

PRICER

BRINGING TRUST TO RETAIL



CLICK & COLLECT



REPLENISHMENT



DYNAMIC PRICING



SHOPPER GUIDANCE



OUT OF STOCK



Annual Report 2017

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All amounts are presented in Swedish kronor (SEK). Thousands of kronor are abbreviated as SEK 000s and millions of kronor as SEK million/SEK M. Unless otherwise specified, the figures in brackets refer to 2016 or the corresponding of last year. Information about markets and the competitive situation is based on Pricer's own assessments unless a specific source is named.

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About Pricer

Pricer is the global leader in providing in-store digital shelf-edge solutions. With over 16,000 installations in more than 50 countries, Pricer has contributed to both enhancing store performance and improving the consumers' shopping experience.

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

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

Pricer was founded in 1991 in Sweden and the company's class B share is listed on the Small Cap list of Nasdaq Stockholm. At 31 December 2017, the number of shareholders was 16,518 and the ten largest shareholders represented 38 percent of the company's shares. At the end of 2017 the Pricer Group had 104 employees.



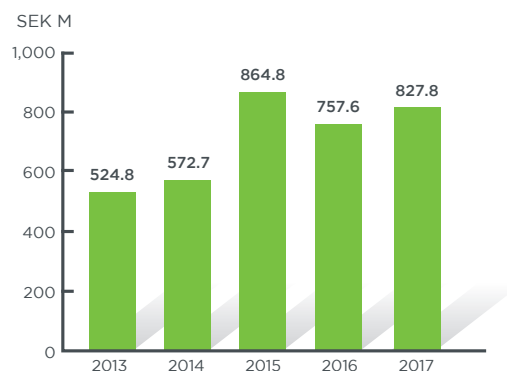
Highlights of 2017

Key events

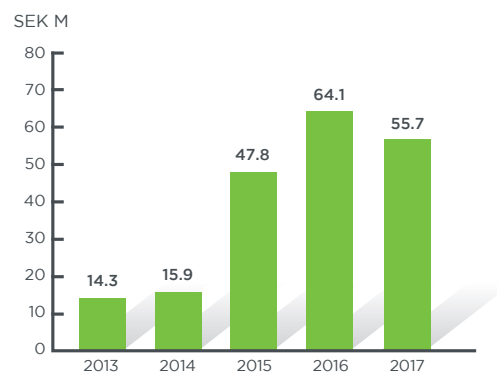
- Net sales of SEK 827.8 M (757.6), an increase of 9 percent compared to last year.
- New growth strategy launched for the Americas region. In the third quarter, the awaited breakthrough took place when a contract was signed with the US consumer electronics retailer Best Buy for delivery of Pricer's system to 60 of its total of around 1,500 large format stores.
- Operating profit of SEK 55.7 M (64.1), corresponding to an operating margin of 6.7 percent (8.5).
- Order intake of SEK 872 M (783), an increase of 11 percent compared to the same period of last year. The year's order intake is based on a large number of customers across more geographical markets than previously.
- Following a technical evaluation process, Pricer began to actively sell 3-colour graphic ePaper labels in black, white and red at the beginning of 2017.
- Pricer's customer Leroy Merlin won the RETA Award for its innovative solution that helps shoppers find what they are looking for in the store and check the product's availability. This solution is based on Pricer's technology for automated product positioning.
- In the third quarter, CFO Helena Holmgren was appointed to acting CEO replacing the company's former CEO Andreas Renulf, who resigned from the position earlier in the year, after a short period.

Key figures	2017	2016	Change
Order intake, SEK M	872	783	11%
Net sales, SEK M	827.8	757.6	9%
Gross margin, percentage	26.1	28.1	-7%
Operating profit, SEK M	55.7	64.1	-13%
Operating margin, percentage	6.7	8.5	-21%
Cash flow from the operating activities	-8.2	174.0	-105%
Profit for the year, SEK M	38.7	57.3	-32%
Earnings per share, SEK	0.35	0.52	-33%

NET SALES



OPERATING PROFIT ¹⁾



¹⁾ Excluding non-recurring costs of SEK 69.0 M for the year 2014 and SEK 6.5 M for the year 2013.

CEO's comments



Our business mission

Pricer's business mission is to create value for retailers and consumers through the development of system solutions that lead to store automation and digitization. Our digital solutions optimize a store's product flow while also helping the shoppers to quickly locate the right product and ensure that it is priced correctly. Today, the company can proudly offer its customers a technically unique digital platform for communication in the store. The system works interference-free and predictably in both small and large retail installations and enables automated real-time communication to and from the digital labels. With the help of the digital labels, the products in the store are assigned a digital representation.

With flash functionality in the label, combined with solutions for automated product positioning, the system can be used for store processes other than price updates and thereby address several of the challenges retailers face. In pace with wider utilization of the system, Pricer's position in the market is also becoming more favorable. The strengths of the technology platform, characterized by energy-efficient, rapid and interference-free communication, are increasingly differentiating as more functionality is added to the system. Pricer's ability to deliver the same high qual-

ity in all retail verticals, with everything from small to very large installations, combined with the company's long experience of delivering technologically advanced retail solutions, provides a stable foundation for long-term customer relationships.

Growth and geographical expansion

For 2017 our challenge and goal was to create growth and expand the customer base beyond the established market segments and geographical markets. It is very pleasing to look back and note that we achieved just that in the past year. Net sales rose by 9 percent compared to 2016 and were generated by a large number of customers across multiple geographical markets. France remained the company's single largest market, but several markets outside of France, such as Italy, the USA, Belgium and Norway, contributed to the net sales growth.

Not to forget is our success in the North American market, where Pricer equipped 60 BestBuy stores with its digital solutions during 2017. Not only did this deal take place in a market that is strategically important to Pricer, but it also reaffirmed the suitability of our solution for the consumer electronics market segment where we have had certain challenges in recent years. The fact that the customer is making use

of our advanced digital services, such as product positioning and “Instant Flash”, to streamline their store processes is ample proof that recent years’ investments in innovative new solutions are responding well to the challenges retailers face.

Another market where Pricer achieved major success in 2017 is Italy. Pricer already has a strong position in Italy with a large installed base, but when the cooperation with our previous partner was interrupted in the summer of 2016, we were faced with the challenge of establishing our own presence in this fragmented market to create the conditions for continued growth.

“Ongoing development of the system’s functionality and performance to further strengthen the advantages offered by our technical platform will be key success factors for Pricer”

At the end of 2017 we reaped the fruits of this work that had been underway for over a year. Several customers chose to invest in Pricer’s system with graphical labels combined with advanced digital services to digitize and optimize their retail environments.

A changing world

2017 was an eventful year in the retail sector, where Amazon’s acquisition of the grocery chain Whole Foods in the USA was the biggest news. The competitiveness of brick-and-mortar stores in a world where e-commerce is rapidly gaining market shares has been increasingly questioned. The fact that Amazon, followed by other online retailers like Alibaba and Tencent, are investing in physical stores has been a step in the opposite direction, where physical retail is seen as a complement to and platform for continued expansion of the online shopping offer. At the end of the year, Amazon announced its plans to use the Whole Food’s store network to improve its online presence. Similarly, Alibaba is developing a supermarket concept, Hema, where groceries ordered via the Internet and picked in the store are delivered door-to-door within 30 minutes in the metropolitan areas.

The emergence of online shopping and increased use of smart phones at the point of sale, retailers demand better and extended communication at the shelf edge. This can be a matter of ensuring the same price in the store as online, or increasing the frequency of price updates to meet price changes in the market. It is also increasingly common that information other than price, such as inventory level or next planned delivery date, is displayed on the digital label. In pace with this trend, consumer expectations on brick-and-mortar stores have also changed. There is rising demand for personal treatment and a hassle-free experience in the store, while consumer loyalty is declining, which is creating new challenges for the retail industry. Optimization of store processes to increase the availability of staff and offer more personal service are two ways to meet these new challenges. Another is to help consumers find what they are looking for and more widely take advantage of the store’s campaigns.

Outlook for 2018

The growing strength of the ESL market is evidenced by both the number of customer activities and the inflow of new players. The competitive situation in several of Pricer’s core markets turned more aggressive during 2017. Several competitors fought to defend or establish a position in the market, which caused major disruptions in the general price scenario. This also spread to system functionality and created a storm of claims in the market that have been difficult for customers to evaluate. It is first in connection with large and complex pilot projects that the differentiation becomes clear, which is a costly and time-consuming approach for both parties. However, Pricer has much to gain from projects of this type, where our performance, functionality, scalability and longstanding track record of solving our customers’ problems stand out as unique.

Ongoing development of the system’s functionality and performance to further strengthen the advantages offered by our technical platform will be important success factors for Pricer. It is through innovation that we will escape from the current price pressure and establish ourselves as a long-term partner to our customers. This is how the company has built strong presence in the market, and we see this as our continued recipe for success.

Helena Holmgren
Acting President and CEO

CLICK & COLLECT

Drastically reduce the cost to pick online orders in store. Let the "Instant Flash" and automatic product positioning guide the collector to the right product.



REPLENISHMENT

Reduce time spent and errors in the most time-consuming process in a store. Instant Flash ensures that all products are being placed at the right location in the store.



DYNAMIC PRICING

Activate automatic real-time price synchronization between e-commerce and physical store.



SHOPPER GUIDANCE

Live up to the expectations from experienced e-commerce customers by offering guidance to the product they want to locate in the store.



OUT OF STOCK

Use "Instant Flash" to expedite the stock-take procedure and minimize errors. Use digital solutions to keep track on the products availability in store.





PRICER IN BRIEF

Pricer's business model is based on creating value through store automation and digitization. By offering a fast, robust and scalable system for automated price updates at the shelf edge, it is then possible to build further with additional services and/or integrate with other parallel technologies.

Pricer is dedicated to long-term support and on-going development of its platform and maintains strong production and delivery capabilities and ensuring that the system is open for future integration. Today the system is a critical enabler for retailers in working to improve customer engagement and satisfaction, at the same time that it offers scope to boost the efficiency of store processes.

The challenge for many retailers is how to transition over from a transaction-oriented world to a service-oriented one. By freeing up time for the store staff, the goal is to improve the level of service and thereby also increase customer satisfaction. As the borders between e-commerce and physical stores are being diluted the demand is increasing for stores to be online with the ability for real-time information updates. Pricer's system becomes an important building block in this digital transformation.

Since a long time, the system can transmit information such as price, contents, country of origin, etc. to the label. Since 2014 the ESLs also has the capability to communicate with store staff or passing consumers with the help of a flashing light diode and thereby help store staff or customers to more quickly find the right product. This interactivity is a critical component to enable stores to optimize several of their more onerous tasks than previously possible. Development of new applications for the system is continuously ongoing in line with changes in the market needs and expectations. A recent example of this is the systems unique ability to auto-position products in store, an innovation that have had a big impact since it automates a so far completely manual store process.

Pricer has a large installed base around the world. France is the market with the highest market penetration for ESL systems in the world, but several markets are undergoing powerful growth, where the penetration rate is increasing rapidly. The speed at which a market advances depends on a large number of variables, where factors like the degree of centralization in decision-making, regulatory conditions and wage levels all play in. The sell-in process differs between a retail chain with centralized decision-making and individual stores that decide on their own investments. In both place cases the sell-in process is long and can last up to a couple of years, in particular with cases where the customer is using paper labels the evaluation and integration phase is time-consuming. Pricer's order intake can vary suddenly in between different quarters mainly due to individual substantial orders for a large number of stores with an associated delivery schedule that stretches over several quarters. The majority of orders refers to individual stores or a smaller group of stores.

Pricer is represented with its own personnel in a number of markets that have for various reasons been of special importance in the company's development. In other markets we are represented by one or several resellers. Alongside sales and marketing activities in the local market, our resellers handle installation of the system and related service and maintenance over the life of the system. In the markets where we sell directly to the end customer, such as France, Pricer has its own staff to handle customer project management and installation, as well as service and maintenance. In addition to the initial investment in the system, Pricer offers add-on sales in the form of additional orders for labels or equipment as needed, license fees for continued use of the basic functionality and activation and use of digital services and support agreements.



GLOBAL LEADER IN DIGITAL SHELF-EDGE SOLUTIONS

Ever since Pricer was founded in Sweden in 1991, several of the top international retail companies have regarded Pricer as offering the market's the most advanced and scalable system for electronic shelf labels (ESL). Pricer's unique technology delivers the speed and radio-immunity to that are decisive for digital shelf-edge solutions. The same technology has driven the evolution of Pricer's revolutionary solution for real time automated product positioning, seen by many as the most important breakthrough in ESL since ePaper. And by combining this

product positioning with Instant Flash (the label's flash functionality) the work of store staff can be considerably simplified and the store's customers can easily find products with the help of their own smart phones.

Through a leading ESL platform combined with innovative digital solutions, Pricer is driving a digital transformation of stores that includes price optimization, operational excellence, improved customer service and much more.



 Pricer's Partners



2017



Customer Experience 360

2016



2015



2015



2014



2014

The Pricer share

The Pricer class B share is quoted on the Small Cap list of Nasdaq Stockholm. Pricer's share capital at 31 December 2017 amounted to SEK 110,971,781. The total number of shares was 110,971,781, divided between 225,523 class A and 110,746,258 class B shares, all with a quota value of SEK 1 (1). Each class A share carries five votes and each class B share carries one vote. All shares grant equal rights to the company's assets and profits.

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

Trading and price trend in 2017

The share price started the year at SEK 9.30 and ended at SEK 8.50. The highest price paid during the year was SEK 12.60, quoted on 14 February, and the lowest was SEK 8.30, quoted on 18 December. The total market capitalization at 31 December 2017 was SEK 937 M.

Turnover for the full year 2017 amounted to 105,753,431 shares traded for a combined value of SEK 1,070 M, equal to an average daily volume of 421,328 shares with a combined value of SEK 4,266 thousand per trading day. The number of trades cleared for the full year was 57,748, equal to an average of 230 per trading day.

Ownership structure

The number of shareholders at 31 December 2017 was 16,518. The ten largest shareholders held 38 percent of the number of shares and 39 percent of the number of votes. Legal entities accounted for 36 percent of the number of shares and 37 percent of the number of votes and foreign shareholders accounted for 19 percent of the number of shares and votes.

OWNERSHIP STRUCTURE 31 DECEMBER 2017

No. of shares	No. of share-holders	% of share-holders	No. of shares	Percentage of	
				Share capital	Voting rights
1-1,000	12,046	73	3,399,934	3.1%	3.1%
1,001-20,000	3,958	24	17,908,242	16.1%	16.0%
20,001-	514	3	89,663,605	80.8%	80.9%
Total	16,518	100	110,971,781	100.0%	100.0%

Source: Euroclear

10 LARGEST SHAREHOLDERS 31 DECEMBER 2017

Owners	No. of share Class A	No. of share Class B	Total no. of shares	Percentage of	
				Share capital	Voting rights
Pohjola Bank	-	11,273,077	11,273,077	10.2%	10.1%
Avanza Pension	-	10,715,571	10,715,571	9.7%	9.6%
Nordnet Pensionsförsäkring AB	-	5,275,014	5,275,014	4.8%	4.7%
Krishan Thomas	-	3,089,592	3,089,592	2.8%	2.8%
Sifonen AB	-	3,000,000	3,000,000	2.7%	2.7%
Tamt AB	211,054	1,711,054	1,922,108	1.7%	2.5%
Pension Danica	-	2,324,477	2,324,477	2.1%	2.1%
Swedbank Försäkring	-	1,940,178	1,940,178	1.7%	1.7%
Origo Quest AB	-	1,431,000	1,431,000	1.3%	1.3%
Gomobile Nu AB	-	1,426,098	1,426,098	1.3%	1.3%
10 largest shareholders	211,054	42,186,061	42,397,115	38.2%	38.7%
Others	14,469	67,855,066	67,869,535	61.2%	60.7%
Total number of shares outstanding	225,523	110,041,127	110,266,650	99.2%	99.4%
Pricer's own treasury shares	-	705,131	705,131	0.6%	0.6%
Total number of shares	225,523	110,746,258	110,971,781	100.0%	100.0%

Source: Euroclear

PRICER SHARE DEVELOPMENT OVER FIVE YEARS

	2017	2016	2015	2014	2013
SEK per share before dilution					
Earnings	0.35	0.52	0.34	-0.51	0.04
Dividend	0.50	0.50	0.25	-	-
Shareholders' equity	6.52	6.63	6.23	6.00	6.30
Cash flow	-0.08	1.58	0.92	0.12	0.51
P/S ratio	1.13	1.35	1.21	1.21	1.37
SEK per share after dilution					
Earnings	0.35	0.52	0.34	-0.51	0.04
Shareholder's equity	6.52	6.63	6.23	6.00	6.30
Cash flow	-0.08	1.58	0.92	0.12	0.51
P/S ratio	1.13	1.35	1.21	1.21	1.37
Share price:					
Closing price, class B	8.50	9.30	9.50	6.30	6.55
Yearly highest price, class B	12.60	9.90	12.10	7.35	9.90
Yearly lowest price, class B	8.30	7.30	6.15	4.60	6.05
No. of outstanding shares on 31 Dec., 000s	110,267	110,042	109,905	109,893	109,892
Market capitalization on 31 Dec., SEK M	937	1,023	1,044	692	720
Average number of outstanding shares, 000s	110,149	109,979	109,899	109,892	109,974
Share price on 31 Dec./shareholders' equity, %	130	140	152	105	104

Dividend

The company's dividend policy states that the long-term annual dividend shall be equal to 30–50 percent of the profit for the year. For the financial year 2017, the Board proposes a dividend of SEK 0.50 per share.

Option program

The 2015 AGM approved a stock option program where each option grants the right to subscribe for one share in Pricer AB during the period from 29 May 2018 to 29 June 2018 at a strike price equal to 152 percent of the Pricer share's volume-weighted average price on Nasdaq Stockholm during the period from 12 May 2015 to 18 May 2015.

The 2016 AGM approved an additional option program with the same structure. The program grants the right to subscribe for one share in Pricer AB during the period from 27 May 2019 to 27 June 2019 at a price equal to 150 percent of the Pricer share's volume-weighted average price on Nasdaq Stockholm during the period ten trading days after the 2016 AGM. In 2017 the company repurchased a total of 190,000 options issued under the 2015 and 2016 programs. See Note 4 for further information.

WARRANTS OUTSTANDING

Designation	Numbers	Year issued	Strike price (SEK) ¹⁾	Expiration date
TO15	475,000	2015	12.40	29 June 2018
TO16	570,000	2016	12.80	27 June 2019

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

Share saving program

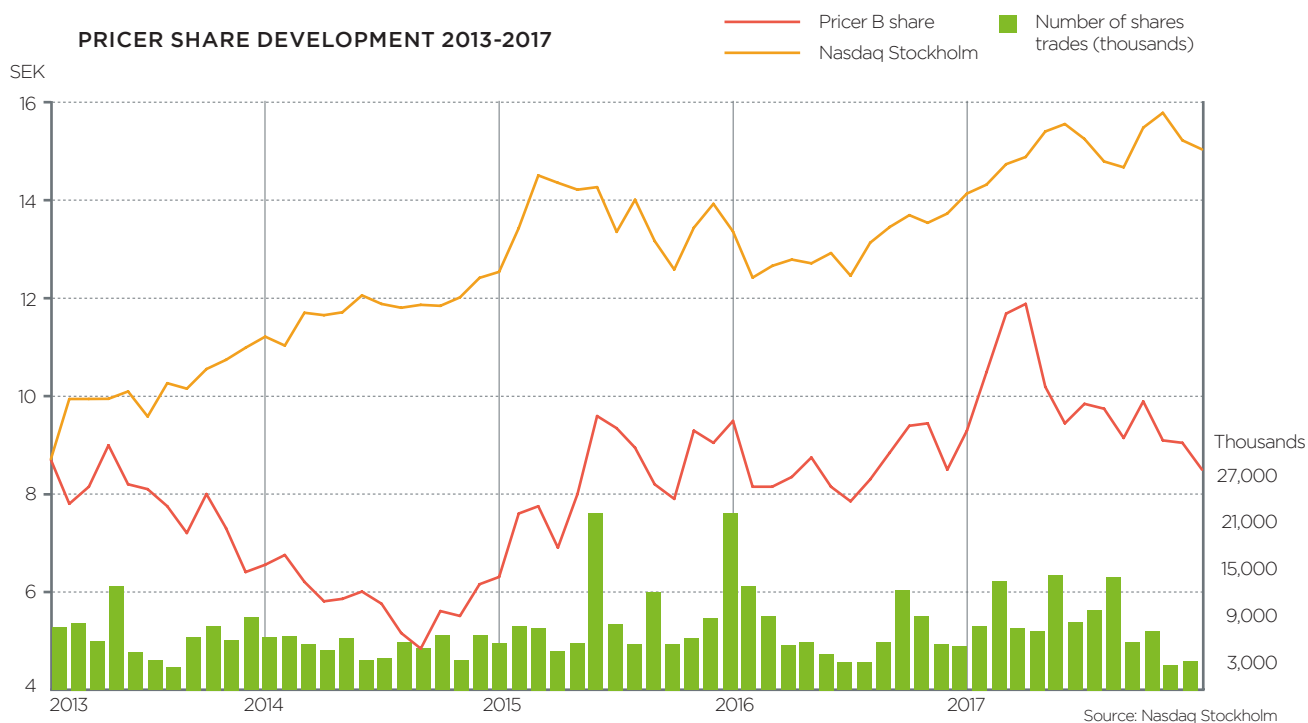
The AGM on 27 April 2017 resolved to approve a performance-based share saving program, whereby the participant after an initial investment in Pricer's class B share receives a matching share right and a performance share right for each invested class B share. Following the vesting period of three years, the share awards will entitle the participants to receive one matching share and up to five performance shares depending on the outcome of the performance conditions. In the event that the predefined performance targets are fully met, a maximum of 228,000 shares will be transferred free of charge to the participants in June 2020. See Note 4 for further information.

Treasury shares and conversion of shares

During the year, Pricer transferred 224,176 class B shares to the participants in the performance-based incentive scheme from 2014. The company thereafter holds 705,131 class B treasury shares in order to meet the promise of matching and performance shares under the outstanding share saving program from 2017.

Holders of class A shares may convert these to class B shares. The request for conversion must be made in writing to the Board of Directors.

See Note 15 for changes in the share capital during 2010-2017.



Sustainability report

Introduction

Pricer AB (publ), corporate identity number 556427-7993, hereby presents its first sustainability report for the financial year 2017 in accordance with Chapter 6, 12 § of the Annual Accounts Act. The sustainability report is presented separately from the annual report and includes the Parent Company, Pricer AB, and its subsidiaries.

Sustainability management

For Pricer, sustainability is about economic, social and environmental value-creation throughout the entire value chain. Pricer's sustainability efforts are based on the ongoing stakeholder dialogue, market monitoring and the company's strategies and priorities. Based on these, Pricer determines the most material issues given the company's operations and their impact on the environment and society.

Goals and activities are decided on and followed up within the framework of the overall strategic objectives, for which the Board and CEO are ultimately responsible. The process of setting Pricer's goals and activities is developed continuously in order to be adapted to the prevailing situation with the company's various stakeholders.

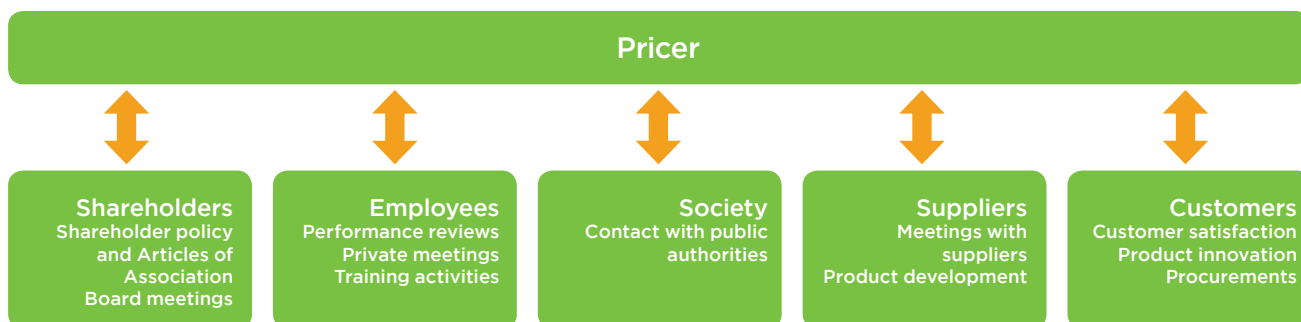
Policy documents for governance

- Sustainability policy
- Environmental policy
- Code of conduct for suppliers
- Finance policy
- Information policy
- Insider policy
- Dividend policy

Ongoing stakeholder dialogue

A number of stakeholders affect Pricer's sustainability work through their requirements and expectations on the company. Meeting existing requirements and being prepared for anticipated requirements is a fundamental part of the company's strategy for sustainable business development. Pricer's stakeholders are groups associated with the company that directly or indirectly affect or are affected by our operations. We strive for an open dialogue with our stakeholders to address the issues most important to them. We have identified five key stakeholder groups: customers, suppliers, employees, shareholders and public authorities.

Pricer's stakeholders and their core issues



Value-creation for the company's stakeholders and their core issues

Economic

The inputs for economic value-creation consist of movements in the share capital and operating profits and the performance data for value-creation is presented in the table below.

Pricer's economic value generated and distributed, SEK M

	Stakeholders	2017	2016
Net sales	Customers	828	758
Total value generated		828	758
Distributed as			
Salaries and remuneration	Employees	-93	-94
Services and goods	Suppliers	-683	-587
Income tax	Government	-13	-19
Dividends	Shareholders	-55	-27
Remaining in the company		-16	31

Social

The inputs for social value-creation are found in the employees', Management's and Board's expertise, whose continuous development is vital for long-term value-creation. The company's close relationships with the selected suppliers are also critical.

The results of good social value-creation are visible in the way Pricer's services and solutions make it possible for the customers to operate their businesses efficiently. These improvements can be seen among Pricer's customers across various retail trade verticals, such as groceries, DIY, consumer electronics and pharmacies. The enhancements offered to these retail companies in turn have positive effects on the public and society.

Environmental

Pricer has no in-house manufacturing. On the environmental front, Pricer works actively to reduce environmental impact in the logistics structure and in the business trips that are taken.

Pricer's value chain has the following main components:



For a description of Pricer's business model, see page 7.

For a description of sustainability risks, see page 18.

For a description of the Pricer Group, see Note 25, page 49.

Sustainability report (cont'd)

Focus areas

Pricer's long-term value-creation is found primarily in the following areas; reduce environmental impact, the work environment, health and safety, the supply chain and regulatory compliance.

1. Reduce environmental impact

At Pricer we are convinced that sustainable business is critical for continued profitability. It is important for the company to keep its environmental footprint as small as possible, which is also an ambition that should permeate all of our activities on a day-to-day basis. We strive to minimize the creation of waste.

One of the cornerstones of Pricer's environmental policy is to proactively avoid greenhouse emissions and make continuous improvements in the environmental area. Pricer's products shall be developed with the objective of minimizing their environmental impact throughout their entire lifecycle and when they are recovered and destroyed. Pricer shall choose materials, technology and distribution systems that meet our goals for low environmental impact. One of the criteria for choosing our resellers is that they have similar ambitions in the environmental area and that they, together with us, can contribute to meeting the environmental policy. Pricer offers advice and know-how to its customers and partners so that they can use, transport, store and scrap our products in an environmentally positive manner.

Pricer's products comply with the EU's RoHS (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) Directive, which is aimed at reducing risks to human health and the environment by replacing and limiting hazardous chemical substances in electronic equipment, and the directive seeks to achieve profitable and sustainable material recovery of the equipment.

Environmental impact

Goal	2017
By 2020 the goal is for 80% of the company's shipping to go by sea.	Of the company's total number of labels produced, 56% (41%) were shipped by sea from Pricer's suppliers in Asia.

Increased sea transports rely on the company's ability, together with its suppliers, to find packaging methods that even more effectively withstand the demanding environment that transports from Asia entail.

Pricer also intends to evaluate the opportunities to measure emissions from transports.

2. Working environment, health and safety

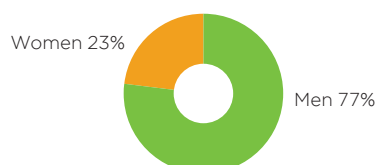
All employees at Pricer shall feel and show respect, be willing to cooperate and develop good relations with clients and colleagues. At Pricer, all employees are contracted according to the same employment and working conditions. Differences in experience, both professional and personal, are regarded as assets, since our goal is to create an attractive workplace. Pricer appreciates and encourages diversity among its employees, who are treated with dignity and respect. Discrimination and harassment are strictly prohibited. Pricer supports the employees' health and well-being on the job, among other things by encouraging employees to choose a healthy lifestyle.

Work environment, health and safety

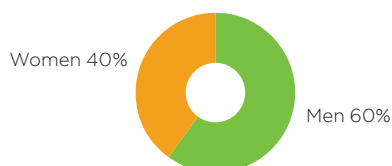
Goal	2017
Pricer's goal is to successively increase the share of women in the company and for all departments to have female employees. Zero vision for occupational injuries, illnesses and incidents.	The graph below shows the share of women in the total number of employees and by department at the end of the year. No occupational accidents, illnesses or incidents were reported during the year.

The company is working with a focus on increasing diversity. The technology industry has been, and remains, male-dominated. The goal is for the share of women and men to follow the general gender distribution in the industry and for every department to have female representation.

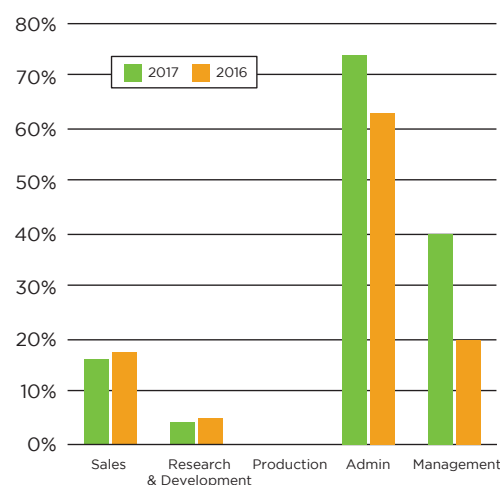
Share of women in total number of employees



Share of women in Executive Management



Share of women by department



3. Supply chain

Pricer strives to be an attractive business partner and seek reliable and mutually just conditions for both the company and its suppliers. The aim behind the company's goal is to strive for an ethical and professional standard with an expectation that its suppliers, service providers and other business partners do the same.

Since 2016 Pricer requires its major suppliers to comply with the company's code of conduct. The code places demands on the suppliers to act ethically, follow local laws and rules and comply with international agreements, and to respect human rights in accordance with international conventions.

Under no circumstances will Pricer accept child labour and/or forced labour. No agreements will be entered into with suppliers who do not respect this.

Supply chain

Goal	2017
100% of the company's production partners have signed and are following the company's code of conduct. Zero tolerance of violations of human rights.	67% of production partners have signed and are following the company's code of conduct. No violations of human rights were reported in 2017.
Short-term purchases should be made from suppliers that have signed the supplier code of conduct. Long-term the objective is to have increased the standard and fully comply with the principals set forth in the UN Global Compact.	

Pricer contributes to local development in the communities where our suppliers operate. For a number of years the company, together with a strategic supplier, has created an initiative aimed at supporting education and healthcare for underprivileged children in Thailand. As a result of the program, Pricer and our supplier have been able to make a donation to build school facilities and provide eyeglasses for pupils in need.

4. Regulatory compliance

The company expects none of its employees to commit, support or assist in fraud, abuse, theft, embezzlement, bribery or similar activities. Employees who suspect or have information about such irregularities involving Pricer, its employees, a consultant, any agent to Pricer or customer (including employees of customers) or anyone doing business with Pricer, must immediately notify their closest manager or Pricer's executive management. The company has established a whistle blower function that can be used anonymously.

Regulatory compliance

Goal	2017
Zero tolerance of all forms of bribery, inappropriate gifts/business entertainment or corruptive activities.	In 2017 Pricer had no indications that any corruptive activities had taken place in any of the Group's areas of operation.
The goal is to comply with international praxis and with a standard higher than required by local legislation.	



Ceremony with SVI and Pricer AB, 10 February 2018.

Annual report

The Board of Directors and President of Pricer AB (publ.), corporate identity no. 556427-7993, hereby submit the annual report for the financial year from 1 January to 31 December 2017 for the Parent Company and the Group. The annual report and audit report are found on pages 16-55. The corporate government report and the auditor's report from the audit of this is found on pages 58-63. The results of the year's operations and the financial position of the Parent Company and the Group are presented in the administration report and in the following income statements, balance sheets statements of comprehensive income, cash flow statements, statements of changes in equity and additional disclosures and notes, which make up the total annual report.

Administration report

Operations

Pricer is the global leader in shelf-edge digital solutions (ESL) for the retail trade, with a prominent role in several retail verticals such as groceries, DIY and pharmacies. The company's ESL platform offers retailers solutions that support and optimize a number of different store processes.

The Group consists of the Parent Company Pricer AB (Sweden) and the wholly owned subsidiaries Pricer S.A.S. (France), Pricer Inc. (USA), Pricer E.S.L. Israel Ltd. (Israel), Pricer GmbH (Germany), and a number of smaller, primarily dormant companies. Pricer AB also has a branch office registered in Hong Kong.

The Parent Company is responsible for product development, purchasing and sales to subsidiaries. The company also has some direct sales to certain specific markets where they also handle customer service. The subsidiaries in France, the USA, Israel and Germany account for sales and customer service in their respective markets and in certain cases also nearby markets.

The year in review

The company showed strong growth in the past year and both order intake and net sales have risen. The company launched a strategic growth initiative in the US market by restructuring the sales organization in the US market and appointing the former Global Marketing and Sales Director as Regional Manager for the Americas region. The goal is to create an organization for growth and address customer-specific needs in a more effective and customer-driven manner. This strategic step also paid off during the year through a major order from Best Buy for 60 stores USA.

During the year Pricer has continued to enhance the digital ESL platform by updating and the software platform and developing new hardware in the form of new label sizes to expand the product range. The company has also moved forward with its improvement efforts in the logistics and production structure and has reviewed the processes to ensure high product quality.

In the past year certain changes were made in the company's Executive Management. The former CEO Andreas Renulf left his post at Pricer and the Board appointed the company's CFO, Helena Holmgren, as acting President and CEO during a transitional period until a new CEO has been recruited. At the end of the year, the Executive Management consisted of the CEO, the CFO, the Regional Manager for the Americas region, the Heads of Sales for Scandinavia and Rest-of-the-World, the VP R&D, and the VP Supply Chain and Purchasing.

Market development

2017 can be summed up as something of an off year when the retail trade was largely busy experimenting with various solutions for store automation and digitalization. The growing strength of the ESL market is evidenced by both the number of customer activities and the inflow of new players. The number of pilot programs and the number of retail chains that are testing ESL around the world remained high during the year. However, there were relatively few major customer projects during the year. The solution launched by Pricer in 2014 with Instant Flash functionality at the shelf edge has been adopted by several competitors during the year, and it is increasingly common for customers to demand flash functionality for a supplier to take part in an evaluation project.

The company's largest market, France, remains strong, as does Belgium, Norway and Italy, albeit at lower levels. Northern and Eastern Europe are also contributing to geographic expansion of the market. So far, the German market has not gained much momentum, but activities are underway in several segments outside the traditional grocery segment. The UK and Japan stand out as major potential ESL markets, but for some reason investments there have remained low. The North American market is showing rising activity. Due to economic strain in Latin America, it is current difficult to find investment budgets for ESL systems. Asia, particularly China, was subject to a tough market climate where several competitors are trying to gain ground in a so far limited ESL market.

Net sales by market and year

SEK M	2017	2016
Europe, Middle East & Africa	673.0	687.0
America	127.7	52.0
Asia & Pacific	27.1	18.6
TOTAL	827.8	757.6

Orders, net sales and profit

Order intake for the year was SEK 872 M (783), an increase of 11 percent compared to last year. Adjusted for changes in exchange rates, order intake rose by 10 percent. The increase is primarily explained by growth in several markets such as the US, Italy, Norway and Belgium.

Net sales amounted to SEK 827.8 M (757.6) for the full year, an increase of 9 percent compared to last year. Adjusted for changes in exchange rates, net sales increased by 7 percent. Net sales in the period continued to be distributed over many large customers, most of them in France.

Gross profit amounted to SEK 216.0 M (213.2) and gross margin declined to 26.1 percent (28.1) for the

full year. The decrease in gross margin is primarily related to price pressure in the market combined with the product and contract mix, as well as negative foreign exchange effects.

Operating expenses increased to SEK 155.4 M (149.7) during the year. 2017 was charged with items affecting comparability of SEK 1.5 M (3.0) related to reorganization. Adjusted for items affecting comparability, operating expenses increased to SEK 153.9 M (146.6). The cost increase is primarily due to reinforcement of the organization in product development, production, marketing and sales.

Other income and expenses, consisting of the net effect of foreign exchange revaluations of trade receivables and trade payables to the closing rate, unrealized foreign exchange gains and losses on hedge contracts, as well as realized foreign exchange gains and losses, contributed SEK -5.0 M (0.5) for the full year.

Operating profit amounted to SEK 55.7 M (64.1), which corresponded to an operating margin of 6.7 percent (8.5) for the full year. The margin decrease is mainly explained by a weaker gross margin during the year.

Net financial items, primarily attributable to currency revaluation of cash and cash equivalents, impacted the period negatively and amounted to SEK -4.0 M (12.6).

Profit for the period was SEK 38.7 M (57.3). The decrease compared with last year is largely attributable to the change in net financial items of SEK 16.6 M, which is entirely related to foreign exchange effects.

Translation differences in other comprehensive income of SEK 7.4 M (14.2) consisted of foreign currency translation of net assets in foreign subsidiaries. Cash flow hedges in other comprehensive income relate to the net effect of market revaluations of the forward contracts in USD and EUR and amounted to SEK -2.9 M (-) in the period. Tax attributable to items in other comprehensive income amounted to SEK 0.6 M (-).

SEK M	Jan - Dec 2017	Jan - Dec 2016
Net sales	827.8	757.6
Cost of goods sold	-611.8	-544.4
Gross profit	216.0	213.2
Gross margin, percentage	26.1	28.1
Operating expenses	-155.4	-149.6
Other income and expenses	-5.0	0.5
Operating profit	55.7	64.1
Operating margin, percentage	6.7	8.5

Assets, cash flow and financial instruments

Total assets at 31 December 2017 amounted to SEK 918.5 M (931.3) and consisted among other things of intangible assets of SEK 285.7 M (268.3), most of which are attributable to the acquisition of Eldat in 2006 and the related goodwill totaling SEK 248.6 M (241.4). The increase in goodwill is explained mainly by exchange rate movements for EUR, which is the currency this goodwill is denominated in.

Working capital (including provisions) at the end of the period amounted to SEK 186.9 M (115.5).

Cash flow and financial position

Cash flow from operating activities for the period was SEK -8.3 M (174.0), mainly owing to the above-mentioned increase in capital tied up in inventories and trade receivables. In addition, there was a positive non-recurring effect on the operating cash flow in 2016 as a result of better conditions in the production and logistics processes. This non-recurring effect was not repeated in 2017.

Cash flow from financing activities was charged with dividends of SEK 55.0 M (27.5), in accordance with the decision of the AGM on 27 April 2017.

Cash and cash equivalents at 31 December 2017 amounted to SEK 166.8 M (261.3). In addition to cash and cash equivalents, Pricer has an unutilized overdraft facility amounting to SEK 50 M.

Investments

Investments in non-current assets amounted to SEK 29.8 M (21.7) during the year, and consisted mainly of capitalized development costs of SEK 16.8 M (13.1). Other investments refer mainly to tools for manufacturing by subcontractors.

Parent Company

The Parent Company reported net sales of SEK 704.8 M (629.0), an increase of 12 percent compared to the previous year. This growth in sale was spread across a large number of customers. Profit for the period declined to SEK 30.4 M (47.5). The drop in earnings is mainly attributable to weaker net financial items, related to currency translation of loans receivables from subsidiaries and cash and cash equivalents in foreign currency, which had a negative impact on the period and amounted to SEK -4.0 M (12.6). The Parent Company's cash and cash equivalents amounted to SEK 124.0 M (238.2) at the end of the period.

Product development

Pricer conducts two types of product development. The first is hardware-related development aimed at continuously improving the system's performance and expanding the product portfolio in order to optimally address the market. The second is software-related development that addresses functionality in the system as a whole.

Product development is directed by the Parent Company in Sweden. Development costs amounted to SEK 18.7 M (20.4), equal to 12 percent (14) of total operating expenses and 2 percent (3) of net sales. In addition, a share of the costs for development work during the year, SEK 16.8 M (13.1), have been capitalized as non-current assets in the form of development projects.

In 2017 the R&D department focused on improvements in the software platform so that it can scalably meet the needs of everything from individual stores to global retail chains. The company also developed and launched two new label sizes – HDT and HD150. Furthermore, during the year Pricer continued to enhance both the system hardware and the software to

Administration report (cont'd)

further speed up the response time for a label to start flashing, which is a critical step in task management.

Employees

The average number of employees during the year was 101 (90) and the number of employees at the end of the year was 104 (93). During the year, the organization was reinforced in product development, production and marketing/sales.

Equality

Pricer's overall objective is for equality work to be a natural and integral part of all operations. This applies to all types of workplaces, levels and even the company's management and decision-making bodies. The conditions, rights and development opportunities for women and men shall be equal throughout the entire Group. Working conditions and opportunities for advancement shall not be dependent on factors such as gender, nationality or ethnic origins.

Sustainability reporting

Pricer AB is presenting its first sustainability report for the financial year 2017 as a separate account on pages 12-15.

Environmental impact

The company's products meet the requirements set out in the EU's RoHS (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) Directive, which is aimed at reducing risks to human health and the environment by replacing and limiting hazardous chemical substances in electronic equipment, and the directive seeks to achieve profitable

and sustainable material recovery of the equipment.

The Group also complies with other legal environmental requirements regarding recovery of batteries and electronic waste. The Group conducts no operations requiring permits according to the applicable environmental legislation.

Seasonal variations

Pricer's operations show no clear seasonal variations, although customer demand and investment may vary between quarters. Income and profit trends should therefore be assessed over a longer time horizon.

Repurchases, transfers and treasury shares

In 2017 the company transferred 224,176 class B shares to the participants in the long-term performance-based incentive scheme from 2014. No treasury shares were purchased during the year. At the end of the year, the company held 705,131 class B treasury shares in order to meet the promise of matching and performance shares under the outstanding share saving program from 2017. The quota value is SEK (1) per share. The value of the promise is recognized in accordance with IFRS and is expensed over the vesting period.

More information about the Pricer share can be found on page 10.

Legal disputes

As part of Pricer's ongoing operations, the company is sometimes involved in legal disputes. At present, there are no disputes that are assessed to have the potential for a material impact on Pricer's results or financial position.

Risks and risk management

In its operations Pricer is exposed to various types of risks, business, market and financial risks. The company's risk management aim to identify, control and prevent these risks in the operations. Most the company's risks are continuously being managed by the Parent Company through their responsibility for product and project development, sourcing of goods, sales and customer support. The company's financial risks are primarily being managed by the Parent Company. The subsidiaries within the group are currently managing on a current basis market and business risks primarily related to the their respective customers and markets.

SUSTAINABILITY RISKS	DESCRIPTION	MANAGEMENT
Environmental impact	For Pricer environmental impacts arise primarily from rules and requirements regarding carbon dioxide emissions and the fact that these are continuously being sharpened.	The company is working continuously to improve its deliveries and its supply chain. Effective warehousing makes it possible to better meet market needs with a lower impact on the environment.
Work environment, health and safety	Pricer has a risk that it will not achieve its targets regarding diversity, zero-tolerance to discrimination and harassments. The company may also be negatively impacted by accidents or incidents in connection with installations on a customer's premises that is being carried out by the company or a partner.	Pricer educates and informs all their staff about the company policy around these questions. Work-related accidents that may occur are falling accidents during installation of the company's equipment at a customer. In order to reduce the risk for these accidents the company has initiated a training program.
Supply Chain	According to Amnesty internal there are a number of countries where there is a high risk for violation of human rights such as child labor, coerced or forced labor. Pricer have suppliers in a number of these countries.	For Pricer it is vital that human rights are respected. The company places the same requirements on its suppliers. Pricer carries out regular controls and follow-up of any short-comings and ensure that they are addressed.
Regulatory compliance	Corruption and bribery exists in numbers of markets where Pricer is active through sales and/or purchase of goods. A risk exists that employees participates in corruptive actions.	Pricer is working to actively spread the company's code of conduct and the value the company sees in compliance with it. There are internal control routines to detect and prevent deviations. The company has established the possibility for employees to anonymously do a whistle blowing at any irregularities.

BUSINESS RISKS	DESCRIPTION	MANAGEMENT
Customers	A large share of Pricer's sales comes from a small number of customers and markets.	The company is working actively to widen its customer base and geographic spread.
Suppliers	Pricer has a need for stable and competent subcontractors to ensure the supply of products on time and with high quality.	The company spreads its production between a number of subcontractors to create a flexible production solution and uses standard components as far as possible.
Competency and manpower	Strong growth and profitability require access to key competencies in a number of areas.	Pricer is working actively to make the company an attractive workplace based on knowledge, experience sharing and diversity. Through knowledge transfer and documentation of work processes, Pricer is taking steps to ensure that expertise is retained in the company.

MARKET RISKS	DESCRIPTION	MANAGEMENT
Competitors	Today there are only a few companies and smaller regional businesses with similar products that compete with Pricer. With restructuring of the sector, for example, if one or more competitors were to enter into an alliance with a strong partner, this could constitute a threat to other players in the market.	Pricer has a strong market presence through a large installed base and a recognized brand in a numbers of its key markets. The own local presence is complemented with a wide partner network, which enables close collaboration with the company's customers. This ensures that the company can safeguard its position and thereby defend its market shares.
Competing technologies	Pricer uses infrared light technology in its ESL systems, which ensures more secure and faster transmission than the competing radio technology.	The infrared technology used by Pricer ensures more secure and faster transmission than the competing radio technology. However, the company closely monitors activities among the competitors to stay abreast of any new technological advances.
Development projects	There is a risk that newly developed products will not fulfill the technical functionality requirements or meet expectations, which could lead to a risk for impairment of capitalized development projects and higher warranty costs.	Pricer continuously monitors demand for the company's various products to ensure that the need for impairment does not arise. The company offers customary warranties for customer installations.

FINANCIAL RISKS	DESCRIPTION	MANAGEMENT
Foreign exchange risk	Changes in foreign exchange rates can have a negative impact on profit, the balance sheet and cash flow.	Pricer is exposed to foreign exchange risk primarily through sales in EUR and purchasing in USD. Pricer continuously manages foreign exchange exposure through netting in currency pairings. The company uses currency clauses and price quotations and agreements. The company has hedged future cash flows in EUR and USD through derivatives.
Interest rate risk	Changes in market interest rates can have a negative impact on the income statement, balance sheet and cash flows. Interest rate risk exposures arises mainly from outstanding external loans.	In 2017 Pricer had no external borrowing. The company's finance policy requires the company to maintain a low risk profile and investments may have a maximum maturity of one year.
Credit/Counterparty risk	The risk that a counterparty in a transaction will fail to meet its financial obligations, and that collateral, if any, will not be sufficient to cover the company's receivable.	Pricer's credit risk refers primarily to trade receivables. A credit limit shall be set for each customer and partner containing and assessment of how trade receivable losses can be minimized.
Refinancing and liquidity risk	The risk for limited access to financing of loans at the payment or interest rate reset date of existing loans, and that it will not be possible to meet payment obligations as a result of insufficient liquidity.	Pricer currently has no long-term loans, which reduces the need for refinancing. Pricer's cash and cash equivalents at 31 December 2017 amounted to SEK 166.8 M. The company also has access to an unutilized bank overdraft facility corresponding to SEK 50 M.

FOREIGN EXCHANGE RISKS		
Sensitivity analysis		
A change in foreign exchange rates by 5 percent:	Impact on profit: SEK/EUR +/- 5% +/- SEK 20.9 M SEK/USD +/- 5% +/- SEK 11.7 M Impact on equity: SEK/EUR +/- 5% +/- SEK - 18.6 M SEK/USD +/- 5% +/- SEK - 3.2 M	The above effects are calculated on conditions in 2017 and events that should be seen as isolated without any measures taken to compensate for any loss of income.

CREDIT RISKS				
Age structure of trade receivables	2017	%	2016	%
Not past due	112,323	61.7%	100,603	66.7%
< 60 days	48,737	26.7%	42,288	28.1%
> 60 days	21,224	11.6%	7,850	5.2%
Total	182,284	100.0%	150,741	100.0%

Administration report (cont'd)

Guidelines for remuneration to senior executives

The guidelines for remuneration to senior executives proposed by the Board of Directors to the 2018 AGM are the same as those approved by the 2017 AGM and are presented below.

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

The AGM decided on the following guidelines for remuneration to senior executives. Senior executives consist of the CEO, the Executive Vice President, the CFO and the other members of the Executive Management. For the composition of the Executive Management, see page 65.

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

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

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

The period of notice for the acting CEO is six months when notice is given by the employee and by the company. The period of notice for other senior executives varies and may in exceptional cases exceed twelve months.

A few of the senior executives are subject to non-competition clauses during the notice period. The executives receive benefits during the notice period and the period covered by the non-competition clause.

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

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

Corporate governance report

The corporate governance report can be found on pages 58-63.

Events after the balance sheet date

The company has hired Jörgen Jost auf der Stroth as VP Supply Chain & Procurement and he took up duties on 14 February.

Future outlook

Several factors indicate a bright future outlook for Pricer. The company's long-term and continuous product development have given the company a technical platform that stands out as the market's most efficient and high-performing digital shelf-edge system. Pricer's market presence, direct and indirect through various partners, has created the conditions for an in-depth knowledge of the customers and markets far beyond what most of the company's competitors have succeeded in establishing. The digital transformation of the retail trade that is taking place among several of Pricer's customers is expected to continue and accelerate. As the ESL system addresses a growing number of store processes other than price updates, this is also fundamentally changing the cost-benefit analysis, which is predicted to open up both new geographical markets and new market segments, and thereby expand the addressable total market.

Forecast

No forecast is issued for the financial year 2018.

Dividend policy

The Board's intention is to pay the shareholders a dividend that reflects both a reasonable yield and dividend growth, and to implement a policy where the dividend payout is adapted to Pricer's earnings, financial position and other factors deemed relevant by the Board. The long-term annual dividend should be equal to 30-50 percent of profit for the year.

Proposed appropriation of profits

The funds at the disposal of the Annual General Meeting amount to SEK 30,417,105 together with other non-restricted equity of SEK 297,979,131, for a total of SEK 328,396,235. The Board proposes that these funds be appropriated as follows:

Dividend of SEK 0.50 per share	SEK 55,133,325
Carried forward to new account	SEK 273,262,910
Total	SEK 328,396,235

The Board's motivated statement regarding the proposed appropriation of profits can be found on page 50 and on the website pricer.com.

Amounts and dates

All values are expressed in Swedish kronor, SEK. Thousands of SEK written as SEK thousands and millions are abbreviated as SEK M. The period covered for items in the income statement is 1 January to 31 December and 31 December for items in the balance sheet. Rounding-off differences may arise.

Consolidated income statement

Amounts in SEK 000s	Note	2017	2016
	1		
Net sales		827,779	757,641
Cost of goods sold		-611,769	-544,394
Gross profit		216,010	213,247
Selling expenses		-87,299	-78,930
Administrative expenses		-49,321	-50,337
Research and development costs		-18,743	-20,381
Other income and expenses	21	-4,954	510
Operating profit	4, 5, 6, 22	55,693	64,109
Financial income		35	12,964
Financial expenses		-4,032	-339
Net financial items	7	-3,997	12,625
Net profit before tax		51,696	76,734
Income tax	8	-13,021	-19,446
Net profit for the year		38,675	57,288
Net profit for the year attributable to:			
Owners of the Parent Company		38,675	57,288
Earnings per share	16	2017	2016
Earnings per share, basic, SEK		0.35	0.52
Earnings per share, diluted, SEK		0.35	0.52
Number of shares outstanding, basic, millions		110,149	109,979
Number of shares outstanding, diluted, millions		110,377	110,212

Consolidated statement of comprehensive income

Amounts in SEK 000s	2017	2016
Net profit for the year	38,675	57,288
<i>Items that are or may be reclassified to profit or loss for the period</i>		
Translation differences	7,378	14,167
Cash flow hedges	-2,895	-
Tax attributable to items in other comprehensive income	637	-
Net comprehensive income for the year	43,795	71,455
Net comprehensive income for the year attributable to:		
Owners of the Parent Company	43,795	71,455

Consolidated balance sheet

Amounts in SEK 000s	Note	2017	2016
ASSETS	1		
Intangible assets	9	285,727	268,363
Property, plant and equipment	10	15,914	11,151
Deferred tax assets	8	73,445	81,246
Total non-current assets		375,086	360,760
Inventories	13	141,232	104,503
Trade receivables	21	182,284	150,741
Prepaid expenses and accrued income	14	13,009	17,062
Other current receivables	12	40,135	36,882
Cash and cash equivalents	26	166,776	261,332
Total current assets		543,436	570,520
TOTAL ASSETS		918,522	931,280
EQUITY AND LIABILITIES	1		
EQUITY	15		
Share capital		110,972	110,972
Other capital contributions		400,576	400,027
Reserves		10,937	5,817
Accumulated profits including profit for the year		196,220	212,566
Shareholder's equity		718,705	729,382
LIABILITIES			
Provisions	17	4,841	4,929
Other non-current liabilities	18	5,223	3,287
Total non-current liabilities		10,064	8,216
Advances from customers		6,792	10,945
Trade payable		106,099	120,086
Other current liabilities	19	16,962	13,426
Accrued expenses and deferred income	20	44,156	33,204
Provisions	17	15,744	16,021
Total current liabilities		189,753	193,682
Total liabilities		199,817	201,898
TOTAL EQUITY AND LIABILITIES		918,522	931,280

Change in consolidated equity

Amounts in SEK 000s	Note	Shareholder's equity attributable to Parent Company's shareholders				Total equity
		Share capital	Other capital contribution	Reserves	Retained earnings incl profit of the year	
Equity at 1 January 2016		110,972	399,368	-8,350	182,754	684,744
Profit for the year					57,288	57,288
<i>Other comprehensive income, that may be reclassified to profit and loss</i>						
Foreign currency translation difference				14,167		14,167
Other comprehensive income for the year				14,167		14,167
Comprehensive income for the year				14,167	57,288	71,455
Dividend					-27,476	-27,476
Share based payments, equity settled			659			659
<i>Total transactions with owners of the Group</i>			659		-27,476	-26,817
Equity at 31 December 2016	15	110,972	400,027	5,817	212,566	729,382
Equity at 1 January 2017		110,972	400,027	5,817	212,566	729,382
Profit for the year					38,675	38,675
<i>Other comprehensive income, that may be reclassified to profit and loss</i>						
Cash flow hedging				-2,895		-2,895
Foreign currency translation difference				7,378		7,378
Tax attributable to other comprehensive income				637		637
Other comprehensive income for the year				5,120		5,120
Total comprehensive income for the year				5,120	38,675	43,795
Dividend					-55,021	-55,021
Share based payments, equity settled			549			549
<i>Total transactions with owners of the Group</i>			549		-55,021	-54,472
Equity at 31 December 2017	15	110,972	400,576	10,937	196,220	718,705

* Retained earnings for the year 2016 have been restated. The earlier reported legal reserve for internally generated intangible assets (SEK 12.539 thousands) is included in the retained earnings on group level. The total equity is unchanged.

Consolidated cash flow statements

Amounts in SEK 000s	Note	2017	2016
	26		
Cash flows from operating activities			
Profit before tax		51,696	76,734
Adjustment for non-cash items		18,536	14,671
Paid income tax		-7,044	-6,200
Cash flow from operating activities before changes in working capital		63,188	85,205
Cash flows from changes in working capital			
Change in inventories		-37,715	10,702
Change in operating receivables		-27,581	-271
Change in operating liabilities		-6,054	78,392
Cash flows from changes in working capital		-71,350	88,823
Net cash flow generated from operating activities		-8,162	174,028
Cash flows from investing activities			
Acquisition of intangible fixed assets		-20,287	-15,786
Acquisition of property, plant and equipment		-9,477	-5,879
Net cash used in investing activities		-29,764	-21,665
Cash flow from financing activities			
Paid dividend		-55,021	-27,476
Net cash used in financing activities		-55,021	-27,476
Net cash flow for the year		-92,947	124,887
Cash and cash equivalents at beginning of the year		261,332	135,656
Exchange rate losses/gains in cash and cash equivalents		-1,609	789
Cash and cash equivalents at end of the year		166,776	261,332

Parent Company income statement

Amounts in SEK 000s	Note	2017	2016
	1		
Net sales		704,758	628,989
Cost of goods sold		-579,996	-504,837
Gross profit		124,762	124,152
Selling expenses		-9,001	-5,730
Administrative expenses		-49,321	-50,142
Research and development costs		-18,743	-20,381
Other income and expenses	21	-4,800	586
Operating profit	4, 5, 22	42,897	48,485
<i>Result from financial investments:</i>	7		
Result from participations in group companies		-108	-172
Interest income and similar profit/loss items		216	12,974
Interest expenses and similar profit/loss items		-3,867	-259
Net profit before tax		39,138	61,028
Income tax	8	-8,721	-13,536
Net profit for the year		30,417	47,492

Parent Company statement of comprehensive income

Amounts in SEK 000s	2017	2016
Profit for the year	30,417	47,492
<i>Items that are or may be reclassified to profit or loss for the period</i>		
Cash flow hedges	-2,895	-
Tax attributable to components in other comprehensive income	637	-
Comprehensive income for the year	-2,258	
Net comprehensive income for the year	28,159	47,492

Parent Company balance sheet

Amounts in SEK 000s	Note	2017	2016
ASSETS	1		
Non-current assets			
Intangible assets	9	36,935	26,044
Property, plant and equipment	10	12,112	9,374
<i>Financial assets</i>			
Participations in group companies	25	185,473	185,253
Receivables from group companies	11	70,755	7,055
Deferred tax asset	8	73,161	81,246
<i>Total financial assets</i>		329,389	273,554
Total non-current assets		378,436	308,972
Current assets			
Inventories, etc.	13	104,830	76,413
<i>Current receivables</i>			
Trade receivables	21	59,693	41,920
Receivables from group companies	11	103,081	108,670
Other current receivables	12	34,391	33,779
Prepaid expenses and accrued income	14	5,292	13,093
Total current receivables		202,457	197,462
Cash and cash equivalents		124,000	238,181
Total current assets		431,287	512,056
TOTAL ASSETS		809,723	821,028

Parent Company balance sheet (cont'd)

Amounts in SEK 000s	Note	2017	2016
EQUITY AND LIABILITIES	1		
Equity	15		
<i>Restricted equity</i>			
Share capital		110,972	110,972
Statutory reserve		104,841	104,841
Legal reserve for internally generated intangible assets		26,124	12,539
Total restricted equity		241,937	228,352
<i>Non-restricted equity</i>			
Share premium reserve		203,728	203,179
Retained earnings		94,252	117,624
Net profit for the year		30,417	47,492
Total non-restricted equity		328,397	368,295
Total equity		570,333	596,647
PROVISIONS			
Provisions	17	20,585	20,950
Total provisions		20,585	20,950
NON-CURRENT LIABILITIES			
Non-current liabilities to group companies	11	100	2,215
Total non-current liabilities		100	2,215
CURRENT LIABILITIES			
Advances from customers		419	-
Trade payables		98,607	116,024
Liabilities to group companies	11	99,061	72,551
Other current liabilities	19	7,534	1,353
Accrued expenses and deferred income	20	13,084	11,288
Total current liabilities		218,705	201,216
TOTAL EQUITY AND LIABILITIES		809,723	821,028

Parent Company statement of changes in equity

Amounts in SEK 000s	Note	Restricted equity			Non-restricted equity			Total
		Share capital	Statutory reserve	Legal reserve for internally generated intangible assets	Share premium reserve	Reserves	Retained earnings incl profit for the year	
Equity at 1 January 2016		110,972	104,841	-	202,520	-	157,638	575,971
Profit for the year							47,492	47,492
Comprehensive income for the year						-	47,492	47,492
Legal reserve for internally generated intangible assets				12,539			-12,539	-
Dividend							-27,476	-27,476
Share based payments, equity settled					659			659
<i>Total transactions with owners of the Parent Company</i>		-	-	12,539	659	-	-40,015	-26,817
Equity at 31 December 2016	15	110,972	104,841	12,539	203,179	-	165,116	596,647

Equity at 1 January 2017		110,972	104,841	12,539	203,179	-	165,116	596,647
Profit for the year							30,417	30,417
<i>Other comprehensive income, that may be reclassified to profit and loss</i>								
Cash flow hedging						-2,895		-2,895
Tax attributable to other comprehensive income						637		637
Other comprehensive income for the year						-2,258		-2,258
Comprehensive income for the year						-2,258	30,417	28,159
Legal reserve for internally generated intangible assets				13,585			-13,585	-
Dividend							-55,021	-55,021
Share based payments, equity settled					549			549
<i>Total transactions with owners of the Parent Company</i>		-	-	13,585	549	-	-68,606	-54,472
Equity at 31 December 2017	15	110,972	104,841	26,124	203,728	-2,258	126,927	570,333

Parent Company cash flow statement

Amounts in SEK 000s	Note	2017	2016
	26		
Cash flows from operating activities			
Profit before tax		39,138	61,028
Adjustment for items not included in cash flow		12,946	798
Tax paid		-	-
Cash flow from operating activities before changes in working capital		52,084	61,826
Cash flow from changes in working capital			
Change in inventories		-28,417	15,257
Change in operating receivables		-69,449	-39,291
Change in operating liabilities		16,302	35,069
Cash flows from changes in working capital		-81,564	11,035
Cash flow from operating activities		-29,480	72,861
Cash flows from investing activities			
Acquisition of intangible fixed assets		-20,191	-15,560
Acquisition of property, plant and equipment		-6,657	-4,448
Acquisition of financial assets		-220	-368
Increase/decrease in long-term loan receivables from group companies		-2,115	79,743
Net cash used in investing activities		-29,183	59,367
Cash flow from financing activities			
Paid dividend		-55,021	-27,476
Net cash used in financing activities		-55,021	-27,476
Net cash flow for the year		-113,684	104,752
Cash and cash equivalents at beginning of year		238,181	120,569
Exchange rate losses/gains in cash and cash equivalents		-497	12,860
Cash and cash equivalents at end of the year		124,000	238,181

Notes to the financial statements

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(Amount in SEK thousands unless otherwise stated.)

Note 1 Accounting policies

Corporate information

The annual report and consolidated annual accounts for 2017 were approved for publication by the Board of Directors on 28 March 2018 and were put before the AGM for adoption on 26 April 2018.

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

Compliance with standards and laws

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRSIC) as endorsed for application in the EU. The Group also applies the *Annual Accounts Act* (1995:1554), the Swedish Financial Reporting Council's recommendation RFR 1, *Supplementary Reporting Rules for Groups*, and statements from the Swedish Financial Reporting Board.

The annual accounts of the Parent Company are prepared in accordance with the *Annual Accounts Act* (1995:1554), the Swedish Financial Reporting Council's recommendation RFR 2, *Accounting for Legal Entities*, and statements from the Swedish Financial Reporting Board. RFR 2 means that in the annual report for the legal entity, the Parent Company applies both the EU-endorsed IFRSs and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. The recommendation states which exceptions and additions to IFRS are required. Any deviations are described in the section on accounting policies of the Parent Company.

Presentation of the annual report

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and Group. This means that the consolidated financial statements are reported in SEK. Assets and liabilities are measured at historical cost, aside from certain financial assets and liabilities that are measured at fair value.

The annual report is prepared in accordance with IAS 1 *Presentation of Financial Statements*, meaning among other things that separate statements are prepared for profit or loss, other comprehensive income, financial position, changes in equity and cash flows, and that description of applied accounting policies and disclosures is provided in the notes.

Changes in IFRS during 2017

With effect from 1 January 2017, two changes have entered into force regarding IAS 7 *Statement of Cash Flows*, and IAS 12 *Income Taxes*. IAS 7 has been changed and now includes increased disclosure requirements for changes in liabilities attributable to

financing activities. The changes will only affect the presentation of changes in liabilities arising from the Group's financing activities. The amendments to IAS 12 are aimed at clarifying how deferred tax shall be recognized on holdings of debt instruments measured at fair value and that any limitations in the opportunities to utilize tax loss carryforwards shall be taken into account when determining deferred tax assets. None of the changes and interpretations of existing standards effective for periods beginning on or after 1 January 2017 have had any significant impact on the financial statements of the Group or the Parent Company.

New IFRSs effective from 2018

A number of new or changed IFRSs will go into effect in the coming financial year 2018. Pricer has chosen not to adopt these in advance when preparing the financial statements of the Group and Parent Company.

IFRS 9 *Financial Instruments*, effective from January 1, 2018, replaces IAS 39 *Financial Instruments: Recognition and Measurement*, and addresses the classification and measurement of financial assets and liabilities, impairment and hedge accounting. Regarding classification and measurement, IFRS 9 requires that all financial instruments be evaluated based on a combination of the entity's business model for managing the asset and liability and the cash flow characteristics of the instrument. The classification and measurements categories in IAS 39 will be replaced by the following categories: Fair value through profit and loss, Fair value through other comprehensive income, and Amortized cost. The standard introduces a new model for impairment of financial assets in stages, based on expected losses, and not as previously, impairment when an event had occurred. Regarding hedge accounting, IFRS 9 focuses on reflecting the entity's risk management activities through hedge accounting but also facilitates qualification of additional risk management activities for hedge accounting.

In 2017 Pricer has mapped the effects of applying IFRS 9. Regarding the new classification and measurement categories, Pricer has concluded that these will not have a significant impact on the financial statements of the Group. The majority of Pricer's financial assets and liabilities are trade receivables, cash and cash equivalents and trade payables, which will continue to be measured at acquisition value since the purpose is to honor the contractual agreements. Impairment of trade receivables has historically been very low at Pricer and the company has assumed it will remain low. Consequently, the new impairment model will have a limited effect on the financial statements. Regarding hedge accounting, IFRS 9 will simplify for Pricer compared to the current accounting standard primarily with respect to documentation and follow-up of the efficiencies of the hedge accounting. The standard contains increased disclosure requirements and will impact the entity's disclosures in the future.

IFRS 15 *Revenue from Contracts with Customers* – is a new standard for revenue recognition from customer contracts with new disclosure requirements that replaces IFRS 18, IAS 11 and IFRIC 13. The standard regulates commercial agreements (contracts) with customers in which delivery of goods/services is divided into separately identifiable performance obligations that

are recognized independently. In certain cases, the good/service can be integrated with other obligations in the contract, whereby a package of goods/services comprises a bundled obligation. The standard establishes rules for calculating the transaction price for delivery of goods and services and the manner in which this can be allocated among the various performance obligations. Revenue is recognized when control has passed to the customer in that the customer is able to use or benefit from the good/service, at which point it is deemed to have been transferred. Control may be passed at a given point in time, which is usually the case for sales. In other cases, a performance obligation may be satisfied over time, which is common for services.

In 2017 Pricer mapped the effects of adopting accounting according to IFRS 15. The entity's revenue can be allocated into revenues from goods, service and licensees. Revenue is generated from direct sales to customers or sales through partners and is often packaged into goods/service in a bundled obligation. This obligation is transferred to the customer when the risk is transferred, which is considered to be the same point in time as control of the goods is transferred. Revenue from service obligations will continue to be allocated over the lifetime of the contract. Revenue from licensees provides the customer with a right to use, which according to IFRS 15 follows a point-in time recognition of the revenue. The transition to IFRS 15 will consequently not have any significant impact on Pricer's revenue recognition.

Pricer has chosen to adopt IFRS 15 according to the modified retrospective approach, which means that no restatement of previous periods will be carried out according to the new standard. IFRS 15 contains increased disclosure requirements and will impact the entity's disclosures onwards.

New IFRSs effective from 2019

IFRS 16 Leases. The standard establishes extensive changes in reporting of leases and requires all leases to be recognized in the balance sheet. The company has operating leases for assets such as office premises, cars and certain office equipment. The company is in the process of analyzing the operating leases, which will affect the financial position and key ratios. Following analysis and identification, this work will continue with determination of assumptions and quantification. Application of the standard is mandatory as of 1 January 2019.

Other new and amended IFRSs with future adoption are not expected to have any impact on the company's financial statements.

Key accounting estimates and assumptions

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

Impairment of goodwill

At least once a year, the Group tests the reported goodwill values for impairment. The recoverable value of cash-generating units is determined by calculating the discounted cash flow on which the recoverable value is based. The calculations are based on certain assumptions about the future of the Group on the date of the test. Key assumptions that can affect the value of goodwill are growth, margin and the discount rate.

Recognition and measurement of deferred tax assets

When preparing the financial statements, the company calculates income tax for each tax jurisdiction where the Group is active, as well as deferred taxes attributable to temporary differences. Deferred tax assets are recognized to the extent that it is probable that they can be utilized against future taxable profits.

Revenue recognition

The company assesses the value of work completed in relation to the terms of the customer contract, the estimated total contract costs and the stage of completion of the contract in order to determine the amount to be recognized as revenue.

Warranty obligations

Pricer markets its products with product warranties which in some cases can extend over several years. There is therefore a risk that the installed products may need to be replaced during the warranty period, or for market reasons. Provisions to reserves are made based on historical outcomes, which have provided a reliable provision in comparison with actual outcomes.

Valuation of inventories

When measuring the value of inventories, the company makes assessments regarding the net realizable value, which can affect the carrying amount.

Basis of consolidation

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

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

Acquisition method

Business combinations are recognized according to the acquisition method, whereby the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The purchase price allocation determines the acquisition date fair value of the identifiable assets acquired, liabilities assumed and any non-controlling interests.

Foreign currency

Transactions in foreign currency

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

Financial statements of foreign operations

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

Net investments in foreign operations

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

Elimination of intra-group transactions

Receivables, liabilities, income and expenses, as well as unrealized gains and losses arising when a group company sells a good or service to another group company, are eliminated in full.

Revenue

The Group generates revenue primarily through the sale of goods, services and licenses. The revenue arises mainly in connection with direct sales to customers or sales via partners.

Revenue is recognized only in cases where it is likely that the economic benefits will flow to the Group. There is no recognition if there is a considerable degree of uncertainty regarding payment, the attributable costs or risk of return or if the seller retains managerial involvement to the degree usually associated with ownership. Revenue is recognized at the fair value of the consideration received or receivable, with a deduction for granted discounts.

Sale of goods

Revenue from the sale of goods is recognized in profit and loss when all of the significant risks and benefits of ownership of the

Note 1 Accounting policies (cont'd)

product have been transferred to the buyer. In most cases, this takes place when the legal right of ownership has been transferred and the goods have been physically delivered to the buyer. The customer is thereby considered to have control over the goods and the ability to use or benefit from the goods. In cases where the significant risks associated with ownership of the goods have not been transferred, the sale has not been completed and the revenue is therefore not recognized.

Sale of services

Maintenance and service revenue is generated mainly through service contracts at a fixed price and is recognized on a straight-line basis over the term of the contract. Consulting services are normally carried out on running account, and revenue is recognized in pace with completion of this work. Goods and services can be combined in different packages in a combined obligation to a customer. The total revenue from such packages is not recognized until delivery of the package has been approved by the customer.

Sale of licenses

License revenue gives the customer the right to use of a license issued by the company. Revenue is therefore recognized when this right is transferred.

Leases

Pricer is only the lessee. A lease is classified as a finance lease if it transfers substantially all of the risks and rewards incident to ownership of the object from the lessor to the lessee. All other leases are classified as operating leases.

In the Group, contracts for leased cars are handled as finance leases from the point when the contract has been entered into and the asset has been delivered. At commencement of the lease term, the lessee recognizes the finance lease as an asset and a corresponding liability in the balance sheet. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Property, plant and equipment utilized under finance leases are written off over the estimated life of the asset, while the lease payments are recognized as interest and amortization of the lease liability.

Otherwise, most leases in the Parent Company and the subsidiaries are operating leases, which means that costs are recognized in profit or loss on a straight-line basis over the term of the lease.

Financial income and expenses

Financial income and expense consist of interest income on investments.

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

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

Tax

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

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

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

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

ered probable that they can be utilized.

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

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

Operating segments

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

Classification

Non-current assets and non-current liabilities 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.

Financial instruments

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

The financial instruments stated on the asset side of the statement of financial position include cash and cash equivalents, loans trade receivables, financial investments and derivatives. On the liability side, they include trade payables, borrowings and derivatives. Financial instruments also include financial guarantees.

A financial asset or liability is recognized in the statement of financial position when the company becomes party to the contractual conditions of the instrument. Trade receivables are recognized in the statement of financial position when an invoice has been sent. Trade payables are recognized when an invoice has been received.

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

Impairment of financial assets

At each reporting date, the company assesses whether there is objective evidence that an asset or group of assets is impaired. Objective evidence consists of observable events that have occurred and adversely affect the ability to recover the cost of the asset.

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

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

Classification and measurement

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

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

For reporting of hedging instruments, see hedge accounting below.

Loans and receivables

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

Other financial liabilities

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

Hedge accounting

Pricer applies hedge accounting for hedging of foreign exchange risk in its transaction flows. Currency exposure in future flows is hedged through forward contracts. The forward contract that hedges this cash flow is recognized in the balance sheet at fair value. Changes in fair value attributable to exchange rate movements on the forward contract are recognized, after consideration to the tax effect, in other comprehensive income when hedge accounting is applied. Any hedge inefficiency is recognized in profit or loss. When the hedged flow is recognized in the income statement, the value change on the forward contract is reclassified from other comprehensive income to operating profit, where it meets the currency effect for the hedged flow. The hedged flows can be both contractual and forecasted transactions.

Intangible assets

Goodwill

Goodwill is recognized at cost less accumulated impairment. Goodwill is allocated to cash-generating units and is tested for impairment at least once annually.

Capitalization of development projects

All research costs are recognized as expenses in the period in which they arise.

Costs for development, where research findings or other knowledge are used to create new or improved products or processes, are only capitalized in the statement of financial position when the technical and commercial feasibility of the product or process has been established, and the company has adequate resources to complete its development and then intends to use or sell the intangible asset. Depreciation usually commences at product launch. The carrying amount includes all directly attributable costs, e.g. for materials and services, remuneration to employees, registration of a legal entitlement, depreciation of patents and licenses.

Other intangible assets

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

Amortization of intangible assets

Amortization is applied on a straight-line basis over the estimated useful life of the asset, which is assessed annually. Goodwill and R&D assets that are not yet ready for use are tested for impairment annually or as soon as there are indications that the asset in question has diminished in value. Intangible assets with definite useful lives are tested for impairment when they are available for use.

Estimated useful lives:

- Markets, patents and licenses: 5-12 years
- capitalized development projects: 3 years
- other intangible assets: 5 years

Property, plant and equipment

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

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

Subsequent expenditure is added to the historical cost only

when it is probable that the future economic benefits associated with the asset will flow to the company and the cost can be measured reliably. All other subsequent expenditure is expensed as incurred.

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

Estimated useful lives:

- Leasehold improvements: according to the terms of the contract
- machinery and other technical installations: 3-5 years
- equipment, tools, fixtures and fittings: 3-5 years

Impairment of property, plant and equipment and intangible assets

At every balance sheet date, the Group's reported assets are tested for impairment.

If there is any indication of impairment, the asset's recoverable value is calculated (see below). The recoverable value of goodwill and other intangible assets that are not ready for use is also calculated annually. If it is not possible to establish an essentially independent cash flow associated with a particular asset when testing for impairment, the assets are grouped at the lowest level for which it is possible to identify an essentially independent cash flow (known as a cash-generating unit).

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognized in profit or loss. Impairment losses on assets belonging to a cash-generating unit (group of units) are primarily allocated to goodwill. Thereafter, the carrying amounts of other assets in the cash-generating unit (group of units) are reduced on a pro rata basis.

The recoverable amount is the higher of fair value less selling costs and value in use. When calculating value in use, future cash flows are discounted using a discounting factor that reflects the risk-free interest rate and the risks specific to the asset. For more information about impairment testing, see Note 9.

Inventories

Inventories, which consist of finished goods and goods for resale, are recognized at the lower of cost and net realizable value. The risk of obsolescence is taken into account in the valuation of inventories. The cost of inventories is calculated through application of weighted average cost per unit and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and realizing the sale.

Equity

Costs attributable to the issue of new shares or options are recognized in equity as a reduction in the proceeds generated. The repurchase of own shares is classified as treasury shares and reported as a deduction from equity.

Distribution of capital to the shareholders

The dividend proposed by the Board is recognized as a liability after it has been approved by the AGM.

Earnings per share

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

Note 1 Accounting policies (cont'd)

Employee benefits

Defined contribution plans

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

Termination benefits

A provision is recognized in connection with termination of employment only if the company is demonstrably committed to terminate employment before the normal retirement date, or when termination benefits take the form of an offer to encourage voluntary redundancy. When compensation is paid as an offer to encourage voluntary redundancy, a cost is recognized if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Share-based payment

Share-based payment pertains to employee benefits, including senior executives in accordance with the employee share option scheme, granted by Pricer in 2015 and 2016 and the share saving program adopted in 2017. Expenses for employee benefits are recognized as the value of services received, allocated over the vesting periods of the plans, measured at the fair value of the granted equity instruments. The fair value is determined on the date of grant, or the date on which Pricer and the employees have agreed on the terms and conditions of the plans. Since the plans are settled with equity instruments, they are classified as "equity settled" and an amount corresponding to the recognized expense for employee benefits is recognized directly in shareholders' equity (other contributed capital).

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

Provisions

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

Warranties

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

Contingent liabilities

A contingent liability is a possible obligation arising from past events and whose existence is confirmed only by the occurrence of non-occurrence of one or more uncertain future events. Contingent liabilities are not recognized as liabilities or provisions since it is not probable that an outflow of resources will be required or the amount cannot be measured reliably.

Significant differences between the accounting policies of the Group and the Parent Company

The Parent Company applies the same accounting policies as the Group with the following exceptions.

In the Parent Company, shares in subsidiaries are recognized in accordance with the cost method.

As of the financial year 2016, the Parent Company makes provisions for capitalized development costs for software/computer programs to the reserve for capitalized development costs within restricted equity. The reserve is reduced by amortization of these capitalized development costs.

The Parent Company recognizes all leases as operating leases.

Note 2 Breakdown of revenue

	Group		Parent Company	
	2017	2016	2017	2016
<i>Net sales:</i>				
Revenue from goods	754,824	689,405	692,598	620,297
Revenue from services	64,261	59,336	6,316	5,080
Revenue from licensees	8,694	8,900	5,844	3,612
Total	827,779	757,641	704,758	628,989

The Parent Company's net sales include intercompany sales of SEK 422 M (379).

Net sales by sales channel

	2017	2016
Direct customers	59%	63%
Resellers	41%	37%
Total	100%	100%

Backlog distribution

	2017	2016
Within one year	133,000	95,000
Between one to two years	-	-
Total	133,000	95,000

Note 3 Operating segments

Pricer develops and markets a complete system consisting of components for communication in a store environment. The components are never sold separately except as additions to existing systems. For that reason, the various product components do not constitute separate operating segments. The system is sold to customers in more than 50 countries worldwide. Customer activities are to a large extent directed towards large global retail chains. For external reporting, revenue is reported in three geographical areas is reported externally in order to provide comments on and analysis of market development to a certain extent, but these areas are not a basis for internal guidance and monitoring and therefore do not constitute different operating segments. Sales are made both directly to customers and via resellers, but this division does not constitute different operating segments in the operations. Furthermore, sales are made to different categories of the retail trade such as groceries, discretionary goods, DIY, etc., that also do not constitute different operating segments. Pricer's operations are not divided into different operating segments and are monitored in their entirety. Consequently, the entire Pricer business constitutes a single operating segment.

Revenue from external customers by geographical domicile

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

	Group	
Net sales by country	2017	2016
France	389,880	464,780
USA	99,397	17,504
Belgium	71,706	37,829
Norway	69,275	60,287
Italy	44,331	22,137
Sweden	31,024	30,316
Other countries	122,166	124,789
Total	827,779	757,641

Of Pricer's total net sales of SEK 828 M, one customer accounted for more than 10%. Sales to this customer amounted to SEK 95 M, which is equal to 11% of net sales. In 2016 one customer accounted for more than 10% of net sales, SEK 175 M, which equal to more 23% of the company's total sales in 2016.

Note 4 Employees and personnel costs

Average number of employees

	2017		2016	
	Number	of whom, men	Number	of whom, men
<i>Parent Company</i>				
Sweden	42	86%	34	89%
Hong Kong	3	100%	3	100%
Italy	1	100%	1	100%
Total Parent Company	46		38	
<i>Subsidiaries</i>				
USA	4	100%	4	100%
Israel	1	100%	1	100%
Germany	2	100%	1	100%
France	48	68%	46	71%
Total subsidiaries	55	72%	52	76%
Total Group	101	79%	90	82%

Gender distribution in executive management on balance sheet date

	Group		Parent Company	
	2017	2016	2017	2016
	% of women	% of women	% of women	% of women
Board of Directors	33%	33%	-	-
Other senior executives	33%	20%	40%	33%

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

	Group		Parent Company	
	2017	2016	2017	2016
Board and CEO	4,382	9,764	4,382	8,527
(of which bonus, etc.)	0	249	0	249
Other senior executives	9,754	7,799	4,683	4,613
(of which bonus, etc.)	0	1,142	0	613
Other employees	59,055	49,276	27,157	22,927
(of which bonus, etc.)	5,979	5,506	449	497
Total salaries and other remuneration	73,191	66,839	36,222	36,067
(of which bonus, etc.)	5,979	6,897	449	1,359
Social security expenses, Board and CEO	2,008	1,764	2,008	1,094
Social security expenses, other senior executives	5,120	4,862	2,321	2,394
Social security expenses, other employees	22,980	21,517	10,930	9,178
Total social security expenses	30,108	28,143	15,259	12,666
<i>of which:</i>				
Pension costs, Board and CEO	596	193	596	193
Pension costs, other senior executives	890	984	824	742
Pension costs, other employees	2,430	3,694	3,535	2,690
Total pension costs	3,916	4,871	4,955	3,625

The company does not have any outstanding pension commitments on behalf of the Board and CEO. The category "Other senior executives" consisted of 6 (5) individuals at Group level, including 5 (3) in the Parent Company, during most of the year.

Note 4 Employees and personnel costs (cont'd)

Remuneration to senior executives

Remuneration principles

Board of Director's fees are paid in accordance with a resolution passed by the Annual General Meeting, which also passes a resolution on guidelines for the remuneration and benefits of senior executives. These guidelines are presented in the Administration Report on page 20. In 2017 the Board delegated responsibility to a special Remuneration Committee for drawing up a proposed remuneration structure for senior executives within the framework of the guidelines resolved on by the AGM. Based on this remuneration structure, the Board has authorized the Chairman to reach an agreement with the CEO regarding salary and other benefits. The remuneration and benefits of senior executives who report directly to the CEO are determined by the CEO after consultation with the Chairman and/or the Board's Remuneration Committee. The main principle is to offer senior executives a total remuneration package and terms of employment that are market-based. When determining the actual levels of remuneration, factors such as competence, experience and performance are taken into account. Remuneration to senior executives consists of basic salary, a variable salary, in certain cases pension in the form of defined contribution plans, other benefits and a long-term incentive scheme in the form of employee stock options and/or share saving programs. Other benefits may include a company car and health care insurance. All pension plans in the Group are defined contribution plans.

Remuneration to the Board

During the 2017/2018 mandate period (until the AGM on 26 April 2018), fees to the Board of Directors amounted to a total of SEK 1,595 thousand, to be paid in an amount of SEK 495 thousand to the Chairman and SEK 220 thousand to each of the other members (a total of 6 Board members). The fees were expensed over the mandate period. In addition, the company has reimbursed

Board members for various minor cost outlays on a minor scale. One Board member has invoiced the fee via their own company, which in that case also includes social security expenses.

During the 2016/2017 mandate period (until the AGM on 27 April 2017), fees to the Board of Directors amounted to a total of SEK 1,450 thousand, to be paid in an amount of SEK 495 thousand to the Chairman and SEK 220 thousand to each of the other members (a total of 6 Board members). In addition, remuneration of SEK 100 thousand was paid to a Board member for work performed above and beyond the normal board duties. The fees were expensed over the mandate period.

Remuneration to senior executives

On 19 April the company announced that its President and CEO Andreas Renulf had chosen to step down during the notice period, but that he would remain at his post during this period. The Board appointed Helena Holmgren as acting President and CEO as of 14 August and until a new CEO has been recruited. Andreas Renulf's remuneration until 13 August and Helena Holmgren's remuneration as of 14 August are presented in the table below.

Remuneration to other senior executives is shown in the table. For other senior executives, the variable salary for 2017 was based on operating profit. The variable salary is individualized and was maximized at 50 percent of basic salary in 2017. The period of notice for other senior executives varies and in no case exceeds twelve months. As of 31 December 2017, senior executives was not entitled to severance pay.

Loans to senior executives and other related party transactions

No loans, guarantees or sureties have been issued on behalf of any member of the Board or Executive Management. Nor are there any past or present business transactions between the company and members of the Board, the Executive Management or the auditors that have had a material impact on the Group's profit or financial position.

Reimbursements and other benefits to the group management

GROUP 2017	Base salary	Variable reimbursements	Expenses for share options	Pension	Other benefits and reimbursements *	Total
Andreas Renulf, CEO, until 13 August	1,814	-	-	455	31	2,300
Helena Holmgren, acting CEO, from 14 August	785	-	121	140	213	1,259
Other members of the Executive management (6 pers.)	9,439	-	469	890	341	11,139
	12,038	-	590	1,485	585	14,698
<i>Board of directors</i>						
Bo Kastensson, (Chairman), until 9 August	258	-	-	-	81	339
Bernt Ingman, (Chairman), from 10 August	318	-	-	-	-	318
Hans Granberg	213	-	-	-	-	213
Olof Sand	213	-	-	-	-	218
Jonas Guldstrand	147	-	-	-	-	147
Christina Åqvist	67	-	-	-	-	67
Jenni Virnes	213	-	-	-	-	268
	1,429	-	-	-	81	1,510
	13,467	-	590	1,485	666	16,208
GROUP 2016	Base salary	Variable reimbursements	Expenses for share options	Pension	Other benefits and reimbursements *	Total
Jonas Vestin, CEO, until 19 May	978	-1	-	193	5,364	6,534
Charles Jackson, acting CEO, from 19 May	1,460	250	-	-	78	1,788
Other members of the Executive management (5 pers.)	6,308	1,142	104	984	314	8,852
	8,746	1,391	104	1,177	5,756	17,174
<i>Board of directors</i>						
Bo Kastensson, (Chairman)	450	-	-	-	141	591
Jan Rynning	88	-	-	-	-	88
Hans Granberg	200	-	-	-	-	200
Bernt Ingman	200	-	-	-	100	300
Olof Sand	200	-	-	-	-	200
Christina Åqvist	200	-	-	-	-	200
Jenni Virnes	133	-	-	-	-	133
	1,471	-	-	-	241	1,712
	10,217	1,391	104	1,177	5,997	18,886

* Other benefits represents mainly car benefits and change in holiday pay debt.

** Jonas Vestin left his post as CEO on 19 May 2016. The provision for remuneration during his notice period is recognized under other reimbursements

Note 4 Employees and personnel costs (cont'd)

Share saving program

The 2017 AGM approved a share saving program covering a maximum of 274,000 shares for a maximum of seven members of the company's Executive Management, and offers the participants two types of share rights: matching share rights and performance share rights. Provided that certain conditions are met over a three-year vesting period, the matching share rights and performance share rights, which were granted in 2017, will entitle to holder to class B shares according to the following. To take part in the program, the participants must purchase class B shares at market price ("saving shares"). For each saving share, Pricer will grant one (1) matching share right and one (1) performance share right. After the vesting period and under certain conditions, the matching share rights grant entitlement to one class B share each. The total number of class B shares each performance share right grants entitlement to depends on the attainment of certain levels established by the Board for value-creation in the Pricer Group during the measurement period from 1 January 2017 to 31 December 2019. On 31 December 2017 the number of granted performance shares was 190,158.

The share saving program that was approved by the AGM in 2014 and has run for 3 years expired on 30 June 2017. Matching shares of 100,692 and performance shares of 123,483 were transferred to the participants in the program, a total of 224,174 shares.

In 2017 the costs for stock options and matching/performance shares were recognized in the Group in an amount of SEK 0.5 M (0.3), of which SEK 0.5 M (0.1) in the Parent Company with a corresponding offsetting from equity.

For information about the senior executives' holdings of shares and warrants, see page 65.

Option program

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

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

Summary of share value based incentive programs for employees

	Share savings program	Stock options	Stock options	Share savings program
Programs	2017	2016	2015	2014
Maximum number of options or shares	228,190	665,000	950,000	750,000
Expiration date	31 May 2020	27 June 2019	29 June 2018	30 June 2017
Strike price, SEK	-	12.80	12.40	-
Type of shares	B	B	B	B
Warrants	-	665,000	950,000	-
Performance shares	190,158	-	-	560,876
Outstanding 1 January, 2017	-	665,000	570,000	233,046
Granted	190,158	-	-	-
Exercised	-	-	-	-224,176
Repurchased	-	-95,000	-95,000	-
Forfeited	-	-	-	-8,870
Outstanding 31 December, 2017	190,158	570,000	475,000	-
Remaining exercise period months	29	18	6	-
Outstanding 1 January, 2016	-	-	950,000	372,276
Granted	-	665,000	-	-
Exercised	-	-	-	-6,294
Repurchased	-	-	-380,000	-
Forfeited	-	-	-	-132,936
Outstanding 31 December, 2016	-	665,000	570,000	233,046
Remaining exercise period months	-	30	18	6

Note 5 Fees to auditors

	Group		Parent Company	
	2017	2016	2017	2016
<i>Fees to Ernst & Young</i>				
Auditing assignment	992	804	650	570
Auditing services beyond the assignment	-	-	-	-
Non-auditing services	-	97	-	97
Auditing assignment	-	126	-	-
Auditing services beyond the assignment	-	-	-	-
Non-auditing services	27	-	-	-
Total	1,019	1,027	650	667

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

Note 6 Operation expenses allocated by cost type

	Group	
	2017	2016
Cost of goods sold, excl. of amortization and depreciation	600,088	534,018
Personnel costs	92,602	93,951
Amortization/depreciation and impairment	14,825	12,640
Other operating expenses	59,617	53,433
Total	767,132	694,042

Note 7 Net financial items

	Group	
	2017	2016
Interest income	35	105
Net exchange rate differences	-	12,859
Financial income	35	12,964
Interest expenses	-280	-271
Net exchange rate differences	-3,752	-68
Financial expenses	-4,032	-339
Net financial items	-3,997	12,625

	Parent Company	
	2017	2016
Result from participations in group companies		
Impairment loss	-108	-172
Total	-108	-172

	Parent Company	
	2017	2016
Interest income and similar profit/loss items		
Interest income	35	105
Interest income, group companies	181	10
Net exchange rate differences	-	12,859
Total	216	12,974

	Parent Company	
	2017	2016
Interest expenses and similar profit/loss items		
Interest expenses	-271	-259
Net exchange rate differences	-3,596	-
Total	-3,867	-259

Note 8 Current tax and deferred tax assets

REPORTED IN THE INCOME STATEMENT

	Group		Parent Company	
Reported tax	2017	2016	2017	2016
Current tax in the period	-4,585	-5,910	-	-
Deferred tax expense	-8,436	-13,536	-8,721	-13,536
Total reported tax expense	-13,021	-19,446	-8,721	-13,536

The differences between reported tax and an estimated tax expense based on the calculated tax rate are as follows:

	Group		Parent Company	
Reconciliation of effective tax	2017	2016	2017	2016
Profit before tax	51,696	76,734	39,138	61,028
Tax according to applicable tax rate for the Parent Company (22%)	-11,373	-16,881	-8,610	-13,426
Effect of applicable tax rates for foreign subsidiaries	-661	-2,763	-	-
Non-deductible expenses	-569	-530	-111	-110
Non-taxable income	213	728	0	0
Non-recognized tax losses carried-forward	-631	-	-	-
Reported effective tax	-13,021	-19,446	-8,721	-13,536
<i>Effective tax rate</i>	<i>-25.2%</i>	<i>-25.3%</i>	<i>-22.3%</i>	<i>-22.2%</i>

REPORTED IN THE BALANCE SHEET

Changes in deferred tax in temporary differences and tax loss carryforwards

	Group		Parent Company	
Changes in deferred tax assets	2017	2016	2017	2016
Opening balance	81,246	94,782	81,246	94,782
Provisions	-81	531	-81	531
Hedge accounting	654	-	654	-
Tax loss carryforward	-8,658	-14,067	-8,658	-14,067
Other	284	-	-	-
Closing balance at year-end	73,445	81,246	73,161	81,246

	Group		Parent Company	
Deferred tax assets	2017	2016	2017	2016
Provisions	4,528	4,609	4,528	4,609
Hedge accounting	654	-	654	-
Tax loss carryforward	67,979	76,637	67,979	76,637
Other	284	-	-	-
Carrying amount at year-end	73,445	81,246	73,161	81,246

Unrecognized deferred taxes

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

	Group		Parent Company	
	2017	2016	2017	2016
Tax loss carryforwards	568,588	571,871	268,045	268,045

The tax loss carryforwards relate primarily to the Parent Company. The tax loss carryforwards (federal tax) in Pricer Inc. are subject to a time limit of 20 years. The total recognized tax loss carryforwards at 31 December 2017 amounted to SEK 309.0 M (348.4). Furthermore, there are additional tax loss carryforwards in a gross amount of SEK 568.6 M (571.9) in the Group for which no deferred tax asset has been recognized.

Deferred tax assets relating to temporary differences and tax loss carryforwards are recognized for only if it is likely that these will lead to lower taxes paid in the future.

For additional information about critical accounting estimates, see Note 1.

Note 9 Intangible assets

GROUP 2017

	Marketing, patent and license rights	Customer relationships	Product technology	Development projects	Goodwill	Other intangible assets	Total intangible assets
<i>Accumulated cost</i>							
Opening balance	325	-	-	31,748	241,429	6,539	280,041
Purchases during the year	97	-	-	16,798	-	3,393	20,288
Exchange rate difference	11	-	-	-	7,137	113	7,261
<i>Closing balance at year-end</i>	<i>433</i>	<i>-</i>	<i>-</i>	<i>48,546</i>	<i>248,566</i>	<i>10,045</i>	<i>307,590</i>
<i>Accumulated amortization</i>							
Opening balance	-325	-	-	-8,190	-	-3,163	-11,678
The year's amortization	-	-	-	-8,300	-	-1,771	-10,071
Exchange rate difference	-10	-	-	-	-	-104	-114
<i>Closing balance at year-end</i>	<i>-335</i>	<i>-</i>	<i>-</i>	<i>-16,490</i>	<i>-</i>	<i>-5,038</i>	<i>-21,863</i>
Carrying amount at year-end	98	-	-	32,056	248,566	5,007	285,727

GROUP 2016

	Marketing, patent and license rights	Customer relationships	Product technology	Development projects	Goodwill	Other intangible assets	Total intangible assets
<i>Accumulated cost</i>							
Opening balance	311	30,000	10,000	45,105	230,530	3,654	319,600
Purchases during the year	-	-	-	13,074	-	2,712	15,786
Disposals	-	-30,000	-10,000	-26,431	-	-	-66,431
Exchange rate difference	14	-	-	-	10,899	173	11,086
<i>Closing balance at year-end</i>	<i>325</i>	<i>-</i>	<i>-</i>	<i>31,748</i>	<i>241,429</i>	<i>6,539</i>	<i>280,041</i>
<i>Accumulated amortization</i>							
Opening balance	-256	-30,000	-10,000	-26,401	-	-2,074	-68,731
The year's amortization	-	30,000	10,000	26,431	-	-	66,431
Write-down	-57	-	-	-8,220	-	-983	-9,260
Exchange rate difference	-12	-	-	-	-	-106	-118
<i>Closing balance at year-end</i>	<i>-325</i>	<i>-</i>	<i>-</i>	<i>-8,190</i>	<i>-</i>	<i>-3,163</i>	<i>-11,678</i>
Carrying amount at year-end	0	-	-	23,558	241,429	3,376	268,363

Note 9 Intangible assets (cont'd)

PARENT COMPANY 2017

	Development projects	Other intangible assets	Total intangible assets
<i>Accumulated cost</i>			
Opening balance	31,748	2,712	34,460
Purchases during the year	16,798	3,393	20,191
<i>Closing balance at year-end</i>	<i>48,546</i>	<i>6,105</i>	<i>54,651</i>
<i>Accumulated amortization</i>			
Opening balance	-8,190	-226	-8,416
The year's amortization	-8,300	-1,000	-9,300
<i>Closing balance at year-end</i>	<i>-16,490</i>	<i>-1,226</i>	<i>-17,716</i>
Carrying amount at year-end	32,056	4,879	36,935

PARENT COMPANY 2016

	Development projects	Other intangible assets	Total intangible assets
<i>Accumulated cost</i>			
Opening balance	45,105	-	45,105
Purchases during the year	13,074	2,712	15,786
Disposals	-26,431	-	-26,431
<i>Closing balance at year-end</i>	<i>31,748</i>	<i>2,712</i>	<i>34,460</i>
<i>Accumulated amortization</i>			
Opening balance	-26,401	-	-26,401
Disposals	26,431	-	26,431
The year's amortization	-8,220	-226	-8,446
<i>Closing balance at year-end</i>	<i>-8,190</i>	<i>-226</i>	<i>-8,416</i>
Carrying amount at year-end	23,558	2,486	26,044

DISTRIBUTION OF AMORTIZATION AND IMPAIRMENT

	Group		Parent Company	
<i>Amortizations and write-downs are recognized on the following lines in the statement of consolidated comprehensive income</i>	2017	2016	2017	2016
Cost of goods sold	8,300	8,220	8,300	8,220
Selling expenses	1,365	963	594	149
Administration costs	406	77	406	77
Research and development costs	-	-	-	-
Total	10,071	9,260	9,300	8,446

In 2017 and 2016, no impairment losses were recognized for development projects that will not be launched.

Impairment testing of goodwill

Pricer's balance sheet contains a goodwill item of SEK 248.6 M (241.4) from the acquisition of Eldat in 2006. The goodwill item is accounted for in EUR, which means that it is affected by exchange rate movements. The goodwill item has been tested for impairment by discounting future cash flows from the operations, whereby value in use was estimated as follows:

The acquisition of Eldat gave Pricer a clear position as the market leader in the ESL industry. The goodwill item that arose on the acquisition has been tested for impairment based on the Pricer Group's strategic plan and a discounted cash flow from the same. Eldat was previously an autonomous cash-generating unit but is now fully integrated with the rest of the Pricer Group. The shared customer base represents an asset for the Group as a whole.

The impairment test is based on multi-year forecast for the Group together with the company's other assessments about the Group's future development and risks. The forecast is based on a continuation of the positive business development in the market for Pricer's products and growth in sales. After the first three years, a terminal growth rate of 2 percent is assumed. The expected increase in gross profit as a result of anticipated volume expansion will require more resources. But despite this,

Pricer expects the costs, which mainly consist of personnel related expenses, to be contained so that they increase at a lower rate than gross profit.

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

Pricer is making limited investments in the product facilities, apart from capitalized product development and possible acquisitions of intangible assets, partly because manufacturing is outsourced to external suppliers.

The cash flow thus projected for the coming three years and the estimated residual value at the end of year three have been discounted by an estimated average weighted cost of capital (WACC) to calculate the recoverable amount. The estimated average weighted cost of capital is 11 percent (11.5) before tax. The estimated recoverable amount does not indicate any need for impairment. The recoverable amount is also compared to the company's value in the stock market.

A sensitivity analysis for changes in assumptions made, such as expected growth in sales in combination with a higher gross margin and discount rate, indicates that impairment is highly unlikely even with slower market development and/or higher yield requirements. See Note 1 for a more detailed description of key accounting estimates and assumptions.

Note 10 Property, plant and equipment

GROUP 2017

	Leasehold improvements	Plant and machinery	Equipment, tools, fixtures and fittings	Total property, plant and equipment
<i>Accumulated cost</i>				
Opening balance	2,612	2,703	21,525	26,841
Purchases during the year	14	472	9,035	9,521
Sales and disposals	-	-	-104	-104
Exchange rate difference	73	-12	-118	-57
<i>Closing balance at year-end</i>	<i>2,699</i>	<i>3,163</i>	<i>30,338</i>	<i>36,201</i>
<i>Accumulated depreciation</i>				
Opening balance	-2,564	-2,493	-10,632	-15,690
The year's depreciation	-30	-205	-4,519	-4,754
Sales and disposals	-	-	91	91
Exchange rate difference	-75	25	116	66
<i>Closing balance at year-end</i>	<i>-2,669</i>	<i>-2,673</i>	<i>-14,944</i>	<i>-20,287</i>
Carrying amount at year-end	30	490	15,394	15,914

GROUP 2016

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

PARENT COMPANY 2017

	Plant and machinery	Equipment, tools, fixtures and fittings	Total property, plant and equipment
<i>Accumulated cost</i>			
Opening balance	1,584	17,306	18,891
Purchases during the year	-	6,658	6,658
<i>Closing balance at year-end</i>	<i>1,584</i>	<i>23,964</i>	<i>25,549</i>
<i>Accumulated depreciation</i>			
Opening balance	-1,441	-8,076	-9,517
The year's depreciation	-76	-3,844	-3,920
<i>Closing balance at year-end</i>	<i>-1,517</i>	<i>-11,920</i>	<i>-13,437</i>
Carrying amount at year-end	67	12,044	12,112

PARENT COMPANY 2016

	Plant and machinery	Equipment, tools, fixtures and fittings	Total property, plant and equipment
<i>Accumulated cost</i>			
Opening balance	1,580	13,189	14,769
Disposals	-35	-290	-325
Purchases during the year	39	4,407	4,447
<i>Closing balance at year-end</i>	<i>1,584</i>	<i>17,306</i>	<i>18,891</i>
<i>Accumulated depreciation</i>			
Opening balance	-1,399	-5,523	-6,922
Disposals	35	209	244
The year's depreciation	-77	-2,762	-2,839
<i>Closing balance at year-end</i>	<i>-1,441</i>	<i>-8,076</i>	<i>-9,517</i>
Carrying amount at year-end	143	9,230	9,374

DISTRIBUTION OF AMORTIZATION

	Group		Parent Company	
	2017	2016	2017	2016
<i>Amortizations are recognized on the following lines in the statement of consolidated comprehensive income</i>				
Cost of goods sold	3,381	2,156	3,381	2,156
Selling expenses	841	470	-7	-
Administrative expenses	423	602	423	532
Research and development costs	109	152	109	152
Total	4,754	3,380	3,920	2,840

Note 11 Receivables and liabilities from group companies

	Parent Company	
	2017	2016
Non-current receivables		
At the beginning of the year	7,055	88,327
Changes during the year	64,623	-87,004
Exchange rate differences	-923	5,732
Carrying amount at year-end	70,755	7,055
Current receivables		
At the beginning of the year	108,670	57,219
Changes during the year	-5,416	52,126
Exchange rate differences	-173	-675
Carrying amount at year-end	103,081	108,670
Non-current liabilities		
At the beginning of the year	2,215	3,742
Changes during the year	-2,215	-1,522
Exchange rate differences	-	-5
Carrying amount at year-end	100	2,215
Current liabilities		
At the beginning of the year	72,551	107,520
Changes during the year	25,716	-38,167
Exchange rate differences	794	3,198
Carrying amount at year-end	99,061	72,551

The above receivables consist of loans to subsidiaries that run indefinitely.

Note 12 Other current receivables

	Group		Parent Company	
	2017	2016	2017	2016
VAT and tax recoverable	2,352	670	-	629
Receivables from suppliers	31,944	33,336	30,624	32,508
Other	5,839	2,876	3,767	642
Total	40,135	36,882	34,391	33,779

Note 13 Inventories

	Group		Parent Company	
	2017	2016	2017	2016
Finished goods and goods for resale	141,232	104,503	104,830	76,413
Total	141,232	104,503	104,830	76,413

Note 14 Prepaid expenses and accrued income

	Group		Parent Company	
	2017	2016	2017	2016
Prepaid expenses	8,321	8,826	3,033	5,319
Accrued revenue	4,040	2,793	1,611	2,331
Other	648	5,443	648	5,443
Total	13,009	17,062	5,292	13,093

Note 15 Equity

Share capital

The item share capital refers only to the Parent Company.

Changes in share capital 2010-2017

Year	No. of shares	Change in share capital, SEK M
2010 At the beginning of the year	1,016,132,200	101.6
2010 Conversion/issue of shares	39,385,963	3.9
2011 Issue of shares from employee options	11,509,870	1.2
2011 Reverse split 10:1	-960,325,229	-
2011 Issue of shares from employee options	1,762,344	1.8
2012 Issue of shares from employee options	1,426,633	1.4
2013 Issue of shares for share savings program	750,000	0.8
2014 Issue of shares for share savings program	330,000	0.3
2017 Number of shares at year-end	110,971,781	111.0

The registered share capital at 31 December 2017 amounted to 110,971,781 shares with a quota value of SEK 1.00 each.

Number of class B treasury shares

Treasury shares at 1 January, 2017	929,307
Granted as part of share savings plan	-224,176

Number of treasury shares 31 December, 2017 **705,131**

Distribution of share capital by share class

	Class A	Class B	Total
Numbers	225,523	110,746,258	110,971,781
Quota value per share	1	1	
Voting rights per share	5	1	

Group

Other contributed capital

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

Reserves

The foreign currency translation reserve consists of all exchange rate differences arising on translation of the financial statements of foreign operations that present their financial statements in a currency other than that in which the consolidated financial statements are presented.

The hedging reserve comprises the effective portion of the accumulated net change in the fair value of a cash flow instrument attributable to hedging transactions that have not yet taken place.

Note 15 Equity (cont'd)

Changes in reserves	Group	Parent Company
At the beginning of the year	5,817	-
Cash flow hedges	-2,895	-2,895
Translation difference	7,378	-
Tax attributable to items in other comprehensive income	637	637
Carrying amount at year-end	10,937	-2,258

The consolidated opening balance of SEK 5,817 K is attributable to translation differences arising on the translation of foreign operations.

Retained earnings

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

Parent Company

Statutory reserve

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

Reserve for capitalized development costs

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

	Parent Company	
Change in legal reserve for internally generated intangible assets	2017	2016
At the beginning of the year	12,539	-
Change during 2017	13,585	12,539
Carrying amount at year-end	26,124	12,539

Share premium reserve

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

Note 16 Earnings per share

	Before dilution		After dilution	
	2017	2016	2017	2016
Earnings per share	0.35	0.52	0.35	0.52

Basic earnings per share

Basic earnings per share are calculated based on profit for the year attributable to owners of the Parent Company of SEK 38,675 thousand (57,288) and the basic weighted average number of shares outstanding during the year, 110,149 thousand shares (109,979 thousand shares).

Diluted earnings per share

Diluted earnings per share are calculated based on profit for the year attributable to owners of the Parent Company of SEK 38,675 thousand (57,288) and the diluted weighted average number of shares outstanding during the year. The dilutive effects arise from the company's outstanding employee stock options, as well as rights to matching and performance shares.

Weighted average number of shares after dilution: 110,377 thousand shares (110,212 thousand shares).

Potentially dilutive instruments

Profit for 2017 was positive and part of the shares included in earlier years' share saving programs are dilutive, and profit was also positive in 2016. If profit for future periods is positive and all the other prerequisites for dilution are present, then dilutive effects may arise.

Note 17 Provisions

	Group		Parent Company	
Warranty provisions	2017	2016	2017	2016
Carrying amount at the beginning of the year	20,950	18,537	20,950	18,537
Provisions	18,487	10,043	18,487	10,043
Utilized during the year	-18,852	-7,630	-18,852	-7,630
Carrying amount at the end of the year	20,585	20,950	20,585	20,950
Of which non-current liabilities	4,841	4,929	4,841	4,929

Warranty provisions pertain primarily to certain obligations regarding products sold in prior years, as well as sales in 2017. The provision is based on calculations made on the basis of outcomes during 2017 and prior years. Pricer markets its products with customary warranties which in some cases extend over several years, although the majority are expected to be paid within 1-5 years.

Note 18 Other non-current liabilities

	Group		Parent Company	
	2017	2016	2017	2016
Recycling	3,053	727	-	-
Pension liability	2,088	2,478	-	-
Other	82	82	-	-
Total	5,223	3,287	-	-

Note 19 Other current liabilities

	Group		Parent Company	
	2017	2016	2017	2016
Withholding tax, employee	2,140	1,874	832	765
VAT payable	3,903	5,710	315	-
Forward contracts	5,671	-	5,671	-
Other liabilities	5,248	5,842	716	588
Total	16,962	13,426	7,534	1,353

Note 20 Accrued expenses and prepaid income

	Group		Parent Company	
	2017	2016	2017	2016
Accrued vacation pay	4,224	5,168	1,740	2,015
Accrued salaries	5,319	11,219	908	4,915
Social security expenses	1,696	2,038	518	983
Prepaid income	14,469	7,012	-	228
Other accrued expenses	18,448	7,767	9,918	3,147
Total	44,156	33,204	13,084	11,288

Note 21 Financial instruments and financial risk management

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

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

Foreign exchange risk

Foreign exchange risk refers to the risk that changes in exchange rates can have a negative impact on profit, the balance sheet and cash flow.

The Group is exposed to various types of foreign exchange risk. The main exposure relates to purchases and sales in foreign currencies, where the risks include the effects of fluctuations in the currencies on customer and supplier invoices, as well as the foreign exchange risk resulting from expected or contracted payment flows (transaction exposure).

Pricer is also exposed to foreign exchange risk in financial assets, primarily loans to subsidiaries and bank deposits in foreign currencies.

Furthermore, foreign exchange risks also arise in connection with the translation of foreign subsidiaries' assets and liabilities into the Parent Company's functional currency (translation exposure).

% of sales and costs by currency:	EUR	USD	SEK and other currencies
Net sales	67 (75)%	32 (24)%	1 (1)%
Costs	17 (14)%	67 (72)%	16 (14)%

In 2017 Pricer's net sales were divided between 67 percent (75) in EUR, 32 percent (24) in USD and 1 percent (1) in other currencies. The cost of sales was almost exclusively denominated in USD and operating expenses in equal parts EUR and SEK with a minor share in USD. Foreign exchange effects in net financial items amounted to SEK -3.8 M (12.8) and consisted of foreign currency translation of loan receivables from subsidiaries and cash and cash equivalents.

Pricer's net assets in foreign currency at 31 December 2017 amounted to SEK 435.1 M (416.6).

In 2017 Pricer's changed its finance policy so that the company now hedges a fixed percentage of the Parent Company's forecasted future currency flows in EUR and USD by purchasing forward contracts over time. Every month, the company has hedged future cash flows through various hedging contracts in order to achieve the target level prescribed by the finance policy regarding what share of the flows shall be hedged. The target for USD is to hedge 60 percent of the forecast for the current quarter, 40 percent of the forecast for the coming quarter, followed by 20 percent. The target for EUR is to hedge 80 percent of the forecast for the current quarter, 60 percent of the forecast for the coming quarter, followed by 40 and 20 percent. In the accounts, hedge accounting is applied when the requirements for hedge accounting have been met. The effectiveness test of the contracts carried out on 31 December 2017 determined that the hedges had been effective.

The table shows total forward contracts by currency on 31 December 2017 and their maturity structure

	2017	< 3 mths	< 3-6 mths	< 6-12 mths
USD-derivatives, purchase	13,230	5,670	4,410	3,150
USD-derivatives, purchased, in SEK	107,728	46,389	35,871	25,468
Average price on entered contracts	8.14	8.18	8.13	8.08
EUR-derivatives, sold	15,435	6,300	3,780	5,355
EUR-derivatives, sold, in SEK	151,928	62,013	37,206	52,709
Average price on entered contracts	9.84	9.84	9.84	9.84

All of the above derivatives have been entered into by Pricer AB.

Specification of other income and expense

	Group		Parent Company	
	2017	2016	2017	2016
Realized currency gains / losses	7,473	-46	7,448	30
Unrealized currency gains / losses	8	556	187	556
Currency losses on forward contracts	-12,435	-	-12,435	-
Total	-4,954	510	-4,800	586

In February 2018 a decision was made to change the company's finance policy and abandon the former formulation to hedge a percentage of forecasted future cash flows. Outstanding forward contracts will run until the value date. It is possible to redeem these in advance. Hedging via forward contracts is permitted even in the future, but is then done for specific contracts for the purpose of reducing transaction exposure.

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

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will have a negative impact on the income statement, balance sheet and cash flow. Exposure to interest rate risk arises mainly from outstanding external loans.

At present, Pricer has no assets carrying fixed rates of interest, since its cash and cash equivalents are placed on deposit at banks. Accordingly, any change in interest rates will have a direct impact on consolidated earnings. At year-end 2017 the Group had cash and cash equivalents of SEK 166.8 M (261.3). A change of one percentage point in interest rates would affect net financial items by SEK 1.7 M (2.6) on an annual basis.

Credit/Counterparty risk

Credit/Counterparty risk is the risk that a counterparty in a transaction will fail to meet its contractual financial obligations and that collateral, if any, will not be sufficient to cover the company's receivable. Pricer's sales are spread across a large number of customers with a large number of customers and a wide geographic spread. The Group has established routines for how credits are to be valued, how uncertain debts are to be dealt with, and sets decision levels for various credit limits. Pricer has longstanding knowledge about most of its customers, which consist mainly of large retail companies and chains whose bad debt losses have been minor.

2017

Concentration of credit risk	Number of customers	% of number of customers	% of portfolio
Exposure < SEK 1 M	68	72%	8%
Exposure SEK 1-5 M	16	17%	20%
Exposure > SEK 5 M	11	11%	72%
Total	95	100%	100%

2016

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

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

Age analysis of trade receivables

	Group	
	2017	2016
Overdue but not written off accounts receivable	Overdue payments	Overdue payments
< 60 days	48,737	42,288
> 60 days	21,224	7,850
Total	69,961	50,138
Total outstanding trade receivables	182,284	150,741

Overdue and written off trade receivable

	2017	2016
<60 days	2	-
>60 days	800	804
Total	802	804

Provision for possible bad debts

	2017	2016
Opening balance	804	155
Provisions for possible bad debts	763	1,672
Confirmed bad debts	-	9
Recovery of possible bad debts	-765	-1,032
Closing balance at year-end	802	804

Refinancing/liquidity risk

Refinancing/liquidity risk is the risk for limited access to financing at the payment or interest reset date of existing loans, and that it will not be possible to meet payment obligations as a result of insufficient liquidity. In addition to available cash and cash equivalents, at 31 December 2017 Pricer had an unutilized bank overdraft facility of SEK 50 M. In 2017 and 2016 Pricer had no long-term loans, which has reduced the need for refinancing.

Financial credit risks

Pricer's financial policy regulates the handling of the financial credit risks that arise in financial management, for example in investment of liquidity. Transactions are only executed within established limits and with selected creditworthy counterparties. The policy for interest rate and credit risks is to strive for a low risk profile. Temporary surplus liquidity made be invested only in instruments issued by institutions with the highest rating and with established banking connections.

Capital management

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

Carrying amount and fair value of financial instruments

The carrying amounts of assets and liabilities in the statement of financial position may differ from their fair values, among other things due to changes in market interest rates. Valuation of forward contracts at fair value is based on customary models with observable inputs such as interest and exchange rates.

For financial instruments measured at amortize cost; trade receivables, other current receivables and cash and cash equivalents, trade payables and other current interest-free liabilities, the fair value is assessed to correspond to the carrying amount. The fair values of other non-current and current liabilities are not assessed to deviate substantially from their carrying amounts.

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

Level 1: Based on quoted prices in active markets for identical assets or liabilities

Level 2: Based directly or indirectly on observable market inputs not included in level 1

Level 3: Based on inputs that are unobservable in the market

	Level 1	Level 2	Level 3	31 Dec. 2017
Financial assets	-	776	-	776
Financial liabilities	-	-5,415	-	-5,415
Financial items (asset (+), liability (-))	-	-4,639	-	-4,639

	Level 1	Level 2	Level 3	31 Dec. 2016
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
Financial items (asset (+), liability (-))	-	-	-	-

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

For the Group and the Parent Company, the majority of financial assets and liabilities fall due within 3 months and a maximum of 1 year. The company's assessment is that the carrying amount is approximately the same as fair value, among other things in view of the duration and operating character of these items.

	Trade and loan receivables	Derivatives used in hedge accounting	Other financial liabilities	Total carrying amount	Fair value
GROUP 2017					
Trade receivable	182,284	-	-	182,284	182,284
Prepaid expenses and accrued income	4,688	-	-	4,688	4,688
Other current receivables	36,534	776	-	37,310	37,310
Cash and cash equivalents	166,776	-	-	166,776	166,776
Total financial assets	390,282	776	-	391,058	391,058
Advances from customers	-	-	-6,792	-6,792	-6,792
Trade payables	-	-	-106,099	-106,099	-106,099
Other liabilities	-	-5,415	-14,469	-19,884	-19,884
Accrued expenses and deferred income	-	-	-14,478	-14,478	-14,478
Total financial liabilities	-	-5,415	-141,838	-147,253	-147,253
GROUP 2016					
Trade receivable	150,741	-	-	150,741	150,741
Prepaid expenses and accrued income	8,180	-	-	8,180	8,180
Other current receivables	35,399	-	-	35,399	35,399
Cash and cash equivalents	261,332	-	-	261,332	261,332
Total financial assets	455,652	-	-	455,652	455,652
Advances from customers	-	-	-10,945	-10,945	-10,945
Trade payables	-	-	-120,086	-120,086	-120,086
Other liabilities	-	-	-5,960	-5,960	-5,960
Accrued expenses and deferred income	-	-	-6,131	-6,131	-6,131
Total financial liabilities	-	-	-143,122	-143,122	-143,122
PARENT COMPANY 2017					
Trade receivable	59,693	-	-	59,693	59,693
Receivables from group companies	21,438	-	-	21,438	21,438
Other current receivables	34,470	-	-	34,470	34,470
Prepaid expenses and accrued income	2,259	-	-	2,259	2,259
Cash and cash equivalents	124,000	-	-	124,000	124,000
Total financial assets	241,860	-	-	241,860	241,860
Advances from customers	-	-	-419	-419	-419
Trade payable	-	-	-98,607	-98,607	-98,607
Liabilities to group companies	-	-	-6,933	-6,933	-6,933
Other liabilities	-	-	-5,415	-5,415	-5,415
Accrued expenses and deferred income	-	-	-9,918	-9,918	-9,918
Total financial liabilities	-	-	-121,292	-121,292	-121,292
PARENT COMPANY 2016					
Trade receivable	41,920	-	-	41,920	41,920
Receivables from group companies	32,632	-	-	32,632	32,632
Other receivables	33,113	-	-	33,113	33,113
Accrued income	7,714	-	-	7,714	7,714
Cash and cash equivalents	238,181	-	-	238,181	238,181
Total financial assets	353,560	-	-	353,560	353,560
Advances from customers	-	-	-	-	-
Trade payable	-	-	-116,024	-116,024	-116,024
Liabilities to group companies	-	-	-7,610	-7,610	-7,610
Other liabilities	-	-	-	-	-
Accrued expenses	-	-	-3,603	-3,603	-3,603
Total financial liabilities	-	-	-127,237	-127,237	-127,237

Note 22 Leases

Finance lease agreements - lessee

The Group has entered into finance leases for cars. The customary terms for financial leasing of service cars apply. Information about the carrying amount of property, plant and equipment held under finance leases is presented in Note 10. The Parent Company handles all contracts as operating leases. The maturity dates of the finance lease payments are presented below:

Group	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
<i>Maturity date</i>				
Within one year	279	150	270	145
Later than one year but within five years	1,046	707	1,039	699
Total	1,325	857	1,309	844
<i>Reconciliation of future lease payments and their present values:</i>				
			2017	2016
Future minimum lease payments			1,325	857
Less interest			-16	-13
Present value of minimum lease payments (other liabilities)			1,309	844
<i>Variable expenses included in profit for the result of the period:</i>				
			2017	2016
Interest			9	5
Total			9	5

Operating lease agreements - lessee

Non-cancellable lease payments amount to:

	Group		Parent Company	
	2017	2016	2017	2016
Within one year	6,837	5,487	4,273	4,178
Between one and five years	11,055	6,118	1,405	1,111
More than 5 years	-	-	-	-

The Parent Company has operating leases in a lesser scale for properties, cars and other technical equipment. Most of the Group's operating leases consist of leasing expenses for the Parent Company's premises and office facilities for the Group's subsidiaries, Pricer SAS and Pricer Inc. The lease contracts for these facilities extend past 2017. The majority of lease contracts in the Group are operating leases for which the expenses are recognized directly in the income statement for the respective period.

The consolidated accounts for 2017 include a cost of SEK 8,306 thousand (9,947) in respect of operating leases. The payments are minimum payments and not variable.

Note 24 Related party transactions

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

Summary of related party transactions:

	Year	Sales of goods and services to related party	Purchase of services from related party	Interest income	Receivable from related party at 31 December	Liability to related party at 31 December
Subsidiaries	2017	421,759	-1,034	-181	173,836	99,161
Subsidiaries	2016	379,300	-2,319	-10	115,762	74,776

Transactions 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 had a material impact on Pricer's standing or results.

Note 23 Pledged assets and contingent liabilities

	Group		Parent Company	
	2017	2016	2017	2016
Pledged assets				
To secure own liabilities and provisions				
Floating charges	59,625	59,625	59,625	59,625
Bank deposits	849	832	-	-
Total	60,474	60,457	59,625	59,625
	Group		Parent Company	
	2017	2016	2017	2016
Contingent liabilities				
Bank guarantee	849	832	-	-
Customs services	200	200	200	200
Rent guarantees	1,700	1,700	1,700	1,700
Total	2,749	2,732	1,900	1,900

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

Note 25 Participations in group companies

	Parent Company	
	2017	2016
<i>Accumulated cost</i>		
Opening balance	1,143,598	1,143,195
Shareholder contributions	328	403
	1,143,926	1,143,598
<i>Accumulated impairment losses</i>		
Opening balance	-958,345	-958,310
Impairment losses/gains	-108	-35
Total accumulated impairment losses	-958,453	-958,345
Carrying amount of participations in group companies	185,473	185,253

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. 2017	Carrying amount at 31 Dec. 2016
Pricer Inc., (22-3215520) Dallas, USA	100	223,000	USD	9,440	9,421
Pricer SAS, (RCS 395 238 751) Paris, France	100	2,138	EUR	170,456	170,255
Pricer Communication AB, 556450-7563, Stockholm, Sweden	100	100,000	SEK	4,981	4,981
Pricer Explorative Research (PER) AB, 556454-7098, Stockholm, Sweden	100	260	SEK	260	260
Pricer GmbH, HR B 13017, Kempten, Bavaria, Germany	100	25,000	EUR	236	236
Pricer E.S.L. Israel Ltd, 511838732, Tel Aviv, Israel	100	56,667,922	ILS	0	0
Dormant companies				100	100
Participations in group companies				185,473	185,253

Note 26 Cash flow statement

	Group		Parent Company	
	2017	2016	2017	2016
Cash and cash equivalents				
<i>Cash and cash equivalents include the following sub-components:</i>				
Cash and bank	166,776	261,332	124,000	238,181
Total according to the statement of financial position	166,776	261,332	124,000	238,181
Total according to the cash flow statement	166,776	261,332	124,000	238,181

	Group		Parent Company	
	2017	2016	2017	2016
Paid interests				
Interest received	35	105	35	105
Interest paid	-280	-271	-271	-259

Adjustments for non-cash items

	Group		Parent Company	
	2017	2016	2017	2016
Amortization/depreciation	14,825	12,640	13,219	11,060
Accrued costs of employee stock options	548	659	548	659
Exchange rate differences/translation differences	1,380	-2,518	-456	-13,415
Gain/loss on the sale of non-current assets	11	-	-	81
Change in provisions	1,772	3,890	-365	2,413
Total non-cash items	18,536	14,671	12,946	798

Note 27 Appropriation of profits

The Annual General Meeting has at its disposal:	SEK
Share premium reserve	203,728,110
Retained earnings	94,251,021
Net profit for the year 2017	30,417,105
Total amount available including Share premium reserve	328,396,235

The Board of Directors proposes that the available funds are being used as follow:

Dividend SEK 0.50 SEK per share, total of 110,266,650 shares	55,133,325
Total amount to dissolved from retained earnings	55,133,325

Amount to be carried forward 273,262,910

The proposed record date for payment of dividends is 30 April 2018. If the AGM decides in accordance with the proposal, dividends are expected to be dispatched through Euroclear Sweden AB on 4 May 2018. The Board's motivation is presented on page 50.

Note 28 Significant events after the end of the year

The company has hired Jörgen Jost auf der Stroth as VP Supply Chain & Procurement and he took up duties on 14 February.

The Board's proposed appropriation of profits

<i>The Annual General Meeting has at its disposal:</i>	<i>SEK</i>
Share premium reserve	203,728,110
Retained earnings	94,251,021
Net profit for the year 2017	30,417,105
Total amount available including Share premium reserve	328,396,235

The Board of Directors proposes that the available funds are being used as follow:

Dividend SEK 0.50 per share, total of 110,266,650 shares	55,133,325
Total amount to dissolved from retained earnings	55,133,325

Amount to be carried forward	273,262,910
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In view of the Board's proposed appropriation of profits, the Board of Directors hereby issues the following statement in accordance with Chapter 18, 4 § of the Swedish Companies Act (2005:551).

The nature and scope of the business are described in the articles of association and published annual reports.

The operations conducted by the company do not give rise to any risks beyond those that exist or can be assumed to exist in the industry or the risks that are otherwise associated with the conduct of business in general. For information about significant events, see the administration report.

The financial position of the Parent Company and the Group at 31 December 2017 is presented in the most recently published annual report. The annual report also describes which policies that are applied for valuation of assets, provisions and liabilities. On 31 December 2017 the Parent Company had an equity/assets ratio of 70 percent and the Group of 78 percent. After the completed maximum dividend, the equity/assets ratios of the Parent Company and Group would be 68 percent and 77 percent, respectively. This is deemed satisfactory even in view of the company's current development. Liquidity in the Parent Company and Group, particularly in light of the available unutilized bank overdraft facility, is deemed to remain

sufficient.

In the Board's opinion, the proposed dividend will not prevent the company, or other companies in the Group, from continuing their operations, from meeting their obligations in the short and long term or from making the necessary investments. The liquidity forecast also includes preparedness for dealing with variations in day-to-day payment obligations. The Board's assessment is that the amount of equity, as reported in the most recently published annual report, stands in reasonable proportion to the scope of the company's operations and the risks associated with the conduct of the company's business in respect of the now proposed dividend.

With consideration to the above and all other circumstances that have come to the Board's knowledge, the Board's opinion is that all overall assessment of the financial position of the Parent Company and the Group will show that the dividend is justifiable with regard to the requirements placed by the operations' nature, scope and risks on the amount of equity in the Parent Company and the Group and the Group's consolidation requirements, liquidity and position in general. The proposed dividend can thereby be warranted in view of that stated in Chapter 17, 3 §, paragraphs 2 and 3, of the Swedish Companies Act (the cautionary rule).

Statement of assurance from the Board and CEO

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

pany and the Group provide a true and fair picture of the results of operations, financial position and performance of the Group and describe the risks and significant uncertainties to which the Parent Company and other companies in the Group are exposed.

The annual and sustainability reports and the consolidated financial statements, as presented above, were approved for publication by the Board and CEO on 28 March 2018. The income statement and balance sheet of the Parent Company and the statement of comprehensive income and statement of financial position for the Group will be submitted to the Annual General Meeting for approval on 26 April 2018.

Stockholm, 28 March 2018

Bernt Ingman
Chairman

Hans Granberg

Olof Sand

Jenni Virnes

Jonas Guldstrand

Helena Holmgren
CEO

Our audit report was submitted on 28 March 2018

Ernst & Young AB

Rickard Andersson
*Authorized Public Accountant
Auditor in Charge*

Auditor's report

To the general meeting of Pricer AB (publ), corporate identity no. 556427-7993

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Pricer AB (publ) for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 16-51 in this document.

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 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 58-63 and the statutory sustainability report on pages 12-15. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are in-

dependent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition

DESCRIPTION

Revenues for 2017 amounted to SEK 828 M in the consolidated statement of comprehensive income. Revenue is recognized when it is likely that the future economic benefits will flow to the company and the benefits can be measured reliably. Revenue from license agreements with end customers is recognized in connection with delivery or installation, depending on the structure of the agreement, and revenue from license agreements with partner companies is recognized in connection with delivery. Support revenue is recognized on a straight-line basis over the term of the agreement. Recognition of revenue related to the sale of licenses to end customers requires management to estimate when in time the delivery or partial delivery has been fulfilled. This means that the Group's revenue includes a certain degree of estimates and that the Group's revenue is significant, for which reason revenue recognition has been deemed a key audit matter. A description of the assumptions underlying the company's revenue recognition is provided in the section on accounting policies, Note 1.

HOW THIS AREA WAS TREATED IN THE AUDIT

We have reviewed revenue recognition to ensure that it is carried out in accordance with IFRS. We have among other things performed an analytical review of agreements and tax allocations in connection with the closing of the accounts to assess the relevance of revenue recognition. We have particularly focused on reviewing new and more complex customer agreements.

Impairment of goodwill and shares in subsidiaries

DESCRIPTION

Goodwill is recognized at SEK 249 M (SEK 241 M) in the statement of financial position for the Group at 31 December 2017 and shares in subsidiaries are recognized at SEK 185 M (SEK 185 M) in the Parent Company's balance sheet.

As stated in Note 1, an impairment test carried out annually of when there is an indication of a lasting decrease in value. Goodwill is allocated to cash-generating units and in cases where the carrying amount exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is determined by calculating value in use and Note 9 presents the assumptions about future earnings growth that have been applied in calculating value in use. Notes 1 and 9 state that the assessment of value in use is based on budgets and forecasts for an additional 3 years with an assumed perpetual growth rate of 2 percent (2%) for the cash-generating unit. A weighted cost of capital before tax of 11.0 percent (11.0 %) has been used in the calculation in view of risk factors in the various cash-generating units. No indications of impairment have been found for 2017. Note 1 and 9 describes the estimates and assumptions that have made. As a result of the key estimates and assumptions required to calculate value in use, we have deemed measurement of goodwill and shares in subsidiaries to be key audit matters.

HOW OUR AUDIT ADDRESSED THIS KEY AUDIT MATTER

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-15. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

Auditor's report (cont'd)

We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to commu-

nicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Pricer AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take

measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a 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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 58-63 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our 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 auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 12-15, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, Jakobsbergsgatan 24, 103 99 Stockholm, was appointed auditor of Pricer AB (publ) by the general meeting of the shareholders on the 27 April 2017 and has been the company's auditor since the 23 April 2015.

Stockholm, 28 March 2018
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Five-year overview, Group

All amounts in SEK M unless otherwise stated	2017	2016	2015	2014	2013
KEY RATIOS					
Net sales	827.8	757.6	864.8	572.7	524.8
Gross profit	216.0	213.2	188.2	97.5	119.9
Operating expenses	-155.4	-149.6	-142.8	-155.4	-110.2
Items affecting comparability	-1.5	-3.0	-16.0	-16.0	
Operating expenses adjusted for items affecting comparability	-153.9	-146.6	-126.8	-139.4	-110.2
Operating profit	55.7	64.1	47.8	-53.1	7.8
Working capital	186.9	115.5	201.0	238.4	269.6
Cash flow from operating activities	-8.2	174.0	101.5	13.5	56.5
Financial data					
Equity/assets ratio, percent	78	78	85	81	86
Margin data					
Gross margin, percent	26.1	28.1	21.8	17.0	22.8
Operating margin, percent	6.7	8.5	5.5	-9.1	1.5
Return data					
Equity per share, basic	6.5	6.6	6.2	6.0	6.3
Equity per share, diluted	6.5	6.6	6.2	6.0	6.3
Earnings by share, basic	0.35	0.52	0.34	-0.51	0.04
Earnings by share, diluted	0.35	0.52	0.34	-0.51	0.04
P/S ratio	1.13	1.35	1.21	1.21	1.37
Other data					
Order intake	872	783	792	541	523
Backlog on 31 December	133	95	63	90	102
Average number of employees	101	90	82	79	78
Number of employees at end of year	104	93	82	83	77

Definitions

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

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

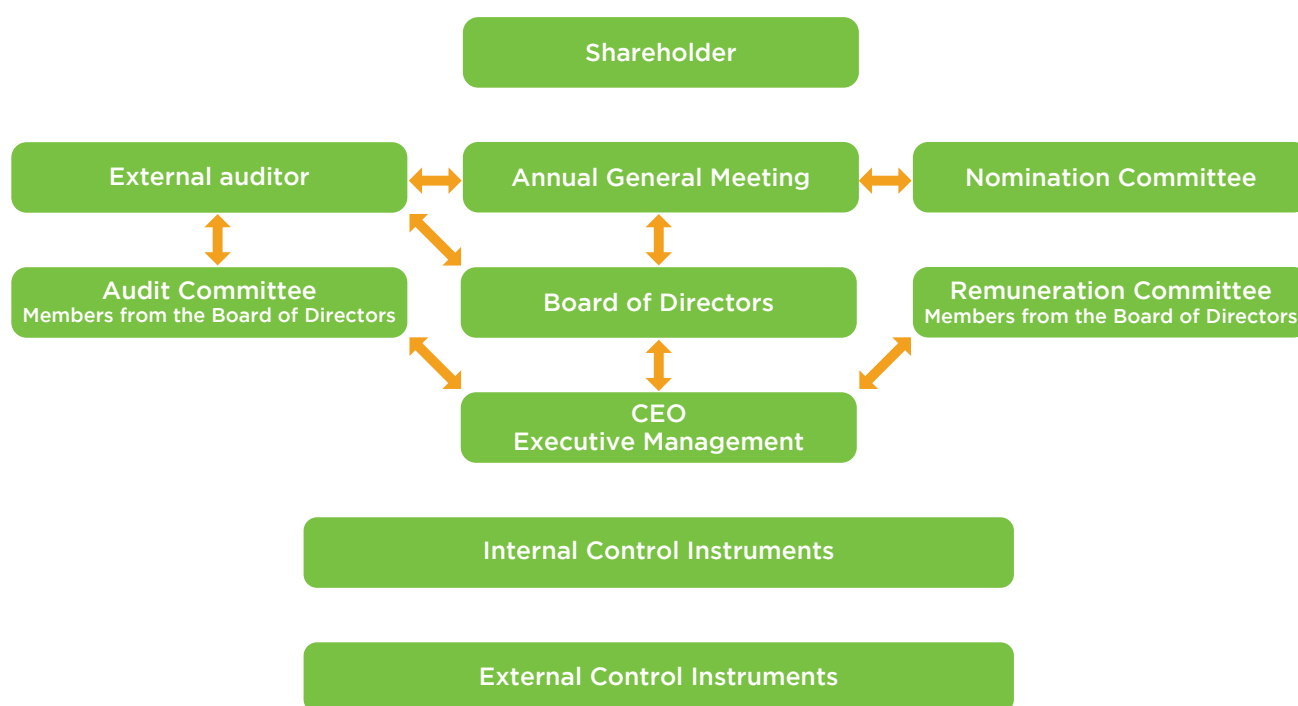
Corporate governance report

Pricer AB (publ) is a Swedish public company headquartered in Stockholm. The company's class B share is quoted on the Small Cap list of NASDAQ Stockholm.

This corporate governance report has been prepared in accordance with the Annual Accounts Act and the rules in the Swedish Corporate Governance Code, "the Code" (further information about the Code is available at www.bolagsstyrning.se).

This report has been submitted by the Board of Directors of Pricer AB, but is not part of the formal financial statements. According to the Board of Directors, Pricer has followed the Code in all respects during 2017. The report has been read by the company's auditor, who has issued a separate opinion that the statutory information in the corporate governance report is consistent with that in the annual report and the consolidated accounts.

Pricer's governance



Share structure and ownership

Pricer has two classes of shares; A shares and B shares. Class A shares carry five votes per share and class B shares carry one vote per share. The number of shares amounted to 225,523 A shares and 110,746,258 B shares, all with a quota value of one SEK (1) each.

The number of shareholders at 31 December 2017 was 16,518. The ten largest shareholders held 38.2 percent of the number of shares and 38.7 percent of the number of votes. Pohjola Bank (Göran Sundholm) was the largest owner with 10.1 percent of the votes. For further ownership information, see page 10.

General meeting of shareholders

Pricer's highest governing body is the Annual General Meeting, "AGM", where all shareholders have the right to attend, to have matters addressed and to vote for all their shares. The AGM is held once per year (if applicable an Extraordinary General Meeting may also be held). The AGM appoints the Board members and the Board Chairman, elects the auditors, and decides on amendments to the Articles of Association. In addition, the AGM adopts the income statements and

balance sheets and approves the appropriation of the company's profit or loss. Further, the AGM decides on discharge from liability for the Board members and the CEO, decides on remuneration for the Board and auditors and establishes the principles for remuneration to the CEO and senior executives. The AGM of Pricer is normally held in April or May in Stockholm. The date and location of the AGM is announced as soon as the Board has made its decision, normally in connection with the third quarter report. Information about the date and location of the AGM can be found on the company's website www.pricer.com.

Notice of the AGM is published by announcement in the official newspaper Post- och Inrikes Tidningar, Svenska Dagbladet and on the company's website. Shareholders who are registered in their own name in the share register maintained by Euroclear Sweden AB on the record date and who have notified the company by the specified date are entitled to attend the AGM and vote for their shares. Shareholders who are unable to attend may be represented by a proxy.

All information about the company's general meetings is available on the company's website.

The company's Articles of Association contain no restrictions on the number of votes each shareholder may cast at a general meeting, nor is the issue of amending the Articles of Association regulated.

Nomination Committee

The Nomination Committee represent Pricer's shareholders. The tasks of the Nomination Committee are to evaluate the composition and performance of the Board and to prepare proposals for approval by the AGM regarding election of the Chairman of the AGM, election of Board members and the Board Chairman and election of auditors. The Nomination Committee shall also prepare proposals for the AGM regarding remuneration to the Board and auditors. Finally, the Nomination Committee proposes principles for the appointment of a new Nomination Committee. Shareholders may submit proposals to the Nomination Committee in accordance with the instructions on the company's website.

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

Board of Directors

Size and composition

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

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

For a presentation of the Board members, see page 64.

Role

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

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

Committees

The Board has appointed an Audit Committee. Within the framework of the Board's duties, the Audit Committee shall monitor the company's financial reporting and prepare issues regarding the company's financial reporting and audit in accordance with Chapter

8, § 49b of the Companies Act and fulfill the duties imposed by EU Regulation No 537/2014. The Audit Committee has also regularly supported the CEO in major financing and structural issues and in preparation of these matters for the Board.

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

Evaluation of the Board

The Board Chairman is responsible for evaluation of the Board of Directors' performance, including the contributions of the individual members. This is done through a structured yearly self-assessment that is followed by discussions in the Board and the Nomination Committee, where the compiled results of the survey, including any comments made, are presented by reviewing the individual answers as well as the average and standard deviation for each question.

CEO and Executive Management

The CEO is appointed and dismissed by the Board and his/her performance is evaluated regularly by the Board, which occurs without the presence of company's management. Pricer's CEO supervises the ongoing operational activities. Written instructions define the division of responsibilities between the Board of Directors and the CEO. The CEO reports to the Board and presents a special CEO report at each Board meeting, which among other things contains information about how the business is performing based on the decisions taken by the Board.

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

At the end of the year, Pricer's Executive Management consisted of five members in addition to the CEO. Each of the members has operating responsibility for part of the organization. For a presentation of the member of the Executive Management, see page 65.

External Auditor

The Auditor is appointed by the AGM following a proposal by the Nomination Committee. The auditing firm of Ernst & Young AB was elected auditor by the AGM 2017, with Authorized Public Accountant Rickard Andersson as Auditor in Charge.

Control instruments

Corporate governance within Pricer takes place through external rules such as the Swedish Companies Act, Nasdaq Stockholm's Rules for Issuers, the Swedish Corporate Governance Code ("the Code") and other relevant laws, regulations and rules.

The internal control instruments that influence governance of Pricer consist mainly of the Articles of Association, the rules of procedure for the Board, instructions for the CEO and other policy documents adopted by the Board for various areas, e.g. authorization and certification rules, finance, communication, diversity.

Corporate governance report (cont'd)

Corporate governance in Pricer 2017

Annual General Meeting 2017

The Annual General Meeting was held on 27 April 2017 and was attended by 49 shareholders representing 24.2 percent of the votes and 24.4 percent of the number of shares in the company. Pricer's Board of Directors, executive management and the company's auditors were present at the meeting. The AGM adopted the following resolutions:

- The income statement, balance sheet and consolidated income statement and consolidated balance sheet were adopted.
- The proposed dividend of SEK 0.50 per share was adopted.
- The Board of Directors and the CEO were discharged from liability for the 2016 financial year.
- Board fees for the next term of office were set at a total of SEK 1,595,000 and it was decided that remuneration to the auditors would be paid according to the company's approved account.
- Re-election of Board member Bo Kastensson, who was also elected as Chairman of the Board, and re-election the following other Board members:
 - Hans Granberg
 - Bernt Ingman
 - Olof Sand
 - Jenni Virnes
 - and Jonas Guldstrand was newly elected to the Board of Directors
- Fees to the auditors are to be paid according to approved account according to the Nomination Committee's proposal.
- The Nomination Committee's proposal regarding principles for appointment of the Nomination Committee for the 2018 AGM were adopted.
- The principles for remuneration to senior executives were adopted.
- Long-term incentive program according to the Board of Director's proposal.
- Authorization for the Board of Directors to decide on the issue of new shares of class B as proposed by the Board.
- Authorization for the Board of Directors to decide on the repurchase and transfer of the company's own shares as proposed to the AGM.

The AGM's decision as a whole is set out in the full minutes of the Annual General Meeting in Swedish, which together with other information about the Annual General Meeting is available on the company's website, www.pricer.com.

Work performed by the Board of Directors

The Board held 18 meetings during the 2017 financial year. The attendance of the Board members at these meetings is shown in the below table.

The CEO and CFO attend all Board meetings, except in cases where issues involve obstacles due to conflicts of interest, such as when remuneration for the CEO is determined or when the performance of the CEO is evaluated. The company's auditors attended at one Board meetings during 2017.

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

The Board's work in 2017 has followed the annual action plan that is set for each new fiscal year. In addition to the regular action plan, the Board prepared a proposal prior to the 2017 AGM for a new long-term incentive program for senior executives which was then adopted at the AGM in 2017.

Bo Kastensson, Chairman of the Board, resigned from the Board on August 10 with immediate effect. The Board elected Bernt Ingman as new Chairman of the Board for the period until the new Chairman was elected by the next Annual General Meeting.

On 14 August, the Board decided to appoint the company's CFO Helena Holmgren, as acting President and CEO during a transitional period until a new CEO is recruited, as the former CEO Andreas Renulf had chosen to leave the company.

The Remuneration Committee consisted of Board members Bernt Ingman and Olof Sand during the year. The committee has had several telephone discussions and met with the management on two occasions. A report has been prepared and submitted to the Board including proposals for decisions.

Until 10 August, the Audit Committee consisted of Board members Bernt Ingman and Bo Kastensson, and subsequently by Bernt Ingman and Hans Granberg. The committee held five meetings, of which the company's auditor participated in one. The work of the committee during the year has mainly focused on the company's finance policy and new IFRS regulations.

For 2017, the work of the Board of Directors has been evaluated by the Board through a web-based board evaluation conducted by an external supplier, in which the members of the Board individually and anonymously consider statements regarding the Board as a whole, the Chairman of the Board, the CEO's work in the Board and their own work. The evaluation focuses, among other things, on improving the efficiency and focus areas of the Board, as well as the need of specific skills and working methods. The evaluation has then been presented to the Nomination Committee and has provided the basis for proposals for Board members and remuneration levels.

With regard to the company's business, stage of development and other circumstances, it is the Board's opinion that the Board has an appropriate composition characterized by diversity and breadth regarding the members' skills, experience and background.

Board members attendance 2017

Board and committees

Boardmember	Year of election	Remuneration, SEK	Independent in relation to the company and its management	Independent in relation to larger shareholders	Attendance at meetings ¹⁾		
					Board meetings (18)	Audit committee (5)	Remuneration committee (2)
Bernt Ingman, (Chairman) ²⁾	2014	318	Yes	Yes	18/18	5/5	2/2
Bo Kastensson, (Chairman) ²⁾	2014	339	Yes	Yes	14/14	3/3	
Hans Granberg ²⁾	2014	213	Yes	Yes	18/18	2/2	
Jonas Guldstrand ³⁾	2017	147	Yes	Yes	12/12		
Olof Sand	2015	213	Yes	Yes	16/18		2/2
Jenni Virnes	2016	213	Yes	Yes	18/18		
Christina Åqvist ⁴⁾	2015	67	Yes	Yes	5/6		
Total remuneration:		1,510					

¹⁾ Refers to the period 1 January - 31 December 2017

²⁾ On 10 August 2017 Bo Kastensson resigned as chairman and board member of Pricer AB (publ).

At the same time Bernt Ingman was elected to new chairman until the next annual meeting 26 April 2018. Hans Granberg was elected to the Audit Committee.

³⁾ Jonas Guldstrand was elected to the board at the annual general meeting on 27 April 2017.

⁴⁾ Christina Åqvist resigned from the board at the annual general meeting on 27 April 2017.

Remuneration

Board of Directors

At the 2017 AGM it was resolved, in accordance with the Nomination Committee's proposal, that fees to the Board would be paid in a total amount of SEK 1,595,000, of which SEK 495,000 to the Board Chairman and SEK 220,000 to each of the other five members.

No specific remuneration has been paid to the Board members elected to the Remuneration or Audit Committees.

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

External auditor

The 2017 AGM resolved to approve the Nomination Committee's proposal that remuneration to the auditors be paid in accordance with the company's approved account.

CEO and senior executives

The 2017 AGM resolved to approve the Board's proposal for guidelines regarding remuneration to senior executives. Remuneration to the CEO and senior executives is determined by the Board after proposals from the Remuneration Committee.

Compliance with the Swedish stock exchange rules in 2017

During the 2017 financial year, Pricer has not been subject to any decision by Nasdaq Stockholm's disciplinary committee or the Swedish Securities Council regarding violations of Nasdaq Stockholm's regulatory framework or good practices in the stock market.

Nomination Committee 2018

The Nomination Committee ahead of the 2018 AGM was announced on 23 October 2017 through a press release and on the company's website. It consists of Göran Bronner, Ulf Palm, Göran Sundholm, and Gunnar Ek, who has served as Chairman of the Nomination Committee and Bernt Ingman, Chairman of the Board of Directors.

The members of the Nomination Committee are independent in relation to the company and its management. Apart from Göran Sundholm, all members of the Nomination Committee are independent in relation to the company's largest shareholder in terms of voting power.

Ahead of the AGM, the Nomination Committee has held 7 meetings. The proposal of the Nomination Committee to the 2018 AGM is available at www.pricer.com.

No special remuneration was paid to the Nomination Committee members.

Corporate governance report (cont'd)

Diversity policy

The Nomination Committee of Pricer AB has applied Rule 4.1 of the Swedish Code of Corporate Governance as a diversity policy in the preparation of proposals for the Board. Accordingly, Pricer's Board of Directors shall consist of a well-balanced mix of competencies that are essential for managing Pricer's strategic work in a responsible and successful manner. In order to achieve this, knowledge is sought in areas such as retail, digital commerce, corporate governance, compliance with rules and regulations, finance and financial analysis and remuneration issues. Previous board experience is another important qualification. Furthermore, it is important that the Board members do not have too many executive or non-executive assignments to allow them to spend the time required for their board work for Pricer AB.

The Nomination Committee believes that breadth and diversity in areas such as age, nationality, educational background, gender, experience and expertise are represented among the proposed members of the Board. The Nomination Committee further believes that the diversity issue is important and that it is important for future election committees to continue working actively to achieve a well-balanced gender distribution on the Board.

The 2017 AGM decided in accordance with the Nomination Committee's proposal, which meant that 6 members were elected, 1 woman and 5 men, with a composition otherwise based on the criteria that addressed by the diversity policy.

In the Nomination Committee's work ahead of the 2018 AGM, the diversity policy has been applied as described above. This has resulted in the Nomination Committee's proposal to the AGM for a total of 5 members, 1 woman and 4 men according to the notice of the AGM.

Internal control over financial reporting

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

The Swedish Annual Accounts Act requires the company to prepare an annual description of the company's internal control and risk management system regarding the financial reporting. The Board has overall responsibility for the financial reporting. The Audit Committee has an important task in preparing the Board's work on quality assurance of the financial reporting. This preparation includes issues regarding internal control and compliance, control of carrying amounts, estimates, assessments and other factors that may affect the quality of the financial reports. The committee has commissioned the company's auditor to examine in particular how well the rules for internal control, both comprehensive and detailed, are complied with in the company.

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

Control environment

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

Risk assessment

Regarding the financial reporting, the risks are assessed to lie primarily in the possibility that material errors may arise in the accounting for the company's financial position and results. The Board is responsible for ensuring that significant financial risks and risks for misstatements in the financial statements are identified and dealt with.

Control activities and monitoring

The company also has a number of control activities aimed at ensuring the accuracy and completeness of the financial statements. Routines and actions have been designed to manage significant risks related to the financial statements, which have been identified in the risk assessment. Control activities are available at both a general and detailed level in the Group. For example, complete monthly financial statements are prepared and monitored by the responsible unit and function managers and controllers.

The executive management meets at least once a month for a review of the business situation. In addition, representatives from the finance function visit group companies several times a year to discuss current issues and review the results and financial status, and to verify that processes are being followed and developed. The Board monitors the activities through monthly reports in which the CEO comments on business performance, results and financial position. Measures and activities aimed at strengthening and optimizing internal controls are implemented on a regular basis.

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

Work performed during the year

The work to improve the company's internal control has continued through development of the integrated ERP system used by most of the company's subsidiaries, together with reporting tools to improve reporting quality and the analysis of the company's economic development. The finance department has also devoted a large part of the year to analyzing the consequences of and preparing for the transition to the new IFRS regulations, which will take effect on 1 January 2018, with respect to IFRS 15, Revenue from Contracts with Customers, and IFRS 9, Financial Instruments, so that knowledge about the regulatory framework is spread internally and the effects of these regulations are reported in a correct manner in the company's financial statements.

Board of Directors



BERNT INGMAN

Chairman of the Board

since 2017

Born: 1954

Education:

MBA

Member of the Board since:
2014

Other assignments:

Chairman of Beijer Ref AB, Handelsbanken's local office in Kista and Sveriges Bostadsrättscentrum AB

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Shareholding (own and closely related persons):
90,000 B shares



HANS GRANBERG

Member

Born: 1953

Education:

High school diploma

Member of the Board since:
2014

Other assignments:

Chairman of Investment AB Karlsvik

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Shareholding (own and closely related persons):
1,764 A shares
2,392,300 B shares



JONAS GULDSTRAND

Member

Born: 1966

Education:

MBA

Member of the Board since:
2017

Other assignments:

Chairman of Intersport Sverige Holding AB

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Shareholding (own and closely related persons):
5,500 B shares



OLOF SAND

Member

Born: 1963

Education:

MBA and Advanced Management Program

Member of the Board since:
2015

Other assignments:

CEO of Quant AB, Chairman of Claremont AB

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Shareholding (own and closely related persons):
100,000 B shares



JENNI VIRNES

Member

Born: 1974

Education:

MSc. Industrial Engineering and Management

Member of the Board since:
2016

Other assignments: -

Independence: Independent in relation to the company and management as well as in relation to the company's major shareholders

Shareholding (own and closely related persons): -

The information regarding board assignments and shareholdings refers to 31 December 2017.

Executive Management



HELENA HOLMGREN
**Acting President
and CEO**

Born: 1976
Education:
MBA
Employed since: 2015

Shareholding:
51,540 B shares
190,000 options *



CHARLES JACKSSON
Head of Americas region

Born: 1963
Education:
Bachelor of Business
Administration
Employed since: 2014

Shareholding:
12,893 B shares
380,000 options *



NILS HULTH
**Head of Sales
Scandinavia and Rest of
the World**

Born: 1971
Education:
Master in Computer Science
and Master in Evolutionary
and Adaptive Systems
Employed since: 2006

Shareholding:
40,000 B shares
190,000 options *



**JOHAN
VON KONOW**
**VP Research &
Development**

Born: 1976
Education:
Bachelor Program in
Industrial Design Engineering
Employed since: 2013

Shareholding:
37,896 B shares



**JÖRGEN
JOST AUF DER STROTH**
**VP Supply Chain &
Procurement**

Born: 1964
Education:
Master in Electrical
Engineering
Employed since: 2018

Shareholding: -



**ANNIKA
BLONDEAU HENRIKSSON**
Interim CFO

Born: 1969
Education:
Master of Science in Business
Studies and Economics
Employed since: 2017 (interim)

Shareholding: -

* Each option grants the right to one share

Shareholder information

Annual General Meeting

The 2018 Annual General Meeting of Pricer AB (publ) will be held at 4:00 p.m. on 26 April 2018, at Lundqvist & Lindqvist Konferens Klara Strand, Klarastrandsviadukten 90, SE-116 64 Stockholm, Sweden. In order to participate in the AGM, shareholders must be entered in the share register maintained by Euroclear Sweden AB by Friday, 20 April, and must notify the company of their intention to participate no later than 4:00 p.m. on Friday, 20 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 20 April. Notification can be made as follows:

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

The notification should include the shareholder's name, social security/corporate identity number, address and telephone number, registered shareholding and, when appropriate, the names of any participating advisors.

Proposed dividend

The Board will propose that the AGM approve a dividend of SEK 0.50 per share for the financial year 2017.

Financial calendar

In 2018, the quarterly financial reports will be published as follows:

26 April	Interim report January-March
20 July	Interim report January-June
26 October	Interim report January-September
14 February 2019	Year-end report 2018

Distribution of financial information

Press releases, interim reports, annual reports and share price data are presented on the company's website www.pricer.com. Subscription to information via e-mail is offered on the website, where there is also an archive containing older interim reports and annual reports. Pricer does not print or distribute its interim reports. The printed annual report is distributed to shareholders who so request. For further information, contact ir@pricer.com or call +46 8-505 582 00.

History

- 1991** Pricer is founded in June and development of the first ESL system begins.
- 1993** The first Pricer system is installed for the ICA supermarket chain in Sweden.
- 1995** Contract for installations in 53 Metro stores in Germany.
- 1996** Pricer is introduced on the O list of the Stockholm Stock Exchange.
- 1997** Pricer acquires Intactix, a provider of systems for retail space management. Cooperation is initiated with Telxon, which delivers mobile data capture solutions.
- 1998** Collaboration with Ishida of Japan is initiated.
- 1999** Deliveries to the Metro stores are completed.
- 2000** Intactix is sold to US-based JDA Software Group.
- 2001** Pricer's partner in Japan, Ishida, places a significant order.
- 2002** A large-scale action program is launched to restructure and streamline operations for increased customer focus.
- 2003** The development company PIER AB is formed. Pricer acquires a majority holding in the software company Appulse Ltd. in India. StoreNext becomes new partner in the US market.
- 2004** Pricer wins a major order from the French chain Carrefour. Via Ishida, Pricer is awarded a sizeable contract by Ito-Yokado in the Japanese market. IBM becomes a new partner in the US.
- 2005** Significant increase in sales and Carrefour expands deployment in France. Continuum is launched.
- 2006** Eldat Communication Ltd. in Israel is acquired. The holding in Appulse Ltd. is sold.
- 2007** The integration of Eldat is completed. Pricer reports positive earnings.
- 2008** Breakthrough for the product DotMatrix™. Pricer maintains its market-leading position. .
- 2009** Pricer reaches 5,000 store installations. Pricer ESL and DotMatrix™ reach new customer segments.
- 2010** Significant increase in net sales and profit. Several important framework agreements signed.
- 2011** Continued significant growth in revenue and profit leading to the best year ever for Pricer.
- 2012** Pricer maintains its market-leading position.
- 2013** 100 million labels installed.
- 2014** Pricer launches new digital strategy that gives stores a solution not only for pricing, but also for streamlining processes, consumer contact, campaigns and forecasts.
- 2015** Record high order intake and sales driven by sharply increased demand for digital shelf edge solutions with graphic e-paper. The loss is turned into profit.
- 2016** Pricer introduces automated product positioning, where the system uses electronic shelf labels to help shoppers and staff to find products in the store.
- 2017** Retailers began to implement retail automation based on ESL to a greater extent, with automatic product positioning for customers and staff and Instant Flash to streamline the larger and more important store processes.

Head office

Pricer AB

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

Sales Europe

Pricer S.A.S.

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

Pricer SAS Sucursal España

C/Còrsega, 299, 1
08008 Barcelona
Spain
Phone: +34 687 832 747

Pricer GmbH

Zweibrücker Hof 2
D-58313 Herdecke
Germany
Phone: +49 2330 9103 610

Pricer E.S.L. Israel Ltd.

Hatayelet 20
65111, Ashdod
Israel
Phone: +972 54 55 44 170

Pricer Italia

Viale Enrico Forlanini, 23
20134 Milan
Italy
Phone: +39 02 94752325

Sales America

Pricer Inc.

400 Embassy Row - suite 290
Atlanta, GA 30328
USA
Phone: +1 866 463 4766

Sales Asia

Pricer Production and Sales

5/F, W Place
52 Wyndham Street, Central
Hong Kong
Phone: +852 3103 1188

www.pricer.com

info@pricer.com