PRICER

Setting the ESL Standard

ANNUAL REPORT 2009

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All values are expressed in Swedish kronor, SEK. Thousands are abbreviated as SEK 000s and millions as SEK M. The figures in brackets refer to 2008 or the corresponding period of the previous year, unless otherwise specified. Information about the market data and competitive situation is based on Pricer's own assessments, unless a specific source is named.

This English version of the annual report is a translation of the Swedish. In the event of discrepancies between the Swedish and the English annual report, the formulation in the Swedish version shall have precedence.

Pricer Profile

Pricer provides the retail industry's leading electronic display and Electronic Shelf Label (ESL) platform, solutions, and services for intelligently communicating, managing, and optimising price and product information on the retail floor. Pricer is the only company today offering a communication platform that supports both segment-based ESL and graphic ESL. The platform is based on a two-way communication protocol to ensure a complete traceability and effective management of resources. The Pricer system significantly improves consumer benefit and store productivity by simplifying work in the store.

Pricer offers the most complete and scalable ESL solution. Pricer, with nearly 5,300 installations in more than 40 countries, is the worldwide ESL market leader in number of installed stores. Customers include many of the world's top retailers and some of the foremost retail chains in Europe, Japan and America. Pricer, in cooperation with qualified partners, offers a totally integrated solution together with supplementary products, applications and services to improve retail operations.

Pricer was founded in 1991 in Sweden and the Pricer class B share is quoted on the Small Cap list of Nasdaq OMX Stockholm Stock Exchange. The number of shareholders is above 22,000, with the ten largest accounting for 28 percent of the number of votes on 31 December 2009. At the end of 2009 the Pricer Group had effectively 57 employees.

Key figures	2009	2008	Change
Net sales, SEK M	327.3	427.0	-23%
Gross profit, SEK M	126.3	160.3	-21%
Gross margin, %	39	38	3%
Operating profit, SEK M	25.2	55.4	-55%
Profit for the year, SEK M	19.9	107.7	-82%
Earnings per share, SEK	0.02	0.11	-82%
Equity ratio, %	83	77	8%

Highlights of 2009

Third profitable year
In spite of a difficult overall year, Pricer achieved a third profitable year with an operating profit of SEK 25.2 M and an operating margin of 8 percent for the year.

Pricer wins new high potential markets
Whereas Europe and Japan have historically been the leading markets for ESL, 2009 marks a new step for the industry. ESL acceptance worldwide is increasing, with Pricer continuing to be chosen as the preferred supplier for integrated retail chains. In 2009, Pricer started the first phase ESL rollout with a major South African retailer. Another leading retailer in America, Soriana Mexico, decided to continue its ESL deployment with the Pricer system after having already installed a hundred stores. Pricer is now present on all five continents across the world. Pricer also continued to break into new markets with some leading clients such as Metro in Turkey and Carrefour in Greece.

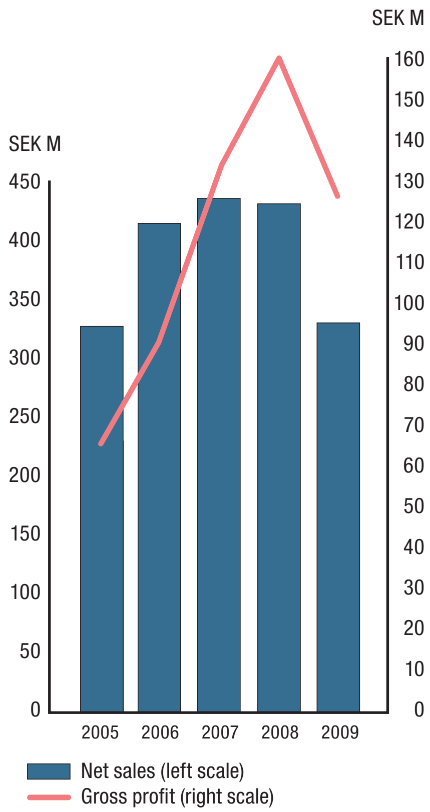
Major contracts in non-food retail with DotMatrix™ and Continuum ESL
The Pricer ESL system has proven to bring significant operational benefits to the non-food retail sector. New generation graphic displays, DotMatrix™, as well as the system's capacity to enable centralised price management at headquarters have helped to open new opportunities. During the year, Pricer completed its first major European DotMatrix™ ESL contract with Belgacom, leading chain of retail telephony in Belgium with 90 stores. Also the Do-It-Yourself (DIY) sector expanded ESL implementation. Praktiker in Germany and Castorama in France both ordered more Pricer ESL systems. In other non food applications, the Swedish Post deployed Pricer DotMatrix™ ESL in over ten terminals across the country to increase productivity and reactivity.

Pricer builds its position with leading French food retailers
As France is the most important food retail market to have adopted ESL and one of the largest exporters of retail around the world, it is critical for Pricer to continue to build and secure its position. In 2009, and beyond the Castorama decision, Pricer further deployed its ESL system in the Carrefour Group and Casino Group. Cora, one of the largest food retailers in France, decided to step into the second phase of ESL implementation in its hypermarkets with Pricer. E.Leclerc, pioneers in their adoption of Pricer graphic ESL, installed more full DotMatrix™ stores. Grand Frais, a leading French fresh food retailer, completed its second DotMatrix™ ESL rollout in 85 stores. Metro Group continued the deployment of Pricer ESL in its French chain and Franprix expanded the ESL program to another 50 supermarkets.

Pricer remains at the forefront of new technologies
Research & Development and a strong product innovation have always been a priority for Pricer. In 2009, Pricer continued to invest in new solutions that leverage the system and enhance customer experience in the store. Pricer developed with Vega France, leading French supplier in digital signage, retail's first fully automated dynamic display solution. The solution is built upon the uniqueness of Pricer's scalable two-way system and open platform. Several retailers in Europe have already shown their interest in the solution. Pricer also further developed its ESL product range with the launch of a new DotMatrix™ ESL model that offers a large display for optimal price readability at the shelf edge, and new Continuum ESL models adapted to the specificities of South American and Eastern European markets.

ESL industry remains dynamic with Pricer as leading supplier
Several new actors entered the ESL market in 2009, however they are at the stage of launching and proving their solution. ESL is further gaining momentum in food retail but also in non-food. Pricer remains a market leader. Today Pricer has an ESL installed base equal to the total of its competitors. Pricer is the only ESL supplier to offer dual display under the same infrastructure. With over 70 million ESL installed in more than 40 countries, Pricer has proven the maturity and scalability of its system for worldwide retail. In 2009 Pricer invested substantially in increasing efficiency, capacity and alternate suppliers of critical components to secure its offer and meet new cost targets.

Net sales and gross profit



Two-way communication, speed and scalability

Pricer's ESL system is a total solution for electronic retail price labelling and information. The system is comprised of individual electronic labels displaying price and product information supported by wireless communication infrastructure and software. The Pricer solution includes a full range of accessories and fixtures to facilitate ESL management and optimise the ESL investment.

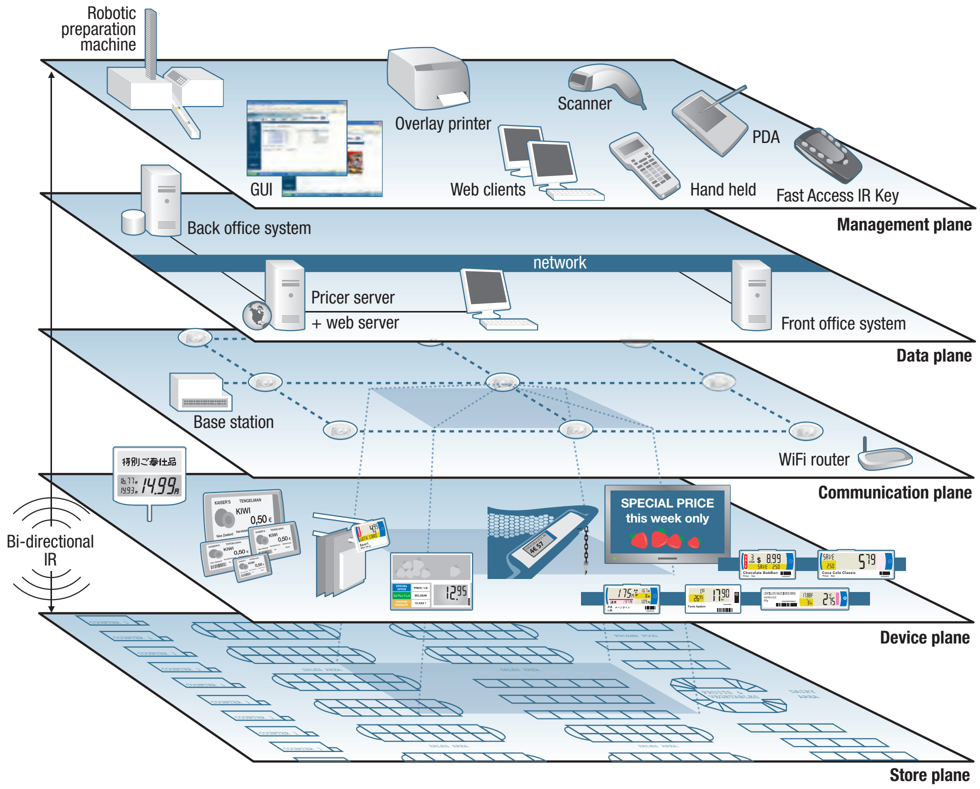
Pricer has developed a wireless communication platform to support today's and tomorrow's wireless displays. With this standard platform, retailers can leverage their infrastructure investment to support new wireless devices, developed by either Pricer or other companies building on Pricer technologies through licensing agreements. This open platform philosophy and licensing strategy enables retailers to find customised and scalable system solutions for specific needs, further proofing their initial investment. At the same time, it broadens Pricer's market and strengthens Pricer's position as leading ESL system provider.

Infrared technology and two-way

Pricer's system is based on infrared (IR) technology, which offers a high communication reliability as it is not interfered, nor does it interfere with other devices. The use of IR also enables two-way communication which confirms that the ESL has received the information update. This provides a constant dashboard view of the system and alerts on any incident.

System communication speed

Pricer's system has high bandwidth with a capacity of over 50,000 information changes per hour, which is faster than any other ESL system. With its Quadspeed technology, Pricer is able to quadruple system communication speed, enabling efficient support to DotMatrix™ graphic displays and reinforcing its ability to support retail in pricing policies.



The Pricer platform overview

The Pricer system diagram is a graphical representation of the store environment and the system fundamentals. The solution is complex but rendered simple when described by the process and environment it works in. The system can be portrayed as hierarchical, each plane serving or being served by the parallel planes.

The Pricer ESL are found on the **device plane** above the store plane level, since this is the hardware that defines the solution, ie. price and information displayed at the shelf edge or trolley or end of aisle or anywhere in the store.

The key technology components of the solution are then described in the uppermost planes.

They are, in order, the **data plane** which consists of the system architecture and is a graphic representation of the information flow from the retailer back office to Pricer's system, namely product files that are updated before the devices at the shelf edge are updated by the **communication plane**.

This is followed by the **management plane** consisting of the tools to manage the system, from the software Graphical User Interface (GUI) to the robotics to prepare the ESLs, to web clients to operate the system.

The **communication plane** uses several wireless technologies. At the core is the transmission or diffusion of IR to the store floor, permitting a large-scale data flow to and from the devices. However with the spread of WiFi, Pricer's system also integrates with other wireless technologies for point-to-point tools, such as WiFi handhelds, or simply Ethernet connection.

Finally, back to the **store plane**, where the real story begins as shoppers are phased with updated information at the shelf edge.

The unique dual display platform

Pricer's focus since the beginning has been on research and development in offering retailers wireless display devices that not only drive pricing communication but are rich in functionality and innovation. A dedicated R&D team focuses everyday on enriching the wireless display offer under the Pricer high speed platform. Today, Pricer's ESL offer is built upon two display technologies – segment-based and pixel-based. In addition, Pricer is developing new in-store applications, supported by the Pricer platform to further enhance retailers' ESL experience.

Segment-based displays

Segment-based displays use an LCD active area with preset segments for information display. LCDs, Liquid Crystal Displays, rely on a mature, low power consuming and cost efficient technology. Pricer's LCD displays are extremely robust and have a battery lifetime of up to 8-10 years.

Pricer's segment based devices are the most extensive product range offered in the market place, able to cater to most shelf edge retail display needs, displaying information such as price, promotion price, start and end dates on promotions, stock levels, orders, delivery dates and facing space. The Continuum family gives retailers advanced ESL features for complex pricing scenarios. The ESL have a modern design with a large LCD display, providing the ability to scroll text information enabling the retailer to use ESL for marketing as well as operations.

Graphic displays

Building upon all operational benefits of the segment-based ESL, the DotMatrix™ relies on bi-stable technology offering full graphical display. It can display just about anything, from brand logos and bullet points to scanable barcodes and time-based promotional messages. The power consumption is next to zero and the displays are as readable as paper, ideal for the retail environment.

Grocery retailers complement their ESL installations with DotMatrix™ in their various sales areas, where product information is important. With the DotMatrix™, Pricer also meets a demand from non-food retailers requiring wireless displays combining high visual quality with the benefits of the electronic system.

Innovative Pricer applications

Pricer's high speed two-way communication platform is adapted to future evolutions and gives many innovation possibilities for retail, beside price display at the shelf edge. Using the features of the existing Pricer infrastructure in the store, Pricer was able to offer new devices to make the in-store information more dynamic, increase store-efficiency and enhance the ESL experience.

Pricer Web Viewer adds control on ESL operations in the store, supporting staff in achieving performing ESL management.

Pricer DM Trolley increases impact of communication to shoppers, displaying dynamic information on the shopping cart handle according to the store area.

Pricer Video Poster makes promotional messages more dynamic in the store area with reliable product and price information.

CEO's statement

The crisis has certainly touched our industry and cost us perhaps one year of growth. While food retailers were increasing their focus on price as a necessary key differentiator, the willingness of most to make any significant investments in 2009 was quite logically dampened by the financial uncertainties. Added to this, the development in large store format food retailing, hypermarkets and Cash & Carry, has during 2009 been showing signs of a continued slowdown. This has negatively impacted our ESL unit sales which we had previously been able to attain with the Metro and Carrefour ESL expansion in new countries over the last years.

We began 2009 with these strong concerns about how food retail would adapt to the financial turbulence and we set ourselves cost targets to protect our profitability with still the clear ambition of growing our business and the industry itself in existing and new markets, as well as in new segments such as DIY and telephony. However, sales did not meet our expectations in several markets. In many cases, sales have actually decreased compared to last year. While the Nordic grew modestly and new emerging markets were favourably impacted by significant roll out decisions, such as in South Africa and Mexico, they could not compensate for the weaker European market, especially the southern European countries, and difficult Japanese market. In France, Pricer's single largest market, while the number of new Tier 1 accounts grew, sales fell by 7 percent during the year. Overall, the lower sales were greatly impacted by a general slowdown of our major clients to expand ESL in their export markets.

Financially, we delivered the 3rd year of profitability with operating margin at 8 percent and cash flow exceeding SEK 50 M contributing to redeeming half the convertible as well as improving cash in the bank. Our ability to hold our gross margins and secure a profit in spite of the times demonstrates the importance of our system strength and worldwide reach.

This has been achieved by focusing on the key advantages that Pricer brings to new business, by ensuring that existing customers remain satisfied, and by improving efficiency throughout our organisation, such as introducing new programs to lower freight costs and improve customer response. Our customer numbers have grown strongly and the replacement cycle revenue streams which are derived from our customer base give us a solid foundation for the future.

Indeed 2009 is a year to appreciate in many ways. There were in fact more Tier 1 ESL supplier decisions in 2009 than any other year. They may have started slower than we would have wanted, but start they did. Pricer continued to play a key role worldwide delivering the most robust scalable automated shelf edge pricing tools, ESL (Electronic Shelf Labels) or ESEL (Electronic Shelf Edge Label). We were the ESL choice in every one of these significant Tier 1 deployment decisions. And Tier 1s do not have the habit of making mistakes in anything dealing with price and delivering it. Since the inception of the ESL industry, we have consistently reported the fact we win retailers who sit in the top ranking of the world. 2009 is not only the year we extended this clear advantage in many new markets but also the year we carried it over into non-food with retail leaders such as Castorama, Praktiker and Belgacom. We also recently announced a roll out with our first American retailer. This is the first ESL roll out in the US in a decade.

However, this past year was clearly a challenging time for us. Already, our goals are impressive: to deliver new complex systems and services within an always evolving retail environment that is very competitive and where each investment decision faces the closest scrutiny for cost and sustained adoptability. We faced a year of difficult challenges as some of our largest clients, leaders in worldwide retail, saw through some of their most difficult transformations, addressing the changing times and habits of their customers. For the most, they have remained profitable through these transformations and continued in 2009 to plan for automation with ESL, even allow some urgent investments. We have been re-evaluated by our key clients and have been re-validated as a key strategic supplier by all. Casino, Carrefour, Metro, industrial food retail leaders, have all since moved forward with ESL investments and with Pricer.

And this is what makes this market particularly attractive. Large industrial food retailers, hundreds of thousands of food stores, billions of paper labels, and a proven need – ESL has only just begun to penetrate this world. Pricer is already bringing ESL to many of the leading food retailers and most markets, and already designing, developing and delivering the display devices that will open up this very significant opportunity. There is also the same large growth potential outside of food retail. The recent surge in new entrants is an affirmation of this and it will not abate as components come down in price and wireless technologies become mainstream. Electronics manufacturers, silicon start-up and retail system integrators all understand what makes up an ESL system: low power Asics, low power displays and efficient wireless communication supported by robust software. The difficulties they have faced in securing any business is a reflection of maturity in retail expectations and of urgency in retail needs. Advanced technical skills combined with deep retail understanding are fundamental. Such knowledge Pricer has accumulated over the years and our wins in 2009 are an acknowledgement of this.

Throughout our close to 20 year history, we have consistently set the standards in innovation, responding to retail in every important geographic market. As we move forward with our vision, I believe that we are entering 2010 as well positioned as we have ever been. This ability to be the prime driver of our industry is attributable to three crucial elements – building solid tools that retailers can trust, offering retailers tools that set no limits on their own operational evolutions and focusing on the complete solution. I believe that it will be these same three elements that will keep us on top in the years to come.

Charles Jackson
CEO of Pricer

”As we move forward with our vision, I believe that we are entering 2010 as well positioned as we have ever been”

Pricer is building the international ESL market

Pricer operates in a global market where its primary target group is the retail industry, both food and non-food retailing. With an installed base spread over 40 countries worldwide, Pricer maintains its leading position as ESL supplier.

Trends in international retailing

The retail industry is characterised by consolidation and a powerful focus on operating efficiencies and streamlining work-flows. Retailers are looking to automate their store processes to meet the challenges of price sensitivity, labour constraints, tough cost goals and increasing competition. This is often achieved by investing in IT systems such as ESL, self checkout and self-scanning. Strongly integrated retailers are seeking to centralise store operations so that the store personnel can concentrate on activities that generate sales and enhance the customer buying experience through in-store marketing and sales promotion. Price optimisation is also one of the most important areas where retailers are investigating to strengthen margins and profitability.

Europe

France is the European country where ESL has obtained the strongest foothold. This market is characterised by bitter price competition and strong independent store networks, accompanied by aggressive cost-cutting and rationalisations. Several leading international French chains have deployed ESL systems with up to 75,000 ESLs per store. Most of them have shown high acceptance for DotMatrix™ technology and its operational benefits, e.g. E.Leclerc, the first European retailer to install full DotMatrix™ hypermarkets. Southern Europe has experienced increasing numbers of ESL installations, although demand remained low in the last two years due to a difficult economical context, and Germany is home to the world's first full-scale ESL deployment. The ESL market is also gaining momentum in Eastern Europe while it is coming to a new life in Nordic countries.

Japan

The Japanese retail industry is world-leading in terms of technology, primarily because grocery retailing is dominated by smaller stores with high sales per square meter. Exacting customer demands on product freshness mean that most stores receive deliveries several times a day and Japanese stores tend to use more active pricing. With high consumer sensitivity to price errors, stores often extend promotions at the cash register to avoid price errors at the shelf. This, coupled with many price changes per day, is the main reason for the initial high market acceptance of ESL systems. The recent economic difficulties have, however, retarded market expansion.

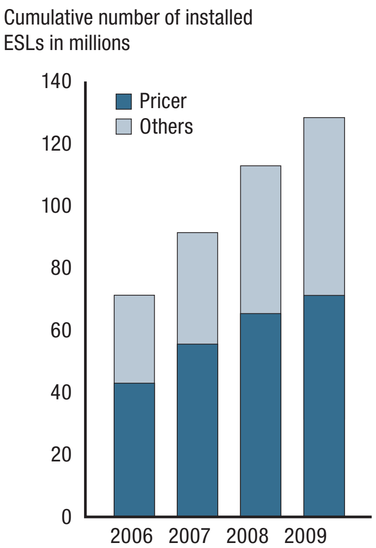
Americas

The U.S. is the world's largest retail market. ESL acceptance in the U.S. is very low, but ongoing consolidation of the industry, and increasing interest in price optimisation, is expected to create stronger incentives for retail automation, including ESL. The Latin American market is more advanced in store optimisation processes and shows higher ESL acceptance. Soriana of Mexico is an example of an early adopter of ESL automation.

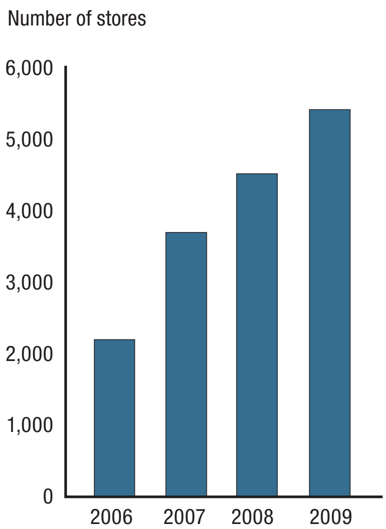
Other emerging markets

Over the last few years the South African retail market has revealed a strong dynamism in store optimisation processes. South Africa is the largest retail market in the Middle East and Africa grocery markets (MEA) and pricing is a key issue. Most major South African retailers have been evaluating ESL as a means to increase customer satisfaction and store profitability. Important rollout decisions were made this year, confirming the superiority of two-way communication with regards to reliability, control and investment protection.

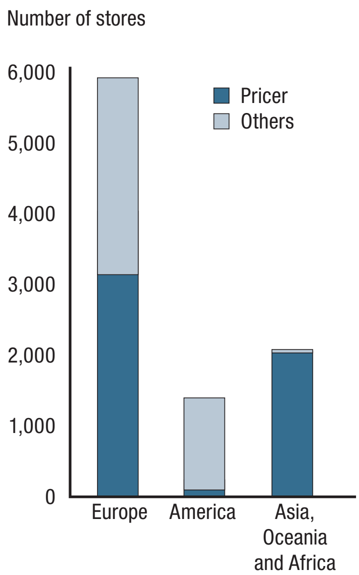
Development of the ESL market



Pricer's ESL installations, cumulative



Distribution of ESL installations per supplier



Pricer has the largest installed base worldwide

Size and growth of the ESL market

Pricer estimates the total number of ESL at 130 million globally, installed in approximately 9,500 stores. The two most mature ESL markets are Japan and France.

In 2009 the ESL market, and the retail sector in general, suffered from the difficult economical context worldwide. Most large retailers postponed the majority of their planned investment activities. Nevertheless, Tier 1 ESL demand from new geographical areas, such as Latin America and South Africa, as well as the growing interest of non-food segments, such as Do-It-Yourself (DIY), mobile telephony and pharmacies, supported the industry. Although the market has more than doubled in the past few years, market penetration is still low. Pricer estimates that the total available market for ESLs is around 6-10 billion units in the grocery sector alone.

The ESL market has grown due to better products, technological acceptance, economies of scale and an increased understanding of product benefits. These factors are continuing to drive the evolution of the industry. Growing use of sophisticated pricing tools will drive the market in the future, as well as stronger consumer demand for price accuracy and urgent need for price reactivity in retail. Use of new in-store applications that require real time pricing could fuel further growth in the ESL industry. New designs and new display technologies will increase market acceptance and bring about upgrading of existing installations.

Pricer's position

Pricer's management estimates the company's global market share at 55 percent, measured in the number of installed ESLs. Pricer has installed over 70 million ESLs in nearly 5,300 stores in more than 40 countries.

Competitors

The company's foremost competitor is SES, with primarily an installed base in France.

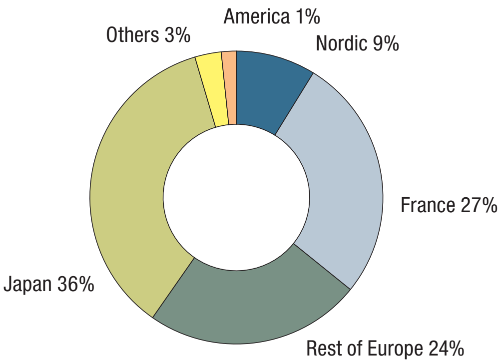
Varied ESL offerings

The products offered by the two major ESL suppliers differ in many respects, such as transmission technology, transmission capacity, product service life, one- or two-way communication, compatibility with other store systems, display technology, scalability, installation process, installation robotics, customer service, control and reporting functions, ESL design and adaptability. On the whole, there are two competing technologies currently in use: a system based on infrared light (IR) and two-way communication offered by Pricer, and the system sold by SES which uses low frequency radio-based technology and one-way communication. IR is the preferred technology by integrated retailers.

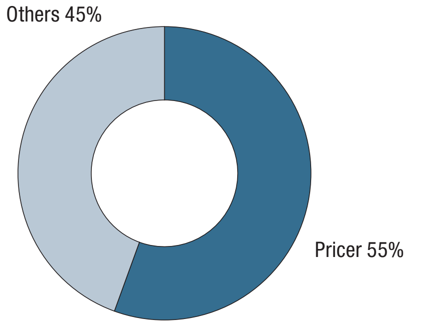
Revenue per market and year

SEK M	2005	2006	2007	2008	2009
Nordic region	8	15	24	27	33
Rest of Europe	169	265	250	318	216
Asia	134	116	142	62	38
Rest of the world	14	14	16	20	40
TOTAL	**326**	**410**	**432**	**427**	**327**

Geographical spread of Pricer's installations in no. of stores



Market share worldwide, cumulative in no. of ESLs



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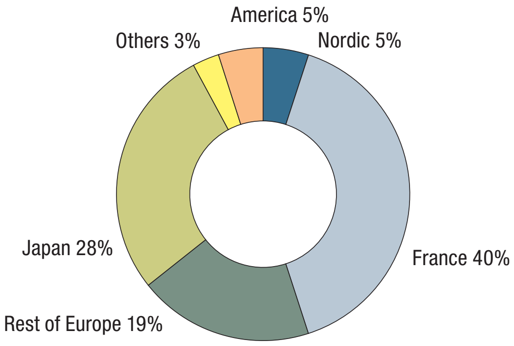
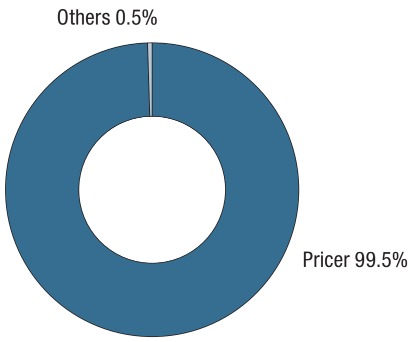
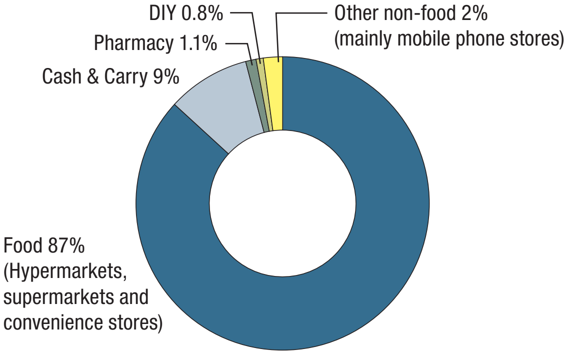


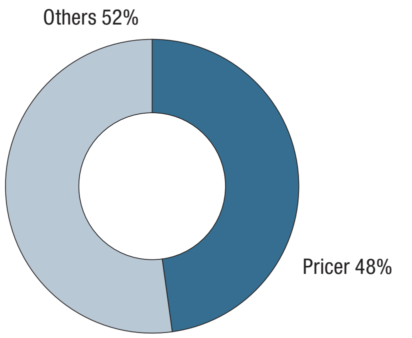
Market share in Japan, cumulative in no. of ESLs



Channel spread of Pricer's installations in no. of ESLs



Market share in France, cumulative in no. of ESLs



ESL is part of the retail automation process

In response to an increasingly urgent need for process automation, the majority of retailers are pursuing automation strategies to achieve operating efficiencies. The Pricer system supports and strengthens retail business and profits mainly by boosting sales and reducing costs.

One important advantage is to eliminate tedious and labour-intensive manual price labelling, but also to reduce the interruptions that arise due to price errors. Centralisation is increasing and with it control and efficiency of price and promotion. ESL enables price competition and alignment. Even small increments, so-called micro price changes, can easily be executed with an ESL system, frequently overseen in manual processes since the gains do not exceed the cost. ESL significantly shortens price discussions at the checkout and response times for stock checks at the shelf, as well as minimising customer refunds when price differences are discovered. Time spent on price audits is also significantly decreased. In addition, Pricer's ESL system allows retailers to bring price and merchandising information directly to the shelf edge helping stock control, enhancing customer service and improving the shopping experience. In-store marketing is also reinforced by informative shelf labels displaying price and promotional information.

Both Pricer's studies and the analyses made directly by Pricer's customers show that the average store that invests in the Pricer system sees a payback period under one year.

ESL helps retailers to:

- Implement price changes without regard to human limitations
- Respond faster to competition
- Maximise sales
- Improve profitability
- Eliminate pricing errors
- Reduce dependence on labour
- Improve customer service
- Eliminate price audits
- Speed up checkout lines
- Reduce the risk for out-of-stocks
- Reduce complaints
- Avoid staff conflict
- Boost productivity
- Lower personnel costs
- Implement more effective promotions
- Improve shelf control

A Typical Food Retail Case Study

Three years ago, Pricer started a pilot program with a leading Food retailer in France. The successful pilot has finally begun to scale up deployment. They had piloted a oneway solution in 2002 and the program had been dropped.

The needs and specifications were based on providing a simple automated price changing solution that removed all barriers to flexibility and timing, in other words, they wanted a system that did not bring another barrier to price changing. If they chose ESL, it was to never look back. Additionally, they wanted a system that did not disturb nor was disturbed by the radio environment already prevalent in their Hypermarkets (WIFI, DECT, alarms, anti-theft etc.). Finally, they wanted a system which gave complete monitoring and control to headquarters.

The first pilot was installed in the fall 2007 with 25,000 ESLs and after a first approval was increased to 32,000 ESLs. The pilot was accepted and then started the solution definition. By mid 2008, a complete specification outlined which ESL size and use, the methodology of daily monitoring by HQ and local staff, the back-office integration, the paper overlay design, integration of store PDAs for daily routines such as linking and unlinking, the carrier and merchandising solutions, the additional stock information to be displayed, the exploitation of DotMatrix™ in specific areas such as electronics, fruit and vegetable and fresh food counters, and finally deployment scheduling and use of the ALAM (Automatic Labeling Machine) for implementation.

Today, the Pricer system is being installed in their hypermarkets in three European countries and testing the system in their Belgium supermarket chain. A typical retail experience when one has the right solution.

A global team

Pricer's corporate culture is built on energy, knowhow, and service to clients. Pricer's strength is in innovation and marketing while relying on best-in-class supply chains to deliver the most robust scalable ESL system according to Pricer standards.

Network of resellers and partners

Pricer's organisation is divided into four legal units in Sweden, France, Israel and the U.S. Pricer complements its direct global sales effort with local and international resellers and retail system integrators. Key partners are Toshiba in Europe, PSI in Scandinavia, Nicolis in Italy, Szintezis in Hungary and Skydirect in South Africa. A strong partnership with Ishida, a world-leading manufacturer of weighing solutions for the food and retail industries, has secured Pricer's leading position on the Japanese market.

Core knowledge held in-house

All core activities and knowledge such as system architecture design, chip design, PCB design, project know how, robotics, logistics and production management are held in-house.

Outsourced production

Pricer has chosen to outsource all manufacturing to subcontractors, creating scope for a flexible production structure that can quickly scale up production to large volumes. All strategic suppliers are ISO-certified and based in China, Hong Kong and Denmark.

Enterprising and international culture

Pricer works in an international and multicultural environment where accountability and experience with a focus on the customer and the market lead to a high degree of professionalism. Pricer encourages its employees to have an open, enterprising spirit and a positive attitude. The core values are clear and concise communication, initiative, honesty and mutual respect between individuals and professional disciplines. Pricer's corporate culture is characterised by responsiveness and short decision-making paths. Pricer's employees are encouraged to seek additional knowledge in their professional areas and continuously attend courses to improve and sharpen their competencies. Widening job scope or changing roles within the organisation are encouraged. Knowledge and understanding of the retail trade and the advantages offered by ESL systems are prioritised skills, for which reason customer visits are a responsibility of employees.

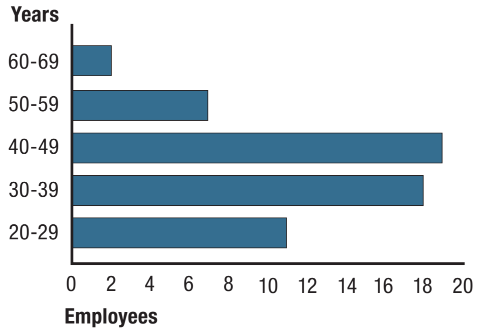
Employees in numbers

At the end of 2009 the Pricer Group had a total of 57 (68) employees, of whom 28 (29) worked at Pricer AB, 23 (30) at Pricer SAS, 3 (3) at Pricer Inc. and 3 (6) at Pricer E.S.L. Israel Ltd. 22 (28) percent of all employees are women. Pricer is working actively to achieve a more even gender distribution in all functions and encourages diversity. Health risks in Pricer are minor, and work environment audits are conducted at least every other year. Sickness leave at Pricer remains very low at only 1.0 (0.8) percent in 2009.

Legal structure

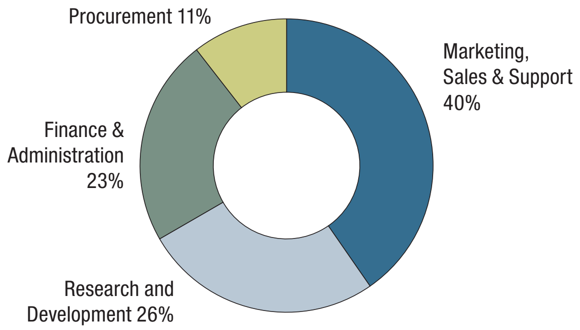
Pricer AB (publ) is the Parent Company of the Pricer Group. Aside from the Parent Company, operations are conducted in Pricer SAS (France) including a branch in Spain, Pricer Inc. (U.S.) and Pricer E.S.L. Israel Ltd. (Israel).

Age distribution

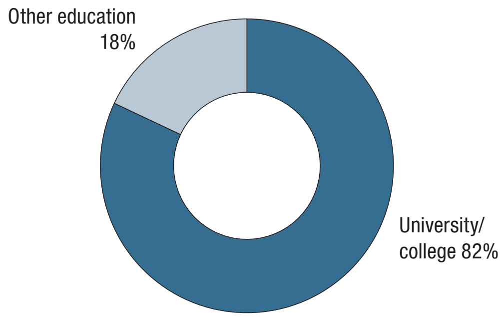


Multi-cultural work environment No. of languages

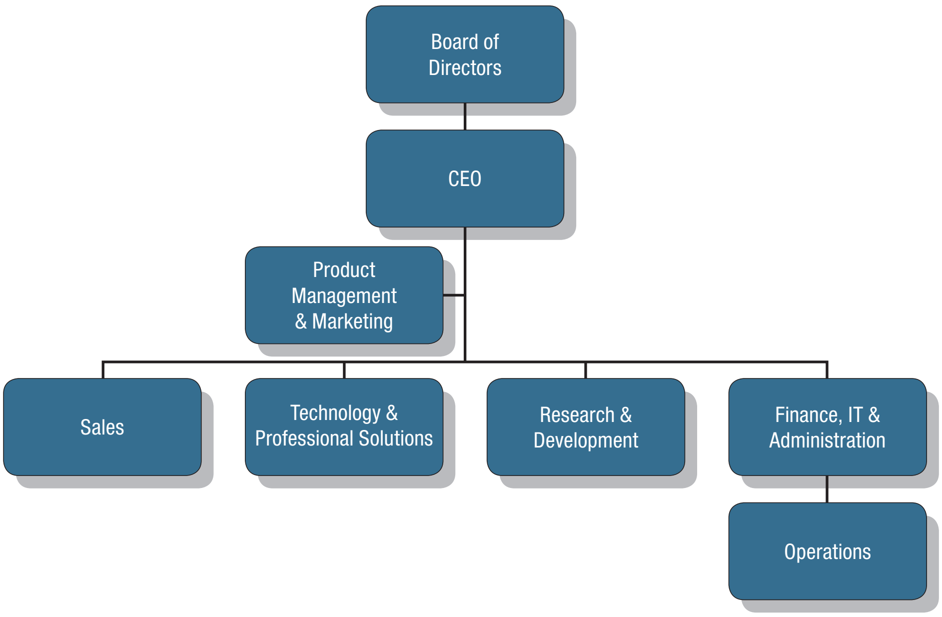
Department distribution



Educational levels



Pricer Group



The Pricer share

The Pricer Class B share is quoted on the Small Cap list of Nasdaq OMX Stockholm Exchange. Pricer's share capital at 31 December 2009 amounted to SEK 101,613,220. The total number of shares was 1,016,132,200, represented by 2,260,717 Class A shares and 1,013,871,483 Class B shares, all with a quotient value of SEK 0.10. Each Class A share carries five votes and each Class B share one vote. All shares carry equal rights to the company's assets and profits. The Articles of Association permit the conversion of Class A shares to B shares at the request of holders of Class A shares.

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

Trading and price trend in 2009

The share price started the year at SEK 0.46 and ended it at SEK 0.52. The year's highest closing price of SEK 0.76 was quoted on 17 September and the lowest price of SEK 0.45 was quoted on 10 July. Market capitalisation on 31 December 2009 was SEK 528 M.

The turnover for the full year 2009 amounted to 957,597,985 shares traded for a combined value of SEK 539,030,373, equal to an average daily volume of 3,815,131 shares worth a combined amount of SEK 2,147,531. The number of trades for the full year was 30,103, equal to an average of 120 per trading day. Shares were traded on every trading day.

Dividend

Pricer has not paid any dividends since its formation and does not plan to do so until stable and sufficient profitability is achieved.

Warrants and convertible debentures

In 2008, 20,000,000 warrants were issued for the benefit of employees. Each warrant shall, during the period until 30 June 2012, provide entitlement to subscription of one new Class B share. The subscription price is SEK 0.74.

In 2007, 30,000,000 warrants were issued for the benefit of employees. Each warrant shall, during the period until 30 June 2011, provide entitlement to subscription of one new Class B share. The subscription price is SEK 0.58.

Warrants outstanding

Designation	Number	Year issued	Exercise price (SEK)	Expiration date
T009	30 million	2007	0.58	30/06/11
T010	20 million	2008	0.74	30/06/12

At the Annual General Meeting in 2009, it was resolved to extend SEK 22.45 M of existing convertible debentures until 30 June 2010 and a new strike price was approved. The debentures carry 8 percent annual interest and may be converted to Pricer shares at a share price of SEK 0.57, potentially leading to dilution of the total number of shares by 4 percent.

Ownership structure

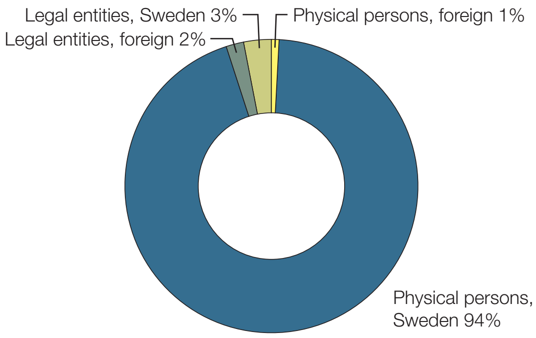
The number of shareholders on 31 December 2009 was 22,309. The ten largest shareholders held 27 percent of the number of shares and 28 percent of the number of votes. Legal entities held 57 percent of the total number of shares and votes, while foreign shareholders held 19 percent of the total number of shares and votes.

Ownership structure 31 December 2009

No. of shares	No. of share-holders	% of share-holders	No. of shares	% of equity	% of votes
1-1,000	6,129	27	2,932,609	0.3	0.3
1,001-10,000	10,728	48	44,800,274	4.4	4.4
10,001-100,000	4,522	20	146,591,437	14.3	14.4
100,001-	930	4	821,807,880	81.0	80.9
Total	**22,309**	**100**	**1,016,132,200**	**100.0**	**100.0**

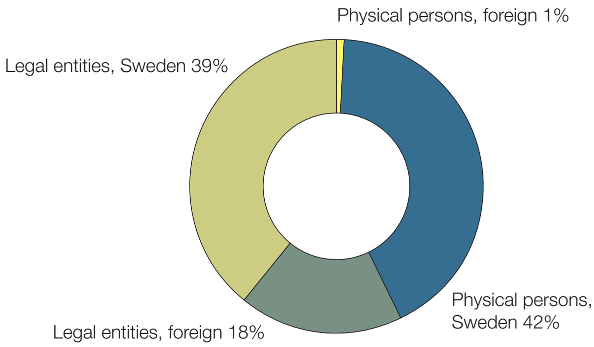
Source: Euroclear

Shareholders 31 December 2009
No. of holders

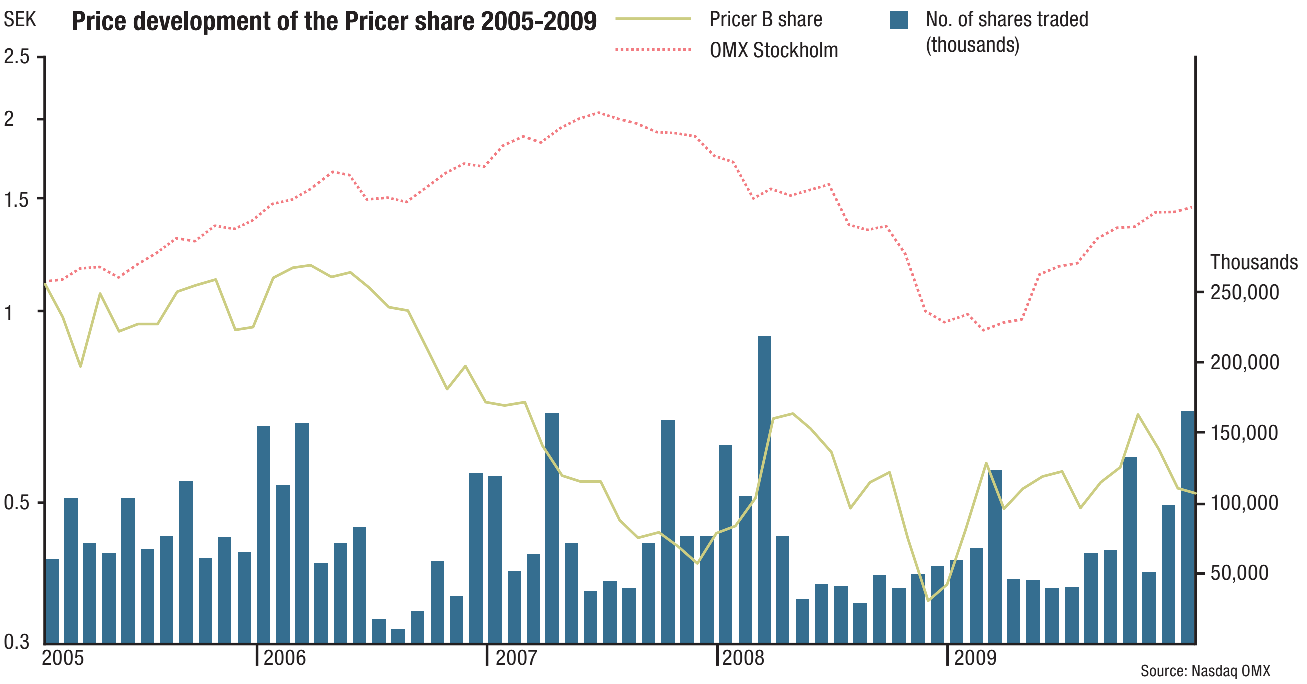


Source: Euroclear

Votes 31 December 2009



Source: Euroclear



Major shareholders, 31 December 2009

Name	A shares	B shares	No. of shares	% of votes	% of capital
Grimaldi, Salvatore incl. companies	2,110,600	103,157,562	105,268,162	11.1	10.4
Danielsson, Erik incl. Company and family	5,167	28,829,202	28,834,369	2.8	2.8
Pictet & Cie	-	27,143,877	27,143,877	2.6	2.7
Handelsbanken Svenska Småbolagsfond	-	20,000,000	20,000,000	2.0	2.0
Pohjola Bank		17,768,419	17,768,419	1.7	1.7
Avanza Pension Försäkring-saktiebolag		17,266,565	17,266,565	1.7	1.7
Catella Institutionell Absolut	-	16,943,684	16,943,684	1.7	1.7
Trossamfun-det Svenska Kyrkan	-	14,730,000	14,730,000	1.4	1.4
Marcus Schiller	-	14,111,570	14,111,570	1.4	1.4
Nordnet Pensions-försäkring	-	13,581,551	13,581,551	1.3	1.3
10 largest shareholders	**2,115,767**	**273,532,430**	**275,648,197**	**27.7**	**27.1**
Others	144,950	740,339,054	740,484,004	72.3	72.9
Total	**2,260,717**	**1,013,871,484**	**1,016,132,201**	**100.0**	**100.0**

Data per share, 2005-2009

SEK per share	2009	2008	2007	2006	2005
Earnings	0.02	0.11	0.00	-0.05	-0.05
Dividend	-	-	-	-	-
Shareholders' equity	0.50	0.50	0.35	0.35	0.20
Cash flow	0.06	0.00	0.03	-0.05	-0.09
P/S ratio	1.61	1.09	1.08	1.48	2.37
Adjusted for full dilution:					
Earnings	0.02	0.10	0.00	-0.05	-0.05
Shareholder's equity	0.50	0.50	0.31	0.35	0.20
Cash flow	0.06	0.00	0.02	-0.05	-0.09
P/S ratio	1.68	1.16	1.23	1.48	2.37
Share price:					
Yearly high	0.76	0.77	0.76	1.30	1.17
Yearly low	0.45	0.31	0.38	0.63	0.78
Closing price	0.52	0.46	0.46	0.71	1.13
No. of shares on 31 Dec., 000s	1,055,518	1,080,275	1,153,275	1,016,132	754,332
Market capi-talisation on 31 Dec., SEK M	549	497	531	721	852
Average number of shares, 000s	1,067,896	1,116,775	1,153,275	853,234	684,314
Share price on 31 Dec./ shareholders' equity, %	104	93	149	204	560

Share capital development, 2005-2009

Year		Increase in no. of shares	Total no. of shares	Change in share capital, SEK M	Total share capital, SEK M
2005	New issue	193,897,359	754,332,200	19.4	75.4
2006	Non-cash issue	261,800,000	1,016,132,200	26.2	101.6
2007		0	1,016,132,200	0	101.6
2008		0	1,016,132,200	0	101.6
2009		0	1,016,132,200	0	101.6

Business risks and opportunities

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

Business risks

The market. The ESL market has grown strongly in recent years and, although the growth rate in the past years has not been significant, it is expected to show continued growth, and the development during 2009 has been affected by the global recession.

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

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

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

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

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

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

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

Financial risk management and currency risks. See note 25.

Opportunities

Market. Far-reaching changes are currently taking place in the retail trade, above all in the convenience goods sector, where restructuring, stiffer competition and a sharper focus on price are all reflected in the growing use of automation strategies. This will ultimately benefit ESL suppliers in a market where penetration is still negligible, but where the potential is estimated by Pricer at between 6 and 10 billion ESLs. Pricer is well positioned to respond to growing demand.

Customers. Pricer has a strong market presence, a strong brand name in the convenience goods trade and the market's broadest installation base with nearly 5,300 installations in use at prestigious customers.

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

Definitions

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

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

Equity per share
Equity divided by the number of shares on the balance-sheet date.

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

Cash flow per share
Cash flow from operating activities divided by the number of shares on the balance-sheet day.

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

Net debt
Interest-bearing liabilities less interest-bearing assets.

Net margin
Profit for the year as a percentage of net sales.

Net debt/equity ratio
Net debt in relation to equity.

P/S (Price/Sales) ratio
Share price on the balance-sheet date divided by net sales per share (average number of shares).

Earnings per share
Profit for the year attributable to the Parent Company's shareholders divided by the average number of shares in issue.

Working capital
Interest-free current assets less interest-free current liabilities.

Operating margin
Operating profit as a percentage of net sales.

Operating cash flow
Cash flow from operating activities.

Equity/assets ratio
Equity including minority interests as a percentage of the balance-sheet total.

Capital employed
Assets recognised in the balance sheet excluding interest-bearing assets less interest-free liabilities.

Administration report

The Board of Directors and President of Pricer AB (publ.), corp. reg. no. 556427-7993, hereby submit their annual report for the financial year 1 January – 31 December 2009. Figures in parentheses refer to the preceding year.

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

The Group is organised with most of the activities in the Parent Company, which has responsibility for product development, production management, purchasing, sales to subsidiaries and certain markets, and customer service. The subsidiaries in France and the U.S. handle sales and customer service in their respective market areas. Pricer E.S.L. Israel Ltd. was acquired in 2006 and was previously responsible for the Eldat product line. During 2009, the company received licensing fees from the sale of Eldat products and also engaged in the sale of services and product maintenance.

Nature of business

Although 2009 was a difficult year with lower volume, revenue and result Pricer was able to report a positive result and cash flow for the third consecutive year. Operating margin amounted to 8 percent and available cash position and financial situation in general are good. At the same time as business volume with some of the traditional customers did not meet expectations, several other new customers were established in both France and other more new markets partly compensating for the shortfall. Half of the convertible debentures were redeemed at maturity in April 2009 and the remainder extended until 30 June 2010 with a new strike price of SEK 0.57. Pricer is now represented in close to 5,300 store installations in over 40 countries.

Market development

The industry continues to be characterised by Tier 1 country food leader's first adoption of ESL combined with maturing sales in two important retail markets, France and Japan. Sales were significantly stronger in the fourth quarter. Tier 1 ESL demand from new geographic areas greatly helped the sales performance as well as improved the sales mix and segmentation, strengthening Pricer's worldwide position. Overall ESL volumes were significantly lower than the previous year, however new store installations were only slightly down at 713 (800) for the year.

Sales activities for 2009 were heavily weighted on new accounts, new resellers and program launches while most existing large key clients delayed the majority of their planned investment activities. Number of stores reflects the continued progression of ESL in the mainstream of food retail while the lower ESL unit sales are mostly due to these above larger store formats freezing investments. Also, the significant Tier 1 deployment projects initiated in 2009 saw a time lag to implementation as organisation got up to speed during these cautious times

Europe

A strong fourth quarter did not compensate for the late start in European integrated activity and the low demand from southern European countries. The area ended lower than last year with sales of SEK 248 M compared to SEK 345 M in 2008, a 28 percent decrease. 519 stores were installed in Europe during the year versus 555 in 2008. Pilot activity continues to increase significantly as price competition, value shopping and labour issues challenge retail profitability.

The industry was marked by several Tier 1s moving from pilot evaluation to deployment. In France a hypermarket chain expanded its ESL solution to more hypermarkets marking the beginning of deployment ambitions and another French chain with 85 small supermarkets, has started a full DotMatrix™ graphic ESLs deployment in all stores. Pricer is the only system that supports both segment ESLs and graphic ESLs. As well, Pricer secured a frame agreement with a French supermarket chain, a significant sector of the French food retail that has only now begun adoption. A Cash & Carry chain has accelerated the French deployment and has this year added two new countries to its worldwide ESL program. In Belgium, a 90 store mobile phone retailer roll-out announced in the first quarter was completed and is the first significant wireless graphic display decision in the industry. Nordic countries continued to improve over last year principally in Norway and Denmark and several important pilot programs are initiated. While Pricer's large existing key accounts froze most activities, one has recently moved forward with several hypermarkets in Italy and Greece raising expectations for 2010 activities. European DIY is showing signs of increased acceptance and adoption with several leading chains moving from pilots to first phase roll outs. One Tier 1 DIY retailer has now expanded its ESL program into its domestic country and incorporated Pricer ESL in all new store build programs.

Asia, Oceania and Africa

Japan deteriorated during the year. Sales in Japan for 2009 were SEK 40 M versus SEK 62 M in 2008 and SEK 143 M in 2007 reflecting a complete standstill in retail investments. Consolidation and store closings are occurring at this point indicating eventual recovery. Pricer holds close to one hundred percent of the ESL market. New entrant activity is strong but solutions have proven unable to compete with Pricer scalability and robustness. One of the largest retailers in South Africa has chosen Pricer ESL for a first roll-out phase. The first deployment phase is now completed and concerned a region with about 30 supermarkets valued at approximately SEK 30 M.

Americas

In the new Latin American market a Tier 1 food retailer in Mexico, has placed an initial order for the deployment of 46 hyper and supermarket stores. The retailer had already installed one-way ESL systems in over 100 stores before placing this order for Pricer's two-way system. The total initial order value is approximately 20 MSEK. Deliveries will be completed in the first quarter of 2010.

These new geographic areas are expected to show sustained growth and significantly contribute to overall industry acceptance. Pricer is market leader in each of these important markets.

Product development

In spite of a difficult year the market has shown strong signs of increased maturity, especially within Pricer's most important market segment, the large centralised chains. The Pricer system is open and scalable, can mix DotMatrix™ with segment ESLs and communication is two-way for full control. These important factors in the system have led several large international and local retailer chains to chose Pricer.

To meet future needs of low cost, quick delivery and large volumes, Pricer has during 2009 invested substantially in increased efficiency, capacity and alternate suppliers of critical components. The development philosophy of Pricer is openness – a modular system with clear interfaces that allows for quick integration of new technologies, easy adaption to customer's systems and multiple options for attaching the ESLs in the stores. Openness increases the security for customers as well as suppliers, making sure that there is always a solution available for their needs. By being open to ideas from both suppliers and partners Pricer can benefit from the combined experience and resources, thus vastly increasing the development capacity. Pricer has both industrial and academic partners in a number of areas to stay at the frontline of new technologies.

Pricer has several ongoing projects to even further improve the implementation process and make the system easier to use.

The development work done in 2009 will lead to new products with the launch planned in 2010.

During Euroshop 2008 Pricer launched the DotMatrix™ display DM3370 which has since met huge success around the world. End of 2009 Pricer added to the family a larger shelf edge display called DM4292 with more room for clear prices, product information, bar codes and information to guide the staff. The new ESLs are about to be installed at some of the largest retailers.

Pricer has substantial intellectual property and continues to safeguard its investments by protecting its innovation and new development results.

Product development is managed from the Parent Company in Stockholm. In 2009, investments in product development increased, as a consequence of investments for further capacity and efficiency in production. Costs amounted to SEK 15.6 M (20.4), corresponding to 15 (18) percent of total operating expenses and 5 (5) percent of net sales. In addition, a portion of the year's costs for development work, SEK 6.4 M (0.8), was capitalised as fixed assets related to development projects in the statement of financial position and in the balance sheet of the Parent Company. The procedure to capitalise R&D expenses is enforced as of 1 July 2008.

Orders, net sales and result

Order entry amounted to SEK 338 M (406) for the year, a decline by 17 percent. At the end of December, order backlog amounted to approximately SEK 78 M (63). Net sales, amounted to SEK 327.3 M (427.0) during the year, a decrease by 23 percent as compared to 2008. The reduction in the value of the krona against the trading currencies in total has led to a positive effect of approximately SEK 39 M or 12 percent as compared to the previous year.

Gross profit amounted to SEK 126.3 M (160.3) and the gross margin improved to 39 (38) percent for the year. The currency effects in the gross profit are negligible as the weakening of the krona has increased both revenue and cost of goods sold which almost offset each other. Operating expenses amounted to SEK 101.1 M (111.1) for the year. Capitalised product development costs increased to SEK 6.4 M (0.8) as the method of capitalising these costs was applied from mid year 2008. It is noted that expenses include SEK 8.0 M (8.0) in the year for depreciations of intangible assets from the acquisition of Eldat in 2006 depreciated over five years.

The operating profit amounted to SEK 25.2 M (55.4) for the year. Accordingly, the operating margin amounted to 8 (13) percent. 2008 included a license fee from Ishida of SEK 6.2 M reported as other operating income. Net financial items amounted to SEK -7.8 M (8.7) for the year and consisted of valuation of currency positions and interest expense on convertible debentures. The positive item in 2008 primarily consisted of positive currency effects on revaluations of loans to subsidiaries. The positive tax income in 2008 primarily derived from recognition of a deferred tax asset.

Profit for the year was SEK 19.9 M (107.7) for the year. In line with new rules the titles of the financial reports have changed and now include total comprehensive result, earlier reported as part of the change of equity. Other comprehensive income consisted of negative currency revaluation of goodwill, reported in EUR, and loans to subsidiaries and in, 2008, mainly positive currency revaluation of goodwill.

	Jan – Dec 2009	Jan – Dec 2008
Net sales	327.3	427.0
Cost of goods sold	-201.0	-266.7
Gross profit	126.3	160.3
Gross margin, %	39	38
Other operating items	-	6.2
Overheads	-101.1	-111.1
Operating profit	25.2	55.4
Operating margin, %	7.7	13.0

Administration report (cont'd)

Assets and financial position

Total assets amounted to SEK 615 M (659) at year-end and consisted of intangible assets of SEK 282.3 M (298.0) attributable mainly from the acquisition of Eldat in 2006. The largest single item is goodwill of SEK 261 M (276). The acquisition of Eldat put Pricer into a strong position of leadership in the ESL sector and, as a result, Pricer is now the only supplier of one specific wireless technology (IR). The value of the goodwill is based on the expected future cash flow of Pricer as a whole as the business of Eldat has been absorbed within Pricer. The value has decreased during 2009 and increased during 2008 due to currency effects as the item is accounted for in EUR. Working capital amounted to SEK 112.0 M (144.4), the reduction explained primarily by lower receivables. Cash and cash equivalents amounted to SEK 102.8 M (75.8) at the end of the year.

In April 2007 Pricer raised convertible loans of SEK 74.9 M. Pricer repaid SEK 30 M of the loans in November 2008 and another SEK 22.45 M at expiry in April 2009. The remaining SEK 22.45 M was extended until 30 June, 2010 with 8 percent yearly interest. The loans can be converted into Pricer shares at an exercise price of SEK 0.57 potentially leading to a dilution of the number of shares of 4 percent. In accordance with IFRS a part of the loans is recognised as equity and adjustments are made continuously to the interest expense during the term of the loans.

Bank facilities amounting to SEK 50 M, whereof SEK 25 M in the form of bank overdraft, are in place to ensure access to funds for Pricer's continued development. These facilities have yet to be utilised.

Cash flow from operations improved to SEK 56.1 M (2.1) for the full year. Cash flow benefitted from the positive result and reduced working capital primarily through reduced receivables. Pricer's acid-test ratio was 227 percent (168), and has been strengthened mainly by the increased cash flow. The closing equity ratio was 83 percent (77).

Capital expenditure

Capital expenditures consisted primarily of capitalised development costs of SEK 6.4 M (0.8) in accordance with IAS 38. Total net capital expenditures amounted to SEK 8.2 M (2.4) for the year.

Employees

The average number of employees has reduced during the year through efficiency gains and amounted to 66 (71). The number of employees at the end of the year was 57 (69).

Parent Company

The Parent Company's net sales amounted to SEK 253.0 M (355.5) of which intra-Group sales amounted to SEK 147.8 M (243.0). Result before tax was SEK 24.6 M (-2.9). Capital expenditures were SEK 7.8 M (1.8). The Company had closing cash and cash equivalents of SEK 91.0 M (61.8).

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

Financial policy and currency risks

Risk management is controlled by a financial policy adopted by the Board, see note 25.

Exchange-rate movements also in 2009 have continued to be substantial. The year started with a continued weakening of SEK but as from April the SEK has increased in value. The average exchange rate for EUR appreciated 1 krona, 10 percent, while that for USD also appreciated by a little more than 1 krona, equivalent of 16 percent in relation to the average exchange rate in 2008. Of Pricer's sales in 2009, the main part, about 67 (70) percent, was denominated in EUR and the remaining approximately 26 (30) percent in USD and other 7 (0) percent. USD accounts for virtually all of the cost of sold goods, while operating expenses are shared almost equally between EUR and SEK, with USD accounting for a minor portion. Pricer hedges a part of its anticipated flows through forward currency contracts in order to hedge its short-term margins and postpone possible adverse currency effects. In general, Pricer never signs contracts for the prices it charges customers for longer than one year and it usually applies shorter periods, to be able to adjust prices to such factors as exchange-rate differences. In total, this means that the exchange-rate effects on net sales were positive, in cost of goods sold, were negative. These effects have therefore offset each other leading to a limited effect on operating profit during the year as a whole. The exchange-rate effects on net financial items amounted to about SEK -4 M and comprised a currency revaluation of cash and cash equivalents and loans to subsidiaries. In 2008 the currency effects in financial items comprised a currency revaluation of loan to subsidiaries amounting to SEK +15 M. This loan is as from 2009 accounted for as part of the parent company long term investment in the subsidiary. Therefore any currency revaluation is being reported in the total comprehensive result. During 2009 this effect was negative with SEK 5 M. Basically, Pricer benefits from a strong EUR and is not favoured by a strong USD. The currency situation in 2010 is expected to be slightly less favourable than in 2009, with a continued strengthening of the SEK which will affect earnings.

Information on risks and uncertainties, as well as legal disputes

Pricer's earnings and financial position are affected by various risk factors that should be taken into account when assessing the company and its future potential. These risks are primarily related to developments on the ESL market. For more information about business risks and opportunities, see page 16.

As a feature of Pricer's ongoing operations, it is occasionally involved in legal disputes. At present, the company is not involved in any disputes that could have a material adverse impact on its earnings or financial position. In March 2009, Pricer issued a disclosure that the company had become involved in arbitration proceedings concerning a dispute originating from an agreement with the counter-party ProMargin AB involving a product trial. The case is not yet settled.

Guidelines for remuneration of senior executives

The guidelines for remuneration of senior executives proposed by the Board of Directors to the Annual General Meeting 2010 are the same that were approved by the Annual General Meeting in 2009. The guidelines appear below.

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

The AGM decided on the following guidelines for remuneration of senior executives.

Senior executives comprise the President, the CFO and other members of Group management. Members of Group management are listed on page 56.

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

The fixed salary is determined individually and based on position, performance, earnings and responsibility. The salary level shall be competitive in the relevant market. The variable component is based on the achievement of financial and personal targets. It must not exceed an amount corresponding to the fixed salary. For 2010 the variable component is estimated to amount to a maximum of 59 percent of the fixed salary. Group management's pension conditions shall be competitive and based on defined contribution solutions or comply with a general pension plan.

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

Information on Pricer's shares

Pricer has a total of 1,016,132,200 shares in issue, of which 0.2 percent are Class A shares carrying five votes each and the remainder are Class B shares, each carrying one vote. Pricer has about 22,000 shareholders, of whom the ten largest account for about 28 percent of the capital. Salvatore Grimaldi (and companies controlled by him) is the largest shareholder, with an interest of slightly more than 10 percent. More details regarding ownership of Pricer's shares are provided on page 14. At the AGM in 2009 it was approved to give the Board the right to issue up to 50 million shares for acquisition of companies, operations, intangible rights or other assets.

Board of Directors

The nomination of candidates as Board members for submission to the Annual General Meeting is prepared by the Nomination Committee, which comprises Salvatore Grimaldi, Thomas Bill, Theodor Jeansson, John Örtengren and Peter Larsson. At the 2009 AGM, Mikael Bragd and Daniel Furman, Bo Kastensson and Peter Larsson were re-elected as Board members while Bernt Magnusson was elected as a new member of the Board. Peter Larsson was elected as Chairman of the Board. No deputy members to members appointed by the AGM have been appointed. A remuneration committee was appointed, comprising of Peter Larsson and Bo Kastensson, at the statutory meeting of the Board. Other matters are dealt with by the Board as a whole, but can be prepared by various groups of members. For information regarding the Board's activities and procedures, see page 52.

Related parties

Pricer has redeemed convertible debentures of SEK 22.45 M with creditors who are shareholders in Pricer. Apart from this, no significant transactions involving related parties took place that could have a material impact on Pricer's financial position or earnings.

Significant events after the close of the financial year

There are no significant events to report after the close of the financial year.

Corporate governance report

Regarding corporate governance report reference is made to page 52 and to the webpage of Pricer www.pricer.com.

Future outlook

Higher revenue and result are expected for 2010.

Proposed treatment of accumulated reserves

The Board of Directors proposes that the funds available in the Parent Company of SEK 250,440,356 be carried forward.

It is proposed that no dividend be paid to shareholders. In accordance with the Board of Directors' dividend policy, a dividend cannot be paid until the company has achieved stable and sufficient profitability.

With respect to other aspects of the company's earnings and financial position, reference is made to the following statement of comprehensive income and statement of financial position for the Group and income statement and balance sheets for the Parent Company with the accompanying accounting principles and notes.

Statement of consolidated comprehensive income

1 January - 31 December

Amounts in SEK 000s	Note	2009	2008
Net sales	2, 3	327,311	427,016
Cost of goods sold		-201,014	-266,726
Gross profit		**126,297**	**160,290**
Other operating income	4	-	6,165
Selling expenses		-63,470	-64,670
Administrative expenses		-22,095	-25,973
Research and development costs		-15,580	-20,438
Operating profit	3, 5, 6, 7, 26	**25,152**	**55,374**
Financial income		242	19,292
Financial expenses		-8,041	-10,585
Net financial items	8	**-7,799**	**8,707**
Profit before tax		**17,353**	**64,081**
Income tax	9	2,524	43,643
Profit for the year		**19,877**	**107,724**
Other comprehensive income			
Translation differences		-19,082	44,512
Net comprehensive income for the year		**795**	**152,236**
Attributable to:			
Equity holders of the Parent Company		19,877	107,723
Minority interests		0	1
Attributable to:			
Equity holders of the Parent Company		795	152,235
Minority interests		0	1

Earnings per share		**2009**	**2008**
Earnings per share before dilution, SEK	19	0.02	0.11
Earnings per share after dilution, SEK		0.02	0.10

Statement of consolidated financial position

At 31 December

Amounts in SEK 000s	Note	2009	2008
ASSETS			
Intangible fixed assets	10	282,349	297,861
Tangible fixed assets	11	2,626	3,731
Other fixed assets	12	41,465	41,130
Total fixed assets		**326,440**	**342,722**
Inventories	15	57,538	65,741
Accounts receivable	16	117,152	155,529
Prepaid expenses and accrued income	17	3,175	4,845
Other receivables	14	8,053	14,254
Cash and cash equivalents		102,843	75,769
Total current assets		**288,761**	**316,138**
TOTAL ASSETS		**615,201**	**658,860**
EQUITY AND LIABILITIES			
EQUITY	18		
Share capital		101,613	101,613
Other contributed capital		353,107	276,400
Translation reserves		26,240	45,322
Accumulated profits including profit for the year		32,125	86,540
Equity attributable to equity holders of the Parent Company		**513,085**	**509,875**
Minority interests		**68**	**68**
Total equity		**513,153**	**509,943**
LIABILITIES			
Long-term interest-bearing liabilities	20, 25	-	44,501
Warranty provisions	21	1,997	2,046
Deferred tax	22	3,419	5,523
Other long-term liabilities		505	713
Total long-term liabilities		**5,921**	**52,783**
Prepayments from customers		5,415	2,340
Current interest-bearing liabilities	20, 25	22,116	124
Accounts payable		26,655	38,733
Other liabilities	23	11,558	8,853
Accrued expenses and deferred income	24	14,020	24,571
Provisions	21	16,363	21,513
Total current liabilities		**96,127**	**96,134**
Total liabilities		**102,048**	**148,917**
TOTAL EQUITY AND LIABILITIES		**615,201**	**658,860**
Pledged assets	**27**	**153,995**	**166,600**
Contingent liabilities	**27**	**1,288**	**1,348**

Statement of changes in consolidated equity

Amounts in SEK 000s	Note	Share capital	Other contributed capital	Translation reserves	Accumulated profits incl. profit for the year	Total	Minority interests	Total equity
		Equity attributable to equity holders of the Parent Company						
Opening equity, 1 January 2008		**101,613**	**275,188**	**810**	**-21,183**	**356,428**	**67**	**356,495**
Net comprehensive income for the year				44,512	107,723	152,235	1	152,236
Effect of early redemption of convertible loan			-370			-370		-370
Share related remuneration to be settled with own capital instrument			1,582			1,582		1,582
Closing equity, 31 December 2008		**101,613**	**276,400**	**45,322**	**86,540**	**509,875**	**68**	**509,943**
Opening equity, 1 January 2009		**101,613**	**276,400**	**45,322**	**86,540**	**509,875**	**68**	**509,943**
Adjustment of resultposition from 2007			74,292		-74,292	0		0
Net comprehensive income for the year				-19,082	19,877	795		795
Effect of raising convertible loan			806			806		806
Share related remuneration to be settled with own capital instrument			1,609			1,609		1,609
Closing equity, 31 December 2009	18	**101,613**	**353,107**	**26,240**	**32,125**	**513,085**	**68**	**513,153**

Statement of consolidated cash flows

1 January - 31 December

Amounts in SEK 000s	**Note**	**2009**	**2008**
	30		
Operating activities			
Profit before tax		17,353	64,081
Adjustment for non-cash items		13,683	-1,569
Paid income tax		-	-
Cash flow from operating activities before changes in working capital		**31,036**	**62,512**
Cash flow from changes in working capital			
Change in inventories		6,667	-33,647
Change in operating receivables		37,564	-25,840
Change in operating liabilities and provisions		-19,049	-949
		25,182	-60,436
Cash flow from operating activities		**56,218**	**2,076**
Investing activities			
Acquisition of intangible fixed assets		-7,239	-870
Acquisition of tangible fixed assets		-1,112	-1,742
Disposal of tangible fixed assets		-	217
Cash flow from investing activities		**-8,351**	**-2,395**
Financing activities			
Amortisation of loans		-22,574	-32,059
Cash flow from financing activities		**-22,574**	**-32,059**
Cash flow for the year		25,293	-32,378
Cash and cash equivalents at beginning of year		**75,769**	**100,115**
Exchange-rate difference in cash and cash equivalents		1,781	8,032
Cash and cash equivalents at end of year		102,843	75,769
Cash and cash equivalents at end of year		**102,843**	**75,769**

Parent company income statement

1 January - 31 December

Amounts in SEK 000s	Note	2009	2008
Net sales	2	252,993	355,486
Cost of goods sold		-190,385	-261,292
Gross profit		**62,608**	**94,194**
Other operating income	4	-	6,165
Selling expenses		-5,120	-6,418
Administrative expenses		-22,095	-25,973
Research and development costs		-13,566	-18,439
Operating profit	5, 6, 7, 26	**21,827**	**49,529**
Result from financial investments:			
Result from participations in Group companies		9,318	-65,100
Interest income and similar profit/loss items		1,309	23,161
Interest expenses and similar profit/loss items		-7,901	-10,466
Profit/loss after financial items and before tax	8	**24,553**	**-2,876**
Income tax	9	-	39,450
Result for the year		**24,553**	**36,574**

Parent company balance sheet

At 31 December

Amounts in SEK 000s	Note	2009	2008
ASSETS			
Fixed assets			
Intangible fixed assets	10	8,071	872
Tangible fixed assets	11	1,222	2,133
Financial fixed assets			
Participations in Group companies	29	200,986	209,019
Receivables from Group companies	13	98,808	130,880
Deferred tax asset	12	39,450	39,450
Total financial fixed assets		*339,244*	*379,349*
Total fixed assets		**348,537**	**382,354**
Current assets			
Inventories, etc.	15	35,330	46,016
Current receivables			
Accounts receivable	16	27,483	30,837
Receivables from Group companies	28	24,097	7,052
Other receivables	14	6,375	12,075
Prepaid expenses and accrued income	17	2,266	2,656
Total current receivables		**60,221**	**52,620**
Cash and cash equivalents		91,039	61,854
Total current assets		**186,590**	**160,490**
TOTAL ASSETS		**535,127**	**542,844**

Parent company balance sheet (cont'd)

Amounts in SEK 000s	Note	2009	2008
EQUITY AND LIABILITIES			
Equity	18		
Restricted equity			
Share capital		101,613	101,613
Statutory reserve		104,841	104,841
		206,454	206,454
Non-restricted equity			
Share premium reserve		153,474	153,474
Accumulated results		72,414	38,074
Profit for the year		24,553	36,574
		250,441	228,122
Total equity		**456,895**	**434,576**
LONG-TERM LIABILITIES			
Long-term interest-bearing liabilities	20, 25	-	44,501
Liabilities to Group companies		100	100
Guarantee provisions	21	1,997	2,046
Total long-term liabilities		**2,097**	**46,647**
CURRENT LIABILITIES			
Current interest-bearing liabilities	20	22,116	-
Accounts payable		17,133	24,528
Liabilities to Group companies	28	14,340	5,217
Other liabilities	23	3,395	2,048
Accrued expenses and deferred income	24	4,765	12,142
Provisions	21	14,386	17,686
Total current liabilities		**76,135**	**61,621**
TOTAL EQUITY AND LIABILITIES		**535,127**	**542,844**
Pledged assets	**27**	**52,303**	**51,859**
Contingent liabilities	**27**	**222**	**222**

Parent company statement of changes in equity

	Restricted equity		Non-restricted equity			
Amounts in SEK 000s	**Share capital**	**Statutaory reserves**	**Premium reserve**	**Accumulat-ed results**	**Profit for the year**	**Total equity**
Opening equity, 1 January 2008	**101,613**	**104,841**	**153,474**	**6,993**	**30,238**	**397,159**
Reversal of preceding year's net profit, according to AGM resolution				30,238	-30,238	-
Profit for the year					36,574	36,574
Effect of early redemption of convertible loan				-370		-370
Share related remuneration to be settled with own capital instrument				1,213		1,213
Closing equity, 31 December 2008	**101,613**	**104,841**	**153,474**	**38,074**	**36,574**	**434,576**
Opening equity, 1 January 2009	**101,613**	**104,841**	**153,474**	**38,074**	**36,574**	**434,576**
Reversal of preceding year's net profit, according to AGM resolution				36,574	-36,574	-
Profit for the year					24,553	24,553
Effect of raising convertible loan				806		806
Share related remuneration to be settled with own capital instrument				1,977		1,977
Change due to employee options				-5,017		-5,017
Closing equity, 31 December 2009	**101,613**	**104,841**	**153,474**	**72,414**	**24,553**	**456,895**

Parent company cash flow statement

1 January - 31 December

Amounts in SEK 000s	**Note**	**2009**	**2008**
	30		
Operating activities			
Profit before tax		24,553	-2,876
Adjustment for items not included in cash flow		5,225	72,746
Cash flow from operating activities before changes in working capital		**29,778**	**69,870**
Cash flow from changes in working capital			
Change in inventories		10,686	-24,035
Change in operating receivables		-5,901	-1,749
Change in operating liabilities		-11,469	-22,276
		-6,684	-48,060
Cash flow from operating activities		**23,094**	**21,810**
Investing activities			
Acquisition of intangible fixed assets		-7,207	-846
Acquisition of tangible fixed assets		-642	-915
Change in long-term loan receivables from subsidiaries		33,922	-21,889
Cash flow from investing activities		**26,073**	**-23,650**
Financing activities			
Amortisation of loans		-22,450	-30,000
Cash flow from financing activities		**-22,450**	**-30,000**
Cash flow for the year		**26,717**	**-31,840**
Cash and cash equivalents at beginning of year		61,854	91,341
Exchange-rate difference in cash and cash equivalents		2,468	2,353
Cash and cash equivalents at end of year		**91,039**	**61,854**

Notes on the financial statements

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

Note 1 Accounting principles

Compliance with standards and laws
The Statement of consolidated financial position are prepared in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission for application in the EU. The Swedish Financial Reporting Council’s recommendation RFR 1.2 Supplementary Reporting Rules for Groups has also been applied. The Parent Company applies the same accounting principles as the Group, except in those cases described under “Parent Company accounting policies”. Any deviation between the principles applied by the Parent Company and the Group are a result of limitations in the scope for IFRS conformity in the Parent Company due to its application of the Swedish Annual Accounts Act and the Pension Protection Act, etc., and in certain cases to tax considerations.

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

When preparing financial statements in accordance with IFRS, management is required to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs. The estimates and assumptions are based on historical experience and other factors that are deemed reasonable under the prevailing circumstances. The result of these estimates and assumptions is then used to assess the stated values of assets and liabilities, unless they are clearly known from other sources. Actual outcomes may differ from these estimates and assumptions.

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

Note 32 contains a description of inputs and assessments that have been used by the company’s management in the application of IFRS and that have a significant impact on the financial statements, as well as estimates that could lead to significant adjustments in the financial statements of subsequent years.

The following accounting principles for the Group have been applied consistently in all the periods presented in the Statement of consolidated financial position, except where otherwise stated below. The Group’s accounting policies have been applied consistently in the reporting and consolidation of the Parent Company and subsidiaries.

The annual report and statements of consolidated accounts were approved for publication by the Board of Directors on 18 March 2010. Statement of consolidated comprehensive income and Statement of consolidated financial position and income statement and balance sheet of the Parent Company will be submitted to the Annual General Meeting for adoption on 23 April 2010.

Changes in accounting principles
Changed accounting principles due to new or changed IFRS
Changed accounting principles applied by the Group from 1 January 2009 are described below. Other changes of IFRS with application from 2009 have not had any significant effect on the consolidated accounts

Presentation of the financial statements
As from 1 January 2009 the Group applies changed IAS 1 Presentation of financial statements (2007). The change has led to that revenues and costs earlier reported directly in equity now instead is reported as other comprehensive result. The Company presents this after the result in an extended statement of result and with the title statement of comprehensive result. The Company has elected to use the new titles of the reports introduced in IAS 1 (2207) – statement of comprehensive result, statement of financial position, statement of changes of equity and statement of cash flow.

Comparative periods have been adjusted in the annual report in order to follow the new structure. The changes have only effected the presentation and therefore no numbers have changed, either by result per share or other items in the financial reports.

Information about segments
As from 1 January 2009 the Group applies the new IFRS 8 Operating segments, replacing IAS 14 Segment reporting. IFRS 8 introduces a management perspective on how operating segments can be defined and presented. The new principles are described further below in the accounting principles in this note. The standard has been applied in accordance with these transfer rules, through the adoption to IFRS 8 of the comparative years. The application of IFRS 8 has for the Company not led to any changes of how the segments are defined.

New IFRS and interpretations that have not yet come into effect
The company does not adopt in advance any new standards or interpretations. New or adjusted IFRS applicable from 2010 are not expected to have a material impact on the financial statements.

Disclosures about financial instruments
As a result of amendments to IFRS 7 Financial Instruments, disclosures applicable as of 1 January 2009 affect Pricer’s financial reporting, starting with the annual report for 2009. The amendments mainly comprise new requirements on disclosures about financial instruments measured at fair value on the statement of financial position. Each instrument is classified as belonging to one of three levels depending on the quality of the input data in the measurement. The classification determines which disclosures to state about the instruments and how to disclose them; level 3, with the lowest input data quality, is subject to more disclosure requirements than the other levels. These disclosure requirements primarily affected notes 7 and 14. The IFRS 7 amendments also entail certain changes to liquidity risk disclosures. Pursuant to the transitional provisions in IFRS 7, comparative data have not been stated during the first year of application for the disclosures required by the amendments.

Operating segment reporting
An operating segment is a part of the Group with an operation generating revenue and costs with independent available financial information. The result of an operating segment is followed by the highest executive of the company in order to evaluate the result and to allocate resources to each operating segment. See note 3 for further description of definition and presentation of the operating segments.

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

Consolidation principles
Subsidiaries
Subsidiaries are companies over which Pricer AB has a controlling influence, meaning that the Parent Company directly or indirectly has the power to formulate the subsidiary’s financial and operating policies so as to obtain financial benefits. Potential voting rights that can be exercised or converted without delay are taken into consideration when determining the existence or not of a controlling influence. Subsidiaries are consolidated in accordance with the purchase method, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary’s assets and assumes its liabilities and contingent liabilities. An acquisition analysis is prepared in connection with acquisitions to determine the acquisition value to the Group of the investment in the subsidiary and the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities on the transaction date. The acquisition value comprises the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The difference between the Group’s cost for the acquisition and the fair value of identifiable net assets acquired is recognised as goodwill or negative goodwill. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit and loss.

Subsidiaries are consolidated in the Statement of consolidated financial position from the date of acquisition until the date on which the controlling influence ceases.

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

Transactions in foreign currencies
Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction date. The functional currency is the currency of the primary economic environment in which the companies conduct their business. Monetary assets and liabilities in foreign currency are translated into the functional currency at balance-sheet date rates. Currency differences arising on translation are recognised in profit and loss. Currency differences affecting operating profit are explained in Note 7, and exchange-rate differences affecting net financial items are explained in Note 8.

Financial statements of foreign businesses
The assets and liabilities of foreign businesses are translated from the foreign unit's functional currency into the Group's presentation currency, SEK, at balance-sheet date exchange rates. Income and costs of foreign businesses are translated into SEK at the average rate during the year. Translation differences arising on the translation of foreign businesses are recognised directly in equity as a translation reserve.

At the time of transition to IFRS, the company decided to set accumulated translation differences attributable to foreign businesses at zero. Accumulated translation differences arising in 2004 or later are shown in translation reserves in statement of changes in consolidated equity.

Net investments in foreign operations
Monetary long term receivables in foreign operations for which pay back is not planned or likely within the foreseeable future are treated as net investments in foreign operations. This leads to that currency differences are reported within other comprehensive result and are accumulated in a separate component in equity denominated currency differences.

Income
Income from the sale of goods is recognised in profit and loss when significant risks and benefits of ownership have passed to the buyer. Income from the sale of services is recognised in profit and loss when the financial result of providing the services can be calculated reliably and the financial benefits associated with the transaction pass to the Group.

Income is not recognised in cases where it is not likely that the financial benefit will pass to the Group. Income in the form of royalties or licences resulting from an external party's use of the Group's assets is recognised when it is likely that the financial benefits associated with the transaction will pass to the company and the amount of income can be calculated reliably. The criteria for income recognition are applied to each transaction on an individual basis.

Operating expenses and financial income and expense
Costs relating to operational leases
Costs relating to operational leases are recognised straight line in profit and loss over the term of the lease.

Financial income and expense
Financial income and expense consist of interest income on bank deposits and receivables, interest expenses on liabilities, currency differences, realised and unrealised gains on financial investments and gains/losses on embedded derivatives.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the rate that results in the present value of all estimated future payments and receipts throughout the expected duration of the financial instrument being identical to the carrying amount of the receivable or liability. Interest income and interest expenses include the accrued amount of transaction costs and any discounts, premiums and other differences between the original stated value of the receivable and the amount received upon maturity.

Financial instruments
Financial instruments are recognised in accordance with IAS 32, Financial Instruments: Presentation and Disclosure, and IAS 39, Financial Instruments: Recognition and Measurement.

The financial instruments stated on the assets side of the balance sheet include cash and cash equivalents and accounts receivable. On the liability side, they include liabilities to suppliers, hedging contracts and loan liabilities.

A financial asset or liability is recognised in the balance sheet when the company becomes party to the contractual conditions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. Liabilities to suppliers are recognised when an invoice has been received. Financial liabilities are recognised when the counterparty has performed a service and there is a contractual obligation to pay, even if no invoice has been received.

A financial asset is removed from the balance sheet when the company's rights under the agreement have been realised, expire or the company has relinquished control over the asset. The same applies to a part of a financial asset. A financial liability is removed from the 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. The purchase or divestment of a financial asset is recognised on the transaction date, which is the date when the company undertakes to purchase or divest the asset.

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

When the value of an equity instrument classified as an available-for-sale financial asset is impaired, the accumulated gains/losses previously stated in equity are reversed via other comprehensive income to net comprehensive income for the year.

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

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

Previously recognised impairment losses on equity instruments classified as available-for-sale financial assets, which were previously stated in profit and loss may not be reversed via profit and loss at a later date. The impaired value is the value on which subsequent fair value adjustments are based, and this value is recognised in other comprehensive income.

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

Financial assets at fair value through profit and loss
This category consists of the Group's cash and cash equivalents and short-term investments. Cash and cash equivalents comprise cash in hand and at bank (or equivalent institutions) and other highly liquid short-term investments with original durations of less than three months that are exposed only to an insignificant risk of value fluctuations. Assets in this category are regularly measured at fair value and changes in fair value are recognised under net financial items in the Statement of consolidated comprehensive income.

Held-to-maturity investments
Held-to-maturity investments are fixed-income securities with fixed or determinable payments and established durations that were acquired with the object of being held to maturity. Such investments are measured at accrued acquisition cost.

Accounts receivable
Accounts receivable are valued at accrued acquisition cost, meaning the amount that is expected to be received after deduction of bad debts, which are assessed individually. Since accounts receivable have a short expected duration, they are recognised at nominal value without discounting. Impairment losses on accounts receivable are stated under operating expenses.

Available-for-sale financial assets
The category of available-for-sale financial assets consists of financial assets that cannot be classified in any other category or that have been classified in this category. Holdings of shares or participations in companies that are not stated as subsidiaries or associated companies are stated here. Such assets are measured at fair value in the balance sheet and changes in fair value are recognised against other comprehensive income. When the asset is divested,

Note 1 Accounting principles (cont'd)

the accumulated result that were previously recognised in other comprehensive income are instead recognised in profit for the year.

Other financial liabilities
This category includes borrowings and other financial liabilities, such as liabilities to suppliers. They are measured at accrued acquisition value. Long-term liabilities have an expected duration of more than one year, while current liabilities have a maturity of less than one year. Since accounts payable have a short expected duration, they are recognised at nominal value without discounting.

Issued convertible debentures
Convertible debentures can be converted into shares by the counterparty exercising his option to convert the convertible loan into shares. These are stated as a composite financial instrument that is divided into a debt component and an equity component. The actual value of the debt at the time of issue is arrived at by discounting the future flow of payments using the applicable market rate of interest for a similar debt instrument that is not convertible. The value of the equity component is defined as the difference between the issue proceeds at the time of issue and the fair value of the financial liability at the time of issue. Any deferred tax attributable to the debt at the time of issue is deducted from the carrying amount of the equity component.

Derivatives and hedge accounting
The Group's derivative instruments consist of forward contracts entered into in order to cover the risk of currency fluctuations. Derivatives also include conditions that are embedded in other contracts. Embedded derivatives are reported separately when they are not closely related to the host contract. Changes in the value of free standing or embedded derivatives are recognised in profit and loss on the basis of the purpose of the holding. If the derivative is used as a hedge to the extent that it is effective, the change in the value of the derivative is recognised on the same line in the Statement of consolidated comprehensive income as the hedged item. Even if hedge accounting is not applied by the Group, increases/reductions in the value of a derivative instrument are recognised directly in profit and loss as income or costs respectively within the Operating profit or within net financial items, depending on the reason for using the derivative and whether its use is related to an operating item or a financial item.

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

Tangible fixed assets
Owned assets
A tangible asset is recognised as an asset in the balance sheet when it is probable that the financial benefits attributable to the asset will pass to the company in the future and the acquisition value of the asset can be calculated reliably.

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

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

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

Depreciation principles
Depreciation is based on original acquisition values and applied on a straight-line basis over the estimated useful life of the asset. The residual value and useful life of an asset are evaluated annually.

Estimated useful lives (Group and Parent Company):
- machinery and other technical installations: 3-5 years
- equipment, tools, fixtures and fittings: 3-5 years
- leasehold improvements: 3 years

Intangible fixed assets
All research and development costs are recognised as costs against profit and loss for the period in which they arise. Costs for development, where research findings or other knowledge are used to create new or improved products or processes, are only capitalised in the balance sheet when the technical and commercial feasibility of the product or process has been established, and the company has adequate resources to complete its development and then intends to use or sell the intangible asset.

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

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

Additional expenditure on intangible assets is added to the acquisition value only when it increases the future financial benefits. All other expenditure is expensed when it is incurred.

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

Estimated useful lives (Group and Parent Company):
- industrial rights: 5 years (Group only)
- patents and licences: 5-12 years
- customer relationships: 5 years
- product technology: 5 years

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

Inventories
Inventories are recognised at the lower of acquisition value (average acquisition value) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and realising the sale. The risk of obsolescence is taken into account in the valuation of inventories.

Impairment
The carrying amounts of the Group's assets are tested at each balance sheet date to determine if there is any indication of impairment. Exceptions are made for inventories and financial assets. If there is any indication of impairment, the asset's recoverable value is calculated. For the excepted assets listed above, the carrying amount is tested on the basis of applicable standards.

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

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

The recoverable amounts of assets in the categories held-to-maturity investments and loan receivables and accounts receivable recognised at accrued acquisition value are calculated as the present value of future cash flows discounted at the effective interest rate that applied when the asset was initially recognised. Assets with short durations are not discounted.

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

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

Impairment losses on goodwill are never reversed. Impairment losses on held-to-maturity investments or one-year receivables and accounts receivable recognised at their accrued acquisition value are reversed if a later increase in the recoverable value can be objectively attributed to an event occurring after the date of the impairment loss.

Employee benefits

Defined-contribution plans

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

Termination benefits

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

Share-based benefits

Share-based benefits in the form of a global employee incentive scheme based on warrants are provided. Such a scheme entitles the holders to subscribe to the corresponding number of shares within a given period of time at a given price. Equity warrants have been bought at market price by employees and stock options have been granted to employees without payment. There is no cost recognised for the equity warrants, as these have not led to any employee benefit. The fair value of the employee stock options is recognised as an employee expense with a corresponding increase in equity. The fair value is calculated at the time of grant and is recognised during the vesting period. The recognised cost is adjusted during the vesting period considering the number of granted and vested options, primarily based on changes in personnel.

Social charges relating to the employee options are recognised during the vesting period. The accruals for social charges are based on the fair value at the end of each reporting period.

Provisions

A provision is stated in the balance sheet when the Group has a legal or informal commitment that has arisen as the result of a past event, it is probable that an outflow of financial resources will be needed to settle the commitment and a reliable estimate of the amount can be made. When necessary, a present value calculation is made to take into account any significant time-effects of future payments.

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

Tax

Income taxes consist of current tax and deferred tax. Income tax is recognised in profit and loss except when the underlying transaction is recognised directly in equity, in which case the resulting tax effect is also stated in equity.

Current tax refers to tax payable or receivable in respect of the year in question, at the tax rates that have been decided on or in practice decided on as of the balance-sheet date. This also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the carrying amount and the fiscal value of an asset or liability. The following temporary differences are not taken into account: temporary differences arising on initial recognition of goodwill, initial recognition of assets and liabilities that are not acquired lines of business and, at the time of the transaction, affect neither recognised nor taxable profit; nor temporary differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future. Deferred tax is computed on the basis of how the carrying amount of the assets or liabilities is expected to be realised or settled using the tax rates and rules that have been decided on, or in practice decided on, at the balance-sheet date.

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

Earnings per share

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

Contingent liabilities

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

Parent Company accounting principles

The Parent Company's annual accounts are prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Council's recommendation RFR 2.2, Reporting by Legal Entities. RFR 2.2 states that in the report for the legal entity, the Parent Company shall apply all EU-endorsed IFRS and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. This recommendation defines the exceptions and additional disclosures compared with IFRS.

The Parent Company has the same structure for its income statement and balance sheet as in the previous year. As from 2010 the Parent Company will adopt the same structure as that for the consolidated statements in 2009.

Differences between accounting principles of the Group and the Parent Company

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

Subsidiaries

In the Parent Company, participations in subsidiaries are stated in accordance with the acquisition value method.

Income

Sale of goods and performance of services

In the Parent Company, income from the sale of services is recognised when the service has been performed, according to Chapter 2, paragraph 4 of the Annual Accounts Act. Until then, work in progress is stated at the lower of cost and net realisable value on the balance-sheet date.

Financial instruments

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

Taxes

Untaxed reserves are recognised in the Parent Company financial statements including deferred tax liability. In the Statement of consolidated financial position, however, untaxed reserves are divided into a deferred tax liability and equity.

Shareholder contributions

The Parent Company recognises shareholder contributions in accordance with a statement from the Swedish Financial Reporting Council. Shareholder contributions are recognised directly in equity by the recipient and are capitalised under shares and participations by the donor, to the extent that no impairment is indicated.

Note 2 Distribution of revenue

	G 2009	G 2008	PC 2009	PC 2008
Net sales:				
Revenue from goods	291,570	390,472	244,481	345,853
Revenue from services	27,915	31,674	3,326	6,598
Royalties	7,826	4,870	5,186	3,035
Total	**327,311**	**427,016**	**252,993**	**355,486**

The Parent Company's product sales include intra-group sales of SEK 147,782 (243,013).

Note 3 Operating segments

IFRS 8 Operating segments has not led to any changes. Pricer develops and markets a complete system consisting of components for communication in a store environment. The components are never sold separately except as additions to existing systems. Therefore the various product components does not constitute separate operating segments.

The system is sold to customers in over 40 countries over the whole world. Customer activities are to a large extent directed towards large global retail chains. Marketing activities and sales are divided into geographical areas but these do not constitute different operating segments. Sales is made both direct to customers but also via resellers but this division does not constitute different operating segments. Sales is made to different categories of retail such as grocery, food, non-food, do-it-yourself etc but these categories does not either constitute different operating segments. Operations is not divided into different operating segments and is followed up in its entirety. Therefore the entire Pricer business constitutes one and the same operating segment.

Information per company

Total revenue from external customers amounted to SEK 327.3 SEK (427.0). Any division in different product categories is not made as revenue is constituted by sale of systems.

Revenues from external customers per country

Net sales by country	G 2009	G 2008
Sweden	10,055	14,055
France	172,697	187,214
Japan	37,044	61,773
Other countries	107,515	163,974
Total	**327,311**	**427,016**

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

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

On certain markets Pricer operates through resellers. No individual customer or reseller represent more than 15 percent of the consolidated revenue.

Note 4 Other operating income

	G 2009	G 2008	PC 2009	PC 2008
Royalties	-	6,165	-	6,165
Total	**0**	**6,165**	**0**	**6,165**

Note 5 Employees and personnel costs

Average number of employees

	2009		2008	
	Number	Of whom, men	Number	Of whom, men
Parent Company				
Sweden	30	80%	31	74%
Subsidiaries				
USA	3	100%	3	100%
Israel	5	94%	8	89%
France	29	71%	28	83%
Total subsidiaries	37	77%	39	81%
Total Group	67	78%	70	74%

Gender distribution in executive management on balance sheet date

	G 2009	G 2008	PC 2009	PC 2008
	% of women	% of women	% of women	% of women
Board of Directors	0%	0%	0%	0%
Other senior executives	0%	0%	0%	0%

Note 5 Employees and personnel costs (cont'd)

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

	G 2009	G 2008	PC 2009	PC 2008
Board and CEO	3,799	5,586	1,984	2,002
(of which bonus, etc.)	(-245)	(1,490)	(-)	(-)
Other senior executives	7,912	8,644	2,206	4,396
(of which bonus, etc.)	(1,011)	(2,113)	(136)	(1,147)
Other employees	29,564	28,842	13,532	13,930
(of which bonus, etc.)	(1,957)	(3,804)	(226)	(2,067)
Total salaries and other remuneration	**41,275**	**43,072**	**17,722**	**20,328**
(of which bonus, etc.)	(2,723)	(7,407)	(362)	(3,214)
Social security expenses, Board and CEO	1,599	1,916	283	295
Social security expenses, other senior executives	2,642	3,323	1,172	1,870
Social security expenses, other employees	12,091	11,883	5,559	6,307
Total social security expenses	**16,332**	**17,122**	**7,014**	**8,472**
Of which,				
Pension costs, Board and CEO	-	-	-	-
Pension costs, other senior executives	559	544	450	449
Pension costs, other employees	1,977	2,034	1,555	1,773
Total pension costs	**2,536**	**2,578**	**2,005**	**2,222**

The company's outstanding pension commitments on behalf of the Board and CEO amount to SEK 0 (0). The category "Other senior executives" consists of 5 (5) individuals (Group), including 2 (2) in the Parent Company.

Salary and remuneration by country, and breakdown between Board members, etc. and other employees

	2009		2008	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent Company				
Sweden	1,984	15,738	2,002	18,326
(of which bonus, etc.)	(-)	(362)	(-)	(3,214)
	0		O	
Foreign subsidiaries	0		O	
USA	-	3,220	-	2,100
(of which bonus, etc.)	(-)	(773)	(-)	(366)
France	1,815	15,197	3,584	12,870
(of which bonus, etc.)	(-245)	(1,688)	(1,490)	(1,937)
Israel	-	3,321	-	4,190
(of which bonus, etc.)	(-)	(145)	(-)	(400)
Total subsidiaries	1,815	21,738	3,584	19,160
Total Group	**3,799**	**37,476**	**5,586**	**37,486**

Sickness absence in the Parent Company

	1 Jan-31 Dec 2009	1 Jan-31 Dec 2008
Total sickness absence as a % of regular working hours	1.2%	1.0%
Share of total sickness absence lasting for 60 days or more	0.0%	0.2%
Sickness absence by gender:		
Men	1.0%	0.8%
Women	1.8%	1.7%
Sickness absence by age group:		
29 years or younger	1.9%	0.8%
30-49 years	1.0%	1.2%
50 years or older	1.5%	0.6%

Remuneration and benefits of senior executives

Remuneration principles

Director fees are paid in accordance with a resolution passed by the Annual General Meeting, which also passes a resolution on guidelines for the remuneration and benefits of senior executives. These guidelines are presented in the Administration Report on page 21. The Board has authorised the Chairman to reach agreement with the President regarding salary and other benefits. The remuneration and benefits of senior executives who report directly to the President are determined by the President after consultation with the Chairman and/or the Board's Remuneration Committee. The main principle is to offer senior executives a total remuneration package and terms of employment that are market-based. When determining the actual levels of remuneration, facts such as competence, experience and performance are taken into account. Remuneration to senior executives consists of basic salary, a variable salary, in certain cases pension in the form of defined-contribution schemes, other customary benefits and a long-term incentive scheme in the form of employee stock options to all employees in the Group. Other benefits may include company car and health care insurance.

Remuneration and benefits

Fees to directors of the Parent Company are payable as follows: During the 2008/2009 assignment period (until the Annual General Meeting on 24 April 2009), director fees amounted to SEK 450 thousand, SEK 2750 thousand and SEK 200 thousand to the Chairman, Vice Chairman and other members, respectively. During the 2009/2010 assignment period (until the Annual General Meeting on 23 April 2010), director fees amounted to SEK 1,250 SEK total divided by 450 thousand to the Chairman and SEK 200 thousand to other members. The fees were expensed during the assignment periods. No other remuneration, apart from defrayal of outlays, was paid to the Board. All pension plans in the Group are of the defined-contribution type.

For the President Charles Jackson, SEK 2,481 thousand (4,197) was expensed for salary and other remuneration, including a variable salary of SEK -245 thousand (1,490). Charles Jackson became President on 1 September 2007 and lives in France. Part of the variable remuneration is linked to the performance of the company during the year and another part is linked to longer-term development. During 2009, the variable salary was based on Group sales, operating profit and cash flow. Pension costs on behalf of the President amounted to SEK - (-). The notice period for the President is twelve months when notice is given by the employer and six months when notice is given by the employee.

For other senior executives, SEK 7,912 thousand (8,644) was expensed for salary and other remuneration, including variable salary of SEK 1,011 thousand (2,113). A portion of this remuneration was paid to other senior executives employed by the Parent Company amounting to SEK 2,206 thousand (4,396), including variable salary of SEK 136 thousand (1,197). For other senior executives, the variable salary for 2009 was based on Group sales, operating profit and cash flow as well as on individual targets. Variable salary is individual and varied in 2009 from 20 to 50 percent of basic salary. Pension costs to other senior executives amounted to SEK 559 thousand (544). The notice period for other senior executives varies and does not in any case exceed 12 months. Senior executives are not entitled to severance pay.

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Note 5 Employees and personnel costs (cont'd)

Employee stock option scheme
The Annual General Meeting in 2007 adopted an employee stock option scheme including 30 million options with duration 2007/2011 and the 2008 Annual General Meeting complemented this with a scheme including 20 million options with duration 2008/2012. All employees in the Group have been allotted options from these programs. During 2009, costs of SEK 1.6 million (2.1) relating to the value of the employee stock options affected consolidated profit, partly in the form of a booking against equity relating to the two schemes.

In order to secure the Pricer's obligation, where applicable (primarily relating to employees in Sweden), to pay social security charges relating to the value at the time of exercise of the options, it has been decided to keep a portion of the options in the Group. Regarding allotment of the options, the employees were divided into categories and the Board decided on allotment of a varying number of stock options to these categories based on the possibility to contribute. The employee stock options are allotted free of charge. The strike price is determined based on 110 percent of the market price of the share during ten trading days after the Annual General Meeting.

For information about senior executives' holdings of shares and warrants, see page 56.

Loans to senior executives and other related-party transactions
No loans, guarantees or sureties have been issued on behalf of members of the Board or senior executives in the Group. Nor are there any past or present business transactions between the company and members of its Board, management or Auditors that have a material effect on consolidate profit or financial position.

Note 6 Fees to the auditors

	G 2009	G 2008	PC 2009	PC 2008
Fees to KPMG				
Auditing services	802	1,124	802	1,124
Non-auditing services	117	154	117	154
Fees to Michel Bohdanowicz, France				
Auditing services	191	163	-	-
Fees to Dunsky Knobel Beltzer & Co/Ernst & Young, Israel				
Auditing services	92	92	-	-
Non-auditing services	69	-	-	-
Total	**1,271**	**1,533**	**919**	**1,278**

Note 7 Operation expenses allocated by cost type

	G 2009	G 2008
Cost of goods sold	200,266	262,803
Personnel costs	58,633	63,098
Amortisation/depreciation	9,877	13,587
Other operating expenses	33,383	38,319
Total	**302,159**	**377,807**

The cost of goods sold includes exchange-rate losses of 2,243 (gain: 2,175).

Note 8 Net financial items

Group

	2009	2008
Interest income	242	2,552
Net exchange-rate change	-	16,740
Financial income	**242**	**19,292**
Interest expenses	-3,734	-9,034
Costs of convertible loan	-533	-1,551
Other costs	-115	-
Net exchange-rate change	-3,659	-
Financial expenses	**-8,041**	**-10,585**
Net financial items	**-7,799**	**8,707**

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

Parent Company

Result from participations in Group companies	2009	2008
Impairment loss on Pricer E.S.L. Israel Ltd.	-	-80,000
Total impairment losses	**0**	**-80,000**
Repayment of conditional shareholders' contributions	9,318	14,900
Total repayments	**9,318**	**14,900**
Total	**9,318**	**-65,100**

Interest income and similar profit/loss items	2009	2008
Interest income	242	2,455
Interest income, Group companies	1,067	3,966
Net exchange-rate change	-	16,740
Total	**1,309**	**23,161**

Interest expenses and similar profit/loss items	2009	2008
Interest expenses	-3,734	-8,915
Cost of convertible loan	-533	-1,551
Net exchange-rate change	-3,634	
Total	**-7,901**	**-10,466**

Note 9 Income tax

	G 2009	G 2008	PC 2009	PC 2008
Tax effect from capitalised loss carry-forwards	-	39,450	-	39,450
Deferred tax liability relating to intangible assets	2,104	2,597	-	-
Deferred tax receivable on internal profit	420	1,596	-	-
Total	**2,524**	**43,643**	**0**	**39,450**

Part of the taxable loss carry-forwards were capitalised in 2008, based on an estimate of the expected future earnings during the coming years. This resulted in an accounted tax income.

Unrecognised deferred tax assets
Deductible temporary difference and accumulated loss carry-forwards for which deferred tax assets have not been recognised in profit and loss or the balance sheet:

SEK 000s	G 2009	G 2008	PC 2009	PC 2008
Deductible temporary differences	-	-	-	-

SEK 000s	G 2009	G 2008	PC 2009	PC 2008
Tax loss carry-forwards	1,256,519	1,318,000	815,689	833,000

The loss carry-forwards relate primarily to the Parent Company. The ability to fully utilise the loss carry-forwards in Pricer Inc is subject to some uncertainty in terms of both time limits and amounts. In 2008 SEK 150,000 thousand was utilised to capitalise loss carry-forwards.

Reconciliation of effective tax

	Percent	2009	Percent	2008
Group				
Profit before tax		17,353		64,081
Tax according to applicable tax rate for the Parent Company	26.3	-4,564	28	-17,943
Effect of applicable tax rates for foreign subsidiaries	-1	-93	0	140
Non-deductible expenses	-2	-293	0	-41
Non-taxable income	15	2,572	0	6
Effect of changed tax rate	-	-	1	357
Other	-	-	0	44
Utilisation of uncapitalised loss carry-forwards	28	4,902	34	21,630
Capitalised loss carry forwards	-	-	62	39,450
Reported effective tax	**15**	**2,524**	**68**	**43,643**

	Percent	2009	Percent	2008
Parent Company				
Profit before tax		24,553		-2,876
Tax according to applicable tax rate for the Parent Company	26.3	-6,457	28	805
Non-deductible expenses	0	-66	-1	-41
Effect of impairment loss/reversal of previous impairment loss	-	-	-779	-22,400
Non-taxable income	-10	2,451	145	4,178
Utilisation of uncapitalised loss carry-forwards	-17	4,072	607	17,458
Capitalised loss carry forwards	-	-	-1,372	39,450
Reported effective tax	**0**	**0**	**-1,372**	**39,450**

Note 10 Intangible assets

Patents and licenses	G 2009	G 2008	PC 2009	PC 2008
Accumulated acquisition value				
Opening balance	35,881	35,142	31,933	31,933
Purchases during the year	32	24	-	-
Exchange-rate difference	-345	715	-	-
Closing balance	*35,568*	*35,881*	*31,933*	*31,933*
Accumulated amortisation according to plan				
Opening balance	-35,833	-32,587	-31,907	-29,657
The year's amortisation according to plan	-50	-2,537	-8	-2,250
Exchange-rate difference	344	-709	-	-
Closing balance	*-35,539*	*-35,833*	*-31,915*	*-31,907*
Planned residual value patents and licenses	**29**	**48**	**18**	**26**

Industrial rights	G 2009	G 2008
Accumulated acquisition value		
Opening balance	14,303	11,933
Exchange-rate difference	-996	2,370
Closing balance	*13,307*	*14,303*
Accumulated amortisation according to plan		
Opening balance	-14,303	-11,933
Exchange-rate difference	996	-2,370
Closing balance	*-13,307*	*-14,303*
Planned residual value industrial rights	**0**	**0**

Marketing rights	G 2009	G 2008
Accumulated acquisition value		
Opening balance	223,202	186,206
Exchange-rate difference	-15,546	36,996
Closing balance	*207,656*	*223,202*
Accumulated amortisation according to plan		
Opening balance	-54,671	-45,609
Exchange-rate difference	3,808	-9,062
Closing balance	*-50,863*	*-54,671*
Accumulated impairment losses		
Opening balance	-168,531	-140,597
Exchange-rate difference	11,738	-27,934
Closing balance	*-156,793*	*-168,531*
Planned residual value marketing rights	**0**	**0**

Development projects	G 2009	G 2008	PC 2009	PC 2008
Accumulated acquisition value				
Opening balance	846		846	
Purchases during the year	7,207	846	7,207	846
Closing balance	*8,053*	*846*	*8,053*	*846*
Planned residual value development projects	**8,053**	**846**	**8,053**	**846**

Of capitalised development projects in 2009 SEK 0.8 M
is from acquired intangible assets.

Customer relationships	G 2009	G 2008
Accumulated acquisition value		
Opening balance	30,000	30,000
Closing balance	30,000	30,000
Accumulated amortisation according to plan		
Opening balance	-14,250	-8,250
The year's amortisation according to plan	-6,000	-6,000
Closing balance	*-20,250*	*-14,250*
Planned residual value customer relationships	**9,750**	**15,750**

The fixed asset refers to identified assets in the form of customer relationships in the acquired company Pricer E.S.L. Israel Ltd. This asset is amortised on a straight-line basis over a period of five years.

Note 10 Intangible assets (cont'd)

Product technology	G 2009	G 2008
Accumulated acquisition value		
Opening balance	10,000	10,000
Closing balance	*10,000*	*10,000*
Accumulated amortisation according to plan		
Opening balance	-4,750	-2,750
The year's amortisation according to plan	-2,000	-2,000
Closing balance	*-6,750*	*-4,750*
Planned residual value product technology	**3,250**	**5,250**

The fixed asset refers to identified assets in the form of product technology in the acquired company Pricer E.S.L. Israel Ltd. This asset is amortised on a straight-line basis over a period of five years.

Goodwill	G 2009	G 2008
Accumulated acquisition value		
Opening balance	275,967	234,234
Exchange-rate difference	-14,700	41,733
Closing balance	**261,267**	**275,967**

The fixed asset refers to the difference in the residual value of the purchase price and the acquired net assets resulting from the acquisition of Pricer E.S.L. Israel Ltd. Since the goodwill item is denominated in EUR, the appreciation of SEK has given rise to a negative exchange-rate difference. In the previous year the exchange-rate difference was positive.

Total intangible assets	G 2009	G 2008	PC 2009	PC 2008
Accumulated acquisition value				
Opening balance	590,199	507,515	32,779	31,933
Purchases during the year	7,239	870	7,207	846
Exchange-rate difference	-31,587	81,814	-	-
Closing balance	*565,851*	*590,199*	*39,986*	*32,779*
Accumulated amortisation according to plan				
Opening balance	-292,338	-241,726	-31,907	-29,657
The year's amortisation according to plan	-8,050	-10,537	-8	-2,250
Exchange-rate difference	16,886	-40,075	-	-
Closing balance	*-283,502*	*-292,338*	*-31,915*	*-31,907*
Planned residual value total intangible assets	**282,349**	**297,861**	**8,071**	**872**

Allocation of depreciation. Recognised on the following lines in the statement of comprehensive income/income statement	G 2009	G 2008	PC 2009	PC 2008
Cost of goods sold	-	2,537	-	2,250
Selling expenses	6,042	6,000	-	-
Administration costs	8	-	8	-
Research and development costs	2,000	2,000	-	-
Total	**8,050**	**10,537**	**8**	**2,250**

Note 10 Intangible assets (cont'd)

Pricer's balance sheet includes goodwill of SEK 261 M (276) arising from the acquisition of Eldat in 2006. The goodwill item is accounted for in EUR which leads to that it is affected by currency revaluations. The goodwill item has been impairment tested by discounting future cash flows, whereby the value in use was estimated in the following way:

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

A multi-year forecast was prepared in connection with the acquisition, and this is updated regularly. The forecast is based on a continuation of the positive business development on the market for Pricer's products with significant growth in sales. The margin has improved, as a result of lower product costs resulting from development and economies of scale. On the whole, this entails that the gross contribution in the forecast is expected to increase. Gross profit exceeds Pricer's operating expenses. Even if expansion requires more resources, it is expected that costs, which mainly comprise personnel-related costs, will be contained so that they increase at a slower pace than gross profit.

Some of the cash flow generated by the business will be ploughed back in a higher working capital. However, the turnover rate for working capital is relatively high and historically represents about 30 percent of annual sales. Together cash flow from operating activities is expected to show a positive trend.

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

The cash flow thus projected for the coming five years and the residual value at the end of year five has been discounted using an estimated interest rate to arrive at an estimated value in use. This interest rate is calculated on the basis of Pricer's before tax borrowing cost and on the basis of the implicit interest rate on the convertible debentures that Pricer has issued, and amounts to 11 percent before tax. The thus arrived at value in use does not give rise to an impairment loss.

The greatest uncertainty factor in the calculations is whether or not the market develops in accordance with expectations or that competition increases. Should it not, the forecast will be adjusted, whereby an impairment requirement could arise.

Note 11 Tangible fixed assets

Leasehold improvements	G 2009	G 2008	PC 2009	PC 2008
Accumulated acquisition value				
Opening balance	1,327	1,579	1,327	1,327
Sales and disposals	-	-302	-	-
Exchange-rate difference	-	50	-	-
Closing balance	*1,327*	*1,327*	*1,327*	*1,327*
Accumulated depreciation according to plan				
Opening balance	-1,124	-1,268	-1,124	-1,029
The year's depreciation	-93	-107	-93	-95
Sales and disposals	-	302	-	-
Exchange-rate difference	-	-51	-	-
Closing balance	*-1,217*	*-1,124*	*-1,217*	*-1,124*
Planned residual value leasehold improvements	**110**	**203**	**110**	**203**

Plant and machinery	G 2009	G 2008	M 2009	PC 2008
Accumulated acquisition value				
Opening balance	19,325	18,930	18,425	18,094
Additions	709	680	599	331
Sales and disposals	-6,778	-435	-6,778	-
Exchange-rate difference	-57	150	-	-
Closing balance	*13,199*	*19,325*	*12,246*	*18,425*
Accumulated depreciation according to plan				
Opening balance	-17,945	-16,191	-17,499	-15,822
The year's depreciation	-955	-1,776	-793	-1,677
Sales and disposals	6,778	89	6,778	-
Exchange-rate difference	42	-67	-	-
Closing balance	*-12,080*	*-17,945*	*-11,514*	*-17,499*
Planned residual value, plant and machinery	**1,119**	**1,380**	**732**	**926**

Equipment, tools, fixtures and fittings	G 2009	G 2008	M 2009	PC 2008
Accumulated acquisition value				
Opening balance	10,124	9,922	7,033	6,617
Additions	403	1,062	43	584
Sales and disposals	-2,724	-1,478	-2,586	-168
Exchange-rate difference	-200	618	-	-
Closing balance	*7,603*	*10,124*	*4,490*	*7,033*
Accumulated depreciation according to plan				
Opening balance	-7,976	-7,321	-6,029	-5,400
The year's depreciation	-779	-1,172	-352	-629
Sales and disposals	2,409	951	2,271	-
Exchange-rate difference	140	-434	-	-
Closing balance	*-6,206*	*-7,976*	*-4,110*	*-6,029*
Planned residual value equipment, tools, fixtures and fittings	**1,397**	**2,148**	**380**	**1,004**

Total tangible assets	G 2009	G 2008	PC 2009	PC 2008
Accumulated acquisition value				
Opening balance	30,776	30,431	26,785	26,038
Additions	1,112	1,742	642	915
Sales and disposals	-9,502	-2,215	-9,364	-168
Exchange-rate difference	-257	817	-	-
Closing balance	*22,129*	*30,775*	*18,063*	*26,785*
Accumulated depreciation according to plan				
Opening balance	-27,045	-24,780	-24,652	-22,251
The year's depreciation	-1,827	-3,055	-1,238	-2,401
Sales and disposals	9,187	1,342	9,049	-
Exchange-rate difference	182	-551	-	-
Closing balance	*-19,503*	*-27,044*	*-16,841*	*-24,652*
Planned residual value tangible assets	**2,626**	**3,731**	**1,222**	**2,133**

Allocation of depreciation. Recognised on the following lines in the statement of comprehensive income/income statement	G 2009	G 2008	PC 2009	PC 2008
Cost of goods sold	748	1,386	748	1,386
Selling expenses	643	733	54	79
Administrative expenses	262	538	262	538
Research and development costs	174	398	174	398
Total	**1,827**	**3,055**	**1,238**	**2,401**

Note 12 Other/Financial fixed assets

	G 2009	G 2008	PC 2009	PC 2008
Deferred tax asset	41,465	41,045	39,450	39,450
Bank deposits	-	85	-	-
Total	**41,465**	**41,130**	**39,450**	**39,450**

Deferred tax assets are related to capitalised tax losses and deferred tax on internal profit in inventory for the Group.

Note 13 Receivables from group companies

	PC 2009	PC 2008
Accumulated acquisition value		
At beginning of year	132,611	86,301
Loans granted during the year	-25,887	30,693
Exchange-rate differences	-6,306	15,617
Closing balance, 31 December	*100,418*	*132,611*
Accumulated impairment losses		
At beginning of year	-1,731	-1,814
The year's impairment losses/exchange-rate changes	121	83
Closing balance, 31 December	*-1,610*	*-1,731*
Carrying amount	**98,808**	**130,880**

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

Note 14 Other receivables

	G 2009	G 2008	PC 2009	PC 2008
VAT recoverable	6,171	12,637	5,377	11,586
Receivables from employees	439	398	222	37
Other	1,443	1,219	776	452
Total	**8,053**	**14,254**	**6,375**	**12,075**

Note 15 Inventories

	G 2009	G 2008	PC 2009	PC 2008
Finished goods and goods for resale	42,933	51,239	22,288	31,514
Work in progress	14,605	14,502	13,042	14,502
Total	**57,538**	**65,741**	**35,330**	**46,016**

The cost of sold products includes inventory impairments of SEK neg. 880 (neg.: 4,636). The Parent Company's accounts include transfer from/to inventories of 501 (neg.: 288).

Not 16 Accounts receivable

Accounts receivable are stated recognised after making a provision for bad debts, which amounted during the year to SEK 2,520 thousand (121) for the Group and SEK 1,857 thousand (121) for the Parent Company. For 2009 write-downs of SEK 335 thousand were reversed. At the end of 2009, the total reserve for possible bad debts amounted to SEK 2,520 thousand (335) for the Group and 1,857 thousand (335) for the Parent Company.

Note 17 Prepaid expenses and accrued income

	G 2009	G 2008	PC 2009	PC 2008
Rents	900	850	462	467
Prepaid insurance premiums	473	518	462	399
Product-related expenses	424	1,666	-	-
Prepayments for fixed assets	947	947	947	947
Prepaid financing costs	-	533	-	533
Other	431	331	395	310
Total	**3,175**	**4,845**	**2,266**	**2,656**

Note 18 Equity

Issued and outstanding shares

Stated in number of shares	2009	2008
Issued at 1 January	1,016,132,200	1,016,132,200
Issued at 31 December - paid	**1,016,132,200**	**1,016,132,200**

The registered share capital at 31 December amounted to 1,016,132,200 ordinary shares with a quotient value of SEK 0,10. Holders of ordinary shares are entitled to dividends determined during the following year, and a shareholding confers the following rights at general shareholder meetings:

Class of shares	No. of shares	Votes per share	No. of votes
Class A	2,260,717	5	11,303,585
Class B	1,013,871,483	1	1,013,871,483
Total number of shares and votes	**1,016,132,200**		**1,025,175,068**

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

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

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

Dividend
No shareholder dividends are proposed. According to the Board's policy no dividends can be paid until stable and sufficient profitability is achieved.

Parent Company
Restricted equity
Statutory reserve
The statutory reserve consists of amounts that were transferred to the share premium reserve prior to 1 January 2006.

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

Accumulated results
This item includes accumulated earnings, among other items.

Note 19 Earnings per share

Earnings per share

	Before dilution		After dilution	
SEK	2009	2008	2009	2008
Earnings per share	0.02	0.11	0.02	0.10

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

Earnings per share before dilution

Earnings per share for 2009 have been calculated on the basis of the profit for the year attributable to Parent Company shareholders, which amounted to 19,877 (107,723) and the weighted average number of shares in issue in 2009 of 1,016,132 thousand (1,016,132). The number of shares has not changed during 2008 or 2009. The weighted average number of shares has been arrived at in the following way:

Weighted average number of shares outstanding, before dilution

Thousands of shares	2009	2008
Total number of ordinary shares	1,016,132	1,016,132

In April 2007 convertible debenture loans were issued, part of which were repaid in November 2008 and at maturity in 2009. The remaining part of the debenture loans, which amounts to SEK 22,45 million was extended in April 2009 and can give rise to the issue of an additional 39 million shares (and possibly more if the interest expense is capitalised) on June 30, 2010 latest. When calculating earnings per share after dilution no regard has been given to costs for convertible loans as the impact is insignificant. Pricer has two option programs issued as part of the incentive scheme for Pricer employees for a total of 50 million warrants to acquire shares.

Outstanding warrants

Designation	Number	Year issued	Strike price	Expiration
T009	30 million	2007	0.58	30/06/2011
T010	20 million	2008	0.74	30/06/2012

Note 20 Interest-bearing liabilities

Long-term liabilities	G 2009	G 2008	PC 2009	PC 2008
Convertible debenture loans	-	44,501	-	44,501
Current liabilities				
Convertible debenture loans	22,116	-	22,116	-
Bank loans	-	124	-	0
Total interest-bearing liabilities	**22,116**	**44,625**	**22,116**	**44,501**

Convertible loans carry 11 percent annual interest and fall due on June 30, 2010. The interest can be capitalised. During 2009, interest was paid in cash and SEK 22,45 M was repaid to creditors. Before maturity, holders may decide to convert the loans into class B shares in Pricer AB at a conversion price of SEK 0.57 each, resulting in the issue of 39 million new shares (provided that no interest is capitalised).

Note 21 Provisions

Provisions that are long-term liabilities

	G 2009	G 2008	PC 2009	PC 2008
Warranty provisions	1,997	2,046	1,997	2,046

Provisions that are current liabilities

	G 2009	G 2008	PC 2009	PC 2008
Warranty provisions	16,363	21,513	14,386	17,686

Warranty provisions	G 2009	G 2008	PC 2009	PC 2008
Opening balance	23,559	14,161	19,732	8,369
Provisions	4,509	19,594	2,532	15,296
Utilised during the year	-9,708	-10,196	-5,881	-3,933
Closing balance	**18,360**	**23,559**	**16,383**	**19,732**

Warranty provisions pertain primarily to certain commitments regarding products sold in prior years, as well as sales in 2009. The provision is based on calculations conducted on the basis of outcomes during 2009 and prior years.

Note 22 Deferred tax

	G 2009	G 2008
Deferred tax	3,419	5,523
Total	**3,419**	**5,523**

Deferred tax	G 2009	G 2008
Opening balance	5,523	8,121
Reversal	-2,104	-2,598
Closing balance	**3,419**	**5,523**

Note 23 Other liabilities

	G 2009	G 2008	PC 2009	PC 2008
Employee withholding tax	414	550	392	534
VAT payable	3,468	4,002	-	-
Other taxes and charges	3,074		382	
Unrealised capital loss on forward contracts	2,621	-	2,621	-
Liabilities to employees	72	31	-	-
Other liabilities	1,909	4,270	-	1,514
Total	**11,558**	**8,853**	**3,395**	**2,048**

Note 24 Accrued expenses and deferred income

	G 2009	G 2008	PC 2009	PC 2008
Accrued vacation pay	2,623	2,702	1,044	1,030
Accrued salaries	3,247	6,471	491	1,849
Social security contributions	2,092	4,185	470	1,516
Severance pay	466	3,040	466	3,040
Accrued interest	489	980	489	980
Accrued service expenses	1,946	2,732	-	-
Other accrued expenses	3,157	4,461	1,805	3,727
Total	**14,020**	**24,571**	**4,765**	**12,142**

Note 25 Financial risks and finance policies

Pricer's financial assets consist primarily of accounts receivable and cash in bank. Its financial liabilities consist of convertible loans and bank loans.

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

Risks are managed by adhering to a risk policy adopted by the Board with the purpose of limiting and controlling them. The policy establishes a framework of guidelines and rules in the form of risk mandates and limits for financial activities. The Group's financial transactions are executed centrally by the Parent Company. The Parent Company's finance department has responsibility for the Group's cash management and ensures that any cash requirements of the subsidiaries are satisfied. The overriding goal of the finance department is to arrange cost-effective financing and to minimise any negative effects of market fluctuations on consolidated earnings resulting from market fluctuations. At year-end, the Group's financial debt amounted to SEK 22.45 M. Refer to Note 20, for information on terms and conditions.

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

Pricer's policy is to limit its transaction exposure by matching flows in foreign currencies by denominating customer contracts in USD, using currency clauses in quotations and contracts and entering into forward contracts to hedge the flows. The company's policy stipulates that 50-75 percent of the Group's estimated monthly net flows for the period for which reliable forecasts can be made shall be hedged. In 2009, Pricer's main payment flows were denominated in USD, EUR and SEK. Pricer's closing order books were denominated in EUR and USD sales are invoiced in these currencies, predominantly in EUR. Purchases of components and finished products are mainly invoiced in USD.Since this means that the Group has a net inflow in EUR and a net outflow in USD, Pricer has decided to hedge some of these flows by selling EUR and buying USD forward. Furthermore, inflow is also expected in MXN which also has been hedged against SEK. The forward contracts are valued according to level 2.

At 31 December, the company had three forward contracts in EUR/USD

	EUR/USD	
Maturity	Volume (million)	Exchange rate
Q 1, 2010	2/ca 2,9	1.426
Q 2, 2010	2/ca 2,8	1.380
Q 4, 2010	2/ca 2,9	1.435

At 31 December, the company had two forward contracts in MXN/SEK

	MXN/SEK	
Maturity	Volume (million)	Exchange rate
Q 3, 2010	15/ca 8,1	0.511
Q 1, 2011	22/ca11,8	0.500

Exchange-rate differences on operational receivables and liabilities are recognised in operating profit. Since 2007, exchange-rate differences are recognised net among "Cost of goods sold" and are explained in Note 7. Exchange-rate differences that affected net financial items are explained in Note 8.

USD strengthened (SEK weakened) in the beginning of the year and weakened during the latter part of the year against SEK and EUR. This has led to the forward currency contracts having a negative effect on the result during the year. The net effect was SEK -2.4 M during the year. In 2008 the effect was SEK +2.8 M.

Percent of sales and costs by currency:

	USD	EUR	SEK and other currencies
Sales	26 (30) %	67 (70) %	7 (-) %
Costs	71 (73) %	13 (11) %	16 (16) %

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

Pricer's net foreign currency assets at the end of 2009 amounted to SEK 416.8 M (469.4).

Embedded derivatives
Pricer has contracts with both supplies and customers in currencies other than the counterparty's own functional currency, e.g. in USD for purchases in China and in USD for sales to Japan. Such transactions give rise to what is known as an embedded derivative. The effect of these imbedded derivatives has been limited in 2009 and is not accounted for in the result.

Interest risk
Interest risk is the risk that changes in market interest rates will have a negative impact on cash flow or the fair value of financial assets and liabilities. At present, Pricer has no assets earning fixed rates of interest, since its liquid funds are placed on deposit at banks. Accordingly, any change in interest rates will have a direct impact on consolidated earnings. The Group had cash and cash equivalents of SEK 102.8 M (78.87) at the year-end. A one percentage point change in interest rates would affect net financial items by SEK 1 M on an annual basis.

In April 2007 Pricer raised convertible loans of SEK 74.9 M. Pricer partly repaid the loans in November 2008 and at expiry in April 2009. The remaining SEK 22.45 M was extended until 30 June 2010 with 8 percent fixed yearly interest (excluding IFRS-adjustment). In accordance with IFRS a part of the loans is recognised as equity and adjustments are made continuously to the interest expense during the term of the loans.

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

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

Concentration of credit risk

	Number of customers	% of number of customers	% of portfolio
Exposure < SEK 1 M	50	71%	12%
Exposure SEK 1-5 M	12	17%	23%
Exposure > SEK 5 M	8	12%	65%
Total	**70**	**100%**	**100%**

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

Time analysis of accounts receivable

	2009		2008	
Overdue but not written off	Overdue payments	Total exposure	Overdue payments	Total exposure
< 60 dagar	22,094		38,251	
> 60 dagar	15,135		32,107	
Total	**37,229**	**117,152**	**70,358**	**155,528**

Time analysis of accounts receivable

	2009	2008
Overdue and written off	Overdue payments	Overdue payments
<60 days	1,857	-
>60 days	663	335
Total	**2,520**	**335**

Provision for possible bad debts

	2009	2008
Opening provisions	335	1,371
Provisions for possible bad debts	2,520	335
Proven bad debts	-	-121
Recovery from provision for possible bad debts	-335	-1,250
Closing provision	**2,520**	**335**

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

Eligible conterparties	Maximum permitted exposure	Actual exposure	Percentage breakdown
Sovereign borrowers / Kingdom of Sweden	Unlimited	-	0
Swedish banks	SEK 100 M	91	100%
Swedish local government authorities with K-1	SEK 10 M	-	0
Bonds issued by Swedish mortgage finance institutions	SEK 10 M	-	0
Corporate paper with K-1	SEK 10 M	-	0
Total exposure		**91**	**100%**

Additional available cash positions of SEK 12 M is with foreign banks.

Refinancing risk
The refinancing risk consists of the risk of not being able to meet future financing requirements. To ensure access to funds, Pricer's policy states that over and above budgeted capital requirements the company should, if possible, also have committed lines of credit of at least SEK 50 M. In April 2007, Pricer strengthened its financial position and liquidity by raising SEK 74.9 M in convertible loans, which in November 2008 and at expiry in April 2009 partly were redeemed. The remaining SEK 22.45 M was extended until 30 June 2010 and can be converted into shares in Pricer at a price of SEK 0.57, repaid with available funds or be replaced with other new financing. Bank facilities amounting to SEK 50 M, in the form of an overdraft of SEK 25 M and a promissory credit of SEK 25 M, are in place to ensure access to funds for Pricer's continued development. These facilities have yet to be utilised. The promissory credit includes covenants linked to the Group result.

Fair value of financial instruments
The carrying amount of assets and liabilities in the balance sheet may deviate from their fair value, partly as a consequence of changes in market interest rates. Pricer has a convertible loan in issue, and when this loan was issued part of it was recognised in equity, in accordance with IFRS.

Note 26 Operating leases

Non-cancellable lease payments amount to:

	G 2009	G 2008	PC 2009	PC 2008
Within one year	3,748	4,464	1,936	2,122
Between one and five years	8,926	5,372	6,638	1,403

The Group has some small operational leasing contracts for vechiles and other technical equipment. All contracts are on normal market conditions. The Group's contracts for rented premises were entered into on market conditions. Most of the Group's rental contracts relate to the Parent Company's premises, which are rented until 31 July 2010, and office premises for the Group's French company, Pricer SAS. The contract on these premises runs until beyond 2011.

The consolidated accounts for 2009 include a cost of 5,105 (4,416) in respect of operational leasing.

Note 27 Pledged assets and contingent liabilities

Assets pledged	G 2009	G 2008	PC 2009	PC 2008
To secure own liabilities and provisions				
Floating charges	37,655	36,253	34,625	34,625
Pledged shares in subsidiaries	115,012	128,999	17,455	17,012
Bank deposits	1,288	1,348	222	222
Total	**153,955**	**166,600**	**52,302**	**51,859**

Contingent liabilities	K 2009	G 2008	PC 2009	PC 2008
Bank guaranties	1,288	1,348	222	222
Total	**1,288**	**1,348**	**222**	**222**

Floating charges (chattel mortgages) are a type of general collateral in the form of an undertaking to the bank. Shares in subsidiaries have been pledged in favour of holders of the convertible loan. In the Parent Company, the item bank guarantees refers to guarantees to customs authorities. In the case of subsidiaries, guarantees are issued to tax and customs authorities and to landlords. Blocked funds in the companies' bank accounts are available for the guarantees.

Note 28 Related-party transactions

The Parent Company has a related party relationship with its subsidiaries, see Note 29.

Summary of related party transactions

	Year	Sales of goods and services to related party	Purchase of services from related party	Interest income	Liability to related party at 31 December	Receivable from related party at 31 December
Subsidiaries	2009	147,783	7,275	1,067	14,440	122,905
Subsidiaries	2008	243,013	13,681	3,966	5,317	137,932

Transaction with key management personnel
Individuals in senior positions receive no benefits other than Board fees and salary. See also Note 5 Employees and personnel costs. There have been no significant transactions with related parties that have a material impact on the financial standing and results of Pricer.

Repayment of convertibles was made to creditors, who are also shareholders. The member of the board Bo Kastensson owns 1.3 percent of the convertible loans and the member of the board Peter Larsson indirectly owns less than 5 percent through his ownership in Monterro Holdings Ltd.

Note 29 Group companies

Participations in Group companies	PC 2009	PC 2008
Accumulated acquisition value		
Opening balance	1,100,817	1,081,581
Adjustment shareholder contribution Pricer Inc 2008	-9,030	-
Shareholder contribution, Pricer Inc.	445	18,023
Shareholder contribution, Pricer SAS	109	1,213
Shareholder contribution, Pricer E.S.L. Isreal Ltd.	443	-
	1,092,784	*1,100,817*
Accumulated impairment losses		
Opening balance	-891,798	-811,798
Impairment loss on Pricer E.S.L. Israel Ltd.	-	-80,000
Total accumulated impairment losses	-891,798	-891,798
Carrying amount of participations in Group companies	**200,986**	**209,019**

Specification of Parent company shareholdings and participations in Group companies:

Group company /Corp. ID. no./Domicile	Holding %	Number of shares/ partici-pations	Currency	Carrying amount at 31 Dec 2009	Carrying amount at 31 Dec 2008
Pricer Inc., (22-3215520) Dallas, USA	100	223,000	USD	9,102	18,023
Pricer SAS, (RCS 395 238 751) Paris, France	100	2,138	EUR	168,886	168,441
Pricer Communication AB, 556450-7563, Sollentuna, Sweden	100	100,000	SEK	4,980	4,980
Pricer Ishida Explorative Research (PIER) AB, 556454-7098, Sollentuna, Sweden	50	130	SEK	192	192
Pricer E.S.L. Israel Ltd. (511838732 formerly Eldat Communication Ltd.), Tel Aviv, Israel	100	56,667,922	NIS	17,455	17,012
Dormant companies				371	371
Participations in Group companies				**200,986**	**209,019**

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

Note 30 Cash flow statement

Cash and cash equivalents	G 2009	G 2008	PC 2009	PC 2008
Cash and cash equivalents include the following sub-components:				
Cash and bank	102,843	75,769	91,039	61,854
Total according to the balance sheet	**102,843**	**75,769**	**91,039**	**61,854**
Total according to the cash flow statement	**102,843**	**75,769**	**91,039**	**61,854**

Short-term investments have been classified as cash and cash equivalents according to the following criteria:
- they are associated with an insignificant risk for value fluctuations
- they are readily convertible into cash
- they have a maturity of less than three months from the date of acquisition

	G 2009	G 2008	PC 2009	PC 2008
Interest				
Interest received	242	2,460	242	2,455
Interest paid	-3,734	-9,034	-3,734	-8,915
Adjustments for non-cash items				
Amortisation/depreciation	9,870	13,592	1,246	4,651
Impairment losses	-	-	-	80,000
Interest-rate differences	871	3,098	871	3,098
Issue of employee stock options	1,609	1,971	981	-
Exchange-rate differences/ translation differences	1,550	-20,736	2,176	-15,729
Change in provisions	-217	506	-49	726
Total non-cash items	**13,683**	**-1,569**	**5,225**	**72,746**
Blocked bank accounts are included for an amount of:	1,288	1,348	222	222

Note 31
Significant events after the close of the financial year

There are no significant events to comment after the end of the year.

Note 32 Critical estimates and assumptions

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

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

Exposure to foreign currencies
Fluctuations in foreign exchange rates can have a relatively major impact on the company in general. Note 25 provides a detailed analysis of exposure to foreign currencies and the risks associated with fluctuations in exchange rates.

Impairment testing of goodwill
A large proportion of the Group's asset mass consists of goodwill. Several estimates and assumptions have been made about future conditions as a basis for estimating the cash flow used to determine the recoverable amount. Based on the recoverable amount, the amount of any impairment is then calculated. The value of the goodwill item depends on continued growth in the ESL market and Pricer's ability to maintain profitability.

Note 33 Information about the Parent Company

Pricer AB is a Swedish-registered public limited company domiciled in Sollentuna, Sweden. The shares of the Parent Company are registered on Nasdaq OMX Small Cap Stockholm exchange. The address of the head office is Bergkällavägen 20-22, SE-192 79 Sollentuna, Sweden.

The Board and CEO declare that the annual report was prepared in accordance with generally accepted accounting principles in Sweden and the Group's financial statements were prepared in accordance with the international accounting standards referred to in the European Parliament's and Council's regulation (EG) No. 1606/2002 of 19 July 2002 concerning the application of international accounting standards. The annual report and the Group's financial statements provide a true and fair picture of the performance and financial position of the parent company and the Group. The administration report for the parent company and the Group provides a true and fair picture of the development of the operations, financial position and performance of the Group and the parent company and also describes material risks and uncertainties to which the parent company and the other companies in the Group are exposed.

The Annual Report and the consolidated financial statements, as presented above, were approved for publication on 18 March 2010. The statement of consolidated comprehensive income and statement of consolidated financial position and the Parent Company income statement and balance sheet will be submitted to the Annual General Meeting for adoption on 23 April 2010.

Sollentuna, 18 March 2010

Peter Larsson
Chairman

Mikael Bragd

Daniel Furman

Bo Kastensson

Bernt Magnusson

Charles Jackson
President

Our audit report was submitted on 25 March 2008
KPMG AB

Åsa Wirén Linder
Authorised Public Accountant

Audit report

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

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Pricer AB for the year 2009. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 18-48. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the statement of comprehensive income and statement of financial position for the group be adopted, that the profit of the parent company 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.

Stockholm, 25 March 2010
KPMG AB

Åsa Wirén Linder
Authorised Public Accountant

Five-year summary

All amounts in SEK M unless otherwise stated	2009	2008	2007	2006	2005
INCOME STATEMENT DATA					
Net sales	327.3	427.0	432.3	409.9	325.8
Cost of goods sold	-201.0	-266.7	-300.3	-320.2	-261.1
Gross profit	**126.3**	**160.3**	**132.0**	**89.7**	**64.7**
Other operating income	-	6.2	20.6	-0.2	0.0
Selling expenses	-63.4	-64.7	-57.9	-49.0	-38.2
Administrative expenses	-22.1	-26.0	-56.8	-46.4	-32.6
Research and development costs	-15.6	-20.4	-31.9	-35.1	-37.4
Operating profit	**25.2**	**55.4**	**6.0**	**-41.0**	**-43.5**
Financial items	-7.8	8.7	-7.2	-8.1	7.3
Profit before tax	**17.4**	**64.1**	**-1.2**	**-49.1**	**-36.2**
Income tax	2.5	43.6	2.2	1.1	-0.2
Profit for the year	**19.9**	**107.7**	**1.0**	**-48.0**	**-36.4**
Attributable to:					
Shareholders of the Parent Company	19.9	107.7	1.1	-46.5	-33.0
Minority interests	0.0	0.0	-0.1	-1.5	-3.4
	19.9	107.7	1.0	-48.0	-36.4
BALANCE SHEET DATA					
Intangible fixed assets	282.3	297.9	265.8	282.2	7.7
Tangible fixed assets	2.6	3.7	5.6	8.1	8.0
Financial fixed assets	41.5	41.1	0.1	0.2	-
Inventories	57.5	65.7	28.8	64.6	14.9
Accounts receivable	117.2	155.5	117.3	89.8	106.1
Other current assets	11.3	19.1	14.8	18.0	22.2
Cash and cash equivalents and short-term investments	102.8	75.8	100.1	31.5	69.5
Total assets	**615.2**	**658.8**	**532.5**	**494.4**	**228.4**
Equity attributable to shareholders of the Parent Company	513.1	509.8	356.4	353.1	149.2
Minority interests	0.1	0.1	0.1	0.1	2.9
Long-term liabilities	5.9	52.8	80.9	17.3	1.9
Current liabilities	96.1	96.1	95.1	123.9	74.4
Total liabilities and equity	**615.2**	**658.8**	**532.5**	**494.4**	**228.4**

All amounts in SEK M unless otherwise stated	2009	2008	2007	2006	2005
CASH FLOW DATA					
Profit after financial items	17.4	64.1	-1.2	-49.1	-36.2
Adjustment for non-cash items	13.5	-1.6	12.3	15.4	0.8
Paid income tax	-	-	-0.1	-0.5	-0.2
Change in working capital	25.2	-60.4	19.4	-19.8	-33.9
Cash flow from operating activities	**56.1**	**2.1**	**30.4**	**-54.0**	**-69.5**
Cash flow from investing activities	**-8.2**	**-2.4**	**4.9**	**-9.8**	**-4.3**
Change in loan financing	-22.6	-32.1	34.3	23.0	0.1
Change in shareholder financing	-	-	0.0	0.3	95.0
Cash flow from financing activities	**-22.6**	**-32.1**	**34.3**	**23.3**	**95.1**
Cash flow for the year	**25.3**	**-32.4**	**69.6**	**-40.5**	**21.3**
KEY RATIOS					
Capital data					
Working capital	112.0	144.1	80.1	102.1	66.9
Capital employed	432.5	478.7	329.9	366.6	82.8
Acid-test ratio, %	227	168	132	99	259
Net debt	-80.7	-31.2	-26.6	13.4	-69.3
Financial data					
Equity/assets ratio, %	83	77	67	71	67
Net debt/equity ratio, times	-0.16	-0.06	-0.07	0.04	-0.46
Margin data					
Operating margin, %	8	13	1	-10	-13
Net margin, %	6	25	0	-12	-11
Capital turnover rate, times	0.72	1.06	1.24	1.82	4.88
Return data					
Return on capital employed, %	6	14	2	-18	-65
Return on equity, %	4	25	0	-19	-30
Other data					
Order book at 31 December	78	63	71	75	107
Average number of employees	67	70	95	102	104
Number of employees at end of year	57	68	83	110	112
Total payroll	41	43	65	48	41

Corporate governance report

Introduction

Pricer AB (publ.) (referred to below as "Pricer" or "the company"), corporate registration number 556427-7993, has complied with the Swedish Code of Corporate Governance ("the Code") since July 1, 2008.

Pricer hereby submits its Corporate Governance Report for financial year 2008. The report has not been reviewed by the company's auditors. The report does not comprise a part of the formal Annual Report documents.

External control instruments

The external control instruments that affect the control of Pricer consist mainly of the Swedish Companies Act, the Annual Accounts Act, the Pubic Listing Agreement with Nasdaq OMX and the Code.

Internal control instruments

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

General meetings of shareholders

The influence of shareholders in Pricer is exercised at meetings of shareholders (Annual General Meeting or, whenever necessary, extraordinary shareholder meetings), which are the company's supreme decision-making body. The Annual General Meeting appoints the members and Chairman of the Board, elects the auditors, makes decisions regarding changes in the Articles of Association, approves the income statement and balance sheet and the distribution of the company's profit or loss, renders decisions regarding discharge from liability for the Board of Directors and President, and establishes the amounts of fees paid to Board members and the principles for remuneration of the President and senior executives. The Annual General Meeting of Pricer is usually held in April at Scandic InfraCity in Upplands Väsby. Pricer announces the time and place of the Annual General Meeting as soon as a decision on the matter has been made by the Board of Directors, but no later than in conjunction with publication of the third-quarter report. Information about the meeting's time and place is also available on the company's website. Notice of shareholder meetings shall be made in the form of an advertisement in Post- och Inrikes Tidningar and Svenska Dagbladet. Those shareholders who are listed in their own names in the shareholders' register maintained by Euroclear Sweden AB (formerly VPC) on the record day and notify the company of their intention to participate in the Annual General Meeting within the stipulated time are entitled to participate in the Annual General Meeting and exercise their voting rights. Shareholders who are unable to attend the meeting may be represented by proxy. All information regarding the company's shareholder meetings, such as notification, entitlement to submit issues to be announced in the notification, minutes, etc. is available on Pricer's website.

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

The 2009 Annual General Meeting was held on 24 April, 2009 with 25 percent of the votes in the company represented by 43 shareholders. The minutes of the Annual General Meeting are available on Pricer's website.

The time and place for the 2010 Annual General Meeting was announced on the company web page on 15 December 2009. Pricer's website presents information about how and when shareholders must submit their requests for business to be addressed at the meeting.

Nomination Committee

The Nomination Committee's assignment is to evaluate the Board's composition and work, formulate proposals for submission to the Annual General Meeting concerning election of a Chairman of the Meeting, election of Board members and the Chairman of the Board and, when necessary, elections of auditors. The Nomination Committee also formulates proposals for submission to the Annual General Meeting regarding fees paid to Board members and auditors.

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

The 2009 Annual General Meeting resolved that the Chairman of the Board, prior to the 2010 Annual General Meeting, should be authorised to contact the company's three largest shareholders (based on known voting rights immediately before the announcement is made) and request that they each appoint one representative, and that in addition to the Chairman of the Board, they would comprise the Nomination Committee during the period until a Nomination Committee has appointed by authorisation from the 2010 Annual General Meeting. In addition, it was resolved that the Nomination Committee should include one representative who is independent in relation to the company and its major shareholders to represent minor shareholders. If any shareholders refrain from exercising their right to appoint a representative, the next largest shareholder in terms of voting rights shall be offered the opportunity to appoint a representative. The names of the Nomination Committee members shall be announced no later than six months prior to the Annual General Meeting.

Prior to the 2010 Annual General Meeting, the Nomination Committee of Pricer was announced in a press release issued on 14 October, 2009 and, in addition to Chairman of the Board Peter Larsson, has consisted of Salvatore Grimaldi (appointed by SAGRI Development AB), Thomas Bill (appointed by Monterro Holdings Ltd), Theodor Jeansson (appointed by himself and close relatives) and John Örtengren (appointed by Aktiespararna). Salvatore Grimaldi has served as Chairman of the Nomination Committee.

The majority of the Nomination Committee's members are independent in relation to the company and corporate management. With the exception of the Chairman, all members of the Nomination Committee are independent in relation to the company's largest shareholders, in terms of voting rights, or groups of shareholders that cooperate with regard to governance of the company.

The Nomination Committee has held one meeting since the 2009 Annual General Meeting, in addition to telephone contact. An account of the Nomination Committee's work will be presented at the 2010 Annual General Meeting. No remuneration is paid to members of the Committee.

Board of Directors

Size and composition of Board

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

The Board of Directors of Pricer, as stipulated by the Articles of Association, shall consist of no fewer than three and no more than seven members, and the exact number of Board members is established by the Annual General Meeting. The Annual General Meeting held on 24 April, 2009 re-elected Mikael Bragd, Daniel Furman, Bo Kastensson and Peter Larsson, while Bernt Magnusson was elected as new member of the Board. Magnus Schmidt and Akbar Seddigh stepped down. Peter Larsson was elected to serve as Chairman of the Board. No deputies to Board members elected by the Annual General Meeting were appointed. All members of the Board are considered independent in relation to the company, corporate management and the company's largest owners.

Member attendance at Board Meetings is shown in the illustration below. Additional information about the Board members, such as experience and present assignments, shareholdings in the company, etc., is presented on page 56.

Board member attendance

Board members	Present at meetings	Of total number of meetings
Mikael Bragd	14	14
Daniel Furman	13	14
Bo Kastensson	12	14
Peter Larsson	14	14
Bernt Magnusson	9	9
Magnus Schmidt	5	5
Akbar Seddigh	5	5

It is the opinion of the Board of Directors that, with regard to the company's business activities, development phase and other conditions, the Board has an appropriate composition characterised by versatility and diversity in terms of the members' expertise, experience and background. Gender equality is uneven today, but efforts will be made to establish greater equality in the future.

Work by Pricer's Board of Directors

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

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

During the 2009 financial year, the Board held 14 meetings. Member attendance at Board Meetings is shown in the illustration above.

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

The President and Chief Financial Officer shall participate in all Board meetings, with the exception of meetings that address issues which may cause conflicts of interest, such as when remuneration for the President is established and

Corporate governance report (cont'd)

when the work performed by the President is evaluated. The company's auditors normally participate partly in two Board meetings during the year, and did so in 2009.

The meetings were held at the company's head office in Sollentuna, at the office in Paris and via telephone. Gunnar Mattsson (born 1964), Advokatfirman Lindahl, Uppsala, serves as the Board's secretary.

Evaluation of Board of Directors

The Chairman of the Board is responsible for evaluations of work performed by the Board each year, and the Nomination Committee is provided with copies of these evaluations. The evaluations are conducted in the form of anonymous questionnaires and/or interviews, and address issues such as the Board composition, work methods and responsibilities. The results are presented to the Nomination Committee.

Remuneration of the Board of Directors

In accordance with a proposal by the Nomination Committee, a resolution was passed at the 2009 Annual General Meeting to pay total fees to the Board of Directors amounting to SEK 1,250,000, to be distributed as follows: SEK 450,000 to the Chairman of the Board and SEK 200,000 to each of the other four members of the Board. No other remuneration or financial instruments over and above the fees were paid or made available, with the exception of out-of-pocket expenses.

Board committees

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

During 2009, the Remuneration Committee consisted of the Chairman of the Board Peter Larsson and the member of the Board Bo Kastensson, both of whom are independent of the company and corporate management, and the company's major shareholders.

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

The Remuneration Committee held one meeting during 2009, with both members of the Committee and the President and Chief Financial Officer also present. Minutes of this meeting were kept and presented to the Board of Directors.

The Board of Directors has not appointed any special audit committee since it has been considered more prudent for the entire Board to manage the audit committee's assignments.

President and senior executives

President

The President is appointed and dismissed by the Board of Directors, and his/her work is evaluated continuously be the Board. Charles Jackson was appointed President on 1 September 2007.

Charles Jackson, President of Pricer, manages the company's day-to-day business operations. Written instructions define the division of responsibilities between the Board of Directors and the President. The President reports to the Board and presents a special CEO report at every Board meeting, which contains information on how the operations have developed in relation to decisions by the Board. Additional information about the President, his experience, current assignments and shareholdings in the company is presented in the Annual Report on page 56.

Other than assignments for the company's subsidiaries and associated companies, Charles Jackson has no significant assignments outside the company. Neither Charles Jackson, nor any closely associated individual or legal entity, has any significant shareholding or part ownership interest in companies with which Pricer has major business relations.

Executive management

Pricer's executive management team consists of six members with day-to-day responsibility for different segments of the operations. For a presentation of the members of executive management, reference is made to page 56 of the Annual Report.

Remuneration to President and senior executives

The company has established a Remuneration Committee, on which information in presented above in the section entitled "Board committees." The 2009 Annual General Meeting adopted the Board's proposed guidelines for remuneration of senior executives. The President's remuneration is established by the Board of Directors. Remuneration of other senior executives is established by the President after consultation with the Remuneration Committee.

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

Pricer was not the subject of any decisions by the Nasdaq OMX Nordic Exchange Stockholm's Disciplinary Committee during 2009 or any statements by the Securities Council on issues concerning breaches of Nasdaq OMX Nordic Exchange Stockholm's regulations or generally acceptable practices on the stock market.

Information about the auditors

Auditors are appointed by the Annual General Meeting based on proposals issued by the Nomination Committee. At the 2008 Annual General Meeting, the audit company KPMG AB was elected as the company's auditors for the forthcoming four-year period. The auditor-in-charge is authorised public accountant Åsa Wirén Linder. For additional information about the auditors, see page 56.

The Annual General Meeting also resolved that remuneration of the auditors will be paid in compliance with approved invoices. Also see Note 6, remuneration to auditors.

Board of Directors' report on internal control regarding financial reporting

Introduction

In accordance with the Swedish Companies' Act and the Swedish Code of Corporate Governance ("the Code"), the Board of Directors is responsible for internal control. Since this presentation was prepared in compliance with Section 10.5 of the Code, it is limited to the internal control of financial reporting. The presentation is not part of the formal annual report documents.

Pricer's process of internal control shall provide reasonable assurance of the quality and accuracy of its financial reporting. It shall also ensure that financial reports are prepared in compliance with appropriate laws and directives, and the requirements that apply to publicly listed companies in Sweden. The internal control is normally described in accordance with the framework for internal control that has been issued by COSO (Committee of Sponsoring Organisations of the Treadway Commission). In accordance with this framework, the internal control is presented with the following components: control environment, risk assessment, control activities, information and communication and follow-up.

Control environment

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

Risk assessment

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

Control activities

The control activities are intended to ensure accuracy and completeness in financial reporting. Procedures and actions are designed to address the most significant risks associated with the financial statements, as identified in the risk assessment. Control activities focus on both overall and more detailed levels within the Group. For example, complete monthly financial statements are prepared and monitored by the unit and function managers and controllers. Group management meets at least once a month to review and evaluate overall business operations. Furthermore, officers from the accounting function visit companies in the Group several times a year to discuss current issues and review their earnings and financial position, and to ensure compliance with procedures and that they are developed. The Board monitors the activities through monthly reports in which the President comments on development of the activities, and their earnings and financial position. Measures and actions are implemented continuously to improve the internal control.

Information and communications

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

Follow-up

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

Board of Directors

1. **Bo Kastensson** • Born 1951 • Education: B.A., University of Lund • Other assignments: Chairman of Coromatic Group AB, Caretech AB and Doro AB • Previous assignments: CEO of Bewator Group and Incentive Development• Board member since: 2008 • Holding: 3,000,000 B shares, Convertible debentures of SEK 299,733
2. **Peter Larsson** • Born: 1964 • Education: B.Sc. in Computer and System Science, University of Stockholm • Other assignments: Chairman of EPiServer AB, Member of Q-matic AB and Common Agenda Venture Management AB • Previous assignments: CEO of EpiServer AB, Protect Data AB and Pointsec Mobile Technologies AB • Board member since: 2008 • Holding: 200,000 B shares
3. **Bernt Magnusson**• Born: 1941 • Education: Masters of Political Science, University of Uppsala • Other assignments: Chairman of Kwintet AB and Pharmadule AB, Member of Volvo Car Corp., Fareoffice AB, Höganäs AB, Coor Service Management AB, Nordia Innovation AB and STC Interfinans • Previous assignments: President and CEO of Nordstjernan AB, Chairman and CEO of NCC AB, Chairman of Nobel Industrier AB, Assi Domän AB, Skandia AB and Swedish Match AB • Board member since: 2009 • Holding: 463,000 B shares
4. **Daniel Furman** • Born: 1944 • Education: M.B.A • Other assignments: Founder and CEO of Arba Finance Co. Ltd., Chairman of Picom Software Systems and Director of The First International Bank of Israel, the Cohanzick Off-Shore Funds, Orad Hi-Tec Systems Ltd. and the Truman Peace Institute • Board member since: 2006 • Holding: 300,000 B shares
5. **Mikael Bragd** • Born: 1962 • Education: Degree in Business Administration, Stockholm School of Economics, in marketing and financing • Other assignments: Founder of Retailfactory AB and Board member of Swilkenbridge AB • Board member since: 2008 • Holding: 75,000 B shares

Executive Management

6. **Francois Austruy** • Born: 1965 • Head of Operations • Education: Graduate Engineer • Employed since: 2005 • Holding: 0 shares, 2,400,000 warrants
7. **Harald Bauer** • Born: 1957 • CFO • Education: M.B.A • Employed since: 2004 and 1998–2000 • Holding: 73,333 B shares, 2,400,000 warrants
8. **Oron Branitzky** • Born: 1958 • Vice President Sales, General Manager Pricer Israel • Education: M.B.A, B. Sc • Employed since: 2006 (Eldat 1997) • Holding: 1,700,000 B shares, 2,400,000 warrants
9. **Arnaud Lecat** • Born: 1962 • Vice President, Professional Solutions • Education: Graduate Engineer • Employed since: 2002 • Holding: 20,500 B shares, 2,400,000 warrants
10. **Nils Hulth** • Born: 1971 • Vice President, R&D • Education: M.Sc. in Computer Science and Master of Science Evolutionary and Adaptive Systems • Employed since: 2005 • Holding: 0 shares, 1,800,000 warrants
11. **Charles Jackson** • Born: 1963 • CEO • Education: B. Sc. Business Administration • Employed since: 2002 • Holding: 0 shares, 2,600,000 warrants

AUDITORS

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

History

2005
Significant increase in sales and Carrefour expands deployment in France. New system generation C² is launched.

2006
Eldat Communication Ltd. is acquired. Appulse Ltd. is sold. The activities in PIER AB is transferred to the Parent Company.

2007
Integration of Eldat is completed. Pricer reports a positive result. Pricer streamlines worldwide activities.

2008
Pricer reaches a record operating profit. Pricer installs full DotMatrix™ hypermarkets in Food.

2009
Pricer reaches 5000 store installations. Pricer ESL and DotMatrix™ extend into Non-Food.

2004
Pricer wins a major order from the French chain Carrefour. Via Ishida, Pricer is awarded a sizeable contract by Ito-Yokado in the Japanese market.

2003
The development company PIER AB is formed. Pricer acquires a majority holding in the software company Appulse Ltd. in India.

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

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

2000
Intactix is sold to U.S.-based JDA Software Group.

1995
The pilot order from Metro leads to a contract for installations in 53 Metro stores in Germany.

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

1997
Pricer acquires Intactix, a provider of systems for retail space management. Metro installs its first systems.

1998
Collaboration with Ishida of Japan is initiated.

1999
Deliveries to the Metro stores are completed.

1994
Pilot orders are received from several international customers, such as Metro in Germany.

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

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

Shareholder information

Annual General Meeting
The Annual General Meeting of Pricer AB will be held at 3:00 p.m. on Friday, 23 April 2010, at Scandic Infra City, Upplands Väsby, Sweden. In order to participate in the AGM, shareholders must be entered in the share register maintained by Euroclear Sweden AB (formerly VPC AB) by Saturday 17 April, and must notify the company of their intention to participate no later than 4:00 p.m. on Monday 19 April. Shareholders whose shares are held in the name of a trustee must temporarily re-register the shares in their own name well in advance of 17 April. Notification can be made as follows:

- By e-mail: info@pricer.com
- By fax: +46 8 505 582 01
- By telephone: +46 8 505 582 00
- By mail: Pricer AB, Bergkällavägen 20–22, SE-192 79 Sollentuna, Sweden

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

Proposed dividend
The Board proposes that no dividend be paid for the financial year 2009.

Financial calendar
In 2010, the quarterly financial reports will be published as follows:
Interim report January-March, 6 May 2010
Interim report January–June, 24 August 2010
Interim report January–September, 1 November 2010
Year-end report 2009, 6 February 2011

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

Distribution of the annual report
For reasons of cost, the annual report is only distributed to the 500 largest shareholders and to those shareholders who so request. A digital version is available at www.pricer.com. A printout can be ordered directly from the company at info@pricer.com or by calling +46 8 505 582 00.

Glossary

Bi-directional: In ESL industry, means "two-way" communication. The Pricer system is bi-directional whereas other ESL suppliers offer one-way communication. The Pricer server sends data updates to the ESLs and the Pricer ESLs send back update confirmation. Bi-directional communication increases control, optimises ESL system management and secures the ESL investment.

Bi-stable: A technology that can retain an image without power. The crystals in the display exist in one of two stable orientations (black and "white") and power is only required to change the image. A major benefit of this technology is to allow ESLs to mimic paper labels (the appearance of ordinary ink on paper), with the same very low energy consumption as segment-based displays.

Cash & Carry: In retail industry, stores that are specialised in self-service for goods in large quantities (bulk).

DotMatrix™: Pricer's own range of bi-stable pixel based displays.

Electronic paper: Also called e-paper, is a bi-stable display technology.

ESL: Electronic Shelf Labeling for price and product information at the shelf edge.

Infrared (IR): Electromagnetic radiation with a wavelength between 700nm to 300µm. In communication systems wavelengths around 900nm is commonly used. In ESL industry, IR communication competes with radiofrequency. IR enables large bandwidth which gives high speed communication while still having a very low power consumption. IR does not interfere nor disturb other devices and is the most common way for remote controls to command appliances.

Installation: A store where Pricer ESL system has been installed. Installations can be "new installations" (first time) or "replacement" or "migration" (ESL and software are upgraded)

Migration: The replacement of one ESL system (ESL and software) installation to the next generation using the same wireless communication platform.

Pilot: A store that is designated to test the ESL solution in order to make a decision for deployment.

Segment based: Digital display technology that uses segments to display numeric and alphanumeric information. The Pricer Continuum ESLs are segment based displays.

Pixel based: Pixels are the smallest elements of an image. Bi-stable can create Pixel based displays to display all type of graphic information. This term is used to understand the difference between the possibilities with segment based and bi-stable digital display technology. The Pricer DotMatrix™ bi-stable ESLs are pixel based displays.

Platform: Interface between data creators and users: the Pricer platform communicates with the ESLs, the wireless communication infrastructure, the store's back-office and different tools in the store (scanners, printers, etc).

Copy and production: Pricer.
Graphic design: Progrezzo.
Photos: Pricer, FotoKenne.
Repro and printing: Åtta45 Tryckeri AB, March 2010.

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