



## Annual Report 2011

### SPACE MANAGEMENT

control placement of store items  
keep track of additional inventory  
reinforce promotional merchandising strategies  
maximize your sales

### FUTURE PROOF

grow, grow and grow  
today and towards the future  
simple to install  
ready for future updates

### PRICE INTEGRITY

correct price at the shelf edge  
eliminate manual errors  
increase customer loyalty  
complete control  
cost-effective  
easy to maintain.

### BOOST PRODUCTIVITY

set them free  
efficient operations  
digital price and

### FLEXIBLE PRICING

correct price at the shelf edge  
eliminate manual errors  
increase customer loyalty  
complete control  
cost-effective  
easy to maintain.

### STRATEGIC PRICING

loyalty discounts  
limited-time offers  
attract more customers and sales  
dynamic pricing

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All values are expressed in Swedish kronor, SEK. Thousands are abbreviated as SEK 000s and millions as SEK M. The figures in brackets refer to 2010 or the corresponding period of the previous year, unless otherwise specified. Information about the market data and competitive situation is based on Pricer's own assessments, unless a specific source is named.

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.

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# About Pricer

With over 7,000 installations in close to 50 countries, Pricer is the leading supplier of Electronic Shelf Label (ESL) solutions. Pricer's customers include several of the top retailers in Europe, North America and Latin America, Japan and Africa. Pricer's solutions enhance profitability for its customers by affording them price optimisation 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 strengthens customer loyalty. Pricer's customers are primarily in the retail trade although in the past years there have been breakthroughs in other segments such as Do-It-Yourself, mobile phone retail chains and pharmacists.

Pricer was founded in 1991 in Sweden and the company's class B shares are quoted on the Small Cap list of NASDAQ OMX Stockholm. The company has around 21,000 shareholders, with the ten largest accounting for 38 (38) percent of the number of votes on 31 December 2011. At the end of 2011 the Pricer Group had 72 employees.



# Highlights of 2011

## Best year so far

2011 was Pricer's best year so far. Both order entry and net sales reached record levels and an operating profit of SEK 77 million meant that the operating margin was maintained 13 (14) percent.

## New markets – more potential

Europe continues to be Pricer's largest and most important region, where France with its high penetration of ESL installations constitutes the largest single market. 2011 also saw major breakthroughs on other continents, with Latin America, USA and South Africa playing a significant role.

## New customer segments

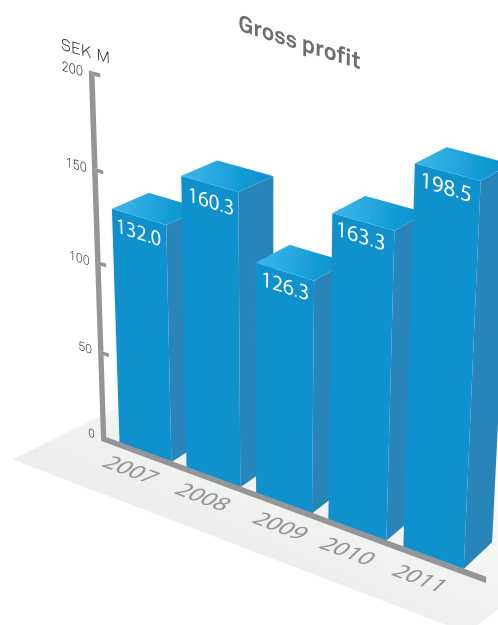
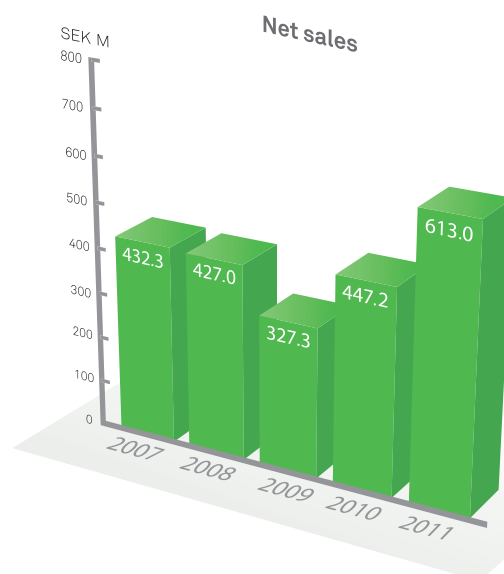
Pricer's system enhances the efficiency of the retail trade and provides operational advantages. Sales in new market segments grew significantly in 2011. The French DIY retail chain Castorama and sizeable ESL installations at a US mobile phone retail chain are examples of this.

## France – the world's leading ESL market

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

## A strong range of products

During the year the company continued work on developing solutions, keeping a strong focus on product innovation. Pricer's scalable and open twoway system enables the company's customers to gradually expand their systems and combine all of Pricer's different labels, both traditional LCD-based labels (Continuum) and graphic labels. Work continued on reducing product costs.



Key figures	2011	2010	Change
Net sales, SEK M	613.0	447.2	37%
Gross profit, SEK M	198.5	163.3	22%
Gross margin, %	32	37	-11%
Operating profit, SEK M	76.7	60.8	26%
Profit for the year, SEK M	150.3	56.2	167%
Earnings per share, SEK	1.40	0.54	159%
Equity ratio, %	82	85	-4%

# CEO's statement



## A truly global company

During the year we consolidated our position as the market's leading supplier of electronic price labelling solutions, where more than 50 percent of installed shelf labels come from Pricer. Our strong position is a result of our increased focus on solutions; we always begin with the customer's circumstances and needs. We are changing from being a pure technology company into a sales and marketing company. At the same time it worth underlining that we continued to focus strongly on product development, resulting in well-functioning solutions.

Our strong position is reflected in the profit and key figures for 2011. We continued our stable growth trend during the year. Net sales for 2011 totalled SEK 613 million, an increase of 37 percent. Profit rose by 26 percent to SEK 77 million, making this the fifth consecutive year we have posted a profit.

Our marketing initiatives bore fruit during the year. We have established a proper foothold in new regions and balanced out our formerly one-sided dependence on Europe; our breakthrough in the US region is one of the underlying causes. We have established ourselves in earnest in the Mexican market and strengthened our foothold in North America. We are building a truly global company.

We have also strengthened our position with a number of leading food retail chains, where we have spent several years building up confidence. These chains often begin with a pilot installation and then gradually introduce our solution in many, or all, their stores. Today Pricer is a strategic partner for chains such as Carrefour, Metro, Casino and Soriana, and also Coop in the Nordic region, which has begun installing

our solution on a larger scale. Pricer has conducted a large number of pilot installations at retail chains, which bodes well for the future.

We also became more important for a number of consumer durables chains, including construction department stores, chemists and mobile phone retail chains. The number of our installations outside the food retail industry now exceeds 1,000 stores. At the end of 2011 our solutions were in existence in some 7,100 stores in 50 countries. Our base of installations totals 80 million labels. With a base as large as this, upgrades are becoming a more important part of our sales. The life of batteries in our labels is normally five to eight years. After that, the labels need to be replaced, which creates possibilities for added sales.

These figures suggest a promising future for Pricer. Our electronic labelling solutions have helped make the retail trade more efficient. With our solution, retailers can strengthen their margins by adjusting their prices in real time, despite prices fluctuating more rapidly in today's world. Competition in the retail trade is also growing fiercer. E-commerce, for instance, is making prices more transparent. Here we can help the customer conduct a more rational pricing. With our solution the customer can always find the right price on the shelf, which instils a sense of security in retailers and consumers alike.

As a growing number of retail chains are using our type of solution, electronic shelf labelling is becoming more widespread. It is therefore becoming a natural choice; we have noticed that interest is on the rise. When customers calculate their returns on an investment in Pricer, they often discover a short pay off period of between 12 and 24 months depending on the type of installation. Changing labels for prices and other product information by hand is quite simply becoming yesterday's solution.

**“We always begin  
with the customer's  
circumstances and needs”**

This does not mean that our base of installed systems will keep increasing at a rapid rate. Given the economic decline that we are currently experiencing, there is a risk of some investments being postponed in the short-term. But Pricer is nevertheless in a strong position. We have the pre-conditions for good, stable growth for many years to come. As yet, only a marginal portion of the western world's stores have gone over to electronic shelf-labelling.

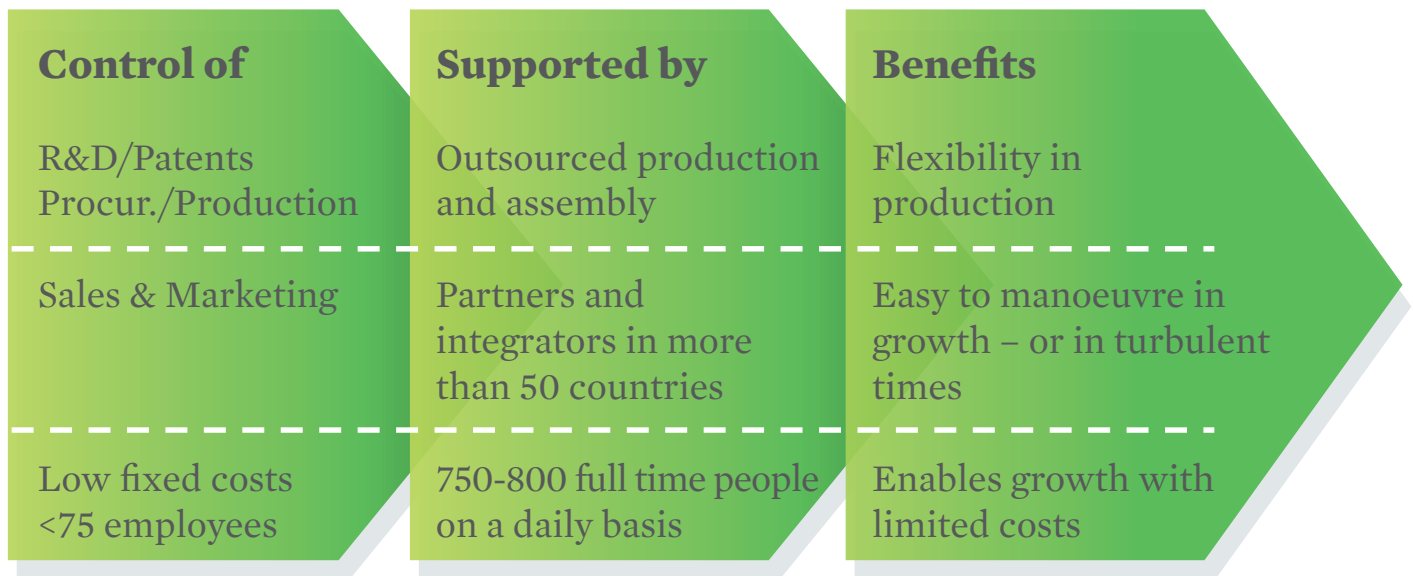
We are becoming increasingly global and our solutions are today installed in some 50 countries, despite Pricer only having some 70 employees. On a daily basis, however, we have more than 800 people working for us full-time, including partners, system integrators and assembly plant personnel.

I would like to finish off by thanking everybody involved. Without your efforts this financial result would not have been possible.

Fredrik Berglund  
CEO, Pricer



## Scalable business model gives high profitability



*Increased sales leads to improved margins*



# The Pricer share

The Pricer Class B share is quoted on NASDAQ OMX Stockholm, Small Cap. Pricer's share capital at 31 December 2011 amounted to SEK 108,465,148. The total number of shares was 108,465,148, represented by 225,822 Class A shares and 108,239,326 Class B shares, all with a quotient value of SEK 1.00. Each Class A share carries five votes and each Class B share 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 U.S. 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 U.S. without a formal stock market listing.

Each ADR corresponds to one Class B share.

## Trading and price trend in 2011

The share price started the year at SEK 7.40 and ended it at SEK 11.40. The year's highest price of SEK 15.40 was quoted on 2 May and the lowest price of SEK 6.90 was quoted on 9 August. Market capitalisation on 31 December 2011 was SEK 1,234 M.

The turnover for the full year 2011 amounted to 144,457,973 shares traded for a combined value of SEK 1,610 M, equal to an average daily volume of 571 thousand shares worth a combined amount of SEK 6,364 T. The number of trades for the full year was 76,159, equal to an average of 301 per trading day. Shares were traded on every trading day.

## Dividend

The Board of Directors has proposed a dividend for 2011 of SEK 0.25 (0.20) per share based on the previously adopted dividend policy:

The Board's longterm 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 long term be equivalent to 3050 percent of net income.

## Warrants

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

In 2008, 20,000,000 warrants were issued for the benefit of employees. Each ten warrants shall, during the period until 30 June 2012, provide entitlement to subscription of one new Class B share. The subscription price is SEK 7.40.

## Warrants outstanding

Designation	Number	Year issued	Exercise price (SEK) <sup>1)</sup>	Expiration date
T010	20 million	2008	7.40	30/06/2012
T011	30 million	2011	15.60	31/08/2015

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

## Ownership structure

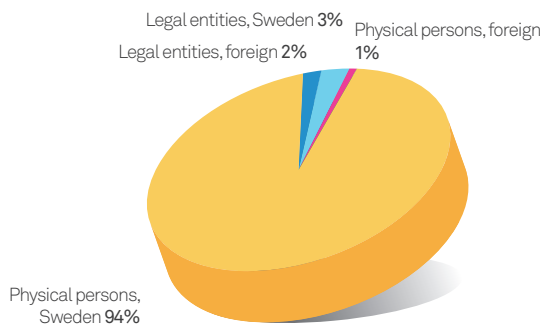
The number of shareholders on 31 December 2010 was 20,883. The ten largest shareholders held 38 percent of the number of shares and 39 percent of the number of votes. Legal entities held 57 percent of the total number of shares and votes, while foreign shareholders held 19 percent of the total number of shares and votes.

## Ownership structure 31 December 2011

No. of shares	No. of share-holders	% of share-holders	No. of shares	% of equity	% of votes
1-1,000	16,107	76	4,605,600	4	4
1,001-20,000	4,549	22	18,422,507	17	17
20,001-	418	2	85,437,041	79	79
<b>Total</b>	<b>21,074</b>	<b>100</b>	<b>108,465,148</b>	<b>100</b>	<b>100</b>

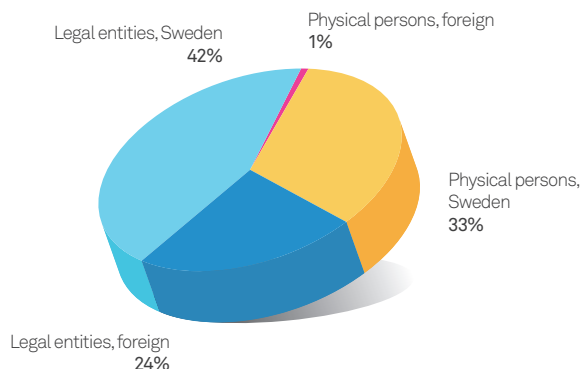
Source: Euroclear

**Shareholders 31 December 2011**  
No. of holders

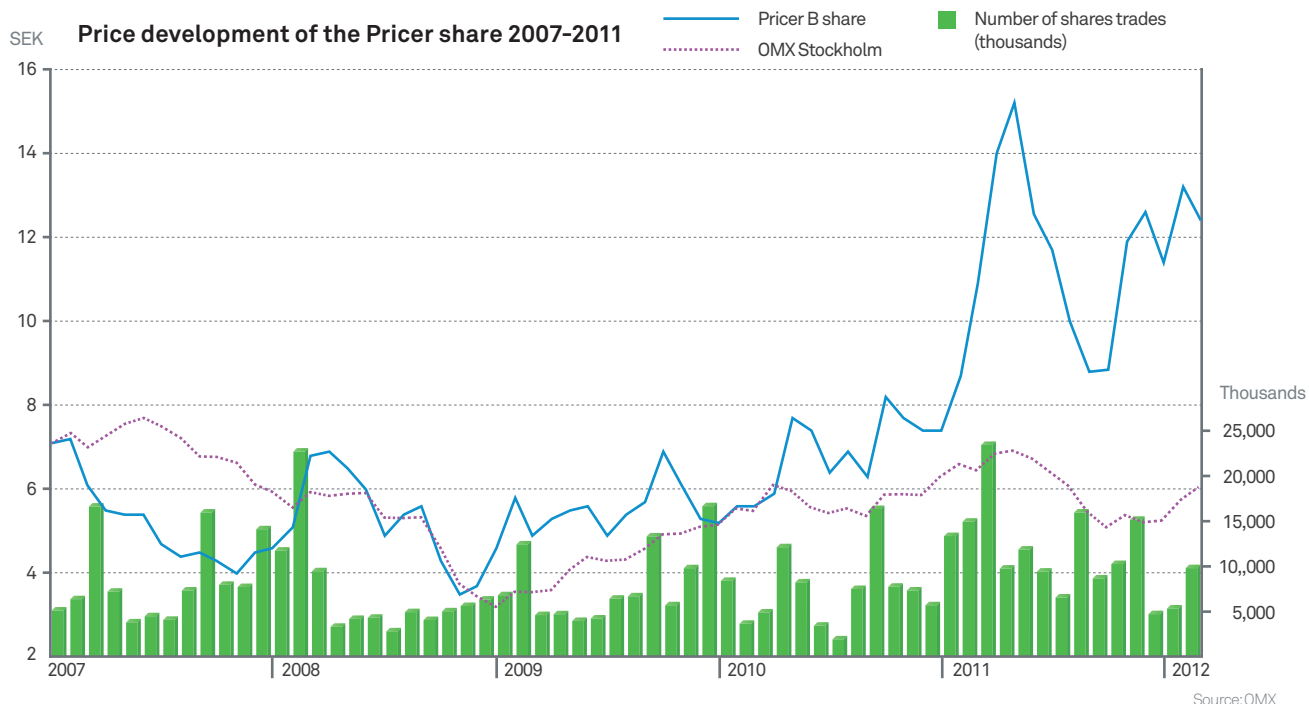


Source: Euroclear

**Votes 31 December 2011**



Source: Euroclear



### Major shareholders, 31 December 2011

Name	A shares	B shares	No. of shares	% of votes	% of capital
Grimaldi, Salvatore incl. companies	211,054	10,315,755	10,526,809	10.4	9.7
Handelsbanken fonder	-	6,045,595	6,045,595	5.5	5.6
Pohjola Bank	-	5,525,717	5,525,717	5.1	5.1
Avanza Pension Försäkringsaktiebolag	-	3,910,761	3,910,761	3.6	3.6
Sifonen	-	3,000,000	3,000,000	2.7	2.8
Tangelin Asset Management	-	2,892,451	2,892,451	2.6	2.7
FIM Bank	-	2,812,556	2,812,556	2.6	2.6
Nordnet Pensionsförsäkring	-	2,256,892	2,256,892	2.1	2.1
UBS (Luxembourg)	-	2,246,109	2,246,109	2.1	2.1
Danica Pensionsförsäkring	-	2,082,704	2,082,704	1.9	1.9
<b>10 largest shareholders</b>	<b>211,054</b>	<b>41,088,540</b>	<b>41,299,594</b>	<b>38.5</b>	<b>38.1</b>
Others	14,768	67,150,786	67,165,554	61.5	61.9
<b>Total</b>	<b>225,822</b>	<b>108,239,326</b>	<b>108,465,148</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear

### Data per share, 2007-2011

SEK per share	2011	2010	2009	2008	2007
Earnings	1.40	0.54	0.20	1.06	0.01
Dividend	0.25	0.20	-	-	-
Shareholders' equity	6.38	5.18	5.05	5.02	3.51
Cash flow	0.06	-0.14	0.55	0.02	0.30
P/S ratio	1.99	1.71	1.61	1.09	1.08
<b>Adjusted for dilution:</b>					
Earnings	1.39	0.54	0.19	0.96	0.01
Shareholder's equity	6.44	5.48	5.27	5.14	3.89
Cash flow	0.05	-0.15	0.53	0.02	0.26
P/S ratio	2.01	1.72	1.68	1.20	1.23
<b>Share price:</b>					
Yearly high	15.40	8.50	7.60	7.70	7.60
Yearly low	6.90	5.10	4.50	3.10	3.80
Closing price	11.40	7.40	5.20	4.60	4.60
No. of shares on 31 Dec., 000s	108,459	105,552	108,027	115,327	101,613
Market capitalisation on 31 Dec., SEK M	1,236	779	549	497	531
Average number of shares, 000s	107,258	103,583	111,677	115,327	85,323
Share price on 31 Dec./shareholders' equity, %	177	135	93	149	204

### Share capital development, 2007-2011

Share capital development, 2007 - 2011					
Year		Increase in no. of shares	Total no. of shares	Change in share capital, SEK M	Total share capital, SEK M
2007		0	1,016,132,200	0	101.6
2008		0	1,016,132,200	0	101.6
2009		0	1,016,132,200	0	101.6
2010	Conversion/share issue	39,385,963	1,055,518,163	4.0	105.6
2011	Issue of shares from employee options	11,509,870	1,067,028,033	1.2	106.8
2011	Reversed split 10:1	-960,325,229	106,702,804	0	106.8
2011	Issue of shares from employee options	1,762,344	108,465,148	1.8	108.5

# Business risks and opportunities

Pricer sees significant potential in the retail trade where the company, with its strong technical platform and solid customer references, is well positioned to meet and benefit from 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 strongly and it is expected to show continued growth. It is however, difficult to estimate when large-scale demand for ESL systems will arise.

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

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

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

*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 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 compete with Pricer on the ESL market in a larger scale. In addition, there are smaller regional companies or companies that are attempting to develop products with a view to establishing a position in the market. Restructuring of the sector, for example if one or more competitors were to enter into an alliance with a strong partner, could constitute a threat to other players in the market. Pricer works in close collaboration with its customers to maintain its position and strengthen its offering as a means of minimising 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 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 6 and 10 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 7,1000 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 day.

## Acid-test ratio

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

## Net debt

Interest-bearing liabilities less 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 less 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. reg. no. 556427-7993, hereby submit the annual report for the financial year 1 January – 31 December 2011. 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 few small, virtually dormant, companies.

The Group is organised with most of the activities 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 U.S. 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 business

Year 2011 was the best year so far for Pricer, resulting in among other things profit for the company for the fifth consecutive year. Net sales grew by 37 percent and operating result amounted to SEK 77 M for 2011. Pricer is in a growth phase and has during the last year been able to present several major agreements with customers and resellers in many important markets. The ambition of Pricer for territorial expansion and development of new customer segments continues. An improved market environment and a strong market position lead to that a higher net sales and better result in 2012 than in 2011 is expected.

## Market development

Pricer had a continued strong order intake in the year. The company has entered in to new markets and at the same time strengthened its position in existing markets.

During the year an increased number of pilot installations can also be noted, which usually is an indication of future deals.

### Europe, Middle East and Africa

In Europe, which is the most important region for Pricer, the company has continued to strengthen its position both with new and existing customers. Net sales to several of Pricer's existing customers have increased during 2011. This includes among others continued strong sales to the important retail chains Carrefour and Metro of both new sales and upgrades of existing systems. For both these two large chains Pricer has gained the confidence to expand by installing the Pricer solution also outside of respective home market. For Metro deliveries are taking place in close to ten various countries. The increase in sales and volume has occurred in line with the customer experiencing the increased profitability and efficiency that the Pricer solution brings.

In 2010 Pricer signed a frame agreement with Carrefour regarding the upgrading of systems valued at SEK 300 M over three years. Current estimate is that the project will be deferred and take one more year to complete, primarily as a consequence of the economic climate and the effect this has on the operations of the customer.

Sales volumes have also continued to grow to the French retail chain Casino and the Do-It-Yourself retailer Castorama.

Pricer has succeeded in winning a number of important orders, leading to increased presence in southern Europa and the

Nordic countries. The company is gaining a stronger position in the Nordic home market and noteworthy is the agreement with Coop Nordic. Net sales have increased by a factor of three in 2011, although from a low level.

Installations in southern Africa have continued during the year and took place to an increasing number of retail chains which increased the base and the presence of Pricer systems in this market.

In important source of revenue in the Pricer operations is upgrading of older systems. The value of this revenue has more than doubled in 2011 and Pricer has more than 80 million labels installed with customers which, over time will have to be replaced.

### America

The development of Pricer in North and Latin America was good during both the quarter and the year. A North American retail chain with over 250 food stores continued its large installation of the Pricer system. Installations have taken place in close to 50 stores in 2011 and the project continues at the same rate in 2012.

The growing interest in the North American market has led to projects and pilot installations with retail chains for both grocery products as well as for mobile telephony, electronics and Do-It-Yourself-stores.

Soriana, the second largest retail chain in Mexico, has since inception installed over 200 stores with the Pricer system out of which half in 2011 and the project continues. This has created an increased interest among other retail chains in the country which in its turn has also led to a number of pilot and other smaller installations, also outside food retail.

In order to strengthen presence in Brazil Pricer has through a local partner started assembly of electronic shelf labels in the country. Through local assembly price to customers can be reduced which improves the competitiveness.

### Asia and the Pacific

In the region of Asia and the Pacific the development has been more mixed. Pricer has maintained its leading position in the Japanese market, although the region has been affected by the economic climate. Ishida, Pricer's partner in Japan, and Pricer agreed in February 2011 to revise the license agreement signed in 2007. The agreement includes that Ishida has placed orders for ESL equipment, valued at SEK 40 M, being delivered in 2011 – 2012. Furthermore, Pricer will waive the remaining SEK 13 M in license fees that Ishida was supposed to pay in the beginning of 2011.

## Product development

At Euroshop 2011, Pricer exhibited a number of new products that solve several key tasks for the customer. For fresh produce sections, Pricer has developed DM200C which enables retailers to communicate clearly with their customers – a large, highly visible sign that uses the same technology that you can find in e-readers, for example. This product comes in an additional version which allows flexible signage to be installed around the store without the need for wires.

Pricer also launched Lockline, a new system for attaching labels to shelves. Simple and reliable attachment makes life easier for stores. Shelf edges can retain their elegance thanks to the thin plastic strip which can be customised with inserts for colours or advertising messages. To make life simpler for stores, each label is fitted with a holder for attention grabbers.

Central monitoring is a key part of Pricer's product offering. As the system is notified every time the labels are updated, Pricer's tool Central Monitor gives the customer full control of all the prices in all stores.

The server software for each individual store was also further improved during the year, receiving a host of new functions based on customer requirements.

A new label for the Japanese market was also produced and launched during the year.

Product development is managed from the Parent Company in Stockholm. In 2011, investments in product development increased, as a consequence of investments for further capacity and efficiency in production. Costs amounted to SEK 18.4 M (16.1), corresponding to 15 (16) percent of total operating expenses and 3 (4) percent of net sales. In addition, a portion of the year's costs for development work, SEK 9.3 M (10.1), 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.

### Orders, net sales and result for the full year

Order entry amounted to SEK 648.1 M (439.0) for the year, equivalent of an increase of 48 percent as compared to last year. Excluding negative currency effect the increase was 57 percent. The Swedish krona has strengthened as compared to Pricer's main trading currencies, the euro and US dollar. The order backlog amounted to SEK 123 M (80) at the end of December, equivalent of an increase by 54 percent.

	Jan – Dec 2011	Jan – Dec 2010
Net sales	613.0	447.2
Cost of goods sold	-414.5	-283.9
Gross profit	198.5	163.3
Gross margin, %	32.4	36.5
Overheads	-121.8	-102.5
Operating profit	76.7	60.8
Operating margin, %	12.5	13.6

Net sales amounted to SEK 613.0 M (447.2) during the year, an increase of 37 percent as compared to 2010. Excluding negative currency effect the increase was 45 percent.

Gross profit amounted to SEK 198.5 M (163.3) and the gross margin to 32 percent (37) for the year. The gross profit during 2011 has been affected negatively by realised and unrealised currency hedging effects of SEK -4.5 M (2.6). Gross margin was 33 percent before this impact. The gross margin was not as high in 2011 as in 2010 as it was affected by currency and mix of products and customers.

Operating expenses amounted to SEK 121.8 M (102.5) during the year and increased due to costs for the arbitration against ProMargin of SEK 5.8 M and among other things increased market activities and number of employees.

Operating profit was SEK 76.7 M (60.8) during the year leading to an operating margin of 12.5 percent (13.6). Operating margin was 13.5 percent excluding costs for ProMargin.

Net financial items were SEK -2.2 M (-6.3) for the year and consisted mainly of negative currency revaluations of current financial assets and cash positions. The tax credit of SEK 75.8 M consisted primarily of additionally capitalised tax losses carry-forward.

Net profit amounted to SEK 150.3 M (56.2) for the year. Translation differences in other comprehensive income consisted of negative currency revaluation of net assets in foreign subsidiaries in euro, notably goodwill.

### Total assets and financial position

Total assets amounted to SEK 845 M (641) at the end of the year and consisted of intangible assets of SEK 247.4 M (249.1) primarily from the acquisition of Eldat in 2006. The largest item is the goodwill of SEK 225.7 M (227.2).

Working capital amounted to SEK 260.4 M (187.4) at the end of the year, equivalent of an increase of 39 percent from the level at the beginning of the year. This is also slightly higher than growth in net sales of 37 percent. Both accounts receivable and inventory have increased as an effect of the increased volumes. Credit terms on the markets where Pricer is primarily active are usually more extended than what is the case in, for example, the Nordic countries.

Cash and cash equivalents at the end of the year amounted to SEK 58.8 M (69.9). In addition to available cash, Pricer has bank facilities in place amounting to SEK 50 M in the form of bank overdraft and additionally SEK 50 M in promissory credit granted after the end of the financial year.

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

Cash flow from operating activities amounted to SEK 5.9 M (-15.3) in the year.

Pricer's acid-test ratio was 231 percent (284). The closing equity ratio was 82 percent (85).

### Capital expenditure

For the year capital expenditures amounted to SEK 12.3 M (12.0) and included mainly capitalised development costs of SEK 9.3 M (10.1).

### Other

#### Parent Company

The Parent Company's net sales amounted to SEK 507.2 M (356.4) and net profit amounted to SEK 143.3 M (27.5) for the year. The company had cash and cash equivalents of SEK 12.7 M (49.1) at the end of the year.

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

### Employees

Average number of employees amounted to 66 (54) for the year and the number of employees at the end of the year amounted to 72 (55).

### Financial policy and currency risks

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

Exchange-rate movements also in 2011 have continued to be substantial. The value of the Swedish krona has strengthened during the entire year leading to reduced value of all transactions in foreign currency. The average exchange rate for euro depreciated over SEK 0.52, 5 percent and for US-dollar it depreciated by SEK 0.7, equivalent of 10 percent in relation to the average exchange rate in 2010. Of Pricer's sales in 2011, the main part, about 74 (69) percent, was denominated in euro, 18 (23) percent in US-dollar and other currencies 8 (8) percent. US-dollar accounts for virtually all of the cost of goods sold, while operating expenses are shared equally between euro and krona, with US

# Administration report (cont'd)

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 such factors as exchange-rate differences. Through the strengthened Swedish krona the combined currency effect in net sales and result is negative. Growth in net sales during the year as compared to the previous year would have been even higher if revaluation would have occurred to average rates during the previous year. Effects from realised and unrealised currency forward contracts amounted to SEK -4.5 M (2.6) in the result. Pricer did not use hedge accounting in 2011 but will do so as from 2012. Currency effects in financial items amounted to expenses of SEK -1.7 M (5.2) and comprised currency revaluation of loan assets to subsidiaries and cash positions. Basically, Pricer benefits from a strong EUR and is not favoured by a strong USD.

## Information on risks and uncertainties, as well as 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 on 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 a given quarter. For more information about business related risks, see page 8 and for financial risks, see note 21.

As a feature of Pricer's ongoing operations, it 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.

Pricer has earlier published that the company has been party to arbitration proceedings against ProMargin AB. A final award was rendered in February 2012 according to which Pricer was ordered to pay damages for a total amount of SEK 1.9 M plus interest. Each party shall according to the award carry its own costs for the arbitration proceedings. The damage amount has been accounted for in 2011. All other costs have been accounted for as incurred.

## Guidelines for remuneration of senior executives

The guidelines for remuneration of senior executives proposed by the Board of Directors to the Annual General Meeting 2012 are the same that were approved by the Annual General Meeting in 2011. The guidelines appear below.

The members of the Board receive a fee, as decided by the AGM. The AGM decided on the following guidelines for remuneration of senior executives. Senior executives comprise the President, the CFO and other members of Group management. Members of Group management are listed on page 50.

Pricer, taking into account the conditions in the country of residence of each member of Group management, shall 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 in the relevant market. 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 general pension plan.

The notice period for the President is six months when notice is given by the employee and twelve months when notice is given by the employer. The notice period for other senior executives varies and does not in any case exceed twelve months. The President has right to severance amounting to twelve month salary if he retires as a consequence of significant changes of ownership and certain other events, so called "change of control. Senior executives are not entitled to severance pay.

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

The notice period for the President is six months when notice is given by the employee and twelve months when notice is given by the employer. The notice period for other senior executives varies and does not in any case exceed twelve months. The President has right to severance amounting to twelve month salary if he retires as a consequence of significant changes of ownership and certain other events, so called "change of control". Senior executives are not entitled to severance pay. With reference to Annual Accounts Act 6 chap. 2 a § there are no other such information than what is stated above.

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

## Information on Pricer's shares

Pricer has a total of 108,465,148 shares outstanding, of which 0.2 percent is Class A shares carrying five votes each and the remainder are Class B shares, each carrying one vote. Pricer has about 21,000 shareholders, of whom the ten largest account for about 38 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 6. At the AGM in 2011 it was approved to give the Board the right to issue up to 5 million shares for acquisitions of companies, operations, intangible rights or other assets. No issue has been made based on this approved right.

## Board of Directors

The nomination of candidates as Board members for submission to the Annual General Meeting is prepared by the Nomination Committee, which comprises Salvatore Grimaldi, Thomas Bill, Frank Larsson, John Örtengren and Peter Larsson. At the 2011 AGM, Mikael Bragd, Bo Kastensson, Peter Larsson and Bernt Magnusson were re-elected as Board members. Peter Larsson was elected as Chairman of the Board. No deputy members to members appointed by the AGM have been appointed. A remuneration committee was appointed, comprising of Peter Larsson and Bo Kastensson, 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 46.



### 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

Regarding corporate governance report reference is made to page 46 and to the webpage of Pricer [www.pricer.com](http://www.pricer.com).

### Future outlook

Higher revenue and result are expected for 2012 as compared to 2011.

### Proposed treatment of retained earnings

The Board of Directors proposes that out of the funds available in the Parent Company of SEK 420,901,452, SEK 27,116,287 is divided to shareholders, based on the number of shares existing

on the effective date and that the remainder SEK 393,785,165 be carried forward. The proposed dividend amounts to SEK 0.25 (0.20) per share.

The Board of Directors has proposed a dividend for 2011 based on the earlier adopted 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 long-term be equivalent to 30-50 percent of net income.

With respect to other aspects of the company's earnings and financial position, reference is made 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 januari - 31 december

Belopp i TSEK	Not	2011	2010
Net sales	2, 3	612,994	447,167
Cost of goods sold		-414,474	-283,871
<b>Gross profit</b>		<b>198,520</b>	<b>163,296</b>
Selling expenses		-59,368	-54,978
Administrative expenses		-44,047	-31,442
Research and development costs		-18,389	-16,097
<b>Operating profit</b>	4, 5, 6, 22	<b>76,716</b>	<b>60,779</b>
Financial income		282	182
Financial expenses		-2,459	-6,433
<b>Net financial items</b>	7	<b>-2,177</b>	<b>-6,251</b>
<b>Profit before tax</b>		<b>74,539</b>	<b>54,528</b>
Income tax	8	75,761	1,660
<b>Profit for the year</b>		<b>150,300</b>	<b>56,188</b>
<b>Other comprehensive income</b>			
Translation differences		-1,888	-45,586
<b>Net comprehensive income for the year</b>		<b>148,412</b>	<b>10,602</b>
<b>Attributable to:</b>			
Owners of the Parent		150,300	56,188
Non-controlling interests		0	0
<b>Attributable to:</b>			
Owners of the Parent		148,412	10,602
Non-controlling interests		0	0
<b>Earnings per share</b>	17	<b>2011</b>	<b>2010</b>
Earnings per share before dilution, SEK		1.40	0.54
Earnings per share after dilution, SEK		1.39	0.54



# Statement of consolidated financial position

At 31 December

Amounts in SEK 000s	Note	2011	2010
<b>ASSETS</b>			
Intangible fixed assets	9	247,444	249,110
Tangible fixed assets	10	4,434	2,760
Deferred tax assets	8	124,456	40,078
<b>Total fixed assets</b>		<b>376,334</b>	<b>291,948</b>
Inventories	13	114,559	77,954
Accounts receivable	14	256,820	183,982
Prepaid expenses and accrued income	15	16,434	4,320
Other receivables	12	21,644	12,619
Cash and cash equivalents		58,788	69,867
<b>Total current assets</b>		<b>468,245</b>	<b>348,742</b>
<b>TOTAL ASSETS</b>		<b>844,579</b>	<b>640,690</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
	16		
Share capital		108,465	105,552
Other contributed capital		387,072	372,020
Reserves		-21,234	-19,346
Accumulated profits including profit for the year		217,251	88,313
<b>Equity attributable to holders of the Parent Company</b>		<b>691,554</b>	<b>546,539</b>
<b>Non-controlling interests</b>		<b>68</b>	<b>68</b>
<b>Total equity</b>		<b>691,622</b>	<b>546,607</b>
<b>LIABILITIES</b>			
Provisions	18	3,149	2,258
Other long-term liabilities		755	463
<b>Total long-term liabilities</b>		<b>3,904</b>	<b>2,721</b>
Prepayments from customers		10,475	3,268
Accounts payable		80,663	43,075
Other liabilities	19	25,739	18,890
Accrued expenses and deferred income	20	23,949	16,536
Provisions	18	8,227	9,593
<b>Total current liabilities</b>		<b>149,053</b>	<b>91,362</b>
<b>Total liabilities</b>		<b>152,957</b>	<b>94,083</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>844,579</b>	<b>640,690</b>
<b>Pledged assets</b>	23	<b>60,403</b>	<b>35,630</b>
<b>Contingent liabilities</b>	23	<b>778</b>	<b>1,005</b>

# Statement of changes in consolidated equity

## Equity attributable to owners of the Parent Company

Amounts in SEK 000s	Note	Share capital	Other contributed capital	Translation reserve	Accumulated profits incl. profit for the year	Total	Non-controlling interests	Total equity
<b>Opening equity, 1 January 2010</b>		<b>101,613</b>	<b>353,107</b>	<b>26,240</b>	<b>32,125</b>	<b>513,085</b>	<b>68</b>	<b>513,153</b>
Profit for the year					56,188	56,188		56,188
Other comprehensive income for the year				-45,586		-45,586		-45,586
<b>Net comprehensive income for the year</b>				<b>-45,586</b>	<b>56,188</b>	<b>10,602</b>		<b>10,602</b>
Conversion/Share issue		3,939	18,511			22,450		22,450
Share related remuneration to be settled with own capital instrument			402			402		402
<b>Total transactions with owners of the Group</b>		<b>3,939</b>	<b>18,913</b>			<b>22,852</b>		<b>22,852</b>
<b>Closing equity, 31 December 2010</b>	16	<b>105,552</b>	<b>372,020</b>	<b>-19,346</b>	<b>88,313</b>	<b>546,539</b>	<b>68</b>	<b>546,607</b>
<b>Opening equity, 1 January 2011</b>		<b>105,552</b>	<b>372,020</b>	<b>-19,346</b>	<b>88,313</b>	<b>546,539</b>	<b>68</b>	<b>546,607</b>
Profit for the year					150,300	150,300		150,300
Other comprehensive income for the year				-1,888		-1,888		-1,888
<b>Net comprehensive income for the year</b>				<b>-1,888</b>	<b>150,300</b>	<b>148,412</b>		<b>148,412</b>
Conversion/Share issue		2,913	14,022			16,935		16,935
Dividend					-21,362	-21,362		-21,362
Share related remuneration to be settled with own capital instrument			1,030			1,030		1,030
<b>Total transactions with owners of the Group</b>		<b>2,913</b>	<b>15,052</b>		<b>-21,362</b>	<b>-3,397</b>		<b>-3,397</b>
<b>Closing equity, 31 December 2011</b>	16	<b>108,465</b>	<b>387,072</b>	<b>-21,234</b>	<b>217,251</b>	<b>691,554</b>	<b>68</b>	<b>691,622</b>

# Statement of consolidated cash flows

1 January - 31 December

Amounts in SEK 000s	Note	2011	2010
	26		
<b>Operating activities</b>			
Profit before tax		74,539	54,528
Adjustment for non-cash items		10,835	27,449
Paid income tax		-	-372
<b>Cash flow from operating activities before changes in working capital</b>		<b>85,374</b>	<b>81,605</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-36,624	-24,581
Change in operating receivables		-92,069	-96,806
Change in operating liabilities and provisions		49,231	24,479
<b>Cash flow from changes in working capital</b>		<b>-79,462</b>	<b>-96,908</b>
<b>Cash flow from operating activities</b>		<b>5,912</b>	<b>-15,303</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets		-9,336	-10,106
Acquisition of tangible fixed assets		-2,983	-1,894
<b>Cash flow from investing activities</b>		<b>-12,319</b>	<b>-12,000</b>
<b>Financing activities</b>			
New share issue		16,935	-
Paid dividend		-21,362	-
<b>Cash flow from financing activities</b>		<b>-4,427</b>	<b>-</b>
<b>Cash flow for the year</b>		<b>-10,834</b>	<b>-27,303</b>
Cash and cash equivalents at beginning of year		69,867	102,843
Exchange-rate difference in cash and cash equivalents		-245	-5,673
<b>Cash and cash equivalents at end of year</b>		<b>58,788</b>	<b>69,867</b>

# Income statement and Statement of comprehensive income of Parent Company

1 January - 31 December

## Income statement

Amounts in SEK 000s	Note	2011	2010
Net sales	2	507,207	356,381
Cost of goods sold		-382,161	-262,545
<b>Gross profit</b>		<b>125,046</b>	<b>93,836</b>
Selling expenses		-3,287	-1,731
Administrative expenses		-44,047	-31,442
Research and development costs		-17,139	-14,097
<b>Operating profit</b>	4, 5, 22	<b>60,573</b>	<b>46,566</b>
<i>Result from financial investments:</i>	7		
Result from participations in Group companies		-26	-13,329
Result from other financial assets and receivables accounted as financial fixed assets		2,631	677
Interest income and similar profit/loss items		705	216
Interest expenses and similar profit/loss items		-2,424	-6,224
<b>Profit/loss after financial items and before tax</b>		<b>61,459</b>	<b>27,906</b>
Income tax	8	81,876	-372
<b>Result for the year</b>		<b>143,335</b>	<b>27,534</b>
<b>Statement of comprehensive income</b>			
Result of the year		143,335	27,534
Translation differences		-528	-12,483
<b>Net comprehensive income for the year</b>		<b>142,807</b>	<b>15,051</b>

# Parent Company balance sheet

At 31 December

Amounts in SEK 000s	Note	2011	2010
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	9	21,663	16,928
Tangible fixed assets	10	2,220	1,349
<i>Financial fixed assets</i>			
Participations in Group companies	25	183,804	183,624
Receivables from Group companies	11, 24	94,328	92,709
Deferred tax asset	8	121,326	39,450
<b>Total financial fixed assets</b>		<b>399,458</b>	<b>315,783</b>
<b>Total fixed assets</b>		<b>423,341</b>	<b>334,060</b>
<b>Current assets</b>			
Inventories, etc.	13	82,242	52,295
<i>Current receivables</i>			
Accounts receivable	14	116,992	45,791
Receivables from Group companies	24	82,612	65,357
Other receivables	12	19,299	10,749
Prepaid expenses and accrued income	15	5,258	2,486
<b>Total current receivables</b>		<b>224,161</b>	<b>124,383</b>
Cash and cash equivalents		12,680	49,144
<b>Total current assets</b>		<b>319,083</b>	<b>225,822</b>
<b>TOTAL ASSETS</b>		<b>742,424</b>	<b>559,882</b>



# Parent Company balance sheet (cont'd)

Amounts in SEK 000s	Note	2011	2010
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	16		
<i>Restricted equity</i>			
Share capital		108,465	105,552
Statutory reserve		104,841	104,841
		213,306	210,393
<i>Non-restricted equity</i>			
Share premium reserve		190,222	175,170
Reserve for true value		-18,028	-17,500
Accumulated profit		105,373	99,201
Profit for the year		143,335	27,534
		420,902	284,405
<b>Total equity</b>		<b>634,208</b>	<b>494,798</b>
<b>PROVISIONS</b>			
Provisions	18	11,376	11,203
<b>Total provisions</b>		<b>11,376</b>	<b>11,203</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		56,811	27,814
Liabilities to Group companies	24	17,663	8,909
Other liabilities	19	7,172	8,842
Accrued expenses and deferred income	20	15,094	8,216
<b>Total current liabilities</b>		<b>96,740</b>	<b>53,781</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>742,424</b>	<b>559,882</b>
<b>Pledged assets</b>	23	<b>59,625</b>	<b>34,847</b>
<b>Contingent liabilities</b>	23	<b>-</b>	<b>222</b>

# Parent Company statement of changes in equity

Amounts in SEK 000s	Note	Restricted equity		Non-restricted equity			Total
		Share capital	Statutory reserv	Share premium reserve	Reserve for true value/ Translation reserve	Accumulated profits incl. profit for the year	
<b>Opening equity, 1 January 2010</b>		<b>101,613</b>	<b>104,841</b>	<b>156,257</b>	<b>-5,017</b>	<b>99,201</b>	<b>456,895</b>
Result for the year						27,534	27,534
Other comprehensive result for the year					-12,483		-12,483
<b>Net comprehensive income for the year</b>					<b>-12,483</b>	<b>27,534</b>	<b>15,051</b>
Conversion/Share issue		3,939		18,511			22,450
Share related remuneration to be settled with own capital instrument				402			402
<b>Total transactions with owners of the Parent Company</b>		<b>3,939</b>		<b>18,913</b>			<b>22,852</b>
<b>Closing equity, 31 December 2010</b>	16	<b>105,552</b>	<b>104,841</b>	<b>175,170</b>	<b>-17,500</b>	<b>154,269</b>	<b>494,798</b>
<b>Opening equity, 1 January 2011</b>		<b>105,552</b>	<b>104,841</b>	<b>175,170</b>	<b>-17,500</b>	<b>154,269</b>	<b>494,798</b>
Result for the year						143,335	143,335
Other comprehensive income for the year					-528		-528
<b>Net comprehensive income for the year</b>					<b>-528</b>	<b>143,335</b>	<b>142,807</b>
Issue of shares from employee options		2,913		14,022			16,935
						-21,362	-21,362
Share related remuneration to be settled with own capital instrument				1,030			1,030
<b>Total transactions with owners of the Parent Company</b>		<b>2,913</b>		<b>15,052</b>		<b>-21,362</b>	<b>-3,397</b>
<b>Closing equity, 31 December 2011</b>	16	<b>108,465</b>	<b>104,841</b>	<b>190,222</b>	<b>-18,028</b>	<b>248,708</b>	<b>634,208</b>

# Parent Company cash flow statement

1 January - 31 December

Amounts in SEK 000s	Note	2011	2010
	26		
<b>Operating activities</b>			
Profit before tax		61,459	27,906
Adjustment for items not included in cash flow		17,136	28,514
Paid tax		-	-372
<b>Cash flow from operating activities before changes in working capital</b>		<b>78,595</b>	<b>56,048</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-29,947	-16,965
Change in operating receivables		-113,997	-92,593
Change in operating liabilities		49,264	20,576
		-94,680	-88,982
<b>Cash flow from operating activities</b>		<b>-16,085</b>	<b>-32,934</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets		-9,255	-10,080
Acquisition of tangible fixed assets		-1,712	-964
Change in long-term loan receivables from subsidiaries		-3,831	5,764
<b>Cash flow from investing activities</b>		<b>-14,798</b>	<b>-5,280</b>
<b>Financing activities</b>			
New share issue		16,935	-
Paid dividend		-21,362	-
<b>Cash flow from financing activities</b>		<b>-4,427</b>	<b>-</b>
<b>Cash flow for the year</b>		<b>-35,310</b>	<b>-38,214</b>
Cash and cash equivalents at beginning of year		49,144	91,039
Exchange-rate difference in cash and cash equivalents		-1,154	-3,681
<b>Cash and cash equivalents at end of year</b>		<b>12,680</b>	<b>49,144</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) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) 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". Any deviation between the principles applied by the Parent Company and the Group are a result of limitations in the scope for IFRS conformity in the Parent Company due to its application of the Swedish Annual Accounts Act and the Pension Protection Act, and in certain cases to tax considerations.

The annual report and consolidated financial statements have been approved for publication by the board and CEO on 22 March 2012.

### Basis of presentation of the Parent Company and consolidated financial statements

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

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.

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 changed accounting principles applied by the Group from 1 January 2011 are set out below.

Other changes in IFRS that are implemented from 2011 have not had any significant effect on the consolidated financial statements.

### Presentation of financial statements

The IASB's annual improvement project published in May 2010 changed the requirements of IAS 1 Presentation of Financial Statements regarding the layout of the changes in equity statement. The changes mean that reconciliation in the statement of changes in equity, such as reserves for accumulated other comprehensive income, does not need to specify each item of other comprehensive income. As permitted under this amendment, the company has chosen to disclose information with detailed breakdowns of reserves and other components of equity in the notes instead of the statement of changes in equity. In compliance with the terms of the revised IAS 1, the previous line for the year's comprehensive income has been divided, with separate specification of the year's profit/loss and the year's other comprehensive income, respectively, in the statement of changes in equity. The revised presentation applies to the current year and comparative year. The changes have not resulted in any adjustments to amounts in the financial statements.

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

A number of new or amended IFRS standards come into effect in the

next financial year and have not been adopted in advance when preparing these financial reports. New standards or amendments due for future adoption have not been adopted in advance.

IFRS 9, Financial Instruments, is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, by 2015 at the latest. The IASB has published the first of at least three parts that will together comprise IFRS 9. The first part deals with classification and measurement of financial assets. The categories for financial assets defined in IAS 39 have been replaced by two categories which are measured at either fair value or amortised cost. Amortised cost is used for instruments managed in a business model where the objective is to hold the financial assets to obtain the contractual cash flows; consisting of payments of principal and interest on the principal outstanding on specified dates. Other financial assets are measured at fair value and the opportunities to apply the "fair value option" as in IAS 39 remain. Fair value changes are recognised in profit or loss, with the exception of value changes for equity instruments that are not held for trading and for which an irrevocable election has been made at initial recognition to measure value changes in other comprehensive income. Value changes for derivatives that are treated as hedging instruments are not affected by this part of IFRS 9 and the requirements of IAS 39 still apply to these.

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

The effect of adopting IFRS 9 has not yet been determined.

The amended IAS 1 Presentation of financial reports (Presentation of other comprehensive income). The change regulates the way items in other comprehensive income should be presented. Items should be split into two categories; items that will be reclassified to the year's profit or loss and items that will not be reclassified. Items that will be reclassified include translation differences and gains/losses from cash flow hedges. Items that are not reclassified include actuarial gains. The amendment shall be adopted retroactively for financial year beginning 1 July 2012. Early adoption is allowed. The amendment is pending the EU's approval in the second quarter of 2012.

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

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

### Classification

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

### Operating segment reporting

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

### 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 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 remeasured and settlement is accounted for within equity. Otherwise, the fair value of contingent consideration is remeasured 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.

#### ***In 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.

#### ***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. Currency differences affecting operating profit are explained in Note 6, and exchange-rate differences affecting net financial items are explained in Note 7.

#### ***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**

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.

#### **Operating expenses and financial income and expense**

##### ***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.

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

Financial income and expense consist of interest income on investments, dividend gains, gains from value changes in financial assets and liabilities valued at fair value via the 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, the effect of dissolution of present value calculation of provisions and impairment of financial assets and liabilities. 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.

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.

### Impairment testing of financial assets

On each reporting occasion, the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence is indicated by an observable loss event that has had a negative impact on the capacity to recover the acquisition value.

The recoverable value of assets in the categories of held-to-maturity investments and accounts receivable, which are recognised at accrued acquisition value, is calculated as the present value of future cash flows discounted at the effective rate of interest that applied when the asset was recognised for the first time. Assets with short durations are not discounted. An impairment loss is reported in profit and loss.

### Reversal of impairment losses

Impairment losses on held-to-maturity investments or accounts receivable that are stated at accrued acquisition value are reversed if a later increase in the recoverable value can be objectively attributed to an event occurring after the date of the impairment loss.

### Classification

Financial instruments are classified in the following categories: Financial assets at fair value through profit and loss, classification, accounts receivable, financial liabilities at fair value through profit and loss, and other financial liabilities. The first time it is recognised, a financial instrument is classified on the basis of the purpose for which it was acquired. Subsequent valuation depends on how the financial instrument was classified upon initial recognition as described below.

### 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'. Assets in this category are regularly measured at fair value and changes in fair value are recognised in the profit for the year. The first sub-group includes derivatives with a positive fair value with the exception for derivatives that are an identified and effective hedging instrument.

### Loan receivables and accounts receivable

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

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

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

### Other financial liabilities

This category contains loans and other financial liabilities such as accounts payable. The liabilities are valued at accrued acquisition cost. The category to which the group's financial assets and liabilities have been attributed is specified in note 21.

### Derivatives and hedge accounting

The Group's derivative instruments have been acquired in order to financially cover the risks of interest rate and current exposure that the group is exposed to. Embedded derivatives are reported separately when they are not closely related to the host contract. Derivatives are reported initially at fair value which means that the transaction costs are charged to the year's profit. After initial recognition derivatives are valued at fair value and recognised in the manner stated below. An unequivocal connection to the hedged item is required to meet the criteria for hedge accounting stated in IAS 39. The hedge must also effectively protect the hedged item, hedging documentation must be drawn up, and efficacy must be measurable. Gains and losses on hedges of cash flows and net investments are recognised in the income statement at the same time that gains and losses are recognised for the hedged items. Hedge accounting was not applied in 2010 and 2011.

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

Currency forward contracts are used to hedge assets and liabilities against currency risk. Hedge accounting is not needed for these hedges, since both the hedged items and the hedge are measured at fair value and changes in fair value are recognised in profit and loss as currency differences. Changes in the fair value of operating receivables and liabilities are recognised in operating profit, while changes in the fair value of financial assets and liabilities recognised in net financial items.

### Issued convertible debentures

Convertible debentures can be converted into shares by the counterparty exercising his option to convert the convertible loan into shares. These are stated as a composite financial instrument that is divided into a debt component and an equity component. The actual value of the debt at the time of issue is arrived at by discounting the future flow of payments using the applicable market rate of interest for a

similar debt instrument that is not convertible. The value of the equity component is defined as the difference between the issue proceeds at the time of issue and the fair value of the financial liability at the time of issue. Any deferred tax attributable to the debt at the time of issue is deducted from the carrying amount of the equity component. Transaction costs in conjunction with the issuing of a compounded financial instrument shall be broken down and distributed to the debt and equity component in proportion to the manner in which the issuing payment is distributed. Interest expenses are reported in the year's profit and estimated using the effective interest method.

### **Tangible fixed assets**

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

A tangible asset is recognised as an asset in the statement of financial position when it is probable that the financial benefits attributable to the asset will pass to the company in the future and the acquisition value of the asset can be calculated reliably.

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 (Group and Parent Company):**

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

### **Intangible fixed assets**

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.

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

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

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

Depreciation according to plan is based on original acquisition values and is applied straight line over the estimated useful life of the asset. The residual value and useful life of an asset are assessed annually.

#### **Estimated useful lives (Group and Parent Company):**

- industrial rights: 5 years (Group only)
- 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 acquisition value (average acquisition value) and net realisable value. 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. If there is any indication of impairment, the asset's recoverable value is calculated.

The recoverable value of goodwill and other intangible assets with indefinite useful lives is 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.

An impairment loss is reversed only if there has been a change in the assumptions upon which the determination of the asset's recoverable value was based. An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount the asset would have had if no impairment loss had been recognised, taking into account depreciation that would in such a case have been applied.

Impairment losses on goodwill are never reversed.

## Note 1 Accounting principles (cont'd)

### Payments to shareholders

#### Dividends

Dividends are reported as liabilities after they have been approved for payment by the AGM.

#### 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.

Dilution from convertible bonds is estimated by increasing the number of shares by the total number of convertible shares and increasing earnings by the recognised interest expense after tax.

### Employee benefits

#### Defined-contribution plans

All pension plans in the Group are of the defined-contribution type. Premiums payable are expensed during the period in which they arise.

#### Termination benefits

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

#### Share-based payments

An option program enables employees to acquire shares in the company. The fair value of the allocated options is recognized as a personnel expense with an equivalent increase in equity. The fair value is determined on the grant date and allocated over the vesting period. The fair value of the

granted options is calculated using the Black-Scholes method and the terms and conditions on the grant date are considered. The reported costs are equivalent to the fair value of the estimated number of options that are expected to be vested, with account taken of the service and performance terms that are not market terms. The recognized cost is adjusted in subsequent period to reflect the actual number of vested options. However, no adjustment is made when options expire only because market terms and/or non-vesting terms not being met.

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

### Provisions

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; 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.

Provisions for product warranties are stated when the underlying product is sold. The provision is based on historical data on warranties and a weighting of possible outcomes according to their probability.

### 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. 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.

### 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.

### 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.

#### Subsidiaries

In the Parent Company, participations in subsidiaries are reported in accordance with the cost model. This implies that transaction expenses are included in carrying amounts. In the Consolidated Accounts, transaction expenses attributable to subsidiaries are recognized directly in profit or loss as they arise. Conditional purchase prices are measured on the likelihood that the purchase price will be payable. Potential changes to the provision/receivable is added to/deducted from the acquisition cost. In the Consolidated Accounts, conditional purchase prices are recognized at fair value with value changes in profit or loss.

#### Financial instruments

Although the Parent Company does not apply the valuation rules of IAS 39, all else that is written about financial instruments also applies to the Parent Company. Financial fixed assets are stated in the Parent Company accounts at acquisition value less impairment losses, and financial current assets in accordance with the lowest value principle.

## Note 2 Distribution of revenue

	G 2011	G 2010	PC 2011	PC 2010
Net sales:				
Revenue from goods	558,395	396,156	490,005	344,944
Revenue from services	44,252	39,957	7,719	6,152
Royalties	10,347	11,054	8,483	5,285
<b>Total</b>	<b>612,994</b>	<b>447,167</b>	<b>506,207</b>	<b>356,381</b>

The Parent Company's product sales include intra-group sales of SEK 335,788 (238,256).

## 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 does 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 is made both direct to customers but also via resellers but this division does not constitute different operating segments. Sales is made to different categories of retail such as grocery, food, nonfood, doityourself etc but these categories does not either constitute different operating segments. Operations 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 613.0 (447.2). Any division in different product categories is not made as revenue is constituted by sale of systems.

Net sales by country	G 2011	G 2010
Sweden	17,651	9,323
France	317,933	222,012
Japan	28,977	26,866
Other countries	248,433	188,966
<b>Total</b>	<b>612,994</b>	<b>447,167</b>

### Revenues from external customers per country

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

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

On certain markets Pricer operates through resellers. Net revenue from one customer group amounted to SEK 98 M (51) equivalent to 16 percent (10) of the consolidated revenue of Pricer. No other individual customer or reseller represent more than 10 percent of the consolidated revenue.

## Note 4 Employees and personnel costs

### Average number of employees

	2011		2010	
	Number	of whom, men	Number	of whom, men
<b>Parent Company</b>				
Sweden	30	85%	26	83%
<b>Subsidiaries</b>				
USA	3	100%	2	100%
Israel	3	100%	3	100%
France	30	73%	23	73%
Total subsidiaries	36	77%	28	78%
<b>Total Group</b>	<b>66</b>	<b>80%</b>	<b>54</b>	<b>78%</b>

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

	G 2011	G 2010	PC 2011	PC 2010
	% of women	% of women	% of women	% of women
Board of Directors	0%	0%	0%	0%
Other senior executives	0%	0%	0%	0%

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

	G 2011	G 2010	PC 2011	PC 2010
Board and CEO	5,962	7,989	5,962	3,453
(of which bonus, etc.)	(1,734)	(586)	(1,734)	(729)
Other senior executives	8,196	6,682	3,047	2,959
(of which bonus, etc.)	(2,325)	(1,940)	(817)	(860)
Other employees	31,537	25,856	16,342	13,627
(of which bonus, etc.)	(4,589)	(2,253)	(2,476)	(1,570)
<b>Total salaries and other remuneration</b>	<b>45,695</b>	<b>40,527</b>	<b>25,351</b>	<b>20,039</b>
(of which bonus, etc.)	(8,648)	(4,779)	(5,027)	(3,159)
Social security expenses, Board and CEO	2,144	1,998	2,144	986
Social security expenses, other senior executives	4,229	2,910	1,613	1,454
Social security expenses, other employees	14,974	11,507	8,089	5,942
<b>Total social security expenses</b>	<b>21,347</b>	<b>16,415</b>	<b>11,846</b>	<b>8,382</b>
of which:				
Pension costs, Board and CEO	302	124	302	124
Pension costs, other senior executives	991	762	439	481
Pension costs, other employees	1,975	1,935	1,612	1,683
<b>Total pension costs</b>	<b>3,268</b>	<b>2,821</b>	<b>2,353</b>	<b>2,288</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 5 (5) individuals (Group), including 2 (2) in the Parent Company.

### Remuneration and benefits of senior executives

#### Remuneration principles

Director 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 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 pension in the form of defined-contribution schemes, other customary benefits and a long-term incentive scheme in the form of employee stock options to all employees in the Group. Other benefits may include company car and health care insurance.

*Continues on page 28*



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

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

Program	Stock options		
	2007	2008	2011
Maximum number of options 1)	30,000,000	20,000,000	30,000,000
Expiration date	June 30, 2011	June 30, 2012	August 31, 2015
Exercise price, SEK	5.80	7.40	15.60
Type of shares	B	B	B

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

#### Warrants:

<b>Employees in:</b>	<b>Sweden, USA</b>	<b>-</b>	<b>Sweden, USA</b>
Initial number of employees	47	-	29
Initial number of transferred options	17,200,000	-	10,000,000

#### Employee options:

<b>Employees in:</b>	<b>France, Israel</b>	<b>All employees</b>	<b>France, Israel</b>
Initial number of employees	33	60	30
Initial number of options granted	9,800,000	17,200,000	9,350,000
Total initial number of warrants and options	27,000,000	17,200,000	21,200,000

<b>Number of employee options</b>			
<b>Outstanding (granted) options Jan. 1, 2011</b>	28,900,000	14,600,000	-
Granted	-	-	21,200,000
Exercised	-28,900,000	-233,333	-
Forfeited	-	-100,000	-
<b>Outstanding Dec. 31, 2011</b>	<b>-</b>	<b>14,266,667</b>	<b>21,200,000</b>
-of which vested	-	14,266,667	11,850,000
-of which exercisable	-	8,833,334	11,850,000
Remaining exercise period months	-	6	28
Average weighted stock price for exercised employee options, SEK		13.61	

#### Number of employee options

<b>Outstanding (granted) options Jan. 1, 2010</b>	29,033,334	14,200,000
Granted	-	1,400,000
Exercised	-	-
Forfeited	-133,334	-1,000,000
<b>Outstanding Dec. 31, 2010</b>	<b>28,900,000</b>	<b>14,600,000</b>
-of which vested	28,900,000	9,733,333
-of which exercisable	20,350,000	6,044,445
Remaining exercise period months	6	18

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

No loans, guaranties 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 consolidate profit or financial position.

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#### Remuneration and benefits

Fees to directors of the Parent Company are payable as follows: During the 2010/2011 assignment period (until the Annual General Meeting on 4 May 2011), director fees amounted to SEK 1,050 thousand total divided by SEK 450 thousand to the Chairman and SEK 200 thousand to other members (total 4 members of the Board). During the 2011/2012 assignment period (until the Annual General Meeting on 25 April 2012), director fees amounted to unchanged SEK 1,050 thousand total divided by SEK 450 thousand to the Chairman and SEK 200 thousand to other members (total 4 members of the Board). The fees were expensed during the assignment periods. No other remuneration, apart from defrayal of outlays, was paid to the Board. All pension plans in the Group are of the defined-contribution type.

For the President Fredrik Berglund remuneration appears in table. The variable remuneration is linked to the performance of the company during the year. For 2011, the variable compensation was based on Group sales and operating profit. The notice period for the President is twelve months when notice is given by the employer and six months when notice is given by the employee.

For remuneration to other senior executives reference is made to table. For other senior executives, the variable salary for 2011 was based on Group sales, operating profit and cash flow as well as on individual targets. Variable salary is individual and varied in 2011 from 20 to 60 percent of basic salary. The notice period for other senior executives varies and does not in any case exceed twelve months. Senior executives are not entitled to severance pay.

#### Employee stock option scheme

The Annual General Meeting in 2007 adopted an employee stock option scheme including 30 million options with duration for four years until 30 June 2011. The stock options have been exercised which has resulted in share issues in 2011. The 2008 Annual General Meeting complemented this with a scheme including 20 million options with duration for four years until 30 June 2012. Also the Annual General Meeting in 2011 complemented with a scheme, in order to replace the programme from 2007, including 30 million options with duration for four years until 31 August 2015. All employees in the Group have been allotted options from these programs. Employee options vest over three years based on continued employment. There are no other prerequisites. During 2011, costs of SEK 1.0 M (0.4) relating to the value of the employee stock options affected consolidated profit, partly in the form of a booking against equity relating to the two schemes.

Regarding allotment of the options, the employees were divided into categories and the Board decided on allotment of a varying number of stock options to these categories based on the possibility to contribute. The employee stock options are allotted free of charge. The strike price is determined based on 110 percent of the market price of the share during ten trading days after the Annual General Meeting.

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

#### Important assumption when determining the real value for TO11 which were granted in August 2011:

Strike price, SEK	15.6
Share price, SEK	8.64
Expected volatility	35%
Expected duration, years	4
Expected dividend (growth)	2.31%
Riskfree interest	1.44%
Granting value, SEK (10 options)	0.72



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

### Reimbursements and other benefits to the group management

	Basic salary	Variable reimbursements	Expenses for share options	Other benefits **	Pension	Other reimbursements	Total 2011	Total 2010
Fredrik Berglund (CEO)*	3,048	1,734	144	122	302	24	5,374	2,070
Charles Jackson (pre CEO) ***								5,141
Other members of the group management (5 pers)	5,846	2,321	211	327	991	29	9,725	7,754
<b>Total</b>	<b>8,894</b>	<b>4,055</b>	<b>355</b>	<b>449</b>	<b>1,293</b>	<b>53</b>	<b>15,099</b>	<b>14,965</b>

\* Entered his duties on August 24, 2010

\*\* Other benefits represent mainly car benefits

\*\*\* Basic salary including severance

## Note 5 Fees to auditors

	G 2011	G 2010	PC 2011	PC 2010
<b>Fees to KPMG, Sweden and France</b>				
Auditing assignment	560	573	560	573
Auditing services beyond the assignment	245	225	245	225
Tax advice	15	102	15	102
Non-auditing services	573	178	573	178
<b>Fees to Michel Bohdanowicz, France</b>				
Auditing assignment	208	200	-	-
Non-auditing services	-	57	-	-
<b>Fees to Dunskey Knobel Beltzer &amp; Co, Israel</b>				
Auditing assignment	26	29	-	-
Non-auditing services	78	158	-	-
<b>Total</b>	<b>1,705</b>	<b>1,522</b>	<b>1,393</b>	<b>1,078</b>

Audit assignment means the examination of the annual report and accounts and the Board of Director's and President's administration, other duties that are incumbent on the company's accountant to perform and advise or other forms of representation precipitated by observations made during such an examination or in the performance of such other duties.

## Note 6 Operation expenses allocated by cost type

	G 2011	G 2010
Cost of goods sold	413,809	283,388
Personnel costs	65,618	55,950
Amortisation/depreciation	8,522	9,993
Other operating expenses	48,329	37,057
<b>Total</b>	<b>536,278</b>	<b>386,388</b>

The cost of goods sold includes exchange-rate loss of 12 857 (loss: 822).

## Note 7 Net financial items

Group	2011	2010
Interest income	246	182
Other income	36	-
<b>Financial income</b>	<b>282</b>	<b>182</b>
Interest expenses	-357	-1,242
Other expenses	-412	-36
Net exchange-rate change	-1,690	-5,155
<b>Financial expenses</b>	<b>-2,459</b>	<b>-6,433</b>
<b>Net financial items</b>	<b>-2,177</b>	<b>-6,251</b>

### Parent Company

Result from participations in Group companies	2011	2010
Impairment losses	-26	-17,492
Repayment of conditional shareholders' contributions	-	4,163
<b>Total</b>	<b>-26</b>	<b>-13,329</b>

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

Interest income, Group companies	1,202	677
Reversed write-downs, Group companies	1,429	-
<b>Total</b>	<b>2,631</b>	<b>677</b>

Interest income and similar profit/loss items	2011	2010
Interest income	246	163
Interest income, Group companies	459	53
<b>Total</b>	<b>705</b>	<b>216</b>

Interest expenses and similar profit/loss items	2011	2010
Interest expenses	-357	-1,228
Other expenses	-250	-
Net exchange-rate change	-1,817	-4,996
<b>Total</b>	<b>-2,424</b>	<b>-6,224</b>

Exchange-rate changes refer primarily to loan receivables from Group companies.

## Note 8 Taxes

### Reported tax

	G 2011	G 2010	PC 2011	PC 2010
<b>Current tax in the period</b>				
Total current tax	-7 894	-372	-	-372
Adjustment of tax relating to earlier years	-723	-	-	-
Total current tax	-8,617	-372	-	-372
<b>Temporary differences</b>				
Temporära skillnader	5,478	2,032	2,976	-
Capitalised tax losses carry-forward	78,900	-	78,900	-
Total deferred tax income	84,378	2,032	81,876	-
<b>Total accounted tax income (net)</b>	<b>75,761</b>	<b>1,660</b>	<b>81,876</b>	<b>-372</b>

### Reconciliation of effective tax

	Percent	2011	Percent	2010
<b>Group</b>				
Profit before tax		74,539		54 528
Tax according to applicable tax rate for the Parent Company	26.3	-19,604	26.3	-14,341
Effect of applicable tax rates for foreign subsidiaries		-1,228		-846
Non-deductible expenses		-822		-297
Non-taxable income		84		1,161
Tax relating to earlier years		-723		-
Non-recorded deferred tax on temporary differences		5,478		-2,963
Utilisation of uncapitalised loss carry-forwards		13,676		-18,946
Capitalisation of tax losses carry-forward		78,900		-
<b>Reported effective tax</b>	<b>101.6</b>	<b>75,761</b>	<b>3.0</b>	<b>1,660</b>

	Percent	2011	Percent	2010
<b>Parent Company</b>				
Profit before tax		61,459		27,906
Tax according to applicable tax rate for the Parent Company	26.3	-16,164	26,3	-7,339
Non-deductible expenses		-38		-4,633
Non-taxable income		3		1,095
Non-recorded deferred tax on temporary differences		2 976		-2,963
Utilisation of uncapitalised loss carry-forwards		16,199		13,468
Capitalisation of tax losses carry-forward		78,900		-
<b>Reported effective tax</b>	<b>133.2</b>	<b>81,876</b>	<b>-1.3</b>	<b>-372</b>

### Accounted for in the statement of financial position

<b>Deferred tax assets and liabilities</b>	G 2011	G 2010	PC 2011	PC 2010
Intangible fixed assets	-	-1,315	-	-
Tangible fixed assets	315	-	315	-
Inventory	3,130	1,943	-	-
Provisions	2,992	-	2,992	-
Other (derivatives)	-331	-	-331	-
Tax losses carry-forward	118,350	39,450	118,350	39,450
<b>Deferred tax assets (net)</b>	<b>124,456</b>	<b>40,078</b>	<b>121,326</b>	<b>39,450</b>

## Note 8 Taxes (cont'd)

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

GROUP 2010	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
Intangible assets	-3,419	2,104		-1,315
Inventory	2,015	-72		1,943
Tax losses carry-forward	39,450	-		39,450
<b>Total</b>	<b>38,046</b>	<b>2,032</b>	<b>-</b>	<b>40,078</b>

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

PARENT COMPANY 2010	Opening balance	Recorded in the result	Recorded in other comprehensive income	Closing balance
Tax losses carry-forward	39 450			39 450
<b>Total</b>	<b>39 450</b>	<b>-</b>	<b>-</b>	<b>39 450</b>

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

## Unrecognized deferred taxes

Deductible temporary differences and tax loss carried-forwards where no deferred taxes have been accounted for in the financial statements:

	G 2011	G 2010	PC 2011	PC 2010
Deductible temporary differences	-	2 963	-	2 963
	K,2011	K,2010	M,2011	M,2010
Tax loss carry-forwards	616,594	1,031,820	271,364	613,439

What is being reported above are the gross value of the tax losses carry-forward. The net value of these is an effect of the current tax rate, being 26.3% in Sweden. 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. The deferred tax income of SEK 84 M in the Group 2011 (see table Reported tax) is primarily from capitalised tax losses carry-forward in the Parent Company. At the time of the annual closing a review was made of the taxable income expected in the

foreseeable future leading to that SEK 79 M in tax value was capitalised in 2011. The accumulated value amounts to SEK 118 M, corresponding to a gross value of SEK 450 M. In addition to this there are additional tax losses carry-forward of gross SEK 617 M 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 2010

<i>Accumulated acquisition value</i>	Patents and licenses	Marketing and industrial rights	Customer relationships	Product technology	Development projects	Goodwill	Other intangible assets	Total intangible assets
Opening balance	35,568	220,963	30,000	10,000	8,053	261,267		565,851
Purchases during the year	26	-	-	-	10,080	-		10,106
Exchange-rate difference	-227	-12,561	-	-	-	-34,094		-46,882
<b>Closing balance</b>	<b>35,367</b>	<b>208,402</b>	<b>30,000</b>	<b>10,000</b>	<b>18,133</b>	<b>227,173</b>		<b>529,075</b>
<i>Accumulated amortisation</i>								
Opening balance	-35,539	-220,963	-20,250	-6,750	-			-283,502
The year's amortisation	-37	-	-6,000	-2,000	-1,215			-9,252
Exchange-rate difference	228	12,561	-	-	-			12,789
<b>Closing balance</b>	<b>-35,348</b>	<b>-208,402</b>	<b>-26,250</b>	<b>-8,750</b>	<b>-1,215</b>			<b>-279,965</b>
<b>Carrying value</b>	<b>19</b>	<b>-</b>	<b>3,750</b>	<b>1,250</b>	<b>16,918</b>	<b>227,173</b>		<b>249,110</b>

## GROUP 2011

<i>Accumulated acquisition value</i>	Patents and licenses	Marketing and industrial rights	Customer relationships	Product technology	Development projects	Goodwill	Other intangible assets	Total intangible assets
Opening balance	35,367	208,402	30,000	10,000	18,133	227,173	-	529,075
Purchases during the year	81	-	-	-	8,443	-	812	9,336
Reclassification	-	-	-	-	-2,494	-	-	-2,494
Exchange-rate difference	57	3,704	-	-	-	-1,446	-	2,315
<b>Closing balance</b>	<b>35,505</b>	<b>212,106</b>	<b>30,000</b>	<b>10,000</b>	<b>24,082</b>	<b>225,727</b>	<b>812</b>	<b>538,232</b>
<i>Accumulated amortisation</i>								
Opening balance	-35,348	-208,402	-26,250	-8,750	-1,215			-279,965
The year's amortisation	-35	-	-3,750	-1,250	-2,018			-7,053
Exchange-rate difference	-66	-3,704	-	-	-			-3,770
<b>Closing balance</b>	<b>-35,449</b>	<b>-212,106</b>	<b>-30,000</b>	<b>-10,000</b>	<b>-3,233</b>			<b>-290,788</b>
<b>Carrying value</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,849</b>	<b>225,727</b>	<b>812</b>	<b>247,444</b>

## PARENT COMPANY 2010

<i>Accumulated acquisition value</i>	Patents and licenses		Development projects	Total intangible assets
Opening balance	31,933		8,053	39,986
Purchases during the year	-		10,080	10,080
<b>Closing balance</b>	<b>31,933</b>		<b>18,133</b>	<b>50,066</b>
<i>Accumulated amortisation</i>				
Opening balance	-31,915		-	-31,915
The year's amortisation	-8		-1,215	-1,223
<b>Closing balance</b>	<b>-31,923</b>		<b>-1,215</b>	<b>-33,138</b>
<b>Carrying value</b>	<b>10</b>		<b>16,918</b>	<b>16,928</b>

## PARENT COMPANY 2011

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

## Note 9 Intangible assets (cont'd)

### DISTRIBUTION OF AMORTISATION

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

	G 2011	G 2010	PC 2011	PC 2010
Selling expenses	3,777	6,029	-	-
Administration costs	8	8	8	8
Research and development costs	3,268	3,215	2,018	1,215
<b>Total</b>	<b>7,053</b>	<b>9,252</b>	<b>2,026</b>	<b>1,223</b>

#### Portion of internal time

Of the acquisition values of capitalised development projects above, SEK 22,216 (16,032) are acquired externally and SEK 3,866 (2,101) are generated internally.

#### Impairment testing of goodwill

Pricer's assets include goodwill of SEK 226 M (227) arising from the acquisition of Eldat. The goodwill item is accounted for in euro which leads to that it is affected by currency revaluations. The goodwill item has been impairment tested by discounting future cash flows from operations, whereby the value in use was estimated in the following way:

The acquisition of Eldat gave Pricer a clear position of market leadership 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 is prepared based on experience and assumptions by the Company. It is based on expectations of 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 maintain but

the gross contribution in the forecast is expected to increase based on volume growth. Gross profit exceeds Pricer's operating expenses. Even if expansion requires 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 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 40 percent of annual sales. Together cash flow from operating activities is expected to show a positive trend.

Pricer's investments in plant, 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 11 percent (11) before tax. 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 2010

<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	1,327	13,199	7,603	22,129
Purchases during the year	-	897	997	1,894
Sales and disposals	-	-1,389	-764	-2,153
Exchange-rate difference	-	-98	-415	-513
<i>Closing balance</i>	<i>1,327</i>	<i>12,609</i>	<i>7,421</i>	<i>21,357</i>
<i>Accumulated depreciation</i>				
Opening balance	-1,217	-12,080	-6,206	-19,503
The year's depreciation	-94	-636	-720	-1,450
Sales and disposals	-	1,389	626	2,015
Exchange-rate difference	-	26	315	341
<i>Closing balance</i>	<i>-1,311</i>	<i>-11,301</i>	<i>-5,985</i>	<i>-18,597</i>
<b>Carrying value</b>	<b>16</b>	<b>1,308</b>	<b>1,436</b>	<b>2,760</b>

## GROUP 2011

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

## PARENT COMPANY 2010

<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	1,327	12,246	4,490	18,063
Purchases during the year	-	514	450	964
Sales and disposals	-	-1,122	-	-1,122
<i>Closing balance</i>	<i>1,327</i>	<i>11,638</i>	<i>4,940</i>	<i>17,905</i>
<i>Accumulated depreciation</i>				
Opening balance	-1,217	-11,514	-4,110	-16,841
The year's depreciation	-94	-454	-289	-837
Sales and disposals	-	1,122	-	1,122
<i>Closing balance</i>	<i>-1,311</i>	<i>-10,846</i>	<i>-4,399</i>	<i>-16,556</i>
<b>Carrying value</b>	<b>16</b>	<b>792</b>	<b>541</b>	<b>1,349</b>

## PARENT COMPANY 2011

<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	1,327	11,638	4,940	17,905
Purchases during the year	42	1,515	155	1,712
<i>Closing balance</i>	<i>1,369</i>	<i>13,153</i>	<i>5,095</i>	<i>19,617</i>
<i>Accumulated depreciation</i>				
Purchases during the year	-1,311	-10,846	-4,399	-16,556
The year's depreciation	-23	-591	-227	-841
<i>Closing balance</i>	<i>-1,334</i>	<i>-11,437</i>	<i>-4,626</i>	<i>-17,397</i>
<b>Carrying value</b>	<b>35</b>	<b>1,716</b>	<b>469</b>	<b>2,220</b>

## DISTRIBUTION OF AMORTISATION

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

	G 2011	G 2010	PC 2011	PC 2010
Cost of goods sold	665	483	665	483
Selling expenses	422	640	3	27
Administrative expenses	88	210	88	210
Research and development costs	85	117	85	117
<b>Total</b>	<b>1,260</b>	<b>1,450</b>	<b>841</b>	<b>837</b>



## Note 11 Receivables from group companies

	PC 2011	PC 2010
<b>Accumulated acquisition value</b>		
At beginning of year	94,226	100,418
Loans granted during the year	547	7,881
Exchange-rate differences	-445	-14,073
<b>Closing balance, 31 December</b>	<b>94,328</b>	<b>94,226</b>
<b>Accumulated impairment losses</b>		
At beginning of year	-1,517	-1,610
Reversal of write-down	1,429	-
The year's impairment losses/exchange-rate changes	88	93
<b>Closing balance, 31 December</b>	<b>-</b>	<b>-1,517</b>
<b>Carrying value</b>	<b>94,328</b>	<b>92,709</b>

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

## Note 12 Other receivables

	G 2011	G 2010	PC 2011	PC 2010
VAT recoverable	14,762	9,662	14,755	9,288
Preliminary tax	1,198	762	1,198	762
Receivables from employees	791	696	541	444
Derivatives (forward contracts)	1,258	-	1,258	-
Other	3,635	1,499	1,547	255
<b>Total</b>	<b>21,644</b>	<b>12,619</b>	<b>19,299</b>	<b>10,749</b>

## Note 13 Inventories

	G 2011	G 2010	PC 2011	PC 2010
Finished goods and goods for resale	114,559	77,954	82,242	52,295
<b>Total</b>	<b>114,559</b>	<b>77,954</b>	<b>82,242</b>	<b>52,295</b>

The cost of sold products includes inventory impairments of SEK neg. 435 (neg.: 898). The Parent Company's accounts include inventory impairments of pos. 279 (neg. 1,270).

## Note 14 Accounts receivable

Accounts receivable are stated recognised after making a provision for bad debts, which amounted during the year to 2,132 (2,617) for the Group and 0 (0) for the Parent Company. During 2011 2,488 (2,468) of provisions from previous year were recovered. At the end of 2011, total reserve for possible bad debts amounted to 2,120 (2,476) for the Group and 0 (0) for the Parent Company.

## Note 15 Prepaid expenses and accrued income

	G 2011	G 2010	PC 2011	PC 2010
Rents	1,640	836	490	467
Prepaid insurance premiums	273	745	273	736
Prepaid service expenses	423	423	-	-
Accrued service incomes	7,308	-	-	-
Prepayments for fixed assets	947	947	947	947
Other	5,843	1,369	3,548	336
<b>Total</b>	<b>16,434</b>	<b>4,320</b>	<b>5,258</b>	<b>2,486</b>

## Note 16 Equity

### Issued and outstanding shares

Stated in number of shares	Class A	Class B	Total
Issued at January 1, 2010	2,260,817	1,013,871,383	1,016,132,200
Conversion from A to B	-1,100	1,100	0
Conversion		39,385,963	39,385,963
Issued at December 31, 2010	2,259,717	1,053,258,446	1,055,518,163
Issued at January 1, 2011	2,259,717	1,053,258,446	1,055,518,163
Issue from employee options		11,509,870	11,509,870
Conversion from A to B	-1,500	1,500	-
Equalization Issue	3	4	7
Reversed split 10:1	-2,032,398	-958,292,838	-960,325,236
Issue from employee options	0	1,762,344	1,762,344
	225,822	108,239,326	108,465,148
Votes per share	5	1	
Total number of votes	1,129,110	108,239,326	109,368,436

The registered share capital at 31 December amounted to 108,465,148 ordinary shares with a quotient value of SEK 1.00. Holders of ordinary shares are entitled to dividend determined during the following year, and a shareholder confers the above voting rights at general shareholders meetings.

### Consolidated

#### Other contributed capital

Pertains to equity contributed by the shareholders. Starting on 1 January 2006 and thereafter, allocations to the share premium reserve are also recognised as contributed capital.

#### 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 kronor (SEK).

#### Accumulated profits

Accumulated profits include profit for the year and earlier years accumulated profits.

#### Dividend

The Board of Directors has proposed a dividend for 2011, of SEK 0.25 (0.20) per share. A dividend policy had earlier been adopted:

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

### Parent Company

#### Restricted reserves

##### Statutory reserve

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

#### Nonrestricted equity

##### Share premium reserve

When new shares are issued at a premium, meaning that the price to be paid for a share exceeds the previous quotient value of the share, an amount corresponding to the amount received in excess of the share's quotient 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.

#### Accumulated results

This item includes accumulated earnings and profit of the year.

## Note 17 Earnings per share

### Earnings per share

SEK	Before dilution		After dilution	
	2011	2010	2011	2010
Earnings per share	1.40	0.54	1.39	0.54

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 SEK 150,300 (56,188) and the basic weighted average number of shares outstanding, 107,258 thousands (103,583 thousands).

### Earnings per share after dilution

Diluted earnings per share are calculated based on the profit for the year attributable to owners of the parent of SEK 150,300 (56,188) 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 108,315 thousand shares (104,079 thousand shares).

### Outstanding warrants

Designation	Number	Year issued	Strike price	Expiration
TO10	20 million	2008	7.40	June 30, 2012
TO11	30 million	2011	15.60	August 31, 2015

### Potentially dilutive instruments

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

## Note 18 Provisions

### Provisions that are long-term liabilities

	G 2011	G 2010	PC 2011	PC 2010
Warranty provisions	3,149	2,258	3,149	2,258

### Provisions that are current liabilities

	G 2011	G 2010	PC 2011	PC 2010
Warranty provisions	8,227	9,593	8,227	8,945

Warranty provisions	G 2011	G 2010	PC 2011	PC 2010
Opening balance	11,851	18,360	11,203	16,383
Provisions	5,096	3,705	5,096	3,705
Utilised during the year	-3,998	-6,614	-3,350	-5,285
Reversed during the year	-1,573	-3,600	-1,573	-3,600
Closing balance	11,376	11,851	11,376	11,203

Warranty provisions pertain primarily to certain commitments regarding products sold in prior years, as well as sales in 2011. The provision is based on calculations conducted on the basis of outcomes during 2011 and prior years.

## Note 19 Other liabilities

	G 2011	G 2010	PC 2011	PC 2010
Employee withhold-ing tax	1,277	477	529	477
VAT payable	4,794	3,142	-	-
Other taxes and charges	11,445	2,486	488	443
Derivatives (forward contracts)	-	7,917	-	7,917
Other liabilities	8,223	4,868	6,155	5
<b>Total</b>	<b>25,739</b>	<b>18,890</b>	<b>7,172</b>	<b>8,842</b>

## Note 20 Accrued expenses and deferred income

	G 2011	G 2010	PC 2011	PC 2010
Accrued vacation pay	2,488	2,618	1,134	1,052
Accrued salaries	10,028	9,034	6,810	3,798
Social security contri-butions	3,881	434	1,735	332
Accrued service ex-penses	-	1,125	-	-
Accrued commissions	418	547	418	547
Other accrued expenses	7,134	2,778	4,997	2,487
<b>Total</b>	<b>23,949</b>	<b>16,536</b>	<b>15,094</b>	<b>8,216</b>

## Note 21 Financial risks and finance policies

Pricer's financial assets consist primarily of accounts receivable and cash in bank. Financial liabilities include mainly accounts payable, other liabilities, accrued expenses and derivatives (currency hedging contracts).

### Financial risk management in the Pricer Group

Given the nature of its business, the Group is exposed to various types of financial risk, by which is meant 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 adhering to 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 risk can consist of 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 USD, using currency clauses in quotations and contracts and entering into forward contracts to hedge the flows. The company's policy stipulates that 50-75 percent of the Group's estimated monthly net flows for the period for which reliable forecasts can be made shall be hedged. In 2011, Pricer's main payment flows were denominated in USD, EUR and MXN (Mexican pesos). Pricer's closing order books were denominated in EUR and USD as sales are invoiced in these currencies, predominantly in EUR. Purchases of components and finished products are mainly invoiced in USD. Since this means that the Group has a net inflow in EUR and a net outflow in USD, Pricer has decided to hedge some of these flows by selling EUR and buying USD forward. Furthermore, inflow in MXN is also hedged against SEK. The forward contracts are valued according to level 2, meaning to market value at each balance sheet date. As from 2012 hedge accounting will be adopted in order to among other reasons avoid having to value forward contracts to market value in the operating profit at each balance sheet date.

% of sales and costs by currency:	SEK and other currencies		
	USD	EUR	
Sales	18 (23) %	74 (69) %	8 (8) %
Costs	68 (66) %	15 (18) %	17 (16) %

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

Currency movements continued to be significant also in 2011 and the SEK strengthened throughout the year. The average rate for EUR weakened by over SEK 0.52, 5 percent, and the USD weakened by SEK 0.71 SEK being equivalent to 10 percent as compared to average rates during 2010. The EUR/USD rate has varied greatly during the year. Realised and unrealised valuation effects of the currency hedging contracts had a total negative effect on the result during the year amounting to SEK -4.5 M as compared to SEK 2.6 M during the full year 2010.

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 2011 amounted to SEK 420.9 M (473.0).

### Embedded derivatives

Pricer has contracts with both supplies and customers in currencies other than the counterparty's own functional currency, e.g. in USD for purchases in China and in 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 2011 and is not accounted for in the result.

### Interest risk

Interest risk is the risk that changes in market interest rates will have a negative impact on cash flow or the fair value of financial assets and liabilities. At present, Pricer has no assets 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 58.8 M (69.9) at the year-end. A one percentage point change 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 to 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	39	65%	5%
Exposure SEK 1-5 M	7	12%	9%
Exposure > SEK 5 M	14	23%	86%
<b>Total</b>	<b>60</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	2011		2010	
	Overdue payments	Total exposure	Overdue payments	Total exposure
<b>Overdue but not written off</b>				
< 60 days	35,729		45,493	
> 60 days	23,095		16,052	
<b>Total</b>	<b>58,824</b>	<b>256,820</b>	<b>61,545</b>	<b>183,982</b>

Time analysis of accounts receivable	2011		2010	
	Overdue payments		Overdue payments	
<b>Overdue and written off</b>				
<60 days	-		-	
>60 days	2,120		2,476	
<b>Total</b>	<b>2,120</b>		<b>2,476</b>	

Provision for possible bad debts	2011		2010	
<b>Opening provisions</b>	2,476		2,520	
Provisions for possible bad debts	2,120		1,813	
Proven bad debts	-		-	
Recovery from provision for possible bad debts	-2,476		-1,857	
<b>Closing provision</b>	<b>2,120</b>		<b>2,476</b>	

## Note 21 Financial risks and finance policies (cont'd)

### Financial risks

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

Eligible counterparties	Maximum permitted exposure	Actual exposure	Percentage break-down
Sovereign borrowers / Kingdom of Sweden	Unlimited	-	-
Banks	SEK 100 M	59	100%
Swedish local government authorities with K-1	SEK 10 M	-	-
Bonds issued by Swedish mortgage finance institutions	SEK 10 M	-	-
Corporate paper with K-1	SEK 10 M	-	-
<b>Total exposure</b>		<b>59</b>	<b>100%</b>

### Refinancing risk

The refinancing risk consists of the risk of not being able to meet future financing requirements. To ensure 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 additionally 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 result.

### Fair value of financial instruments

Fair value on assets and liabilities and reported value in the statement of consolidated financial position may vary, among other things as an effect of changes in market interests.

### 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 whilst at the same time ensuring that the shareholders receive a satisfactory return.

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

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

Level 2: Based directly or indirectly on noted marketdata not included in level 1

Level 3: Based on data not noted in the market

SEK '000	Level 1	Level 2	Level 3	Dec. 31, 2011
Forward currency contracts	-	1,258	-	1,258
<b>Financial assets</b>	<b>-</b>	<b>1,258</b>	<b>-</b>	<b>1,258</b>
SEK '000	Level 1	Level 2	Level 3	Dec. 31, 2010
Forward currency contracts	-	-7,917	-	-7,917
<b>Financial liabilities</b>	<b>-</b>	<b>-7,917</b>	<b>-</b>	<b>-7,917</b>

## Note 21 Financial risks and finance policies (cont'd)

### Financial instruments – fair value

	Financial assets at fair value via the result	Loan assets and accounts receivable val- ued at accrued acquisition value	Financial liabilities at fair value via the result	Financial liabi- ties valued at accrued acqui- sition value	Carrying value	Fair value
<b>GROUP 2011</b>						
Accounts receivable		256,820			256,820	256,820
Accrued income		10,552			10,552	10,552
Other receivables		20,386			20,386	20,386
Cas and cash equivalents		58,788			58,788	58,788
Derivatives	1,258				1,258	1,258
Accounts payable				-80,663	-80,663	-80,663
Other liabilities				-36,214	-36,214	-36,214
Accrued expenses				-23,949	-23,949	-23,949
<b>Total financial assets and liabilities per category</b>	<b>1,258</b>	<b>346,546</b>		<b>-140,286</b>	<b>206,978</b>	<b>206,978</b>

### GROUP 2010

Accounts receivable		183,982			183,982	183,982
Other receivables		12,619			12,619	12,619
Cas and cash equivalents		69,867			69,867	69,867
Derivatives			-7,917		-7,917	-7,917
Accounts payable				-43,075	-43,075	-43,075
Other liabilities				-10,973	-10,973	-10,973
Accrued expenses				-16,536	-16,536	-16,536
<b>Total financial assets and liabilities per category</b>	<b>-</b>	<b>266,468</b>	<b>-7,917</b>	<b>-70,584</b>	<b>187,967</b>	<b>187,967</b>

### PARENT COMPANY 2011

Accounts receivable		116,992			116,992	116,992
Receivables subsidiaries		176,940			176,940	176,940
Accrued income		3,244			3,244	3,244
Other receivables		18,041			18,041	18,041
Cas and cash equivalents		12,680			12,680	12,680
Derivatives	1,258				1,258	1,258
Accounts payable				-56,811	-56,811	-56,811
Liabilities subsidiaries				-17,663	-17,663	-17,663
Other liabilities				-7,172	-7,172	-7,172
Accrued expenses				-15,094	-15,094	-15,094
<b>Total financial assets and liabilities per category</b>	<b>1,258</b>	<b>327,897</b>		<b>-96,740</b>	<b>232,415</b>	<b>232,415</b>

### PARENT COMPANY 2010

Accounts receivable		45,791			45,791	45,791
Receivables subsidiaries		158,066			158,066	158,066
Other receivables		10,749			10,749	10,749
Cas and cash equivalents		49,144			49,144	49,144
Derivatives			-7,917		-7,917	-7,917
Accounts payable				-27,814	-27,814	-27,814
Liabilities subsidiaries				-9,009	-9,009	-9,009
Other liabilities				-925	-925	-925
Accrued expenses				-11,579	-11,579	-11,579
<b>Total financial assets and liabilities per category</b>	<b>-</b>	<b>263,750</b>	<b>-7,917</b>	<b>-49,327</b>	<b>206,506</b>	<b>206,506</b>

## Note 22 Operating leases

Non-cancellable lease payments amount to:

	G 2011	G 2010	PC 2011	PC 2010
Within one year	3,686	3,829	2,380	2,515
Between one and five years	2,225	7,861	678	4,989

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 contract on these premises runs until beyond 2014. Regarding premises for the parent company the current contract has been cancelled as per July 31, 2012 and negotiations for new premises are ongoing.

The consolidated accounts for 2011 include a cost of 4,190 (3,496) in respect of operational leasing. Payments are minimum payments and not variable.

## 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	Liability to related party at 31 December	Receivable from related party at 31 December
Subsidiaries	2011	335,788	8,139	1,661	17,763	176,940
Subsidiaries	2010	238,256	7,026	730	9,009	158,066

### 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 2011	PC 2010
<b>Accumulated acquisition value</b>		
Opening balance	1,092,914	1,092,784
Shareholder contribution	206	130
	<b>1,093,120</b>	<b>1,092,914</b>
<b>Accumulated impairment losses</b>		
Opening balance	-909,290	-891,798
Impairment losses	-26	-17,492
Total accumulated impairment losses	-909,316	-909,290
<b>Carrying value of participations in Group companies</b>	<b>183,804</b>	<b>183,624</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 2011	Carrying amount at 31 Dec 2010
Pricer Inc., (22-3215520) Dallas, USA	100	223,000	USD	9,128	9,061
Pricer SAS, (RCS 395 238 751) Paris, France	100	2,138	EUR	169,133	169,020
Pricer Communication AB, 556450-7563, Sollentuna, Sweden	100	100,000	SEK	4,980	4,980
Pricer Ishida Explorative Research (PIER) AB, 556454-7098, Sollentuna, Sweden	50	130	SEK	192	192
Pricer E.S.L. Israel Ltd , 511838732, Tel Aviv, Israel	100	56,667,922	NIS	-	-
Dormant companies				371	371
<b>Participations in Group companies</b>				<b>183,804</b>	<b>183,624</b>

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

## Note 23 Pledged assets and contingent liabilities

Assets pledged	G 2011	G 2010	PC 2011	PC 2010
<b>To secure own liabilities and provisions</b>				
Floating charges	59,625	34,625	59,625	34,625
Bank deposits	778	1,005	-	222
<b>Total</b>	<b>60,403</b>	<b>35,630</b>	<b>59,625</b>	<b>34,847</b>

Contingent liabilities	G 2011	G 2010	PC 2011	PC 2010
Bank guaranties	778	1,005	-	222
<b>Total</b>	<b>778</b>	<b>1,005</b>	<b>-</b>	<b>222</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 26 Cash flow statement

Cash and cash equivalents	G 2011	G 2010	PC 2011	PC 2010
<i>Cash and cash equivalents include the following sub-components:</i>				
Cash and bank	58,788	69,867	12,680	49,144
<b>Total according to the report over financial position</b>	<b>58,788</b>	<b>69,867</b>	<b>12,680</b>	<b>49,144</b>
<b>Total according to the cash flow statement</b>	<b>58,788</b>	<b>69,867</b>	<b>12,680</b>	<b>49,144</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 2011	G 2010	PC 2011	PC 2010
<b>Interest</b>				
Interest received	246	182	246	163
Interest paid	-357	-1,242	-357	-1,228
<b>Adjustments for non-cash items</b>				
Amortisation/depreciation	8,522	10,828	2,893	19,554
Interest-rate differences	-	334	-	334
Phased costs of employee stock options	1,030	402	824	270
Exchange-rate differences/translation differences	126	15,638	14,675	13,536
Change in provisions	1,157	247	173	-5,180
Brought back write-down	-	-	-1,429	-
<b>Total non-cash items</b>	<b>10,835</b>	<b>27,449</b>	<b>17,136</b>	<b>28,514</b>

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

Pricer has earlier published that the company has been party to arbitration proceedings against ProMargin AB. A final award was rendered in February 2012 according to which Pricer was ordered to pay damages for a total amount of SEK 1.9 M plus interest. Each party shall according to the award carry its own costs for the arbitration proceedings. The damage amount has been accounted for in 2011. All other costs have been accounted for as incurred.

## 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.

### Exposure to foreign currencies

Fluctuations in foreign exchange rates can have a relatively major impact on the company in general. Note 21 provides a detailed analysis of exposure to foreign currencies and the risks associated with fluctuations in exchange rates.

### Impairment testing of goodwill

A large proportion of the Group's assets consists of goodwill. 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.

## Note 29 Information about the Parent Company

Pricer AB is a Swedish-registered public limited company domiciled in Sollentuna, Sweden. The shares of the Parent Company are registered on NASDAQ OMX Stockholm, Small Cap.

The address of the head office is Bergkällavägen 20-22, SE-192 79 Sollentuna, Sweden.

The Board and CEO declare that the annual report was prepared in accordance with generally accepted accounting principles in Sweden and the Group's financial statements were prepared in accordance with the international accounting standards referred to in the European Parliament's and Council's regulation (EG) No. 1606/2002 of 19 July 2002 concerning the application of international accounting standards. The annual report and the Group's 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 22 March 2012. The income statement and balance sheet of the Parent Company and statement of consolidated comprehensive income and statement of consolidated financial position will be submitted to the Annual General Meeting for adoption on 25 April 2012.

Sollentuna, 22 March 2012

Peter Larsson  
*Chairman of the Board*

Mikael Bragd

Bo Kastensson

Bernt Magnusson

Fredrik Berglund  
*CEO*

Our audit report was submitted on 3 April 2012  
KPMG AB

Åsa Wirén Linder  
*Authorised Public Accountant  
Auditor in charge*

Tomas Gerhardsson  
*Authorised Public Accountant*

# Audit report

To the annual meeting of the shareholders of Pricer AB  
Corporate identity number 5564277993

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Pricer AB for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 10-42.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and 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 Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

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

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

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

## 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 2011 and of its financial performance and

its cash flows for the year then ended in accordance with Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Account Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standard, 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 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 examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Pricer AB for the year 2011.

## Responsibilities of the Board of Directors and the Managing Director

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

## Auditor's responsibility

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

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

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

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

## Opinions

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

Stockholm, 3 April 2012  
KPMG AB

Åsa Wirén Linder  
Authorised Public Accountant  
Auditor in charge

Tomas Gerhardsson  
Authorised Public Accountant

# Five-year summary

## Five-year summary - Parent Group

All amounts in SEK M unless otherwise stated	2011	2010	2009	2008	2007
<b>INCOME STATEMENT DATA</b>					
Net sales	613.0	447.2	327.3	427.0	432.3
Cost of goods sold	-414.5	-283.9	-201.0	-266.7	-300.3
<b>Gross profit</b>	<b>198.5</b>	<b>163.3</b>	<b>126.3</b>	<b>160.3</b>	<b>132.0</b>
Other operating income	-	-	-	6.2	20.6
Selling expenses	-59.4	-55.0	-63.4	-64.7	-57.9
Administrative expenses	-44.0	-31.4	-22.1	-26.0	-56.8
Research and development costs	-18.4	-16.1	-15.6	-20.4	-31.9
<b>Operating profit</b>	<b>76.7</b>	<b>60.8</b>	<b>25.2</b>	<b>55.4</b>	<b>6.0</b>
Financial items	-2.2	-6.3	-7.8	8.7	-7.2
<b>Profit before tax</b>	<b>74.5</b>	<b>54.5</b>	<b>17.4</b>	<b>64.1</b>	<b>-1.2</b>
Income tax	75.8	1.7	2.5	43.6	2.2
<b>Profit for the year</b>	<b>150.3</b>	<b>56.2</b>	<b>19.9</b>	<b>107.7</b>	<b>1.0</b>
Attributable to:					
Owners of the Parent Company	150.3	56.2	19.9	107.7	1.1
Non-controlling interests	0.0	0.0	0.0	0.0	-0.1
	150.3	56.2	19.9	107.7	1.0
<b>BALANCE SHEET DATA</b>					
Intangible fixed assets	247.4	249.1	282.3	297.9	265.8
Tangible fixed assets	4.4	2.8	2.6	3.7	5.6
Financial fixed assets	124.5	40.1	41.5	41.1	0.1
Inventories	114.6	78.0	57.5	65.7	28.8
Accounts receivable	256.8	184.0	117.2	155.5	117.3
Other current assets	38.1	16.8	11.3	19.1	14.8
Cash and cash equivalents and short-term investments	58.8	69.9	102.8	75.8	100.1
<b>Total assets</b>	<b>844.6</b>	<b>640.7</b>	<b>615.2</b>	<b>658.8</b>	<b>532.5</b>
Equity attributable to owners of the Parent Company	691.6	546.5	513.1	509.8	356.4
Non-controlling interests	0.1	0.1	0.1	0.1	0.1
Long-term liabilities	3.9	2.7	5.9	52.8	80.9
Current liabilities	149.0	91.4	96.1	96.1	95.1
<b>Total liabilities and equity</b>	<b>844.6</b>	<b>640.7</b>	<b>615.2</b>	<b>658.8</b>	<b>532.5</b>

All amounts in SEK M unless otherwise stated	2011	2010	2009	2008	2007
<b>CASH FLOW DATA</b>					
Profit after financial items	74.5	54.5	17.4	64.1	-1.2
Adjustment for non-cash items	10.8	27.4	13.5	-1.6	12.3
Paid income tax	-	-0.3	-	-	-0.1
Change in working capital	-79.4	-96.9	25.2	-60.4	19.4
<b>Cash flow from operating activities</b>	<b>5.9</b>	<b>-15.3</b>	<b>56.1</b>	<b>2.1</b>	<b>30.4</b>
<b>Cash flow from investing activities</b>	<b>-12.3</b>	<b>-12.0</b>	<b>-8.2</b>	<b>-2.4</b>	<b>4.9</b>
Change in loan financing	-	-	-22.6	-32.1	34.3
Change in shareholder financing	-4.4	-	-	-	0.0
<b>Cash flow from financing activities</b>	<b>-4.4</b>	<b>0.0</b>	<b>-22.6</b>	<b>-32.1</b>	<b>34.3</b>
<b>Cash flow for the year</b>	<b>-10.8</b>	<b>-27.3</b>	<b>25.3</b>	<b>-32.4</b>	<b>69.6</b>
<b>KEY RATIOS</b>					
<b>Capital data</b>					
Working capital	260.5	186.1	112.0	144.1	80.1
Capital employed	632.9	476.7	432.5	478.7	329.9
Acid-test ratio, %	231	284	227	168	132
Net loan debt	-36.7	-47.8	-80.7	-31.2	-26.6
<b>Financial data</b>					
Equity/assets ratio, %	82	85	83	77	67
Net debt/equity ratio, times	-0.05	-0.09	-0.16	-0.06	-0.07
<b>Margin data</b>					
Operating margin, %	13	14	8	13	1
Net margin, %	25	13	6	25	0
Capital turnover rate, times	1.10	0.98	0.72	1.06	1.24
<b>Return data</b>					
Return on capital employed, %	14	13	6	14	2
Return on equity, %	24	11	4	25	0
<b>Other data</b>					
Order book at 31 December	123	80	78	63	71
Average number of employees	66	54	67	70	95
Number of employees at end of year	72	56	57	68	83
Total payroll	46	41	41	43	65

# Corporate governance report

## Introduction

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

This corporate governance report has been issued in accordance with the rules in the Swedish code for corporate governance (“the code”). The Code is available at the web page of the Swedish Corporate Governance Board ([www.bolagsstyrring.se](http://www.bolagsstyrring.se)).

Pricer hereby submits its Corporate Governance Report for financial year 2011. The report does not comprise a part of the formal Annual Report documents but has been reviewed by the Company’s auditors who have issued a specific statement.

## External control instruments

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

## Internal control instruments

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

## General meetings of shareholders

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

Notice of shareholder meetings is made in the form of an advertisement in *Postoch Inrikes Tidningar* and *Svenska Dagbladet*. Those 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 2011 Annual General Meeting was held on 4 May, 2011 with 25 percent of the votes in the Company represented by 43 shareholders. The minutes of the Annual General Meeting are available on Pricer’s website. The Annual General Meeting decided among other things to authorise the Board of Directors, until the next Annual General Meeting, at one or several occasions, decide to issue up to 5,000,000 Class B shares. The Board shall be able to issue shares without preferential rights for existing shareholders with or without decision of issue in kind.

The time and place for the 2012 Annual General Meeting was announced in the financial report published at 31 October 2011 and is also available on the Company web page. Pricer’s website presents information about how and when shareholders must submit their requests for business to be addressed at the meeting.

## Nomination Committee

The Nomination Committee’s assignment 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 2011 Annual General Meeting resolved that the Chairman of the Board, prior to the 2012 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 2012

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 representative, the next largest shareholder in terms of vot-



ing 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 2012 Annual General Meeting, the Nomination Committee of Pricer was announced in a press release issued on 7 October 2011 and, in addition to Chairman of the Board Peter Larsson, has consisted of Salvatore Grimaldi (appointed by Sagri Development AB), Thomas Bill (appointed by Monterro Holding AB), Frank Larsson (appointed by Handelsbanken fonder) and John Örtengren (appointed by Aktiespararna (Swedish Shareholders' Association)). Salvatore Grimaldi has served as Chairman of the Nomination Committee.

The majority of the Nomination Committee's members are independent in relation to the Company and corporate management. With the exception of the Chairman, all members of the Nomination Committee are independent in relation to the Company's largest shareholders, in terms of voting rights, or groups of shareholders that cooperate with regard to governance of the Company. The Company has only one shareholder, Sagri Development AB, representing at least one tenth of the total number of votes in the Company. Sagri Development represents 10.4 percent of the number of votes.

The Nomination Committee has held two meetings since the 2011 Annual General Meeting, in addition to telephone contact. An account of the Nomination Committee's work will be presented at the 2012 Annual General Meeting. No remuneration is paid to members of the Committee.

## Board of Directors

### Size and composition of Board

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

The Board of Directors of Pricer, as stipulated by the Articles of Association, shall consist of no fewer than three and no more than seven members, and the exact number of Board members is established by the Annual General Meeting. The Annual General Meeting held on 4 May 2011 re-elected Mikael Bragd, Bo Kastensson, Peter Larsson and Bernt Magnusson. Daniel Furman stepped down. Peter Larsson was elected to serve as Chairman of the Board. No deputies to Board members elected by the Annual General Meeting were appointed. All members of the Board are considered independent in relation to the Company, corporate management and the Company's largest owners.

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

### Board member attendance

Board members	Present at meetings	Of total number of meetings
Mikael Bragd	10	10
Bo Kastensson	10	10
Peter Larsson	10	10
Bernt Magnusson	10	10

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 efforts will be made to establish greater equality in the future.

### Work by 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 2011 financial year, the Board held ten 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 status report in writing 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 2011.

The meetings were held at the Company's head office in Sol-lentuna 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 20109 Annual General Meeting to pay total fees to the Board of Directors amounting to SEK 1,050,000, to be distributed as follows: SEK 450,000 to the Chairman of the Board and SEK 200,000 to each of the other three members of the Board. No other remuneration or financial instruments over and above the fees were paid or made available, with the exception of out-of-pocket expenses.

## Board committees

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

During 2011, the Remuneration Committee consisted of the Chairman of the Board Peter Larsson and the member of the Board Bo Kastensson, both of whom are independent of the Company and corporate management, and the Company's major shareholders.

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

The Remuneration Committee held two meetings during 2011. Minutes of these meetings were kept and presented to the Board of Directors.

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

## President and senior executives

### President

The President is appointed and dismissed by the Board of Directors, and his/her work is evaluated continuously by the Board. Fredrik Berglund was appointed President on 24 August 2010 and replaced Charles Jackson.

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

page 50. Other than assignments for the Company's subsidiaries and associated companies, Fredrik Berglund is member of the board of directors of Tilgin AB and EmblaCom AB. Neither Fredrik Berglund, nor any closely associated individual or legal entity, has any significant shareholding or part ownership interest in companies with which Pricer has major business relations.

## Executive management

Pricer's executive management team consists of six members with day-to-day responsibility for different segments of the operations. For a presentation of the members of executive management, reference is made 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 2011 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 Nordic Exchange Stockholm's Disciplinary Committee during 2011 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 2008 Annual General Meeting, the audit Company KPMG AB was elected as the Company's auditors for the forthcoming four-year period. The auditor-in-charge is authorised public accountant Åsa Wirén Linder. For additional information about the auditors, see page 50.

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

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

### Introduction

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

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

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

#### Control environment

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

#### Risk assessment

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

#### Control activities

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

the unit and function managers and controllers. Group management meets at least once a month to review and evaluate overall business operations. Furthermore, officers from the accounting function visit companies in the Group several times a year to discuss current issues and review their earnings and financial position, and to ensure compliance with procedures and that they are developed. 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 2011 in the pages 46 – 49 and that it has been prepared in accordance with the Annual Accounts Act.

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

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

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

Stockholm, 3 April 2012  
KPMG AB

Åsa Wirén Linder  
*Authorised Public Accountant*  
*Auditor in charge*

Tomas Gerhardsson  
*Authorised Public Accountant*

# Board of Directors



**MIKAEL BRAGD** • Born: 1962 • Education: Degree in Business Administration, Stockholm School of Economics, in marketing and financing • Other assignments: Senior partner Diligo Advisers and Board member of Swilkenbridge AB • Previous assignments: President and CEO of OBH Nordica and Head of Nordic region of Electrolux home products Board member since: 2008 • Holding: 7,500 B shares



**PETER LARSSON** • Born: 1964 • Education: B.Sc. in Computer and System Science, University of Stockholm • Other assignments: Chairman of EpiServer AB, IAR AB, Northern Packlife AB and Q-matic AB and Board member of Common Agenda Venture Management AB • Previous assignments: CEO of EpiServer AB, Protect Data AB and Pointsec Mobile Technologies AB • Board member since: 2008 • Holding: 661,110 B shares



**BO KASTENSSON** • Born 1951 • Education: B.A., University of Lund • Other assignments: Industrial advisor EQT, Chairman of Coromatic Group AB and Doro AB and Board member of Skandinaviska Kraftprodukter AB, Axema Access Contol AB and Ikovo AB • Previous assignments: CEO of Bewator Group and Incentive Development • Board member since: 2008 • Holding: 400,000 B shares



**BERNT MAGNUSSON** • Born: 1941 • Education: Masters of Political Science, University of Uppsala • Other assignments: Board member of Kancera AB, Fareoffice AB, Coor Service Management AB, Net Insight AB and STC Interfinans • Previous assignments: President and CEO of Nordstjernan AB, Chairman and CEO of NCC AB, Chairman of Nobel Industrier AB, Assi Domän AB, Skandia AB and Swedish Match AB • Board member since: 2009 • Holding: 46,300 B shares

# Executive Management



**FRANCOIS AUSTRUY**  
Born: 1965  
**Head of Operations**  
Education: Graduate Engineer Employed since: 2005  
Holding: 20,000 shares, 2,200,000 warrants \*



**ORON BRANITZKY**  
Born: 1958  
**Vice President Sales, General Manager Pricer Israel**  
Education: M.B.A., B. Sc  
Employed since: 2006 (Eldat 1997) Holding: 223,964 B shares, 1,200,000 warrants \*



**HARALD BAUER**  
Born: 1957  
**CFO**  
Education: M.B.A  
Employed since: 2004 and 1998–2000  
Holding: 47,333 B shares, 1,700,000 warrants \*



**NILS HULTH**  
Born: 1971  
**Vice President, R&D**  
Education: M.Sc. in Computer Science and Master of Science Evolutionary and Adaptive Systems  
Employed since: 2005  
Holding: 30,000 shares, 1,700,000 warrants \*



**FREDRIK BERGLUND**  
Born: 1961  
**CEO**  
Education: B. Sc. Business Administration  
Other assignments: Member of Tilgin AB and EmblaCom AB  
Employed since: 2010  
Holding: 150,000 shares, 3,000,000 warrants \*



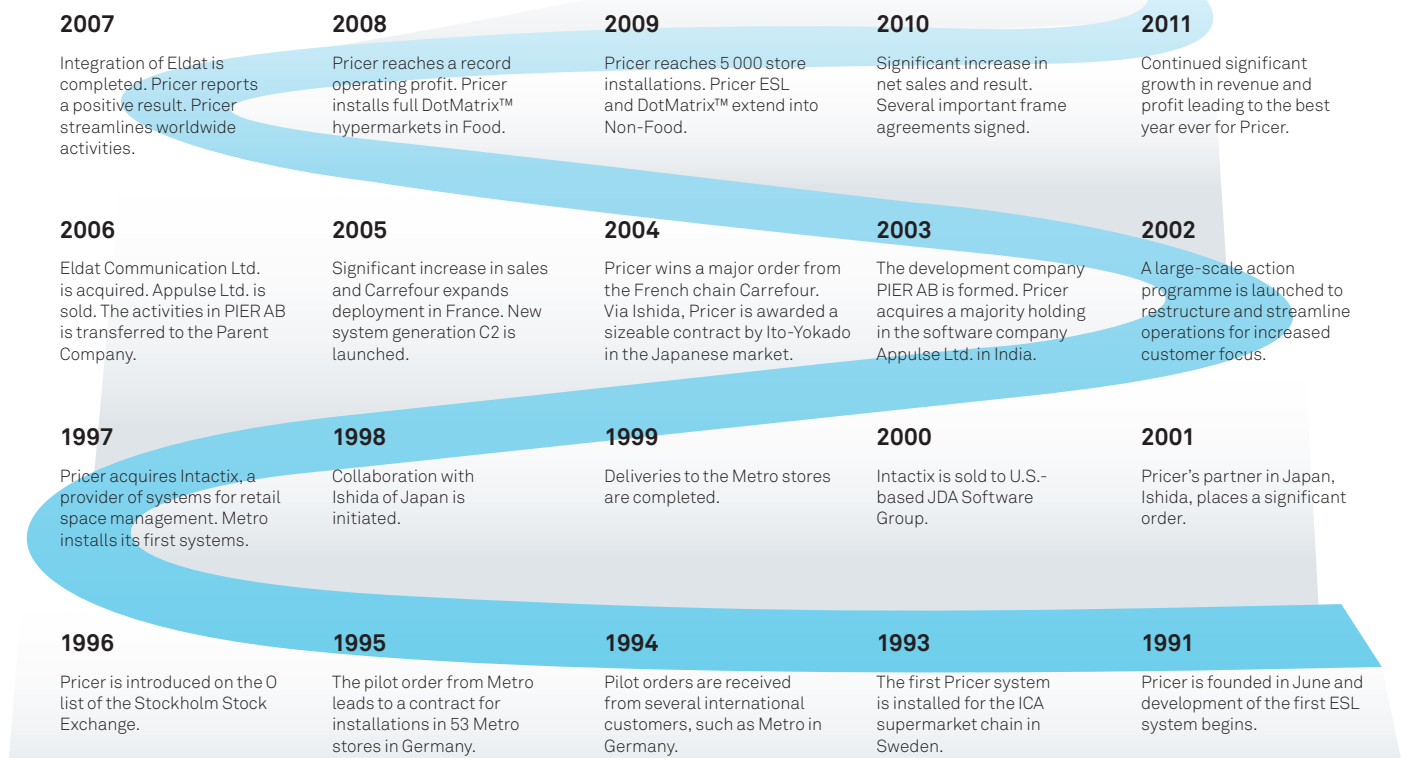
**ARNAUD LECAT**  
Born: 1962  
**Vice President, Professional Solutions**  
Education: Graduate Engineer Employed since: 2002  
Holding: 14,550 B shares, 2,200,000 warrants \*

## Auditors

The 2008 Annual General Meeting re-elected the auditing firm of KPMG AB with Authorised Public Accountant Åsa Wirén Linder (born 1968) as auditor in charge, to serve as the company's auditors for four years. Åsa Wirén Linder is also auditor in charge for HL Display AB, IBS AB, Seco Tools AB and Tilgin AB as well as being a board member of Far.



# History



## Shareholder information

### Annual General Meeting

The Annual General Meeting of Pricer AB will be held at 3:00 p.m. on Wednesday, 25 April 2012, at Scandic Infra City, Upplands Väsby, Sweden. In order to participate in the AGM, shareholders must be entered in the share register maintained by Euroclear Sweden AB (formerly VPC AB) by Thursday 19 April, and must notify the company of their intention to participate no later than 4:00 p.m. on Thursday 19 April. Shareholders whose shares are held in the name of a trustee must temporarily re-register the shares in their own name well in advance of 19 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, Bergkällavägen 20–22, SE-192 79 Sol-lentuna, Sweden

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

### Proposed dividend

The Board of Directors proposes for the first time in the history of the company a dividend of SEK 0.02 per share for the year 2010.

### Financial calendar

In 2012, the quarterly financial reports will be published as follows:

- Interim report January–March, 25 April 2012
- Interim report January–June, 23 August 2012
- Interim report January–September, 29 October 2012
- Year-end report 2012, 15 February 2013

### 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.



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