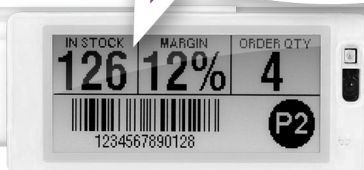
You can read my NFC chip



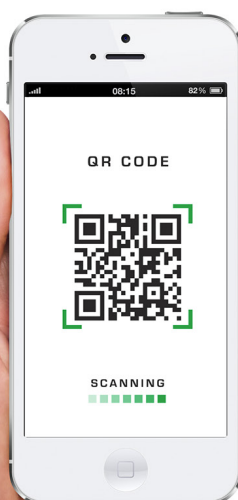
I am the most readable label



Read my additional pages for stock info...



You can scan my QR Code



# The Pricer share

The Pricer Class B share is quoted on NASDAQ OMX Stockholm, Small Cap. Pricer's share capital at 31 December 2013 was SEK 110,641,781. The total number of shares was 110,641,781 represented by 225,523 Class A shares and 110,416,258 Class B shares, all with a quota value of SEK 1.00. Each Class A share carries five votes and each Class B share carries one vote. All shares carry equal rights to the Company's assets and profits. The Articles of Association permit the conversion of Class A shares to B shares at the request of holders of Class A shares.

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

## Trading and price trend 2013

The share price started the year at SEK 8.90 and ended at SEK 6.55. The year high of SEK 9.90 was quoted on 8 January and the SEK 6.05 low was quoted on 27 November. Market capitalisation on 31 December 2013 was circa SEK 725 M.

The turnover for the full year 2013 amounted to 84,299,742 shares traded for a combined value of SEK 671 M, which is equal to an average daily volume of 337 thousand shares worth a combined value of SEK 2,682 thousand. The number of trades for the full year was 38,915, which is equal to an average of 156 per trading day. Shares were traded on every trading day.

## Dividend

The Board of Directors has not proposed any dividend for 2013. There is an existing dividend policy:

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

## Warrants

In 2013, 750,000 Class C shares were issued and then repurchased and converted to Class B shares as a part of the share savings plan to employees adopted in 2013.

## Warrants outstanding

Designation	Number	Year issued	Exercise price (SEK) <sup>1)</sup>	Expiration date
T011	21 million	2011	15.60	2015-08-31

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

## Ownership structure

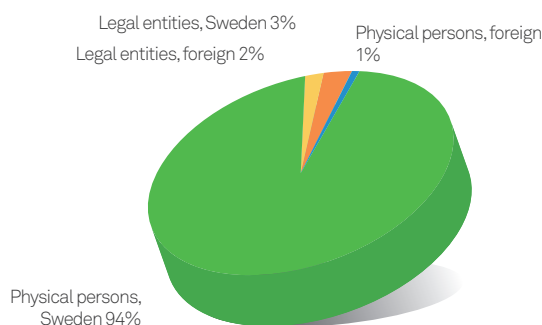
The number of shareholders on 31 December 2013 was 19,698. The ten largest shareholders held 40 percent of the number of shares and the number of votes. Legal entities held 62 percent of the total number of shares and 63 percent of votes, while foreign shareholders held 25 percent of the total number of shares and votes.

## Ownership structure 31 december 2013

No. of shares	No. of share-holders	% of share-holders	No. of shares	% of votes	% of equity
1-1,000	14,368	73	4,245,586	4	4
1,001-20,000	4,869	25	21,387,523	19	19
20,001-	461	2	85,008,672	77	77
<b>Total</b>	<b>19,698</b>	<b>100</b>	<b>110,641,781</b>	<b>100</b>	<b>100</b>

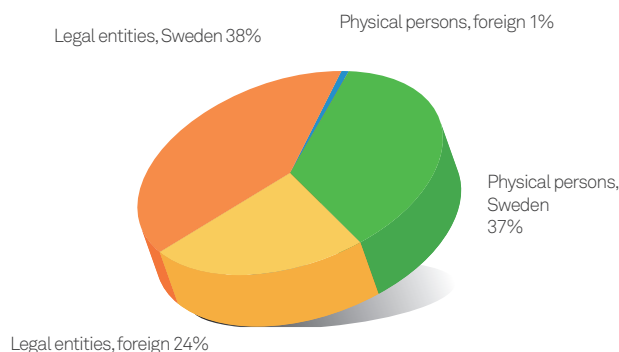
Source: Euroclear

**Shareholders 31 december 2013**  
No. of holders



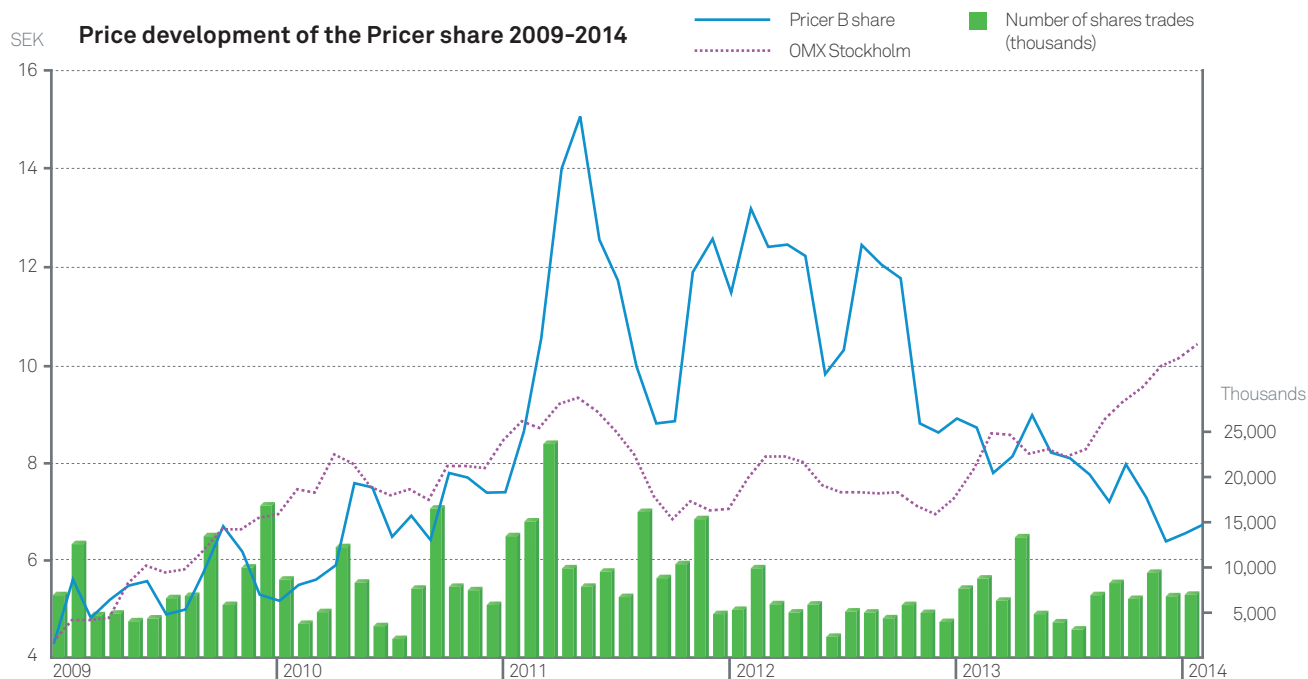
Source: Euroclear

**Votes 31 december 2013**



Source: Euroclear

## SEK Price development of the Pricer share 2009-2014



Källa: OMX

## Major shareholders, 31 december 2013

Name	A shares	B shares	No. of shares	% of votes	% of capital
Grimaldi, Salvatore incl. companies	211,054	10,315,755	10,526,809	10.2	9.5
Handelsbanken fonder	-	6,914,450	6,914,450	6.2	6.2
Avanza Pension	-	4,929,401	4,929,401	4.4	4.5
Pohjola Bank	-	5,942,348	5,942,348	5.3	5.4
Nordnet Pension	-	3,000,000	3,000,000	2.7	2.7
Sifonen	-	3,867,518	3,867,518	3.5	3.5
Royal Skandia	-	2,466,991	2,466,991	2.2	2.2
Danica Pension	-	2,092,454	2,092,454	1.9	1.9
Fjärde AP Fonden	-	1,422,840	1,422,840	1.3	1.3
Pictet & Cie	-	2,845,277	2,845,277	2.6	2.6
<b>10 largest shareholders</b>	<b>211,054</b>	<b>43,797,034</b>	<b>44,008,088</b>	<b>40.2</b>	<b>39.8</b>
Others	14,469	66,619,224	66,633,693	59.8	60.2
<b>Total</b>	<b>225,523</b>	<b>110,416,258</b>	<b>110,641,781</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear

## Data per share, 2009-2013

SEK per share	2013	2012	2011	2010	2009
Earnings	0.04	0.33	1.40	0.54	0.20
Dividend	-	0.25	0.25	0.20	-
Shareholders' equity	6.25	6.40	6.38	5.18	5.05
Cash flow	0.51	0.21	0.06	-0.14	0.55
P/S ratio	1.37	1.77	1.99	1.71	1.61
<b>Adjusted for dilution:</b>					
Earnings	0.04	0.33	1.39	0.54	0.19
Shareholder's equity	6.25	6.40	6.44	5.48	5.27
Cash flow	0.51	0.21	0.06	-0.15	0.53
P/S ratio	1.37	1.77	1.94	1.72	1.68
<b>Share price:</b>					
Yearly high	9.90	13.85	15.40	8.50	7.60
Yearly low	6.05	8.10	6.90	5.10	4.50
Closing price	6.55	8.90	11.40	7.40	5.20
No. of shares on 31 Dec., 000s	110,642	109,892	108,459	105,552	108,027
Market capitalisation on 31 Dec., SEK M	725	978	1,236	779	549
Average number of outstanding shares, 000s	109,974	109,290	107,258	103,583	111,677
Share price on 31 Dec./shareholders' equity, %	105	139	177	135	93

## Share capital development, 2009-2013

Year	Increase in no. of shares	Total no. of shares	Change in share capital, SEK M	Total share capital, SEK M
2009	-	1,016,132,200	-	101.6
2010	39,385,963	1,055,518,163	4.0	105.6
2011	11,509,870	1,067,028,033	1.2	106.8
2011	-960,325,229	106,702,804	-	106.8
2011	1,762,344	108,465,148	1.8	108.6
2012	1,426,633	109,891,781	1.3	109.9
2013	750,000	110,641,781 <sup>1)</sup>	0.7	110.6

<sup>1)</sup> treasury shares 750 000



# Business risks and opportunities

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

## Business risks

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

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

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

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

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

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

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

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

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

*Financial risk management and currency risks.* See note 21.

## Opportunities

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

*Customers.* Pricer has a strong market presence, a strong brand name in the convenience goods trade and the market's broadest installation base with over 10,500 installations in use at prestigious customers.

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



# Definitions



## Return on equity

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

## Return on capital employed

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

## Equity per share

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

## Capital turnover rate

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

## Cash flow per share

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

## Quick ratio

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

## Net debt

Interest-bearing liabilities minus interest-bearing assets.

## Net margin

Result for the year as a percentage of net sales.

## Net debt/equity ratio

Net debt in relation to equity.

## P/S (Price/Sales) ratio

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

## Earnings per share

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

## Working capital

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

## Operating margin

Operating result as a percentage of net sales.

## Operating cash flow

Cash flow from operating activities.

## Equity/assets ratio

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

## Capital employed

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

# Administration report

The Board of Directors and President of Pricer AB (publ.), Corp. ID no. 556427-7993, hereby submit the annual report for the financial year 1 January – 31 December 2013. Figures in parentheses refer to the preceding year.

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

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

## Nature of operations

As expected, sales improved during the fourth quarter. In general, however, the market is affected by the continued weak economic climate, particularly in southern Europe, although a slight improvement has been noted. Another effect of the current economic climate is that ongoing projects are taking longer to complete.

Pricer won a number of strategically important deals during the year. Both new and existing customers in several geographical markets and new market segments have chosen the Pricer solution. By using the Pricer solution, customers have the possibility of further rationalising and improving profitability by simply and quickly being able to adjust prices in stores. The increased interest in omni-channel, i.e. sales through various sales channels, creates new needs for the Pricer system as it allows the customer to change price and product information in all channels in real time.

The increased sales of graphic displays reflects customer needs and shows that customers understand the benefits. It is not only price information that is displayed; the system also allows customers to present information about products or direct marketing information on the shelf edge.

## Market developments

### Europe, Middle East and Africa

Net sales in the region were SEK 443.9 M (454.1) during the year.

Pricer has won a procurement process with the third-largest grocery retailer in France, Intermarché. It has selected Pricer's solution for the stores that are not yet equipped with electronic shelf label systems. Intermarché incorporates some 1,800 stores with independent retailers, each one deciding if and when to invest. For 2013, over 100 stores have installed the Pricer system and about 300 stores have yet to install it.

One of the world's leading electronics chains, Media Saturn, has selected Pricer's e-paper graphic displays for all its stores in the Netherlands in order to enable its omni-channel strategy. The value of the project exceeded SEK 65 M in 2013.

It is encouraging that one of our larger French customers, Carrefour, has resumed installations of Pricer's system in line with the agreement concluded in September 2010. These installations were put on hold in 2012 and were resumed in 2013.

### Americas

Net sales in the region were SEK 51.6 M (64.8) during the year. The hardware retail chain Patrick Morin in Montreal, Canada, decided to equip its 17 stores with Pricer systems. The value of this project is estimated at SEK 10 M.

Mexico's second largest retailer, Soriana S.A., extended the cooperation with Pricer following a re-evaluation. Soriana is equipping at least 120 additional stores with Pricer's system in 2013 and 2014. Pilot projects and smaller installations are in progress in a number of retail chains in various sectors in several countries.

### Asia and the Pacific

Net sales in the region were SEK 29.1 M (30.3) during the year. While revenue in the region is low, there are nevertheless certain signs of recovery in the Japanese market in which Pricer has 18 million labels installed.

Inageya, a leading supermarket chain in the Tokyo area, has decided to upgrade its stores with new Pricer labels. The value of this deal is estimated to exceed SEK 35 M and is planned to be completed within one year.

## Orders, net sales and financial performance for the full year

Orders for the year were SEK 523 M (512), an increase of 2 percent compared to last year. Excluding currency effect, the increase was 4 percent.

Net sales were SEK 524.6 M (549.2) during the year, 4 percent lower than in 2012. Excluding currency effect, the decrease was 3 percent.

Gross profit was SEK 127.0 M (171.3) and gross margin was 24.2 percent (31.2) for the year. Gross margin has fallen due to effects of product and customer mix, mainly from the increased sales of graphic displays. Temporary problems at suppliers in connection with new product models have led to one-time costs of about SEK 6.5 M, affecting the result.

Operating expenses were SEK 119.2 M (101.6) during the year, an increase of 17 percent due to an increase in head count, primarily in sales and product development, and more development projects being finished leading to increased amortizations. Compensation to departing CEO Fredrik Berglund has also been accounted for in 2013.

Operating profit thus was SEK 7.8 M (69.7) during the year. This resulted in an operating margin of 1.5 percent (12.7).

Net financial items were SEK -0.1 M (-3.1) for the year.

Net profit was SEK 4.2 M (35.6) for the year. Translation differences in other comprehensive income consisted of positive currency revaluation of net assets in foreign subsidiaries in euro, primarily goodwill.

	Jan – Dec 2013	Jan – Dec 2012
Net sales	524.6	549.2
Cost of goods sold	-397.6	-377.9
Gross profit	127.0	171.3
Gross margin, %	24.2	31.2
Overheads	-119.2	-101.6
Operating profit	7.8	69.7
Operating margin, %	1.5	12.7

## Assets, cash flow and financial position

Total assets amounted to SEK 801 M (809) at the end of the year and consisted mainly of intangible assets of SEK 269.0 M (247.2) primarily from the acquisition of Eldat in 2006 and goodwill totalling SEK 225.7 M (217.4). The increase is attributable to capitalized development projects.

Cash flow from operating activities was SEK 56.5 M (23.2).

Working capital was SEK 269.6 M (305.7) at the end of the year. Working capital has decreased by 12 percent since the beginning of the year. In relation to rolling annual sales, working capital has decreased to 51 percent (56) mainly due to lower accounts receivable.

Cash and cash equivalents at the end of the period were SEK 48.9 M (45.7). In addition to available cash, Pricer has an unutilised revolving credit facility of SEK 50 M and an additional SEK 50 M in credit facility.

## Equity

In May 2013 the share savings programme for employees decided at the Annual General Meeting in April was launched. A total of 750,000 shares were issued and re-purchased at par value and are now held by the Company for the promise of matching shares in three years. The value of the promised shares is treated according to IFRS 2 and expensed during the period.

The shares owned by Ishida Co Ltd in Pricer Explorative Research (PER) AB have been purchased during the period and there is no more non-controlling interest in the consolidated accounts. The company has been dormant for some time and will now be dismantled.

## Cash flow

Cash flow from operating activities was SEK 56.5 M (23.2). Pricer's quick ratio was 252 percent (295). The closing equity ratio was 86 percent (87).

## Capital expenditure

Capital expenditure was SEK 26.1 M (18.3) for the year, and comprised mainly capitalised development costs of SEK 20.1 M (11.1).

To reduce the Group's currency exposure, forward contracts are entered into. The derivatives are measured at fair value and hedge accounting is applied. The Group only holds Level 2 instruments in the hierarchy of fair value. The fair value at period end consists of assets of SEK 0.1 M (0.5) and liabilities of SEK 1.1 M (0.5).

## Miscellaneous

### Parent Company

Net sales in the Parent Company were SEK 433.3 M (439.6) and net profit was SEK -7.5 M (22.3) for the year. The Parent Company had cash and cash equivalents of SEK 37.6 M (29.8) at the end of the year.

Information under other headings in the administration report applies where relevant also to the Parent Company.

## Employees

The average number of employees for the year was 78 (72) and, at the end of the year, the company had 77 (73) employees.

Fredrik Berglund submitted his resignation as CEO in November and left his position in December. He is entitled to another five months compensation. Harald Bauer replaced as acting CEO and a recruitment process for a new CEO is ongoing. Pricer strives actively to achieve a more equal gender spread in all departments and promotes diversity. The

health risks at Pricer are small and the work environment is inspected at least once every two years. Absenteeism due to illness is low and amounted to 3.8 (1.4) percent in 2013.

## Product development

In 2013 Pricer launched SmartTAG, a whole new product line. The new labels have been designed to blend in more effectively with a store's interior design. Both the segment labels and the graphic labels have been given enhanced readability. Several of the models have in-built holders (slits) to fasten signage material such as shelf talkers, wobblers and similar conveniently and securely. All models have replaceable batteries, which adds security to a long-term investment. The label's ID is discretely printed on the front to make life simpler for the store personnel.

One example of needs-based development is the new label SmartTAG HD 200 Slim, which has been developed in close collaboration with external partners, MediaMarkt/Saturn and Meto. Last autumn it was installed in some 40 Saturn stores in the Netherlands as part of Saturn's initiative to meet the competition from online stores. With Pricer's fast system, Saturn updates prices in real time in order to match the prices of its competitors.

The company has made considerable efforts to develop the software that is included in the system that Pricer markets. This is in order to meet new customer demands and enhance user-friendliness even further. Other examples of improvements include enhanced performance, each label can accommodate more products and a mobile interface both for PDAs and smartphones.

Product development is managed from the Parent Company in Stockholm. In 2013, investments in product development increased, as a consequence of investments for further capacity and efficiency in production. Costs amounted to SEK 24.3 M (17.2), corresponding to 20 (17) percent of total operating expenses and 5 (3) percent of net sales. In addition, a portion of the year's costs for development work, SEK 20.1 M (11.1), was capitalised as fixed assets related to development projects.

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

## Financial policy and currency risks

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

Exchange rate fluctuations were limited in 2013. The main part of Pricer's sales in 2013, about 70 (58) percent, was denominated in euro, 29 (39) percent in US dollar and 1 (3) percent in other currencies. The US dollar accounts for virtually all of the cost of goods sold, while operating expenses are spread equally between euro and krona, with US dollar accounting for a minor portion. Pricer hedges a part of its anticipated flows through forward currency contracts in order to hedge its margins and postpone possible adverse currency effects. In general, Pricer never signs contracts for the prices it charges customers for longer than one year and it usually applies shorter periods to be able to adjust prices to factors such as exchange rate differences. Effects from realised and unrealised currency forward contracts amounted to SEK -2.4 M (-2.3) in the result. Currency effects in financial items amounted to expenses totalling SEK 0.4 (-3.1) and comprised currency revaluation of loan assets to subsidiaries and cash



# Administration report (cont'd)

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

## Information on risks, uncertainties and legal disputes

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

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

For more information about financial risks, see note 21.

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

## Guidelines for remuneration of senior executives

The guidelines for remuneration of senior executives proposed by the Board of Directors to the Annual General Meeting 2014 are the same as those approved by the AGM in 2013. These guidelines are listed below.

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

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

Pricer shall, taking into account the conditions in the country of residence of each member of Group management, offer a competitive total package that will enable the company to hire and retain senior executives. The remuneration of senior executives shall consist of fixed salary, a variable component, pension and other customary benefits.

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

To harmonise the long-term interests of personnel and shareholders, the company shall, in addition to salary, pen-

sion and other benefits, be able to provide incentives in the form of share-based instruments.

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

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

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

It was recorded that CEO Fredrik Berglund resigned from his position on 16 December 2013 and that the company's CFO, Harald Bauer, is currently the acting CEO. The recruitment of a new CEO is in progress. The conditions of the agreement with the new CEO have yet to be determined but it is not expected to deviate materially from the above.

## Information on Pricer's shares

Pricer has a total of 110,641,781 outstanding shares, of which 0.2 percent are Class A shares carrying five votes each and the remainder are Class B shares, each carrying one vote. Pricer has about 20,000 shareholders, of whom the ten largest account for about 40 percent of the capital. Salvatore Grimaldi (and companies controlled by him) is the largest shareholder, with an interest of slightly more than 10 percent. More details regarding ownership of Pricer's shares are provided on page 7.

The 2013 AGM approved the Board's right to issue up to 5 million shares for acquisitions of companies, operations, intangible rights or other assets. No issue based on this approved right has been made.

## Board of Directors

The nomination of candidates as Board members for submission to the Annual General Meeting is prepared by the Nomination Committee, which comprises Salvatore Grimaldi, Frank Larsson, John Örtengren and Markus Gerdien. At the 2013 AGM, Mikael Bragd, Bernt Magnusson and Indra Åsander were re-elected and Mikael Aru and Markus Gerdien were elected as new Board members. Markus Gerdien was elected as Chairman of the Board. No deputies to members appointed by the AGM have been appointed. A remuneration committee consisting of Markus Gerdien and Mikael Bragd was appointed at the statutory meeting of the Board. Other matters are dealt with by the Board as a whole, but can be prepared by various groups of members. For information regarding the Board's activities and procedures, see page 47.

## Related parties

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

## Corporate governance report

The corporate governance report can be found on page 46 and at Pricer's website, [www.pricer.com](http://www.pricer.com).



## Outlook

For 2014 both net sales and operating profit are expected to be better than in 2013.

## Proposed appropriation of retained earnings

The Board of Directors proposes that SEK 394,132,955 funds in the Parent Company is carried forward. The Board of Pricer is not proposing any dividend for 2013. There is an existing dividend policy:

The Board's long-term intention is to give shareholders a dividend that reflects both a reasonable yield and

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

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

# Statement of consolidated comprehensive income

1 January - 31 December

Amounts in SEK 000s	Note	2013	2012
Net sales	2, 3	524,611	549,199
Cost of goods sold		-397,589	-377,862
<b>Gross profit</b>		<b>127,022</b>	<b>171,337</b>
Selling expenses		-56,494	-50,878
Administrative expenses		-38,463	-33,494
Research and development costs		-24,281	-17,220
<b>Operating profit</b>	4, 5, 6, 22	<b>7,784</b>	<b>69,745</b>
Financial income		505	353
Financial expenses		-591	-3,540
<b>Net financial items</b>	7	<b>-86</b>	<b>-3,187</b>
<b>Profit before tax</b>		<b>7,698</b>	<b>66,558</b>
Income tax	8	-3,472	-30,927
<b>Profit for the year</b>		<b>4,226</b>	<b>35,631</b>
<b>Other comprehensive income</b>			
<i>Items that have or may be accounted for in the profit for the year</i>			
Translation differences		12,250	-12,403
Cash flow hedges		-452	239
Tax relating to components in other comprehensive income		-563	4,580
<b>Net comprehensive income for the year</b>		<b>15,461</b>	<b>28,047</b>
<b>Attributable to:</b>			
Owners of the Parent		4,226	35,630
Non-controlling interests		-	1
<b>Attributable to:</b>			
Owners of the Parent		15,461	28,046
Non-controlling interests		-	1
<b>Earnings per share</b>			
	17	<b>2013</b>	<b>2012</b>
Basic earnings per share, SEK		0.04	0.33
Diluted earnings per share, SEK		0.04	0.33

# Statement of consolidated financial position

At 31 December

Amounts in SEK 000s	Note	2013	2012
<b>ASSETS</b>			
Intangible fixed assets	9	269,070	247,255
Tangible fixed assets	10	7,157	7,506
Deferred tax assets	8	101,231	101,687
<b>Total fixed assets</b>		<b>377,458</b>	<b>356,448</b>
Inventories	13	148,413	141,987
Accounts receivable	14	150,422	191,543
Prepaid expenses and accrued income	15	17,723	15,764
Other receivables	12	58,292	57,109
Cash and cash equivalents		48,858	45,662
<b>Total current assets</b>		<b>423,708</b>	<b>452,065</b>
<b>TOTAL ASSETS</b>		<b>801,166</b>	<b>808,513</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
	16		
Share capital		110,642	109,892
Other paid in capital		397,159	396,721
Reserves		-17,583	-28,818
Accumulated profits including profit for the year		201,640	225,637
<b>Equity attributable to holders of the Parent Company</b>		<b>691,858</b>	<b>703,432</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>69</b>
<b>Total equity</b>		<b>691,858</b>	<b>703,501</b>
<b>LIABILITIES</b>			
Provisions	18	3,224	2,908
Other long-term liabilities		836	1,402
<b>Total long-term liabilities</b>		<b>4,060</b>	<b>4,310</b>
Prepayments from customers		2,647	5,565
Accounts payable		56,710	55,340
Other liabilities	19	12,367	8,346
Accrued expenses and deferred income	20	25,670	26,254
Provisions	18	7,854	5,197
<b>Total current liabilities</b>		<b>105,248</b>	<b>100,702</b>
<b>Total liabilities</b>		<b>109,308</b>	<b>105,012</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>801,166</b>	<b>808,513</b>
<b>Pledged assets</b>	23	<b>60,403</b>	<b>60,375</b>
<b>Contingent liabilities</b>	23	<b>778</b>	<b>750</b>

# Statement of changes in consolidated equity

## Equity attributable to owners of the Parent Company

Amounts in SEK 000s	Note	Share capital	Other paid in capital	Translation reserve	Hedge reserve	Accumulated profits incl. profit for the year	Total	Non-controlling interests	Total equity
<b>Opening equity, 1 January 2013</b>		<b>109,892</b>	<b>396,721</b>	<b>-29,004</b>	<b>186</b>	<b>225,637</b>	<b>703,432</b>	<b>69</b>	<b>703,501</b>
Profit for the year						4,226	4,226		4,226
Other comprehensive income for the year				11,587	-352		11,235		11,235
<b>Net comprehensive income for the year</b>				<b>11,587</b>	<b>-352</b>	<b>4,226</b>	<b>15,461</b>		<b>15,461</b>
Share issue		750					750		750
Repurchase of treasury shares						-750	-750		-750
Acquisition of non-controlling interest								-69	-69
Dividend						-27,473	-27,473		-27,473
Share based payments, equity settled			438				438		438
<b>Total transactions with owners of the Group</b>		<b>750</b>	<b>438</b>	<b>0</b>	<b>0</b>	<b>-28,223</b>	<b>-27,035</b>	<b>-69</b>	<b>-27,104</b>
<b>Closing equity, 31 December 2013</b>	16	<b>110,642</b>	<b>397,159</b>	<b>-17,417</b>	<b>-352</b>	<b>201,640</b>	<b>691,858</b>	<b>-</b>	<b>691,858</b>

<b>Opening equity, 1 January 2012</b>		<b>108,465</b>	<b>387,072</b>	<b>-21,234</b>	<b>-</b>	<b>217,251</b>	<b>691,554</b>	<b>68</b>	<b>691,622</b>
Profit for the year						35,630	35,630	1	35,631
Other comprehensive income for the year				-7,770	186		-7,584		-7,584
<b>Net comprehensive income for the year</b>				<b>-7,770</b>	<b>186</b>	<b>35,630</b>	<b>28,046</b>	<b>1</b>	<b>28,047</b>
Share issue		1,427	9,130				10,557		10,557
Dividend						-27,244	-27,244		-27,244
Share based payments, equity settled			519				519		519
<b>Total transactions with owners of the Group</b>		<b>1,427</b>	<b>9,649</b>			<b>-27,244</b>	<b>-16,168</b>		<b>-16,168</b>
<b>Closing equity, 31 December 2012</b>	16	<b>109,892</b>	<b>396,721</b>	<b>-29,004</b>	<b>186</b>	<b>225,637</b>	<b>703,432</b>	<b>69</b>	<b>703,501</b>

# Statement of consolidated cash flows

1 January - 31 December

Amounts in SEK 000s	Note	2013	2012
	26		
<b>Operating activities</b>			
Profit before tax		7,698	66,557
Adjustment for non-cash items		13,515	10,174
Paid income tax		101	-15,556
<b>Cash flow from operating activities before changes in working capital</b>		<b>21,314</b>	<b>61,175</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-6,273	-28,614
Change in operating receivables		38,272	28,699
Change in operating liabilities and provisions		3,211	-38,105
<b>Cash flow from changes in working capital</b>		<b>35,210</b>	<b>-38,020</b>
<b>Cash flow from operating activities</b>		<b>56,524</b>	<b>23,155</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets		-23,572	-12,347
Acquisition of tangible fixed assets		-2,503	-5,964
Acquisition of financial fixed assets		-69	-
Sale of tangible fixed assets		-	229
<b>Cash flow from investing activities</b>		<b>-26,144</b>	<b>-18,311</b>
<b>Financing activities</b>			
New share issue		750	10,557
Repurchase of treasury shares		-750	-
Paid dividend		-27,473	-27,244
<b>Cash flow from financing activities</b>		<b>-27,473</b>	<b>-16,687</b>
<b>Cash flow for the year</b>		<b>2,907</b>	<b>-11,614</b>
Cash and cash equivalents at beginning of year		45,662	58,788
Exchange-rate difference in cash and cash equivalents		289	-1,512
<b>Cash and cash equivalents at end of year</b>		<b>48,858</b>	<b>45,662</b>



# Income statement and Statement of comprehensive income of parent company

1 January - 31 December

## Income statement

Amounts in SEK 000s	Note	2013	2012
Net sales	2	433,349	439,565
Cost of goods sold		-375,221	-336,172
<b>Gross profit</b>		<b>58,128</b>	<b>103,393</b>
Selling expenses		-3,369	-2,491
Administrative expenses		-38,463	-32,972
Research and development costs		-24,281	-17,220
<b>Operating profit</b>	4, 5, 22	<b>-7,985</b>	<b>50,710</b>
<i>Result from financial investments:</i>	7		
Result from participations in Group companies		-63	-148
Result from other financial assets and receivables accounted as financial fixed assets		72	192
Interest income and similar profit/loss items		607	428
Interest expenses and similar profit/loss items		-584	-3,233
<b>Profit after financial items and before tax</b>		<b>-7,953</b>	<b>47,949</b>
Income tax	8	446	-25,619
<b>Profit for the year</b>		<b>-7,507</b>	<b>22,330</b>
<b>Statement of comprehensive income</b>			
Profit for the year		-7,507	22,330
<i>Other comprehensive income</i>			
<i>Items that have or may be accounted for in the profit for the year</i>			
Translation differences		3,015	-3,031
Cash flow hedges		-452	239
Tax relating to components in other comprehensive income		-563	4,580
<b>Other comprehensive income for the year</b>		<b>2,000</b>	<b>1,788</b>
<b>Net comprehensive income for the year</b>		<b>-5,507</b>	<b>24,118</b>

# Parent company balance sheet

At 31 December

Amounts in SEK 000s	Note	2013	2012
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	9	40,399	29,791
Tangible fixed assets	10	5,957	5,736
<i>Financial fixed assets</i>			
Participations in Group companies	25	184,509	184,256
Receivables from Group companies	11, 24	93,774	86,333
Deferred tax asset	8	100,828	100,802
<b>Total financial fixed assets</b>		<b>379,111</b>	<b>371,391</b>
<b>Total fixed assets</b>		<b>425,467</b>	<b>406,918</b>
<b>Current assets</b>			
Inventories, etc.	13	120,125	115,402
<i>Current receivables</i>			
Accounts receivable	14	42,330	91,303
Receivables from Group companies	24	20,971	29,606
Other receivables	12	56,408	51,484
Prepaid expenses and accrued income	15	14,579	12,657
<b>Total current receivables</b>		<b>134,288</b>	<b>185,050</b>
Cash and cash equivalents		37,551	29,838
<b>Total current assets</b>		<b>291,964</b>	<b>330,290</b>
<b>TOTAL ASSETS</b>		<b>717,431</b>	<b>737,208</b>

# Parent company balance sheet (cont'd)

Amounts in SEK 000s	Note	2013	2012
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	16		
<i>Restricted equity</i>			
Share capital		110,642	109,892
Statutory reserve		104,841	104,841
Total restricted equity		215,483	214,733
<i>Non-restricted equity</i>			
Share premium reserve		200,309	199,871
Reserve for fair value		-14,240	-16,240
Accumulated profit		215,571	221,464
Profit for the year		-7,507	22,330
Total non-restricted equity		394,133	427,425
<b>Total equity</b>		<b>609,616</b>	<b>642,158</b>
<b>PROVISIONS</b>			
Provisions	18	11,078	8,105
<b>Total provisions</b>		<b>11,078</b>	<b>8,105</b>
<b>LONG-TERM LIABILITIES</b>			
Liabilities to Group companies		100	100
<b>Total long-term liabilities</b>		<b>100</b>	<b>100</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable		50,992	46,796
Liabilities to Group companies	24	33,231	21,740
Other liabilities	19	2,373	2,111
Accrued expenses and deferred income	20	10,041	16,198
<b>Total current liabilities</b>		<b>96,637</b>	<b>86,845</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>717,431</b>	<b>737,208</b>
<b>Pledged assets</b>	23	<b>59,625</b>	<b>59,625</b>
<b>Contingent liabilities</b>	23	-	-

# Parent company statement of changes in equity

		Restricted equity		Non-restricted equity				
				Reserve for true value			Accu- mulated profits incl. profit for the year	Total
Amounts in SEK 000s	Note	Share capital	Statutory reserv	Share premium reserve	Trans- lation reserve	Hedge reserve		
Opening equity, 1 January 2013		109,892	104,841	199,871	-16,426	186	243,794	642,158
Profit for the year							-7,507	-7,507
Other comprehensive income for the year					2,352	-352		2,000
Net comprehensive income for the year					2,352	-352	-7,507	-5,507
Issue of shares		750						750
Repurchase of treasury shares							-750	-750
Dividend							-27,473	-27,473
Share based payments, equity settled				438				438
Total transactions with owners of the Parent Company		750		438			-28,223	-27,035
Closing equity, 31 December 2013	16	110,642	104,841	200,309	-14,074	-166	208,064	609,616

Opening equity, 1 January 2012		108,465	104,841	190,222	-18,028	-	248,708	634,208
Profit for the year							22,330	22,330
Other comprehensive income for the year					1,602	186		1,788
Net comprehensive income for the year					1,602	186	22,330	24,118
Issue of shares from employee options		1,427		9,130				10,557
Dividend							-27,244	-27,244
Share based payments, equity settled				519				519
Total transactions with owners of the Parent Company		1,427		9,649			-27,244	-16,168
Closing equity, 31 December 2012	16	109,892	104,841	199,871	-16,426	186	243,794	642,158



# Parent company cash flow statement

1 January - 31 December

Amounts in SEK 000s	Note	2013	2012
	26		
<b>Operating activities</b>			
Profit before tax		-7,953	47,949
Adjustment for items not included in cash flow		15,122	10,217
Paid tax		-143	-514
<b>Cash flow from operating activities before changes in working capital</b>		<b>7,026</b>	<b>57,652</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-5,246	-32,637
Change in operating receivables		50,600	21,596
Change in operating liabilities		9,270	-3,795
		54,624	-14,836
<b>Cash flow from operating activities</b>		<b>61,650</b>	<b>42,816</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets		-20,086	-12,321
Acquisition of tangible fixed assets		-2,200	-4,867
Divestitures of tangible fixed assets		-	229
Acquisition of financial assets		-69	-
Decrease in long-term loan receivables subsidiaries		-	13,485
Increase in long-term loan receivables subsidiaries		-4,610	-3,970
<b>Cash flow from investing activities</b>		<b>-26,965</b>	<b>-7,444</b>
<b>Financing activities</b>			
New share issue		750	10,557
Repurchase of treasury shares		-750	-
Paid dividend		-27,473	-27,244
<b>Cash flow from financing activities</b>		<b>-27,473</b>	<b>-16,687</b>
<b>Cash flow for the year</b>		<b>7,212</b>	<b>18,685</b>
Cash and cash equivalents at beginning of year		29,838	12,680
Exchange-rate difference in cash and cash equivalents		501	-1,527
<b>Cash and cash equivalents at end of year</b>		<b>37,551</b>	<b>29,838</b>

# Notes on the financial statements

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

## Note 1 Accounting principles

### Compliance with standards and laws

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) as endorsed by the European Commission for application in the EU. The Swedish Financial Reporting Council's recommendation RFR 1 Supplementary Reporting Rules for Groups has also been applied.

The Parent Company applies the same accounting principles as the Group, except in those cases described under "Parent Company accounting policies".

The annual report and consolidated financial statements have been approved for publication by the Board of Directors and Chief Executive Officer on 28 March 2014.

### Valuation principles in the preparation of the financial reports

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

### Functional currency and reporting currency

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

### Estimates and assumptions in the financial statements

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

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

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

### Significant applied accounting principles

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

### Changes in accounting principles

The new or amended IFRS that came into effect on 1 January 2013 has had no material effect on the consolidated financial statements, except for amended IAS 1 Presentation of Financial Statements, which has led to a new structure of the items shown in other comprehensive income. IFRS 13 Fair Value Measurement has meant additional disclosure requirements for fair value measurements. Under the amended IFRS 7 Financial Instruments: Disclosures relating to new disclosure requirements for offsetting financial assets and liabilities, there has been no offsetting and no agreements exist that allow netting. An amendment was made to IAS 36, "Impairment of Assets", for disclosures about the recovery value of non-financial assets. The amendment removes the requirement for information on the recoverable amount of cash generating units that had been introduced in IAS 36 on the issuance of IFRS 13. The change is not mandatory for the group until January 1, 2014 but the group has chosen to apply the amendment from January 1, 2013.

### New IFRS standards and interpretations that have not yet been implemented

A number of new or amended IFRS standards come into effect in the next financial year and have not been adopted in advance when prepar-

ing these financial reports. New standards or amendments due for future adoption have not been adopted in advance.

- IFRS 9, Financial Instruments, is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. The IASB has published the first two of at least three parts that will together comprise IFRS 9. The first part deals with classification and measurement of financial assets. The categories for financial assets defined in IAS 39 have been replaced by two categories which are measured at either fair value or amortised cost. Amortised cost is used for instruments managed in a business model where the objective is to hold the financial assets to obtain the contractual cash flows; consisting of payments of principal and interest on the principal outstanding on specified dates. Other financial assets are measured at fair value and the opportunities to apply the "fair value option" as in IAS 39 remain. Fair value changes are recognised in profit or loss, with the exception of value changes for equity instruments that are not held for trading and for which an irrevocable election has been made at initial recognition to measure value changes in other comprehensive income.

In October 2010 IASB also published parts of IFRS 9 that deal with the classification and measurement of financial liabilities. Most of it is in line with the previous rules in IFRS 39 with the exception of financial liabilities that are measured at fair value according to the "Fair Value Option". For these liabilities the value change should be divided into changes that are attributable to the company's own credit rating and changes in the reference interest rate. New rules for hedge accounting were published in November 2013.

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

- IFRS 12 Disclosure of Interest in Other Entities

### Classification

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

### Operating segment reporting

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

### Consolidation principles

#### Subsidiaries

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

#### Business combinations on 1 January 2010 or later

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

In business combinations where the fair value of consideration is transferred, the amount of any non-controlling interest in the acquiree

and the fair value of any previously held equity interest in the acquiree (in a business combination acquired in steps) exceeds the Group's share in the fair value of net identifiable assets acquired and liabilities reported separately, the difference is accounted for as goodwill. When the difference is negative, i.e. when the acquisition is at a bargain price, it is reported directly in the profit for the year.

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

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

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

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

#### *Business combinations made between 1 January 2004 and 31 December 2009*

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

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

#### **Transactions eliminated on consolidation**

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

#### **Foreign currency**

##### **Transactions in foreign currencies**

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

##### **Financial statements of foreign businesses**

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

##### **Net investments in foreign operations**

Monetary long-term receivables from a foreign operation for which settlement is not planned and will probably not be performed in the

foreseeable future, is in practical terms part of the net investment in the foreign operation. An exchange rate difference that arises on the monetary long-term receivables is recognised cumulatively in a separate component of equity, the translation reserve. When divesting a foreign operation the accumulated exchange rate differences that are attributable to monetary long-term receivables in the cumulative translation differences that are reclassified from the translation reserve in equity to the year's profit.

#### **Revenue**

##### **Sale of goods and completion of work performed**

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

#### **Leasing**

##### **Costs relating to operational leases**

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

The Group has no financial leasing agreements.

#### **Financial income and expense**

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

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

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

Exchange gains and losses are reported at their net value.

## Note 1 Accounting principles (cont'd)

### Tax

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

Current tax is tax that is to be paid or recovered with regard to the current year using the tax rates valid or announced at balance sheet date. Tax adjustments pertaining to previous periods are also included here. Deferred tax is calculated using the liability method, based on the temporary difference between the carrying amount and the fiscal value of assets and liabilities. The amount is calculated based on the expectation of how the temporary differences are to be adjusted, and using the tax rates and fiscal regulations valid or announced at balance sheet date. Temporary differences are not reflected in corporate goodwill nor are they reflected for differences that arise at the first reporting of assets and liabilities that are not operating acquisitions that at the time of the transaction did not affect either the reported or taxable profit. Temporary differences attributable to shares in subsidiaries or associated companies that are not expected to be recovered in the foreseeable future. Deferred tax is valued on the basis of how the carrying amount of the assets or liabilities is expected to be realised or settled using the tax rates and rules that have been decided on, or in practice decided on, at the balance sheet date.

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

### Financial instruments

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

#### *Inclusion in and removal from statement of financial position*

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

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

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

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

#### *Classification and impairment testing*

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

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

loss or in financial income and expenses based on what the derivative is used for and to what extent the use is related to an operating item or financial item. If hedge accounting is used, the ineffective portion is recognised in the same way as value changes in a derivative not used for hedge accounting.

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

#### *Financial assets at fair value through profit and loss*

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

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

#### *Loan receivables and accounts receivable*

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

#### *Financial liabilities at fair value through profit and loss*

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

#### *Other financial liabilities*

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

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

### Derivatives and hedge accounting

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

An unequivocal connection to the hedged item is required to meet the criteria for hedge accounting stated in IAS 39. The hedge must also effectively protect the hedged item, hedging documentation must be drawn up, and efficacy must be measurable. Gains and losses on hedges of cash flows and net investments are recognised in the income statement at the same time that gains and losses are recognised for the hedged items.

#### *Receivables and liabilities in foreign currency and transaction exposure*

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

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

#### *Cash flow hedging of forecast sales in foreign currencies*

The currency futures used for hedging highly probable forecast sales in foreign currency are recognised in the consolidated statement of financial position at fair value. The value movement for the period is recognised in the other comprehensive income and the cumulative change in value in a separate component of equity (hedging reserve) until the flow



affects the profit or loss, whereupon the cumulative changes in value of the hedge instrument are reclassified in the profit or loss for the year when the hedged item (sales revenue) affects the year's profit.

### **Tangible fixed assets**

#### ***Owned assets***

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

The carrying amount of a tangible fixed asset is removed from the statement of financial position on retirement or disposal or when no future financial benefits are expected from its use or retirement/disposal. The gain or loss on disposal or retirement is the difference between the proceeds and the carrying amount less direct selling costs. Such gain or loss is stated under other operating income/costs.

#### ***Additional expenditure***

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

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

#### ***Depreciation principles***

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

Estimated useful lives:

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

### **Intangible fixed assets**

#### ***Goodwill***

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

#### ***Research and development***

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

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

#### ***Other intangible assets***

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

#### ***Additional expenditure***

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

### ***Amortisation principles***

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

Estimated useful lives:

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

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

### **Inventories**

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

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

### **Impairment**

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

#### ***Impairment of tangible and intangible assets***

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

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

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

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

#### ***Impairment of financial assets***

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

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

### **Payments to shareholders**

#### ***Dividends***

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

## Note 1 Accounting principles (cont'd)

### Earnings per share

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

### Employee benefits

#### Defined-contribution plans

All pension solutions in the Group are classified as defined contribution plans. Consequently the company's obligation is limited to the contributions that it has committed itself to pay. In such cases the size of employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the contributions' return on capital. The employee thus bears the actuarial risk (that the remuneration will be lower than expected) and the investment risk (that the invested assets will not suffice to pay out the expected remuneration). The company's commitments regarding payments to defined contribution plans are recognised as an expense in the income statement as they are earned over time by the employee rendering services for the company.

#### Termination benefits

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

#### Share-based payments

Share-based payment pertains to employee benefits, including senior executives in accordance with the employee share option scheme, allotted by Pricer in 2011 and the Performance Share Plan that was initiated in 2013. Costs for employee benefits are recognised as the value of services received, allocated over the vesting periods for the plans, calculated as the fair value of the allotted equity instruments. The fair value is determined on the allotment date, or the date on which Pricer and the employees have agreed on the terms and conditions of the plans. Since the plans are regulated with equity instruments, they are classified as "equity settled" and an amount corresponding to the recognised cost for employee benefits is recognised directly in shareholders' equity (other contributed capital). The vesting of share options depends on the scheme participant remaining in employment and retaining the rights that need to be bought initially. The Performance Share Plan contains two types of rights. Matching share rights give entitlement to Pricer shares if the participant remains in employment and retains the Saving Share that must initially be purchased. Performance shares give entitlement to shares under the same conditions and if the accumulated earnings per share are sufficiently high during the vesting period. The recognised cost 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 fulfilment of the conditions of the group's financial goals. No such adjustment is carried out for the number of share options that are expected to be exercised and are actually exercised depending on whether the level of the exercise price gives rise to the exercise. Neither is such an adjustment carried out when participants lose share rights due to selling the saving shares that they were required to purchase and must retain. In this case, the entire remaining cost is immediately recognised instead. 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 recognised, 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, for the exercise/matching.

### Provisions

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

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

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

### Guarantees

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

### Contingent liabilities

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

### Parent Company accounting principles

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

### Differences between accounting principles of the Group and the Parent Company

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

#### Classification and forms of presentation

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

#### Subsidiaries

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

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

## Note 2 Distribution of revenue

	G 2013	G 2012	PC 2013	PC 2012
<b>Net sales:</b>				
Revenue from goods	485,353	502,044	419,700	428,636
Revenue from services	31,772	38,155	7,940	4,044
Royalties	7,486	9,000	5,709	6,885
<b>Total</b>	<b>524,611</b>	<b>549,199</b>	<b>433,349</b>	<b>439,565</b>

The Parent Company's product sales include intra-group sales of 294,423 (235,062). The revenue of the Group and the Parent Company includes exchange-loss of 177 (5,364).

## Note 3 Operating segments

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

### Information per company

Total revenue from external customers amounted to SEK 524.6 M (549.2). Any division in different product categories is not made as revenue is constituted by sale of systems. See further note 2 Distribution of revenue.

<b>Net sales by country</b>	G 2013	G 2012
Sweden	15,955	19,472
France	201,473	222,083
Netherlands	67,817	610
Norway	49,965	98,944
Other countries	189,401	208,090
<b>Total</b>	<b>524,611</b>	<b>549,199</b>

### Revenue from external customers per geographic domicile

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

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

In certain markets Pricer operates through resellers. Net revenue from one customer group amounted to SEK 69 M, equivalent to 13 percent of the consolidated revenue of Pricer in 2012. Three other individual customers or retailers represent more than 10 percent, respectively, of the consolidated revenue.

## Note 4 Employees and personnel costs

### Average number of employees

	2013		2012	
	Number	of whom, men	Number	of whom, men
<b>Parent Company</b>				
Sweden	30	82%	30	82%
Hong Kong	1	100%	-	-
<b>Subsidiaries</b>				
USA	5	83%	4	100%
Israel	2	100%	2	100%
France	40	68%	36	71%
Total subsidiaries	47	71%	42	78%
<b>Total Group</b>	<b>78</b>	<b>76%</b>	<b>72</b>	<b>78%</b>

### Gender distribution in executive management on balance sheet date

	G 2013	G 2012	PC 2013	PC 2012
	% of women	% of women	% of women	% of women
Board of Directors	20%	20%	20%	20%
Other senior executives	0%	0%	0%	0%

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

	G 2013	G 2012	PC 2013	PC 2012
Board and CEO	7,074	4,848	7,074	4,848
(of which bonus, etc.)	(-134)	(0)	(-134)	(0)
Other senior executives	6,522	6,651	3,116	2,591
(of which bonus, etc.)	(552)	(440)	(288)	(84)
Other employees	33,764	27,909	15,449	14,210
(of which bonus, etc.)	(2 769)	(-401)	(822)	(-199)
<b>Total salaries and other remuneration</b>	<b>47,360</b>	<b>39,408</b>	<b>25,639</b>	<b>21,649</b>
(of which bonus, etc.)	(3 187)	(39)	(976)	(-115)
Social security expenses, Board and CEO	1,624	1,777	1,624	1,777
Social security expenses, other senior executives	3,488	4,112	1,828	1,773
Social security expenses, other employees	14,750	12,613	6,587	6,233
<b>Total social security expenses</b>	<b>19,862</b>	<b>18,502</b>	<b>10,039</b>	<b>9,783</b>
of which:				
Pension costs, Board and CEO	485	359	485	359
Pension costs, other senior executives	860	1,210	534	486
Pension costs, other employees	1,999	2,437	1,817	1,975
<b>Total pension costs</b>	<b>3,344</b>	<b>4,006</b>	<b>2,836</b>	<b>2,820</b>

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

Continued on page 28

## Note 4 Employees and personnel costs (cont'd)

### Remuneration and benefits of senior executives

#### Remuneration principles

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

#### Remuneration and benefits

Fees to directors of the Parent Company are payable as follows: During the 2012/2013 assignment period (until the Annual General Meeting on 24 April 2013), director fees amounted to SEK 1,250 thousand total divided by SEK 450 thousand to the Chairman and SEK 200 thousand to other members (5 board members in total). During the 2013/2014 assignment period (until the Annual General Meeting on 6 May 2014), directors' fees amounted to SEK 1,250 thousand total divided by SEK 450 thousand to the Chairman and SEK 200 thousand to other members (total 5 board members). The fees were expensed during the assignment periods. The Chairman has received an extra compensation during 2014 in combination with the change of CEO of SEK 130 thousand, invoiced via his own company. No other remuneration, apart from defrayal of outlays, was paid to the Board. Certain board members have invoiced the fee via their own company, which in that case also includes the fee for social security contributions. The specified amounts are the fees determined by the AGM excluding social security contributions.

For the former President Fredrik Berglund remuneration appears in table. The variable remuneration is linked to the performance of the company during the year. For 2013, the variable compensation was based on Group net sales and operating profit. The objectives were not achieved and there was no bonus. The period of notice for the President is twelve months when notice is given by the employer and six months when notice is given by the employee. Fredrik Berglund submitted his resignation as CEO 27 November and left his position 16 December. The CFO of Pricer, Harald Bauer, replaced as acting CEO.

For remuneration to other senior executives, please refer to table. For other senior executives, the variable salary for 2013 was based on Group net sales, operating profit and cash flow as well as on individual targets. The variable salary is individual and was in 2013 maximised from 20 to 60 percent of basic salary. The period of notice for other senior executives varies and in no case exceeds twelve months. Senior executives are not entitled to severance pay.

#### Employee share based compensation scheme

The AGM of 2013 approved a share savings programme 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 where up to 20 people, around 25 percent of the group's employees, are defined as management or key employees. In addition to the above-mentioned conditions regarding continued term of employment and holding of savings shares, performance shares are conditional on the fulfilment of annual performance targets, where one-third of the performance shares are attributable to each year's performance targets. These targets are the same for the people concerned and include sales and operating profit targets. The targets in the performance plan's first year 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 fair value of the matching and performance shares at the time of allotment were estimated at SEK 7.55. The value is established by the share price reduced by the current value of the expected dividends during the vesting period. The final fair value of two-thirds of the performance shares, for which the performance targets are set in spring 2014 and 2015, will be determined when the shares are allotted.

### Summary of share value based incentive programs for employees

Program	Stock options	Stock options	Share savings program
	2008	2011	2013
Maximum number of options <sup>1)</sup>	20,000,000	30,000,000	750,000
Expiration date	June 30, 2011	August 31, 2015	May 31, 2016
Exercise price, SEK	7.40	15.60	-
Type of shares	B	B	B
<sup>1)</sup> Each ten options give right to acquire one share at the indicated exercise price			
Initial number of participating employees	60	59	40
Initial number of securities	17,200,000	21,000,000	591,057
-of which warrants/performance shares	-	11,650,000	440,170
<b>Outstanding Jan. 1, 2013</b>	-	20,800,000	-
Granted	-	-	591,057
Forfeited	-	-	-269,635
<b>Outstanding Dec. 31, 2013</b>	-	<b>20,800,000</b>	<b>321,422</b>
-of which vested	-	17,750,000	-
-of which exercisable	-	11,650,000	-
Remaining exercise period months	-	20	29
<b>Outstanding Jan. 1, 2012</b>	14,266,667	21,000,000	-
Granted	-	800,000	-
Exercised	-14,266,667	-	-
		-	-
<b>Outstanding Dec. 31, 2012</b>	<b>0</b>	<b>20,800,000</b>	<b>-</b>
-of which vested	-	14,700,000	-
-of which exercisable	-	11,650,000	-
Remaining exercise period months	-	32	-
Average weighted stock price for exercised employee options, SEK	11.23	-	-

To ensure the delivery of the shares in the programme, 750,000 shares have been issued during the year and bought back at particularly value and are held by the company for the promise of matching/performance shares for 2016.

#### Employee stock option scheme

The AGM in 2011 approved an option programme for all the employees of the group, covering a maximum of 30 million options (10 options give the right to subscribe for one share) with maturity on 31 august 2015. Options to employees in Sweden and the USA consist of subscription options, while in France and Israel they consisted in employee stock options. Employee stock options vest over three years based on continuous employment

The AGM in 2008 approved an option programme for all the employees of the group covering a total of 20 million options (10 options give the right to subscribe for one share) with maturity on 30 June 2012. The options are earned at one-third per year and are conditional on continued employment. Options consisted of employee stock options

for all employees.

The value of the employee stock options are recognised as an expense during the vesting period while the subscription options are purchased at market value by the employee.

During 2013, costs of SEK 0.6 M (0.5) relating to the value of the employee stock options and matching and performance shares were charged to the consolidated profit, of which SEK 0.4 M (0.0) were 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 50.

#### Loans to senior executives and other related-party transactions

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

#### Reimbursements and other benefits to the group management

	Basic salary	Variable reimbursements	Expenses for share options	Other benefits *	Pension	Other reimbursements	Total 2013	Total 2012
Fredrik Berglund (CEO)*	3,242	-134	-	111	485	2,366	6,070	3,910
Other members of the group management (6 (6) pers.)	5,859	342	217	1,320	859	107	8,704	8,657
<b>Total</b>	<b>9,101</b>	<b>208</b>	<b>217</b>	<b>1,431</b>	<b>1,344</b>	<b>2,473</b>	<b>14,774</b>	<b>12,567</b>

Fredrik Berglund resigned from his position out of his own will on December 16, 2013. Provision for severance pay is recorded as Other reimbursement

\* Other benefits represent mainly car benefits

#### Note 5 Fees to auditors

	G 2013	G 2012	PC 2013	PC 2012
<b>Fees to KPMG</b>				
Auditing assignment	885	954	600	650
Auditing services beyond the assignment	36	154	36	154
Non-auditing services	313	662	313	662
<b>Fees to Dunsky Knobel Beltzer &amp; Co, Israel</b>				
Auditing assignment	39	54	-	-
Non-auditing services	65	88	-	-
<b>Total</b>	<b>1,338</b>	<b>1,912</b>	<b>949</b>	<b>1,466</b>

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 2013	G 2012
Cost of goods sold	397,589	376,976
Personnel costs	63,728	54,288
Amortisation/depreciation	11,661	6,409
Other operating expenses	43,849	41,781
<b>Total</b>	<b>516,827</b>	<b>479,454</b>

The cost of goods sold includes exchange-rate loss of 1,730 (loss: 516).

#### Note 7 Net financial items

Group	2013	2012
Interest income	90	353
Net exchange-rate change	415	-
<b>Financial income</b>	<b>505</b>	<b>353</b>
Interest expenses	-584	-411
Other expenses	-7	-51
Net exchange-rate change	-	-3,078
<b>Financial expenses</b>	<b>-591</b>	<b>-3,540</b>
<b>Net financial items</b>	<b>-86</b>	<b>-3,187</b>

#### Parent Company

Result from participations in Group companies	2013	2012
Impairment losses	-63	-148
<b>Total</b>	<b>-63</b>	<b>-148</b>

#### Result from other financial assets and receivables accounted for as fixed assets

	2013	2012
Interest income, Group companies	72	192
<b>Total</b>	<b>72</b>	<b>192</b>

#### Interest income and similar profit/loss items

	2013	2012
Interest income	90	342
Interest income, Group companies	17	86
Net exchange-rate change	500	-
<b>Total</b>	<b>607</b>	<b>428</b>

#### Interest expenses and similar profit/loss items

	2013	2012
Interest expenses	-584	-412
Net exchange-rate change	-	-2,821
<b>Total</b>	<b>-584</b>	<b>-3,233</b>

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



## Note 8 Taxes

<b>Reported tax</b>	G 2013	G 2012	PC 2013	PC 2012
<b>Current tax</b>				
Current tax in the period	-3,599	-4,099	-143	-514
Adjustment of tax relating to earlier years	20	523	-	
Total current tax	-3,579	-3,576	-143	-514
<b>Deferred tax expense/income</b>				
Temporary differences	107	-8,371	589	-6,298
Effect of adjusted tax rate *)	-	-18,980	-	-18,807
Total deferred tax expense/income	107	-27,351	589	-25,105
<b>Total accounted tax expense/income (net)</b>	<b>-3,472</b>	<b>-30,927</b>	<b>446</b>	<b>-25,619</b>

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

**Reconciliation of effective tax**

	Percent	2013	Percent	2012
<b>Group</b>				
Profit before tax		7,698		66,557
Tax according to applicable tax rate for the Parent Company	-22.0	-1,694	-26.3	-17,504
Effect of applicable tax rates for foreign subsidiaries		-1,130		-366
Non-deductible expenses		-62		-1,040
Non-taxable income		380		395
Tax relating to earlier years		20		523
Utilisation of uncapitalised losses carry-forward		-986		6,045
Effect of adjusted tax rate		-		-18,980
<b>Reported effective tax</b>	<b>-45.1</b>	<b>-3,472</b>	<b>-46.5</b>	<b>-30,927</b>
	Percent	2013	Percent	2012
<b>Parent Company</b>				
Profit before tax		-7,953		47,949
Tax according to applicable tax rate for the Parent Company	-22.0	1,750	-26.3	-12,611
Non-deductible expenses		-62		-83
Non-taxable income		5		1
Utilisation of uncapitalised losses carry-forward		-1,246		5,881
Effect of adjusted tax rate		-		-18,807
<b>Reported effective tax</b>	<b>-5.6</b>	<b>446</b>	<b>-53.4</b>	<b>-25,619</b>

**Accounted for in the statement of financial position**

<b>Deferred tax assets and liabilities</b>	G 2013	G 2012	PC 2013	PC 2012
Tangible fixed assets	67	128	67	128
Inventory	403	770	-	-115
Provisions	1,770	1,783	1,770	1,783
Derivatives	213	6	213	6
Other	-222	-	-222	-
Tax losses carry-forward	99,000	99,000	99,000	99,000
<b>Deferred tax assets (net)</b>	<b>101,231</b>	<b>101,687</b>	<b>100,828</b>	<b>100,802</b>



## Note 8 Taxes (cont'd)

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

	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
<b>GROUP 2013</b>				
Tangible assets	128	-61	-	67
Inventory	770	-367	-	403
Provisions	1,783	-13	-	1,770
Derivatives	6	107	100	213
Other	-	-222	-	-222
Tax losses carry-forward	99,000	663	-663	99,000
<b>Total</b>	<b>101,687</b>	<b>107</b>	<b>-563</b>	<b>101,231</b>
<b>GROUP 2012</b>				
	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
Tangible assets	315	-187	-	128
Inventory	3,130	-2,360	-	770
Provisions	2,992	-1,209	-	1,783
Derivatives	-331	390	-53	6
Tax losses carry-forward	118,350	-23,983	4,633	99,000
<b>Total</b>	<b>124,456</b>	<b>-27,351</b>	<b>4,580</b>	<b>101,687</b>
<b>PARENT COMPANY 2013</b>				
	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
Tangible assets	128	-61	-	67
Inventory	-115	115	-	-
Provisions	1,783	-13	-	1,770
Derivatives	6	107	100	213
Other	-	-222	-	-222
Tax losses carry-forward	99,000	663	-663	99,000
<b>Total</b>	<b>100,802</b>	<b>589</b>	<b>-563</b>	<b>100,828</b>
<b>PARENT COMPANY 2012</b>				
	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
Tangible assets	315	-187	-	128
Inventory	-	-115	-	-115
Provisions	2,992	-1,209	-	1,783
Derivatives	-331	390	-53	6
Tax losses carry-forward	118,350	-23,983	4,633	99,000
<b>Total</b>	<b>121,326</b>	<b>-25,105</b>	<b>4,580</b>	<b>100,802</b>

## Unrecognized deferred taxes

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

	G 2013	G 2012	PC 2013	PC 2012
Tax loss carry-forwards	526,508	545,528	240,102	235,954

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

future confirming the earlier reported gross value of SEK 450 M. In addition to this there are additional tax losses carry-forward of gross SEK 527 M (546) in the Group for which no deferred tax asset has been accounted for.

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

## Note 9 Intangible assets

## GROUP 2013

<i>Accumulated acquisition value</i>	<b>Marketing, patent and licensed rights</b>	<b>Customer relationships</b>	<b>Product technology</b>	<b>Development projects</b>	<b>Goodwill</b>	<b>Other intangible assets</b>	<b>Total intangible assets</b>
Opening balance	26,535	30,000	10,000	34,872	217,447	1,995	320,849
Purchases during the year	26	-	-	20,056	-	3,490	23,572
Disposals *)	-18,100	-	-	-	-	-	-18,100
Exchange-rate difference	5	-	-	-	8,237	117	8,359
<i>Closing balance</i>	<i>8,466</i>	<i>30,000</i>	<i>10,000</i>	<i>54,928</i>	<i>225,684</i>	<i>5,602</i>	<i>334,680</i>
<i>Accumulated amortisation</i>							
Opening balance	-26,518	-30,000	-10,000	-7,076	-	-	-73,594
The year's amortisation	-26	-	-	-9,073	-	-985	-10,084
Disposals	18,100	-	-	-	-	-	18,100
Exchange-rate difference	-13	-	-	-	-	-19	-32
<i>Closing balance</i>	<i>-8,457</i>	<i>-30,000</i>	<i>-10,000</i>	<i>-16,149</i>	<i>-</i>	<i>-1,004</i>	<i>-65,610</i>
<b>Carrying value</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>38,779</b>	<b>225,684</b>	<b>4,481</b>	<b>268,953</b>

## GROUP 2012

<i>Accumulated acquisition value</i>	<b>Marketing, patent and licensed rights</b>	<b>Customer relationships</b>	<b>Product technology</b>	<b>Development projects</b>	<b>Goodwill</b>	<b>Other intangible assets</b>	<b>Total intangible assets</b>
Opening balance	247,611	30,000	10,000	23,734	225,727	812	537,884
Purchases during the year	26	-	-	11,138	-	1,183	12,347
Disposals *)	-208,402	-	-	-	-	-	-208,402
Exchange-rate difference	-12,700	-	-	-	-8,280	-	-20,980
<i>Closing balance</i>	<i>26,535</i>	<i>30,000</i>	<i>10,000</i>	<i>34,872</i>	<i>217,447</i>	<i>1,995</i>	<i>320,849</i>
<i>Accumulated amortisation</i>							
Opening balance	-247,555	-30,000	-10,000	-2,885	-	-	-290,440
The year's amortisation	-64	-	-	-4,191	-	-	-4,255
Disposals	208,402	-	-	-	-	-	208,402
Exchange-rate difference	12,699	-	-	-	-	-	12,699
<i>Closing balance</i>	<i>-26,518</i>	<i>-30,000</i>	<i>-10,000</i>	<i>-7,076</i>	<i>-</i>	<i>-</i>	<i>-73,594</i>
<b>Carrying value</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>27,796</b>	<b>217,447</b>	<b>1,995</b>	<b>247,255</b>

## PARENT COMPANY 2013

<i>Accumulated acquisition value</i>	<b>Patent and licensed rights</b>	<b>Development projects</b>	<b>Other intangible assets</b>	<b>Total intangible assets</b>
Opening balance	5,040	34,872	1,995	41,907
Purchases during the year	-	20,056	30	20,086
<i>Closing balance</i>	<i>5,040</i>	<i>54,928</i>	<i>2,025</i>	<i>61,993</i>
<i>Accumulated amortisation</i>				
Opening balance	-5,040	-7,076	-	-12,116
The year's amortisation	-	-9,073	-405	-9,478
<i>Closing balance</i>	<i>-5,040</i>	<i>-16,149</i>	<i>-405</i>	<i>-21,594</i>
<b>Carrying value</b>	<b>-</b>	<b>38,779</b>	<b>1,620</b>	<b>40,399</b>

## PARENT COMPANY 2012

<i>Accumulated acquisition value</i>	<b>Patent and licensed rights</b>	<b>Development projects</b>	<b>Other intangible assets</b>	<b>Total intangible assets</b>
Opening balance	31,933	23,734	812	56,479
Purchases during the year	-	11,138	1,183	12,321
Disposals *)	-26,893	-	-	-26,893
<i>Closing balance</i>	<i>5,040</i>	<i>34,872</i>	<i>1,995</i>	<i>41,907</i>
<i>Accumulated amortisation</i>				
Opening balance	-31,931	-2,885	-	-34,816
The year's amortisation	-2	-4,191	-	-4,193
Disposals	26,893	-	-	26,893
<i>Closing balance</i>	<i>-5,040</i>	<i>-7,076</i>	<i>-</i>	<i>-12,116</i>
<b>Carrying value</b>	<b>-</b>	<b>27,796</b>	<b>1,995</b>	<b>29,791</b>

\*) Relating to the rights to exploit older product patents which have expired resulting in the rights having been disposed

## Note 9 Intangible assets (cont'd)

### DISTRIBUTION OF AMORTISATION

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

	G 2013	G 2012	PC 2013	PC 2012
Selling expenses	606	62	-	-
Administration costs	405	2	405	2
Research and development costs	9,073	4,191	9,073	4,191
<b>Total</b>	<b>10,084</b>	<b>4,255</b>	<b>9,478</b>	<b>4,193</b>

### Portion of internal time

Of the cost of capitalised development projects above SEK 37,9691 (22,148) are acquired externally and SEK 16,959 (12,724) are generated internally.

### Impairment testing of goodwill

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

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

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

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

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

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

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

## Note 10 Tangible fixed assets

## GROUP 2013

<i>Accumulated acquisition value</i>	<b>Leasehold improvements</b>	<b>Plant and machinery</b>	<b>Equipment, tools, fixtures and fittings</b>	<b>Total tangible assets</b>
Opening balance	2,137	14,196	8,400	24,733
Purchases during the year	-	68	2,435	2,503
Sales and disposals	-	-	-61	-61
Exchange-rate difference	81	32	21	134
<b>Closing balance</b>	<b>2,218</b>	<b>14,296</b>	<b>10,795</b>	<b>27,309</b>
<i>Accumulated depreciation</i>				
Opening balance	-1,129	-12,789	-3,309	-17,227
The year's depreciation	-536	-780	-1,562	-2,878
Sales and disposals	-	-	45	45
Exchange-rate difference	-61	-16	-15	-92
<b>Closing balance</b>	<b>-1,726</b>	<b>-13,585</b>	<b>-4,841</b>	<b>-20,152</b>
<b>Carrying value</b>	<b>492</b>	<b>711</b>	<b>5,954</b>	<b>7,157</b>

## GROUP 2012

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

## PARENT COMPANY 2013

<i>Accumulated acquisition value</i>	<b>Leasehold improvements</b>	<b>Plant and machinery</b>	<b>Equipment, tools, fixtures and fittings</b>	<b>Total tangible assets</b>
Opening balance	-	13,153	6,679	19,832
Purchases during the year	-	-	2,200	2,200
<b>Closing balance</b>	<b>-</b>	<b>13,153</b>	<b>8,879</b>	<b>22,032</b>
<i>Accumulated depreciation</i>				
Purchases during the year	-	-12,174	-1,922	-14,096
The year's depreciation	-	-626	-1,353	-1,979
<b>Closing balance</b>	<b>-</b>	<b>-12,800</b>	<b>-3,275</b>	<b>-16,075</b>
<b>Carrying value</b>	<b>-</b>	<b>353</b>	<b>5,604</b>	<b>5,957</b>

## PARENT COMPANY 2012

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

## DISTRIBUTION OF DEPRECIATION

<i>Amortisations are recognised on the following lines in the statement of consolidated comprehensive income</i>				
	G 2013	G 2012	PC 2013	PC 2012
Cost of goods sold	1,301	886	1,301	886
Selling expenses	899	992	-	-
Administrative expenses	511	160	511	160
Research and development costs	167	116	167	116
<b>Total</b>	<b>2,878</b>	<b>2,154</b>	<b>1,979</b>	<b>1,162</b>

## Note 11 Receivables from group companies

	PC 2013	PC 2012
<b>Accumulated acquisition value</b>		
At beginning of year	86,333	94,328
Loans granted during the year	4,457	-4,276
Exchange-rate differences	2,984	-3,719
<b>Closing balance</b>	<b>93,774</b>	<b>86,333</b>

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

## Note 12 Other receivables

	G 2013	G 2012	PC 2013	PC 2012
VAT recoverable	16,976	25,855	16,976	25,842
Preliminary tax	1,198	3,639	1,198	405
Derivatives (forward contracts)	104	522	104	522
Receivables suppliers	37,966	24,726	37,751	24,681
Other	2,048	2,367	379	34
<b>Total</b>	<b>58,292</b>	<b>57,109</b>	<b>56,408</b>	<b>51,484</b>

## Note 13 Inventories

	G 2013	G 2012	PC 2013	PC 2012
Finished goods and goods for resale	148,413	141,987	120,125	115,402
<b>Total</b>	<b>148,413</b>	<b>141,987</b>	<b>120,125</b>	<b>115,402</b>

The cost of sold products includes write-down of inventory with -3 265 (2012: release of inventory reserve 1 106). The Parent Company's accounts include inventory write-down of -3 119 (2012: release of inventory reserve 237).

## Note 14 Accounts receivable

Accounts receivable are stated recognised after making release of/ provision for bad debts, which amounted during the year to 1,163 (207) for the Group and 0 (0) for the Parent Company. During the year 250 (1,353) of provisions from previous year were recovered. At the end of 2013, total reserve for possible bad debts amounted to 1,887 (974) for the Group and 0 (0) for the Parent Company.

## Note 15 Prepaid expenses and accrued income

	G 2013	G 2012	PC 2013	PC 2012
Prepaid expenses	5,108	2,968	2,420	897
Accrued revenue	233	250	-	-
Prepayments for fixed assets	947	947	947	947
Prepaid components	9,725	9,792	9,725	9,792
Other	1,710	1,807	1,487	1,021
<b>Total</b>	<b>17,723</b>	<b>15,764</b>	<b>14,579</b>	<b>12,657</b>

## Note 16 Equity

### Issued and outstanding shares

<b>Stated in number of shares</b>	<b>Class A</b>	<b>Class B</b>	<b>Total</b>
Issued at January 1, 2013	225,822	109,665,959	109,891,781
Issue of shares		750,000	750,000
Reclassification	-299	299	0
Issued at December 31, 2013	225,523	110,416,258	110,641,781
Treasury shares		-750,000	-750,000
Outstanding shares December 31, 2013	225,523	109,666,258	109,891,781
Issued at January 1, 2012	225,822	108,239,326	108,465,148
Issue of shares		1,426,633	1,426,633
Issued and outstanding December 31, 2012	225,822	109,665,959	109,891,781

Each class A share is entitled to 5 votes and each class B share is entitled to 1 vote. The total number of outstanding votes was 111 543 953 (110 795 069) at the end of 2013.

The registered share capital at 31 December amounted to 110,641,781 ordinary shares with a quota value of SEK 1.00. Holders of ordinary shares are entitled to a dividend determined during the following year, and a shareholder confers the above voting rights at general shareholders meetings.

### Consolidated

#### Other capital contribution

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

#### Translation reserve

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

#### Hedging reserve

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

#### Accumulated profits

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

### Parent Company

#### Restricted equity

##### Statutory reserve

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

#### 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.

#### Translation reserve

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

#### Hedging reserve

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

#### Accumulated results

This item includes accumulated earnings and profit of the year.

### Dividend

The Board of Directors has not proposed any dividend for 2013. There exists since before a dividend policy:

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

## Note 17 Earnings per share

	Before dilution		After dilution	
	2013	2012	2013	2012
Basic earnings per share	0.04	0.33	0.04	0.33

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

### Basic earnings per share

Basic earnings per share are calculated based on the profit for the year attributable to owners of the parent of 4,226 (35,630) and the basic weighted average number of shares outstanding, 109,974 thousand shares (109,290 thousand shares).

### Diluted earnings per share

Diluted earnings per share are calculated based on the profit for the year attributable to owners of the Parent Company of 4,226 (35,630) and the diluted weighted average number of shares outstanding. The dilutive effects arise from the stock options that are settled in shares. The stock options have a dilutive effect when the average share price during the period exceeds the exercise price of the options. The dilutive effect increases in proportion to the increase in the difference between the average share price during the period and the exercise price of the options. The exercise price is adjusted by the value of future services related to the options when calculating the dilutive effect.

The diluted weighted average number of shares outstanding total 109,974 thousand shares (109,495 thousand shares).

### Outstanding warrants

Designation	Number	Year issued	Strike price	Expiration
T011	21 million	2011	15.60	August 31, 2015

### Potentially dilutive instruments

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

## Note 18 Provisions

Warranty provisions	G 2013	G 2012	PC 2013	PC 2012
Opening balance	8,105	11,376	8,105	11,376
Provisions	8,168	4,956	8,168	4,956
Utilised during the year	-5,195	-4,206	-5,195	-4,206
Reversed during the year	-	-4,021	-	-4,021
Closing balance	11,078	8,105	11,078	8,105
Whereof as long-term liability	3,224	2,908		

Warranty provisions pertain primarily to certain commitments regarding products sold in prior years, as well as sales in 2013. The provision is based on calculations conducted on the basis of outcomes during 2013 and prior years. Pricer invests substantial resources in product development to preserve and strengthen the company's leading position in systems solution. Pricer markets its products with customary warranties which in some cases extend over several years, the majority expected to be paid within 1-5 years. There is therefore a risk that installed products may need to be replaced during the warranty undertaking or for market reasons in addition to the reported warranty re-serve which is based on historical performance.

## Note 19 Other liabilities

	G 2013	G 2012	PC 2013	PC 2012
Employee withholding tax	514	1,751	514	1,080
VAT payable	6,913	2,714	-	-
Derivatives (forward contracts)	1,072	549	1,072	549
Other liabilities	3,868	3,332	787	482
<b>Total</b>	<b>12,367</b>	<b>8,346</b>	<b>2,373</b>	<b>2,111</b>

## Note 20 Accrued expenses and deferred income

	G 2013	G 2012	PC 2013	PC 2012
Accrued vacation pay	3,279	2,945	1,701	1,564
Accrued salaries	5,297	1,017	3,314	479
Social security contributions	2,492	1,155	1,205	418
Accrued expenses for delivery and installation	3,184	8,485	-	8,485
Prepaid income	5,169	4,756	-	-
Other accrued expenses	6,249	7,896	3,821	5,252
<b>Total</b>	<b>25,670</b>	<b>26,254</b>	<b>10,041</b>	<b>16,198</b>



## Note 21 Financial instruments and financial risk management

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

### Financial risk management in the Pricer Group

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

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

### Currency risk

The Group is exposed to various types of currency risk. The main exposure relates to purchases and sales in foreign currencies, where the risks include the effect of currency fluctuations on the value of financial instruments, accounts receivable and payable, as well as the currency risk resulting from expected or contracted payment flows (designated transaction exposure). Currency risks also arise in connection with the translation of foreign subsidiaries' assets and liabilities into the Parent Company's functional currency, known as translation exposure. The company has not hedged its translation exposure in foreign currency.

Pricer's policy is to limit its transaction exposure by matching flows in foreign currencies by denominating customer contracts in US dollars, using currency clauses in quotations and contracts and using forward contracts to hedge the flows. The company's policy stipulates that exposures should be identified and hedged through forward contracts. The degree of hedging increases as the expected flows become more certain in time and volume from initially 40 percent to 80 percent of expected flows. The hedges are adjusted as changes in the expected flows are noted. In 2013, Pricer's main payment flows were denominated in euro and US dollar. Pricer's closing order books were denominated in euro and US dollar as sales are invoiced in these currencies, predominantly in euro. Purchases of components and finished products are mainly invoiced in US dollar. Since this means that the Group has a net inflow in euro and net outflow in US dollars, Pricer has decided to hedge some of these gross flows by selling euro and buying US dollars forward. The forward contracts are valued according to level 2, meaning to market value at each balance sheet date.

% of sales and costs by currency:	USD	EUR	SEK and other currencies
Sales	29 (39)%	70 (58)%	1 (3)%
Costs	71 (69)%	14 (16)%	16 (15)%

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

Currency movements were limited in 2013. The main part of Pricer's sales in 2013, about 70 (58) percent, was denominated in euro, 29 (39) percent in US dollars and other currencies 1 (3) percent. The US dollar accounts for virtually all of the cost of goods sold, while operating expenses are shared equally between euro and krona, with US dollars accounting for a minor portion. Pricer hedges part of its anticipated flows through forward currency contracts in order to hedge its margins and postpone possible adverse currency effects. In general, Pricer never signs contracts for the prices it charges customers for longer than one year and it usually applies shorter periods, to be able to adjust prices to such factors as exchange rate differences.

Effects from realised and unrealised currency forward contracts amounted to SEK -2.4 M (-2.3) in the result. Currency effects in financial items amounted to expenses of SEK 0.4 M (-3.1) and comprised currency revaluation of loan assets to subsidiaries and cash positions. Basically, Pricer benefits from a strong euro and is not favoured by a strong US dollar.

A one percent variation of the rate between euro and SEK leads to a change of the gross margin of 0.5 percent and similarly, the effect of a

one percent variation of the rate between US-dollar and SEK leads only to a marginal change of the gross margin based on the currency mix in 2013.

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

Pricer's net foreign currency assets at the end of 2013 amounted to SEK 410.3 M (497.1).

### Embedded derivatives

Pricer has contracts with both suppliers and customers in currencies other than the counterparty's own functional currency, e.g. USD for purchases in China and USD for sales to Japan. Such transactions give rise to what is known as an embedded derivative. The effect of these imbedded derivatives has been limited in 2013 and is not accounted for in the result.

### Interest risk

Interest risk is the risk of changes in market interest rates having a negative impact on cash flow or the fair value of financial assets and liabilities. At present, Pricer has no assets earning fixed rates of interest since its liquid funds are placed on deposit at banks. Accordingly, any change in interest rates will have a direct impact on consolidated earnings. The Group had cash and cash equivalents of SEK 48.9 M (45.7) at the year-end. A change of one percentage point in interest rates would affect net financial items by SEK 1 M on an annual basis.

### Credit risk

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

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

Concentration of credit risk		% of number of customers	% of portfolio
Exposure < SEK 1 M	47	69%	7%
Exposure SEK 1-5 M	12	18%	24%
Exposure > SEK 5 M	9	13%	69%
<b>Total</b>	<b>68</b>	<b>100%</b>	<b>100%</b>

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

Time analysis of accounts receivable	2013		2012	
Overdue but not written off accounts receivable	Overdue payments	Total exposure	Overdue payments	Total exposure
< 60 days	43,268		24,397	
> 60 days	18,517		19,278	
<b>Total</b>	<b>61,785</b>	<b>150,422</b>	<b>43,675</b>	<b>191,543</b>
Overdue and written off accounts receivable	2013		2012	
<60 days	-		-	
>60 days	1,887		974	
<b>Total</b>	<b>1,887</b>		<b>974</b>	
Provision for possible bad debts	2013		2012	
<b>Opening provisions</b>	<b>974</b>		<b>2,120</b>	
Provisions for possible bad debts	1,163		207	
Proven bad debts	-		-	
Recovery from provision for possible bad debts	-250		-1,353	
<b>Closing provision</b>	<b>1,887</b>		<b>974</b>	

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

### Financial credit risks

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

	Maximum permitted exposure	2013		2012	
		Actual exposure	Percentage breakdown	Actual exposure	Percentage breakdown
<b>Eligible counterparties</b>					
Sovereign borrowers / Kingdom of Sweden	Unlimited	-	-	-	-
Banks	SEK 100 M	49	100%	46	100%
Swedish local government authorities with K-1	SEK 10 M	-	-	-	-
Bonds issued by Swedish mortgage finance institutions	SEK 10 M	-	-	-	-
Corporate paper with K-1	SEK 10 M	-	-	-	-
<b>Total exposure</b>		<b>49</b>	<b>100%</b>	<b>46</b>	<b>100%</b>

### Refinancing risk

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

### Fair value of financial instruments

Fair value and reported value in the statement of consolidated financial position may differ due to fluctuations in market interest rates, among other things. Pricer has, however, no financial assets or deposits other than funds in the bank.

### Capital management

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

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

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

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

Level 3: Based on data not quoted in the market

	Level 1	Level 2	Level 3	Dec. 31, 2013
Forward currency contracts, financial asset		104		104
Forward currency contracts, financial liability	-	-1,072	-	-1,072
<b>Financial items (asset (+), liability (-))</b>	<b>-</b>	<b>-968</b>	<b>-</b>	<b>-968</b>

	Level 1	Level 2	Level 3	Dec. 31, 2012
Forward currency contracts, financial asset		522		522
Forward currency contracts, financial liability	-	-549	-	-549
<b>Financial items (asset (+), liability (-))</b>	<b>-</b>	<b>-27</b>	<b>-</b>	<b>-27</b>

### Disclosure of hedge accounting

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

During the period SEK -1.6 million (1.0) (net) was reclassified from other comprehensive income to the income statement under the items net sales and cost of goods sold, and had a negative impact on operating profit. The other comprehensive income closing value is shown in other comprehensive income.

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

## Financial instruments -carrying value

	Financial assets at fair value via the result	Loan assets and accounts receivable valued at accrued acquisition value	Derivatives used for hedge accounting	Financial liabilities valued at accrued acquisition value	Carrying value
<b>GROUP 2013</b>					
Accounts receivable		150,422			150,422
Accrued income		9,958			9,958
Other receivables		40,014	104		40,118
Cash and cash equivalents		48,858			48,858
Accounts payable				-56,710	-56,710
Other liabilities			-1,072	-3,868	-4,940
Accrued expenses				-20,501	-20,501
<b>Total financial assets and liabilities per category</b>	<b>-</b>	<b>249,252</b>	<b>-968</b>	<b>-81,079</b>	<b>167,205</b>
<b>GROUP 2012</b>					
Accounts receivable		191,543			191,543
Accrued income		10,042			10,042
Other receivables		27,093	522		27,615
Cash and cash equivalents		45,662			45,662
Accounts payable				-55,340	-55,340
Other liabilities			-549	-3,332	-3,881
Accrued expenses				-21,498	-21,498
<b>Total financial assets and liabilities per category</b>	<b>-</b>	<b>274,340</b>	<b>-27</b>	<b>-80,170</b>	<b>194,143</b>
<b>PARENT COMPANY 2013</b>					
Accounts receivable		42,330			42,330
Receivables subsidiaries		114,745			114,745
Accrued income		9,725			9,725
Other receivables		38,130	104		38,234
Cash and cash equivalents		37,551			37,551
Accounts payable				-50,992	-50,992
Liabilities subsidiaries				-33,331	-33,331
Other liabilities			-1,072	-787	-1,859
Accrued expenses				-10,041	-10,041
<b>Total financial assets and liabilities per category</b>	<b>-</b>	<b>242,481</b>	<b>-968</b>	<b>-95,151</b>	<b>146,362</b>
<b>PARENT COMPANY 2012</b>					
Accounts receivable		91,303			91,303
Receivables subsidiaries		115,939			115,939
Accrued income		6,156			6,156
Other receivables		50,962	522		51,484
Cash and cash equivalents		29,838			29,838
Accounts payable				-46,796	-46,796
Liabilities subsidiaries				-21,840	-21,840
Other liabilities			-549	-482	-1,031
Accrued expenses				-16,198	-16,198
<b>Total financial assets and liabilities per category</b>	<b>-</b>	<b>294,198</b>	<b>-27</b>	<b>-85,316</b>	<b>208,855</b>

For the Group and the Parent Company the derivatives and financial liabilities fall due for the most part within 3-6 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 2013	G 2012	PC 2013	PC 2012
Within one year	6,409	5,022	3,750	3,773
Between one and five years	17,351	13,855	10,374	13,735

The Group has some small operational leasing contracts for vehicles and other technical equipment. All contracts are on normal market conditions. The Group's contracts for rented premises were entered into on market conditions. Most of the Group's rental contracts relate to the Parent Company's premises and office premises for the Group's French company, Pricer SAS. The contracts for these premises runs until beyond 2015.

The consolidated accounts for 2013 include a cost of 7,332 (6,019) in respect of operational leasing. Payments are minimum payments and not variable.

## Note 23 Pledged assets and contingent liabilities

Assets pledged	G 2013	G 2012	PC 2013	PC 2012
<b>To secure own liabilities and provisions</b>				
Floating charges	59,625	59,625	59,625	59,625
Bank deposits	778	750	-	-
<b>Total</b>	<b>60,403</b>	<b>60,375</b>	<b>59,625</b>	<b>59,625</b>

Contingent liabilities	G 2013	G 2012	PC 2013	PC 2012
Bank guaranties	778	750	-	-
<b>Total</b>	<b>778</b>	<b>750</b>	<b>-</b>	<b>-</b>

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	2013	290,013	4,403	89	114,745	33,331
Subsidiaries	2012	235,062	5,733	278	115,939	21,840

### 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 2013	PC 2012
<b>Accumulated acquisition value</b>		
Opening balance	1,093,720	1,093,120
Acquisition of non-controlling interest	69	-
Shareholder contribution	247	600
	<b>1,094,036</b>	<b>1,093,720</b>
<b>Accumulated impairment losses</b>		
Opening balance	-909,464	-909,316
Impairment losses	-63	-148
Total accumulated impairment losses	-909,527	-909,464
<b>Carrying value of participations in Group companies</b>	<b>184,509</b>	<b>184,256</b>

### 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, 2013	Carrying amount at 31 Dec, 2012
Pricer Inc., (22-3215520) Dallas, USA	100	223,000	USD	9,233	9,276
Pricer SAS, (RCS 395 238 751) Paris, France	100	2,138	EUR	169,665	169,437
Pricer Communication AB, 556450-7563, Stockholm, Sweden	100	100,000	SEK	4,980	4,980
Pricer Explorative Research (PER) AB, 556454-7098, Stockholm, Sweden	100	260	SEK	260	192
Pricer E.S.L. Israel Ltd , 511838732, Tel Aviv, Israel	100	56,667,922	ILS	-	-
Dormant companies				371	371
<b>Participations in Group companies</b>				<b>184,509</b>	<b>184,256</b>

## Note 26 Cash flow statement

Cash and cash equivalents	G 2013	G 2012	PC 2013	PC 2012
<i>Cash and cash equivalents include the following sub-components:</i>				
Cash and bank	48,858	45,662	37,551	29,838
<b>Total according to the report over financial position</b>	<b>48,858</b>	<b>45,662</b>	<b>37,551</b>	<b>29,838</b>
<b>Total according to the cash flow statement</b>	<b>48,858</b>	<b>45,662</b>	<b>37,551</b>	<b>29,838</b>

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

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

	G 2013	G 2012	PC 2013	PC 2012
<b>Interest</b>				
Interest received	90	353	179	620
Interest paid	-584	-412	-584	-412

### Adjustments for non-cash items

Amortisation/depreciation	12,973	6,409	11,457	5,423
Phased costs of employee stock options	438	519	438	-
Exchange-rate differences/translation differences	-2,271	5,381	254	8,106
Result from sale of fixed assets	17	438	-	-41
Change in provisions	2,358	-2,573	2,973	-3,271
<b>Total non-cash items</b>	<b>13,515</b>	<b>10,174</b>	<b>15,122</b>	<b>10,217</b>

## Note 27 Significant events after the close of the financial year

There are no significant events to report.

## Note 28 Critical estimates and assumptions

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

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

### Impairment testing of goodwill and deferred tax assets

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

### Capitalised development projects

The main part of the capitalised development projects are for new product solutions and new technical solutions in the customer offering of the company. The period of recovery is assessed based on each product's commercial life cycle, normally three to five years. Changes in customer behaviour, competitive offerings and technical development may affect the value of the non-amortised value of the 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 installed products may need to be replaced during the warranty undertaking or for market reasons in addition to the reported warranty re-serve which is based on historical performance.

## Note 29 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 NASDAQ OMX Stockholm, Small Cap. The address of the head office is PO Box 215, SE-101 24 Stockholm, Sweden and the visiting address is Västra Järnvägsgatan 7, SE-111 64 Stockholm, Sweden.



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

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

The Annual Report and the consolidated financial statements, as presented above, were approved for publication on 28 March 2014. 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 6 May 2014.

Stockholm, 28 March 2014

Markus Gerdien  
*Chairman of the Board*

Mikael Aru

Mikael Bragd

Bernt Magnusson

Indra Åsander

Harald Bauer  
*CEO (acting)*

Our audit report was submitted on 2 April 2014

KPMG AB

Tomas Gerhardsson  
*Authorised Public Accountant*  
*Auditor in charge*

Anna-Karin Forsberg  
*Authorised Public Accountant*

# Audit report

To the annual meeting of the shareholders  
of Pricer AB, corp. id. 556427-7993

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Pricer AB for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 10 - 42.

## Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

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

## Auditor's responsibility

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

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

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

## Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in

all material respects, the financial position of the parent company as of 31 December 2013 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 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Pricer AB for the year 2013.

## Responsibilities of the Board of Directors and the CEO

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

## Auditor's responsibility

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

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

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

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

## Opinions

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

Stockholm 2 April 2014  
KPMG AB

Tomas Gerhardsson  
*Authorised Public Accountant*  
*Auditor in charge*

Anna-Karin Forsberg  
*Authorised Public Accountant*

# Five-year summary

## Five-year summary - group

All amounts in SEK M unless otherwise stated	2013	2012	2011	2010	2009
<b>INCOME STATEMENT DATA</b>					
Net sales	524.6	549.2	613.0	447.2	327.3
Cost of goods sold	-397.6	-377.9	-414.5	-283.9	-201.0
<b>Gross profit</b>	<b>127.0</b>	<b>171.3</b>	<b>198.5</b>	<b>163.3</b>	<b>126.3</b>
Selling expenses	-56.5	-50.9	-59.4	-55.0	-63.4
Administrative expenses	-38.5	-33.5	-44.0	-31.4	-22.1
Research and development costs	-24.3	-17.2	-18.4	-16.1	-15.6
<b>Operating profit</b>	<b>7.8</b>	<b>69.7</b>	<b>76.7</b>	<b>60.8</b>	<b>25.2</b>
Financial items	-0.1	-3.1	-2.2	-6.3	-7.8
<b>Profit before tax</b>	<b>7.7</b>	<b>66.6</b>	<b>74.5</b>	<b>54.5</b>	<b>17.4</b>
Income tax	-3.5	-31	75.8	1.7	2.5
<b>Profit for the year</b>	<b>4.2</b>	<b>35.6</b>	<b>150.3</b>	<b>56.2</b>	<b>19.9</b>
Attributable to:					
Owners of the Parent Company	4.2	35.6	150.3	56.2	19.9
Non-controlling interests	-	0.0	0.0	0.0	0.0
	4.2	35.6	150.3	56.2	19.9
<b>BALANCE SHEET DATA</b>					
Intangible fixed assets	269.1	247.2	247.4	249.1	282.3
Tangible fixed assets	7.2	7.5	4.4	2.8	2.6
Financial fixed assets	101.2	101.7	124.5	40.1	41.5
Inventories	148.4	142.0	114.6	78.0	57.5
Accounts receivable	150.4	191.5	256.8	184.0	117.2
Other current assets	76.0	72.9	38.1	16.8	11.3
Cash and cash equivalents and short-term investments	48.9	45.7	58.8	69.9	102.8
<b>Total assets</b>	<b>801.2</b>	<b>808.5</b>	<b>844.6</b>	<b>640.7</b>	<b>615.2</b>
Equity attributable to owners of the Parent Company	691.9	703.4	691.6	546.5	513.1
Non-controlling interests	-	0.1	0.1	0.1	0.1
Long-term liabilities	4.1	4.3	3.9	2.7	5.9
Current liabilities	105.2	100.7	149.0	91.4	96.1
<b>Total liabilities and equity</b>	<b>801.2</b>	<b>808.5</b>	<b>844.6</b>	<b>640.7</b>	<b>615.2</b>

All amounts in SEK M unless otherwise stated	2013	2012	2011	2010	2009
<b>CASH FLOW DATA</b>					
Profit after financial items	7.7	66.6	74.5	54.5	17.4
Adjustment for non-cash items	13.5	10.2	10.8	27.4	13.5
Paid income tax	0.1	-15.6	-	-0.3	-
Change in working capital	35.2	-38.0	-79.4	-96.9	25.2
<b>Cash flow from operating activities</b>	<b>56.5</b>	<b>23.2</b>	<b>5.9</b>	<b>-15.3</b>	<b>56.1</b>
<b>Cash flow from investing activities</b>	<b>-26.1</b>	<b>-18.1</b>	<b>-12.3</b>	<b>-12.0</b>	<b>-8.2</b>
Change in loan financing	-	-	-	-	-22.6
Change in shareholder financing	-27.5	-16.7	-4.4	-	-
<b>Cash flow from financing activities</b>	<b>-27.5</b>	<b>-16.7</b>	<b>-4.4</b>	<b>0.0</b>	<b>-22.6</b>
<b>Cash flow for the year</b>	<b>2.9</b>	<b>-11.598</b>	<b>-10.8</b>	<b>-27.3</b>	<b>25.3</b>
<b>KEY RATIOS</b>					
<b>Capital data</b>					
Working capital	269.6	305.7	260.5	187.4	112.0
Capital employed	643	657.8	632.9	476.7	432.5
Quick ratio, percent	252	295	231	288	227
Net loan debt	-48.9	-45.7	-58.8	-69.9	-80.7
<b>Financial data</b>					
Equity/assets ratio, percent	86	87	82	85	83
Net debt/equity ratio, times	-0.07	-0.06	-0.09	-0.13	-0.16
<b>Margin data</b>					
Operating margin, percent	1	13	13	14	8
Net margin, percent	1	6	25	13	6
Capital turnover rate, times	0.81	0.85	1.10	0.98	0.72
<b>Return data</b>					
Return on capital employed, percent	1	11	14	13	6
Return on equity, percent	1	5	24	11	4
<b>Other data</b>					
Order book at 31 December	102	88	123	80	78
Average number of employees	78	72	66	54	67
Number of employees at end of year	77	73	72	56	57
Total payroll	47	39	46	41	41

# Corporate governance report

## Introduction

Pricer AB (publ) (referred to below as “Pricer” or “the Company”), with corporate identity number 556427-7993, is a Swedish public company domiciled in Stockholm. Pricer is listed at NASDAQ OMX Stockholm, Small Cap.

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

The Code is available at the web page of the Swedish Corporate Governance Board ([www.bolagsstyrning.se](http://www.bolagsstyrning.se)).

Pricer hereby submits its Corporate Governance Report for financial year 2013. The report does not comprise a part of the formal Annual Report documents but has been reviewed by the Company’s auditors who have issued a specific statement.

## External control instruments

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

## Internal control instruments

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

## General meetings of shareholders

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

Notice of shareholder meetings is made in the form of an advertisement in Post- och Inrikes Tidningar and on the Company’s website. In addition the Company also releases information about the Annual General Meeting in Svenska Dagbladet. Shareholders who are listed in their own names in the shareholders’ register maintained by Euroclear Sweden AB on the record day and notify the Company of their intention to participate in the Annual General Meeting within the stipulated time are entitled to participate in the Annual General Meeting and exercise their voting rights. Shareholders who are unable to attend the meeting may be represented by proxy. All information

regarding the Company’s shareholder meetings, such as notification, entitlement to submit issues to be announced in the notification, minutes, etc. is available on Pricer’s website.

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

The 2013 Annual General Meeting was held on 24 April, 2013 with 27 percent of the votes in the Company represented by 48 shareholders. The minutes of the Annual General Meeting are available on Pricer’s website.

The time and place for the 2014 Annual General Meeting was announced in a release published at 9 October 2013 to take place in April 2014 but was subsequently deferred to May 2014 and is also available on the Company website. Pricer’s website presents information about how and when shareholders must submit their requests for business to be addressed at the meeting.

## Ownership structure

The number of shareholders on 31 December 2013 was 19,698. The ten largest shareholders held 40 percent of the number of shares and the number of votes. Salvatore Grimaldi, including companies, held 10.2 percent of the votes. For further details about ownership structure, see pages 6-7.

## Nomination Committee

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

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

The 2013 Annual General Meeting resolved that the Chairman of the Board, prior to the 2014 Annual General Meeting, should be authorised to contact the Company’s three largest shareholders (based on known voting rights immediately before the announcement is made) and request that they each appoint one representative, and that in addition to the Chairman of the Board, they would comprise the Nomination Committee during the period until a Nomination Committee has appointed by authorisation from the 2014 Annual General Meeting. In addition, it was resolved that the Nomination Committee should include one representative who is independent in relation to the Company and its major shareholders to represent minor shareholders. If any shareholders refrain from exercising their right to appoint a representative, the next largest shareholder in terms of voting rights shall be offered the opportunity to appoint a representative. The names of the Nomination Committee members shall be announced no later than six months prior to the Annual General Meeting.



Prior to the 2014 Annual General Meeting, the Nomination Committee of Pricer was announced in a press release issued on 9 October 2013 and, in addition to Chairman of the Board Markus Gerdien, has consisted of Salvatore Grimaldi (appointed by SAGRI Development), Lars Ingvarsson (appointed by Sifonen), Frank Larsson (appointed by Handelsbanken Fonder) and John Örtengren (appointed by Aktiespararna, Swedish Shareholders' Association). Salvatore Grimaldi has served as Chairman of the Nomination Committee. Lars Ingvarsson resigned from the committee on 3 March, 2014.

The majority of the Nomination Committee's members are independent in relation to the Company and corporate management. With the exception of the Chairman, all members of the Nomination Committee are independent in relation to the Company's largest shareholders, in terms of voting rights, or groups of shareholders that cooperate with regard to governance of the Company. The Company has only one shareholder, SAGRI Development AB, representing at least one tenth of the total number of votes in the Company. SAGRI Development represents 10.2 percent of the number of votes.

The Nomination Committee has held two meetings since the 2013 Annual General Meeting, in addition to telephone contact. An account of the Nomination Committee's work will be presented at the 2014 Annual General Meeting. No remuneration is paid to members of the Committee.

## Board of Directors

### Size and composition of Board

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

The Board of Directors of Pricer, as stipulated by the Articles of Association, shall consist of no fewer than three and no more than seven members, and the exact number of Board members is established by the Annual General Meeting. The Articles of Association do not include specific provisions on appointment or dismissal of Board members. The Annual General Meeting held on 24 April 2013 re-elected Mikael Bragd, Bernt Magnusson and Indra Åsander and Mikael Aru and Markus Gerdien were elected. Markus Gerdien was elected to serve as Chairman of the Board. No deputies to Board members elected by the Annual General Meeting were appointed. All members of the Board are considered independent in relation to the Company, corporate management and the Company's largest owners.

Member attendance at Board Meetings is shown in the illustration below. Some of the meetings were more of an administrative nature, mainly for share conversion matters. Additional information about the Board members, such as experience and present assignments, shareholdings in the Company, etc., is presented on page 50.

### Board member attendance

Board members	Present at meetings	Of total number of meetings
Mikael Aru	11	11
Mikael Bragd	16	16
Markus Gerdien	11	11
Bo Kastensson	4	4
Peter Larsson	4	4
Bernt Magnusson	16	16
Indra Åsander	16	16

It is the opinion of the Board of Directors that, with regard to the Company's business activities, development phase and other conditions, the Board has an appropriate composition characterised by versatility and diversity in terms of the members' expertise, experience and background. Gender equality is uneven today, but has improved with the election of Indra Åsander in 2012 and an objective is to improve the gender equality in the future.

### Work of Pricer's Board of Directors

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

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

During the 2013 financial year, the Board held sixteen meetings. Member attendance at Board Meetings is shown in the illustration above. The Board's work follows a procedural plan, or agenda. In consultation with the Chairman of the Board, the President of the Company formulates the agenda for each meeting and establishes the background information and documentation that is required to render decisions on the business at hand. Other members of the Board may request that certain issues be included in the agenda. Prior to every scheduled meeting, the President provides the Board of Directors with a written status report that should contain a minimum of the following points: market, sales, production, research and development, finances, personnel and legal disputes.

The President and Chief Financial Officer shall participate in all Board meetings, with the exception of meetings that address issues which may cause conflicts of interest, such as when remuneration for the President is established and when the work performed by the President is evaluated. The Company's auditors normally participate partly in two Board meetings during the year, and did so in 2013.

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

### Evaluation of Board of Directors

The Chairman of the Board is responsible for evaluations of work performed by the Board each year, and the Nomination Committee is provided with copies of these evaluations. The

# Corporate governance report (cont'd)

evaluations are conducted in the form of anonymous questionnaires and/or interviews, and address issues such as the Board composition, work methods and responsibilities. The results are presented to the Nomination Committee.

## Remuneration of the Board of Directors

In accordance with a proposal by the Nomination Committee, a resolution was passed at the 2013 Annual General Meeting to pay total fees to the Board of Directors amounting to SEK 1,250,000 to be distributed as follows: SEK 450,000 to the Chairman of the Board and SEK 200,000 to each of the other four members of the Board. The Chairman has received an extra compensation during 2014 in combination with the change of CEO of SEK 130 thousand, invoiced via his own company. No other remuneration or financial instruments over and above the fees were paid or made available, with the exception of out-of-pocket expenses.

## Board committees

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

During 2013, the Remuneration Committee consisted of the Chairman of the Board Markus Gerdien and the member of the Board Mikael Bragd, both of whom are independent of the Company and corporate management, and the Company's major shareholders.

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

The Remuneration Committee held meetings during 2013, with both members of the Committee and the President and Chief Financial Officer also present. Minutes of this meeting were kept and presented to the Board of Directors.

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

## President and senior executives

### President

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

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

Company is presented in the Annual Report on page 50. Fredrik Berglund submitted his resignation as CEO 27 November and left his position 16 December. The CFO of Pricer, Harald Bauer, replaced as acting CEO.

Other than assignments for the Company's subsidiaries, Harald Bauer has no other assignments as member of boards. Neither Harald Bauer, nor any closely associated individual or legal entity, has any significant shareholding or part ownership interest in companies with which Pricer has major business relations.

## Executive management

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

## Remuneration to President and senior executives

The Company has established a Remuneration Committee, on which information is presented above in the section entitled "Board committees." The 2013 Annual General Meeting adopted the Board's proposed guidelines for remuneration of senior executives. The President's remuneration is established by the Board of Directors. Remuneration of other senior executives is established by the President after consultation with the Remuneration Committee.

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

Pricer was not the subject of any decisions by the NASDAQ OMX Stockholm's Disciplinary Committee during 2013 or any statements by the Securities Council on issues concerning breaches of NASDAQ OMX Stockholm's regulations or generally acceptable practices on the stock market.

## Information about the auditors

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

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

## Board of Directors' report on internal control regarding financial reporting

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

Pricer's process of internal control shall provide reasonable assurance of the quality and accuracy of its financial reporting. It shall also ensure that financial reports are prepared in compliance with appropriate laws and directives, and the requirements that apply to publicly listed companies in Sweden. The internal control is normally described in accordance with the framework for internal control that has been issued by

COSO (Committee of Sponsoring Organisations of the Treadway Commission). In accordance with this framework, the internal control is presented with the following components: control environment, risk assessment, control activities, information and communication and follow-up.

#### Control environment

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

#### Risk assessment

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

#### Control activities

The control activities are intended to ensure accuracy and completeness in financial reporting. Procedures and actions are designed to address the most significant risks associated with the financial statements, as identified in the risk assessment. Control activities focus on both overall and more detailed levels within the Group. For example, complete monthly financial statements are prepared and monitored by the unit and function managers and control-

lers. Group management meets at least once a month to review and evaluate overall business operations. Furthermore, officers from the accounting function visit companies in the Group several times a year to discuss current issues and review their earnings and financial position, and to ensure compliance with and development of procedures. The Board monitors the activities through monthly reports in which the President comments on development of the activities, and their earnings and financial position. Measures and actions are implemented continuously to improve the internal control.

#### Information and communications

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

#### Follow-up

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

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## Auditors' report of the Corporate Governance Statement

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

It is the board of directors who is responsible for the Corporate Governance Statement for the year 2013 in the pages 46 – 50 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company

and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

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

Stockholm 2 April 2014

KPMG AB

Tomas Gerhardsson  
*Authorised Public Accountant*  
*Auditor in charge*

Anna-Karin Forsberg  
*Authorised Public Accountant*



## Board of Directors


**BERNT MAGNUSSON**

*Born:* 1941

*Education:* Masters of Political Science, University of Uppsala

*Other assignments:* Board member of Coor Service Management, STC Interfinans and Kancera

*Previous assignments:* CEO and President of Nordstjernan, Chairman and President of NCC, Chairman of Nobel Industrier, Assi Domän, Skandia and Swedish Match

*Board member since:* 2009

*Holding:*  
46,300 B shares

**MARKUS GERDIEN**

*Born:* 1960

*Education:* Studies in Computer Science and Economics

*Other assignments:* Chairman of IAR Systems Group and board member of Emric Partners and Medius

*Previous assignments:* Various position at, among others, SunGard Data System, Observer Group, Nasdaq OMX Group, ORC Group

*Chairman of the Board since:* 2013

*Holding:*  
8,000 B shares

**MIKAEL ARU**

*Born:* 1953

*Education:* Master of Science in Business and Economics

*Other assignments:* Senior advisor to Orkla ASA. Vice chairman of Livsmiddelsindustrierna and board member of, among others, Anza, ElectraGruppen, Paulig Ltd, Sydsvenska Handelskammaren and Svenskt Näringsliv

*Previous assignments:* CEO and President of Procordia Food, various positions at, among others, Kraft Foods, Freia Marabou and Nestlé

*Board member since:* 2013

*Holding:*  
10,000 B shares

**INDRA ÅSANDER**

*Born:* 1956

*Education:* Master of Science, Kungliga Tekniska Högskolan

*Other assignments:* Board member of Amer Sports Corporation and Aura Light International

*Previous assignments:* Various leading positions at, among others, TeliaSonera, Telia and Vattenfall and Board Member of Skandia and SCA and others

*Board member since:* 2012

*Holding:* None

**MIKAEL BRAGD**

*Born:* 1962

*Education:* B.Sc. in Computer and System Science, University of Stockholm

*Other assignments:* Founder of Bridgetools advisers and board member of Ikivo

*Previous assignments:* CEO and President at OBH Nordica and Head of the Nordic region of Electrolux home products

*Board member since:* 2008

*Holding:*  
7,500 B shares

## Executive Management


**NICLAS QVIST**  
**Head of Marketing and Partner management**

*Born:* 1975

*Education:* M.Sc. Industrial Engineering & Management

*Employed since:* 2004

*Holding:*  
30,000 B shares,  
700,000 warrants \*  
21,666 \*\*

**ARNAUD LECAT**  
**Vice President Store Solution**

*Born:* 1962

*Education:* Graduate Engineer

*Employed since:* 2002

*Holding:*  
15,350 B shares,  
1,200,000 warrants \*  
22,533 \*\*

**HARALD BAUER**  
**CEO (acting), CFO**

*Born:* 1957

*Education:* M.B.A.

*Employed since:* 2004 and 1998–2000

*Holding:*

47,333 B shares,  
1,200,000 warrants \*  
32,626 \*\*

**ORON BRANITZKY**  
**Vice President Sales**

*Born:* 1958

*Education:* M.B.A., B. Sc

*Employed since:* 2006 (Eldat 1997)

*Holding:*  
239,567 B shares,  
1,200,000 warrants \*  
34,900 \*\*

**NILS HULTH**  
**Vice President, R&D**

*Born:* 1971

*Education:* M.Sc. in Computer Science and Master of Science Evolutionary and Adaptive Systems

*Employed since:* 2006

*Holding:*  
30,000 B shares,  
1,200,000 warrants \*  
28,539 \*\*

**FRANCOIS AUSTRUY**  
**Head of Operations**

*Born:* 1965

*Education:* Graduate Engineer

*Employed since:* 2005

*Holding:*  
20,000 B shares,  
1,200,000 warrants \*  
30,030 \*\*

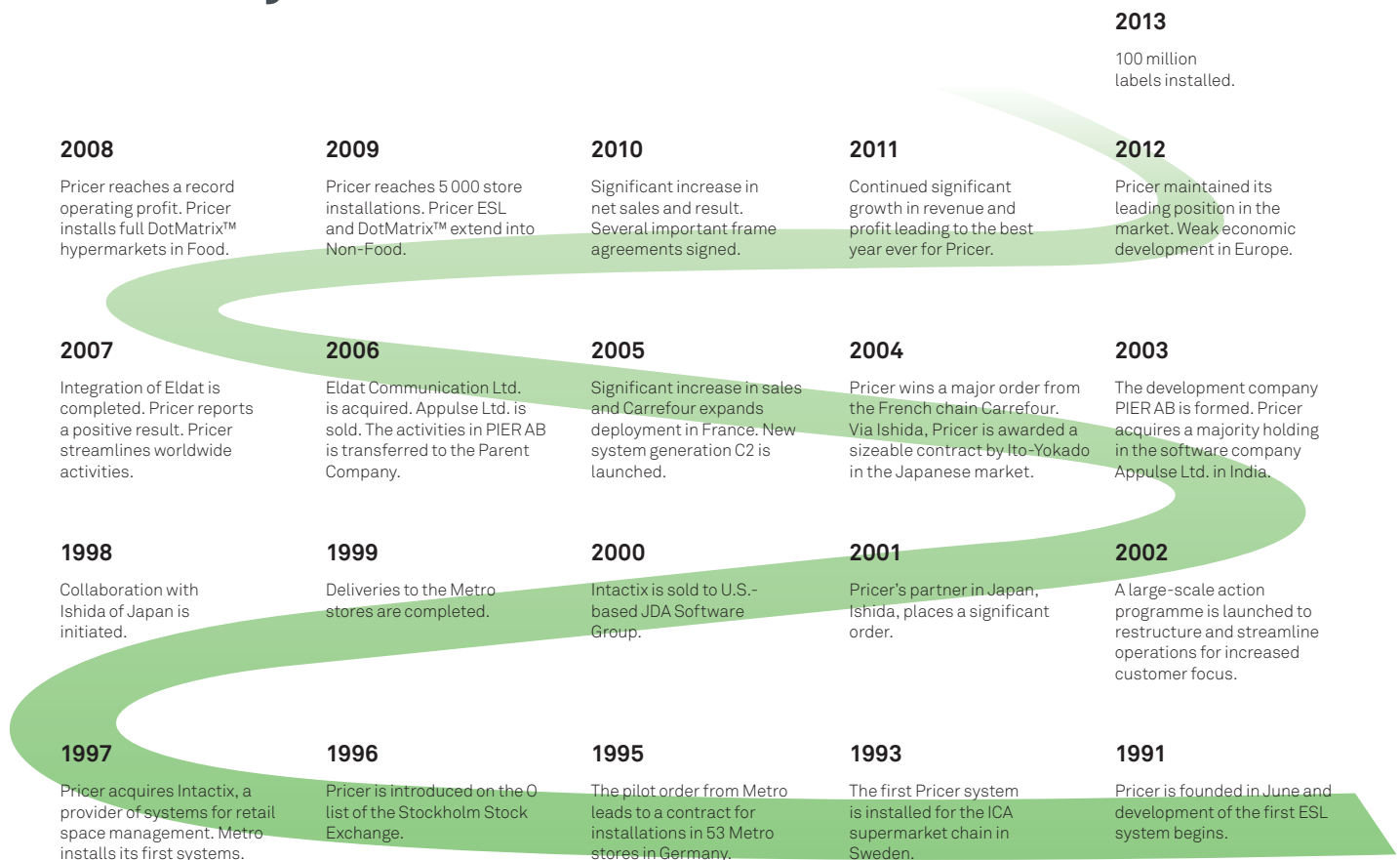
## Auditor

At the AGM 2012 KPMG were re-elected for four years, with the authorised public accountant Tomas Gerhardsson as auditor in charge.

\* each ten options give right to one share

\*\* matching and performance shares

# History



## Shareholder information

### Annual General Meeting

The Annual General Meeting of Pricer AB will be held at 3:00 p.m. on Wednesday, 6 May 2014, at Sheraton hotel, Stockholm, Sweden. In order to participate in the AGM, shareholders must be entered in the share register maintained by Euroclear Sweden AB (formerly VPC AB) by Tuesday 29 April, and must notify the company of their intention to participate no later than 4:00 p.m. on Wednesday 30 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 29 April. Notification can be made as follows:

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

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

### Proposed dividend

The Board of Directors has not proposed any dividend for the year 2013 (previous year SEK 0.25 per share).

### Financial calendar

In 2014, the quarterly financial reports will be published as follows:

- Interim report January–March, 24 April 2014
- Interim report January–June, 23 July 2014
- Interim report January–September, 7 November 2014
- Year-end report 2014, 18 February 2015

### Information channels

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

### Distribution of the annual report

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

### Head Office

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

### Sales Europe

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

### Sales North America

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

[www.pricer.com](http://www.pricer.com)  
[info@pricer.com](mailto:info@pricer.com)