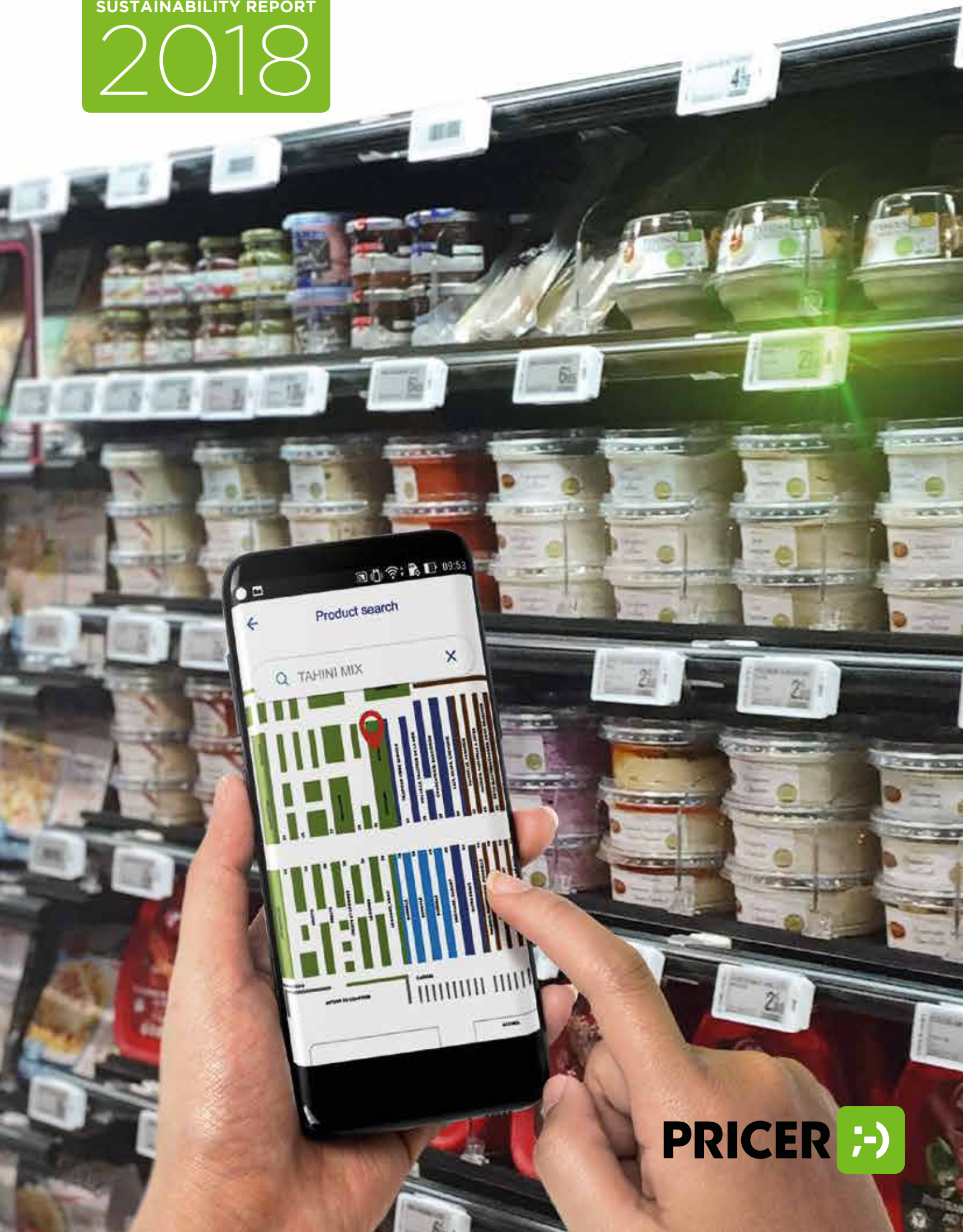


ANNUAL REPORT AND  
SUSTAINABILITY REPORT

2018



**PRICER** 

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## About Pricer

### The catalyst for retail digitalization

Pricer provides the world's most reliable electronic shelf labels (ESL) that help retailers all over the world to solve some key in-store challenges that the modern industry is demanding. With the help of Pricer's digital solutions, staff-intensive processes are optimized, price information is ensured and consumers' purchasing experience is improved.

For many years, our ideas, technology and people have changed how retailers work and have transformed an entire industry. Today, Pricer is the only ESL provider of optical wireless communications systems in the near infrared spectrum, which provides a scalable and reliable system that has no interference from other wifi-systems. Moreover, our labels have an industry-leading battery life time with considerably less energy consumption compared to other communication systems while maintaining agile and flexible performance.

Pricer's customers today primarily operate in the grocery retail, DIY, electronics and pharmacy industries. 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 Nasdaq Stockholm Small Cap. On 31 December 2018, the Pricer Group had 115 employees.

The Board of Directors and Managing Director of Pricer AB (publ.), based in Stockholm with corporate identity no. 556427-7993, hereby submit the annual report for the financial year from 1 January to 31 December 2018 for the Parent Company and the Group. The annual report and auditor's report are found on pages 18-64. The corporate governance report is found on pages 23-27. 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 income statements, balance sheet statements of comprehensive income, cash flow statements, statements of changes in equity and additional disclosures and notes, which make up the formal annual report.

The annual report has been published in Swedish and English. The Swedish version is the original version and has been audited by Pricer's auditors. In the event of discrepancies, the Swedish original will supersede the English translation. All values are expressed in Swedish kronor. Kronor are expressed as SEK, thousand kronor as TSEK and million kronor as MSEK. Unless otherwise specified, the figures in brackets refer to the previous year. This report contains a certain amount of information about the future based on the current expectations of Pricer's management. Even if the management deems the expectations found in the future-oriented information to be reasonable, no guarantees can be given that the expectations will become reality. Consequently, future outcomes may differ considerably compared with the future-oriented information, depending, for example, on changed circumstances in relation to finances, the market and the competition, regulatory requirements and other political actions, exchange rate variations and other factors.

This annual report was produced in cooperation with RHR/CC in Malmö. Photo: Emma Shevtzoff, Shirley Marie, Isabelle Alsén, Maria Cruseman.

Pricer is a global leader in providing in-store digital shelf-edge solutions. With over 190 million labels installed in over 16,500 installations in more than 50 countries, Pricer has helped increase efficiency in stores and improve the consumer shopping experience.

### Why invest in Pricer?

- Strong underlying growth in the market; digitalization of physical stores is necessary in order to maintain a competitive edge
- Best system in the market → unique functionality and difficult-to-copy technical solution; based on reliable, scalable, energy-efficient and interference-free communication
- Strong balance sheet → continued innovative strength
- Global presence with a large installed base
- Long-standing track record of producing solutions that work well in retail

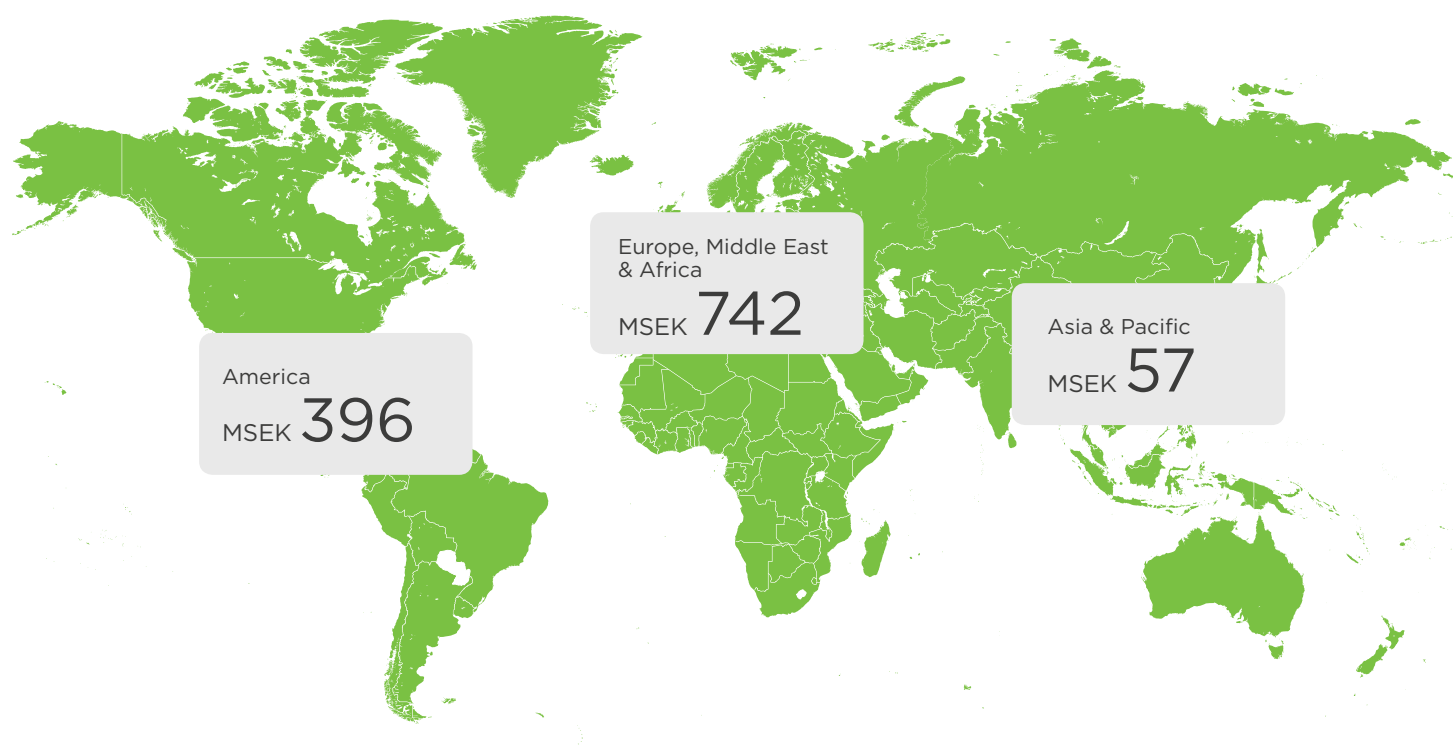
## *Billion kronor barrier greatly exceeded*

MSEK **1,195**  
Net sales

**+44 %**  
Increase in sales

MSEK **89**  
Operating profit

Net sales per market, MSEK





# CEO's comments

## Our business mission

We are a catalyst for the digitalization of retail. By creating solutions and services that are easy to use, implement and scale, we enable our customers to be successful in a connected world. With the help of Pricer's digital solutions, efficiency is increased in personnel-intensive processes, price information is ensured and the consumer shopping experience is improved. Our digital labels facilitates for both staff and consumers to find the right product in the store, which saves time and also increases consumer confidence.

## 2018 — An historically successful year

Pricer had an historically successful year in 2018, with the highest operating profit ever. It is extremely gratifying that our order intake, sales and operating profit all reached record-breaking levels. Our investments in sales and marketing activities have generated increased interest in our products in several markets and have finally resulted in the eagerly awaited breakthrough in the North American market. This is the first time in the company's almost 30-year history that sales for the whole year have exceeded SEK 1 billion — and handily at that.

During the year we have demonstrated our ability to increase our delivery capacity substantially on short notice. This is the result of focused efforts that have been ongoing for quite some time to improve the conditions and scalability in the production and delivery chain. Our unwavering focus on product innovation

aimed at broadening our offering and thus improving the system's added-value for both customers and store visitors permeates our operations as a whole and is one of several success factors.

## E-commerce and digitalization driving strong market growth

Society is undergoing a digital transformation, and retail is highly impacted by the development. Due to the entry of e-commerce as a competitor of and a complement to traditional retail in physical stores, several fundamental circumstances have changed for how a store should be operated. The ease that many consumers experience when shopping online, for example finding the right product or comparing the functionality of different products, is increasingly being sought after in physical stores as well.

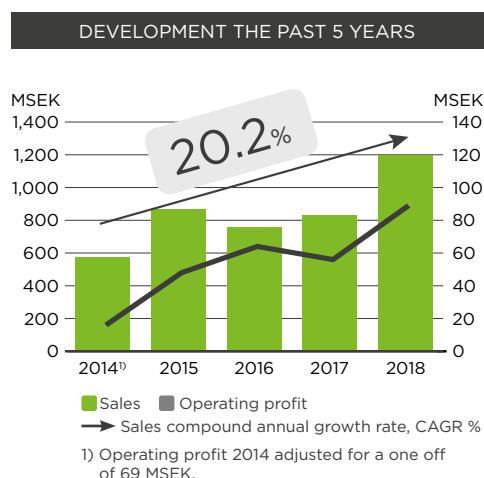
Furthermore, the price online changes considerably faster and more often than in traditional retail. Various factors that affect demand also impact price, an aspect that consumers are tending to accept more readily. Switching out paper price labels in a store is a time-consuming and frequently protracted process. Digital price labels are a prerequisite for being able to change prices quickly and frequently in a physical store.

Demand in 2018 for digitalization solutions for physical store environments has reached new record-breaking heights and generated strong market growth. Growth has not been limited to a specific market, but is instead distributed over a large number of countries in primarily Europe, North America and Asia.

## About Pricer's system

Pricer's technical platform has constituted the company's DNA since the company's inception, and a unique digital platform for communication has emerged on that basis. With flash functionality in the label combined with solutions for dynamic product positioning, the digital shelf edge system can be used for several store processes and is thereby able to address many of the challenges retailers face. In addition to automated price updates, Pricer's system can help streamline in-store picking and the shelf replenishment process.

In pace with wider utilization of digital shelf edge systems, Pricer's position in the market is also becoming more favourable. The strengths of the technical platform, characterized by energy-efficient, rapid and





*» This is the first time in the company's almost 30-year history that sales for the whole year have exceeded SEK 1 billion — and handily at that.*

reliable communication, are increasingly being sought after as more functionality is added to the system. Our customers particularly appreciate our system's reliability.

#### **Outlook for 2019**

Market demand is strong, and the activity level remains high. Over the past few years we have noticed a progressive increase in market interest. An increasing number of retail chains are recognizing the advantages of digital labels and are launching pilot projects to evaluate both need and selection of suppliers. The high level of activity we have noticed for quite some time is to an increasing extent being converted into investment decisions and store installations. The trend is expected to continue.

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 together with our customers that we can establish ourselves as a long-term partner. This is how the company has built a strong presence in the market, and we see this as our continued recipe for success.

Helena Holmgren  
President and CEO

# Market development

## Real-time pricing in a converged world

Store digitalization is here to stay, and the retail sector is increasingly investing in technology to address changed consumer demand and expectations on the shopping experience. Offering customers greater flexibility throughout the entire buying process and enabling a smooth transition between digital and physical shopping platforms will grow in importance. For traditional retail chains with a network of physical stores, this means a supplementary e-commerce offering. For pure e-commerce chains, this means taking a step into the physical store environment with stores or showrooms to supplement the digital offering.

E-commerce continues to make great strides in many markets, but still only represents a small share of the total amount of retail sales. The majority of sales are still made in stores, even if the buying process is increasingly a fluid process between digital commerce sites and physical stores. According to Deloitte Digital's report<sup>1)</sup> American consumer research prior to a purchase impacts SEK 0.49 of every krona spent in physical stores. Many retail chains are making major investments to develop new store formats and concepts to address the new reality where the boundaries between online and offline are increasingly blurry.

As more and more people begin to understand the advantages of e-commerce in terms of simplicity and availability, they will begin to expect the same experience in physical stores. Personal service will become an increasingly important aspect of a store visit, and many retail chains are actively working to free up time for store employees so they can provide better service to shoppers. At the same time, customers are looking for solutions that increase availability and simplicity in cases where consumers do not need to receive personal service, for example at unmanned stores, self-checkout stations or advanced information search kiosks next to products.

The rate at which a market or organization adopts new technical solutions depends on many different factors. The IT infrastructure's ability to integrate new solutions is frequently a limiting factor in terms of implementing new technology. The level of maturity among consumers regarding e-commerce and utilization of digital solutions within other industries also differs greatly between different markets, which affects the rate of store digitalization. Furthermore, the level of insight and understanding that change is necessary also varies, which subsequently affects the extent to which a retail chain is willing to make major investments in technology.

## Global market trends

Price transparency between the digital world and the physical store as well as real-time pricing<sup>2)</sup>

Consumers' desire for omni channels drives store sales, which accelerates store digitalization

Price optimization to reduce food waste

Increased focus on optimized store operations: correct inventory balance, products in the correct location and efficient shelf replenishment

1) Deloitte Digital from 2016, Navigating the new digital divide - A global summary of findings from nine countries on digital influence in retail.

2) Gartner Blog Network from 2018, Retail Pricing In Stores Must Become Real Time.



Pricer improves store efficiency by providing the most effective ESL platform with the lowest total cost. We offer a future-proof digital infrastructure that enables digital transformation in stores — from price management and operational optimization to personalization and AI tools.





# A platform for digital communication in real time

Pricer's business model is based on creating value through store digitalization and by streamlining store processes. By offering a fast, energy-efficient, robust and scalable system for automated price updates, it is possible to add additional services and integrate with other parallel technologies.

## Extensive experience of complex system solutions

Pricer is dedicated to providing long-term support and ongoing development of its platform, and maintains strong production and delivery capabilities to ensure that the system is open for future integration. Today the system is a critical enabler for efforts by retailers to increase consumer involvement and satisfaction, at the same time that it offers the possibility to streamline several store processes.

## Reliable and energy efficient with the fastest response time

Many physical store retailers are faced with the challenge of transitioning from a transaction-oriented world to a service-oriented one. By freeing up time for store employees, Pricer's customers can offer a higher level of service and thereby also increase shoppers' satisfaction. As the boundary between e-commerce and physical stores becomes increasingly blurry, the need for stores to be online with the ability to make real-time information updates increases. Demands on the systems' stability, speed and scalability are especially important in this respect. Pricer's system is advantageous in terms of satisfying these demands, and it is an important building block in the digital transformation process.

## Scalable system

The strength of Pricer's system is in being able to offer customers a modular and scalable solution where new functionality can be added without having to make adjustments to accommodate other needs. Systems that are based on radio communication have an inherent limitation due to the large amount of energy that is needed for a label to intercept the communication. Functionality that places demands on the system's response time is added at the expense of other func-

tionality or with a reduced service life since the amount of energy available for a label is limited and constant. A higher degree of system utilization rhymes well with the optical communication technology that our system is based on, which offers peace of mind to customers who want to avoid limiting future development opportunities.

## Strong innovation

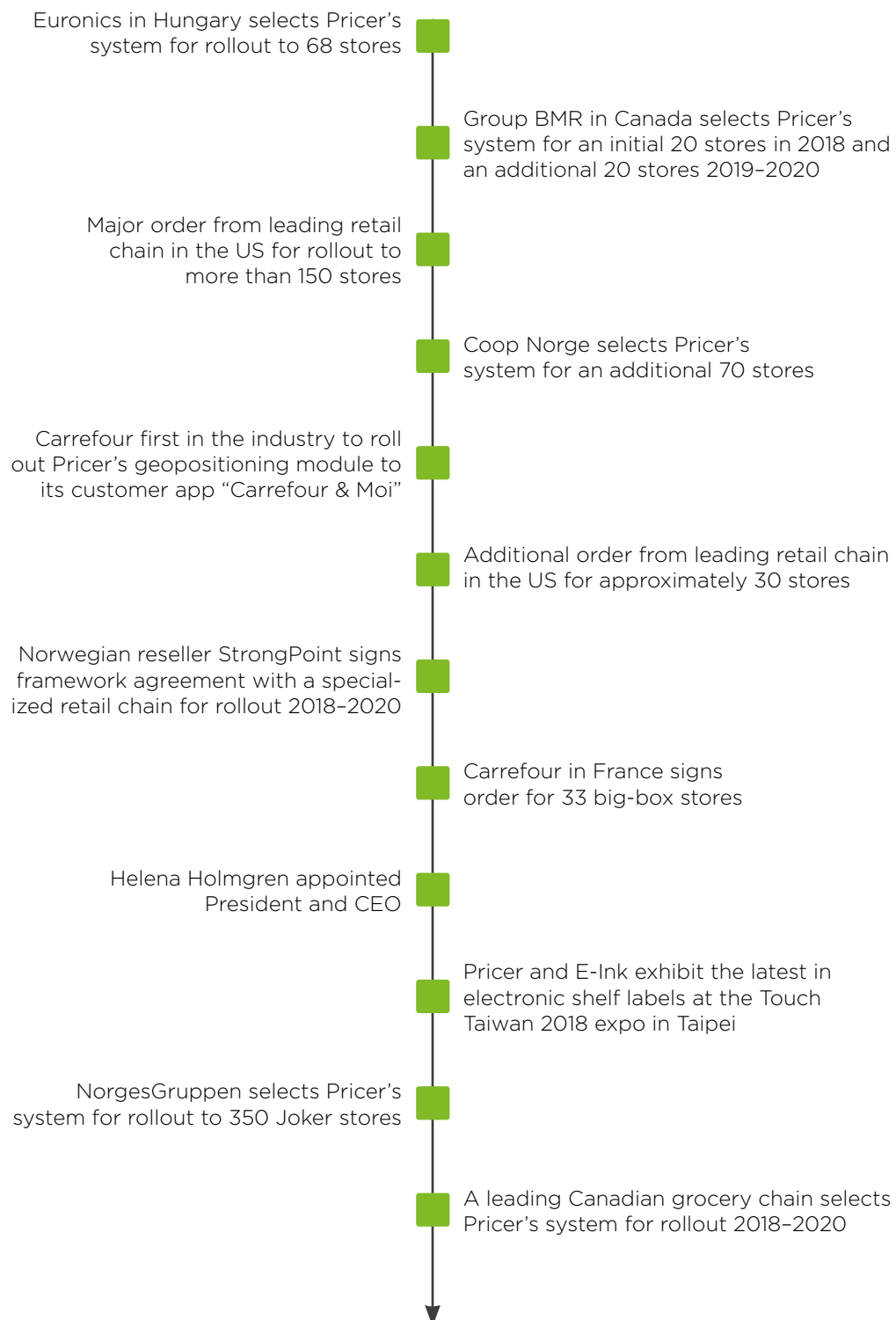
The system has been able for quite some time to transmit information such as price, contents, country of origin, etc. to the label. Since 2014 the system has also had the capability to communicate with store employees or consumers with a flashing light diode, thereby helping them more quickly find the right product. This interactivity is a critical component in helping stores streamline many of their more onerous work processes than was previously possible. Development of new applications for the system is continuously ongoing as market needs and expectations change. A recent example of this is the system's unique ability to automatically position products in stores, an innovation that has had a major impact since a previously completely manual process has suddenly been automated.

It is more important than ever before to maintain a high rate of innovation in order to meet customer demand for increased system functionality. In addition to a shelf-edge-mounted camera that is being developed to improve information about the actual status in the physical store, Pricer has undertaken a number of cooperation initiatives to produce supplementary software solutions with the aim of reducing food waste in the grocery retail sector. Pricer is also involved in a large number of local cooperation initiatives and customer integrations where the company's platform enables connection to the product in different ways by giving it digital representation on the shelf edge.





# Highlights of 2018



# Pricer solves real problems

Anyone who has ever been in contact with store operations knows that they are very employee-intensive. The more successful the store, the more work is required to keep shelves replenished, put up and take down campaign materials, pick online orders, etc. Digitalization and changed buying behaviors mean it is more important than ever before to streamline operations and improve quality. Consumers are less likely to be understanding if a price is incorrect, a product is missing from the shelf or no one is around to offer assistance.

## Click & Collect

When a consumer places an online order, a common solution is to use a nearby store as the warehouse to pick the order. When picking is complete, the consumer can collect the product at the store or have it delivered. Picking orders is in and of itself a time-consuming and costly process, which can keep many people busy on a full-time basis. A successful store can pick several million products a year. Pricer's customers use Instant Flash to save precious time whenever an item is picked. The end result is that the employee effort required to pick products can be decreased, while quality on the service is increased.

## Inventory-taking and empty shelves

Most modern retailers today use automatic order placement to order products. These systems are based on registered deliveries, cashier transactions and registered waste. In practice, there are many sources of errors which result in the theoretical inventory balance being just that: theoretical. Consequently, one important task at the store is to continually coordinate potentially incorrect inventory balances — a time-consuming task that calls for good familiarity with the store. With automatic positioning of all labels on a store map,

Pricer shows where the products are located so that even new employees can easily find them. Instant Flash is activated when the employee is at the correct aisle, so that the right item can be distinguished from an abundance of similar products. This process saves precious time as well, and work becomes more enjoyable and less complicated, thus increasing the likelihood of the task being completed and the inventory balance being correct.

## Campaigns

Many retailers use campaigns to drive sales. Marketing materials known as shelf talkers are commonly placed on shelf edges to call attention to the campaigns. A campaign generally lasts for a set period of time such as a weekend or a week. Many shelf talkers need to be put up and taken down in between two campaign periods. Pricer's system uses a handheld computer where a store map shows where the relevant products are located in the store. At arrival to the specific shelf, Instant Flash clearly shows which products the campaign concerns and at the same time the handheld now describes what to do. Precious time is saved, and campaigns are guaranteed to be conducted correctly.

## Shelf replenishment

Shelf replenishment is one of the most time consuming tasks in a store. For every product that is sold, a new one needs to take its place on the shelf. This is the type of task that is frequently done by inexperienced employees, who while they may be less expensive are also less familiar with the store. With a map and Instant Flash, however, even an inexperienced employee can efficiently replenish shelves. The number of products also means that even very small savings have a major financial impact.

Pricer's ESL system — produced based on the high demands of retailers

Extensive experience of complex system solutions in the retail sector

Reliable – no interference from other wifi-systems

Energy efficient and scalable system

Lowest life-cycle cost

Strong innovation

Fastest update and response time

**CLICK & COLLECT**

Drastically reduce the cost of picking online orders in-store. Let Instant Flash and automatic product positioning guide the picker to the right product.

**REPLENISHMENT**

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

**DYNAMIC PRICING**

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

**SHOPPER GUIDANCE**

Live up to the expectations of 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 inventory-taking procedure and to minimize errors. Use digital solutions to keep track of the product's availability in the store.





# Sustainability for Pricer

## Sustainability management

Sustainability for Pricer concerns financial, social and environmental value creation throughout the entire value chain. Pricer's sustainability management is based on stakeholder dialogue, business intelligence and the company's strategies and priorities. Based on these aspects, Pricer determines the most essential areas given the company's operations and their impact on the environment and society. Goals and activities are decided upon 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 on an ongoing basis in order to accommodate the current situation in relation to the company's various stakeholders.

## Continual stakeholder dialogue

A number of stakeholders affect Pricer's sustainability management through their demands and expectations on the company. Satisfying 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. Pricer strives for an open dialogue with our stakeholders in order to address the issues most important to them. The company has identified five key stakeholder groups: customers, suppliers, employees, shareholders and public authorities, including the various focus areas illustrated below.

Pricer's stakeholders and their core issues



Pricer's focus areas



# Value creation for the company's stakeholders

## Finances

The inputs for financial value creation consist of share capital, operating profits and the performance data for value creation as presented in the table below.

PRICER'S FINANCIAL VALUE, GENERATED AND DISTRIBUTED			
MSEK	Stakeholders	2018	2017
Net sales	Customers	1,195	828
<b>Total value generated</b>		<b>1,195</b>	<b>828</b>
<b>Distributed as</b>			
Salaries and remuneration	Employees	-89	-73
Service, goods and investments	Suppliers	-1,010	-765
Social security contributions and income tax	Society	-40	-27
Paid dividend	Shareholders	-55	-55
<b>Remaining in the company</b>		<b>1</b>	<b>-93</b>

## Social

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

The results of good social value creation are visible in the way Pricer's services and solutions help customers operate their businesses efficiently. The improvements are visible among Pricer's customers across various retail trade verticals, such as those in the grocery retail, DIY, consumer electronics and pharmacy sectors. The enhancements offered to these retail companies in turn have positive effects on the public and society.

## Environmental aspects

Pricer has no in-house manufacturing. On an environmental front, Pricer actively works to reduce its environmental impact on the logistics structure and in relation to the company's business travel policy.

Pricer's value chain has the following main components:



For a description of Pricer's business model, see page 8.

For a description of sustainability risks, see page 20.

For a description of the Pricer Group, see note 24.

# 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 — an ambition that should permeate all of our activities on a day-to-day basis. Pricer strives to minimize waste generation. One of the cornerstones of Pricer's environmental policy is proactively to avoid greenhouse emissions and to make continuous improvements in the environmental area. Pricer's products are to be developed with the objective of minimizing their environmental impact throughout their entire service life as well as when they are recovered and destroyed. Pricer is to choose materials, technology and distribution systems that meet our goals for low environmental impact. One of the criteria for selecting our resellers is that they need to have similar ambitions in terms of the environment and that they, together with us, promote compliance with the environmental policy. Pricer offers advice and shares know-how with our 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. The directive also seeks to achieve profitable and sustainable material recovery of the equipment.



Goal **80%** → Outcome **41%**

By 2020 the goal is for 80% of the company's intercontinental shipping to go by sea.

Of the company's total number of produced labels, 41% (56%) were shipped by sea from Pricer's suppliers in Asia.

*The lower outcome for 2018 can be explained by the company's positive growth in 2018 which had delivery deadlines that were impossible to meet with shipping by sea and due to less tied-up capital.*



# Employees

Pricer employees work in an international and multi-cultural environment. High expertise, professionalism and responsibility, with focus on customers and our surroundings, permeate our culture, the organization and the way we do business.

We value openness, initiative and a positive mindset in our employees, who share our passion for retail. Clear communication, rich initiative, honesty and mutual respect between individuals and professions are all important values at Pricer.

## Diversity and equality

Pricer appreciates and encourages diversity among its employees, and treats them with dignity and respect. Discrimination and harassment are strictly prohibited.

Pricer's goal is gradually to increase the share of women at the company and for all departments to have female employees.

The employees' different backgrounds, knowledge, expertise and perspectives create new opportunities and generate better results.

## Fitness benefit

Pricer supports employee health and well-being on the job, among other things by encouraging employees to choose a healthy lifestyle and by offering a fitness benefit.

## Skills development

Pricer aims to continuously track our needs in terms of resources and skills to ensure innovative leadership. Training opportunities are offered based on need and priority and in different formats, for example on the job training, job rotation, e-learning, courses, seminars and other specialized training.

### Goal → Outcome

Increase the share of women at the company, and for all departments to have female employees.

The graph below shows the share of women out of the total number of employees and by department at the end of the year.

### Goal ○ → Outcome ○

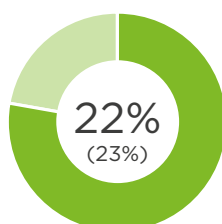
Zero vision for occupational injuries, illnesses and incidents.

No occupational accidents, illnesses or incidents were reported during the year.

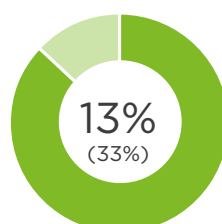
*The company is working to increase diversity and equality. The technology industry has been, and remains, male-dominated. The goal is for the share of women and men to follow the general gender distribution in the industry and for every department to have female representation.*



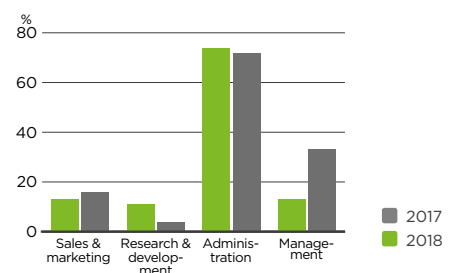
SHARE OF WOMEN OUT OF THE TOTAL NUMBER OF EMPLOYEES



SHARE OF WOMEN IN THE MANAGEMENT GROUP



SHARE OF WOMEN PER DEPARTMENT AT THE END OF THE YEAR



# Supply chain

Pricer strives to be an attractive business partner and seeks dependable, fair and reciprocal conditions for both the company and its suppliers. The underlying ambition is for the company to strive towards an ethical and professional standard and to aim for its suppliers, service providers and other business partners to do the same.

Pricer has required its major suppliers to comply with the company's Code of Conduct for Suppliers

since 2016. The code requires suppliers to act ethically, adhere to local laws and regulations and comply with international agreements, and to respect human rights in accordance with international conventions.

In 2018 these requirements were extended to include our direct component suppliers as well. Under no circumstances will Pricer accept child labour and/or forced labour. No agreements will be entered into with suppliers who fail to respect this.

## Goal 100% → Outcome 100%

100% of the company's production partners have signed and are complying with the company's Code of Conduct.

100% (67%) of the company's production partners have signed and are complying with the company's Code of Conduct.

## Goal 100% → Outcome 100%

100% of the company's component suppliers have signed and are complying with the company's Code of Conduct.

100% (0%) of the company's component suppliers have signed and are complying with the company's Code of Conduct.

## Goal 0 → Outcome 0

Zero tolerance of human rights violations.

No violations of human rights were reported in 2018.



*Short-term purchases are to be made from suppliers that have signed the Code of Conduct. The long-term objective is to raise the standard and to be in full compliance with the principles set forth in the UN Global Compact.*

## PRICER PROMOTES LOCAL DEVELOPMENT

*Pricer contributes to local development in a community where one of our suppliers operates. For a number of years the company, together with the local supplier, has promoted an initiative aimed at supporting education and health care for underprivileged children in Thailand. As a result of the programme, Pricer and our supplier have been able to donate funds to build a school, provide eyeglasses for students in need and donate medical equipment to a hospital.*



# Regulatory compliance/ sustainable business

## Corporate responsibility

Activities related to corporate responsibility (CR) are important for Pricer's long-term value creation and comprise the concept of sustainability as a whole — from the environment, health and safety to challenges related to regulatory compliance, business ethics and relationships with employees, customers, suppliers and society.

No matter where Pricer has operations, we adhere to laws, rules and regulations. The company respects human rights and is characterized by its exemplary business ethics.

## Corporate governance

Good corporate governance is one important aspect of Pricer's corporate culture and of the Group's values. The aim is to support the Board and management in their efforts to increase customer benefit as well as shareholder value and transparency.

## Application of the code

Pricer is a Swedish limited company listed on Nasdaq Stockholm. The company applies the Swedish Corporate Governance Code. More information about the Swedish Corporate Governance Code is available on the Swedish Corporate Governance Board's website at [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

### Policy documents for governance

- Sustainability Policy
- Environmental Policy
- Code of Conduct for Suppliers
- Dividend Policy
- Finance Policy
- Information Policy
- Insider Policy

## Employee accountability

The company expects all of its employees never 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 immediate manager or Pricer's corporate management. The company has a whistleblowing function that can be used anonymously.

### Goal 0 — Outcome 0

Zero tolerance of all forms of bribery, inappropriate gifts/business entertainment or corrupt activities.

No indications that any corrupt activities had taken place in any of the Group's areas of operation.

*The goal is to comply with international practice and with a standard higher than that required by local legislation.*



## Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Pricer AB, corporate identity number 556427-7993

### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2018 on pages 12-17 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability 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.

### Opinions

A statutory sustainability statement has been prepared.

Stockholm March 25, 2019  
Ernst & Young AB

Rickard Andersson  
Authorized Public Accountant



# Administration Report

## Operations

Pricer is one of the world's leading manufacturers of Electronic Shelf Label (ESL) systems for customers in primarily grocery retail, DIY, electronic chains and the pharmacy industry. The company's ESL platform offers retailers solutions that support and optimize a number of different store processes. Pricer's sales channels consist of direct sales to end customers and sales to resellers who are Pricer's business partners. 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 direct sales to some specific markets and handles customer service. The subsidiaries in France, the USA, Israel and Germany account for sales and customer service in their respective markets and in some cases also nearby markets.

## The year in review

In 2018, Pricer had the most successful year in its history, reporting its highest operating profit ever. Growth was record-high during year, both in terms of order intake and net sales. Investments in sales- and marketing-related activities and the development of new functionality generated greater interest in the company's products in several markets. The awaited breakthrough in the North American market laid the groundwork for the sharp increase in sales of 44 percent for FY 2018.

During the year, the company developed a centralized solution that makes management of groups of stores even simpler and more efficient, facilitating both installation and operation of store chains. The system has also been optimized to further reduce electricity consumption in communication and improve automatic product positioning. The company also developed and demonstrated a wireless shelf-edge-mounted camera that with the help of artificial intelligence can determine when goods are in the wrong place or are about to sell out.

Pricer has also moved forward with its improvement efforts in the logistics and production structure and negotiated new agreements for component prices to better meet customer demand. During the year the company expanded the production at suppliers located in Thailand and started to establish production in Cambodia as a complement to Pricer's suppliers in China.

Executive Management was strengthened during the year: Helena Holmgren was named President and CEO after previously serving as the acting President, Edwin Ruud was named VP Sales, Jörgen Jost auf der Stroth was named VP Supply Chain & Procurement, Christophe Desloge was named Head of France, and Nils Hulth was named VP Product Management and Business Development. In January 2019, Johan Kronlöf was named Head of Quality & Sustainability, Magnus Larsson took the position as VP Customer Operations and Susanne Andersson took over the role of CFO. Existing members of Executive Management include Charles Jackson, Head of Americas Region, and Johan von Konow, VP R&D.

## Market development

Demand for digitalization systems for the physical store environment reached new highs in 2018 and generated strong growth on the market. Willingness to invest in Pricer's systems, which streamline several staff-intensive store processes and also makes it easier for consumers to find goods and offers in the store, has never been stronger. Activity on the market continues to be high heading into 2019, both on existing markets and new geographical markets.

Customer dialogues are showing increasing demand for complex solutions where multiple systems must interact and the amount of communication with labels is increasing. In the North American market, where competition from e-commerce platforms is particularly evident, the dialogue revolves more frequently around the possibility of real-time communication in the store. This new requirement, where the need for stability, speed and scalability is particularly important, differs from the more generic demand for an automated price updating system and creates a segment that is particularly well-suited to Pricer's system.

The strength in the company's unique system, which is based on optical communication technology close to the infrared frequency, lies in being able to offer customers a modular and scalable solution, where new functionality can be added without having to sacrifice other needs. Competitor systems that are based on radio communication have a built-in limitation due to not only the large amount of energy that is consumed for a label to listen to the radio communication but also disruptions from other radio-based products such as telephones and computer systems. Functionality that places demands on the system's response time is added at the cost of other functionality or with a reduced lifespan since the amount of energy that is available in a label is limited and constant. A greater utilization rate of the system is therefore well-suited for Pricer's system, which is a security for customers who do not want to limit their options for future development.

Competition on the market continues to be tough. To further enhance the offer to its customers, Pricer continues to focus on innovation and new functionality. In addition to the shelf-edge-mounted camera that was launched in the third quarter with the intention of increasing knowledge about the actual status in the physical store, Pricer has initiated a number of collaborations with supplemental software solutions with the aim of reducing food waste in the grocery retail trade. We are noting considerable interest from the market to find a way to contribute to more sustainable consumption.

The USA introduced import duties of 10 percent at the end of September 2018. A potential increase of to 25 percent has been announced, but the decision has been moved forward indefinitely. To minimize the impact of the import duties for US customer contracts and maintain an unchanged investment calculation, Pricer is working actively to increase flexibility in the production chain.

## Orders, net sales and profit

Order intake for the year amounted to SEK 1,268 M (872), an increase of 46 percent compared to last year. Adjusted for changes in exchange rates, order intake rose by 38

percent. Order intake is divided across several geographic markets, with the USA and France representing the majority.

Net sales amounted to SEK 1,194.5 M (827.8) for the full year, an increase of 44 percent compared to last year. Adjusted for changes in exchange rates, net sales increased by 37 percent. Net sales for the year continued to be distributed across a large number of customers, most of them in the USA, France and Norway.

Gross profit amounted to SEK 272.2 M (216.0), and gross margin amounted to 22.8 percent (26.1) for the year. The change in the gross margin is primarily due to the product and contract mix combined with higher prices for some standard components resulting from a sharp increase in demand for these components from several different industrial verticals.

Operating expenses increased to SEK -188.3 M (-155.4) during the year. 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 and hedge contracts, amounted to SEK 5.2 M (-5.0). Currency gains refer primarily to trade receivables denominated in EUR and USD, and currency losses refer primarily to trade payables denominated in USD.

Operating profit amounted to SEK 89.1 M (55.7), which corresponded to an operating margin of 7.5 percent (6.7). A high rate of growth in net sales and gross profit combined with beneficial exchange rate fluctuations resulted in an increase in the operating profit.

Net financial items, which consist primarily of currency revaluation of balance sheet items, including cash and cash equivalents, impacted the period negatively and amounted to SEK -0.3 M (-4.0).

Tax amounted to SEK -1.5 M (-13.0), of which SEK 3.2 M (-8.4) refers to deferred tax. Some of the previous non-recognized tax losses carried forward were capitalized during the year, which had an impact on tax of SEK 18.8 M (0.0).

Profit for the year was SEK 87.3 M (38.7).

### Assets and working capital

Total assets at 31 December 2018 amounted to SEK 1,121.6 M (918.5) and consisted among other things of intangible assets of SEK 301.5 M (285.7), most of which are attributable to the acquisition of Eldat in 2006 and the related goodwill totalling SEK 259.3 M (248.6). The increase in goodwill is explained mainly by exchange rate fluctuations for EUR, which is the currency in which goodwill is denominated.

Working capital (including current provisions) at the end of the period amounted to SEK 212.9 M (186.9).

SEK M	Group	
	2018	2017
Net sales	1,194.5	827.8
Cost of goods sold	-922.3	-611.8
<b>Gross profit</b>	<b>272.2</b>	<b>216.0</b>
<b>Gross margin, percent</b>	<b>22.8%</b>	<b>26.1%</b>
Operating expenses	-188.3	-155.4
Other income and expenses	5.2	-5.0
<b>Operating profit</b>	<b>89.1</b>	<b>55.7</b>
<b>Operating margin, percent</b>	<b>7.5%</b>	<b>6.7%</b>

### Cash flow and financial position

Cash flow from operating activities amounted to SEK 83.7 M (-8.2) for the year. The increase is due primarily to improved profit in 2018 and that in 2018 the increase in capital tie-up in the working capital was smaller than in 2017. Cash flow from financing activities was charged with a dividend of SEK 55.1 M (55.0), in accordance with the decision of the Annual General Meeting (AGM) on 26 April 2018.

Cash and cash equivalents at 31 December 2018 amounted to SEK 171.0 M (166.8). In addition to cash and cash equivalents, the company has an unutilized overdraft facility amounting to SEK 50 M (50).

### Investments

Investments in non-current assets amounted to SEK 27.6 M (29.8) during the year and consisted mainly of capitalized development expenditure of SEK 18.5 M (16.8). Other investments refer mainly to tools for manufacturing by suppliers.

### Parent Company

The Parent Company reported net sales of SEK 1,057.4 M (704.8), an increase of 50 percent compared to last year. This growth in sales was spread across a large number of customers. Net profit for the year increased to SEK 67.1 M (30.4), primarily due to higher net sales. The Parent Company's cash and cash equivalents amounted to SEK 161.0 M (124.0) at the end of the year.

### Product development

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

Product development is directed by the Parent Company in Sweden. Expenses amounted to SEK -25.7 M (-18.7), equal to 14 percent (12) of total operating expenses and 2 percent (2) of net sales. In addition, a share of the costs for development expenditure during the year, SEK 18.5 M (16.8), were capitalized as non-current assets in the form of development projects.

### Employees

The average number of employees during the year was 109 (101), and the number of employees at the end of the year was 115 (104). The organization was strengthened during the year within product development, sales and market.

### Equality

Pricer's overall objective is for its work with equality 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 should be equal throughout the entire Group. Working conditions and opportunities for advancement should not be dependent on factors such as gender, nationality or ethnic origin.

### Sustainability Report

Pricer AB presents its sustainability report for the 2018 financial year as a separate report on pages 12-17.

### Environmental impact

The company's products meet the requirements established by the EU Directive RoHS (Restriction of the use of certain hazardous substances in electrical and electronic equipment). The Directive aims to reduce the risks for people's health and the environment by replacing and limiting harmful chemicals in electrical and electronic equipment. The Directive should also improve the possibility for profitable and sustainable material recovery from waste from electric and electronic 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. Customer demand and the willingness of customers to invest

can vary between quarters. Income, profit and cash flow should therefore be assessed over a longer time horizon.

### Acquisitions, transfers and treasury shares

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 performance share plans from 2017 and 2018. No treasury shares were acquired during the year. 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 pages 68–69.

### 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 operating, market and financial risks. The company's risk management aims to identify, control and prevent these risks in the operations. Most the company's risks are continuously being managed by the Parent Company through its responsibility for product and project development, sourcing of goods, sales and customer support. The Group's financial risks are managed by the Parent Company. The subsidiaries within the Group are currently managing on an ongoing basis market and business risks primarily related to their respective customers and markets.

RISK	DESCRIPTION	MANAGEMENT
<b>SUSTAINABILITY RISKS</b>		
Environmental impact	For Pricer, environmental impacts arise primarily from the rules and requirements surrounding carbon dioxide emissions and that these rules and requirements are continuously being tightened.	The company is working continuously to improve its deliveries and its supply chain. Effective warehousing makes it possible to better meet market requirements with a lower impact on the environment.
Work environment, health and safety	There is a risk that Pricer will not achieve its targets regarding diversity and zero-tolerance with regard to discrimination and harassment. There is also a risk that the company may be negatively impacted by accidents or incidents in connection with installations on a customer's premises that are carried out by the company or its partners.	Pricer educates and informs all employees about the company's policy on these questions. Work-related accidents that may primarily occur are fall from height accidents during installation of the company's equipment at a customer. In order to reduce the risk of such accidents occurring, the company has initiated a training program.
Supply chain	According to Amnesty International, there are a number of countries where there is a high risk of violation of human rights such as child labour or forced labour. Pricer has 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 follows up on any short-comings to ensure that they are addressed.
Regulatory compliance	Corruption and bribery exist in a number of markets where Pricer is active through sales and/or purchase of goods. There is a risk that employees carry out corrupt activities.	Pricer is working to actively distribute 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 report any irregularities.
<b>BUSINESS RISKS</b>		
Customers	A large share of Pricer's sales come 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 suppliers to ensure the supply of products on time and with high quality.	The company divides its production between a number of suppliers to create a flexible production solution. The company also uses standard components as far as possible.
Skills and manpower	Strong growth and profitability require access to key skills 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 work processes, Pricer is taking steps to ensure that expertise is retained within the company.

RISK	DESCRIPTION	MANAGEMENT
<b>MARKET RISKS</b>		
Competitors	Today there are only a few companies and smaller regional businesses that have similar products and compete with Pricer. If the sector were to undergo a restructuring, 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 number of its key markets. Pricer's local presence is supplemented with a wide partner network, which enables close collaboration with both existing and new customers. This ensures that the company safeguards its position and thereby defends its market shares.
Competing technologies	Pricer uses near-infrared light technology in its ESL systems, which ensures more secure and faster transmission than the competing radio technology. New competing technologies could constitute a threat in the future.	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 of 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.
<b>FINANCIAL RISKS</b>		
Foreign currencies	Changes in exchange rates can have a negative impact on profit, the balance sheet and cash flow. Pricer is exposed to currency risk primarily through sales in EUR and purchasing in USD.	Pricer continuously follows its net exposure in each currency. In some cases, the company uses currency clauses in price quotations and agreements. The company strives to match income and expenses in the same currency to the greatest extent possible, particularly through increased sales in USD.
Interest rates	Changes in market rates can have a negative impact on the income statement, balance sheet and cash flows. Exposure to interest rate risk arises mainly from outstanding external loans.	Pricer had no external borrowing during the year. The company's financial policy requires the company to maintain a low risk profile and for financial investments to 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 is set for the counterparty, and this limit contains an assessment of how trade receivable losses can be minimised.
Refinancing risk and liquidity risk	The risk is associated with the limited access to financing possibilities when loans fall due and that it will not be possible to meet payment obligations as a result of insufficient liquidity.	Pricer had no non-current loans during the year, which reduces the need for refinancing. Pricer's cash and cash equivalents at 31 December 2018 amounted to SEK 171.0 M. The company also has access to an unutilized bank overdraft facility corresponding to SEK 50 M.

For financial risks, please refer to the disclosures in Note 20.

### Guidelines for remuneration to senior executives

The guidelines for remuneration to senior executives proposed by the Board of Directors to the 2019 AGM are the same as those approved by the 2018 AGM and are presented below.

The Members of the Board receive a fee as determined by the Nomination Committee's proposal and the AGM's resolution.

The AGM decided on the following guidelines for remuneration to senior executives. Senior executives consist of the CEO, the CFO and the other members of the Executive Management. For the composition of Executive Management, see page 29.

Taking into account the conditions in the country of residence of each member of Executive Management, Pricer should offer a competitive total package that enables the company to recruit and retain senior executives. Remuneration to senior executives should 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 should be competitive for the market concerned. The variable component, which is discretionary in form, is based on the fulfillment of financial targets. The variable component should not exceed an

amount corresponding to 50 percent of the fixed salary. The terms of Executive Management's pension should be competitive and based on defined contribution solutions or comply with a national pension plan and not exceed 25 percent of the fixed salary.

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

The period of notice for the CEO is six months when notice is given by both the employee and the company. If notice is given by the company, the company also pays severance pay corresponding to six monthly salaries. The period of notice for other senior executives varies, although it never exceeds 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.

Other senior executives are not entitled to severance pay. With reference to Chapter 6, section 2a of the Annual Accounts Act, there are no other disclosures than those stated above.

The Board of Directors maintains the right to deviate from the above guidelines if the Board finds reason to do so on a case-by-case basis given special circumstances.



### Corporate Governance Report

The corporate governance report can be found on pages 23–27.

### Events after the balance sheet date

In 2019, Pricer strengthened the company's Executive Management Team. The company announced in a publication on 15 October 2018 that it had recruited Susanne Andersson to be CFO, and she took over her new role on 21 January 2019. The company also recruited Magnus Larsson to the position VP Customer Operations. Magnus Larsson and Johan Kronlöf, Head of Quality & Sustainability, will join the company's Executive Management.

The Pricer share has been available for US investors via an ADR (American Depository Receipt) program through the Bank of New York Mellon in the USA as a depository receipt without a formal stock market listing. The company decided to terminate the agreement with Bank of New York Mellon in 2019 due to low transaction volume.

### Outlook

Several factors indicate a bright future 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 or indirect through various partners, has created the conditions for in-depth knowledge about 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 in addition to price updates, the cost-benefit analysis is changing fundamentally. This 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 2019.

### 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 the profit for the year.

### Proposed appropriation of profits

The funds at the disposal of the AGM amount to SEK 67,058,253 together with other non-restricted equity of SEK 266,794,556, for a total of SEK 333,852,809. The Board proposes that these profits be appropriated as follows:

Dividend of SEK 0.60 per share	66,159,990
Amount to be carried forward	267,692,819
<b>Total</b>	<b>333,852,809</b>

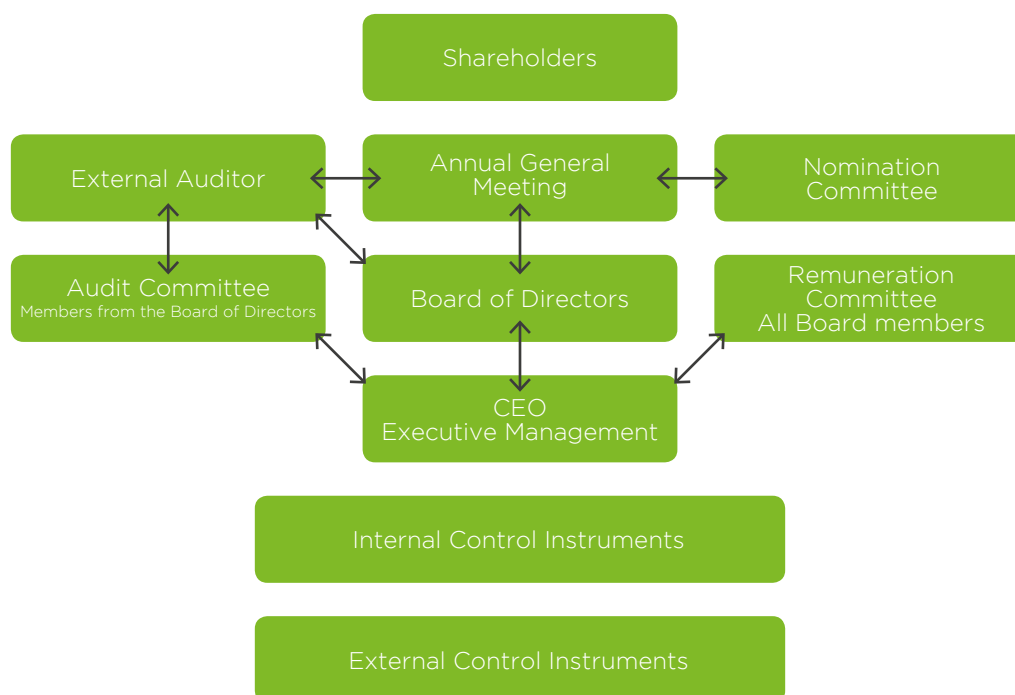
The Board's reasoned statement regarding the proposed appropriation of profits can be found on page 59.

### Amounts and dates

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

# Corporate Governance Report

## Pricer's governance



Pricer AB (publ) is a Swedish public company domiciled 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" (more information about the Code is available at [www.bolagsstyrning.se](http://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 2018. 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 financial statements.

### Share structure and ownership

Pricer has two classes of shares: Class A and Class B. Class A shares carry five votes per share and Class B shares carry one vote per share. There were 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 2018 was 15,704. The ten largest shareholders held 42 percent of the number of shares and 42 percent of the number of votes. For more information about the shareholders, see pages 68–69.

### Annual General Meeting

Pricer's highest governing body is the AGM, where all shareholders have the right to attend, have matters

addressed and 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 Chair of the Board, 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. The AGM also decides on discharge from liability for the Board members and the CEO, decides on fees 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 Q3 report. Information about the date and location of the AGM can be found on the company's website [www.pricer.com](http://www.pricer.com).

Notice of the AGM is published by announcement in the Swedish official journal Post- och Inrikes Tidningar, in the newspaper 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 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 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 prepare proposals for approval by the AGM regarding the election of the Chair of the AGM, the Chair of the Board, Board members and auditors. The Nomination Committee should also prepare proposals for the AGM regarding fees 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 should consist of at least three members, one of whom should be appointed the chair. The general meeting of shareholders should appoint the members of the Nomination Committee or specify how they should 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 Chair of the Board is also appointed by the AGM.

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

For a presentation of the Board members, see page 28.

#### Role

The Chair of the Board is responsible for organizing and overseeing the work of the Board and ensuring that it is performed in accordance with the applicable rules. The Chair of the Board continuously monitors operations through a dialogue with the CEO and ensures that the Board is provided with the information and documentation necessary for it to discharge its duties. The Chair of the Board is responsible for ensuring that the work of the Board is well-organized and carried out efficiently and that the Board discharges its obligations. He is responsible for ensuring that the other Board members receive the information and documentation necessary for a high quality in the discussion and decisions and checks that the Board's decisions are carried out.

The Board is responsible for the company's strategy and organization as well as 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 assessment obligation 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 should monitor the company's financial reporting and prepare issues regarding the company's financial reporting and audit in accordance with Chapter 8, section 49b of

the Swedish 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 of Directors decided not to establish a Remuneration Committee. The Board considers it to be more suitable for its members to discharge the tasks applied to the Remuneration Committee in accordance with the Code. The Board of Directors 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 Chair of the Board is responsible for the evaluation of the Board of Directors' performance, including the contributions of individual members. This is done through a structured yearly self-assessment that is followed by discussions within 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. The company'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 Chair 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 seven members in addition to the CEO. Each of the members has operating responsibility for part of the organization. For a presentation of the members of Executive Management, see page 29.

### 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 2018 AGM, 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, ordinances and rules.

The internal regulatory framework that regulates the governance of Pricer consists mainly of the Articles of Association, the rules of procedure for the Board, the instructions for the CEO and other policy documents adopted by the Board for various areas, e.g. attest and authorization rules, finance, communication, and diversity.

## 2018 Annual General Meeting

The AGM was held on 26 April 2018 and was attended by 45 shareholders representing 24.7 percent of the votes and 24.9 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 2017 financial year.
- Board fees for the next term of office were set at a total of SEK 1,375,000, and it was resolved that fees to the auditors would be paid in accordance with the company's approved account.
- Re-election of Board member Bernt Ingman, who was also elected Chair of the Board, and re-election of the following Board members:
  - Hans Granberg
  - Jenni Virnes
  - Jonas Guldstrand
  - and Thomas Krishan was newly elected to the Board of Directors
- Re-election of Ernst & Young AB as the company's auditor for the period until the end of the next AGM in accordance with the proposal of the Nomination Committee and the recommendation of the Audit Committee.
- The Nomination Committee's proposal regarding principles for appointment of the Nomination Committee for the 2019 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 Class B shares as proposed by the Board.
- Authorization for the Board of Directors to decide on the repurchase and transfer of the company's treasury shares as proposed to the AGM.

The AGM's decision in its entirety is set out in the full minutes of the AGM (in Swedish), which together with other

information about the AGM is available on the company's website, [www.pricer.com](http://www.pricer.com).

## Work performed by the Board of Directors

The Board held 14 meetings during the 2018 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 one Board meeting in 2018.

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

The Board's work in 2018 has followed an 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 2018 AGM for a new long-term incentive program for Executive Management executives, which was then adopted at the AGM in 2018.

The Board of Directors decided on 24 July 2018 to appoint the company's Acting President Helena Holmgren to the position President and CEO.

The Board serves as the Remuneration Committee and has prepared issues related to remuneration and terms of employment for Executive Management.

The Audit Committee consisted of Board members Bernt Ingman and Hans Granberg. The committee held five meetings, of which the company's auditor participated in three. The work of the committee during the year mainly focused on the company's Finance Policy and new IFRS regulations.

For 2018, the work of the Board of Directors has been evaluated by the Board through an online 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 Chair of the Board, the CEO's work in the Board and their own work. The evaluation focuses, for example, on improving the efficiency and focus areas of the Board as well as the need of specific skills and working methods. The evaluation was then 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 2018

BOARD AND COMMITTEES						Attendance at meetings <sup>1)</sup>	
Board members	Year of election	Remuneration, SEK thousands	Independent in relation to the company and its management	Independent in relation to the company's larger shareholders	Board of Directors (14)	Audit Committee (5)	
Bernt Ingman, chair	2014	475	Yes	Yes	14/14	5/5	
Hans Granberg	2014	220	Yes	Yes	14/14	5/5	
Olof Sand <sup>2)</sup>	2015	73	Yes	Yes	4/5		
Jenni Virnes	2016	220	Yes	Yes	14/14		
Jonas Guldstrand	2017	220	Yes	Yes	13/14		
Thomas Krishan <sup>3)</sup>	2018	147	Yes	Yes	9/9		
<b>Total remuneration:</b>		<b>1,375</b>					

1) Refers to the period 1 January – 31 December 2018.

2) Olof Sand left the Board at the AGM held on 26 April 2018.

4) Thomas Krishan was elected at the AGM held on 26 April 2018.



## Remuneration

### Board of Directors

The 2018 AGM resolved, in accordance with the proposal from the Nomination Committee, that remuneration to the Board would total SEK 1,375,000, of which SEK 495,000 would be paid to the Chair of the Board and SEK 220,000 to each of the other four members.

No specific remuneration was paid to Board members elected to the Audit Committee.

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

### External auditors

The 2018 AGM resolved to approve the Nomination Committee's proposal that fees to the auditors be paid in accordance with the company's approved account.

### CEO and senior executives

The 2018 AGM resolved to approve the Board's proposal for guidelines regarding remuneration to Executive Management. 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 2018

During the 2018 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 2019

The Nomination Committee for the 2019 AGM was announced on 18 October 2018 through a press release and on the company's website. The committee consists of Göran Sundholm, Ulf Palm, Göran Bronner, and Gunnar Ek, who is Chair of the Nomination Committee, as well as Bernt Ingman, Chair 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 (ownership via Nordea Bank AB), all members of the Nomination Committee are independent in relation to the company's largest shareholder in terms of voting power.

The Nomination Committee held six meetings prior to the AGM.

The proposal from the Nomination Committee to the 2019 AGM is available at [www.pricer.com](http://www.pricer.com).

No special remuneration was paid to the Nomination Committee members.

## 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 should consist of a well-balanced mix of skills 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 nomination committees to continue working actively to achieve a well-balanced gender distribution on the Board.

The 2018 AGM resolved in accordance with the Nomination Committee's proposal, which meant that five members were elected, one woman and four men, with a composition otherwise based on the criteria addressed by the diversity policy. In the Nomination Committee's work prior to the 2019 AGM, the diversity policy has been applied as described above. This resulted in the Nomination Committee's proposal to the AGM of a total of six members, one woman and five 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 should provide reasonable assurance regarding the quality and reliability of its financial reporting. It should 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 attest 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, which 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 of misstatement 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.

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, review performance and financial position and 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 content 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 2019, regarding lease contracts (IFRS 16), 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	HANS GRANBERG	JENNI VIRNES
<b>Position in the Board</b>	Chair of Board since 2017	Member	Member
<b>Election year</b>	2014	2014	2016
<b>Born</b>	1954	1953	1974
<b>Nationality</b>	Swedish	Swedish	Finnish
<b>Education</b>	MSc. Business Studies and Economics	High school diploma	MSc. Industrial Engineering and Management
<b>Other assignments</b>	Chair of Board of Beijer Ref AB, Handelsbanken's local office in Kista and Sveriges Bostadsrättscentrum AB	Chair of Board of Investment AB Karlsvik	-
<b>Independence</b>	Independent in relation to the company and management as well as in relation to the company's major shareholders	Independent in relation to the company and management as well as in relation to the company's major shareholders	Independent in relation to the company and management as well as in relation to the company's major shareholders
<b>Shareholding (own and closely related persons)</b>	105,000 Class B shares	1,764 Class A shares and 2,392,300 Class B shares	-



	JONAS GULDSTRAND	THOMAS KRISHAN
<b>Position in the Board</b>	Member	Member
<b>Election year</b>	2017	2018
<b>Born</b>	1966	1968
<b>Nationality</b>	Swedish	Swedish
<b>Education</b>	MSc. Business Studies and Economics	MSc. Business Studies and Economics
<b>Other assignments</b>	Chair of Intersport Sverige Holding AB	-
<b>Independence</b>	Independent in relation to the company and management as well as in relation to the company's major shareholders	Independent in relation to the company and management as well as in relation to the company's major shareholders
<b>Shareholding (own and closely related persons)</b>	35,500 Class B shares	3,214,741 Class B shares

The information regarding Board assignments refers to 31 December 2018.

# Executive Management



	HELENA HOLMGREN	EDVIN RUUD	NILS HULTH	SUSANNE ANDERSSON
<b>Position</b>	President and CEO	VP Sales	VP Product Management and Business Development	CFO
<b>Employed since</b>	2015	2018	2006	2019
<b>Born</b>	1976	1963	1971	1971
<b>Nationality</b>	Swedish	Norwegian	Swedish	Swedish
<b>Education</b>	MBA	Cert. Computer Science, B.Sc. BA and Econ., MBA	Master's in Computer Science and Master's in Evolutionary and Adaptive Systems	MSc. Business and Economics
<b>Shareholding (own and closely related persons)</b>	80,000 own and 1,540 closely related Class B shares and 95,000 warrants	7,000 Class B shares	40,000 Class B shares and 95,000 warrants	-



	JOHAN VON KONOW	JOHAN KRONLÖF	MAGNUS LARSSON	JÖRGEN JOST AUF DER STROTH
<b>Position</b>	VP R&D	Head of Quality & Sustainability	VP Customer Operations	VP Supply Chain & Procurement
<b>Employed since</b>	2013	2017	2019	2018
<b>Born</b>	1976	1977	1970	1964
<b>Nationality</b>	Swedish	Swedish	Swedish	Swedish
<b>Education</b>	Bachelor's Program in Industrial Design Engineering	MSc. Industrial Economics	Electrical engineer	Master's in Electrical Engineering
<b>Shareholding (own and closely related persons)</b>	44,525 Class B shares	5,750 Class B shares	-	10,000 Class B shares



	(DONALD) CHARLES JACKSSON	CHRISTOPHE DESLOGE
<b>Position</b>	VP/Head of Americas Region	Head of France
<b>Employed since</b>	2014	2015
<b>Born</b>	1963	1965
<b>Nationality</b>	Canadian	French
<b>Education</b>	Bachelor's Degree in Business Administration	MSc. Business Studies and Economics
<b>Shareholding (own and closely related persons)</b>	29,972 Class B shares and 190,000 warrants	10,000 Class B shares and 95,000 warrants

\* Each warrant grants the right to one share



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## Consolidated Income Statement

Amounts in SEK 000s	Note	2018	2017
Net sales	2	1,194,517	827,779
Cost of goods sold		-922,344	-611,769
<b>Gross profit</b>		<b>272,173</b>	<b>216,010</b>
Selling expenses		-108,125	-87,299
Administrative expenses		-54,489	-49,321
Research and development costs		-25,697	-18,743
Other income and expenses	20	5,198	-4,954
<b>Operating profit</b>	4, 5, 6, 21	<b>89,060</b>	<b>55,693</b>
Financial income		7	35
Financial expenses		-300	-4,032
<b>Net financial income/expense</b>	7	<b>-293</b>	<b>-3,997</b>
<b>Profit/loss before tax</b>		<b>88,767</b>	<b>51,696</b>
Income tax	8	-1,492	-13,021
<b>Net profit for the year</b>		<b>87,275</b>	<b>38,675</b>
<b>Net profit for the year attributable to:</b>			
Owners of the Parent Company		87,275	38,675
<b>Earnings per share</b>	16	<b>2018</b>	<b>2017</b>
Earnings per share, basic, SEK		0.79	0.35
Earnings per share, diluted, SEK		0.79	0.35
Number of shares outstanding, basic, thousands		110,267	110,149
Number of shares outstanding, diluted, thousands		110,904	110,377

## Consolidated Statement of Comprehensive Income

Amounts in SEK 000s	2018	2017
<b>Net profit for the year</b>	<b>87,275</b>	<b>38,675</b>
<i>Items that are or may be reclassified to profit or loss for the period</i>		
Translation differences	14,926	7,378
Cash flow hedging	2,895	-2,895
Tax attributable to items in other comprehensive income	-637	637
<b>Other comprehensive income</b>	<b>17,184</b>	<b>5,120</b>
<b>Comprehensive income for the year</b>	<b>104,459</b>	<b>43,795</b>
<b>Net comprehensive income for the year attributable to:</b>		
Owners of the Parent Company	104,459	43,795

# Consolidated Balance Sheet

Amounts in SEK 000s	Note	2018	2017
<b>ASSETS</b>	1		
Intangible assets	9	301,490	285,727
Property, plant and equipment	10	22,269	15,914
Deferred tax assets	8	76,051	73,445
<b>Total non-current assets</b>		<b>399,810</b>	<b>375,086</b>
Inventories	13	188,987	141,232
Trade receivables	20	278,337	182,284
Prepaid expenses and accrued income	14	18,426	13,009
Other current receivables	12	65,029	40,135
Cash and cash equivalents	25	171,035	166,776
<b>Total current assets</b>		<b>721,814</b>	<b>543,436</b>
<b>TOTAL ASSETS</b>		<b>1,121,624</b>	<b>918,522</b>
<b>EQUITY AND LIABILITIES</b>	1		
<b>EQUITY</b>	15		
Share capital		110,972	110,972
Other capital contributions		401,846	400,576
Reserves		28,121	10,937
Accumulated profits including profit for the year		228,362	196,220
<b>Equity attributable to the Parent Company's shareholders</b>		<b>769,301</b>	<b>718,705</b>
<b>LIABILITIES</b>			
Provisions	17	14,478	10,064
<b>Total non-current liabilities</b>		<b>14,478</b>	<b>10,064</b>
Advances from customers		3,406	6,792
Trade payables		212,020	106,099
Other current liabilities	18	13,938	16,962
Accrued expenses and deferred income	19	91,100	44,156
Provisions	17	17,381	15,744
<b>Total current liabilities</b>		<b>337,845</b>	<b>189,753</b>
<b>Total liabilities</b>		<b>352,323</b>	<b>199,817</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,121,624</b>	<b>918,522</b>

## Changes in consolidated equity

Amounts in SEK 000s	Note	Equity attributable to the Parent Company's shareholders				Total equity
		Share capital	Other capital contributions	Reserves	Retained earnings incl. profit for the year	
<b>Equity at start of period 01/01/2017</b>		<b>110,972</b>	<b>400,027</b>	<b>5,817</b>	<b>212,566</b>	<b>729,382</b>
<b>Net profit for the year</b>					<b>38,675</b>	<b>38,675</b>
<i>Other comprehensive income, items that may be reclassified to profit and loss</i>						
Cash flow hedges				-2,895		-2,895
Exchange rate differences when translating foreign operations				7,378		7,378
Tax attributable to other comprehensive income				637		637
<b>Other comprehensive income</b>				<b>5,120</b>		<b>5,120</b>
<b>Comprehensive income for the year</b>				<b>5,120</b>	<b>38,675</b>	<b>43,795</b>
Dividend					-55,021	-55,021
Equity-settled share-based payments			549			549
<i>Total transactions with owners of the Group</i>			<i>549</i>		<i>-55,021</i>	<i>-54,472</i>
<b>Equity at end of period 31/12/2017</b>	15	<b>110,972</b>	<b>400,576</b>	<b>10,937</b>	<b>196,220</b>	<b>718,705</b>
<b>Equity at start of period 31/12/2018</b>		<b>110,972</b>	<b>400,576</b>	<b>10,937</b>	<b>196,220</b>	<b>718,705</b>
<b>Net profit for the year</b>					<b>87,275</b>	<b>87,275</b>
<i>Other comprehensive income, items that may be reclassified to profit and loss</i>						
Cash flow hedges				2,895		2,895
Exchange rate differences when translating foreign operations				14,926		14,926
Tax attributable to other comprehensive income				-637		-637
<b>Other comprehensive income</b>				<b>17,184</b>		<b>17,184</b>
<b>Comprehensive income for the year</b>				<b>17,184</b>	<b>87,275</b>	<b>104,459</b>
Dividend					-55,133	-55,133
Equity-settled share-based payments			1,270			1,270
<i>Total transactions with owners of the Group</i>			<i>1,270</i>		<i>-55,133</i>	<i>-53,863</i>
<b>Equity at end of period 31/12/2018</b>	15	<b>110,972</b>	<b>401,846</b>	<b>28,121</b>	<b>228,362</b>	<b>769,301</b>



# Consolidated Cash Flow Statement

Amounts in SEK 000s	Note	2018	2017
	25		
<b>Operating activities</b>			
Profit/loss before tax		88,767	51,696
Adjustments for non-cash items		28,384	18,536
Income tax paid		-3,391	-7,044
<b>Cash flow from operating activities before changes in working capital</b>		<b>113,759</b>	<b>63,188</b>
<b>Changes in working capital</b>			
Change in inventories		-49,762	-37,715
Change in operating receivables		-113,396	-27,581
Change in operating liabilities		133,085	-6,054
<b>Cash flow from changes in working capital</b>		<b>-30,073</b>	<b>-71,350</b>
<b>Cash flow from operating activities</b>		<b>83,686</b>	<b>-8,162</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets		-19,046	-20,287
Acquisition of property, plant and equipment		-8,538	-9,477
<b>Cash flow from investing activities</b>		<b>-27,584</b>	<b>-29,764</b>
<b>Cash flow from financing activities</b>			
Dividend paid		-55,133	-55,021
Buy-back of warrants		-105	-
<b>Cash flow from financing activities</b>		<b>-55,238</b>	<b>-55,021</b>
<b>Cash flow for the year</b>		<b>864</b>	<b>-92,947</b>
Cash and cash equivalents at beginning of year		166,776	261,332
Exchange rate differences in cash and cash equivalents		3,395	-1,609
<b>Cash and cash equivalents at end of year</b>		<b>171,035</b>	<b>166,776</b>

## Parent Company Income Statement

Amounts in SEK 000s	Note	2018	2017
Net sales	2	1,057,364	704,758
Cost of goods sold		-889,736	-579,996
<b>Gross profit</b>		<b>167,628</b>	<b>124,762</b>
Selling expenses		-23,630	-9,001
Administrative expenses		-54,489	-49,321
Research and development costs		-25,697	-18,743
Other income and expenses	20	5,130	-4,800
<b>Operating profit</b>	4, 5, 21	<b>68,942</b>	<b>42,897</b>
<i>Result from financial items:</i>	7		
Result from participations in group companies		-5,935	-108
Interest income and similar profit/loss items		1,043	216
Interest expenses and similar profit/loss items		-270	-3,867
<b>Profit/loss before tax</b>		<b>63,780</b>	<b>39,138</b>
Income tax	8	3,278	-8,721
<b>Net profit for the year</b>		<b>67,058</b>	<b>30,417</b>

## Parent Company Statement of Comprehensive Income

Amounts in SEK 000s	2018	2017
<b>Net profit for the year</b>	<b>67,058</b>	<b>30,417</b>
<i>Items that have or may be reclassified to profit/loss for the year</i>		
Cash flow hedges	2,895	-2,895
Tax attributable to components in other comprehensive income	-637	637
<b>Other comprehensive income</b>	<b>2,258</b>	<b>-2,258</b>
<b>Comprehensive income for the year</b>	<b>69,316</b>	<b>28,159</b>

# Parent Company Balance Sheet

Amounts in SEK 000s	Note	2018	2017
<b>ASSETS</b>	1		
<b>Non-current assets</b>			
Intangible assets	9	42,120	36,935
Property, plant and equipment	10	18,664	12,112
<i>Financial assets</i>			
Participations in group companies	24	186,025	185,473
Receivables from group companies	11	6,491	70,755
Deferred tax asset	8	75,803	73,161
<i>Total financial assets</i>		268,319	329,389
<b>Total non-current assets</b>		<b>329,103</b>	<b>378,436</b>
<b>Current assets</b>			
Inventories, etc.	13	132,955	104,830
<i>Current receivables</i>			
Trade receivables	20	84,925	59,693
Receivables from group companies	11	161,384	103,081
Other current receivables	12	55,449	34,391
Prepaid expenses and accrued income	14	12,463	5,292
<b>Total current receivables</b>		<b>314,221</b>	<b>202,457</b>
Cash and bank balances		160,988	124,000
<b>Total current assets</b>		<b>608,164</b>	<b>431,287</b>
<b>TOTAL ASSETS</b>		<b>937,267</b>	<b>809,723</b>

Amounts in SEK 000s	Note	2018	2017
<b>EQUITY AND LIABILITIES</b>	1		
<b>Shareholders' equity</b>	15		
<i>Restricted equity</i>			
Share capital		110,972	110,972
Statutory reserve		104,841	104,841
Legal reserve for internally generated development expenditure		36,226	26,124
<i>Total restricted equity</i>		252,039	241,937
<i>Non-restricted equity</i>			
Share premium reserve		205,103	203,728
Retained earnings		61,691	94,252
Net profit for the year		67,058	30,417
<i>Total non-restricted equity</i>		333,852	328,397
<b>Total equity</b>		<b>585,891</b>	<b>570,333</b>
<b>PROVISIONS</b>			
Provisions	17	24,559	20,585
<b>Total provisions</b>		<b>24,559</b>	<b>20,585</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current liabilities to group companies	11	100	100
<b>Total non-current liabilities</b>		<b>100</b>	<b>100</b>
<b>CURRENT LIABILITIES</b>			
Advances from customers		-	419
Trade payables		205,614	98,607
Liabilities to group companies	11	87,384	99,061
Other current liabilities	18	1,990	7,534
Accrued expenses and deferred income	19	31,729	13,084
<b>Total current liabilities</b>		<b>326,717</b>	<b>218,705</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>937,267</b>	<b>809,723</b>

# 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 development expenditure	Share premium reserve	Reserves	Retained earnings incl. profit for the year	
<b>Equity at start of period 01/01/2017</b>		<b>110,972</b>	<b>104,841</b>	<b>12,539</b>	<b>203,179</b>	<b>-</b>	<b>165,116</b>	<b>596,647</b>
<b>Net profit for the year</b>							<b>30,417</b>	<b>30,417</b>
<i>Other comprehensive income, items that may be reclassified to profit and loss</i>								
Cash flow hedges						-2,895		-2,895
Tax attributable to other comprehensive income						637		637
<b>Other comprehensive income</b>						<b>-2,258</b>		<b>-2,258</b>
<b>Comprehensive income</b>						<b>-2,258</b>	<b>30,417</b>	<b>28,159</b>
Legal reserve for internally generated development expenditure				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
<b>Equity at end of period 31/12/2017</b>	15	<b>110,972</b>	<b>104,841</b>	<b>26,124</b>	<b>203,728</b>	<b>-2,258</b>	<b>126,927</b>	<b>570,333</b>
<b>Equity at start of period 01/01/2018</b>		<b>110,972</b>	<b>104,841</b>	<b>26,124</b>	<b>203,728</b>	<b>-2,258</b>	<b>126,927</b>	<b>570,333</b>
<b>Net profit for the year</b>							<b>67,058</b>	<b>67,058</b>
<i>Other comprehensive income, items that may be reclassified to profit and loss</i>								
Cash flow hedges						2,895		2,895
Tax attributable to other comprehensive income						-637		-637
<b>Other comprehensive income</b>						<b>2,258</b>		<b>2,258</b>
<b>Comprehensive income</b>						<b>2,258</b>	<b>67,058</b>	<b>69,316</b>
Legal reserve for internally generated development expenditure				10,102			-10,102	-
Dividend							-55,133	-55,133
Share-based payments, equity-settled					1,374			1,374
<i>Total transactions with owners of the Parent Company</i>		-	-	10,102	1,374	-	-65,235	-53,759
<b>Equity at end of period 31/12/2018</b>	15	<b>110,972</b>	<b>104,841</b>	<b>36,226</b>	<b>205,103</b>	<b>-</b>	<b>128,749</b>	<b>585,891</b>



# Parent Company Cash Flow Statement

Amounts in SEK 000s	Note	2018	2017
	25		
<b>Operating activities</b>			
Profit/loss before tax		63,780	39,138
Adjustments for non-cash items		31,104	12,946
Income tax paid		-	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>94,884</b>	<b>52,084</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-32,719	-28,417
Change in operating receivables		-116,231	-69,449
Change in operating liabilities		108,553	16,302
Cash flow from changes in working capital		-40,397	-81,564
<b>Cash flow from operating activities</b>		<b>54,487</b>	<b>-29,480</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets		-19,039	-20,191
Acquisition of property, plant and equipment		-7,591	-6,657
Acquisition of financial assets		-	-220
Increase/decrease in non-current loan receivables from group companies		64,264	-2,115
<b>Cash flow from investing activities</b>		<b>37,634</b>	<b>-29,183</b>
<b>Cash flow from financing activities</b>			
Dividend paid		-55,133	-55,021
<b>Cash flow from financing activities</b>		<b>-55,133</b>	<b>-55,021</b>
<b>Cash flow for the year</b>		<b>36,988</b>	<b>-113,684</b>
Cash and cash equivalents at beginning of year		124,000	238,181
Exchange rate differences in cash and cash equivalents		-	-497
<b>Cash and cash equivalents at end of year</b>		<b>160,988</b>	<b>124,000</b>

# Notes to the financial statements

(Amount in SEK thousands unless otherwise stated.)

## NOTE 1 GENERAL ACCOUNTING PRINCIPLES

### CORPORATE INFORMATION

The annual report and consolidated financial statements for 2018 were approved for publication by the Board of Directors on 25 March 2019 and were put before the AGM for adoption on 25 April 2019.

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 Järnväggsgatan 7, SE-111 64 Stockholm, Sweden.

### COMPLIANCE WITH STANDARDS AND LAWS

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRS-IC) 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 report 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 financial statements are denominated in SEK thousands (TSEK) unless otherwise specified. 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 2018

With effect from 1 January 2018, two changes have entered into force regarding IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. None of the changes and interpretations of existing standards effective for the financial year starting on 1 January 2018 had any significant impact on the financial statements of the Group or the Parent Company.

*IFRS 9 Financial Instruments* 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 Fair Value through Profit/Loss, Fair Value through Other Comprehensive Income and Amortized Cost. The standard introduces a new model for impairment of financial assets 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.

The new classification and measurement categories will not have a significant impact on the consolidated balance sheet. The majority of the Group's financial assets and liabilities are trade receivables, cash in banks and trade payables, which are measured at amortized cost since the intention is to honour the contractual agreements. Impairment of trade receivables has historically been very low and it is assumed that it will continue to be low. Consequently, the new impairment model had a limited effect on the financial statements. Regarding hedge accounting, the new standard will simplify reporting for the company primarily with respect to documentation and follow-up of the efficiencies of the hedge accounting.

*IFRS 15 Revenue from Contracts with Customers* is a new revenue standard with 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.

The transition to IFRS 15 has not had a significant impact on Pricer's revenue recognition. Refer to Note 2 for more disclosures.

### New IFRS effective from 2019

A number of new or changed IFRS will go into effect in 2019. Pricer has chosen not to adopt these in advance when preparing the consolidated financial statements and the financial statements of the Parent Company.

*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. Refer to Note 21 for more disclosures.

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

### 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, which means that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value of the identifiable assets acquired, liabilities assumed and any non-controlling interests on the date of the acquisition.

### Foreign currency

#### *Transactions in foreign currency*

Monetary assets and liabilities in foreign currency are translated into the functional currency at balance sheet date rates. Exchange rate differences arising on translation are recognized in profit or loss. Exchange rate fluctuations arising from operating receivables and liabilities are recognized in other income and expenses in operating profit, while exchange rate fluctuations 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 on the date of the measurement at 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 the exchange rates in effect on the balance sheet date. 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. An exchange rate 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 rate 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.

#### 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.

#### 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. Refer to the following notes for more disclosures:

Note 2 - Revenue recognition

Note 8 - Recognition and measurement of deferred tax asset

Note 9 - Impairment of goodwill

Note 13 - Measurement of inventories

Note 17 - Warranty commitments

#### SIGNIFICANT DIFFERENCES BETWEEN THE ACCOUNTING PRINCIPLES 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 expenditure for software/computer programs to the reserve for capitalized development expenditure within restricted equity. The reserve is reduced by amortization of the capitalized development expenditure.

The Parent Company recognizes all leases as operating leases.

#### ACCOUNTING PRINCIPLES

For other accounting principles, see additional disclosures in each respective note.

## NOTE 2 BREAKDOWN OF REVENUE

### ACCOUNTING PRINCIPLES

#### REVENUE

The Group's revenue can be allocated into revenue from goods, services and licenses. Revenue is generated primarily from direct sales to customers or sales through partners, and goods/services are often packaged in a bundled obligation. This obligation is transferred to the customer when the risk is passed on, which is the same as when control of the goods is transferred.

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 operational involvement to the degree usually associated with ownership. Revenue is recognized at the fair value of the consideration received, or is expected to be received, with a deduction for granted discounts.

#### Revenue from goods

Revenue from the sale of goods is recognized when Pricer has transferred all significant risks and benefits associated with the right of ownership to the product. In most cases, this occurs when the legal right of ownership has been transferred and the goods have been physically handed over 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.

#### Revenue from 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 combinations in a joint obligation for a customer. The total revenue from such an obligation is only recognized after delivery of the package has been approved by the customer.

#### Revenue from licenses

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

*Key assessments and estimates: 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.*

### BREAKDOWN OF REVENUE

	Group		Parent Company	
	2018	2017	2018	2017
Revenue from goods	1,110,987	754,824	1,044,482	692,598
Revenue from services	64,880	64,261	7,215	6,316
Revenue from licenses	18,650	8,694	5,667	5,844
<b>Total</b>	<b>1,194,517</b>	<b>827,779</b>	<b>1,057,364</b>	<b>704,758</b>

The Parent Company's net sales include inter-company sales of SEK 747 M (422).

### NET SALES BY SALES CHANNEL

	2018	2017
Direct customers	66%	62%
Resellers	34%	38%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### BACKLOG DISTRIBUTION

	2018	2017
Within one year	224,400	133,000
Between one to two years	-	-
<b>Total</b>	<b>224,400</b>	<b>133,000</b>

### CONTRACT BALANCE

	Group	
	2018	2017
<b>Contract assets</b>		
Trade receivables (Note 20)	278,337	182,284
Accrued income (Note 14)	3,796	4,040
<b>Total contract assets</b>	<b>282,133</b>	<b>186,324</b>
<b>Contract liabilities</b>		
Advances from customers (Note 20)	3,406	6,792
Deferred income (Note 19)	34,835	14,469
<b>Total contract liabilities</b>	<b>38,241</b>	<b>21,261</b>
<i>Income recognised during the year from:</i>		
Amounts included in the contract's liability balance at beginning of year	21,261	17,957
Met performance obligations in previous years	-	-
<i>Transaction price allocated to outstanding performance obligations</i>		
Within one year	38,241	21,261
Later than one year	-	-

**NOTE 3 OPERATING SEGMENTS****ACCOUNTING PRINCIPLES  
OPERATING SEGMENT REPORTING**

An operating segment is a part of the Group that engages in business operations from which it may earn income and incur expenses and for which discrete financial information is available. The results of an operating segment are reviewed regularly by the chief operating decision-maker to assess the performance and make decisions about the allocation of resource to the segment. Pricer has only one operating segment.

Pricer develops and markets a complete system consisting of components for communication in a store environment. The components are never sold separately except as additions to existing systems. Therefore, the various product components do not constitute separate operating segments. The system is sold to customers in more than 50 countries worldwide. Customer activities are to a large extent directed towards large global retail chains. For external reporting, net sales broken down into three geographical areas are reported externally in order to provide comments on and analysis of market development, 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 but rather are monitored in their entirety. Consequently, the entire Pricer business constitutes a single operating segment.

**NET SALES BY MARKET**

	Group	
	2018	2017
Europe, Middle East & Africa	741,696	673,018
North America	396,100	127,680
Asia & Pacific	56,721	27,081
<b>Total</b>	<b>1,194,517</b>	<b>827,779</b>

**Revenue from external customers by geographical domicile**

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

**NET SALES BY COUNTRY**

	Group	
	2018	2017
Sweden	33,984	31,024
France	411,850	389,880
USA	358,258	99,397
Norway	87,161	69,275
Other countries	303,264	238,203
<b>Total</b>	<b>1,194,517</b>	<b>827,779</b>

Of Pricer's total net sales, one customer accounts for more than 10 percent. Sales to this customer amounted to SEK 332 M, which corresponds to 28 percent of net sales. In 2017 one customer accounted for more than 10 percent of net sales, SEK 95 M, which corresponds to 11 percent of the company's total sales in 2017.

**NOTE 4 EMPLOYEES AND PERSONNEL COSTS****ACCOUNTING PRINCIPLES  
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 stock option scheme, granted by Pricer in 2016 and the performance share plans adopted in 2017 and 2018. 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 allocation, or in other words 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 plan 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 certain target ratios for the Group are met. The recognised expense is initially based on, and regularly adjusted in relation to, the number of warrants/share rights that are expected to be vested by considering how many participants are expected to remain in service during the vesting period and the expected and actual fulfilment of the conditions of the Group's financial targets. No adjustment is carried out for the number of warrants that are expected to be redeemed and those actually redeemed depending on whether the strike price leads to redemption or not. Similarly, no adjustment is made when a participant loses share rights due to the sale of saving shares they needed to purchase and hold; in this case, the entire remaining expense is instead recognised immediately. When warrants are exercised or shares are matched, social security contributions are paid in certain countries for the value of the employee's benefits. An expense and a provision are recognised, allocated over the vesting period, for these social security contributions. The provision for social security contributions is based on the number of warrants/share rights that are expected to be vested and the fair value of the warrants/share rights on each reporting date and, finally, on redemption/matching.

## AVERAGE NUMBER OF EMPLOYEES

	2018		2017	
	Number	of whom, men	Number	of whom, men
<i>Parent Company</i>				
Sweden	48	85%	42	86%
Hong Kong	3	100%	3	100%
Italy	2	87%	1	87%
<b>Total Parent Company</b>	<b>53</b>	<b>87%</b>	<b>46</b>	<b>87%</b>
<i>Subsidiaries</i>				
USA	7	90%	4	100%
Israel	1	100%	1	100%
Germany	2	100%	2	100%
France	46	65%	48	68%
<b>Total subsidiaries</b>	<b>56</b>	<b>70%</b>	<b>55</b>	<b>72%</b>
<b>Total Group</b>	<b>109</b>	<b>78%</b>	<b>101</b>	<b>79%</b>

## GENDER DISTRIBUTION IN MANAGEMENT ON BALANCE SHEET DATE

	Group		Parent Company	
	% of women	% of women	% of women	% of women
Board of Directors	20%	33%	-	-
Senior executives	13%	33%	17%	40%

## SALARIES, OTHER REMUNERATION, PENSION COSTS UNDER DEFINED CONTRIBUTION PLANS AND SOCIAL SECURITY EXPENSES

	Group		Parent Company	
	2018	2017	2018	2017
Board and CEO	5,093	4,382	5,093	4,382
(of which variable salary)	1,134	0	1,134	0
Other senior executives	16,413	9,754	9,463	4,683
(of which variable salary)	3,983	0	2,494	0
Other employees	67,225	59,055	33,015	27,157
(of which variable salary)	11,203	5,979	3,118	449
<b>Total salaries and other remuneration</b>	<b>88,731</b>	<b>73,191</b>	<b>47,571</b>	<b>36,222</b>
(of which variable salary)	16,320	5,979	6,746	449
Social security expenses, Board and CEO	2,432	2,008	2,432	2,008
Social security expenses, other senior executives	4,353	5,120	3,952	2,321
Social security expenses, other employees	29,554	22,980	13,657	10,930
<b>Total social security expenses</b>	<b>36,339</b>	<b>30,108</b>	<b>20,041</b>	<b>15,259</b>
of which:				
Pension costs, Board and CEO	722	596	722	596
Pension costs, other senior executives	1,286	890	1,190	824
Pension costs, other employees	4,889	2,430	4,169	3,535
<b>Total pension costs</b>	<b>6,897</b>	<b>3,916</b>	<b>6,081</b>	<b>4,955</b>

The company does not have any outstanding pension commitments on behalf of the Board and CEO. The category "Other senior executives" consisted of 7 (5) individuals at the Group level, including 5 (4) in the Parent Company, during most of the year.

## REMUNERATION TO SENIOR EXECUTIVES

## Remuneration principles

Fees to the Board of Directors are paid in accordance with a resolution by the AGM, which has also resolved on guidelines for remuneration to senior executives. These guidelines are presented in the Administration Report on page 21. In 2018 the Board drew 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 Chair 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 Board of Directors. 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 performance share plans. 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 2018/2019 mandate period (until the AGM on 25 April 2019), fees to the Board of Directors amounted to a total of SEK 1,375,000, to be paid in an amount of SEK 495,000 to the Chairman and SEK 220,000 to each of the other members (a total of five Board members). The costs were allocated over the mandate period. In addition, the company has reimbursed Board members for various minor cost outlays on a minor scale.

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 1,595,000, to be paid in an amount of SEK 495,000 to the Chairman and SEK 220,000 to each of the other members (a total of six Board members). The costs were allocated over the mandate period.

## Remuneration to senior executives

Remuneration to the CEO and other senior executives is shown in the table. For senior executives, the variable salary for 2018 was based on operating profit, working capital growth and individual targets. The variable salary is individualized and at the most may equal 50 percent of the basic salary for 2018.

The period of notice for the CEO is six months when notice is given by both the company and the employee. If notice is given by the company, the company also pays severance pay corresponding to six fixed monthly salaries. The period of notice for other senior executives varies, although it never exceeds 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. Other senior executives are 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, Executive Management or the auditors that have had a material impact on the Group's profit or financial position.



## REIMBURSEMENT AND OTHER BENEFITS TO SENIOR EXECUTIVES

GROUP 2018	Basic salary/fees	Variable component	Share options	Pension	Other remuneration*	Total
Helena Holmgren, President & CEO <sup>1)</sup>	2,217	1,134	249	722	207	4,529
Other members of Executive Management (seven people)	10,934	3,983	1,058	1,286	601	17,861
	<b>13,151</b>	<b>5,117</b>	<b>1,307</b>	<b>2,008</b>	<b>808</b>	<b>22,390</b>
<i>Board of Directors</i>						
Bernt Ingman (Chair)	495	-	-	-	-	495
Hans Granberg	220	-	-	-	-	220
Olof Sand (through 26 April)	73	-	-	-	-	73
Jenni Virnes	220	-	-	-	-	220
Jonas Guldstrand	220	-	-	-	-	220
Thomas Krishan (as of 26 April)	147	-	-	-	-	147
	<b>1,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,375</b>
	<b>14,721</b>	<b>5,117</b>	<b>1,307</b>	<b>2,008</b>	<b>612</b>	<b>23,765</b>
GROUP 2017	Basic salary/fees	Variable component	Share options	Pension	Other remuneration*	Total
Andreas Renulf (CEO) until 13 August 2017	1,814	-	-	455	31	2,300
Helena Holmgren, Acting President, from 14 August 2017 <sup>1)</sup>	785	-	94	140	213	1,232
Other members of Executive Management (five people)	9,439	-	343	890	341	11,013
	<b>12,038</b>	<b>-</b>	<b>437</b>	<b>1,485</b>	<b>585</b>	<b>14,545</b>
<i>Board of Directors</i>						
Bo Kastensson (Chair until 9 August)	258	-	-	-	81	339
Bernt Ingman (Chair from 10 August)	318	-	-	-	-	318
Hans Granberg	213	-	-	-	-	213
Olof Sand	213	-	-	-	-	213
Jenni Virnes	213	-	-	-	-	213
Jonas Guldstrand	147	-	-	-	-	147
Christina Åqvist	67	-	-	-	-	67
	<b>1,429</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>1,510</b>
	<b>13,467</b>	<b>-</b>	<b>437</b>	<b>1,485</b>	<b>666</b>	<b>16,055</b>

\* Other remuneration and benefits consist primarily of car benefits and change in holiday pay liability.

1) Part of the CEO's pension costs in 2018 refer to 2017. The terms of the CEO's pension amount to 25 percent of the fixed salary.

### Performance share plan

The 2017 AGM and the 2018 AGM resolved on a performance share plan for certain senior executives and key employees in the Pricer Group. After an initial investment of Class B shares at market price (saving shares), participants receive one matching share right and one performance-based share right per invested share. Following the vesting period of three years, the share rights entitle the participants to receive one matching share and up to five performance shares depending on the outcome of the performance conditions. The total number of Class B shares that each performance share right grants entitlement to depends on the Board's attainment of certain levels established by the Board for value creation in the Pricer Group.

From the 2017 performance share plan, a maximum of 228,190 shares can be transferred free of charge to the participants in June 2020 in the event the predefined performance targets during the measurement period 2017–2019 are fully met.

From the 2018 performance share plan, a maximum of 408,890 shares can be transferred free of charge to the participants in June 2021 in the event the predefined performance targets during the measurement period 2018–2020 are fully met.

In 2018 the costs for matching/performance shares were recognized in the Group at an amount of SEK 1.4 M (0.5), of which SEK 1.4 M (0.5) in the Parent Company with a corresponding offsetting from equity.

### Warrant program

The 2015 AGM approved a warrant program for certain senior executives and key employees in the Pricer Group, resulting in the issue of 950,000 warrants. The warrant program in 2015 was forfeited in June 2018.

The 2016 AGM resolved on a warrant program for certain senior executives and key employees in the Pricer Group, resulting in the issue of 665,000 warrants. Each warrant is entitled to the subscription of one share in Pricer AB during the period 27 May to 27 June 2019 at a strike price of SEK 12.80, corresponding to 150 percent of the Pricer share's average volume-weighted price on Nasdaq Stockholm during the period 29 April to 13 May 2016. Outstanding warrants on 31 December 2018 amount to 475,000 (570,000).

For information about the senior executives' holdings of shares and warrants, see page 29.

## SUMMARY OF SHARE-BASED INCENTIVE PROGRAMS FOR EMPLOYEES

	Performance share plan	Performance share plan	Stock options	Stock options
Plans	2018	2017	2016	2015
Issued shares and warrants	408,890	228,190	665,000	950,000
Expiration date	31/05/2021	31/05/2020	27/06/2019	29/06/2018
Strike price, SEK	-	-	12.80	12.40
Type of shares	B	B	B	B
Warrants	-	-	665,000	950,000
Matching share rights	68,148	38,032	-	-
Performance share rights	340,742	190,158	-	-
<b>Outstanding 1 January 2018</b>	<b>-</b>	<b>228,190</b>	<b>570,000</b>	<b>475,000</b>
Granted	408,890	-	-	-
Repurchased	-	-	-95,000	-95,000
Forfeited	-	-	-	-380,000
<b>Outstanding 31 December 2018</b>	<b>408,890</b>	<b>228,190</b>	<b>475,000</b>	<b>-</b>
Remaining exercise period, months, 31 December 2018	29	17	6	-
<b>Outstanding 1 January 2017</b>	<b>-</b>	<b>-</b>	<b>665,000</b>	<b>570,000</b>
Granted	-	228,190	-	-
Repurchased	-	-	-95,000	-95,000
<b>Outstanding 31 December 2017</b>	<b>-</b>	<b>228,190</b>	<b>570,000</b>	<b>475,000</b>
Remaining exercise period, months, 31 December 2017	-	29	18	6

## NOTE 5 FEES TO AUDITORS

	Group		Parent Company	
	2018	2017	2018	2017
<i>Fees to Ernst &amp; Young</i>				
Audit services	1,070	992	700	650
Other services	-	27	-	-
<b>Total</b>	<b>1,070</b>	<b>1,019</b>	<b>700</b>	<b>650</b>

Audit services comprise examination of the annual report, bookkeeping and administration of the Board and CEO, other tasks assigned to the company's auditors and advice or other assistance arising from observations made during the review or execution of such other tasks.

## NOTE 6 OPERATING EXPENSES ALLOCATED BY COST TYPE

	Group	
	2018	2017
Cost of goods sold, excluding depreciation	904,647	600,088
Personnel costs	118,257	92,602
Amortisation/depreciation and impairment	20,912	14,825
Other operating expenses	66,839	59,617
<b>Total</b>	<b>1,110,655</b>	<b>767,132</b>

## NOTE 7 NET FINANCIAL INCOME/EXPENSE

## ACCOUNTING PRINCIPLES

## FINANCIAL INCOME AND EXPENSES

Financial income consists of interest income on investments. Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. Exchange gains and losses on financial receivables and liabilities are recognized in their net amount.

	Group	
	2018	2017
Interest income	7	35
<b>Financial income</b>	<b>7</b>	<b>35</b>
Interest expenses	-249	-280
Net exchange rate fluctuations	-51	-3,752
<b>Financial expenses</b>	<b>-300</b>	<b>-4,032</b>
<b>Net financial income/expense</b>	<b>-293</b>	<b>-3,997</b>

	Parent Company	
	2018	2017
<b>Result from participations in group companies</b>		
Write-up/down of participations in subsidiaries	-5,935	-108
<b>Total</b>	<b>- 5,935</b>	<b>-108</b>
<b>Interest income and similar profit/loss items</b>	<b>2018</b>	<b>2017</b>
Interest income	7	35
Interest income, group companies	1,036	181
<b>Total</b>	<b>1,043</b>	<b>216</b>
<b>Interest expenses and similar profit/loss items</b>	<b>2018</b>	<b>2017</b>
Interest expenses	-240	-271
Net exchange rate fluctuations	-30	-3,596
<b>Total</b>	<b>-270</b>	<b>-3,867</b>

**NOTE 8 TAX ON PROFIT FOR THE YEAR AND DEFERRED TAX ASSETS****ACCOUNTING PRINCIPLES****TAXES**

Income tax consists of current tax and deferred tax. Taxes are recognized in profit/loss for the year except for when the underlying transaction is recognized as other comprehensive income or equity, in which case the associated tax effect is recognized in other comprehensive income or equity.

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

Deferred tax is calculated using the asset-liability method, which is based on temporary differences between the carrying amount and taxable values of assets and liabilities. Temporary differences are not reflected in consolidated goodwill, and 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.

Deferred tax is estimated using the tax rates/laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

*Key assessments and estimates: Measurement and recognition 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.*

**REPORTED IN THE INCOME STATEMENT**

Reported tax	Group		Parent Company	
	2018	2017	2018	2017
Current tax	-4,708	-4,585	-	-
Deferred tax expense	3,216	-8,436	3,278	-8,721
<b>Total reported tax expense on profit for the year</b>	<b>-1,492</b>	<b>-13,021</b>	<b>3,278</b>	<b>-8,721</b>

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

Reconciliation of effective tax	Group		Parent Company	
	2018	2017	2018	2017
Profit/loss before tax	88,767	51,696	63,780	39,138
Tax according to applicable tax rate for the Parent Company (22%)	-19,529	-11,373	-14,032	-8,610
Effect of applicable tax rates for foreign subsidiaries	523	-661	-	-
Non-deductible expenses	-580	-569	-1,490	-111
Non-taxable income	43	213	-	0
Capitalised previous loss carry-forwards that have not been recognised	18,800	-	18,800	-
Non-recognised tax losses carried forward	-749	-631	-	-
<b>Reported effective tax</b>	<b>-1,492</b>	<b>-13,021</b>	<b>3,278</b>	<b>-8,721</b>
<i>Effective tax rate</i>	<i>-1.7%</i>	<i>-25.2%</i>	<i>5.1%</i>	<i>-22.3%</i>

**REPORTED IN THE BALANCE SHEET DEFERRED TAX ASSET**

Change in deferred tax asset	Group		Parent Company	
	2018	2017	2018	2017
Opening carrying amount	73,445	81,246	73,161	81,246
Provisions	875	-81	875	-81
Hedge accounting	-654	654	-654	654
Loss carry-forward	2,421	-8,658	2,421	-8,658
Other	-36	284	-	-
<b>Closing carrying amount</b>	<b>76,051</b>	<b>73,445</b>	<b>75,803</b>	<b>73,161</b>

Deferred tax asset	Group		Parent Company	
	2018	2017	2018	2017
Provisions	5,403	4,528	5,403	4,528
Hedge accounting	-	654	-	654
Loss carry-forward	70,400	67,979	70,400	67,979
Other	248	284	-	-
<b>Closing carrying amount</b>	<b>76,051</b>	<b>73,445</b>	<b>75,803</b>	<b>73,161</b>

**Non-recognised deferred tax assets**

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

	Group		Parent Company	
	2018	2017	2018	2017
Tax loss carry-forwards	500,738	589,509	181,766	288,967

The loss carry-forwards relate primarily to the Parent Company. The loss carry-forwards (federal tax) in Pricer Inc. are subject to a time limit of 20 years. The total recognized loss carry-forwards at 31 December 2018 amount to SEK 341.7 M (309.0). Furthermore, there are additional loss carry-forwards of gross SEK 500.7 M (589.5) in the

Group for which no deferred tax asset has been recognized.

Deferred tax assets relating to deductible temporary differences and loss carry-forwards are recognized only to the extent it is probable that these will lead to lower taxes paid in the future.

**NOTE 9 INTANGIBLE ASSETS****ACCOUNTING PRINCIPLES  
INTANGIBLE ASSETS****Goodwill**

Goodwill is measured at cost less accumulated impairment. Goodwill is allocated to cash-generating units and 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.

Development expenditure can be capitalized in the balance sheet if 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, according to IAS 38. Amortization 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 amortization 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:

- market, patent and license rights: 5-12 years
- capitalized development projects: 3 years
- other intangible assets: 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. An impairment loss is charged to net profit for the year. 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.

*Key assessments and estimates: Impairment of goodwill*

*The Group tests the reported goodwill values for impairment once a year. 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, the margin and the discount rate.*

**GROUP 2018**

	Market, patent and license rights	Capitalised development projects	Goodwill	Other intangible assets	Total intangible assets
<i>Accumulated cost</i>					
At the beginning of year	433	48,546	248,566	10,045	307,590
Purchases during the year	8	18,472	-	566	19,046
Disposals	-24	-	-	-4,117	-4,141
Impairment	-	-879	-	-	-879
Exchange rate difference	16	-	10,736	177	10,929
Closing balance at year-end	433	66,139	259,302	6,671	332,545
<i>Accumulated amortisation</i>					
At the beginning of year	-335	-16,490	-	-5,038	-21,863
Disposals	24	-	-	4,117	4,141
Amortisation for the year	-31	-11,520	-	-1,582	-13,133
Exchange rate difference	-22	-	-	-178	-200
Closing balance at year-end	-364	-28,010	-	-2,681	-31,055
<b>Carrying amount</b>	<b>69</b>	<b>38,129</b>	<b>259,302</b>	<b>3,990</b>	<b>301,490</b>

**GROUP 2017**

	Market, patent and license rights	Capitalised development projects	Goodwill	Other intangible assets	Total intangible assets
<i>Accumulated cost</i>					
At beginning of year	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
Closing balance at year-end	433	48,546	248,566	10,045	307,590
<i>Accumulated amortisation</i>					
At beginning of year	-325	-8,190	-	-3,163	-11,678
Amortisation for the year	-	-8,300	-	-1,771	-10,071
Exchange rate difference	-10	-	-	-104	-114
Closing balance at year-end	-335	-16,490	-	-5,038	-21,863
<b>Carrying amount</b>	<b>98</b>	<b>32,056</b>	<b>248,566</b>	<b>5,007</b>	<b>285,727</b>

## PARENT COMPANY 2018

	Capitalised development projects	Other intangible assets	Total intangible assets
<i>Accumulated cost</i>			
At beginning of year	48,546	6,105	54,651
Purchases during the year	18,472	566	19,038
Impairment	-879	-	-879
At year-end	66,139	6,671	72,810
<i>Accumulated amortisation</i>			
At beginning of year	-16,490	-1,226	-17,716
Amortisation for the year	-11,520	-1,454	-12,974
At year-end	-28,010	-2,680	-30,690
<b>Carrying amount</b>	<b>38,129</b>	<b>3,991</b>	<b>42,120</b>

## PARENT COMPANY 2017

	Capitalised development projects	Other intangible assets	Total intangible assets
<i>Accumulated cost</i>			
At beginning of year	31,748	2,712	34,460
Purchases during the year	16,798	3,393	20,191
At year-end	48,546	6,105	54,651
<i>Accumulated amortisation</i>			
At beginning of year	-8,190	-226	-8,416
Amortisation for the year	-8,300	-1,000	-9,300
At year-end	-16,490	-1,226	-17,716
<b>Carrying amount</b>	<b>32,056</b>	<b>4,879</b>	<b>36,935</b>

## DISTRIBUTION OF AMORTISATION AND IMPAIRMENT

	Group		Parent Company	
	2018	2017	2018	2017
Amortisation and write-downs are recognised on the following lines in the statement of consolidated comprehensive income				
Cost of goods sold	12,399	8,300	12,399	8,300
Selling expenses	975	1,365	816	594
Administrative expenses	638	406	638	406
Research and development costs	-	-	-	-
<b>Total</b>	<b>14,012</b>	<b>10,071</b>	<b>13,853</b>	<b>9,300</b>

In 2018, impairment losses were recorded at a value of SEK 879 thousand (0) for development projects that will not be launched.

**Impairment testing of goodwill**

Pricer's balance sheet contains a goodwill item of SEK 259.3 M (248.6) from the acquisition of Eldat in 2006. The goodwill item is denominated 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 perpetual growth rate of 2 (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 in addition to capitalized product development and possible acquisitions of intangible assets. This is in part because manufacturing is outsourced to external suppliers.

The cash flow thus projected for the coming three years and for the estimated residual value at the end of Year 3 has 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) before tax. The estimated recoverable amount does not indicate any need for impairment. The recoverable amount is also compared to the company's market capitalization.

A sensitivity analysis of the 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.



**NOTE 10 PROPERTY, PLANT AND EQUIPMENT****ACCOUNTING PRINCIPLES****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 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/expense.

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.

Depreciation occurs on a straight-line basis over the estimated useful life. 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:

- incurred costs on third-party property: according to the term of the contract
- machinery and other technical installations: 3-5 years
- equipment, tools, fixtures and fittings: 3-5 years

**GROUP 2018**

	<b>Incurred costs on third-party property</b>	<b>Plant and machinery</b>	<b>Equipment, tools, fixtures and fittings</b>	<b>Total property, plant and equipment</b>
<i>Accumulated cost</i>				
At beginning of year	2,699	3,163	30,338	36,201
Purchases during the year	1,215	133	12,200	13,548
Sales and disposals	-	-234	-1,034	-1,268
Exchange rate difference	120	83	296	499
At year-end	4,034	3,145	41,800	48,979
<i>Accumulated depreciation</i>				
At beginning of year	-2,669	-2,673	-14,944	-20,287
Depreciation for the year	-190	-190	-6,517	-6,897
Disposals	-	234	556	790
Exchange rate difference	-119	-69	-129	-317
At year-end	-2,978	-2,698	-21,034	-26,710
<b>Carrying amount</b>	<b>1,056</b>	<b>447</b>	<b>20,766</b>	<b>22,269</b>

**GROUP 2017**

	<b>Incurred costs on third-party property</b>	<b>Plant and machinery</b>	<b>Equipment, tools, fixtures and fittings</b>	<b>Total property, plant and equipment</b>
<i>Accumulated cost</i>				
At beginning of year	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
At year-end	2,699	3,163	30,338	36,201
<i>Accumulated depreciation</i>				
At beginning of year	-2,564	-2,493	-10,632	-15,690
Depreciation for the year	-30	-205	-4,519	-4,754
Sales and disposals	-	-	91	91
Exchange rate difference	-75	25	116	66
At year-end	-2,669	-2,673	-14,944	-20,287
<b>Carrying amount</b>	<b>30</b>	<b>490</b>	<b>15,394</b>	<b>15,914</b>

## PARENT COMPANY 2018

	Plant and machinery	Equipment, tools, fixtures and fittings	Total property, plant and equipment
<i>Accumulated cost</i>			
At beginning of year	1,584	23,964	25,549
Disposals	-234	-383	-617
Purchases during the year	-	12,337	12,337
At year-end	1,350	35,918	37,268
<i>Accumulated depreciation</i>			
At beginning of year	-1,517	-11,920	-13,437
Disposals	234	233	467
Depreciation for the year	-67	-5,567	-5,634
At year-end	-1,350	-17,254	-18,604
<b>Carrying amount</b>	<b>-</b>	<b>18,664</b>	<b>18,664</b>

## PARENT COMPANY 2017

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

## DISTRIBUTION OF DEPRECIATION

	Group		Parent Company	
	2018	2017	2018	2017
Depreciation is recognised on the following lines in the statement of consolidated comprehensive income				
Cost of goods sold	5,298	3,381	5,298	3,381
Selling expenses	1,263	841	-	7
Administrative expenses	244	423	244	423
Research and development costs	92	109	92	109
<b>Total</b>	<b>6,897</b>	<b>4,754</b>	<b>5,634</b>	<b>3,920</b>

**NOTE 11 RECEIVABLES AND LIABILITIES FROM GROUP COMPANIES**

	Parent Company	
	2018	2017
<b>Non-current receivables</b>		
At beginning of year	70,755	7,055
Changes during the year	-65,025	64,623
Translation differences	761	-923
<b>Carrying amount</b>	<b>6,491</b>	<b>70,755</b>
<b>Current receivables</b>	<b>2018</b>	<b>2017</b>
At beginning of year	103,081	108,670
Changes during the year	58,414	-5,416
Translation differences	-111	-173
<b>Carrying amount</b>	<b>161,384</b>	<b>103,081</b>
<b>Non-current liabilities</b>	<b>2018</b>	<b>2017</b>
At beginning of year	100	2,215
Changes during the year	-	-2,115
Translation differences	-	-
<b>Carrying amount</b>	<b>100</b>	<b>100</b>
<b>Current liabilities</b>	<b>2018</b>	<b>2017</b>
At beginning of year	99,061	72,551
Changes during the year	-17,577	25,716
Translation differences	5,900	794
<b>Carrying amount</b>	<b>87,384</b>	<b>99,061</b>

The above receivables and liabilities to subsidiaries run indefinitely.

**NOTE 12 OTHER CURRENT RECEIVABLES**

	Group		Parent Company	
	2018	2017	2018	2017
VAT and tax asset	1,051	2,352	959	-
Receivables from suppliers	52,921	31,944	52,350	30,624
Other	11,057	5,839	2,140	3,767
<b>Total</b>	<b>65,029</b>	<b>40,135</b>	<b>55,449</b>	<b>34,391</b>

**NOTE 13 INVENTORIES****ACCOUNTING PRINCIPLES****INVENTORIES**

Inventories, which consist of finished goods and goods for resale, are measured at the lower of cost and net realizable value. The risk of obsolescence has therefore been taken into account. 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.

*Key assessments and estimates: Valuation of inventories*  
When measuring the value of inventories, the company makes assessments regarding the net realizable value, which can affect the carrying amount.

	Group		Parent Company	
	2018	2017	2018	2017
Finished goods and goods for resale	188,987	141,232	132,955	104,830
<b>Total</b>	<b>188,987</b>	<b>141,232</b>	<b>132,955</b>	<b>104,830</b>

**NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME**

	Group		Parent Company	
	2018	2017	2018	2017
Prepaid expenses	7,888	8,321	3,579	3,033
Accrued income	3,796	4,040	2,187	1,611
Other	6,742	648	6,697	648
<b>Total</b>	<b>18,426</b>	<b>13,009</b>	<b>12,463</b>	<b>5,292</b>

**NOTE 15 SHAREHOLDERS' EQUITY****ACCOUNTING PRINCIPLES**  
**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.

**Share capital**

The item share capital refers only to the Parent Company.

**CHANGES IN SHARE CAPITAL 2010-2018**

Year		No. of shares	Change in share capital MSEK
2010	At beginning of year	1,016,132,200	101.6
2010	Conversion/issue of shares	39,385,963	3.9
2011	Issue of shares from employee stock options	11,509,870	1.2
2011	Reverse split 10:1	-960,325,229	-
2011	Issue of shares from employee stock options	1,762,344	1.8
2012	Issue of shares from employee stock options	1,426,633	1.4
2013	Issue of shares for performance share plans	750,000	0.8
2014	Issue of shares for performance share plans	330,000	0.3
<b>2018</b>	<b>Number of shares at year-end</b>	<b>110,971,781</b>	<b>111.0</b>

The registered share capital at 31 December 2018 amounted to 110,971,781 shares with a quota value of SEK 1.00.

**Number of Class B treasury shares**

Treasury shares 1/1/2018	705,131
<b>Number of Class B treasury shares 31/12/2018</b>	<b>705,131</b>

## DISTRIBUTION OF SHARE CAPITAL BY SHARE CLASS

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

## GROUP

## Other capital contributions

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 hedging instrument attributable to hedging transactions that have not yet taken place.

## CHANGE IN RESERVES

	Group	Parent Company
At beginning of year	10,937	-2,258
Cash flow hedges	2,895	2,895
Exchange rate differences when translating foreign operations	14,926	-
Tax attributable to other comprehensive income	-637	-637
<b>Carrying amount</b>	<b>28,121</b>	<b>-</b>

The consolidated closing balance of SEK 28,121 thousand is attributable to exchange rate 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 expenditure

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.

## LEGAL RESERVE FOR INTERNALLY GENERATED DEVELOPMENT EXPENDITURE

	Parent Company	
	2018	2017
At beginning of year	26,124	12,539
Change during 2018	10,102	13,585
<b>Carrying amount</b>	<b>36,226</b>	<b>26,124</b>

## Share premium reserve

When new shares are issued at a premium, meaning that the prices 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

## ACCOUNTING PRINCIPLES

## 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. Warrants and share rights are not considered dilutive if profit for the period is negative. The dilutive effect arises only when the strike price is lower than the listed price and is greater than the wider the spread between the strike price and the listed price. The strike price is adjusted by adding on the value of future services associated with the employee stock option program that is recognized as share-based payments. 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.

	Before dilution		After dilution	
	2018	2017	2018	2017
Earnings per share	0.79	0.35	0.79	0.35

## 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 87,275 thousand (38,675) and the basic weighted average number of shares outstanding during the year, 110,267 thousand shares (110,149 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 87,275 thousand (38,675) and the diluted weighted average number of shares outstanding during the year. The dilutive effects arise from the company's outstanding employee stock options and warrants as well as rights to matching and performance shares.

Weighted average number of shares after dilution: 110,904 thousand shares (110,377 thousand shares).

## Potentially dilutive instruments

Profit for 2018 was positive and part of the shares included in earlier years' performance share plans are dilutive, and profit was also positive in 2017. If profit for future periods is positive and all the other prerequisites for dilution are present, then dilutive effects may arise.

## NOTE 17 PROVISIONS

## ACCOUNTING PRINCIPLES

## PROVISIONS

A provision is made when the Group has an existing 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 obligation 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.

*Key assessments and estimates: 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.

## PROVISIONS

	Group		Parent Company	
	2018	2017	2018	2017
Warranties	24,559	20,585	24,559	20,585
Recovery	5,267	3,053	-	-
Other	2,033	2,170	-	-
<b>Total</b>	<b>31,859</b>	<b>25,808</b>	<b>24,559</b>	<b>20,585</b>
Of which, non-current	14,478	10,064	7,603	4,841

## WARRANTY PROVISIONS

	Group		Parent Company	
	2018	2017	2018	2017
Carrying amount at beginning of year	20,585	20,950	20,585	20,950
Provisions	14,374	18,487	14,374	18,487
Amount utilised	-10,400	-18,852	-10,400	-18,852
<b>Carrying amount</b>	<b>24,559</b>	<b>20,585</b>	<b>24,559</b>	<b>20,585</b>
Of which, non-current	7,603	4,841	7,603	4,841

Warranty provisions pertain primarily to certain obligations for products sold in both prior years and 2018. The provision is based on calculations made on the basis of outcomes during 2018 and prior years. Pricer markets its products with customary product warranties, which in some cases extend over several years but are normally 1–3 years.

## NOTE 18 OTHER CURRENT LIABILITIES

	Group		Parent Company	
	2018	2017	2018	2017
Withholding tax, employee	2,121	2,140	1,056	832
VAT payable	7,197	3,903	-	315
Forward contracts	-	5,671	-	5,671
Other liabilities	4,620	5,248	934	716
<b>Total</b>	<b>13,938</b>	<b>16,962</b>	<b>1,990</b>	<b>7,534</b>

## NOTE 19 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2018	2017	2018	2017
Holiday pay liability	4,424	4,224	2,073	1,740
Accrued salaries	17,189	5,319	8,479	908
Social security expenses	2,039	1,696	931	518
Deferred income	34,835	14,469	9	-
Other accrued expenses	32,613	18,448	20,237	9,918
<b>Total</b>	<b>91,100</b>	<b>44,156</b>	<b>31,729</b>	<b>13,084</b>

## NOTE 20 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

## ACCOUNTING PRINCIPLES

## FINANCIAL INSTRUMENTS

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

The financial instruments reported in the balance sheet include cash and cash equivalents, loan receivables, trade receivables, financial investments and derivatives. On the liability side, they include trade payables, borrowings and derivatives. Financial instruments also include financial guarantees such as sureties given, etc.

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

A financial asset is derecognized from the balance sheet when the company's rights under the agreement have been realized or expired. The same applies to a part of a financial asset. A financial liability is derecognized from the balance sheet 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 when 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 consist of cash on hand and deposits with banks and equivalent institutions as well as current investments that have a term to maturity of less than three months and are exposed to only an insignificant risk of 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

Loans and other financial liabilities, e.g. Trade payables, are included in this category. The liabilities are valued at amortized cost.

## Hedge accounting

Pricer applies hedge accounting for hedging of currency 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 fluctuations 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.



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, interest rates, and refinancing and credit risks.

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

#### Currency risk

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

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

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

#### PERCENTAGE OF SALES AND COSTS BY CURRENCY

	EUR	USD	SEK and other currencies
Sales	49 (67) %	50 (32) %	1 (1) %
Costs	9 (17) %	79 (67) %	12 (16) %

In 2018, the breakdown of Pricer's net sales was 49 percent (67) in EUR, 50 percent (32) in USD and 1 percent (1) in other currencies. The cost of goods sold was almost exclusively denominated in USD, and operating expenses were equally split between EUR and SEK with a minor share in USD.

Currency effects in net financial items amounted to SEK -0.1 M (-3.8) and consisted of currency translation of loan receivables for subsidiaries and cash and cash equivalents.

Pricer's net assets in foreign currency at 31 December 2018 amounted to SEK 487.8 M (435.1).

In 2017 the company hedged a fixed percentage of the Parent Company's forecasted future currency flows in EUR and USD by purchasing forward contracts over time. The company has hedged future cash flows through various hedging contracts in order to achieve the target level prescribed by the finance policy in effect at that time regarding what share of the flows should be hedged. In the accounts, hedge accounting is applied when the requirements for hedge accounting have been met, and the effectiveness test of the contracts carried out in 2017 determined that the hedges were effective.

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. Hedging via forward contracts is permitted even in the future, but for specific contracts with the purpose of reducing transaction exposure. As at 31 December 2018, there were no outstanding forward contracts.

#### Sensitivity analysis

A strengthened EUR to SEK by 5 percent would have had a positive impact on operating profit of SEK 23 M and on equity of SEK 47 M, since Pricer's income in EUR was higher than its expenses in EUR and the company holds net assets in EUR.

A strengthened USD to SEK by 5 percent would have had a negative impact on operating profit of SEK -14 M and on equity of SEK -13 M, since Pricer's expenses in USD was higher than its income in USD, somewhat offset by net assets in USD.

The above effects are calculated on conditions in 2018 and events that should be seen as isolated without any measures taken to compensate for any loss of income.

#### SPECIFICATION OF OTHER INCOME AND EXPENSE

	Group		Parent Company	
	2018	2017	2018	2017
Realised exchange gains/losses	3,118	7,473	3,052	7,448
Unrealised exchange gains/losses	335	8	333	187
Gains/losses forward contracts	1,745	-12,435	1,745	-12,435
<b>Total</b>	<b>5,198</b>	<b>-4,954</b>	<b>5,130</b>	<b>-4,800</b>

Realized and unrealized exchange gains refer primarily to trade receivables denominated in EUR and USD, respectively, and realized and unrealized exchange losses refer primarily to trade payables denominated in USD.

#### Interest rate risk

Interest rate risk is the risk that changes in market 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 171.0 M (166.8). A change of one percentage point in the interest rate would affect net financial items by SEK 1.7 M (1.7) 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 wide geographic spread. The Group has established routines for how credits are to be valued and uncertain debts are to be dealt with and sets decision levels for various credit limits. Pricer has long-standing knowledge about most of its customers, which consist mainly of large retail companies and chains whose bad debt losses have been minor.

#### CONCENTRATION OF CREDIT RISK IN 2018

	Number of customers	Percentage of the no. of customers	Percentage of the portfolio
Exposure < SEK 1 M	120	81%	23%
Exposure SEK 1-5 M	18	12%	45%
Exposure > SEK 5 M	10	7%	32%
<b>Total</b>	<b>148</b>	<b>100%</b>	<b>100%</b>

#### CONCENTRATION OF CREDIT RISK IN 2017

	Number of customers	Percentage of the no. of customers	Percentage of the portfolio
Exposure < SEK 1 M	68	72%	8%
Exposure SEK 1-5 M	16	17%	20%
Exposure > SEK 5 M	11	11%	72%
<b>Total</b>	<b>95</b>	<b>100%</b>	<b>100%</b>

## AGE ANALYSIS OF TRADE RECEIVABLES

	2018	2017
<b>Overdue but not impaired trade receivables</b>	Overdue payments	Overdue payments
< 60 days	73,051	48,737
> 60 days	15,704	21,224
<b>Total</b>	<b>88,755</b>	<b>69,961</b>
<b>Total outstanding receivables</b>	<b>278,337</b>	<b>182,284</b>

	2018	2017
<b>Overdue and impaired trade receivables</b>		
<60 days	245	2
>60 days	1,391	800
<b>Total</b>	<b>1,636</b>	<b>802</b>

	2018	2017
<b>Provision for bad debts</b>		
<b>At beginning of year</b>	<b>802</b>	<b>804</b>
Reserve for possible bad debts	1,302	763
Realised losses	-350	-
Recovered estimated losses	-118	-765
<b>Provision at year-end</b>	<b>1,636</b>	<b>802</b>

**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 2018 and 2017 Pricer had no non-current loans, which has reduced the need for refinancing.

## UNDISCOUNTED CONTRACTUAL COMMITMENTS FOR FINANCIAL LIABILITIES

	Less than 1 year	1-5 years	More than 5 years	Total
<b>Group 2018</b>				
Advances from customers	3,406	-	-	3,406
Trade payables	212,020	-	-	212,020
Other current liabilities	34,835	-	-	34,835
Accrued expenses and deferred income	28,294	-	-	28,294
<b>Total financial liabilities</b>	<b>278,555</b>	<b>-</b>	<b>-</b>	<b>278,555</b>
<b>Group 2017</b>				
Advances from customers	6,792	-	-	6,792
Trade payables	106,099	-	-	106,099
Other current liabilities	19,884	-	-	19,884
Accrued expenses and deferred income	14,478	-	-	14,478
<b>Total financial liabilities</b>	<b>147,253</b>	<b>-</b>	<b>-</b>	<b>147,253</b>

**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 credit-worthy 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, in part due to changes in market rates. Measurement of forward contracts at fair value is based on customary models with observable inputs such as interest rates and exchange rates.

For financial instruments measured at amortized 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 shows 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.

## FINANCIAL INSTRUMENTS

	Level 1	Level 2	Level 3	2018/12/31
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Financial items (asset (+), liability (-))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Level 1	Level 2	Level 3	2017/12/31
Financial assets	-	776	-	776
Financial liabilities	-	-5,415	-	-5,415
<b>Financial items (asset (+), liability (-))</b>	<b>-</b>	<b>-4,639</b>	<b>-</b>	<b>-4,639</b>

For the Group and the Parent Company, the majority of financial assets and liabilities fall due between 3 months and 1 year. The company's assessment is that the carrying amount is approximately the same as fair value, for example with regard to the duration and operating character of these items.

	Financial assets at amortized cost	Hedging instru- ments at fair value via other comprehensive income	Financial liabilities at amortized cost	Total carrying amount	Fair value
<b>GROUP 2018</b>					
Trade receivables	278,337	-	-	278,337	278,337
Prepaid expenses and accrued income	10,493	-	-	10,493	10,493
Other current receivables	59,947	-	-	59,947	59,947
Cash and cash equivalents	171,035	-	-	171,035	171,035
<b>Total financial assets</b>	<b>519,812</b>	<b>-</b>	<b>-</b>	<b>519,812</b>	<b>519,812</b>
Advances from customers	-	-	-3,406	-3,406	-3,406
Trade payables	-	-	-212,020	-212,020	-212,020
Other current liabilities	-	-	-34,835	-34,835	-34,835
Accrued expenses and deferred income	-	-	-28,294	-28,294	-28,294
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-278,555</b>	<b>-278,555</b>	<b>-278,555</b>
<b>GROUP 2017</b>					
Trade receivables	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
<b>Total financial assets</b>	<b>390,282</b>	<b>776</b>	<b>-</b>	<b>391,058</b>	<b>391,058</b>
Advances from customers	-	-	-6,792	-6,792	-6,792
Trade payables	-	-	-106,099	-106,099	-106,099
Other current liabilities	-	-5,415	-14,469	-19,884	-19,884
Accrued expenses and deferred income	-	-	-14,478	-14,478	-14,478
<b>Total financial liabilities</b>	<b>-</b>	<b>-5,415</b>	<b>-141,838</b>	<b>-147,253</b>	<b>-147,253</b>
<b>PARENT COMPANY 2018</b>					
Trade receivables	84,925	-	-	84,925	84,925
Receivables from group companies	39,055	-	-	39,055	39,055
Other current receivables	54,217	-	-	54,217	54,217
Prepaid expenses and accrued income	8,884	-	-	8,884	8,884
Cash and cash equivalents	160,988	-	-	160,988	160,988
<b>Total financial assets</b>	<b>348,069</b>	<b>-</b>	<b>-</b>	<b>348,069</b>	<b>348,069</b>
Advances from customers	-	-	-	-	-
Trade payables	-	-	-205,614	-205,614	-205,614
Liabilities to group companies	-	-	-3,697	-3,697	-3,697
Other current liabilities	-	-	-	-	-
Accrued expenses and deferred income	-	-	-20,237	-20,237	-20,237
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-229,548</b>	<b>-229,548</b>	<b>-229,548</b>
<b>PARENT COMPANY 2017</b>					
Trade receivables	59,693	-	-	59,693	59,693
Receivables subsidiaries	21,438	-	-	21,438	21,438
Other receivables	34,470	-	-	34,470	34,470
Accrued income	2,259	-	-	2,259	2,259
Cash and cash equivalents	124,000	-	-	124,000	124,000
<b>Total financial assets</b>	<b>241,860</b>	<b>-</b>	<b>-</b>	<b>241,860</b>	<b>241,860</b>
Advances from customers	-	-	-419	-419	-419
Trade payables	-	-	-98,607	-98,607	-98,607
Liabilities to subsidiaries	-	-	-6,933	-6,933	-6,933
Other current liabilities	-	-	-5,415	-5,415	-5,415
Accrued expenses	-	-	-9,918	-9,918	-9,918
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-121,292</b>	<b>-121,292</b>	<b>-121,292</b>

**NOTE 21 LEASES****ACCOUNTING PRINCIPLES  
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 and a corresponding liability is recognized on initial recognition. 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.

**Finance lease contracts - 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 <i>Due date</i>	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
Within one year	565	279	557	270
Between one and five years	586	1,046	582	1,039
<b>Total</b>	<b>1,151</b>	<b>1,325</b>	<b>1,139</b>	<b>1,309</b>

**Reconciliation of future lease payments and their present values:**

	2018	2017
Future minimum lease payments	1,151	1,325
Less interest	-12	-16
<b>Present value of future minimum lease payments (other liabilities)</b>	<b>1,139</b>	<b>1,309</b>

**Variable expenditure included in profit or loss for the period:**

	2018	2017
Interest	9	9
<b>Total</b>	<b>9</b>	<b>9</b>

**Operating lease contracts - lessee**

Non-cancellable lease payments amount to:

	Group		Parent Company	
	2018	2017	2018	2017
Within one year	10,071	6,837	6,717	4,273
Between one and five years	42,348	11,055	30,550	1,405
More than five years	8,526	-	1,730	-
<b>Total</b>	<b>60,945</b>	<b>17,892</b>	<b>38,997</b>	<b>5,678</b>

The Parent Company has operating leases in a lesser scale for rental contracts, 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 rental contracts for these facilities extend past 2018. The majority of rental 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 2018 include a cost of SEK 9,449 thousand (8,306) in respect of operating leases. The payments are minimum payments and not variable.

**IFRS 16 Leases - new IFRS applied as of 2019**

The standard changes the reporting of leases and requires all leases to be recognized in the balance sheet. The company has operating leases for office premises and cars, which will affect the financial position and key ratios at transition. The company has chosen to apply the transition rules for this standard in accordance with the simplified approach, which recognizes the accumulated effect of an initial application of the standard on the first day of application, 1 January 2019. As a result, comparable information will not be restated, and it will continue to be reported in accordance with IAS 17 Leasing and IFRIC 4 Determining whether an Arrangement Contains a Lease. The company has opted to exclude leases in which the value of the underlying asset is low. Leasing costs for earlier operating leases will be replaced in 2019 with write-downs on right-of-use assets and financial interest expense for lease liabilities. Right-of-use assets will be measured at an amount corresponding to the lease liabilities on the date of transition. Based on existing leases at 1 January 2019, the Group's lease expenses and right-of-use assets are expected to increase the balance sheet total by SEK 57.1 M (corresponding to 5 percent), without affecting equity.

**IFRS 16 - TRANSITION DISCLOSURES**

<b>Lease liability</b>	
Operating leases as of 31 December 2018	60,945
Discounting with the Group's weighted average marginal lending rate	-3,848
Lease liability for operating leases as of 31 December 2018	57,097
Additional liabilities for financial leases as of 31 December 2018	1,139
<b>Lease liability recorded 1 January 2019</b>	<b>58,236</b>
<b>Right-of-use asset</b>	
Lease liability recorded 1 January 2019	57,097
Additional assets for financial leases as of 31 December 2018	1,206
<b>Right-of-use asset recorded 1 January 2019</b>	<b>58,303</b>

**NOTE 22 PLEDGED ASSETS AND CONTINGENT LIABILITIES****ACCOUNTING PRINCIPLES****Contingent liability**

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.

	Group		Parent Company	
	2018	2017	2018	2017
<b>Pledged assets</b>				
<i>For own liabilities and provisions</i>				
Floating charges	59,625	59,625	59,625	59,625
Blocked funds	885	849	-	-
<b>Total</b>	<b>60,510</b>	<b>60,474</b>	<b>59,625</b>	<b>59,625</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Contingent liabilities</b>				
Bank guarantee	885	849	-	-
Customs services	144	200	144	200
Rent guarantees	1,700	1,700	1,700	1,700
Advance guarantees	12,956	-	12,956	-
<b>Total</b>	<b>15,685</b>	<b>2,749</b>	<b>14,800</b>	<b>1,900</b>

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

**NOTE 23 RELATED PARTY TRANSACTIONS**

The Parent Company has a related party relationship with its subsidiaries, see Note 24

**SUMMARY OF RELATED PARTY TRANSACTIONS:**

	Year	Sales of goods and services to related parties	Purchase of services from related parties	Interest income	Receivables from related parties at 31 December	Liabilities to related parties at 31 December
Subsidiaries	2018	746,849	-1,917	1,036	167,875	87,484
Subsidiaries	2017	421,759	-1,034	181	173,836	99,161

*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 financial standing or results.

**NOTE 24 PARTICIPATIONS IN GROUP COMPANIES**

	Parent Company	
	2018	2017
<i>Accumulated cost</i>		
At beginning of year	1,143,926	1,143,598
Shareholder contributions	6,487	328
At year-end	1,150,413	1,143,926
<i>Accumulated impairment losses</i>		
At beginning of year	-958,453	-958,345
Impairment losses/gains	-5,935	-108
At year-end	-964,388	-958,453
<b>Carrying amount of participations in group companies</b>	<b>186,025</b>	<b>185,473</b>

**SPECIFICATION OF PARENT COMPANY SHAREHOLDINGS AND PARTICIPATIONS IN SUBSIDIARIES:**

Subsidiary/CIN/Domicile	Participation, %	Number of shares/participations	Currency	31/12/2018 Carrying amount	31/12/2017 Carrying amount
Pricer Inc. (22-3215520), Delaware, USA	100	223,000	USD	9,997	9,440
Pricer SAS, (RCS 395 238 751) Paris, France	100	2,138	EUR	170,451	170,456
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 Consulting AB, 556429-6027, Stockholm, Sweden	100	1,000	SEK	100	100
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
<b>Participations in group companies</b>				<b>186,025</b>	<b>185,473</b>



**NOTE 25 CASH FLOW STATEMENT**

	Group		Parent Company	
	2018	2017	2018	2017
<b>Cash and cash equivalents</b>				
<i>Cash and cash equivalents include the following sub-components:</i>				
Cash and bank balances	171,035	166,776	160,988	124,000
<b>Total as per the statement of financial position</b>	<b>171,035</b>	<b>166,776</b>	<b>160,988</b>	<b>124,000</b>
<b>Total as per the cash flow statement</b>	<b>171,035</b>	<b>166,776</b>	<b>160,988</b>	<b>124,000</b>

	Group		Parent Company	
	2018	2017	2018	2017
<b>Interest rates paid</b>				
Interest received	7	35	7	35
Interest paid	-249	-280	-240	-271

Adjustments for non-cash items	Group		Parent Company	
	2018	2017	2018	2017
Depreciation/amortisation	20,034	14,825	18,608	13,219
Impairment	879	-	6,814	-
Accrued costs of employee stock options	1,375	548	1,375	548
Exchange rate differences/translation differences	243	1,380	333	-456
Gain/loss on the sale of non-current assets	-	11	-	-
Change in provisions	5,853	1,772	3,974	-365
<b>Non-cash items</b>	<b>28,384</b>	<b>18,536</b>	<b>31,104</b>	<b>12,946</b>

**NOTE 26 APPROPRIATION OF PROFITS****ACCOUNTING PRINCIPLES****DISTRIBUTION OF CAPITAL TO SHAREHOLDERS**

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

The Annual General Meeting has at its disposal:	SEK
Share premium reserve	205,103,812
Retained earnings	61,690,744
Net profit for the year	67,058,253
<b>Total amount available including share premium reserve</b>	<b>333,852,809</b>

The Board of Directors proposes that the available funds are to be used as follows:

Dividend SEK 0.60 SEK per share, total of 110,266,650 shares	66,159,990
<b>Total amount to dissolve from retained earnings</b>	<b>66,159,990</b>
<b>Carried forward to new account</b>	<b>267,692,819</b>

The proposed record date for payment of the dividend is 29 April 2019. If the AGM decides in accordance with the proposal, dividends are expected to be dispatched through Euroclear Sweden AB on 3 May 2019. The Board's reasoning is presented on page 59.

**NOTE 27 SIGNIFICANT EVENTS AFTER THE END OF THE YEAR**

In 2019, Pricer strengthened the company's Executive Management. According to a publication on 15 October 2018, the company recruited Susanne Andersson to be CFO, and she took over her new role on 21 January 2019. The company also recruited Magnus Larsson to the position VP Customer Operations. Magnus Larsson and Johan Kronlöf, Head of Quality & Sustainability, will join the company's Executive Management Team. More information about Pricer's Executive Management is available on the company's website, [www.pricer.com](http://www.pricer.com).

The Pricer share is available for US investors via an ADR (American Depositary Receipt) program through the Bank of New York Mellon. This means that the Class B share is available as a depository receipt in the USA without a formal stock market listing. The company decided to terminate the agreement with Bank of New York Mellon in 2019 due to low transaction volume.

# The Board's proposed appropriation of profits

<i>The Annual General Meeting has at its disposal:</i>	<i>SEK</i>
Share premium reserve	205,103,812
Retained earnings	61,690,744
Net profit for the year 2017	67,058,253
<b>Total amount available including share premium reserve</b>	<b>333,852,809</b>

The Board of Directors proposes that the available funds are to be used as follows:

Dividend SEK 0.60 SEK per share, total of 110,266,650 shares	66,159,990
<b>Total amount to dissolve from retained earnings</b>	<b>66,159,990</b>

**Carried forward to new account**

**267,692,819**

In view of the Board's proposed appropriation of profits, the Board of Directors hereby issues the following statement in accordance with Chapter 18, section 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 2018 is presented in the most recently published annual report. The annual report also describes the policies applied for the measurement of assets, provisions and liabilities. On 31 December 2018 the Parent Company had an equity/assets ratio of 63 percent and the Group of 69 percent. Following a maximum dividend, the equity/assets ratios of the Parent Company and Group would be 60 percent and 67 percent, respectively. This is deemed satisfactory 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 continue to be sufficient. In the Board's opinion, the proposed dividend will not prevent the company, or other companies in the Group, from continuing their operations, meeting their obligations in the short and long term or making the necessary development projects and other investment projects. 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 an 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, section 3, paragraphs 2 and 3 of the Swedish Companies Act (the principle of prudence).

# Assurance by the Board of Directors and the 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 view of the results of operations and financial position of the Parent Company and the Group. The administration report for the Parent Company and the Group provide a true and

fair view 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 25 March 2019. 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 25 April 2019.

Stockholm, 25 March 2019

Bernt Ingman  
*Chair*

Hans Granberg

Jenni Virnes

Jonas Guldstrand

Thomas Krishan

Helena Holmgren  
*President and CEO*

Our audit report was submitted on 25 March 2019

Ernst & Young AB

Rickard Andersson  
*Authorized Public Accountant  
Auditor in Charge*

# Auditor's Report

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

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Pricer AB (publ) except for the corporate governance statement on pages 23–27 for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 18–60 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 2018 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 2018 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 23–27. 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 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. 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 2018 amounted to 1 194,5 MSEK 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 1-3.

#### How our audit addressed this key audit matter

We have reviewed revenue recognition to ensure that it is carried out in accordance with IFRS. We have among other things performed detailed analytical procedures where we utilized data analysis tools and 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 and an increased level of substantive testing in respect of revenue cut off around the year end date. We have also assessed the appropriateness and transparency of disclosure in the financial statement.

## Impairment of goodwill and shares in subsidiaries

### Description

Goodwill is recognized at 259 MSEK (249 MSEK) in the statement of financial position for the Group at 31 December 2018 and shares in subsidiaries are recognized at 185 MSEK (185 MSEK) in the Parent Company's balance sheet.

As stated in Note 9, 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. No indications of impairment have been found for 2018. Note 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 2-17. 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.



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 communicate 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 2018 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 the Managing Director

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 scepticism 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 23-27 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.

Ernst & Young AB, Jakobsbergsgatan 24, 103 99 Stockholm, was appointed auditor of Pricer AB (publ) by the general meeting of the shareholders on the 28 April 2018 and has been the company's auditor since the 23 April 2015.

Stockholm, 25 March, 2019  
Ernst & Young AB

Rickard Andersson  
Authorized Public Accountant

# Five-year overview – Group

ALL AMOUNTS IN SEK M UNLESS OTHERWISE STATED					
	2018	2017	2016	2015	2014
<b>KEY RATIOS</b>					
Net sales	1,194.5	827.8	757.6	864.8	572.7
Gross profit	272.2	216.0	213.2	188.2	97.5
Operating expenses	-188.3	-155.4	-149.6	-142.8	-155.4
Items affecting comparability	-	-1.5	-3.0	-16.0	-16.0
Operating expenses adjusted for items affecting comparability	-188.3	-153.9	-146.6	-126.8	-139.4
Operating profit	89.1	55.7	64.1	47.8	-53.1
Working capital	212.9	186.9	115.5	201.0	238.4
Cash flow from operating activities	83.7	-8.2	174.0	101.5	13.5
<b>Financial data</b>					
Equity/assets ratio, percent	69	78	78	85	81
<b>Margin data</b>					
Gross margin, percent	22.8	26.1	28.1	21.8	17.0
Operating margin, percent	7.5	6.7	8.5	5.5	-9.1
<b>Return data</b>					
Equity per share, basic	7.0	6.5	6.6	6.2	6.0
Equity per share, diluted	6.9	6.5	6.6	6.2	6.0
Basic earnings per share	0.79	0.35	0.52	0.34	-0.51
Diluted earnings per share	0.79	0.35	0.52	0.34	-0.51
P/S ratio	0.86	1.13	1.35	1.21	1.21
<b>Other data</b>					
Order intake	1,268	872	783	792	541
Backlog on 31 December	224	133	95	63	90
Average number of employees	109	101	90	82	79
Number of employees at end of year	115	104	93	82	83

# Alternative key ratios

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. The reconciliation and definitions of the alternative key ratios and measures used in this report and that cannot be inferred directly from the financial statements are presented below.

ALTERNATIVE KEY RATIOS	DEFINITION	REASON FOR USE
<b>PERFORMANCE MEASURE</b>		
Change in net sales adjusted for changes in exchange rates	The relationship between the period's net sales translated using the exchange rates and net sales of the comparative period	This measure is used by management to follow underlying change in net sales in comparable currencies.
Gross profit	Net sales less cost of goods sold	Gross profit is an important measure for management since it is used to analyse 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.
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.
<b>MARGIN RATIOS</b>		
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 margin	Operating profit as a percentage of net sales.	Operating margin is one of management's most important measures for performance monitoring since it measures the company's ability to convert net sales into operating profit.
<b>CAPITAL AND FINANCIAL RATIOS</b>		
Equity/asset ratio	Equity as a percentage of total assets.	A traditional measure that gives an indication of the company's ability to pay its debts.
<b>RETURN RATIOS</b>		
Equity per share, before/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 warrants or performance share plans.	This measure is used to show development of equity per share over time and to enable comparability with other companies.
Earnings per share, before/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 warrants or performance share plans.	This measure is used to show development of earnings per share over time and to enable comparability with other companies.
P/S 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.
<b>OTHER RATIOS</b>		
Order intake	The value of binding customer orders, invoiced service contracts and call-off under framework agreements. Does not include the anticipated future value of framework agreements.	Order intake is used to measure demand for the company's products and services during a specific period. This measure is also an important indicator of increases/decreases in demand between periods.
Change in order intake adjusted for exchange rate fluctuations	The relationship between the period's order intake translated using the exchange rates from the comparative period and order intake from the comparative period	This measure is used by management to follow underlying change in order intake in comparable currencies.
Order backlog	The value of incoming orders that have not yet been invoiced.	The size of the order backlog gives an indication of sales development from a short to mid-term perspective.

# Alternative key ratios

AMOUNTS IN SEK M UNLESS OTHERWISE STATED		
	31 Dec 2018	31 Dec 2017
<b>PERFORMANCE MEASURE</b>		
Operating expenses		
Selling and administrative expenses	-162.6	-136.6
Research and development costs	-25.7	-18.7
<b>Operating expenses</b>	<b>-188.3</b>	<b>-155.4</b>
<b>Operating expenses adjusted for items affecting comparability</b>		
Operating expenses	-188.3	-155.4
-Of which items affecting comparability for personnel costs related to restructurings	-	-1.5
<b>Operating expenses adjusted for items affecting comparability</b>	<b>-188.3</b>	<b>-153.9</b>
<b>MARGIN RATIOS</b>		
Net sales	1,194.5	827.8
Gross profit	272.2	216.0
<b>Gross margin, percent</b>	<b>22.8%</b>	<b>26.1%</b>
Operating profit	89.1	55.7
<b>Operating margin, percent</b>	<b>7.5%</b>	<b>6.7%</b>
<b>CAPITAL AND FINANCIAL RATIOS</b>		
Equity/asset ratio		
Total assets	1,121.6	918.5
Shareholders' equity	769.3	718.7
<b>Equity/assets ratio, percent</b>	<b>69%</b>	<b>78%</b>
<b>RETURN RATIOS</b>		
<b>Equity per share, before/after dilution</b>		
Number of outstanding shares, millions	110.3	110.3
Dilution effect, millions	0.6	0.2
Shareholders' equity	769.3	718.7
<b>Equity per share, basic, SEK</b>	<b>6.98</b>	<b>6.52</b>
<b>Equity per share, diluted, SEK</b>	<b>6.94</b>	<b>6.50</b>
<b>Earnings per share, before/after dilution</b>		
Average number of outstanding shares, millions	110.3	110.1
Dilution effect, millions	0.6	0.2
Profit/loss for the period	87.3	38.7
<b>Earnings per share, basic, SEK</b>	<b>0.79</b>	<b>0.35</b>
<b>Earnings per share, diluted, SEK</b>	<b>0.79</b>	<b>0.35</b>
<b>P/S ratio</b>		
Net sales	1,194.5	827.8
Average number of outstanding shares, 000s	110.3	110.1
Net sales per average number of shares, SEK	10.83	7.52
Share price as end of period, Class B	9.29	8.50
<b>P/S ratio, SEK</b>	<b>0.86</b>	<b>1.13</b>



# 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 2018 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. See Note 15 for changes in the share capital during the years 2010-2018.

The company's share was available in 2018 for US investors via an ADR (American Depositary Receipt) program through the Bank of New York Mellon. This means that the Class B share is available as a depositary receipt in the USA without a formal stock market listing. The company decided in 2019 to terminate the agreement with Bank of New York Mellon due to low transaction volume.

## Trading and price trend

The share price started the year at SEK 8.50 and ended at SEK 9.29. The highest price paid during the year was SEK 13.10, quoted on 24 August 2018, and the lowest price paid during the year was SEK 7.62, quoted on 6 February 2018. The total market capitalization at 31 December 2018 was SEK 1,024 M. Turnover for the full year 2018 amounted to 60 million shares traded for a combined value of SEK 591 M, equal to an average daily volume of 238,000 shares with a combined value of SEK 2,365 thousand per trading day. The number of trades cleared for the full year was 43,000, equal to an average of 174 per trading day.

## Ownership structure

The number of shareholders at 31 December 2018 was 15,704. The ten largest shareholders held 42 percent of the number of shares and 42 percent of the number of votes. Legal persons were responsible for 57 percent of the number of shares and votes. Foreign ownership amounted to 20 percent of the number of shares and votes.

## 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 2018, the Board proposes a dividend of SEK 0.60 per share.

## Warrant program

The 2015 AGM approved a warrant program where each warrant grants the right to subscribe for one Class B 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 12 May 2015 to 18 May 2015. The 2016 AGM approved a warrant program where each warrant grants the right to subscribe for one Class B share in Pricer AB during the period from 27 May 2019 to 27 June 2019 at a strike price equal to 150 percent of the Pricer share's volume-weighted average price on Nasdaq Stockholm during the ten trading days immediately following the 2016 AGM. In 2018, the company bought back a total of 190,000 warrants issued under the 2015 and 2016 programs, and 380,000 warrants in the 2016 program expired in June 2018 without redemption. See Note 4 for more information.

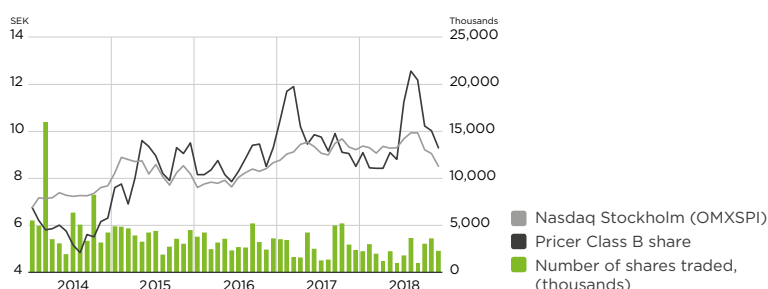
## Performance share plan

The 2017 AGM resolved to approve a performance share plan, 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. From the 2017 performance share plan, a maximum of 228,000 shares can be transferred free of charge to the participants in June 2020, and from the 2018 performance share plan, a maximum of 409,000 shares can be transferred free of charge to the participants in June 2021, in the event the predefined performance targets are fully met. See Note 4 for further information.

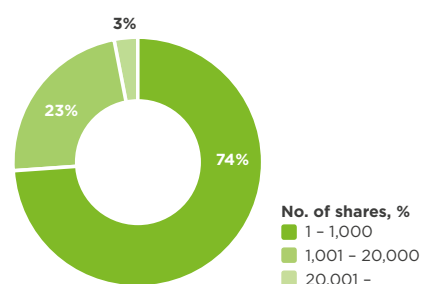
## Treasury shares and conversion of shares

The company holds 705,131 Class B treasury shares. These shares were bought back to cover the company's commitment to provide matching and performance shares under the outstanding performance share plans. 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.

PRICER SHARE DEVELOPMENT 2014-2018



OWNERSHIP STRUCTURE 31 DECEMBER 2018



## OUTSTANDING WARRANTS

Designation	Number	Year issued	Strike price, SEK <sup>1</sup>	Expiration date
TO16	570,000	2016	12.80	27/06/2019

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

## LARGE SHAREHOLDERS 31 DECEMBER 2018

Owners	No. of share Class A	No. of share Class B	Total number of shares	Percentage	
				Share capital	Voting rights
Avanza Pension	-	12,419,565	12,419,565	11.2%	11.1%
Nordea Bank AB	-	11,350,342	11,350,342	10.2%	10.1%
Nordnet Pensionsförsäkring AB	-	7,036,787	7,036,787	6.3%	6.3%
Krishan Thomas	-	3,192,092	3,192,092	2.9%	2.9%
Sifonen AB	-	3,000,000	3,000,000	2.7%	2.7%
Pension Danica	-	2,586,477	2,586,477	2.3%	2.3%
Gomobile Nu AB	-	1,988,488	1,988,488	1.8%	1.8%
Tamt AB	211,054	1,496,000	1,707,054	1.5%	2.3%
Pictet & Cie (Europe) S.A.	-	1,559,562	1,559,562	1.4%	1.4%
Swedbank Försäkring	-	1,546,612	1,546,612	1.4%	1.4%
<b>10 largest shareholders</b>	<b>211,054</b>	<b>46,175,925</b>	<b>46,386,979</b>	<b>41.8%</b>	<b>42.2%</b>
Others	14,469	63,865,202	63,879,671	57.6%	57.2%
<b>Total number of shares outstanding</b>	<b>225,523</b>	<b>110,041,127</b>	<b>110,266,650</b>	<b>99.4%</b>	<b>99.4%</b>
Pricer's own treasury shares	-	705,131	705,131	0.6%	0.6%
<b>Total number of shares</b>	<b>225,523</b>	<b>110,746,258</b>	<b>110,971,781</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Euroclear.

## FIVE-YEAR SUMMARY FOR PRICER SHARE

	2018	2017	2016	2015	2014
<b>SEK per share, basic</b>					
Earnings	0.79	0.35	0.52	0.34	-0.51
Dividend, paid	0.50	0.50	0.25	-	-
Equity	6.98	6.52	6.63	6.23	6.00
Cash flow from operating activities	0.76	-0.08	1.58	0.92	0.12
P/S ratio	0.86	1.13	1.35	1.21	1.21
<b>SEK per share, diluted</b>					
Earnings	0.79	0.35	0.52	0.34	-0.51
Equity	6.94	6.50	6.63	6.23	6.00
Cash flow from operating activities	0.75	-0.08	1.58	0.92	0.12
P/S ratio	0.86	1.13	1.35	1.21	1.21
<b>Share price</b>					
Closing price for the year, Class B	9.29	8.50	9.30	9.50	6.30
Highest price paid, Class B	13.10	12.60	9.90	12.10	7.35
Lowest price paid, Class B	7.62	8.30	7.30	6.15	4.60
No. of outstanding shares on 31 Dec., thousands	110,267	110,267	110,042	109,905	109,893
Market capitalisation on 31 Dec., SEK M	1,024	937	1,023	1,044	692
Average number of outstanding shares, 000s	110,267	110,149	109,979	109,899	109,892
Share price on 31 Dec./shareholders' equity, %	133	130	140	152	105

# Shareholder information

## Annual General Meeting

The 2019 Annual General Meeting of Pricer AB (publ) will be held at 2:00 p.m. on Thursday, 25 April 2019, at Kapitel 8 Klara Strand, Klarastrandsviadukten 90, Stockholm, Sweden. In order to participate in the AGM, shareholders must be entered in the share register maintained by Euroclear Sweden AB by Wednesday, 17 April, and must notify the company of their intention to participate no later than 18:00 p.m. on Friday, 17 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 17 April. Notification can be made as follows:

- By email: [ir@pricer.com](mailto: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, personal/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 0.60 per share for the financial year 2018.

## Financial calendar

In 2019, the quarterly financial reports will be published as follows:

25 April 2019	Interim report January-March
18 July 2019	Interim report January-June
25 October 2019	Interim report January-September
13 February 2020	Year-end Report 2019

## Distribution of financial information

Press releases, interim reports, annual reports and share price data are presented on the company's website [www.pricer.com](http://www.pricer.com). Subscription to information via email is offered on the website, where there is also an archive containing older interim reports and annual reports. The printed annual report is distributed to shareholders upon request.

# Addresses

## Head Office

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## Sales America

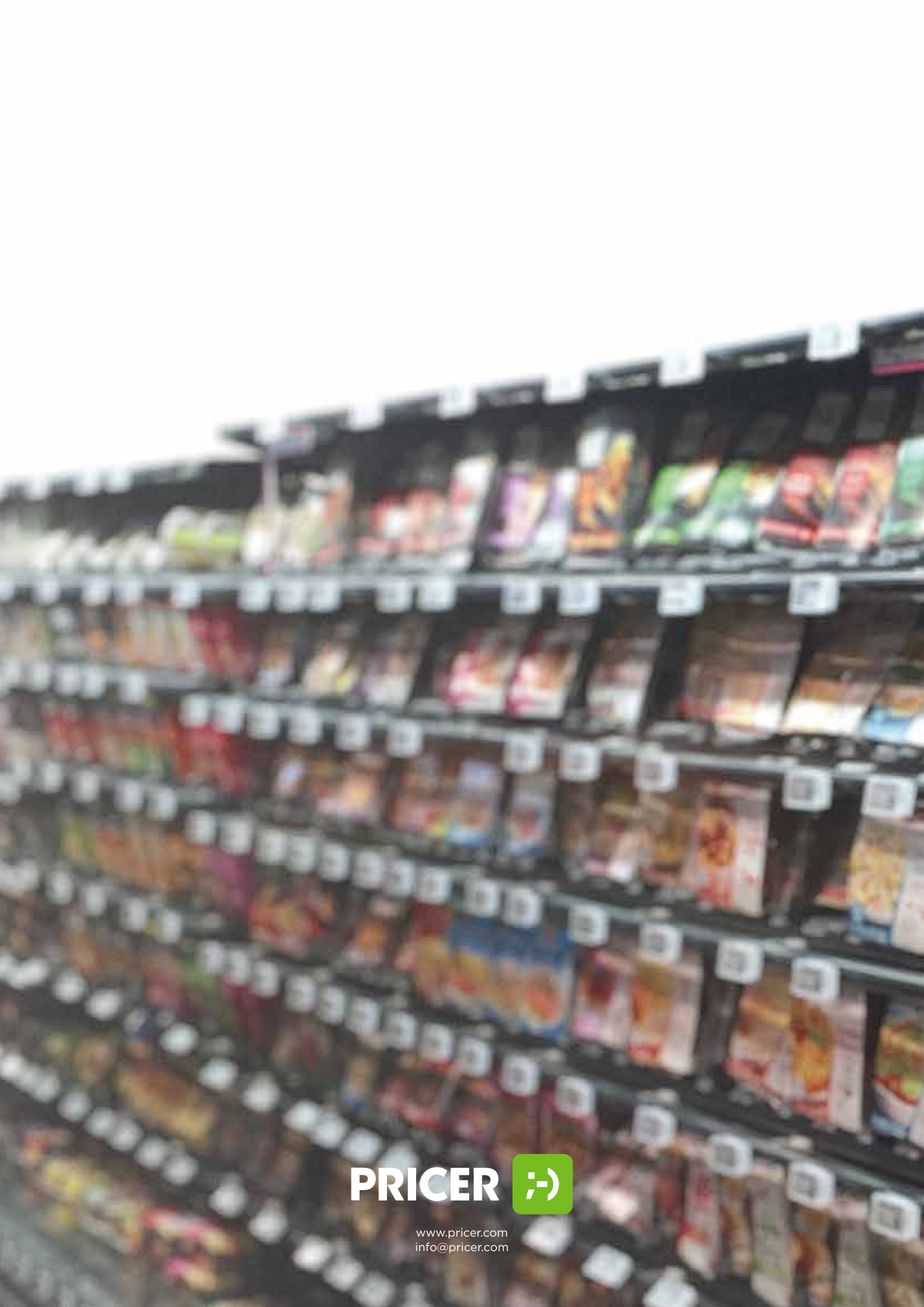
**Pricer Inc.**  
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USA  
Phone: +1 866 463 4766

## Sales Asia

**Pricer Production and Sales**  
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52 Wyndham Street, Central  
Hong Kong  
Phone: +852 3103 1188

# Pricer's milestones

- 1991** Pricer is founded in June. 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 systems provider for retail space management. Cooperation is initiated with Telxon, which delivers mobile data capture solutions.
- 1998** Cooperation 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** A sizeable order is placed through Pricer's partner in Japan, Ishida.
- 2002** A large-scale action programme 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 a new partner in the US market.
- 2004** Pricer wins a major order from the French chain Carrefour. Through partner Ishida, Ito Yokado awards Pricer a sizeable contract in the Japanese market. IBM becomes a new partner in the US.
- 2005** Substantial increase in sales. Carrefour expands its installation in France. The Continuum product family 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** More prevalent breakthrough for the DotMatrix™ product. Pricer maintains its market leading position.
- 2009** Pricer surpasses 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 employees find products in the store.
- 2017** The year that retailers to a greater extent began implementing retail automation based on ESL, with automatic product positioning for customers and employees, and Instant Flash to streamline the larger and more important store processes.
- 2018** Pricer conducts a major rollout in the US, and for the first time in the company's history, sales surpass SEK 1 billion.



**PRICER** :-)

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[info@pricer.com](mailto:info@pricer.com)