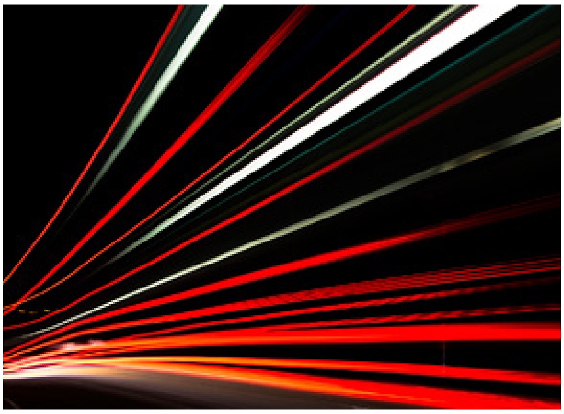
TagMaster

LEARN FROM REALITY

Annual Report 2020



Contents

TagMaster develops and delivers data solutions for Smart Cities based on advanced sensor technology. These solutions aim to improve and streamline transport and traffic flows, on both road and rail.

TagMaster in brief

TagMaster is a global player in innovative Intelligent Transport Solutions (ITS) with a presence in the most important markets worldwide, and an emphasis on Europe and the US. The Company has a broad range of solutions and strong expertise in the relevant sensor technologies, and develops data solutions aimed at improving and streamlining transport and traffic flows, on both roads and railways. The solutions contribute to the much needed modernization of the world's transport systems

TagMaster's data solutions and sensor products are developed with the aim of reducing traffic congestion and pollution, optimizing the performance of roads and railways infrastructure, improving traveler information, and enabling the deployment of advanced ITS solutions for cities to meet their environmental and safety objectives.

Today, transportation networks in most metropolitan areas worldwide are facing major challenges as a result of growth in population and in economic activity together with the inability to increase the capacity of these networks fast enough to keep up with the resulting growth in the demand for travel. As a result traffic congestion and trip delays are getting worse, green-house gas emissions are increasing, and road safety is degrading.

These megatrends, together with increased public investment in the wake of the pandemic, are creating big demand for Intelligent Transportation Systems (ITS) that leverage technology to improve traffic flow, enhance safety, and reduce emissions.

Solutions for the challenges of today

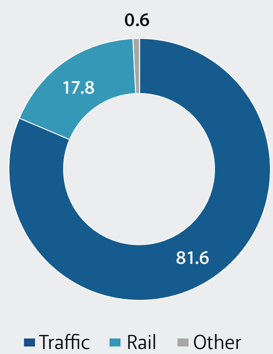
TagMaster's sensors and data solutions are the foundation of ITS delivering the accurate and reliable information that are essential to the proper operation of these systems. Our solutions are based on a broad range of advanced home-grown sensor technologies including RFID, Radar, ANPR, and Wireless Magnetometers together with sophisticated data analytics and comprehensive cloud-based and server-based software tools to manage and visualize the sensor data and turn it into actionable information.

Road and rail solutions

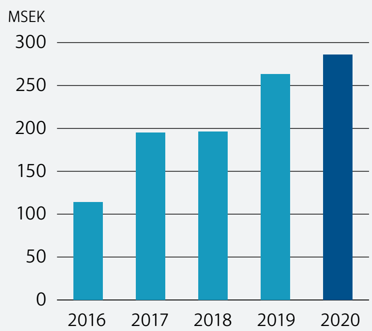
TagMaster is one of the world's leading suppliers of advanced solutions in the two business segments Traffic Solutions and Rail Solutions. In recent years, TagMaster has developed, via a total of six acquisitions and organic growth, into an international player that operates and has customer relationships all over the world.

The Group is headquartered in Stockholm, and operates in the UK and France as TagMaster UK and TagMaster France, respectively. The business in the United States operates under the name Sensys Networks. In total, the Group has approximately 100 employees and more than 650 partners in over 35 countries.

SALES BY CUSTOMER CATEGORY, %



NET REVENUE



OVER THE PAST FIVE YEARS, TAGMASTER HAS INCREASED NET REVENUE BY AN AVERAGE OF

29.4%

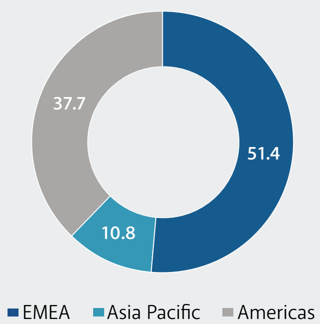
VISION

We shall be the most innovative provider of ITS solutions for smart cities

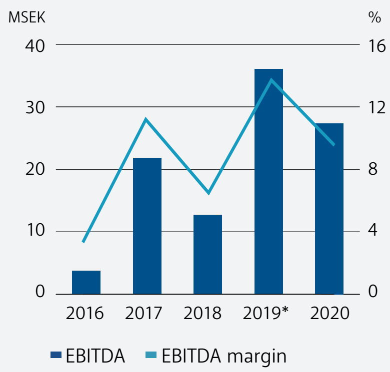
MISSION

We shall deliver reliable and easy to use real-time detection and identification solutions and advanced analytics for demanding environments

SALES BY GEOGRAPHIC REGION, %

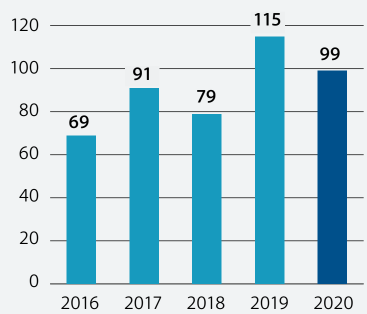


EBITDA, MSEK AND EBITDA MARGIN, %

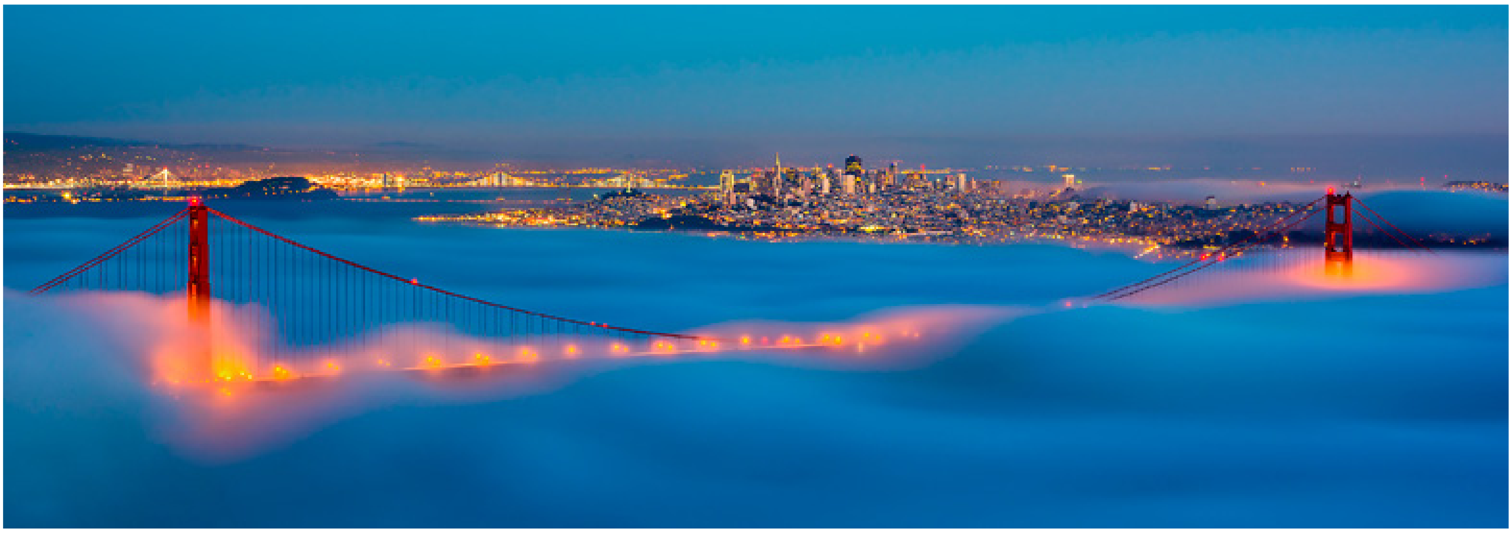


*Only 2019 is recalculated according to IFRS

NUMBER OF EMPLOYEES AT YEAR-END



Good profitability despite a tough year



Q1

- Net revenue increased by 79.9 percent in the first quarter to SEK 78.9 million (43.9).
- Adjusted EBITDA increased during the first quarter by 9.5 percent to SEK 6.9 million (6.3), representing an EBITDA margin of 8.8 percent (14.3).
- Cash flow from operating activities amounted to SEK 2.5 million (5.3).

Q2

- Net revenue increased by 29.5 percent to SEK 68.8 million (53.2) during the second quarter.
- Adjusted EBITDA increased by 100.7% to SEK 6.3 million (3.1), representing an EBITDA margin of 9.2 percent (5.9).
- Cash flow from operating activities amounted to SEK 5.5 million (-2.3).
- An efficiency programme for the European part of the business was initiated and is expected to result in annual savings of SEK 10 million. These measures caused one-off costs of SEK 9 million.

Q3

- Net revenue decreased by 13.9 percent to SEK 71.0 million (82.4) in the third quarter.
- Adjusted EBITDA totalled SEK 8.6 million (12.4), representing an EBITDA margin of 12.2 percent (15.0).
- Cash flow from operating activities before changes in working capital totalled SEK 8.9 million (-4.4).

Q4

- Net revenue decreased by 18.9 percent to SEK 67.8 million (83.5) in the fourth quarter.
- Adjusted EBITDA totalled SEK 5.5 million (14.3), representing a margin of 8.1 percent (17.1).
- Cash flow from operating activities amounted to SEK 10.6 million (5.2).

Net revenue increased by **8.9 percent** during the year to SEK **286.5 million** (263.0).

Adjusted EBITDA totalled SEK **27.3 million** (36.1), representing a margin of **9.5 percent** (13.7).

TagMaster benefits from the major economies' commitment to sustainability:

63 percent

Share of the world economy that has carbon neutrality targets.

30 million

EU target for number of zero-emission cars by 2030.

Equipped for growth through innovation, commercial focus and acquisitions

As was the case for most people and businesses, the pandemic year 2020 was challenging for TagMaster. We were, however, able to manage and deliver positive results despite the reduced activity of end customers which demonstrates the resilience of our business model. In addition, we expect measures to address climate change and the investments made in green initiatives as part of the massive recovery programmes launched around the world in 2020 to increase the demand for our products and solutions and to create a favorable climate for our company's sustainable growth through innovation, commercial focus and new strategic acquisitions.

For much of 2020, we experienced a decrease in activity due to the ongoing Covid-19 pandemic. All our main markets and the countries in which we operate were affected by extensive lockdowns and restrictions. We handled this by utilizing the financial assistance measures offered in various countries, and by implementing other cost-adjustment measures. During parts of the year, many of TagMaster's employees were furloughed.

In addition to these short-term measures, we also implemented during the year a long-term Company-wide efficiency programme that included structural changes, such as the re-allocation of resources to new business opportunities, optimization of offices and reduction of the workforce. The purpose of the programme is to adapt the business to a longer-term change in the future sales mix and to create a more agile way of working. The programme resulted in cost savings in 2020 and is expected to reduce costs by just over SEK 15 million on an annual basis from the fourth quarter of 2020 onwards. With these measures in place, we were able to deliver a positive result at the adjusted EBITDA level of SEK 27.3 million in 2020, with a margin of 9.5 percent. Net revenue increased by 8.9 percent to SEK 286.5 million – an increase resulting from our acquisition of the US business Sensys Networks in 2019, which was only consolidated for half of 2019.

Good gross margin and positive cash flow

I am proud that in a year of global crisis, we have managed to maintain a very good gross margin of 65.7 percent, which is almost at the level of the margin of 66.6 percent that we had in 2019. Another indicator of strength is that we had positive cash flow of SEK 27.4 million in the full year, and that the efforts to reduce working capital have continued to be successful, with the inventory decreasing by approximately 25 percent during the year compared to the previous year, and as a result the Group's financial position is very good.

As a result of the challenges faced during the pandemic we have moved the production we had in China to Europe, partly to reduce the risk of future supply chain disruptions and partly to reduce the environmental impact of shipping components from China. This measure also makes us more flexible and provides greater proximity to our main markets.

Our ability to respond quickly to adverse market conditions and continue to deliver positive results demonstrates the resilience in our business model. At the same time, the long-term efficiency programme means that we are better equipped and prepared for a return to a more normal market, which we believe will be the case in the second half of 2021.

Clear roadmap up the value chain

In 2020, we continued to streamline the organizational structure of the TagMaster Group. During the year, we also switched to reporting in accordance with IFRS, which provides increased transparency for our shareholders. Our businesses in the UK, France and Sweden operate under the names TagMaster UK, TagMaster France and TagMaster Nordic respectively, and are reported as one unit, Segment Europe. Our American company Sensys Networks continues to operate under its existing name and is reported as Segment USA. This means we have created a strong platform structure that enables future growth. The Group is today a global player in innovative intelligent traffic solutions (ITS) with a presence in the most important markets worldwide and an emphasis on Europe and the US. We have a strong range of products and strong expertise in all relevant sensor technologies. We have a clear roadmap, which includes continued innovation, the development of new applications that combine our sensor technologies, a clear commercial focus on top-line growth, and strategic acquisitions that help us gain access to complementary technologies and skills, as well as new markets.

Successful acquisition model

This means that our journey of acquisition continues. We are actively looking for strategic acquisitions in our home markets, in order to move up the value chain and support future growth. This also gives us the potential to achieve a deeper presence in a fragmented market. TagMaster has a clear model for integrating new acquisitions into the Group. The companies that are acquired usually have lower profitability than the Group in general and the first stage after the acquisition is to review the business with a focus on reducing costs, discontinuing unprofitable products and focusing on the parts of the business that are scalable. Turnover of the acquired unit may initially decrease, but once profitability has been achieved, the work switches to increasing sales and developing new joint innovative solutions together with other companies in the Group in order to achieve good and long-term organic growth with good profitability.

I am proud that in a year of global crisis, we managed to maintain a very good gross margin of 65.7 precent.

A sustainable company for global challenges

Our market is driven by the growing global demand for solutions for Smart Cities, which in turn is driven by the enormous challenges faced by cities and densely populated areas around the world. The challenges include strong growth, a rising population, urban development pressure and thereby new transport needs. Other drivers include the urgent need to reduce vehicular emissions to help address climate change and the increasingly poor air quality in the world's big cities. To deal with these challenges, innovative Intelligent Transportation Solutions (ITS) that make traffic and transport systems more efficient and reduce emissions with the aid of modern digital technology are needed.

In 2020, significant strides were made in terms of the climate imperative despite the fact that the world's focus was on combating the spread of infection. By the end of the year, 63 percent of the world's emissions, in about 130 countries, were covered by carbon neutrality targets. At the same time, the massive recovery packages launched in Europe and those currently being discussed in the US are largely focused on green investments and sustainable infrastructure.

This puts us in a very interesting position, with our clear company focus on sustainability in transportation. All our solutions and products are developed with the aim of reducing and preventing traffic congestion, reducing emissions, as well as increasing safety and reducing accidents. The trend towards sustainability and environmentally-friendly solutions, in cities creates a very favorable funding environment for our company.

During the year, we have intensified our efforts with solutions in areas such as Active Travel, which facilitates the development of bicycle traffic and helps pedestrians, as well as with sensor systems that inform drivers of electric vehicles about available charging points.

Future prospects

Future prospects thus continue to be good and our market shares are still small in a fragmented and growing market, meaning that the potential is considerable and that future growth will above all be determined by our own ability. Based on the position I have described above, TagMaster has great potential for strong growth in the future. We have a strong financial position, with solid gross margins and good positive cash flow. I would like to conclude by thanking all our employees who, despite great sacrifices, worked tirelessly and with great dedication during a challenging year. The fact that even during an ongoing pandemic we managed to increase our flexibility, focus and growth orientation is a testament to the great commitment that characterizes the culture at TagMaster.

Jonas Svensson
CEO

Sustainable solutions for the world's big cities

During the pandemic year 2020, significant strides towards investments to mitigate climate change were made despite the fact that the world's focus was on combating the spread of infection. After a short pause during the pandemic, big cities around the world will again start investing large sums in reducing traffic congestions and emissions. This trend increases the need for Intelligent Transportation Systems i.e. the digitalisation of cities' transportation infrastructure in order to streamline traffic flows and contribute to the necessary shift to a more sustainable and safer transport system.

At the end of 2019, 11 percent of the world's emissions, or around 70 countries, were covered by carbon neutrality targets. By the start of 2021, 63 percent of emissions and around 130 countries had net-zero targets.

In September 2020, President Xi Jinping promised that China would strive for carbon neutrality by 2060, which would mean a faster reduction in emissions than in any other country. China was followed by Japan and then South Korea, which set targets of carbon neutrality by 2050. And in the US, with Joe Biden as president, a net-zero target by 2050 is expected, the same year that the EU has already set as its goal. The US is also expected to re-join the Paris Agreement and plans to step up its climate action internationally.

At the same time, the massive recovery packages launched in Europe and those proposed in the US are largely focused on green investments that often involve investment in sustainable infrastructure. In the US, major investments are expected in electrification, charging infrastructure, public transportation and new smart technologies, which will pave the way for a carbon-neutral USA by 2050. The EU has launched a plan to achieve fifty-fold the current number of electric cars within ten years. This will require EUR 80 billion worth of charging points, according to a report commissioned by the trade association Eurelectric. The Union wants to see 30 million zero-emission cars on EU roads by 2030 in order to achieve its climate targets.

Additionally, as a result of the pandemic, major efforts are being made, particularly in Europe, to increase and facilitate bicycle traffic in big cities, in order to reduce crowding on buses and trains.

RELEVANT MEGATRENDS AND DRIVERS FOR INTELLIGENT TRAFFIC SYSTEMS (ITS)

Public infrastructure financing

According to a study by the McKinsey Global Institute, annual investment in infrastructure of around USD 900 billion will be required to keep pace with expected global economic developments.

Urbanisation

According to the UN World Urbanization Prospects, it is estimated that 70 percent of the world's population will live in cities by 2050, compared to 55 percent today. Cities already account for 80 percent of the world's carbon dioxide emissions.

Environmental protection

Globally, road transport accounts for about 16% of carbon dioxide emissions, and by 2025 transport-related emissions will be 30% higher than they were in 2005. The total number of vehicles will double from the current 1 billion to just under 2 billion by 2040.

Technology and concepts

A radical transformation of the transport industry, with new technologies and concepts such as electric vehicles and Mobility as a Service (MaaS), in which different modes of transport are integrated into a mobility service.

Changes in the ITS industry

Coordination and combination of different segments of the Intelligent Transport System (ITS) market require intelligent, broadly-based and comprehensive mobility solutions.

Mobility

Mobility is a human need and a prerequisite for a functioning market economy. As prosperity increases, traffic volumes also increase. This, in turn, increases the demands placed on transport systems.

With our vision of being the most innovative provider of ITS solutions for Smart Cities, and in-line with this global push for sustainability and reduced emissions, TagMaster operates in the two areas of Traffic Solutions and Rail Solutions. Our products and systems for Smart Cities help agencies leverage sensor data and software analytics to manage strong growth and the pressures of urban development and meet environmental goals. We play an important role in the vital digitalisation currently ongoing in the world's major cities whose goal is to streamline traffic flows, better inform the public, and facilitate the monitoring of traffic, transport, parking and public transport, thereby contributing to sustainable development.

The market that TagMaster is addressing is thus expanding significantly and is crucial to building a sustainable world for future generations. With its broad offering in the Traffic Solutions and Rail Solutions business segments, TagMaster is strongly positioned.

Megatrends

With sensors and detectors, the smart city can see, hear, feel and smell digital information that can help create a more caring, efficient, safe and sustainable society. Smart Cities solutions leverage that data to improve livability and reduce the environmental impact of human activity in dense urban areas

According to market research company IDC, we are moving from visions of Smart Cities to reality.

The areas where IDC sees the greatest investments are in intelligent transport, data-driven public safety, energy and infrastructure. Global intelligent transport investments, according to IDC, they will be highest in intelligent traffic and public transport, as well as in video monitoring. The deployment of Smart Cities solutions is moving fast, and the main drivers are the global megatrends described below:

Climate, air and sustainability

Many big cities are already suffering major environmental problems and in extreme cases are having to shut down parts of their traffic system. According to the World Health Organization (WHO), air pollution is classified as the single largest health risk in the world. Globally, road transport accounts for about 16 percent of carbon dioxide emissions, and by 2025 transport-related emissions will be 30 percent higher than they were in 2005. The total number of vehicles will double from the current 1 billion to just under 2 billion by 2040. At the same time, large number of countries have pledged to work to achieve the climate targets defined in Paris in 2015, by halving greenhouse gas emissions by 2050.

Urbanisation and growing populations

Migration to major cities around the world is increasing. In developing countries, development is being pushed by the rapid population growth, with the fastest growth in big city populations being in such developing countries. This growth requires cities to to expand housing, transport, communications, electricity and water supply, as well as other essential infrastructure and services. According to the UN World Urbanization Prospects, it is estimated that 70 percent of the world's population will live in cities by 2050, compared to 55 percent today. According to the same source, there will be over 40 megacities – cities with more than 10 million inhabitants – in the world in 2030 and more than 100 in 2050, compared to today's almost 30. Cities already account for 80 percent of the world's carbon dioxide emissions.

Public funding

Investment needs regarding new traffic systems and infrastructure, upgrading of existing systems and efficiency improvements via smart technical solutions are high on the priority list of central governments, regions and municipalities worldwide. The increasing number of cars and travel demand are putting infrastructure under pressure, while a higher penetration of electric cars is leading to lower tax revenues, as tax revenues from petrol sales decrease in society. According to a study by the McKinsey Global Institute, investment of around USD 900 billion in infrastructure will be required annually to keep pace with expected global economic developments.

Digitalisation and rapid technology development

Digitalisation and rapid growth in technology development are affecting all areas of society, and advances are happening quickly. The transport industry is in the middle of a technology shift towards electric power, mobility as a service (MaaS), connected vehicles and new applications based on future 5G connectivity. The number of connected devices (IoT) and data storage are growing explosively, and will continue to do so in the future. Artificial intelligence and machine learning are creating opportunities for simulation and increased preventive analysis of traffic flows. All this is creating new opportunities for managing the effects of both urbanization and increased traffic volumes, and regarding the creation of climate-smart solutions.

TagMaster's market

An important element of the trend towards Smart Cities lies in Intelligent Transport Systems (ITS) solutions. TagMaster operates in this field, with its Traffic Solutions and Rail Solutions applications. The development of intelligent transport systems (ITS) helps passengers and motorists by increasing accessibility, while at the same time providing the means to control and streamline traffic and transport flows. This new technology is also helping to increase traffic safety and reduce environmental impact. TagMaster is mainly active in the traffic management and parking submarkets, both of which are part of the overall ITS market.

The traffic management market

The traffic management market is forecast to increase from USD 30 billion in 2019 to just over USD 57 billion in 2024, according to a estimates made by Markets and Markets in February 2020. The sensor area is projected to grow to just over USD 4 billion by 2024, with annual growth of almost 10 percent. TagMaster works mainly with solutions such as smart signaling and traffic analysis, which will continue to have a high share of the solution market.

Within the traffic management market, the market segment for sensor products and solutions that TagMaster either offers today or is expecting to be able to offer in the near future, is estimated at USD 600 million in the geographical area we serve.

The parking market

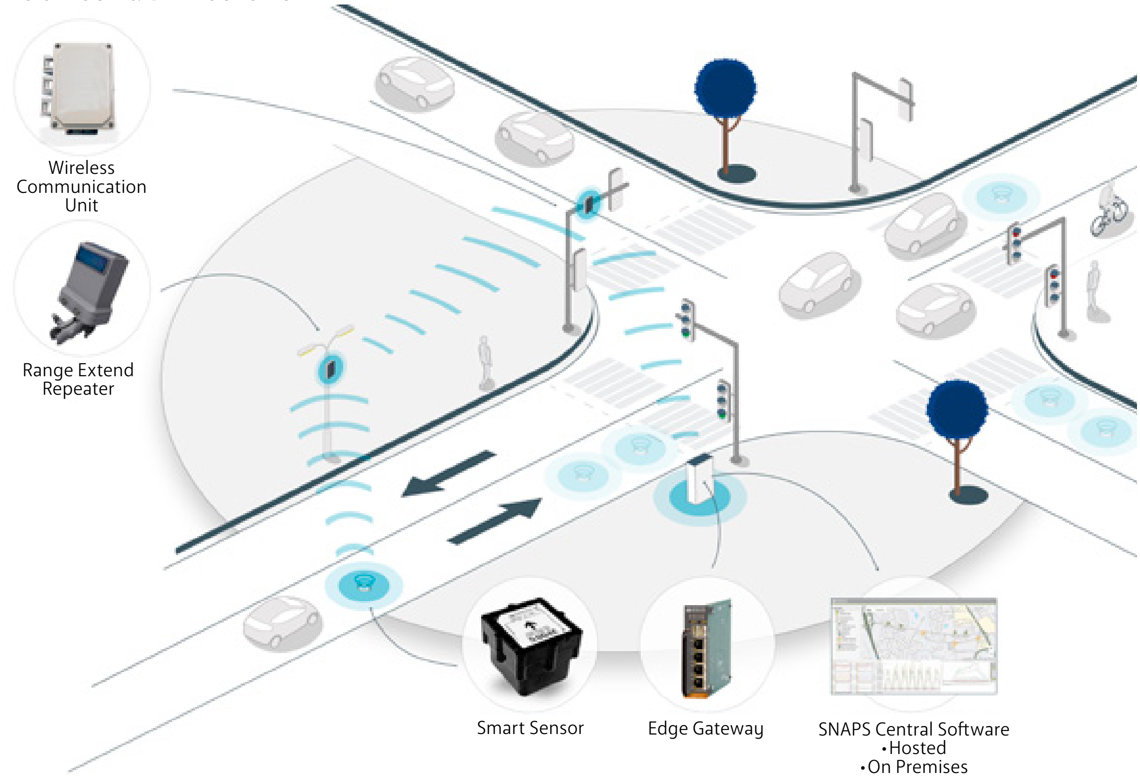
The parking market is forecast to increase from USD 1.6 billion to just over USD 2.3 billion by 2027, according to Grand View Research in March 2021. TagMaster operates primarily in the access part – which steers, controls and charges entry to and exits from parking spaces. This is a fairly small part of the total market.

If the parking market is broken down into the sensor products and solutions that TagMaster either offers today or is expecting to be able to offer in the near future, as well as into the geographical areas on which it focuses, the strategically addressable market amounts to approximately USD 150 million.

Rail Solutions

In the case of Rail Solutions, TagMaster concentrates on signaling and automated train management systems

ITS SENSOR & DATA SOLUTION



Wireless detection for adaptive control of traffic lights.

mainly for metro and tram services. The Company has a strong position in the market. Signaling (Rail Control) is a submarket within Rail Solutions with a total annual volume of about USD 8 billion, of which metro and mass transit account for about USD 2 billion, with annual growth of about 3 percent. TagMaster estimates that the Company's addressable market in the applications that it offers is approximately USD 35-50 million. Overall trends for Rail Solutions are the same as for Traffic Solutions. Fully automatic and driverless metro lines are expected to increase from the current 550 to 2,300 kilometers by 2030. Today, about 15 percent of the new metro lines being built are already designed for driverless operation.

The competition

There are several players globally in the market for RFID solutions/sensors. TagMaster is ranked as one of the leading players in the growing RAIN RFID market, RFID products for Parking and Access, and for Road Tolls.

The market for ANPR solutions also has many participants, with a large geographical spread. In some simpler applications, TagMaster also competes with CCTV camera manufacturers, but the Company's main applications require very high reading capabilities that are not currently met by CCTV technology. TagMaster is a leader in OCR technology, with solutions based on AI.

Regarding solutions incorporating wireless magnetic sensors, TagMaster is a world leader via its American company Sensys Networks. It has a long history of being the most natural option for replacing inductive loop systems. Magnetic sensors combined with wireless communication provide the best accuracy at the best price.

TagMaster's main competitors in the international market consist partly of small specialised companies and partly of divisions or subsidiaries within larger corporate groups. Competitors are active in not only several European countries but also in the United States and Asia. All in all, TagMaster operates in a fragmented market with both geographically widely-spread and numerous small players. This offers good opportunities to consolidate the market through acquisitions.

TagMaster is one of the few market participants that works with all the relevant sensor technologies. TagMaster is of the opinion that systems based on a combination of these technologies paired with analytics software in the sensors or edge gateway, which is known as edge analytics, will become a more important element than single-sensor solutions. Thanks to a clear focus on Traffic Solutions and Rail Solutions, TagMaster stands out from many of its competitors, which have a more diversified range of customer segments.

A clear roadmap focusing on innovation and acquisitions in intelligent traffic solutions

TagMaster is now a global player with operations in Sweden, the UK, France and the USA, and with a presence in the most important markets around the world for ITS. The roadmap going forward is develop more analytical solutions to move up the value chain, continued focus on innovation with the development of new applications that combine relevant sensor technologies, a clear commercial top line focus, and acquisitions that help gain access to complementary technologies and skillsets.

TagMaster has a strong range of products in both Traffic Solutions and Rail Solutions, and has good strong expertise in the relevant sensor technologies, such as RFID, ANPR, Radar and Wireless Magnetic. Future development is heading increasingly in the direction of complex solutions and applications in which edge analysis, AI and deep-learning play an increasingly important role.

TagMaster is well positioned to actively climb the value chain and add additional value to the innovative intelligent traffic solutions that the Company currently offers. The Company believes that this is where the main future drivers of growth, especially in Traffic Solutions, are located, together with increasing margins.

TagMaster has a clear roadmap that takes in innovation, the development of new applications that combine relevant sensor technologies, a clear commercial top line focus and acquisitions that help gain access to complementary and enhancing technologies and skills. Through acquisitions, TagMaster also achieves a deeper presence in a fragmented market, with many less specialized players, and the possibility of achieving synergies and better leverage of common resources.

Purpose, vision and mission

TagMaster's data solutions and sensor products are developed with the aim of reducing traffic congestion and pollution, optimizing the performance of roads and railways infrastructure, improving traveler information, and enabling the deployment of advanced ITS solutions for cities to meet their environmental and safety objectives.

TagMaster's vision is therefore to be the most innovative supplier of ITS solutions for Smart Cities.

Our mission is to deliver to our customers and partners in the ITS industry with highly accurate, robust, reliable, and easy-to-use detection and identification solutions and associated data analytics for demanding environments.

TagMaster is thus playing an important role in the ITS solutions of the future.

Business model and customers

By combining the various sensor technologies with which the Group works together with our advanced data analytics, TagMaster's aim is to offer increasingly accurate and flexible detection, identification, and traffic data solutions that enable ITS systems to deliver the performance improvements that cities need. We offer and end-to-end IoT platform of sensors and edge gateways, together with advanced cloud-based or server-based software to manage the data and remotely monitor all the field elements.

The business is primarily based on a transaction model whereby TagMaster develops, sells and delivers hardware and software.

TagMaster's customers are primarily integrators who, on behalf of traffic authorities, cities, central governments, parking facility owners, and road and train operators, provide various kinds of complex traffic and parking solutions. TagMaster is a technology provider in the field of innovative intelligent transport solutions (ITS) and sells data solutions and sensor products to various types of system integrators and installers, who in turn provide solutions to end customers.

In the case of Rail Solutions, the customers are a small number of major participants in the rail industry such as Bombardier, Thales, Hitachi, Alstom, Stadler and Siemens Mobility.

On the Rail side, TagMaster has implemented a business model with three levels of service, comprising development, delivery of products and service and support.

Targets

TagMaster's overall financial targets have been updated and aim to achieve annual growth of more than 20 per-

cent including acquisitions. The target for adjusted EBITDA is that it should be more than 12 percent, and cash flow from operating activities should be more than 90 percent of EBITDA over a given period. TagMaster is one of many companies contributing to the UN's 17 Global Goals. Our business focuses on the areas in which we have the greatest opportunity to make an impact; these are covered by Goals 3, 8, 9 and 11.

Strategy for continued growth

The Company's strategy for continued growth consists of the following elements – increased commercial strength, customer-driven product development, continuous operational improvements and an expanded product offering resulting from strategic acquisitions, to gain access to complementary and technologies and expertise, as well as a larger market.

The Company's commercial strength is gradually increasing, on the basis of a focus within the Group on jointly driven structured sales management, with emphasis on developing sales processes and customer relationships, and other measures that strengthen the sales force's skills and increase customer engagement. The TagMaster Group has a strong top line focus. Following consolidation of the acquisitions of recent years, which has meant slimming down the product range and cutting costs, the focus is on growing sales organically.

Organic growth is also achieved via increased efforts to move higher up the value chain based on product development and innovation, and to increase the competitiveness of the Group's products and thus achieve even better margins.

TagMaster is actively working on implementing operational improvements in the Group to increase efficiency, reduce capital tied-up and increase the level of quality in the business.

WHAT WE ARE LOOKING FOR IN OUR ACQUISITIONS

- Complementary technologies
- Strong go to market ability
- Value-creating software expertise
- Future growth engines
- Contribution to EBITDA margin within two years

Clear model for acquisitions

In terms of acquisitions, TagMaster has a clear acquisition strategy and a well-developed process for identifying and integrating new acquisitions into the Group. The intelligent transport system market, in which TagMaster is active, is fragmented and there are therefore many potential acquisition candidates for consolidating the market or becoming part of a larger ecosystem.

The Company is therefore looking at possible candidates in order to continue its pursuit of acquisitions, strengthen its range of products and technologies and increase its market presence. There is a particular focus on identifying prospective acquisitions that can accelerate TagMaster's journey up the value chain, i.e. edge analytics, AI and deep-learning.

TagMaster has a clear model for integrating new acquisitions into the Group, which has been refined during the six acquisitions made in recent years. The companies that are acquired usually have lower profitability than the Group in general and after the acquisition has been carried out the business is reviewed with a focus on reducing costs, discontinuing unprofitable products and identifying the parts of the business that are scalable. This means that the turnover of the acquired unit may initially decrease.

Once profitability has been achieved, the work switches to increasing sales and developing new joint innovative solutions together with other companies in the Group, in order to achieve good and long-term organic growth with good profitability.

Technologies for complex solutions

Based on our vision and mission, TagMaster has opted to focus on sensor products and data solutions for intelligent transport systems within the overall Smart Cities concept, with different sensor products and applications in its two business segments Traffic Solutions and Rail Solutions. Development of new solutions and sensor products is an important part of TagMaster's business. As a result of acquisitions in recent years, TagMaster has gained access to a high level of expertise in the technologies RFID, ANPR, Radar and Magnetic, as described above. New advanced solutions are developed by combining these different technologies and adding more intelligence locally, with edge analytics. TagMaster's sensor products can all be offered as a complete IoT platform connected to our cloud software.

TagMaster has a sophisticated innovation process that is integrated throughout the Group. This is based on in-depth knowledge of customer needs, input from the market, and insights about and experiences with different product characteristics, which are combined in new solutions.

RFID is a form of wireless communication that uses radio waves to identify and track objects. An RFID system has readers, antennae and tags that communicate with each other via radio.

ANPR technology enables the identification of registration numbers by cameras and optical character recognition (OCR). With algorithms based on the information that the system collects (AI), the system is continuously improved. In fixed ANPR systems, cameras are placed in a certain position to identify the number plates on moving vehicles. The images are then transmitted via both fixed and wireless digital networks and linked to various overarching application systems for processing (road tolls, parking, border monitoring, police systems etc.).

Radar is an object detection system that uses radio waves to determine the object's distance, angle or speed, and can therefore also classify vehicles.

Magnetic sensor systems convert vehicle data into valuable information. A magnetic sensor uses passive sensing technology to detect iron objects, such as a lorry, car or railway vehicle, by measuring the change in the surrounding magnetic field. When a vehicle changes the magnetic field, the sensor detects the changes. All our magnetic sensors are wirelessly connected to a gateway that can communicate with the traffic system in real time or analyse traffic flows via a cloud solution.

Many of TagMaster's solutions are combinations of the above sensor technologies, paired with advanced software to create more complex systems capable of handling information from multiple sources. These solutions are examples of edge computing, in which connected devices such as sensors and edge gateways have the built-in processing power and intelligence to run applications at the edge in real time.

It is crucial that TagMaster's solutions deliver reliable, accurate and secure information to their users and the higher-level systems they are integrated in, where the data that is collected and used to manage critical operations such as traffic control, optimization of traffic lights and metro positioning.

Production

TagMaster's products are produced at selected contract manufacturers in Europe and the US. Over the past year, TagMaster has consolidated production to fewer partners. The Company's production model means that no production investments are made in TagMaster's own plants, which results in scalable and "asset light" operations.

Ongoing evaluation of the manufacturing units is based on TagMaster's ambitions for growth. This is not done simply to assure future production volumes; it is also used to build loyal relationships and reliable supply chains, as well as integrated production planning. In an increasingly competitive market, it is even more important to ensure cost-effective manufacturing that enables TagMaster to offer innovative products at competitive prices by the promised deadlines.

In 2020, TagMaster moved its production in China to Europe, partly to reduce the risk of future supply chain disruptions and partly to reduce impact on the environment from shipping.

International player

In recent years, TagMaster has, through a total of six acquisitions and organic growth, developed into an international player that operates and has established customer relationships worldwide.

The Group is headquartered in Kista, Stockholm, and via subsidiaries has a presence in England, France and in the United States, in Berkeley, California. The operations in Europe operate under the name TagMaster. The business in the United States operates under the name Sensys Networks.

In total, the Group has approximately 100 employees and more than 650 partners in over 35 countries.

In recent years, TagMaster has complemented existing distribution networks with more major integrators and installation contractors in strategic markets such as the Nordic region, EMEA and the USA. The intention is to build an even more extensive network of key partners, to support the Company's growth ambitions. We actively contribute to these four sustainable development goals, and have in particular defined strategic importance regarding meeting Goal 9 (industry, innovation and infrastructure) and Goal 11 (sustainable cities and communities). We believe that it is the combined power of these two goals that helps us differentiate our unique approach from others. With expertise in intelligent transport systems, we have a strong platform to make decisive progress in realizing the sustainable development goals.

OUR SUSTAINABILITY GOALS

A strategy that contributes to the UN's Sustainable Development Goals

Committed employees play a key role at TagMaster, by creating a dynamic corporate culture and driving innovation and results. In a Group consisting of several acquired companies, it is important to maintain strong values in order to work in the same direction.

TagMaster has a strong and compelling purpose, and provides traffic solutions:

- Congestion • Pollution • Accidents

We actively contribute to these four sustainable development goals, and have in particular defined strategic importance regarding meeting Goal 9 (industry, innovation and infrastructure) and Goal 11 (sustainable cities and communities). We believe that it is the combined power of these two goals that helps us differentiate our unique approach from others.

With expertise in intelligent transport systems, we have a strong platform to make decisive progress in realising the sustainable development goals.

Smart solutions for sustainable transportation

TagMaster develops and delivers solutions aimed at improving the operational efficiency of transportation networks in the Traffic Solutions area. These include smart parking solutions and intelligent transport systems that allow the road networks to be used optimally, alleviate traffic problems and reduce emissions. Other solutions include road tolling, security, and access control systems.

In Traffic Solutions, TagMaster operates in the following application areas:

- Traffic management
- Parking

TagMaster's Traffic Solutions systems are in demand among agencies and businesses and in the areas of transport, traffic, security, parking, airports, ports and similar. Interest in Traffic Solutions systems is growing and it is becoming increasingly common for suppliers to provide several of the sensor technology components needed to make intelligent traffic solutions possible.

The industry is progressing towards increasingly complex solutions and applications, in which edge analytics, AI and deep-learning play a more important role. These end-to-end solutions mean that all the data collected via sensors of various kinds is analyzed to provide a comprehensive basis for making decisions regarding how, among other things, traffic flows can be optimized.

Solutions for a more sustainable world

TagMaster's data solutions and sensor products are developed with the aim of reducing traffic congestion and pollution, optimizing the performance of roads and railways infrastructure, improving traveler information, and enabling the deployment of advanced ITS solutions for cities to meet their environmental and safety objectives. This means that TagMaster's solutions within Traffic Solutions contribute to the necessary transition to a more sustainable transport system worldwide. This involves the developed world contributing to the transformation of existing infrastructure, with brown field solutions, and other parts of the world, which often have a lack of infrastructure and strong population growth, contributing via a sustainable expansion of infrastructure, with green field solutions.

At the end of 2020, 63% of the world's emissions, or around 130 countries, were covered by carbon neutrality targets. At the same time, the massive recovery packages launched in Europe and proposed in the US are largely focused on green investments that often involve investment in sustainable infrastructure. This is where TagMaster's products and solutions in Traffic Solutions have a role to play. TagMaster's internal Traffic Solution operations are conducted in an environmentally sustainable manner based on the unit's specific conditions, and comply with applicable environmental laws and regulations. The environmental and sustainability work is based on the UN's Global Goals for Sustainable Development. TagMaster works actively to increase the expertise and commitment of employees regarding environmental and sustainability issues, with the aim that everyone in the company carries out their work with as little negative impact on health and the environment as possible. In 2020, TagMaster moved its Traffic Solutions production in China to Europe, partly to reduce the risk of future supply chain disruptions and partly to reduce long component freight shipments that impact on the environment.

Application area – Traffic management

Traffic management relates to planning, monitoring and controlling traffic flows. The area incorporates most applications and solutions, including tunnel monitoring, traffic light control and optimization, speed monitoring and road and motorway monitoring.

Intelligent and increasingly advanced traffic systems are required in order to ensure that systems work as they should, and the basis for this is sensors that collect all the necessary data. Intelligent software systems analyse this data and suggest customized solutions to different operators.

TagMaster has a very strong offering of wireless radar and magnetic sensors, as well as a cloud-based software platform known as SNAPS. The offering is an end-to-end solution with a broad range of applications including controlling and optimizing traffic lights, measuring the performance of roadways, motorways, and intersections, parking information systems, and speed and red-light enforcement.

OUR SUSTAINABILITY GOALS: GOAL 3

The total number of vehicles will double from the current 1 billion to 2 billion by 2040. Traffic solutions are needed to cope with this increase.

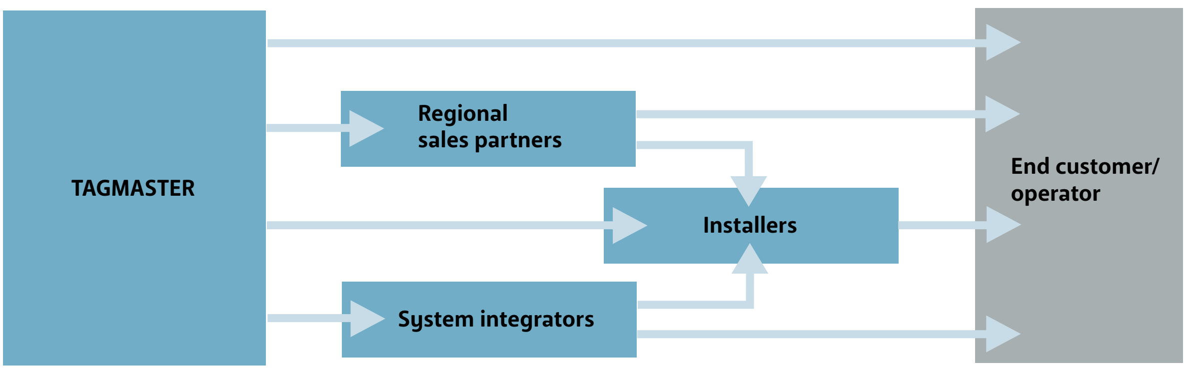
The majority of traffic systems in the world today use inductive loops to detect traffic. These are literally loops of wire in the pavement that is costly to install and also to maintain, require periodic calibration, are prone to failure and require lengthy road closures to install. TagMaster's wireless sensor systems are more cost efficient to install than loop-based systems and do not require maintenance or calibration. Connected to the cloud-based software platform SNAPS, TagMaster can therefore offer powerful data collection capabilities, perform analysis and propose ways to improve the performance. This is called actionable information and is created using built-in AI (Artificial Intelligence).

The Company also works with applications in an area called infrastructure to vehicles (I2V), where traffic information collected at, for example, road junctions is conveyed to vehicles ranging from heavy goods vehicles to bicycles, to facilitate good traffic flow.

The demand for applications in the field of Active Travel, i.e. cyclists and pedestrians, increased during 2020. Partly as a result of the pandemic when much was done to try to reduce crowding on public transport, but also for climate-related and environmental reasons.

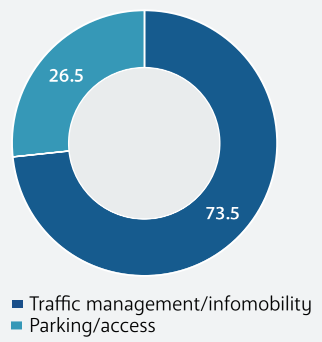
During the year, TagMaster launched a new product family of radar sensors, controlled via an app, with a particular focus on the Active Travel area. The launch is a result of the TagMaster Group's increased investment in solutions that contribute to the necessary shift to a more sustainable transport system. Considerable resources are being invested in the major cities in Europe in particular to

SALES CHANNELS

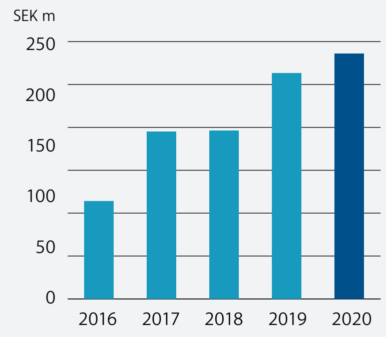


Indirect sales, 75-80% • Direct sales, 20-25% • Recurring customers, > 80%

TRAFFIC SOLUTIONS APPLICATION AREAS, %



REVENUE TRAFFIC SOLUTIONS



increase the number of cyclists and pedestrians, improve flows and enhance safety.

TagMaster also develops and sells solutions in the field of infomobility, which are closely related to traffic management solutions. These solutions aim to collect and distribute real-time information regarding different traffic situations and traffic levels.

For example, solutions can use ANPR technology to estimate parameters such as travel times, and authorities and other stakeholders can be provided with valuable information about vehicles, bicycles and pedestrians, and what is happening on the roads, via radar and magnetic sensors. Information is vital for safety, infrastructure planning and the associated financing. Future developments are likely to include infomobility solutions being integrated into other traffic systems to increase the value of the information and enable the provision of new solutions. For example, speed can be linked to weather conditions and road toll charges regulated based on levels of emissions.

Further examples include the detection system developed by TagMaster's US subsidiary Sensys Networks, which is used for managing traffic light sequences so that they benefit buses, cyclists and pedestrians. The system is called Give Me Green and is already in use in a number of cities in the US. This type of virtual detection system can be used in a large number of areas. For instance, a project is currently underway to personalize detection so that, for example, disabled people can be given a green light for longer when crossing a road.

Application area – Parking

Well-functioning parking systems are the key to efficient transport systems. They offer vehicle drivers the ability to quickly and easily find available parking spaces, thus reducing congestion and emissions. In addition, they help drivers arrive at their destination on time.

The parking market is undergoing a major change, as new technology and the use of apps and new payment systems have made it possible for new players to gain market shares.

TagMaster, which is a technology innovator in the area, offers flexible and cost-effective solutions for parking facility owners and professional parking facility operators.

New technology replaces barriers

TagMaster offers, solutions in which parking barriers and ticket machines are replaced by ANPR cameras or RFID readers that register entry and exit. Motorists simply drive into a parking space and out again at their convenience and then, via an app, are automatically charged for exactly the time they have used. This is called free flow parking.

TagMaster also offers magnetic-based and radar-based wireless sensors that detect vehicles and can be used for lorry parking, outdoor parking and to build systems including electric car charging points to identify real-time availability and communicate this to the growing fleet of electric cars.

TagMaster launched a sensor solution for charging points in 2020, which was developed within the Group in France. The sensors are placed under the actual parking spaces and can thus identify whether or not charging points are occupied. The information is passed on to a traffic information system so that drivers of electric vehicles can be given information about where available charging points are located. Massive efforts are being undertaken to expand the infrastructure for charging points, in particular in Europe.

Road tolls, which are part of the Parking/Access application area, have traditionally been used to finance and maintain transport infrastructure such as roads, bridges and tunnels. In more recent times, they have also been used to reduce congestion and thus also air pollution in urban environments.

The trend has moved from charging a fixed fee when the driver passes a certain point, to the current system where the fee can change depending on the time of day, length of use and type of car. Through the introduction of priority files, drivers can be given the opportunity to pay extra for increased mobility.

Traditionally, manual operation of toll systems has been the most common solution, with each payment being made to a person sitting in a toll booth. But since this system means that every car has to stop completely, queues build up, leading to increased emissions. Manual handling of road tolls is also an expensive form of operation.

Today, a number of technologies are used to meet local needs and regulations. TagMaster offers digital identification of vehicles via RFID and ANPR sensor technology in the ETC (Electronic Tolling Collection) system, where one of the major advantages is that drivers do not have to stop, which reduces emissions.

In some cities, such as Stockholm and London, ANPR is used to identify and then charge vehicles as they drive into the city, in an effort to reduce traffic in the inner city. The same technology is used in Paris and Lyon to identify vehicles with odd or even registration numbers to check, for environmental reasons, whether a particular vehicle is allowed to drive in the city at a specific time. This technology is used for so-called Clear Air Zones (CAZ) in many English cities. CAZs are part of a larger strategy that aims to make the air we breathe better and provide a solution for controlling traffic flows.

Road financing and safety

In many developing countries, modern toll technology is an interesting first step in addressing the major problems faced by fast-growing metropolitan areas, with their need for expanded road networks and the resulting increases in air pollution. In India, for example, TagMaster's RFID technology is used in road tolls to finance the rapid expansion of the road network. This is absolutely essential for the transport of people and to enable the country to develop economically.

TagMaster also provides magnetic-based and radar based wireless sensors that detect vehicles and can direct drivers to dedicated priority files, depending on tailbacks building up at different times of the day. Another solution provided by TagMaster is a safety system that can be used, for example, in areas where preventing access by unauthorized vehicles is important. There are also large monitoring systems for cities or districts where ANPR technology and in some cases RFID can be used to identify vehicles and their drivers, if appropriate. It is also possible to track where a car was located at specific times. This information can be used, for example, to link a particular vehicle to a particular crime. Major investments are being made and will continue to be made in this type of technology around Europe, including as part of the effort to prevent terrorist offences

Sensor solution for EV charging points

The investments in expanding charging point infrastructure are an important part of the ongoing transformation of the transport sector. In Europe, the targets are high and in France alone there should be 100,000 charging stations by the end of 2021. The EU's post-pandemic recovery support package includes, among other things, financing for one million new charging stations for electric vehicles. In this context, TagMaster launched a system based on magnetic sensors for identifying available charging points in 2020.

The solution consists of a complete kit for operators of charging stations that can be used together with charging points for electric vehicles, to make their utilisation more efficient. The sensor-based system identifies currently available charging points and forwards the information to drivers of electric vehicles via traffic information systems.

The charging point system has been developed at TagMaster in France and is easy to install for charging point operators. Sales are made either via integrators/installers or directly to operators.

The sensors are placed under the actual parking spaces and can thus recognise whether or not charging points are occupied. Communication from the sensor is done wirelessly via a gateway, which passes the information on to the operator's platform, or the information can be hosted by TagMaster.

The system for identifying available charging stations is an example of how TagMaster's solutions contribute to the necessary shift in the transport sector to embrace electrification, which is now being pursued with increased vigour around the world. By providing real-time information about available charging stations to drivers of electric vehicles, TagMaster's solution helps optimise utilisation of existing charging stations.

OUR SUSTAINABILITY GOALS: GOAL 9

Our innovation for identifying available charging points helps the shift to electrified traffic flows.

Advanced mobility solutions for public transport in big cities

TagMaster is the world-leading provider of advanced mobility solutions for rail-bound traffic in metropolitan areas. TagMaster's Rail Solutions systems are used in a wide range of application areas that aim to improve the efficiency, reliability, safety and punctuality of public transport ystems, for example in trams, light rail vehicles and metro systems. TagMaster's solutions contribute to the necessary shift to more sustainable transport systems around the world.

Every minute, thousands of readings are made via TagMaster's RFID sensors in metro systems, tram systems and other rail-bound transport solutions worldwide. The data that is collected forms the basis for enabling safe, punctual and sustainable public transport in metropolitan areas around the world, so that existing transport networks can be utilised more efficiently through more frequent services.

Leading providers of railway signaling systems use TagMaster's RFID solutions for large-scale, innovative signaling systems, as well as for the installation of communications-based train control (CBTC) systems, with an increasing number of driverless trains. In the solution area for Rail Solutions, we work primarily in the field of signaling and automated train management systems, in particular for metros and trams.

Solutions for sustainable public transport

TagMaster's solutions in the Rail Solutions area aim to make public transport in metropolitan areas more efficient and thereby reduce crowding, as well as increasing the attractiveness of public transport and thus contributing to the necessary shift to more sustainable transport systems around the world.

The solutions within Rail Solutions, like those within Traffic Solutions, are affected by the increased focus on combatting climate change. In the US alone, major investments in electrification, charging infrastructure, public transport and new smart technologies that will pave the way for a carbon-neutral US by 2050 are expected. The same indications can also be heard in Europe and China.

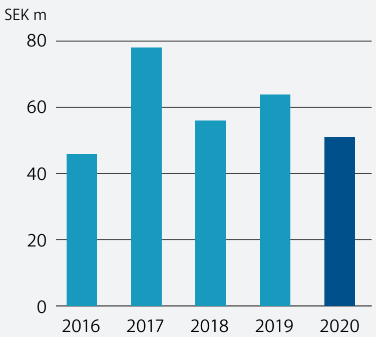
TagMaster's internal Rail Solutions operations are conducted in an environmentally sustainable manner based on the unit's specific conditions, and comply with applicable environmental laws and regulations. The environmental and sustainability work is based on the UN's Global Sustainable Development Goals.

In 2020, TagMaster moved its Rail Solutions production in China to Europe, partly to reduce the risk of future supply chain disruptions and partly to reduce long component freight shipments that impact on the environment.

Application areas

- Positioning (metro)
- Selective door opening/platform doors (metro, tram and commuter train)
- Operational priorities (tram)
- Automatic speed control (metro, tram)

REVENUE, RAIL SOLUTIONS



APPLICATIONS	APPLICATION AREAS
Positioning	Metro trains
Selective door opening/ platform doors	Metro trains, trams, commuter trains
Service priorities	Trams
Automatic speed control	Metro trains, trams
Passenger information	Metro trains, trams

- Passenger information (metro, tram)
- Crossing safety system (tram)

TagMaster's train control system is based on the Group's sensor products, with a high degree of built-in functionality and edge analysis, and is well adapted for Rail Solutions. What initially started as a project has today become a well-established area of application with a strong range of products for the market.

TagMaster's proprietary algorithms for critical applications such as positioning, axle counting and door opening have created a strong position in signaling systems for metro and tram systems. In order to intensify the innovation and development in Rail Solutions, TagMaster has created a Centre of Excellence in France.

Major customers

Rail Solutions customers consist mostly of global signaling system manufacturers such as Bombardier, Thales, Hitachi, Alstom, Stadler and Siemens Mobility.

TagMaster's business model is based on establishing deep relationships with its customers and conducting joint development projects for integration into the customer's system solutions, via so called design-in solutions. Sales in Rail Solutions are very project-bound. Each business transaction is large and complex and requires a considerable level of knowledge sharing between TagMaster and the customer. To fully realize the benefits of TagMaster's technology, the Company's technicians must have direct contact with the customer's engineers, and as a result sales in certain cases require technical adaptation or development to create a specific solution needed by the customer. This may involve anything from minor adjustments through to major development work, which in most cases are therefore conducted as engineering projects where TagMaster invoices the customer for value-adding functions.

The trend is towards many of the Company's customers outsourcing their technology development, as the car industry has done for decades. TagMaster's expertise is a good fit with the demands that will be placed on external system partners in the future.

OUR SUSTAINABILITY GOALS: GOAL 11

Well-functioning public transport is an important factor in streamlining traffic flows.

Strong values for integration and joint processes

Committed employees play a key role at TagMaster, by creating a dynamic corporate culture and driving innovation and results. In a Group consisting of several acquired companies, it is important to maintain strong values in order to work in the same direction.

TagMaster's corporate culture is characterised by a strong spirit of innovation and short decision-making processes based on the five core values below. These characterise the actions of all employees both internally and externally, and the Company's approach to daily operations.

At year-end, the Group had 99 employees.

Core values

- Profitability
- Innovative
- Customer focus
- Professionalism
- Commitment

These core values form the basis for maintaining and reinforcing a healthy corporate culture. It is even more important that these values feed through into everything that is done in the TagMaster Group, since the Group consists of a number of acquired companies in different countries.

Organisation

TagMaster's organisational structure is based on the operations conducted in the Group and incorporates the following functions:

- Sales
- Research and development
- Operations
- Administration

In each country, a local administration function handles tasks requiring country-specific skills. Such tasks include accounting for taxes and charges, legal financial reporting, and personnel-related matters.

Strengthened organisation through acquisitions

In order to take advantage of the complementary expertise of the acquired companies, great focus is placed on integration and the implementation of shared processes. In this work, the emphasis is on TagMaster's core values and the importance of shared processes and values in all functions, despite cultural and geographical differences.

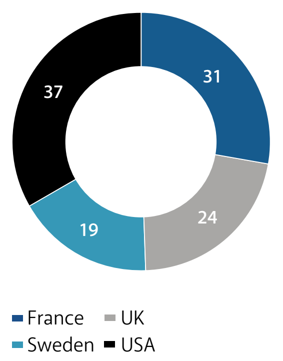
During the first half of 2020, a Group-wide efficiency programme was implemented due to the lower activity caused by the ongoing pandemic. The programme involved structural changes, such as the reallocation of resources to new business opportunities, the optimisation of offices, and a reduction in the workforce, which meant that 20 people left our European organisation.

The integration of employees and continued implementation of TagMaster's core values, and thus a strengthened shared corporate culture, remain in focus and are conducted continuously in all functions and companies that are part of the Group.

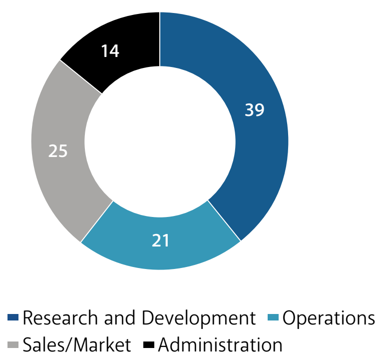
Strong development operation

Development activities in Europe are to a large extent integrated and conducted under the direction of the Group's CTO. TagMaster's development personnel are based in Sweden, the UK, and France. Product development takes place via a product management process that is shared by all companies in the Group. The American part of the

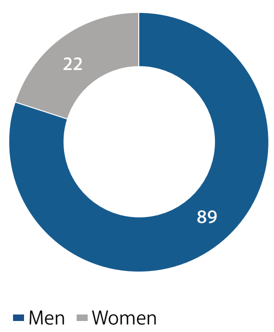
AVERAGE NUMBER OF EMPLOYEES BY COUNTRY



EMPLOYEES BY FUNCTION AT YEAR-END



BREAKDOWN, MEN/WOMEN



Anne-Françoise Meistermann, Operations Director TagMaster France, based in Grenoble

When did you join TagMaster and what is your background?
I joined the French company Hikob in 2016. It was a start-up company then and was acquired by TagMaster in 2018. I have always worked in logistics, purchasing, quality and production. I have been a manager at L'Oréal and Medtronic, with responsibility for running customer service and lean manufacturing to maximise efficiency and customer satisfaction. At Hikob I learned about the electronics industry and had the opportunity to work with young colleagues in an innovative and forward-looking startup atmosphere that was fantastic.

What do you do at TagMaster?
I have been Operations Director since February 2019. My team is involved in the entire supply chain that works with producing and delivering products to customers. We continuously balance costs and time, to optimise the business operations. We optimise purchasing, sales administration and transports, and are also involved in the development of new products, with a strong focus on quality.

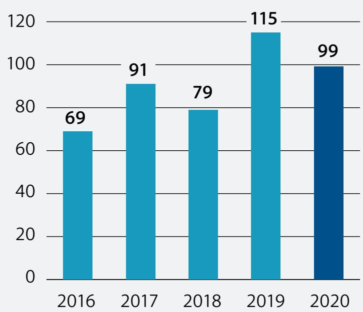
Has the integration of Hikob into TagMaster affected your job and your personal development?
There is now greater scope regarding my job as there are more product lines and customers and, above all, there is a new team to work together with and lead.

What is the best thing about your job?
The mix of quick action to solve customer needs and a long-term strategy to optimise the supply chain. Solving problems with my colleagues and building long-term partnerships with the suppliers. And working with customer satisfaction in combination with cost control is also exciting.

business, Sensys Networks, has its own CTO and its development activities are conducted in Berkeley (California).

Because development activities and innovation are crucial to the success of the TagMaster Group, a relatively large part of revenue is expended on development. In 2020, approximately 18 percent of the total turnover was invested in development. Among our 39 development engineers, approximately 65 percent of them work with software development, which means that our products and solutions are becoming ever more digital and virtually all the sensor products can be connected in cloud solutions.

NUMBER OF EMPLOYEES AT YEAR-END



The development work involves, among other things, combining the various sensor technologies with which TagMaster works in order to develop superior sensor products and data solutions that contribute to the necessary transformation of the world's transport system, and at the same time increase efficiency, safety and cost efficiency for customers.

Enhanced commercial focus for organic growth

TagMaster is strengthening its commercial focus throughout the Group and has hired new employees and strengthened its sales organisation in several markets.

The Company's commercial resources are also being boosted by investment in a structured Group-wide sales management system focusing on developing sales performances and digitising sales processes.

OUR SUSTAINABILITY GOALS: GOAL 8

Our committed employees play a key role in driving innovation

Share information and shareholders

TagMaster's class B shares are listed and traded on the Nasdaq First North Premier Growth Market. The share was listed on July 3, 2000. TagMaster's Certified Adviser is FNCA Sweden. The share price on 30 December 2020 was SEK 0.99, making the market value of the Company SEK 362,526,000.

Share capital

On 31 December 2020, the Company's share capital amounted to SEK 18,309,408.55, represented by 366,188,171 shares with a quotient value of SEK 0.05. According to TagMaster's Articles of Association, the share capital shall be no less than SEK 5,000,000 and no more than SEK 20,000,000, represented by no less than 100,000,000 shares and no more than 400,000,000 shares. Shares may be issued in two classes, class A and class B. Each class A share is entitled to ten (10) votes at the Annual General Meeting and each class B share is entitled to one (1) vote. All shares have equal rights to a share of the Company's profit and assets.

Dividend policy

The size of the future dividends depends on the Company's future performance, financial position, capital requirements, and cash flows. The Board of Directors of TagMaster does not believe that a cash dividend to shareholders will be applicable in the near future.

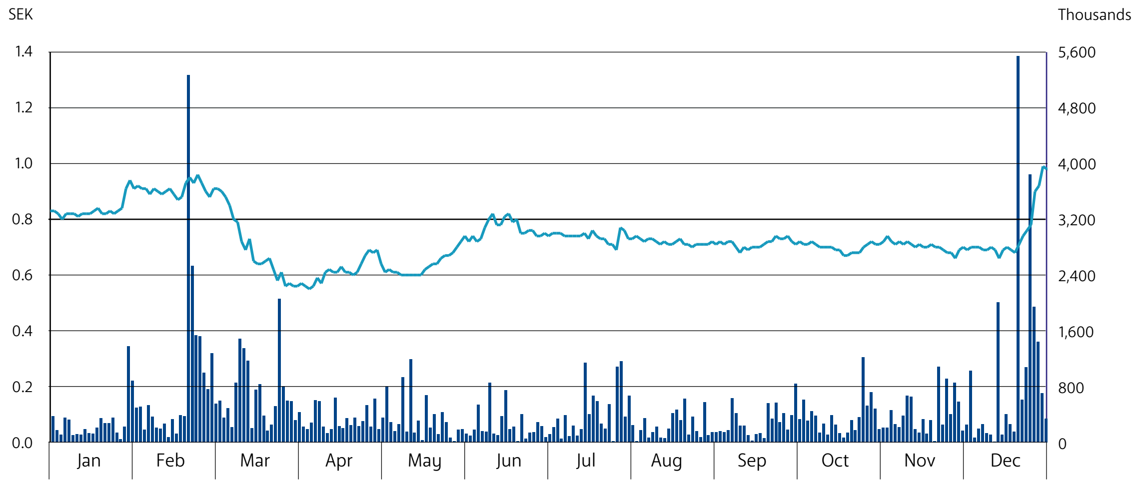
Shareholders

The total number of shareholders on 31 December 2020 was 2,965, compared to 2,909 in the previous year. The 15 largest shareholders together held 73 percent of the share capital and the corresponding share of the votes.

Company's largest shareholders

Shareholder	No. of class B shares	Capital, %	Votes, %
Gert Sviberg and company/companies	50,000,000	13.65	13.65
Eiffel Investment Group SAS	37,880,304	10.34	10.34
Tomas Brunberg, including company	36,886,329	10.07	10.07
The Hamilton/Lewenhaupt family, including companies	31,676,950	8.65	8.65
Ribbskottet	27,000,000	7.37	7.37
Nordic Cross Asset Management	15,875,000	4.34	4.34
Avanza Pension	12,722,785	3.47	3.47
Mikael Aronowitsch, including company and foundation	12,544,434	3.43	3.43
Jan Westlund	9,358,930	2.56	2.56
Per Anders Bendt	9,000,000	2.46	2.46
Nordnet Pensionsförsäkring	7,529,239	2.06	2.06
Jonas Svensson	5,480,292	1.50	1.50
Gunvald Berger	4,668,502	1.27	1.27
Rolf Norberg	2,602,857	0.71	0.71
Lars Ebbe Wahlgren	2,561,000	0.70	0.70
Total, 15 largest shareholders	**265,786,622**	**72.58**	**72.58**
Other	100,394,549	27.42	27.42
Total	**366,181,171**	**100.00**	**100.00**

SHARE PRICE MOVEMENTS IN 2020



Changes in share capital

Year	Event	Increase in no. of shares	Changes in share capital (SEK)	Total no. of class A shares	Total no. of class B shares	Total share capital (SEK)
1994	Formation of the Company	5,000,000	–	2,000,000	3,000,000	50,000.00
1994	New share issue	2,000,000	20,000.00	2,000,000	5,000,000	70,000.00
1995	New share issue	10,000,000	100,000.00	2,000,000	15,000,000	170,000.00
1995	Bonus issue and increase in the share's quotient value	–	1,530,000.00	2,000,000	15,000,000	1,700,000.00
1995	Conversion of debt securities with warrants	3,000,000	300,000.00	2,000,000	18,000,000	2,000,000.00
1996	New share issue	6,750,000	675,000.00	2,000,000	24,750,000	2,675,000.00
1997	New share issue as per the 1996 warrant programme	2,250,000	225,000.00	2,000,000	27,000,000	2,900,000.00
1998	New share issue	6,850,000	685,000.00	2,000,000	33,850,000	3,585,000.00
2003	Conversion of class A shares to class B shares	–	–	–	35,850,000	3,585,000.00
2008	New share issue	11,648,491	1,164,849.10	–	47,498,491	4,749,849.10
2008	New share issue	8,000	800.00	–	47,506,491	4,750,649.10
2010	New share issue	11,000,000	1,100,000.00	–	58,506,491	5,850,649.10
2011	New share issue	29,253,245	2,925,324.50	–	87,759,736	8,775,973.60
2011	New share issue	7,600,000	760,000.00	–	95,359,736	9,535,973.60
2012	New share issue	12,371,972	1,237,197.20	–	107,731,708	10,773,170.80
2013	Reduction of share capital	–	-5,386,585.40	–	107,731,708	5,386,585.40
2015	New share issue	43,092,683	2,154,634.15	–	150,824,391	7,541,219.55
2015	Targeted new share issue	17,000,000	850,000.00	–	167,824,391	8,391,219.55
2017	New share issue	33,564,878	1,678,243.90	–	201,389,269	10,069,463.45
2019	New share issue as per employee stock option programme 2015/2018	2,483,292	124,164.60	–	203,872,561	10,193,628.05
2019	Targeted new share issue	51,625,000	2,581,250.00	–	255,497,561	12,774,878.05
2019	New share issue	110,690,610	5,534,530.50	–	366,188,171	18,309,408.55

Five-year summary

Income statement, SEK thousands	2020	2019	2018	2017	2016
Net revenue	286,453	262,955	195,561	195,394	113,892
Change in inventories during manufacture and finished goods	-912	-2,319	-780	2,630	2,631
Capitalised work for own account	3,232	6,518	–	–	–
Other operating income	4,206	2,216	1,215	567	544
Operating expenses	-265,650	-233,319	-183,265	-176,771	-113,260
Adjusted EBITDA	**27,329**	**36,051**	**12,731**	**21,820**	**3,807**
Non-recurring items	-18,927	-13,619	–	–	–
Depreciation, amortization and impairment	-23,015	-19,747	-11,957	-7,227	-2,870
Operating profit	**-14,613**	**2,685**	**774**	**14,593**	**937**
Net financial items	-3,936	-2,694	-356	-432	-432
Profit/loss before tax	**-18,549**	**-9**	**418**	**14,161**	**505**
Tax	-1,817	-6,790	2,946	2,909	3,710
NET PROFIT/LOSS FOR THE YEAR	**-20,366**	**-6,799**	**3,364**	**17,070**	**4,215**

Balance sheet, SEK thousands					
Subscribed but not paid-up capital	–	–	2,806	–	–
Intangible non-current assets	158,434	191,175	51,400	53,286	32,325
Property, plant and equipment	2,419	3,310	3,008	1,425	948
Right-of-use assets	4,659	22,175	–	–	–
Financial assets	6,856	8,231	7,259	9,135	6,917
Inventories	40,076	53,386	37,037	40,210	22,099
Current receivables	54,924	66,873	45,251	59,526	33,331
Cash and bank balances	51,786	41,293	20,297	23,276	9,903
Total assets	**319,154**	**386,443**	**167,058**	**186,858**	**105,523**
Equity	177,758	217,950	105,331	96,731	45,707
Liabilities to credit institutions	38,968	55,962	5,500	7,598	8,567
Non-current liabilities	32,064	41,619	16,232	28,370	14,227
Current liabilities	70,364	70,912	39,995	54,159	37,022
Total equity and liabilities	**319,154**	**386,443**	**167,058**	**186,858**	**105,523**

Cash flow, SEK thousands					
Cash flow before changes in working capital	9,457	29,478	14,204	37,821	10,390
Cash flow from changes in working capital	17,978	-25,624	-1,201	-17,117	-9,487
Cash flow from operating activities	**27,435**	**3,854**	**13,003**	**20,704**	**903**
Cash flow from investing activities	-1,502	-146,557	-13,690	-40,298	-4,034
Cash flow from financing activities	-9,861	163,620	-2,516	32,911	8,670
Cash flow for the period	**16,072**	**20,917**	**-3,203**	**13,317**	**5,539**

Key performance indicators					
Net revenue, SEK thousands	286,453	262,955	195,561	195,394	113,892
Growth in net revenue, %	8.9	34.5	0.1	71.6	44.2
Gross profit margin, %	65.7	66.6	62.7	65.9	63.7
Adjusted EBITDA margin, %	9.5	13.7	6.5	11.2	3.3
EBITDA margin, %	2.9	8.5	6.5	11.2	3.3
Operating margin, %	-5.1	1.0	0.4	7.5	0.8
Equity ratio, %	55.7	56.4	63.1	51.8	43.3
Return on equity, %	-10.3	-4.2	3.3	24.0	9.4
Basic earnings per share, SEK	-0.06	-0.02	0.02	0.09	0.03
Diluted earnings per share, SEK	-0.06	-0.02	0.02	0.09	0.03
Average number of shares, thousands	366,188	294,468	201,389	187,320	167,824
Number of shares at end of period, thousands	366,188	366,188	201,389	201,389	167,824
Market price on closing day, SEK	0.99	0.81	1.15	1.65	1.13
Average number of employees	111	120	89	95	73

Of the figures presented for comparison, only 2019 has been restated in accordance with IFRS. For detailed information on the change to IFRS, see Note 37.

Directors' report 2020

Operations
TagMaster and subsidiaries ("the Group" or "TagMaster") is an application-oriented technology company that develops and sells advanced identification systems and solutions based on radio, radar and camera technologies (RFID & ANPR) for demanding environments. TagMaster works in two business areas, Traffic Solutions and Rail Solutions, under the product brands TagMaster, CitySync, Balogh, CA Traffic, Magsys, Hikob and Sensys Networks. It offers innovative mobility solutions to increase efficiency, safety and convenience, and to reduce environmental impact in Smart Cities. TagMaster has specialist agency companies in the USA and China and exports mainly to Europe, the Middle East, Asia and North America through a global network of partners and system integrators.

Product development
In the past year, TagMaster's development team moved into an all-new shared development environment for cooperation, leadership and management. All employees use the same IT environment, enabling their work to be performed in the same way irrespective of location. This has continued to offer improved key performance indicators for new development, while the Company's development resources are now fully distributed across the various product areas, according to the Company's commercial strategy.

With the high level of expertise in the team, the use of external consultants in technology development has in principle ceased. This has led to lower costs, higher efficiency and a very strong capacity for future product management.

During the year, our development resources were largely used to produce new ANPR cameras, RFID products for train applications and products for counting and classifying road users and vehicles. An increased emphasis on software-based activities has fed through into mobile app releases for installation personnel, maintenance personnel and direct use by passengers. In addition, software for conversion, consolidation, presentation and analysis of traffic data has been developed.

Amended accounting policies
As of the 2020 financial year, TagMaster has changed its accounting policies from BFNAR 2012:1 (K3) to IFRS. The effects of the change are described in Note 37.

Significant events during the year
The coronavirus pandemic impacted negatively on sales from mid-March and measures were taken in all parts of the organisation to counter the effects of the pandemic.

As a long-term measure, a Company-wide efficiency programme in the European part of the organisation was initiated. These long-term measures gave rise to non-recurring costs of around SEK 10 million in the second quarter, the major share of which affected cash flow. The programme is expected to generate annual cost savings of around SEK 10 million.

Expected future developments
The current global uncertainty requires an attitude of humility in facing the immediate future. It is also wise to expect that a decline in the general economy may result in certain customer categories deferring investment programmes.

The Board and Group Management remains positive regarding the longer term outlook and, with the acquisition of Sensys Networks, is even more positive than before. With a greater volume and a broader range that also extends more towards solutions in important growth areas, the Company has good long-term growth opportunities.

TagMaster's growth strategy focuses on growing organically and via acquisitions in existing and related technology areas, with the aim of expanding its offering of products and solutions and its market presence. The goal is to be a more attractive supplier of data-based real-time information, which is one of the corner-stones for building the Smart Cities of the future.

Risks and risk management
Operational risks
Customers and partners

The Group has numerous large and small partners in more than 35 countries. These partners consist of distributors, resellers and integrators. The largest partner in 2020 accounted for approximately 9 percent of total sales, with the five largest together accounting for around 30 percent. The loss of a significant partner can thus have major consequences for the Group. However, as the Group has grown both organically and through acquisitions, there are opportunities to compensate for any losses through new and existing partners in our new domestic markets.

Suppliers

The Group's production and logistics are for the most part outsourced, giving great flexibility in the production flow, in terms of both capacity and costs. This has, however, meant that TagMaster has been dependent on a small number of suppliers to ensure that deliveries are performed and sales executed. As a short-term method of managing the risk of adverse impact from delivery problems on sales , the Group keeps a certain amount of components and finished products in stock.

Personnel
TagMaster is dependent on key personnel, and should any of these individuals leave the Group, this would have negative short-term consequences. The Group's ability to attract and retain qualified and motivated staff is considered to be good, given that TagMaster is an attractive employer with interesting and challenging technology and an international market presence.

Product liability
Claims being brought due to malfunction or as a result of any of the Group's products causing unexpected damage cannot be ruled out. In order to prevent malfunction or other damage, our customers are given clear information via product specifications and data sheets. Our products undergo testing and procedures are in place to ensure that the products comply with the relevant specifications. Should any defects or damage still occur, TagMaster has insurance in place to cover the costs. If these costs exceed the level of insurance cover, this may have consequences for the Group's financial situation.

Intellectual property rights
To manage the risk of infringement and plagiarism of the Group's products, the Group has a number of its own patents, either approved or pending, for several main markets. The patents refer to some of the core features of our products and the name TagMaster is a registered trademark.

Acquisitions and integration
One element of the Group's strategy is to focus actively on company and business acquisitions. Strategic acquisitions will be part of our future growth strategy. Yet there is no guarantee that we will find suitable acquisition targets. Nor are there any assurances that the financing necessary for any future acquisition candidates can be obtained. The process of acquisition involves a number of risks. The acquired company's relationships with customers, suppliers and key personnel may be adversely affected. There is also a risk that integration processes might be more costly or more time-consuming than expected, and that the anticipated synergies do not materialise at all, or only in part. Managing this risk means assessing potential acquisition targets on the basis of financial, technical and commercial factors. In particular, the potential of the candidates to strengthen the Group's product portfolio and any possible synergies are taken into account.

Market economy situation
Future sales are affected by the general market situation, the situation of customers and new technology. These factors may have either a positive or a negative effect on the Group's sales. Fortunately, however, TagMaster's customers are broadly spread geographically and operate in two separate business areas, Rail and Traffic, meaning that a decline in one business area and/or geographical market may be partly offset by an increase in sales in another.

Competition
Both small and large enterprises are active in several areas of technology, including RFID, ANPR, radar and wireless magnetic devices, where competition is on a major scale. Technology is developing at a rapid pace, and the major players can make substantial investments and introduce new, competitive technology. Also, new companies with new technology and low prices can become established in the field and make TagMaster less competitive. To meet increasing levels of technology competition and to come up with competitive products for the future, research and development activities have been strengthened and streamlined in Kista and at the Group's other development units at Stevenage, Toulouse, Grenoble and Berkeley.

Financial risk management
Financial risks can primarily be divided into the following categories: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. For more information on financial risks and how they are managed, see Note 4.

Effects of the coronavirus pandemic
The pandemic affected both of the Group's segments to differing degrees during the year. The recovery is expected to be gradual in view of the lower level of activity in parts of TagMaster's market. Despite signs that the markets were gradually stabilising in the third quarter, a high level of uncertainty vis-à-vis the future remains. This was clearly demonstrated later in the year with new lockdowns in all major markets. TagMaster continually monitors risks arising from the coronavirus pandemic and measures are taken on ongoing basis to mitigate their impact. The Group has a high level of preparedness and a continued focus on employees, customers and business partners, with health and safety the top priority. It also maintains a focus on cost control and cash flow.

Based on liquidity forecasts that we have produced, taking the above in to account, our view is that the Company's future has been secured for the foreseeable future.

Revenue and profit
Sales for the year were higher than last year, at SEK 286.5 million (263.0), an increase of 8.9 percent. Of total sales, European operations generated SEK 154.5 million (188.1), with the Rail Solutions business segment accounting for SEK 50.9 million and the USA business SEK 131.9 million (74.9).

Multi-year overview

Group (SEK th.)	2020	2019	2018	2017	2016
Net sales	286,453	262,955	195,561	195,394	113,892
Operating income	-14,613	2,685	774	14,593	937
Profit/loss after financial items	-18,549	-9	418	14,161	505
Balance sheet total	319,154	386,443	167,058	186,858	105,523
Equity ratio (%)	55.7	56.4	63.1	51.8	43.3
Average number of employees	111	120	89	95	73

Multi-year overview

Parent Company (SEK th.)	2020	2019	2018	2017	2016
Net sales	74,712	84,175	73,891	90,413	79,837
Operating income	10,993	15,728	8,722	14,063	10,610
Profit after financial items	9,814	15,554	8,303	13,824	10,019
Balance sheet total	328,651	323,112	139,505	142,801	86,476
Equity ratio (%)	77.7	77.0	84.6	75.7	72.9
Average number of employees	19	19	20	17	19

Of the years presented for comparison, only 2019 has been restated in accordance with IFRS. The main impact on recognition is:

- Application of IFRS 3 to the acquisition analysis regarding the acquisition of Sensys Networks Inc.
- Reversal of previous years' amortisation of goodwill.
- Capitalisation of development expenditure.
- Recognition of operating leases in the Consolidated statement of financial position.
- Recognition of defined-benefit plans.

For detailed information on the change to IFRS, see Note 37.

Costs amounted to SEK 185.6 million (160.6). The general increase is attributable to TagMaster's enlarged structure following the acquisition of Sensys Networks.

Cash flow and financial position

At 31 December 2020, available liquidity was SEK 84.0 million (74.8), of which bank overdraft facilities constituted SEK 32.2 million (33.5). The equity ratio at the end of the period was 55.7 percent (56.4). Operating cash flow for the financial year amounted to SEK 27.4 million (3.9).

Trade receivables totalled SEK 42.2 million (56.7) while trade payables came to SEK 14.1 million (19.5). Inventories were recorded at SEK 40.1 million (53.4).

Parent Company

The Parent Company reported sales of SEK 74.7 million (84.2). Operating profit for the period totalled SEK 11.0 million (15.8) and profit after tax SEK 6.4 million (12.2). Sales for the year and operating profit include invoicing of intra-Group services of SEK 5.5 million (5.3). The Parent Company had an average of 19 (19) employees.

Personnel

The average number of employees was 111 (120), with women representing 25 percent (25). At the end of the year, the Company had 99 (115) employees.

Shareholders

TagMaster AB (publ.) Corp. ID No. 556487-4534, registered office in Stockholm, is listed with its shares traded on the Nasdaq First North Premier Growth Market in Stockholm. TagMaster's Certified Advisor is Penser Bank. The number of TagMaster shareholders on 31 December 2020 was 2,965 (2,909). At year-end, the following shareholders held more than 10 percent of the shares in the Company:

Shareholder	No. of shares	Holding, %
Gert Sviberg and company	50,000,000	13.7
Eiffel Investment Group SAS	37,880,304	10.3
Tomas Brunberg company	36,886,329	10.1

Allocation of unappropriated profit

(Amounts in SEK)

Proposed allocation of the Company's profit	
The following unappropriated profit is available for allocation by the AGM:	
Retained earnings	58,804,436
Share premium reserve	171,454,976
Net profit for the year	6,401,819
Total	**236,661,231**
The Board proposes that:	
To be carried forward	236,661,231
Total	**236,661,231**

Consolidated income statement

Amounts in SEK th.	Note	2020	2019
Net sales	6	286,453	262,955
Other revenue	9	4,206	2,216
Change in inventories during manufacture and finished goods		-912	-2,319
Capitalised work for own account		3,232	6,518
Goods for resale, raw materials and consumables		-97,272	-85,637
Other external expenses	7, 12	-47,982	-46,142
Personnel expenses	8, 12	-137,579	-114,482
Depreciation of property, plant and equipment and amortisation of intangible assets		-23,015	-19,747
Other operating expenses	9	-1,744	-677
Operating profit/loss		**-14,613**	**2,685**
Financial income	10	5,471	702
Financial expenses	10	-9,407	-3,396
Profit/loss before tax		**-18,549**	**-9**
Tax expense for the year	11	-1,817	-6,790
Net profit/loss for the year		**-20,366**	**-6,799**
Net profit/loss attributable to:			
Shareholders in the Parent Company		-20,366	-6,799
Earnings per share, SEK	13		
Basic earnings per share		-0.06	-0.02
Diluted earnings per share		-0.06	-0.02

Consolidated statement of comprehensive income

Amounts in SEK th.	Note	2020	2019
Net profit/loss for the year		**-20,366**	**-6,799**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences in translation of foreign operations		-19,668	218
Items not to be reclassified to the income statement:			
Revaluation of the net pension obligation	25	-210	-241
Tax on the above		52	60
Comprehensive income for the year		**-40,192**	**-6,762**
Comprehensive income for the year attributable to:			
Shareholders in the Parent Company		-40,192	-6,762

Consolidated statement of financial position

Amounts in SEK th.	Note	31/12/2020	31/12/2019	01/01/2019
ASSETS				
Subscribed but not paid-up capital		–	–	2,806
Non-current assets				
Intangible assets	14	158,434	191,175	55,427
Property, plant and equipment	15	2,419	3,310	3,008
Right-of-use assets	16	4,659	22,175	13,005
Other non-current receivables	17	1,253	1,604	1,141
Deferred tax assets	18	5,603	6,627	6,930
Total non-current assets		**172,368**	**224,891**	**79,511**
Current assets				
Inventories	19	40,076	53,386	37,037
Trade receivables	20	42,178	56,654	32,079
Other receivables	21	12,746	10,219	13,172
Cash and cash equivalents	22	51,786	41,293	20,297
Total current assets		146,786	161,552	102,585
TOTAL ASSETS		**319,154**	**386,443**	**184,902**

Consolidated statement of financial position, cont

Amounts in SEK th.	Note	31/12/2020	31/12/2019	01/01/2019
SHAREHOLDERS' EQUITY	23			
Share capital		18,309	18,309	10,069
New share issue in progress		–	–	124
Other contributed capital		241,459	241,459	130,982
Translation reserve		-21,549	-1,881	-2,099
Retained earnings including profit for the year		-60,461	-39,937	-32,957
Total equity		**177,758**	**217,950**	**106,119**
Non-current liabilities				
Liabilities to credit institutions	24	24,742	38,305	3,500
Deferred tax liabilities	18	3,030	2,949	1,199
Provisions	25, 26	8,046	9,756	7,132
Conditional purchase considerations	27	–	–	1,985
Lease liabilities	16	1,677	14,852	9,111
Other non-current liabilities	28	19,311	14,062	9,525
Total non-current liabilities		**56,806**	**79,924**	**32,452**
Current liabilities				
Trade payables		14,110	19,468	12,826
Liabilities		1,036	–	–
Liabilities to credit institutions	24	14,226	17,657	2,000
Provisions	25, 26	3,834	–	442
Conditional purchase considerations	27	2,008	2,070	–
Lease liabilities	16	3,091	7,544	3,894
Other liabilities	30	46,285	41,830	27,169
Total current liabilities		**84,590**	**88,569**	**46,331**
TOTAL EQUITY AND LIABILITIES		319,154	386,443	184,902

Consolidated statement of changes in equity

Amounts in SEK th.	Share capital	New share issue in progress	Other contributed capital	Translation reserve	Retained earnings including profit for the year	Total equity
Opening balance, 1 January 2019, see Note 37	**10,069**	**124**	**130,982**	**-2,099**	**-32,957**	**106,119**
Net profit/loss for the year	–	–	–	–	-6,799	-6,799
Other comprehensive income	–	–	–	218	-181	37
Total comprehensive income	**–**	**–**	**–**	**218**	**-6,980**	**-6,762**
Transactions with owners:						
New share issue	8,240	-124	121,737	–	–	129,853
Transaction expenses, after tax	–		-11,260	–	–	-11,260
Total transactions with shareholders	**8,240**	**0**	**110,477**	**–**	**–**	**118,593**
Closing balance, 31 December 2019	**18,309**	**0**	**241,459**	**-1,881**	**-39,937**	**217,950**
Opening balance, 1 January 2020	**18,309**	**–**	**241,459**	**-1,881**	**-39,937**	**217,950**
Net profit/loss for the year	–	–	–	–	-20,366	-20,366
Other comprehensive income	–	–	–	-19,668	-158	-19,826
Total comprehensive income	**–**	**–**	**–**	**-19,668**	**-20,524**	**-40,192**
Closing balance, 31 December 2020	**18,309**	**–**	**241,459**	**-21,549**	**-60,461**	**177,758**

Consolidated statement of cash flows

Amounts in SEK th.	Note	2020	2019
Operating activities			
Operating profit/loss		-14,613	2,685
Adjustments for non-cash items	33	27,021	29,142
Interest paid		-3,326	-3,016
Interest received		21	32
Tax paid		0	-371
Tax received		354	1,006
Cash flow from operating activities before changes in working capital		**9,457**	**29,478**
Increase(-)/Decrease(+) in inventories		10,201	2,330
Increase(-)/Decrease(+) in operating receivables		8,348	28,438
Increase(-)/Decrease(+) in operating liabilities		-571	-56,392
Cash flow from operating activities		**27,435**	**3,854**
Investing activities			
Acquisition of subsidiaries, less acquired cash and cash equivalents		1,958	-137,800
Investments in property, plant and equipment		-542	-1,224
Investments in intangible assets		-3,168	-7,581
Disposals of property, plant, and equipment		0	8
Net of paid-in and repaid deposits		250	40
Cash flow from investing activities		**-1,502**	**-146,557**
Financing activities	33		
New share issue		–	118,332
Borrowings		7,666	52,941
Repayment of loans		-9,862	-8,416
Change in bank overdraft facilities		-2,077	6,477
Amortisation of lease liabilities		-5,588	-5,714
Cash flow from financing activities		**-9,861**	**163,620**
Cash flow for the period		**16,072**	**20,917**
Exchange rate differences in cash and cash equivalents		-5,579	79
Cash and cash equivalents at start of year		**41,293**	**20,297**
Cash and cash equivalents at year-end		**51,786**	**41,293**

Notes to the consolidated financial statements

Amounts in SEK th. unless otherwise specified

Note 1 • General information

TagMaster AB (publ.), Corp. ID No. 556487-4534, registered office in Stockholm, Sweden. The address of the Company's head office is Kronborgsgränd 11, SE-164 46 Kista, Sweden.

In this report, TagMaster AB (publ.) is referred to either by its full name or as the Parent Company. The Parent Company and its subsidiaries are referred to as TagMaster, the TagMaster Group or the Group.

All amounts are stated in thousands of Swedish kronor (SEK th.), unless otherwise indicated. Figures in parentheses refer to the preceding year.

TagMaster develops and sells advanced sensor systems and solutions based on radio, radar, magnetic and camera technologies for demanding environments. TagMaster works in two segments – Segment Europe and Segment USA – under the brands TagMaster and Sensys Networks. It offers innovative mobility solutions to increase efficiency, safety and convenience, and to reduce environmental impact in Smart Cities. TagMaster has subsidiaries in the UK, France and the USA, and exports mainly to Europe, the Middle East, Asia and North America through a global network of partners and system integrators.

TagMaster AB (publ.) is listed with its shares traded on the Nasdaq First North Premier Growth Market in Stockholm. TagMaster's Certified Advisor (CA) is FNCA Sweden.

The Annual Report and Consolidated financial statements were approved by the Board of Directors on26 March 2021. The Consolidated and Parent Company income statements and balance sheets will be presented for approval at the Annual General Meeting on 29 April 2021.

Note 2 • Summary of significant accounting policies

This note describes the major accounting principles applied in the preparation of these consolidated financial statements, to the extent they are not described in other notes.

Basis of preparation of the financial statements

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU. In addition, the Group applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Council Recommendation RFR 1, Supplementary Accounting Rules for Groups.

Cost method of accounting

In the consolidated financial statements, items have been measured at cost, except with regard to certain financial instruments measured at fair value.

Changes in accounting policies

This is the first Annual Report that TagMaster AB has prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS). Previously, the Group applied the Swedish Accounting Standards Board's general recommendation BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements ('K3').

The transition date to IFRS was set for 1 January 2019, and thus the comparative figures for the financial year 2019 have been restated in line with IFRS. A description and quantification of transition effects can be found in Note 37.

New IFRS not yet applied

New and amended IFRS for future application are not expected to have any material impact on the Group's financial statements.

Consolidated financial statements

The consolidated accounts comprise the Parent Company, TagMaster AB, and the companies over which the Parent Company has a controlling influence. A controlling influence exists when the Group is exposed to, or is entitled to, variable returns from its involvement in an entity and may use its influence over the entity to influence the size of its returns. A controlling influence normally exists where the Parent Company holds, directly or indirectly, shares representing more than 50 % of the voting rights.

Subsidiaries are included in the consolidated financial statements from the time of acquisition until the time when the Parent Company no longer has a controlling influence over the subsidiary. The accounting policies for subsidiaries have been adjusted, where necessary, to comply with the Group's accounting policies. All intra-Group transactions, balances and unrealised gains and losses attributable to intra-Group transactions have been eliminated in the preparation of the consolidated financial statements.

Changes in the Parent Company's participation in a subsidiary that do not result in a loss of controlling influence are recognised as equity transactions (i.e. as transactions with the Group's owners). Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and distributed among the owners of the Parent Company.

When the Parent Company loses a controlling influence over a subsidiary, the gain or loss on disposal is calculated as the difference between:
(i) the sum of the fair value of the consideration received and the fair value of any remaining holdings and
(ii) the previously carrying amounts for the assets of the subsidiary (including goodwill), and liabilities and any holdings without controlling interest.

The fair value of remaining holdings in the former subsidiary at the time when the controlling interest is lost is regarded as the fair value at initial recognition of a financial asset under IFRS 9 Financial Instruments: Recognition and measurement or, where applicable, the cost at initial recognition of an investment in an associate or jointly controlled entity.

Note 2, continued

Segment reporting

Operating segments are reported in a way that is consistent with the internal reporting that is made to the highest executive decision-maker. At TagMaster, the CEO is the highest executive decision-maker. For further information regarding the Group's segment reporting, see Note 5.

Foreign currency

Items included in the financial statements of the various units in the Group are recognised in the currency used in the primary economic environment in which each entity mainly operates (functional currency). In the consolidated financial statements, all amounts are translated into Swedish kronor (SEK), which is the Parent Company's functional currency and reporting currency.

Transactions denominated in foreign currency are translated in each unit to the unit's functional currency at the exchange rates prevailing on the date of the transaction. At each balance sheet date, monetary items in foreign currency are translated at the closing rate. Non-monetary items, measured at fair value in a foreign currency, are translated at the exchange rate on the date on which the fair value was determined. Non-monetary items, which are measured at historical cost in a foreign currency, are not translated.

Exchange rate differences are recognised in the income statement for the period in which they arise.

When preparing consolidated financial statements, the assets and liabilities of foreign subsidiaries are translated into Swedish kronor at the closing rate. Interest and expense items are translated at the average rate for the period. Any translation differences arising are recognised in other comprehensive income and transferred to the Group's translation reserve. When a foreign subsidiary is divested, such translation differences are recognised in the income statement as part of the capital gain.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of those activities and are translated at the closing rate.

Revenue from contracts with customers

The accounting policies applying specifically to the Group's revenue from contracts with customers are described in Note 6.

Tax

The tax expense consists of the sum of current tax and deferred tax.

Current tax is calculated on the taxable profit for the period. Taxable profit differs from the recognised profit or loss in the income statement, as it has been adjusted for non-taxable income and non-deductible expenses, as well as for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated according to the tax rates applying on the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax base used in the calculation of taxable profit or loss. Deferred tax is reported in accordance with the balance sheet method. Deferred tax liabilities are recognised in principle for all taxable temporary differences, and deferred tax assets are recognised in principle for all deductible temporary differences to the extent that it is likely that the amounts can used against future taxable profits. Deferred tax liabilities and tax assets are not recognised if the temporary difference is attributable to goodwill or if it arises as a result of a transaction that constitutes the first recognition of an asset or liability (which is not a business combination) and that, at the time of the transaction, affects neither recognised nor tax profit or loss.

A deferred tax liability is recognised for taxable temporary differences attributable to investments in subsidiaries, except where the Group can control the time of reversal of the temporary differences and where it is likely that such a reversal will not take place in the foreseeable future. The deferred tax assets attributable to deductible temporary differences in such investments are recognised only to the extent that it likely that the amounts can be used against future taxable profits and it is probable that such use will take place in the foreseeable future.

The carrying amount of deferred tax assets is examined at each closing date and reduced to the extent that it is no longer likely that sufficient taxable profits will be available to be used, in whole or in part, against the deferred tax asset.

Deferred tax is calculated at the rates expected to apply for the period in which the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been enacted or announced at the balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income tax charged by the same authority and when the Group intends to settle the tax with a net amount.

Current and deferred tax is recognised as an expense or income in the income statement, except where the tax is attributable to transactions recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or directly in equity. In the case of current and deferred tax arising from the recognition of business combinations, the tax effect is reported in the calculation of acquisition value.

Leases

The Group assesses whether a contract is or contains a lease at the beginning of the agreement. In principle, all of the Group's identified leases relate to rental premises. The Group recognises a right of use and a corresponding lease liability for all leases in which the Group is lessee. However, this does not apply to short-term leases (defined as leases with a term of 12 months or less) or to leases where the underlying asset is of a low value. For these leases, the Group recognises lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic approach better reflects how the economic benefits from the underlying asset are consumed by the lessee.

The lease liability is initially measured at the present value of the lease payments not made at the start date, discounted at the implicit interest rate of the lease. If this interest rate cannot be easily determined, the Group uses the marginal borrowing rate. The marginal borrowing rate is the interest rate that a lessee would have to pay for loan financing over a corresponding period, and with equivalent security, for the use of an asset in a similar economic environment.

Options are included in the lease term only if the exercise of an option for extension is considered reasonably certain, or if the exercise of a termination option is considered not to be reasonably certain. In order to reduce uncertainty for options that are far in the future, only the first option in time in a contract is included in the assessment. Management takes into account all available information that provides financial incentives to exercise an extension or termination option, such as the possibility of finding a suitable replacement location, removal expenses, existing improvements on another party's property or negotiation costs for entering into a new lease.

Lease payments included in the measurement of the lease liability include:
- fixed lease payments (including in-substance fixed payments) less any benefits;
- variable lease payments that are linked to an index or rate, initially measured using an index or rate at the date of initiation.

The lease liability is presented on a separate line in the consolidated statement of financial position.

After initial recognition, the lease liability is measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the associated right of use) if:
- the term of the lease has changed. In such cases, the lease liability is remeasured by discounting the amended lease payments at an amended discount rate;
- the lease payments change as a result of changes in an index or rate. In such cases, the lease liability is remeasured by discounting the amended lease payments at the initial discount rate (unless the changes in lease payments are due to a change in variable interest rates, when a change in discount rates is used instead), or
- a lease is amended and the amendment is not recognised as a separate lease. In these cases, the lease liability is remeasured by discounting the amended lease payments at an amended discount rate.

At the time of acquisition, the rights of use are recognised at the value of the corresponding lease liability, lease payments made at or before the start date and any initial direct expenses. In subsequent periods, they are measured at cost less accumulated amortisation and impairment losses.

Amortisation of rights of use takes place over the estimated useful life or over the agreed lease term, whichever is shorter.

Rights-of-use assets are presented on a separate line in the consolidated statement of financial position. The Group applies IAS 36 Impairment Losses to determine whether there is an impairment requirement for the right of use and in the same way as described in the principles for property, plant and equipment

Variable lease payments that are not due to an index or rate are not included in the measurement of the lease liability and the right of use. Such lease payments are recognised as an expense in the period in which they are incurred and are reported on the line Other external expenses in the consolidated income statement.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components from lease components and instead to recognise each lease component and associated non-lease components as a single lease component. The Group has chosen to apply this to rental premises.

Business combinations

Business combinations are recognised according to the acquisition method. The consideration paid for the business combination is measured at fair value at the time of acquisition, which is calculated as the sum of the fair values at the time of acquisition of the assets paid, liabilities incurred or assumed and issued equity interests in exchange for control of the acquired business. Acquisition-related expenses are recognised in the income statement when they arise.

The consideration paid also includes the fair value at the time of acquisition of the assets or liabilities resulting from an agreement on contingent purchase consideration. Changes in the fair value of a contingent purchase consideration arising from additional information obtained after the acquisition date concerning facts and circumstances that existed at the time of acquisition qualify as adjustments during the measurement period and are adjusted retroactively (within 12 months of the time of acquisition), with a corresponding adjustment of goodwill. A contingent purchase consideration classified as equity is not remeasured, and subsequent settlement is recognised within equity. All other changes in the fair value of a contingent purchase consideration are recognised in profit or loss.

The identifiable assets acquired and liabilities assumed are recognised at fair value at the date of acquisition with the following exceptions:
- Any deferred tax assets or liabilities and liabilities or assets attributable to the acquired entity's employee benefit agreement are recognised and measured in accordance with IAS 12 Income taxes and IAS 19 Employee Benefits.
- Liabilities or equity instruments attributable to the acquired entity’s share-based allocations or to the exchange of the acquired entity’s share-based allocations for the acquirer’s share-based allocations are measured at the acquisition date in accordance with IFRS 2 Share-based Payment.
- Assets (or disposal group) classified as held for sale under IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

In the case of business combinations where the sum of the consideration paid, any non-controlling interest, and fair value at the time of acquisition of previous shareholdings exceeds fair value at the date of acquisition of identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, it is recognised as a gain on a low-price acquisition directly in income after a review of the difference.

Goodwill

Goodwill arising in the preparation of consolidated accounts is the difference between cost and the Group's share of the fair value of an acquired subsidiary's identifiable assets and liabilities on the date of acquisition. At the acquisition date, goodwill is recognised at cost, and after the initial recognition date it is measured at cost less any accumulated impairment losses. When testing any need for impairment, goodwill is allocated to the smallest cash-generating units that are expected to benefit from the acquisition. Any impairment loss is recognised immediately as an expense and is not reversed.

Intangible assets

Internally generated intangible assets – Capitalised expenditure for product development

Internally generated intangible assets arising from the Group’s product development are recognised only if the following conditions are met:
- it is technically possible to complete the intangible asset and use or sell it;
- the entity’s intention is to complete the intangible asset and use or sell it;
- conditions apply to using or selling the intangible asset;
- the entity shows how the intangible asset will generate likely future economic benefits;
- adequate technical, economic and other resources are available

Note 2, continued

to complete the development and to use or sell the intangible asset;
- expenditure attributable to the intangible asset during its development can be reliably calculated.

If it is not possible to recognise an internally generated intangible asset, development expenses are recognised as an expense in the period in which they are incurred.

Acquisition as part of a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill when they meet the definition of an intangible asset and their fair values can be reliably calculated. The cost of such intangible assets is their fair value at the time of acquisition.

Note 14 describes the amortisation methods and useful lives applied with regard to intangible assets.

Property, plant and equipment
Property, plant and equipment is recognised at cost less accumulated depreciation and any impairment losses.

Cost consists of the purchase price, expenses that are directly attributable to the asset. All other costs of repairs and maintenance and additional expenses are recognised in the income statement in the period in which they are incurred.

The carrying amount for property, plant and equipment is derecognised in the balance sheet on retirement or disposal, or when no future economic benefits are expected from the use or retirement/disposal of the asset. Any gain or loss arising from the retirement or disposal of the asset, consisting of the difference between any net proceeds from the disposal and its carrying amount, is recognised in profit or loss in the period when the asset is derecognised in the balance sheet.

Note 15 describes the depreciation methods and useful lives applied with regard to property, plant and equipment.

Impairment losses on property, plant and equipment and intangible assets
At each balance sheet date, the Group analyses the carrying amounts for property, plant and equipment and intangible assets to determine whether there is any indication that these assets have decreased in value. If this is the case, the recoverable amount of the asset is calculated in order to determine the amount of any impairment loss. Where it is not possible to calculate the recoverable amount of an individual asset, the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indeterminable useful lives and intangible assets not yet ready for use are tested annually for any impairment loss, or when there is an indication of impairment. The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating value in use, the estimated future cash flow is discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks associated with the asset.

If the recoverable amount of an asset (or cash-generating unit) is determined as a value lower than the carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to the recoverable amount. An impairment loss is recognised immediately in the income statement.

When an impairment loss is then reversed, the carrying amount of the asset (the cash-generating unit) increases to the remeasured recoverable amount, but the increased carrying amount must not exceed the carrying amount that would have been determined if no impairment loss had been made on the asset (the cash-generating unit) in previous years. A reversal of an impairment loss is recognised directly in profit or loss. Impairment losses on goodwill or other intangible assets with indeterminable useful lives are not reversed.

Borrowing costs
Borrowing costs directly attributable to the purchase, construction or production of a qualifying asset, which is an asset that necessarily takes a significant amount of time to complete for the intended use or sale, form part of the cost of the asset, until the asset is for the most part ready for its intended use or sale. All other borrowing expenses are recognised in the income statement in the period in which they were incurred. TagMaster does not have any qualifying assets, and all borrowing expenses have therefore been expensed.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost consists of direct product costs, direct wages/salaries and attributable indirect production costs (based on normal production capacity). Weighted average prices have been used in determining the cost. Net realisable value is the estimated selling price less estimated costs of completion and estimated costs necessary to achieve a sale.

Trade receivables
Trade receivables are initially recognised at fair value and subsequently as amortised cost via the effective interest rate method, less any provision for impairment. For further information regarding the Group's accounting policies on trade receivables, see Note 20.

Cash and cash equivalents
Cash and cash equivalents in the statement of cash flows include cash, bank balances and other short-term investments. Other short-term investments are classified as cash and cash equivalents when they mature within three months of the date of acquisition, can easily be converted into cash in a known amount and are exposed to an insignificant risk of fluctuations in value.

Provisions
Provisions are recognised when the Group has an existing obligation (legal or constructive) as a result of a past event, it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount allocated is the best estimate of the amount required to settle the existing obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the payments expected to be required to settle the obligation, the recognised carrying amount corresponds to the present value of those payments.

Employee benefits
Employee benefits in the form of salaries, bonuses, paid leave, paid sick leave etc. and pensions are recognised as they are earned. With regard to pensions and other post-employment benefits, these are classified as defined-contribution or defined-benefit pension plans. The Group operates defined-contribution and defined-benefit pension plans.

Note 2, continued

Defined-contribution plans
In the case of defined-contribution plans, the Group pays defined contributions to a separate independent legal entity and has no obligation to pay additional fees. Expenses are charged against the Group's profit as the benefits are vested, which normally coincides with the time when premiums are paid.

Defined-benefit plans
The liability or asset recognised in the balance sheet for defined-benefit pension plans is the present value of the defined-benefit obligation at the end of the reporting period. The defined-benefit pension obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined-benefit obligation is determined by discounting estimated future cash flows at the interest rate for high-grade corporate bonds issued in the same currency in which the benefits will be paid with maturities comparable to that of the pension obligation in question. This expense is included in personnel costs in the income statement.

Re-measurement gains and losses resulting from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income during the period in which they arise. They are included in the retained earnings in the statement of changes in equity and on the balance sheet. Expenses relating to service in previous periods are recognised directly in the income statement.

For further information regarding the Group's pensions, see Note 25.

Government grants
Government grants are recognised in the statement of financial position when there is reasonable certainty that the Group will satisfy the conditions associated with the grant and the grant will be received. The grants are recognised as Other income when they are intended to cover costs. For further information regarding government grants, see Note 9.

Government loans
Government loans that may be provided if certain conditions are satisfied are recognised as Other income when these conditions are satisfied and it is considered reasonably certain that the loans will be provided. For further information, see Note 28.

Note 3 • Key sources of uncertainty in estimates

The key assumptions about the future and other important sources of uncertainty in estimates at the balance sheet date, that involve a significant risk of material adjustments in carrying amounts for assets and liabilities during the following financial year are presented below.

Impairment testing of goodwill
The Group examines annually whether there is a need for impairment of goodwill. The recoverable amount for the cash-generating units to which goodwill has been allocated is determined on the basis of the calculation of value in use. Calculating value in use requires management to make estimates as to important assumptions such as future revenues, profit margins, investment levels and discount rates. The calculations are based on cash flow forecasts based on budgets and forecasts for the next five years. The profit margin and the level of investment used are consistent with the historical levels of that entity. The growth rate used is consistent with industry forecasts for the cash-generating unit. The assumptions are produced by management and reviewed by the Board of Directors. For sensitivity analyses, see Note 14.

Acquisition of businesses (business combinations)
The measurement of identifiable assets and liabilities in connection with the acquisition of businesses includes both items on the balance sheet of the acquired company and items that have not been recognised on the balance sheet of the acquired company, such as intangible assets, of various types measured at fair value. Identification must first be made of which intangible fixed assets may have a value, such as customer relationships, trademarks and technology that has been developed. There are normally no quoted prices for the assets and liabilities to be measured, so different measurement techniques have to be applied. These measurement techniques are based on a number of different assumptions such as future cash flows, growth rate for revenue items, gross and EBITDA margins, tax rates and discount factors. Measurements of this kind include a large number of assessments, all of which must be carefully reviewed, calculated and analysed. This also means that a preliminary measurement may need to be performed and then adjusted. All acquisition costings are subject to final adjustment no later than one year after the acquisition date.

Measurement of loss carry-forwards
Deferred tax assets relating to deductible temporary differences and loss carry-forwards are recognised only to the extent that they are likely to be used. Material assessments are required to estimate future tax surpluses and when these will occur. The measurement of loss carry-forwards and the Group's ability to use loss carry-forwards are based on management's estimates of future taxable income in the subsidiaries. At 31 December 2020, the Group had loss carry-forwards totalling approximately SEK 327 million (339), of which SEK 76,7 million (99,8) was taken into account in calculation of the deferred tax asset.

Provisions for post-employment benefits
Because provisions for post-employment benefits concern obligations that will be settled in the future, assumptions must be made in order to calculate such obligations. These calculations are performed by actuaries. The calculations are based on assumptions as to economic variables, such as discount rate, salary increases and inflation, as well as demographic variables such as life expectancy. As a result, the assumptions are subject to critical estimates and assessments. On the balance sheet date, Provisions for post-employment benefits totalled SEK 4.4 million (4.9). For further information, see Note 25.

Note 3, continued

Important assessments in application of the Group's accounting policies

The following sections describe the key assessments, other than those that include estimates (see above) that have been made by management in application of the Group's accounting policies and that have the most significant effect on the carrying amounts in the financial statements.

Intangible assets – capitalisation of development expenditure

The Group engages in development activities. An intangible asset arising from development is recognised as an asset in the balance sheet only if all the conditions set out in IAS 38 are met.

In each development project, the Group's Product Strategy Board (PSB), which includes the Group's CEO, CTO and Sales Director, decides on an ongoing basis as to whether the conditions exist for selling the finished product and whether the technical competence and financial resources exist to complete the project.

Based on the positions adopted by the PSB, Group management makes a judgement as to whether the necessary technological knowledge and financial strength exist to turn the capitalised intangible assets into marketable products. The market for future products is judged to be the same market as for the Group's products that are sold on today.

Note 4 • Financial risks and risk management

Financial risks can primarily be divided into the following categories: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Market risks

Currency risk

Currency risk is the risk of the Group's financial performance and equity being adversely affected due to changes in exchange rates. The Group is exposed to two types of currency risk: transaction exposure and translation exposure.

Transaction exposure concerns currency risk attributable to the Group's payment flows in foreign currency. Approximately 91 percent (93) of the Group's sales in 2020 were transacted in a currency other than SEK. Of the total external purchases (goods for resale and other external costs), approximately 83 percent (77) were transacted in a foreign currency. Price clauses are included in sales agreements to reduce the risk of there being an adverse effect on the Group's financial performance and position due to currency fluctuations. To the same end, every effort is made to achieve a balance between the selling currency and buying currency.

The biggest single currency risk in terms of income is associated with the USD loan raised for the acquisition of Sensys Networks Inc. If on the balance sheet date, the Swedish krona had weakened/strengthened by 10 percent against the US dollar, all other variables being constant, recalculation of the loan would have had an impact of SEK 3,521 thousand (5,031) in pre-tax income for the year.

Translation exposure is the risk to which the Group is exposed on translation of the income statements and balance sheets of the foreign subsidiaries into the Group's presentation currency (SEK).

Fluctuations in exchange rates therefore has an impact on the Group's income when the income statements of these subsidiaries are translated into Swedish kronor.

In the event of a change of 10 percent in the currency during the year, all other variables being constant, recalculation of the income statements of the subsidiaries would have the following impact on the Group's income on an annualised basis:

	+/-10%	
Currency	**2020**	**2019**
EUR	1,830	380
GBP	145	550
USD	985	1,200

Income in 2020 for the companies translated from EUR and USD to SEK was negative in the financial year, indicating that strengthening of the currency would have negative impact on the Group's income.

To manage this risk with regard to the subsidiary Sensys Networks, the loan that partially financed the acquisition is recognised in USD. Hedge accounting was not used, as a result of which translation differences attributable to the acquisition loan are recognised within the Group's net financial items.

Interest rate risk

The Group's interest rate risk is primarily associated with interest-bearing liabilities, which amounted to SEK 38,968 thousand (55,962) on the balance sheet date. The interest rate is LIBOR interest plus a margin of between 2.15 and 3.15 percentage points, determined by the metric net debt divided by consolidated EBITDA (operating profit excluding depreciation and amortisation). In order to manage the interest rate risk, the LIBOR rate has been hedged at 1.65 percent with an interest rate swap. The hedged amount is 80 percent of the original liability of USD 5.7 million.

Credit risk

Historically, the Group's credit losses have been low. Customers are, however, served in several countries with differing payment cultures. This has led to longer terms of payment and thus a higher credit risk. There are procedures in place to check and follow up on the financial situation of new and existing customers in order to manage the risk of bad debt. A customer credit insurance policy covers most customers, and if the credit rating is not considered sufficiently high, payment in advance is required before delivery. For further information, including age analysis of outstanding trade receivables, see Note 20.

Liquidity risk

The Group is always working to improve its liquidity and has overdraft facilities in place to offset the liquidity risk. At 31 December 2020, available liquidity was SEK 83,952 thousand (74,767), of which bank overdraft facilities totalled SEK 32,166 thousand (33,474.). The bank loan in USD is subject to financial commitments – covenants – which the Group is obliged to meet on a quarterly basis. The covenants by which TagMaster is measured are:

- Equity ratio
- Net debt in relation to consolidated EBITDA (rolling twelve months)

Note 4, continued

TagMaster met these key performance indicators by a wide margin at year-end 2020.

The available liquidity is deemed sufficient to meet the Group's known future commitments. Further capital injections may, however, be necessary if we are to achieve the Group's growth ambitions through acquisitions. The table below illustrates the Group's financial liabilities, classified by relevant maturities based on the remaining time to maturity on the balance sheet date, until the contractual date of maturity. The amounts are undiscounted and include interest payments. Variable interest flows with future interest-rate setting days are based on interest rates and margins prevailing at year-end. Cash flows in foreign currency are translated to Swedish kronor at the rates on the balance sheet date.

Effects of the coronavirus pandemic

TagMaster continually monitors risks arising from the coronavirus pandemic, and measures are taken on ongoing basis to mitigate their effects. The Group has a high level of preparedness and a continued focus on employees, customers and business partners, with health and safety the top priority. It also maintains a focus on cost control and cash flow.

	Maturity date			
31 December 2020	**Within 3 mths**	**Between 3 mths and 1 year**	**Between 2 and 5 years**	**Total**
Liabilities to credit institutions	7,192	8,168	26,628	41,989
Other non-current liabilities	–	–	13,825	13,825
Conditional additional purchase considerations	–	2,008	–	2,008
Trade payables and other liabilities	19,761	5,267	–	25,028
Total	**26,953**	**15,443**	**44,547**	**82,850**

	Maturity date			
31 December 2019	**Within 3 mths**	**Between 3 mths and 1 year**	**Between 2 and 5 years**	**Total**
Liabilities to credit institutions	9,813	9,689	41,976	61,478
Other non-current liabilities	–	–	8,441	8,441
Conditional additional purchase considerations	–	2,089	–	2,089
Trade payables and other liabilities	25,434	5,466	–	30,900
Total	**35,247**	**17,244**	**50,417**	**102,908**

For more information on classification of the effects of financial assets and liabilities on income, see Note 10.

Note 5 • Segment reporting

An operating segment is part of an entity that conducts business activities from which it can receive revenue and incur costs, the operating results of which are regularly reviewed by the entity's highest executive decision-maker, and for which independent financial information is available. The Company's reporting of operating segments is consistent with internal reporting to the highest executive decision-maker. The highest executive decision-maker is the function that assesses the operating segments' performance and decides on the allocation of resources. TagMaster's highest executive decision-maker is the CEO.

The Group's operations consist mainly in developing and supplying hardware and software based on advanced sensor technology in RFID (Radio Frequency Identification) Radar, ANPR (Automatic Number Plate Recognition) and Wireless Magnetic (Wireless Magnetic Sensor Systems). Internal follow-up of operations is carried out by country by the Group's highest executive decision maker. Each country is therefore an operating segment. However, in the different countries similar products are sold through similar sales channels to similar customers. Several countries have similar economic characteristics. For the European units, development activities and marketing and sales organisations are integrated. Against this background, the European countries can be merged in segment reporting according to IFRS 8. Consequently, the Group's reportable segments are TagMaster Europe and TagMaster USA.

The effects of recognition of leases under IFRS 16 and capitalisation of development expenditure in accordance with IAS 38 are not allocated to the segments in internal accounting. In the table below, these items are shown in the Central column. In the 2019 financial year, the item Central also includes transaction costs of SEK -4.2 million relating to the acquisition of Sensys Networks Inc. Otherwise, the results for the segments are recognised according to the same accounting policies as for the Group.

The gross profit margin, EBITDA and EBITDA adjusted for non-recurring items ("Adjusted EBITDA") are the performance metrics that are reported to the highest executive decision-maker and that form the basis for allocating resources and evaluating performance in the Group. Financial income, financial expenses and income tax are managed at Group level. The difference between the total of the segments' EBITDA and the Group's operating income is attributable to amortisation and depreciation of intangible assets and property, plant and equipment totalling SEK 23.0 million (19.7). The difference between the total of the segments' operating income and the Group's profit before tax is attributable to financial income of SEK 5.5 million (0.7) and financial expenses of SEK 9.4 million (3.4).

Working capital is defined as the total of inventories, trade receivables and other receivables, less trade payables and other payables.

Cross-segment transactions are performed on standard commercial terms.

No individual customer represents more than 10 percent of net sales.

Note 5, continued

2020	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	154,564	131,889	–	–	286,453
Cross-segment transactions		635	–	-635	0
	154,564	**132,524**	**–**	**-635**	**286,453**
Gross profit	**94,216**	**94,053**	**–**	**–**	**188,269**
Adjusted EBITDA	**3,921**	**13,797**	**9,611**	**–**	**27,329**
Non-recurring items	-10,615	-8,312	–	–	-18,927
EBITDA	**-6,694**	**5,485**	**9,611**	**–**	**8,402**
Depreciation of property, plant and equipment and amortisation of intangible assets	-6,909	-16,106	–	–	-23,015
Operating profit/loss	**-13,603**	**-10,621**	**9,611**	**–**	**-14,613**
Working capital[1]	13,098	14,329	7,178	–	34,605
Investments in intangible assets	3,168	–	–	–	3,168
Investments in property, plant and equipment	220	322	–	–	542
Other segment information					
Gross profit margin, %	61.0	71.0	–	–	65.7
Adjusted EBITDA margin, %	2.5	10.4	–	–	9.5
EBITDA margin, %	-4.3	4.1	–	–	2.9
Non-recurring items:					
Expenses attributable to efficiency programme	-6,609	–	–	–	-6,609
Acquisition-related expenses	-4,006	–	–	–	-4,006
Retention bonus	–	-8,312	–	–	-8,312
Number of employees at year-end	62	37	–	–	99

2019	TagMaster Europe	TagMaster USA	Central	Total Group
Revenue				
External revenue	188,085	74,870	–	262,955
	188,085	**74,870**	**–**	**262,955**
Gross profit	**121,936**	**53,063**	**–**	**174,999**
Adjusted EBITDA	**17,312**	**5,251**	**13,488**	**36,051**
Non-recurring items		-9,471	-4,148	-13,619
EBITDA	**17,312**	**-4,220**	**9,340**	**22,432**
Depreciation of property, plant and equipment and amortisation of intangible assets	-9,428	-10,319		-19,747
Operating profit/loss	**7,884**	**-14,539**	**9,340**	**2,685**
Working capital[1]	34,482	17,161	7,318	58,961
Investments in intangible assets	6,383	142,102	–	148,485
Investments in property, plant and equipment	969	255	–	1,224
Other segment information				
Gross profit margin, %	64.8	70.9	–	66.6
Adjusted EBITDA margin, %	9.2	7.0	–	13.7
EBITDA margin, %	9.2	-5.6	–	8.5
Non-recurring items:				
Retention bonus and other acquisition-related expenses	–	-9,471	-4,148	-13,619
Number of employees at year-end	78	37	–	115

1 Items with adjustments at Central level are contractual liabilities and pension provisions.

Note 5, continued

Geographical information

The Group operates primarily in Sweden, the United Kingdom, France and the United States. Information on revenue from external customers is based on where our Group companies are located.

	Revenue from external customers		Non-current assets	
	2020	2019	2020	2019
Sweden	68,668	77,995	4,291	6,691
United Kingdom	42,072	44,776	28,101	28,809
France	43,824	65,314	31,571	36,678
United States	131,889	74,870	101,549	144,482
Group	**286,453**	**262,955**	**165,512**	**216,660**

Note 6 • Revenue from contracts with customers

Revenue is recognised at an amount that reflects expected remuneration and remuneration to which the entity is entitled for the transfer of goods and services to customers. TagMaster recognises revenue when the Group transfers control of a product or service to a customer.

Under the terms of a very limited number of the Group's contracts, the customer has the right of return. In these cases, the transaction price thus includes what IFRS 15 refers to as variable consideration. Variable consideration shall be recognised only to such an extent that it is highly likely that a material part of the revenue will not need to be reversed in the future. Since, on the basis of historical data, it is not considered likely that a material portion of the revenue resulting from sales to customers with a right of return will need to be reversed, no liability for returns is recognised.

TagMaster mainly sells hardware and software to customers along with related services such as customisation and technical support. It happens that contracts with customers include several different products and services, while software and technical support in other contracts are sold separately. Where the contracts contain several performance obligations, the transaction price is allocated to each separate performance obligation, based on their individual sales price.

If recognised revenue exceeds the payment for a performance obligation, a contractual asset is recognised, and if the payment exceeds recognised income from a performance obligation, a contractual liability is recognised. TagMaster normally has 30–60 days as payment terms on issued invoices.

In all material respects, the Group does not expect to have any contracts where the time between the handover of the goods or services to the customer and the payment from the customer exceeds one year. As a result, the Group does not adjust the transaction price for the effects of a significant financing component. A description of the Group's performance obligations follows below.

	1 January 2020 – 31 December 2020			1 January 2019 – 31 December 2019		
Breakdown of revenue from contracts with customers	**TagMaster Europe**	**TagMaster USA**	**Total Group**	**TagMaster Europe**	**TagMaster USA**	**Total Group**
Geographical region[1]						
Sweden	3,157	–	3,157	2,606	–	2,606
EMEA	92,748	51,467	144,215	126,069	40,576	166,645
Asia Pacific	27,731	3,221	30,952	29,496	–	29,496
Americas	30,928	77,201	108,129	29,914	34,294	64,208
Total	**154,564**	**131,889**	**286,453**	**188,085**	**74,870**	**262,955**
Customer category						
Traffic Solutions	103,634	131,889	235,523	124,312	74,870	199,182
Rail Solutions	50,930	–	50,930	63,773	–	63,773
Total	**154,564**	**131,889**	**286,453**	**188,085**	**74,870**	**262,955**
Time of revenue recognition						
At a particular time	149,078	128,797	277,875	183,693	70,981	254,675
Over time	5,486	3,092	8,578	4,392	3,889	8,280
Total	**154,564**	**131,889**	**286,453**	**188,085**	**74,870**	**262,955**

1 Geographical region where the customer is located.

Note 6, continued

Hardware and pre-installed software

TagMaster sells hardware based on advanced sensor technology in RFID (Radio Frequency Identification) Radar, ANPR (Automatic Number Plate Recognition) and Wireless Magnetic (wireless magnetic sensor systems). Hardware is sold together with pre-installed software. The hardware is not considered functional without the pre-installed software. Hardware and pre-installed software (the package) are therefore considered together to be a separate performance obligation. The customer can use the software from the point when the hardware is delivered to the customer. Revenue from the sale of hardware and software is recognised at the time when control of the goods is transferred to the customer, which normally occurs when the risk has been transferred to the customer based on the shipping terms applied. Over time, there may be minor software updates. Since these are not considered to be critical to the product's operation, the assessment of the time at which the control of hardware and software has been transferred to the customer is not affected.

Payment from the customer is normally received in arrears, and TagMaster therefore recognises a contractual asset from the sale of hardware with pre-installed software. Any hardware customisations are not considered to be a separate identifiable performance obligation. The revenue is thus recognised at the time when control of the product is transferred to the customer.

Sales of hardware also include a standard warranty where TagMaster guarantees that the hardware sold will function in accordance with the specification agreed. The Group therefore recognises warranties in accordance with IAS 37, see section on "Provisions" in Note 1 for policies applied and Note 26 for further information.

Software

TagMaster sells cloud-based management software. The software is sold to customers separately from other goods and services, and although there are minor software updates over time they are not considered critical for the software to work. Sale of software is therefore regarded as a separate performance obligation, where revenue from sale of software is recognised at the time when control is transferred to the customer, which normally occurs when TagMaster makes the software available to the customer. Payment from the customer is normally received in arrears, and TagMaster therefore recognises a contractual asset from the sale of software.

Technical support

Technical support is provided online or over the phone when and where it is needed during the contract period. The use of technical support does not vary significantly between different months, and the customer pays the same amount regardless of the number of times the service is used. Revenue from technical support is recognised on a straight-line basis over the contract period, usually two years. Payment from the customer is received in advance, and TagMaster therefore normally recognises a contractual liability from the sale of technical support.

Breakdown of revenue from contracts with customers

Contract balances

Group	31/12/2020	31/12/2019
Trade receivables	42,178	56,654
Advance payments from customers	-7,101	-1,921
Contract liabilities	-7,803	-9,263

Contract liabilities consist of prepaid income for technical support and installation services.

Transaction price allocated to remaining performance obligations

Group	31/12/2020	31/12/2019
Less than one year from balance sheet date	9,418	3,642
More than one year but less than five years from balance sheet date	5,486	5,621
More than five years from balance sheet date	0	0

Change in contract liabilities for the year

Group	31/12/2020	31/12/2019
Opening balance	9,263	534
Taken over at acquisition	–	9,054
Added during the year	8,131	7,746
Recognised as income during the year	-8,578	-8,280
Translation difference for the year	-1,013	209
Closing balance	**7,803**	**9,263**

Note 7 • Remuneration to auditors

Fees and expenses

	2020	2019
Mazars		
Audit assignment	1,535	1,284
Tax advisory services	47	24
Other services	47	340
	1,629	**1,648**
Other audit firm		
Audit assignment	1,121	632
Other services	156	150
	1,277	**782**
Total	**2,906**	**2,430**

"Audit assignment" consists of statutory auditing of the annual accounts, consolidated accounts and accounting records, as well as of the administration by the board of Directors and the CEO.

Note 8 • Employees, personnel expenses and fees to Board members

Average number of employees	2020 Number of employees	2020 Of whom, men	2019 Number of employees	2019 Of whom, men
Parent Company				
Sweden	19	15	19	15
Subsidiaries				
United Kingdom	24	21	22	19
France	31	20	38	20
United States	37	33	41	36
Total, subsidiaries	**92**	**74**	**101**	**75**
Total, Group	**111**	**89**	**120**	**90**

Gender distribution, senior executives	2020 Women	2020 Men	2019 Women	2019 Men
Board of Directors	1	5	0	5
CEO and other Company management	2	7	2	6

Breakdown of salaries and remuneration, by senior executives and other employees SEK th.	Board, CEO and other senior executives 2020	Board, CEO and other senior executives 2019	Other 2020	Other 2019	Total 2020	Total 2019
Parent Company	8,538	7,810	10,011	9,323	18,549	17,133
Subsidiaries	8,136	5,990	80,034	61,114	88,170	67,104
Total, Group	**16,674**	**13,800**	**90,045**	**70,437**	**106,719**	**84,237**

	Salaries and other remuneration 2020	Salaries and other remuneration 2019	Social security contributions 2020	Social security contributions 2019	(of which, pension expenses) 2020	(of which, pension expenses) 2019
Parent Company	18,549	17,133	9,581	9,164	3,420	3,131
Subsidiaries	88,170	67,104	21,174	14,584	2,617	2,768
Total, Group	**106,719**	**84,237**	**30,755**	**23,748**	**6,037**	**5,899**

Remuneration to the Board, CEO and other senior executives SEK th.	2020 Fee/salary	2020 Variable remuneration	2020 Pension expense	2020 Other	2019 Fee/salary	2019 Variable remuneration	2019 Pension expense	2019 Other
Chairman, Rolf Nordberg	350	–	–	–	350	–	–	–
Board member, Margareta Hagman	125	–	–	–	–	–	–	–
Board member, Örjan Johansson	–	–	–	–	125	–	–	–
Board member, Magnus Jonsson	125	–	–	–	125	–	–	174
Board member, Gert Sviberg	125	–	–	–	125	–	–	–
Board member, Juan Vallejo	125	–	–	–	125	–	–	–
CEO, Jonas Svensson	2,648	600	605	–	2,717	600	576	–
Other senior executives (8)	10,709	1,867	1,128	– –	8,145	1,314	1,435	–
Total	**14,207**	**2,467**	**1,733**	**–**	**11,712**	**1,914**	**2,011**	**174**

The CEO has a notice period of six months in the event of voluntary resignation. Should employment be terminated by the Company, a notice period of 12 months applies.

Note 9 • Other income and operating expenses

Other revenue	2020	2019
Exchange rate differences	178	0
Grants	1,215	1,514
Temporary lay-off support	2,173	–
Other	640	702
Total	**4,206**	**2,216**

Other operating expenses	2020	2019
Exchange rate differences	-982	
Other	-762	-677
Total	**-1,744**	**-677**

Grant of SEK 1,215 th. (1,514) refers to a research grant to the USA subsidiary from the University of Berkeley, California, United States.

Note 10 • Result from financial items

Financial income	2020	2019
Exchange rate gain on liabilities to credit institutions	5,238	618
Exchange gain on additional purchase consideration	76	–
Exchange gains on non-current liabilities to subsidiaries	136	–
Revaluation of interest rate swaps	–	27
Other interest income	21	57
Total	**5,471**	**702**

Financial expenses	2020	2019
Interest expenses	-2,507	-2,050
Interest expenses, lease liabilities	-275	-598
Exchange loss on additional purchase consideration	–	-31
Exchange rate losses on non-current receivables from subsidiaries	-5,201	-183
Revaluation of interest rate swaps	-758	–
Net interest, pensions	-21	-53
Other financial expenses	-645	-481
Total	**-9,407**	**-3,396**

Note 11 • Tax expense for the year

	2020	2019
Current tax	-682	-1,596
Deferred tax	-1,135	-5,194
Total	**-1,817**	**-6,790**

Theoretical tax		
Pre-tax profit recognised	-18,549	-9
Tax at current rate, 21.4%	3,969	2

Reconciliation of tax recognised	2020	2019
Effect of overseas tax rate	1,488	-602
Tax effect of non-deductible expenses	31	-2,645
Effect of non-taxable income	0	0
Effect of other adjustments to profit on consolidation	41	-258
Effect of tax loss carry-forwards not assigned a value	-8,550	-4,955
Effect of previously utilised unvalued loss carry-forwards	969	–
Effect of previous year's tax loss carry-forwards assigned a value	–	3,265
Effect from previous years	-119	–
Effect of change in tax rate	0	–
Other*	354	-1,597
Total	**-1,817**	**-6,790**

*In the 2019 financial year, the item consisted for the most part of a revaluation of previously recognised tax assets based on development expenditure incurred, in accordance with tax rules in France. The revaluation arises from changes in tax rules in France.

Note 12 • Non-recurring items

	2020	2019	Recognised in income statement as:
Expenses attributable to TagMaster Europe efficiency programme	3,684	–	Personnel expenses
Expenses attributable to TagMaster Europe efficiency programme	2,925	–	Other external expenses
Retention bonus relating to acquisition of Sensys Networks Inc.	8,312	9,471	Personnel expenses
Acquisition-related expenses	4,006	4,148	Other external expenses
Total	**18,927**	**13,619**	

In the 2020 financial year, acquisition-related expenses consist of expected future compensation payments regarding design deviations originating from a transaction that TagMaster France entered into before the subsidiary was acquired by TagMaster AB.

Note 13 • Earnings per share

	2020	2019
Earnings per share, basic and diluted		
Carrying amount attributable to shareholders in the Parent Company	-20,366	-6,762
Profit for calculation of earnings per share, SEK th.	-20,366	-6,762
Average number of shares outstanding, basic and diluted, thousands	366,188	294,468
Earnings per share, basic and diluted, SEK	**-0.06**	**-0.02**

Earnings per share are the same, basic and diluted, as there are no financial instruments outstanding that may result in dilution.

Note 14 • Intangible non-current assets

	Goodwill	Goodwill associated with assets and liabilities	Capitalised development expenditure	Customer relationships	Trademarks	Total Group
At 1 January 2019						
Cost of acquisition, opening balance	38,632	9,125	21,929	–	–	69,689
Accumulated amortisation	–	–	-14,259	–	–	-14,259
Carrying amount	**38,632**	**9,125**	**7,670**	**–**	**–**	**55,427**
1 January – 31 December 2019						
Carrying amount, opening balance	38,632	9,125	7,670	–	–	55,427
Business combinations	47,007	–	30,487	57,163	6,669	141,326
Acquisitions during the year	–	–	7,159	–	–	7,159
Amortisation for the year	–	–	-7,692	-4,735	–	-12,427
Translation difference for the year	862	141	23	-1,189	-147	-310
Carrying amount	**86,501**	**9,266**	**37,647**	**51,239**	**6,522**	**191,175**
At 31 December 2019						
Cost	86,501	9,266	60,450	56,303	6,522	236,793
Accumulated amortisation	–	–	-22,803	-5,064	–	-45,618
Carrying amount	**86,501**	**9,266**	**37,647**	**51,239**	**6,522**	**191,175**
1 January – 31 December 2020						
Carrying amount, opening balance	86,501	9,266	37,647	51,239	6,522	191,175
Business combinations	-1,841	–	–	–	–	-1,841
Acquisitions during the year	–	–	3,168	–	–	3,168
Amortisation for the year	–	–	-8,307	-7,897	–	-16,204
Translation difference for the year	-8,154	-353	-3,233	-5,334	-790	-17,864
Carrying amount	**76,506**	**8,913**	**29,275**	**38,008**	**5,732**	**158,434**
At 31 December 2020						
Cost	76,506	8,913	57,626	49,132	5,732	197,909
Accumulated amortisation	–	–	-28,351	-11,124	–	-39,475
Carrying amount	**76,506**	**8,913**	**29,275**	**38,008**	**5,732**	**158,434**

Note 14, continued

Amortisation methods and useful lives

Goodwill

Goodwill is an asset with an indeterminable useful life and is recognised at fair value at the time of acquisition and subsequently at cost less any accumulated impairment losses.

Capitalised development expenditure – internally generated

Development of new technology platforms is capitalised on an ongoing basis over the development period. Applications based on existing technology platforms, such as RFID, radar, ANPR cameras and wireless magnetic, are treated as modifications of the core products. Modifications of technology platforms for various sensor applications are not capitalised.

After initial recognition, internally generated intangible assets are recognised at cost less accumulated depreciation and any accumulated impairment losses. Capitalised development expenditure is amortised on a straight-line basis over the useful life. The estimated useful life is 5 or 7 years. Estimated useful lives and amortisation methods are reviewed at least at the end of each financial year, and the effect of any changes in assessments is reported prospectively.

Research expenditure is expensed in the period in which it is incurred.

Acquisition as part of a business combination

After initial recognition, intangible assets acquired in a business combination are recognised at cost less accumulated amortisation and any accumulated impairment losses in the same way as separately acquired intangible assets. Acquired intangible assets are amortised on a straight-line basis over their estimated useful life. The useful life is as follows:

Customer relationships	7 years
Capitalised product development expenditure	5–7 years

Trademarks are deemed to be an asset with an indeterminable useful life and are recognised at fair value at the time of acquisition and subsequently at cost less any accumulated impairment losses.

Testing for impairment of goodwill and other intangible assets with an indeterminable useful life

Goodwill and other intangible assets with an indeterminable useful life, acquired via business combinations, have been allocated to four cash-generating units (CGUs) as shown below. The cash-generating units consist of TagMaster's segments.

	31/12/2020	31/12/2019
Sweden	0	0
United Kingdom	20,895	23,019
France	25,759	26,782
USA[1]	44,497	52,488
	91,151	**102,289**

1 Of which, acquired brand valued at SEK 5,732 th. (6,522)

Goodwill and other intangible assets with an indeterminable useful life are tested for impairment every year, or more often if there is any indication of impairment. When testing for any impairment, the value of such assets is allocated to the smallest cash-generating units that are expected to benefit from the acquisition. Any impairment loss is recognised immediately as an expense and is not reversed.

Calculation of the recoverable amount is based on estimated future cash flows before tax, in turn based on budgets and forecasts approved by Company management. The cash flow forecasts are calculated using an assessment of an expected rate of growth and increase in the EBITDA margin, based on the budget for the following year and forecasts and expectations for the next four years. Estimated values in use are most sensitive to changes in assumptions for rate of growth, gross profit margin, EBITDA margin and discount rate. The assumptions used are based on past experience and anticipated market trends. The cash flow forecasts for years two–five are based on an annual growth rate of between 7 and 8 percent. The growth rate does not exceed the long-term growth rate indicated by sector reports for the markets in which the cash-generating units concerned operate. No annual growth rate has been assumed for cash flows beyond the five-year period.

The discount rate used in calculation of the recoverable amount is 11 percent. The required rate of return has been established against the background of the Group's present capital structure and reflects the risks applying to the different operating segments. The discount rate corresponds to the WACC used by the analysts who follow the Company. According to impairment tests carried out, no impairment requirement existed for goodwill and other intangible assets with an indeterminable useful life on 31 December 2020. Sensitivity analyses have been drawn up separately for each cash-generating unit. An increase of two percentage points in the discount rate, a decrease of two percentage points in the gross profit margin or a decrease of two percentage points in the assumed rate of growth, would not in any of these cases lead to any impairment requirement for any of the cash-generating units at 31 December 2020.

Note 15 • Property, plant, and equipment

	Land and buildings	Leasehold improve-ments	Equipment, tools, fixtures and fittings	Total Group
At 1 January 2019				
Cost of acquisition, opening balance	825	2,530	12,378	15,733
Accumulated depreciation	-825	-2,370	-9,530	-12,725
Carrying amount	**0**	**160**	**2,848**	**3,008**
1 January – 31 December 2019				
Carrying amount, opening balance	0	160	2,848	3,008
Purchases	–	–	1,224	1,224
Taken over at acquisition	–	–	284	284
Sales and disposals	–	–	-284	-284
Depreciation for the year	–	-169	-1,199	-1,368
Translation difference for the year	–	9	437	446
Carrying amount	**0**	**0**	**3,310**	**3,310**
At 31 December 2019				
Cost	825	2,748	14,020	17,593
Accumulated depreciation	-825	-2,748	-10,710	-14,283
Carrying amount	**0**	**0**	**3,310**	**3,310**
1 January – 31 December 2020				
Carrying amount, opening balance	0	0	3,310	3,310
Purchases	–	–	542	542
Sales and disposals	–	0	–	0
Depreciation for the year		–	-1,313	-1,313
Translation difference for the year	–	0	-120	-120
Carrying amount	**0**	**0**	**2,419**	**2,419**
At 31 December 2020				
Cost	825	865	10,057	11,747
Accumulated depreciation	-825	-865	-7,638	-9,328
Carrying amount	**0**	**0**	**2,419**	**2,419**

Depreciation of property, plant and equipment is expensed so that the cost of the asset, where appropriate less estimated residual value at the end of its useful life, is written off on a straight-line basis over its estimated useful life. Depreciation begins at the time when the property, plant and equipment can be placed in service. The useful life is as follows:

Equipment ....5 years
Leasehold improvements .... Over the length of the contract

Estimated useful lives, residual values and depreciation methods are reviewed at least at the end of each accounting period, and the effect of any changes in estimates is recognised prospectively.

Note 16 • Leases

The Group's lease commitments consist principally of leases for its premises in Kista, Paris, Toulouse and Berkeley.

	31/12/2020	31/12/2019
Cost of acquisition, opening balance	28,076	13,005
Taken over at acquisition	–	15,014
New leases	482	–
Terminated leases	-16,282	–
Revaluation	-551	–
Rent adjustment	143	–
Effect of present value calculation	30	–
Translation difference for the year	-620	57
Cost, closing balance	**11,278**	**28,076**
Depreciation, opening balance	-5,901	–
Amortisation for the year	-5,498	-5,953
Terminated leases	4,554	–
Effect of present value calculation	-22	–
Translation difference for the year	248	52
Accumulated depreciation, closing balance	**-6,619**	**-5,901**
Carrying amount	**4,659**	**22,175**
Right-of-use assets:		
Office premises	4,659	21,963
Company cars	–	212
Total	**4,659**	**22,175**

Shown below are the amounts recognised as lease liability as well as the change in the liability for the year.

	31/12/2020	31/12/2019
Opening balance	22,396	13,005
New liabilities – new leases	482	–
Taken over at acquisition	–	15,120
Revaluations	-537	0
Interest	275	598
Payments	-5,846	-6,312
Terminated leases	-11,661	0
Translation difference for the year	-341	-15
Closing balance	**4,768**	**22,396**
Of which, current liabilities	3,091	7,544
Total non-current liabilities	1,677	14,852

The present value of future lease fees is recognised as non-current liabilities falling due for payment as follows:

	31/12/2020	31/12/2019
More than 1 year but less than 2 years from the balance sheet date	1,444	7,752
Between 2 and 5 years from the balance sheet date	233	7,100
Total	**1,677**	**14,852**

Future undiscounted payment obligations for leases are as follows:

	31/12/2020	31/12/2019
Within 3 months	894	2,076
Between 3 months and 1 year	2,202	6,140
Between 2 and 5 years	1,776	14,180
Total	**4,872**	**22,396**

Future payment obligations in foreign currency are translated to Swedish kronor at the rates on the balance sheet date.

For TagMaster Europe, the average marginal borrowing rate was 2.62 percent. The corresponding interest rate for TagMaster USA was 4.38 percent. The lease at Berkeley runs until 31 July 2021 without an option to extend. As a result, it is recognised as a short-term lease and thus no right-of-use with corresponding lease liability is recognised at 31 December 2020. Termination of the lease gave rise to a right-of-use of SEK 11.1 million and a lease liability of SEK 11.0 million has been derecognised from the statement of financial position, leading to an effect of SEK 129 thousand on income. The cost of short-term leases totals SEK 1,400 thousand for the full year and the cost of leasing low-value assets represents minor amounts.

Note 17 • Other non-current receivables

	31/12/2020	31/12/2019
Rent deposits	1,253	1,577
Derivative instruments	–	27
Total	**1,253**	**1,604**

Rent deposits	31/12/2020	31/12/2019
Opening balance	1,577	1,141
Taken over at acquisition	–	445
Additional	42	–
Amortised/reduced	-292	-40
Translation difference for the year	-74	31
Closing balance	**1,253**	**1,577**

Derivative instruments consist of interest-rate swaps to hedge the LIBOR interest on the acquisition loan. The value of the instruments has been measured according to level 2. See Note 29 for further information.

Note 18 • Deferred tax assets and deferred tax liabilities

	Tax loss carry forwards	Defined benefit plans	Intangible non-current assets	Untaxed reserves	Other assets and liabilities	Total
Opening balance, 01/01/2020	25,317	838	-23,134	–	657	3,678
Used during the year	-4,057					-4,057
Recognised via the income statement (temporary differences)	–	-152	3,340	-332	66	2,922
Total recognised via the income statement	**-4,057**	**-152**	**3,340**	**-332**	**66**	**-1,135**
Recognised via other comprehensive income	–	52	–	–	–	52
Translation difference for the year	-2,246	-30	2,299	–	-45	-22
Closing balance, 31/12/2020	**19,014**	**708**	**-17,495**	**-332**	**678**	**2,573**
Net recognition of deferred tax attributable to subsidiary Sensys Networks Inc.	-14,797	–	14,797	–	–	0
Total	**4,217**	**708**	**-2,698**	**-332**	**678**	**2,573**

	Tax loss carry forwards	Defined benefit plans	Intangible non-current assets	Untaxed reserves	Other assets and liabilities	Total
Opening balance, 01/01/2019	5,344	812	-1,199	–	774	5,731
Used during the year	-6,643	–	–	–	-180	-6,823
Capitalisation of claims for tax loss carry-forwards	3,265	–	–	–	–	3,265
Change at acquisition*	20,185	–	-20,185	–	–	0
Capitalisation of claim for temporary differences	–	–	–	–	103	103
Recognised via the income statement (temporary differences)	–	–	-1,739	–	–	-1,739
Total recognised via the income statement	**16,807**	**0**	**-21,924**	**–**	**-77**	**-5,194**
Recognised via other comprehensive income	–	60	–	–	–	60
Effect on deferred tax of tax-deductible share issue costs	3,065	–	–	–	–	3,065
Translation difference for the year	101	-34	-11	–	-40	16
Closing balance, 31/12/2019	**25,317**	**838**	**-23,134**	**–**	**657**	**3,678**
Net recognition of deferred tax attributable to subsidiary Sensys Networks Inc.	-20,185	–	20,185	–	–	0
Total	**5,132**	**838**	**-2,949**	**–**	**657**	**3,678**

*Deferred taxes attributable to Sensys Networks Inc. In the Consolidated statement of financial position, the items have been recognised net. A deferred tax liability in connection with intangible non-current assets is offset against a deferred tax asset relating to a recognised deficit.

Deferred tax assets and deferred tax liabilities

	31/12/2020	31/12/2019
Deferred tax assets	5,603	6,627
Deferred tax liabilities	-3,030	-2,949
Total	**2,573**	**3,678**

The deferred tax asset refers to a tax loss carry-forward that for the most part has been assigned a value. The tax loss carry-forwards attributable to the European operations total approximately SEK 150 million (150). None of the loss carry-forwards has a time limit. Of the loss carry-forwards, SEK 19,014 thousand (25,317) has been capitalised. Non-capitalised tax loss carry-forwards attributable to operations in the USA amount to approximately SEK 115 million (105). Time limits to the tax deductibility for some items among these deficits exist and will become active in 2026. The item Other includes temporary differences attributable to inventories, leases, derivative instruments and warranty provisions.

Note 19 • Inventories

	31/12/2020	31/12/2019
Raw materials and consumables	13,062	17,465
Goods in production	5,566	6,584
Finished products and goods for resale	21,448	29,337
Total	**40,076**	**53,386**

Of which, impaired: SEK 2,999 thousand (7,335).

Note 20 • Trade receivables

	31/12/2020	31/12/2019
Trade receivables	46,812	58,691
Provision for doubtful trade receivables	-4,634	-2,037
Total	**42,178**	**56,654**

Trade receivables are amounts attributable to customers in respect of goods or services sold that are transacted within operating activities. Trade receivables generally fall due for payment within 30-60 days and on that basis all trade receivables have been classified as current assets. Trade receivables are recognised initially at the transaction price. The Group holds trade receivables in order to collect contractual cash flows and therefore measures them at amortised cost using the effective interest method on the next accounting occasion.

Age analysis	31/12/2020	31/12/2019
Not yet due	27,022	31,935
1–30 days	12,460	12,553
31–60 days	2,935	9,392
61–90 days	2,311	3,019
More than 90 days	2,084	1,792
Provision for doubtful trade receivables	-4,634	-2,037
Total	**42,178**	**56,654**

Provision for doubtful trade receivables is made when it is not considered likely that payment will be made. The current provision is considered adequate in order to meet any future credit losses. A customer credit insurance policy covers most customers, and if the credit rating is not considered sufficiently high, payment in advance is required before delivery.

IFRS 9 requires the Group to recognise a loss reserve for expected loan losses within the next 12 months. Historically, the Group's bad debt losses have been virtually non-existent. The effects of IFRS 9 have been calculated and are regarded as immaterial in terms of the Group's financial statements.

No individual customer accounted for more than 10 percent of net sales, either in 2020 or in 2019.

For further information regarding measurement and classification, see Note 29.

Note 21 • Other receivables

	31/12/2020	31/12/2019
Tax assets	1,425	1,635
VAT receivable	1,910	1,806
Advance payments to suppliers	745	1,096
Other receivables	3,645	743
Prepaid rent	491	771
Insurance prepayments	1,127	883
Other prepayments	3,403	3,285
Total	**12,746**	**10,219**

For information on valuation and classification, see Note 29.

Note 22 • Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash, bank balances and other short-term investments. Other short-term investments are classified as cash and cash equivalents when they mature within three months of the date of acquisition, can easily be converted into cash in a known amount and are exposed to an insignificant risk of fluctuations in value.

	31/12/2020	31/12/2019
Cash and cash equivalents	51,786	41,293
Overdraft facilities granted	36,566	39,951
Unutilised portion of overdraft facilities	-4,400	-6,477
Available liquidity	**83,952**	**74,767**

Note 23 • Equity

	A shares	B shares	Total number of shares registered
Number, 31/12/2018	**–**	**201,389,269**	**201,389,269**
New share issue as per employee stock option programme 2015/2018	–	2,483,292	2,483,292
Targeted new share issue	–	51,625,000	51,625,000
New share issue	–	110,690,610	110,690,610
Number, 31/12/2019	**–**	**366,188,171**	**366,188,171**
Number, 31/12/2020	**–**	**366,188,171**	**366,188,171**

The quotient value per share is SEK 0.05. Other contributed capital is capital provided by TagMaster's shareholders.

Items recognised via other comprehensive income	31/12/2020	31/12/2019
Exchange rate differences in equity		
Opening balance	-1,881	-2,099
Change for the year in translation of foreign subsidiaries	-19,668	218
Closing balance	**-21,549**	**-1,881**

	31/12/2020	31/12/2019
Revaluations of the net pension obligation		
Opening balance	-181	–
Revaluation for the year	-210	-241
Tax on the above	52	60
Closing balance	**-339**	**-181**

Note 24 • Liabilities to credit institutions

	31/12/2020	31/12/2019
Non-current portion of acquisition loan	24,742	38,305
Current portion of acquisition loan	9,826	11,180
Total, acquisition loan	**34,568**	**49,485**
Overdraft facility utilised	4,400	6,477
Total, liabilities to credit institutions	**38,968**	**55,962**

The acquisition loan (Liabilities to credit institutions} consists of a bank loan of USD 5.7 million, which was raised to finance the acquisition of Sensys Networks Inc. The loan has a maturity of five years with straight amortisation. The interest rate is LIBOR interest plus a margin of between 2.15 and 3.15 percentage points, determined by the metric net debt divided by consolidated EBITDA (operating profit excluding depreciation and amortisation). The LIBOR rate has been hedged at 1.65 percent via an interest rate swap. The market value of the interest rate swap at 31 December 2020 was SEK -737 thousand (27). The original debt was reduced via loan acquisition expenses of SEK 905 thousand.

At 31 December 2020, the remaining amount to accrue over the term of the loan was SEK 643 thousand (827).

The non-current portion of the acquisition loan, that is, the portion not maturing within 12 months from the balance sheet date, matures as follows:

	31/12/2020	31/12/2019
More than 1 year but less than 2 years from the balance sheet date	9,826	11,210
Between 2 and 5 years from the balance sheet date	15,559	27,922
Total	**25,385**	**39,132**
Loan acquisition expenses	-643	-827
Total	**24,742**	**38,305**

For information on measurement and classification, see Note 29.

Information regarding remaining term to maturity and undiscounted amounts, including interest payments, see Note 4.

Note 25 • Provisions for post-employment benefits

The Group operates defined-benefit pension plans for employees in France. The plan is called a 'Retirement indemnity plan' and is unfunded. The retirement indemnity plan entitles employees who have been employed by TagMaster for more than two or five years to a lump-sum payment at retirement. The size of the lump-sum payment is determined by several factors such as seniority, salary at the time of retirement and position within the company. This benefit is a statutory benefit, the design of which is described in more detail in collective agreements arranged by the parties. Potential disputes between employer and employee are settled by a court of law. Payments are made directly through TagMaster as they arise. The plan is open to new members and benefits are vested in the plan. The Group also has a statutory post-employment obligation for employees in Italy (employed by the American subsidiary).

Change in long-term pension obligations	31/12/2020	31/12/2019
Opening balance	4,930	3,124
Administrative expenses	395	222
Interest expenses	21	53
Expenses/income (-) regarding service in previous years and losses/gains from settlements	-755	-456
Added via acquisition	–	1 696
Actuarial gains/losses		
– Financial undertakings	136	296
– Demographic assumptions	10	3
– Experience-based adjustments	63	-64
Translation difference for the year	-373	56
Closing balance	**4,427**	**4,930**

Assumptions and sensitivity analysis

The main actuarial assumptions at 31 December 2020 were as follows:

	France	Italy
Discount rate, %	0.35	0.00
Salary increases, %	2.00	3.00
Retirement age	62-65	66-67

Life expectancy

The mortality table used in France is the latest published by INSEE.

Assumptions as to life expectancy, expressed as remaining years of life for a person retiring at an appropriate retirement age are not material, since under the plan in France a lump sum payment is received by the person at the time of retirement.

Assumptions and sensitivity analysis

The sensitivity of the obligation to changes in assumptions is shown in the table below, which illustrates the effect of a specific change, in SEK thousands. The obligation decreases where a minus (-) sign is shown and increases where a plus (+) sign is shown.

	31/12/2020	31/12/2019
Discount rate, +0.5%-point	-199	-210
Discount rate, -0.5%-point	217	229
Salary increase, +1%-point	378	410
Salary increase, -1%-point	-320	-344

Because under the plan a lump sum is paid at the time of retirement, the obligation is not sensitive to changes in the mortality table.

The above sensitivity analysis is based on the premise that one assumption is changed while the other assumptions remain constant. In reality, such a scenario is unlikely, as certain assumptions may be correlated. The sensitivity analysis for the significant actuarial assumptions for the plans is based on the same methodology as for determining the present value of the obligation as entered on the balance sheet (the Projected United Credit Method, PUCM). The methodology and choice of assumptions for the sensitivity analysis are unchanged from previous years. The sensitivity analyses have been determined against the background of conceivable changes in every individual assumption at the time of valuation and does not necessarily represent the actual effect of a change in assumption.

Note 26 • Other provisions

	31/12/2020	31/12/2019
Warranty provisions	3,619	4,826
Restructuring measures	–	–
Total non-current portion	**3,619**	**4,826**
Warranty provisions – non-current portion	3,834	0
Total other provisions	**7,453**	**4,826**

Warranty provisions	**31/12/2020**	**31/12/2019**
Opening balance	4,826	3,299
Taken over at acquisition	–	2,429
Provision for the year	7,887	2,974
Settlement for the year	-1,452	-1,112
Reversal for the year	-3,439	-2,767
Translation difference for the year	-369	3
Closing balance	**7,453**	**4,826**

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical data and conceivable outcomes related to specific warranty cases. The current portion consists of a provision of SEK 3,834 thousand regarding expected future compensation payments for previously delivered products in projects where epidemic failures have been identified. The design deviations identified originate in a transaction entered into by TagMaster France (formerly Balogh SA) before the subsidiary was acquired by TagMaster AB.

Restructuring measures	**31/12/2020**	**31/12/2019**
Opening balance	–	1,151
Provision for the year	–	–
Settlement for the year	–	-1,186
Translation difference for the year	–	35
Closing balance	**–**	**0**

Note 27 • Conditional purchase considerations

A contingent purchase consideration has arisen following the acquisition of Magsys SA. The additional purchase consideration is based on the future operating margin of the acquired company and is to be settled no later than 30 April 2021. The provision is recognised at the present value of the estimated future payments required to settle the additional purchase consideration. The nominal amount is SEK 2,008 thousand (EUR 200 thousand). Contingent purchase considerations from acquisitions are measured at fair value, according to level 3. For further information, see Note 29.

	31/12/2020	31/12/2019
Opening balance	2,070	1,985
Interest for the year	14	54
Translation difference	-76	31
Closing balance	**2,008**	**2,070**

Note 28 • Other non-current liabilities

	31/12/2020	31/12/2019
Liability, composition arrangement	6,374	8,441
Government support loan	6,714	–
Derivative instruments	737	–
Contractual liability	5,486	5,621
Total	**19,311**	**14,062**

The composition liability relates to debts of SEK 7,799 thousand (9,662) included in Balogh's composition arrangement where creditors opted to have them repaid over eight years.

Derivative instruments consist of interest-rate swaps to hedge the LIBOR interest on the acquisition loan. The value of the instruments has been measured according to level 2. See Note 29 for further information.

	31/12/2020	31/12/2019
Liability, composition arrangement		
Non-current portion	6,374	8,441
Current portion	1,425	1,221
Total	**7,799**	**9,662**

The non-current portion of the composition liability falls due for payment as follows:

	31/12/2020	31/12/2019
More than 1 year and less than 2 years from the balance sheet date	1,748	1,780
Between 2 and 5 years from the balance sheet date	4,626	6,661
Total	**6,374**	**8,441**

The government support loan is a loan of SEK 7.7 million (USD 820 thousand) that the American subsidiary took up from the American government. Repayment of the loan may be waived if certain criteria regarding how the funds received have been used are fulfilled. An application to have repayment of the loan waived has been submitted. However, it cannot yet be judged whether repayment of the loan will be waived.

The income to which the contractual liability relates will be recognised more than one year but less than five years from the balance sheet date.

The Group does not have any liabilities with maturities later than five years from the balance sheet date.

For information on measurement and classification, see Note 29.

Note 29 • Financial assets and liabilities

Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the company becomes a party under the contractual terms of the instrument. A receivable is recognised when the company has performed and there is a contractual obligation for the counterparty to pay, even if the invoice has not yet been sent. Trade receivables are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade payables are recognised when an invoice has been received. A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, mature or the company loses control of them. The same applies to part of a financial asset. A financial liability is derecognised from the statement of financial position when the obligation in the contract is fulfilled or otherwise extinguished. The same applies to part of a financial liability. No financial assets and liabilities are offset in the statement of financial position, as set-off conditions have not been met. Acquisitions and disposals of financial assets are recognised on the trade date. The trade date is the day on which the Company undertakes to acquire or dispose of the asset.

Classification and measurement

Financial assets are classified on the basis of the business model within which the asset is managed and its cash flow nature. If the financial asset is held within the framework of a business model whose objective is to collect contractual cash flows and the agreed terms of the financial asset give rise at specified times to cash flows that are only payments of principal and interest on the outstanding principal, the asset is recognised at amortised cost. This business model is classified as 'hold to collect'.

If the financial asset is held in a business model whose objective can be achieved both by collecting contractual cash flows and selling financial assets and the agreed terms of the financial asset give rise at specified times to cash flows that are only payments of principal and interest on the outstanding principal, the asset is recognised at fair value through other comprehensive income. This business model is classified as 'hold to collect and sell'.

Any other business model where the purpose is speculation or holding for trading or where the cash flow nature excludes other business models means recognition at fair value through profit or loss. This business model is classified as 'other'.

For all financial assets except derivative instruments, TagMaster applies the 'hold to collect' business model, which means that the assets are recognised at amortised cost. TagMaster applies the 'other' business model to derivative instruments, which means that they are measured at fair value through profit or loss.

The classification of financial liabilities does not follow the same approach as for financial assets. Financial liabilities are either measured at fair value through profit or loss or at amortised cost.

Financial liabilities are measured at fair value through profit or loss when they meet the definition of a financial instrument held for trading, if they are irrevocably identified as such at initial recognition or if they are derivatives. Contingent purchase consideration and derivative instruments are measured at fair value through the income statement. Other financial liabilities are recognised at amortised cost.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition less principal, plus the accumulated amortisation, using the effective interest method, of any difference between the principal and the outstanding principal, adjusted for any impairment losses. The gross carrying amount of a financial asset is the amortised cost of the financial asset before adjustments for any loss reserve.

Impairment

IFRS 9 requires the Group to recognise a loss reserve for expected loan losses within the next 12 months. Historically, the Group's bad debt losses have been virtually non-existent. The effects of IFRS 9 have been calculated and are regarded as immaterial in terms of the Group's financial statements.

	2020				
	Financial assets measured at fair value	Financial assets measured at amortised cost	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Carrying amount
Other non-current receivables	–	1,253	–	–	1,253
Trade receivables	–	42,178	–	–	42,178
Other receivables	–	3,645	–	–	3,645
Cash and cash equivalents	–	51,786	–	–	51,786
Liabilities to credit institutions	–	–	–	-38,968	-38,968
Other non-current liabilities	–	–	-737	-13,088	-13,825
Trade payables	–	–	–	-14,110	-14,110
Conditional purchase considerations	–	–	-2,008	–	-2,008
Other liabilities	–	–	–	-10,918	-10,918

Note 29, continued

	2019				
	Financial assets measured at fair value	Financial assets measured at amortised cost	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Carrying amount
Other non-current receivables	27	1,577	–	–	1,604
Trade receivables	–	56,654	–	–	56,654
Other receivables	–	743	–	–	743
Cash and cash equivalents	–	41,293	–	–	41,293
Liabilities to credit institutions	–	–	–	-55,962	-55,962
Other non-current liabilities	–	–	–	-8,441	-8,441
Trade payables	–	–	–	-19,468	-19,468
Conditional purchase considerations	–	–	-2,070	–	-2,070
Other liabilities	–	–	–	-11,432	-11,432

The non-current receivables measured at fair value consist of derivative instruments and have been measured according to level 2. Contingent purchase considerations are measured at fair value, according to level 3. For definitions of classification by level, see below.

Fair value of financial instruments

Information on how fair value has been determined for financial instruments measured at fair value in the statement of financial position is disclosed below. The breakdown of how fair value is determined is made on the basis of the following three levels.
Level 1: according to prices quoted on an active market for the same instrument
Level 2: based on directly or indirectly observable market data not included in Level 1
Level 3: based on inputs that are not observable on the market.

Derivative instruments with a positive value are recurrently measured at fair value, where fair value is determined according to level 2. The Group has no other financial assets that are recurrently measured at fair value. Liabilities that are recurrently measured at fair value are derivative instruments with a negative fair value, where fair value is determined according to level 2, and contingent purchase considerations where fair value is determined according to level 3. There have been no transfers between level 1 and level 2 for recurrent measurements at fair value during the year.

For financial assets and other financial liabilities, the carrying amounts are considered to be a good approximation of the fair values as a result of the maturity and/or fixed interest rate being less than three months, which means that a discount based on current market conditions is not expected to have a material effect.

The following summarises the methods and assumptions used to determine the fair value of the Group's financial instruments measured at fair value according to level 3.

Contingent purchase considerations from acquisitions are measured at fair value, according to level 3. A contingent purchase consideration has arisen following the acquisition of Magsys SA. A discounted cash flow method was used to capture the present value of the expected future economic benefits that will leave the Group at the time of the acquisition. The significant unobservable data used in the calculation are risk-adjusted discount rate and probability-adjusted expected cash flow. TagMaster has used a discount rate of 2.621 percent and an expected cash flow of EUR 200 thousand in the model. The contingent purchase consideration is the only instrument that is measured at fair value in level 3.

Note 30 • Other liabilities

	31/12/2020	31/12/2019
Advance payments from customers	7,345	2,287
VAT and other tax-related items	6,588	1,121
Liabilities, composition arrangement – Balogh	1,425	1,221
Total current liabilities	1,160	784
Personnel-related costs	19,117	23,348
Other accrued expenses	7,685	8,490
Deferred income	2,317	3,642
Accrued sales commission payments	648	937
Total	**46,285**	**41,830**

For information on valuation and classification, see Note 29.

Note 31 • Pledged assets

	31/12/2020	31/12/2019
Assets pledged for liabilities to credit institutions		
Corporate mortgages	21,800	21,800
Total	**21,800**	**21,800**

Note 32 • Business combinations

Acquisition of Sensys Networks Inc.

On 13 June 2019 100 percent of the shares in the US company Sensys Networks Inc. were acquired for a consideration of SEK 162,275 thousand. The acquisition, which represents a step in the Group's growth strategy, provides a solid platform for both the USA and Europe and a shared capacity for creating future products and solutions. It also serves as a platform for delivering infrastructure for vehicle/smartphone applications for connected travellers and autonomous vehicles. The entire consideration has been transferred in cash and cash equivalents. Acquisition-related expenses total SEK 4,148 thousand and have been recognised as other expenses in the income statement. The assets and liabilities recognised as a result of the acquisition are as follows:

Non-current assets	
Capitalised development expenditure	30,487
Customer relationships	57,163
Trademarks	6,669
Other non-current receivables	448
Property, plant and equipment	286
Current assets	–
Inventories	19,645
Trade receivables	22,894
Total current receivables	29,077
Cash and cash equivalents	24,475
Non-current liabilities	–
Other provisions	-2,429
Current liabilities	–
Trade payables	-22,427
Total current liabilities	-51,020
Identifiable assets and liabilities, net	**115,268**
Consideration transferred	162,275
Goodwill	**47,007**

Goodwill arose on the acquisition, as the transferred remuneration also included amounts related to synergies, revenue increases, development of future markets and the combined workforce of the company. These benefits have not been recognised separately from goodwill because they do not meet the criteria for recognition of identifiable intangible assets.

No part of the goodwill arising in connection with the acquisition is expected to be tax deductible.

Deferred tax attributable to the acquisition of Sensys Networks Inc. on 31 December 2019 totalled approximately SEK 20.1 million. In the acquisition analysis, a corresponding amount is recognised as a deferred tax asset attributable to tax loss carry-forwards. In the Consolidated statement of financial position, these two items are recognised net.

Of the Group's revenue for 2019, SEK 74.9 million is attributable to Sensys Networks Inc. Sensys Networks Inc. resulted in SEK -12.1 million being charged to the Group's net profit/loss for the year. If the acquisition had taken place on 1 January 2019, the Group's revenue would have totalled SEK 321.0 thousand.

During the second quarter of 2020 a reduction was obtained in the purchase consideration attributable to the shares in Sensys Networks Inc. As a result, the acquisition analysis was recalculated and goodwill was thereby reduced by SEK 2.0 million (USD 199.8 thousand).

Note 33 • Statement of cash flows

The statement of cash flows is prepared using the indirect method. The recognised cash flow includes only transactions involving cash or cash payments. This means that there may be deviations from changes in individual items in the balance sheet.

	2020	2019
Depreciation/amortisation	23,015	19,747
Provisions and accrued expenses	4,006	9,404
Capital gains from non-current assets	0	-9
Total	**27,021**	**29,142**

Changes in liabilities attributable to financing activities	Liabilities to credit institutions	Liabilities arising from leases	Other non-current liabilities	Total
Opening balance, 01/01/2020	55,962	22,396	14,062	92,420
Cash flow for the year, 2020				
Borrowings	–	–	7,666	7,666
Change in bank overdraft facilities	-2,077	–	–	-2,077
Amortisation of liabilities	-9,862	-5,588	–	-15,450
Non-cash items:				
New and terminated leases	–	-11,179	–	-11,179
Revaluations	–	-537	–	-537
Fair value measurement, derivative instruments	–	–	737	737
Accrued loan acquisition expenses	184	–	–	184
Attributable to operating activities	–	–	-1,387	-1,387
Exchange rate differences	-5,239	-324	-1,767	-7,330
Closing balance, 31/12/2020	**38,968**	**4,768**	**19,311**	**63,047**

Note 33, continued

Changes in liabilities attributable to financing activities	**Liabilities to credit institutions**	**Liabilities arising from leases**	**Other non-current liabilities**	**Total**
Opening balance, 01/01/2019	5,500	13,005	9,525	28,030
Cash flow for the year 2019				
Borrowings	52,941	–	–	52,941
Change in bank overdraft facilities	6,477	–	–	6,477
Amortisation of liabilities	-8,416	-5,714	–	-14,130
Non-cash items:				
New and terminated leases	–	–	–	–
Accrued loan acquisition expenses	78	–	–	78
Added via acquisition	–	15,120	5,621	20,741
Attributable to operating activities	–	–	-1,249	-1,249
Exchange rate differences	-618	-15	165	-468
Closing balance, 31/12/2019	**55,962**	**22,396**	**14,062**	**92,420**

Note 34 • Exchange rates used in the financial statements

The table below shows the exchange rates used in translation of financial statements from the foreign subsidiaries that prepare their financial statements in a currency other than that used for presentation of the Consolidated financial statements. The exchanges rates have been obtained from Riksbanken, Sweden's central bank.

	Average rate		**Rate on balance sheet date**	
Currency code	**2020**	**2019**	**2020**	**2019**
EUR	10.4867	10.589	10.0375	10.434
GBP	11.7981	12.066	11.0873	12.215
USD	9.2037	9.46	8.1886	9.317

Note 35 • Related-party transactions

Related-party transactions refer to transactions in the form of remuneration to senior executives, as stated in Note 8. There are no other significant transactions with related parties.

Note 36 • Post balance sheet events

No events that are to be regarded as material have occurred between the balance sheet date and the date of signing of the Annual Report.

Note 37 • Transition to IFRS

TagMaster AB has previously applied the Swedish Annual Reports Act and BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements ('K3'). With effect from 1 January 2020, TagMaster AB prepares its annual accounts and consolidated accounts in accordance with the EU-approved International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC).

The date of transition to IFRS was set at 1 January 2019. The transition to IFRS is recognised in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. The general rule of IFRS 1 is that an entity applies all recommendations retroactively when determining the opening balance. However, there are some mandatory and optional exceptions to retroactive application. The Group has chosen to apply the following exceptions:

- IFRS 3 has not been applied to acquisition analyses prepared before the transition date
- Lease liabilities have been measured at the present value of remaining lease payments, discounted by the marginal borrowing rate at the time of transition to IFRS.

The following tables present and quantify the effects assessed by management on the consolidated statement of comprehensive income and consolidated statement of financial position in transition to IFRS for the Group.

The main effects on the financial reporting is as follows:

- Application of IFRS 3 to the acquisition analysis regarding the acquisition of Sensys Networks Inc., see note A.2.
- Reversal of previous years' amortisation of goodwill, see Note A.
- Capitalisation of development expenditure, see Note A.
- Recognition of operating leases in the Consolidated statement of financial position, see Note B.
- Recognition of defined-benefit plans, see Note C.

Note 37, continued

Summary consolidated statement of financial position

Amounts in SEK th.	Note	31.12.2018 K3	Effect on transition to IFRS	01/01/2019 IFRS
ASSETS				
Subscribed but not paid-up capital		2,806	–	2,806
Non-current assets				
Intangible assets	A	51,400	4,027	55,427
Property, plant and equipment		3,008	–	3,008
Right-of-use assets	B		13,005	13,005
Other non-current receivables		1,141	–	1,141
Deferred tax assets	D	6,118	812	6,930
Total non-current assets		**61,667**	**17,844**	**79,511**
Current assets				
Inventories		37,037	–	37,037
Trade receivables		32,079	–	32,079
Other receivables		13,172	–	13,172
Cash and bank balances/Cash and cash equivalents		20,297	–	20,297
Total current assets		102,585	–	102,585
TOTAL ASSETS		**167,058**	**17,844**	**184,902**

Note 37, continued

Summary consolidated statement of financial position, continued

Amounts in SEK th.	Note	31.12.2018 K3	Effect on transition to IFRS	01/01/2019 IFRS
SHAREHOLDERS' EQUITY				
Share capital		10,069	–	10,069
New share issue in progress		124	–	124
Other contributed capital		130,982	–	130,982
Translation reserve		–	-2,099	-2,099
Retained earnings including profit for the year		-35,844	2,887	-32,957
Total equity		**105,331**	**788**	**106,119**
Provisions/Non-current liabilities				
Liabilities to credit institutions		3,500	–	3,500
Deferred tax liabilities	D	272	927	1,199
Provisions	C	6,435	697	7,132
Conditional purchase considerations	C.2	–	1,985	1,985
Other non-current liabilities		9,525	–	9,525
Lease liabilities	B	–	9,111	9,111
Total provisions/Non-current liabilities		**19,732**	**12,720**	**32,452**
Current liabilities				
Trade payables		12,826	–	12,826
Liabilities to credit institutions		2,000	–	2,000
Provisions	C	–	442	442
Lease liabilities	B	–	3,894	3,894
Other liabilities		27,169	–	27,169
Total current liabilities		**41,995**	**4,336**	**46,331**
TOTAL EQUITY AND LIABILITIES		**167,058**	**17,844**	**184,902**

Note 37, continued

Summary consolidated statement of financial position, continued

Amounts in SEK th.	Note	31/12/2019 K3	Effect on transition to IFRS	31/12/2019
ASSETS				
Non-current assets				
Intangible assets	A	167,098	24,077	191,175
Property, plant and equipment		3,310	–	3,310
Right-of-use assets	B	–	22,175	22,175
Other non-current receivables		1,577	27	1,604
Deferred tax assets	D	5,768	859	6,627
Total non-current assets		**177,753**	**47,138**	**224,891**
Current assets				
Inventories		53,386	–	53,386
Trade receivables		56,654	–	56,654
Other receivables		10,219	–	10,219
Cash and bank balances/Cash and cash equivalents		41,293	–	41,293
Total current assets		161,552	–	161,552
TOTAL ASSETS		**339,305**	**47,138**	**386,443**

Note 37, continued

Summary consolidated statement of financial position, continued

Amounts in SEK th.	Note	31/12/2019 K3	Effect on transition to IFRS	31/12/2019
SHAREHOLDERS' EQUITY				
Share capital		18,309	–	18,309
Other contributed capital		241,459	–	241,459
Translation reserve			-1,881	-1,881
Retained earnings including profit for the year		-60,672	20,735	-39,937
Total equity		**199,096**	**18,854**	**217,950**
Provisions/Non-current liabilities				
Liabilities to credit institutions		38,305	–	38,305
Deferred tax liabilities	D	293	2,656	2,949
Provisions	C	6,896	2,860	9,756
Other non-current liabilities	C.3	8,441	5,621	14,062
Lease liabilities	B	–	14,852	14,852
Total provisions/Non-current liabilities		**53,935**	**25,989**	**79,924**
Current liabilities				
Trade payables		19,468	–	19,468
Liabilities to credit institutions		17,657	–	17,657
Conditional purchase considerations	C.2	–	2,070	2,070
Lease liabilities		–	7,544	7,544
Other liabilities	C.3	49,149	-7,319	41,830
Total current liabilities		**86,274**	**2,295**	**88,569**
TOTAL EQUITY AND LIABILITIES		**339,305**	**47,138**	**386,443**

Note 37, continued

Summary consolidated income statement and consolidated statement of other comprehensive income

Amounts in SEK th.	Note	2019 Jan-Dec K3	Effect on transition to IFRS	2019 Jan-Dec IFRS
Net sales		262,955	–	262,955
Other revenue		2,216	–	2,216
Change in inventories during manufacture and finished goods		-2,319	–	-2,319
Capitalised work for own account	A	–	6,518	6,518
Goods for resale, raw materials and consumables		-85,637		-85,637
Other external expenses	A, B	-48,964	2,822	-46,142
Personnel expenses		-114,715	233	-114,482
Other operating expenses		-677	–	-677
Depreciation of property, plant and equipment and amortisation of intangible assets	A, B	-30,851	11,104	-19,747
Operating profit/loss		**-17,992**	**20,677**	**2,685**
Net financial income and expenses	B	-2,070	-624	-2,694
Profit/loss before tax		**-20,062**	**20,053**	**-9**
Tax for the year	D	-5,086	-1,704	-6,790
Net profit/loss for the year		**-25,148**	**18,349**	**-6,799**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences in translation of foreign operations		320	-102	218
Items not to be reclassified to the income statement				
Revaluation of the net pension obligation		–	-241	-241
Tax on the above		–	60	60
Comprehensive income for the year		**-24,828**	**18,066**	**-6,762**

Note 37, continued

Equity adjustments

Amounts in SEK th.	31/12/2019	01/01/2019
Capitalised development expenditure	11,185	4,026
Deferred tax on capitalised development expenditure	-2,625	-927
Provision/change, defined-benefit pension plans	-3,184	-3,123
Deferred tax on pension provisions	872	812
Acquisition expenses	-4,148	–
Reversal of amortisation of goodwill	25,590	–
Amortisation of intangible assets (acquisition analysis)	-8,534	–
Fair value adjustment, derivative instruments	27	–
Deferred tax on fair value adjustment, derivative instruments	-6	–
Effect of IFRS 16	-223	–
Translation difference	-100	–
Total adjustments in equity	**18,854**	**788**
Attributable to:		
Shareholders in the Parent Company	**18,854**	**788**

Note A Intangible assets

Amounts in SEK th.	Note	Goodwill	Capitalised development expenditure	Customer relationships	Trademarks	Total
Carrying amount K3 01/01/2019		**47,756**	**3,644**	**–**	**–**	**51,400**
Capitalisation	A.3		4,026			4,026
Carrying amount IFRS 01/01/2019		47,756	7,670	–	–	55,426
Carrying amount K3 31/12/2019		166,730	368	–	–	167,098
Opening IFRS adjustment, net		–	4,026	–	–	4,026
Reversed amortisation	A.1	25,590	–	–	–	25,590
Acquisition analysis in accordance with IFRS 3	A.2	-98,472	30,487	57,163	6,669	-4,153
Capitalisation for the period	A.3	–	7,159	–	–	7,159
Amortisation for the period		–	-3,799	-4,735	–	-8,534
Translation difference		1,918	-594	-1,188	-147	-11
Carrying amount IFRS 31.12.2019		**95,766**	**37,647**	**51,240**	**6,522**	**191,175**

Note 37, continued

Note A.1

According to IFRS, the item goodwill is an intangible asset with an indeterminable useful life, which means that the value of the item is not reduced by annual depreciation. This differs from previous accounting policies (K3) where an economic life of 5-10 years earlier was applied. The transition to IAS 38 therefore means that goodwill amortisation in 2019 is reversed and is written back to retained earnings in equity. Goodwill is not a deductible expense or taxable income, and the adjustment therefore has no tax effects on items attributable to company acquisitions. The goodwill arising from the purchase of the net assets of business recognised in the Group is attributable to a French entity. In France, equivalent tax rules apply to the goodwill arising from the purchase of the net assets of business as for goodwill on consolidation, and this adjustment has therefore not had any tax effects. The transition to IFRS entails new requirements for TagMaster to test goodwill at least annually for any impairment. An impairment losses are recognised in operating profit. The item has been tested for impairment based on circumstances that prevailed at the time of transition to IFRS and as of 31 December 2019, no impairment requirement was identified. Sensitivity analyses also show that any reasonably expected changes in material assumptions do not lead to any impairment requirement.

Note A.2

On 13 June, 100 percent of the shares in the US company Sensys Networks Inc. were acquired for a purchase consideration of SEK 162,275 thousand. The acquisition took place after the date of the transition to IFRS, and the acquisition analysis has therefore been prepared in accordance with IFRS 3. The entire consideration has been transferred in cash and cash equivalents. Acquisition-related expenses total SEK 4,148 thousand and have been recognised as other expenses in the income statement. The assets and liabilities recognised as a result of the acquisition are as follows:

Fair value	**K3**	**Fair value, IFRS 3**	**Effect on transition to IFRS**
Non-current assets			
Capitalised development expenditure	–	30,487	30,487
Customer relationships	–	57,163	57,163
Trademarks	–	6,669	6,669
Other non-current receivables	448	448	–
Property, plant and equipment	286	286	–
Current assets			
Inventories	19,645	19,645	–
Trade receivables	22,894	22,894	–
Total current receivables	29,072	29,077	–
Cash and cash equivalents	24,475	24,475	–
Non-current liabilities			
Other provisions	-2,429	-2,429	–
Current liabilities	–	–	–
Trade payables	-22,427	-22,427	–
Total current liabilities	-51,020	-51,020	–
Identifiable assets and liabilities, net	**20,944**	**115,268**	**94,319**
Consideration transferred	166,423	162,275	-4,148
Goodwill	**145,479**	**47,007**	**-98,472**

Goodwill arose on the acquisition, as the consideration transferred also included amounts related to synergies, revenue increases, development of future markets and the combined workforce of the company. These benefits have not been recognised separately from goodwill because they do not meet the criteria for recognition of identifiable intangible assets.

No part of the goodwill arising in connection with the acquisition is expected to be tax deductible.

Note A.3

TagMaster is engaged in the development of sensor products and advanced software. In IFRS, expenditure that meets specific criteria in IAS 38 for development expenditure is to be capitalised as an intangible asset in the consolidated statement of financial position. This differs from previous accounting policies (K3) when TagMaster recognised development expenditure as an expense in the income statement in the period in which it arose. The transition to IAS 38 therefore means that historical development expenditure less accumulated depreciation has been capitalised in the consolidated statement of financial position. The useful life of capitalised development expenditure is 5-7 years.

Note 37, continued

Note B

The Group's lease commitments consist principally of leases for its premises in Kista, Paris, Toulouse and Berkeley.

For the remaining lease commitments, the Group has recognised rights of use at 1 January 2019 of SEK 12.9 million and lease liabilities of SEK 12.9 million. For TagMaster Europe, the average marginal borrowing rate was 2.62 percent. The corresponding interest rate for TagMaster USA was 4.38 percent.

Depreciation for the full year totals SEK 5.9 million, and interest expense linked to leases for the full year totals SEK 0.6 million. A reversal of SEK 6.3 million has been applied in operating profit to take account of expenses related to operating leases under K3. The cost of short-term leases totals SEK 0.8 million and the cost of leasing low-value assets represents minor amounts. These continue to be charged to operating profit, i.e. there is no difference arising in transition from K3 to IFRS.

At 31 December 2019, the Group had rights of use of SEK 22.1 million and lease liabilities of SEK 22.3 million , in which the current portion of the lease liability is SEK 7.5 million.

Cash flow for the full year 2019 was affected by lease payments of SEK 6.3 million now being included in financing activities instead of in operating activities.

At 31 December 2019, the Group had rights of use of SEK 22.1 million and lease liabilities of SEK 22.3 million , in which the current portion of the lease liability is SEK 7.5 million.

Note C • Provisions

Amounts in SEK th.	Note	31/12/2019	01/01/2019
Carrying amount K3		6,896	6,435
Provision for pensions	C.1	3,232	3,124
Reclassification of conditional purchase consideration	C.2	-2,070	-1,985
Reclassification of severance payment	C.3	1,698	–
Less: current portion of provisions for pensions		–	-442
Carrying amount IFRS		**9,756**	**7,132**

Note C.1

TagMaster operates defined-benefit pension plans for employees in France. The plan is called a 'Retirement indemnity plan' and is unfunded. The retirement indemnity plan entitles employees who have been employed by TagMaster for more than two or five years to a lump-sum payment at retirement. The size of the lump-sum payment is determined by several factors such as seniority, salary at the time of retirement and position within the company. This benefit is a statutory benefit, the design of which is described in more detail in collective agreements arranged by the parties. Payments are made directly through TagMaster as they arise. The plan is open to new members and benefits are vested in the plan.

In IFRS, the present value of the defined-benefit obligation is recognised as a liability in the consolidated statement of financial position and is determined by discounting estimated future cash flows calculated annually by independent actuaries using the projected unit credit method. Re-measurement of gains and losses resulting from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income during the period in which they arise.
Costs relating to service during previous periods and net interest income/expense are recognised directly in the income statement.

In the consolidated financial statements prepared in accordance with K3, TagMaster has applied the simplification rules whereby pension obligations in foreign subsidiaries may be recognised in accordance with local rules in each country. No liability has been included in the consolidated statement of financial position as, under French local accounting rules, it is an option not to recognise pension obligations relating to the plan described above.

The transition to IAS 19 has meant that a liability of SEK 3.1 million (including a current portion of SEK 0.5 million) for the French defined-benefit plan has been recognised against retained earnings at 1 January 2019.

Note C.2

Under IFRS, contingent purchase considerations are to be recognised as other financial liabilities, and the contingent purchase consideration attributable to the acquisition of Magsys SA has been reclassified from Other provisions to the item Contingent purchase considerations.

Note 37, continued

Note C.3

An item of SEK 1.7 million attributable to a statutory commitment after termination of employment for employees in Italy (employed by the US subsidiary) has been reclassified from other liability to non-current provisions. Since these commitments under local Italian accounting rules are to be recognised in the statement of financial position, the transition to IFRS has not had any impact on Group equity.

An item of SEK 5.6 million, consisting of a contractual liability for which revenue will be recognised more than one year but less than five years after the balance sheet date has been reclassified as a non-current liability.

Note D • Taxes

Deferred tax has been recognised on all temporary differences arising from the transition to IFRS.

Deferred tax on surplus values attributable to the acquisition of Sensys Networks Inc. on 31 December 2019 totalled approximately SEK 20.1 million. In the acquisition analysis, a corresponding amount is recognised as a deferred tax asset attributable to tax loss carry-forwards. In the Consolidated statement of financial position, these two items are recognised net.

The deferred tax asset attributable to the provision for defined-benefit pension plans for employees in France totalled SEK 811 thousand at the beginning of 2019. On 31 December, the corresponding amount was SEK 835 thousand.

Adjustments to deferred tax liabilities are mainly attributable to capitalised development expenditure, as shown in the statement of adjustments in equity.

Parent Company income statement

Amounts in SEK th.	Note	2020	2019
Operating income etc.			
Net sales	M2	74,712	84,175
Other operating income	M7	1,219	0
Total operating income		**75,931**	**84,175**
Operating expenses			
Goods for resale		-23,428	-25,129
Other external expenses	M4, M6	-13,614	-17,158
Personnel expenses	M5	-27,528	-26,052
Depreciation/amortisation of property, plant, and equipment and intangible non-current assets	M12, M13	-106	-39
Other operating expenses	M7	-262	-69
Total operating expenses		**-64,938**	**-68,447**
Operating profit/loss		**10,993**	**15,728**
Result from financial investments			
Result from receivables recognised as non-current assets	M8	-5,201	871
Other interest income and similar items	M9	6,454	1,035
Interest expenses and similar items	M10	-2,432	-2,080
Total financial items		**-1,179**	**-174**
Profit after financial items		**9,814**	**15,554**
Appropriations			
To tax allocation reserve		-1,614	–
Profit/loss before tax		**8,200**	**15,554**
Tax on net profit for the year	M11	-1,798	-3,378
Net profit/loss for the year		**6,402**	**12,176**

Parent Company balance sheet

Amounts in SEK th.	Note	31/12/2020	31/12/2019	01/01/2019
ASSETS				
Subscribed but not paid-up capital		–	–	2,806
Non-current assets				
Other intangible non-current assets	M12	291	368	–
Equipment, tools, fixtures and fittings	M13	94	123	–
Non-current financial assets				
Participations in Group companies	M14	250,581	252,539	86,115
Receivables from Group companies	M15	–	24,518	22,788
Deferred tax assets	M16	327	1,089	1,402
Total non-current assets		**251,293**	**278,637**	**110,305**
Current assets				
Inventories etc.				
Finished products and goods for resale		12,182	8,377	10,200
Total current assets		**12,182**	**8,377**	**10,200**
Current receivables				
Trade receivables		14,140	13,453	8,270
Receivables from Group companies		41,143	17,228	1,003
Other receivables	M17	5,975	2,429	2,035
Prepayments and accrued income	M18	1,599	1,391	1,265
Total current liabilities		**62,857**	**34,501**	**12,573**
Cash and bank balances		**2,319**	**1,597**	**3,621**
Total current assets		**77,358**	**44,475**	**26,394**
TOTAL ASSETS		**328,651**	**323,112**	**139,505**

Parent Company balance sheet, continued

Amounts in SEK th.	Note	31/12/2020	31/12/2019	01/01/2019
EQUITY AND LIABILITIES				
Equity	M19			
Restricted equity				
Share capital		18,309	18,309	10,069
New share issue in progress		–	–	124
Statutory reserve		216	216	216
Total equity		**18,525**	**18,525**	**10,409**
Unrestricted equity				
Share premium reserve		171,454	171,454	60,978
Retained earnings		58,805	46,629	39,558
Net profit/loss for the year		6,402	12,176	7,071
Total unrestricted equity		**236,661**	**230,259**	**107,607**
Total equity		**255,186**	**248,784**	**118,016**
Untaxed reserves		**1,614**	**–**	**–**
Provisions				
Other provisions	M20	3,596	3,657	3,735
Total provisions		**3,596**	**3,657**	**3,735**
Non-current liabilities				
Liabilities to credit institutions	M21	24,742	38,305	3,500
Non-current liabilities to Group companies	M23	3,087	–	–
Total non-current liabilities		**27,829**	**38,305**	**3,500**
Current liabilities				
Liabilities to credit institutions	M21	14,226	17,657	2,000
Trade payables		6,664	5,494	4,174
Tax liability		1,036	–	–
Liabilities to Group companies		60	15	–
Other liabilities	M24	7,064	915	534
Accruals and deferred income	M25	11,376	8,285	7,546
Total current liabilities		**40,426**	**32,366**	**14,254**
TOTAL EQUITY AND LIABILITIES		**328,651**	**323,112**	**139,505**

Parent Company statement of changes in equity

Amounts in SEK th.	Share capital	Statutory reserve	New share issue in progress	Share premium reserve	Retained earnings, incl. profit for the year	Total equity
Amount at start of year, 01/01/2019	**10,069**	**216**	**124**	**60,978**	**46,629**	**118,016**
New share issue	8,240	–	-124	110,476	–	118,592
Net profit/loss for the year					12,176	12,176
Amount at year-end, 31.12.2019	**18,309**	**216**	**0**	**171,454**	**58,805**	**248,784**
Amount at start of year, 01/01/2020	**18,309**	**216**	**–**	**171,454**	**58,805**	**248,784**
Net profit/loss for the year					6,402	6,402
Amount at year-end, 31/12/2020	**18,309**	**216**	**–**	**171,454**	**65,207**	**255,186**

Parent Company statement of cash flows

Amounts in SEK th.	Note	2020	2019
Operating activities			
Operating profit/loss		10,993	15,728
Adjustments for non-cash items	M27	106	-124
Interest received			24
Interest paid		-2,225	-1,938
Cash flow from operating activities before changes in working capital		8,874	13,690
Cash flow from changes in working capital			
Decrease (+)/increase (-) in inventories		-3,805	1,823
Decrease (+)/increase (-) in operating receivables		-4,187	-9,193
Decrease (-)/increase (+) in operating liabilities		10,456	2,303
Cash flow from operating activities		**11,338**	**8,623**
Investing activities			
Acquisitions of intangible non-current assets		–	-387
Acquisitions of property, plant, and equipment		–	-143
Acquisitions of subsidiaries		1,958	-166,424
Amortisation of long-term receivables from Group companies		17,856	3,210
Lending to subsidiaries		-21,704	-16,237
Cash flow from investing activities		**-1,890**	**-179,981**
Financing activities	M27		
Borrowing from Group companies		3,213	–
New financial liabilities		–	52,941
Amortisation of financial liabilities		-9,862	-8,416
Change in bank overdraft facilities		-2,077	6,477
New share issue		–	118,332
Cash flow from financing activities		**-8,726**	**169,334**
Cash flow for the year		722	-2,024
Cash and cash equivalents at start of year		1,597	3,621
Cash and cash equivalents at year-end		**2,319**	**1,597**

Notes to the Parent Company financial statements

Amounts in SEK th. unless otherwise specified

Note M1 • Parent Company accounting policies

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Council Recommendation RFR 2 Accounting for Legal Entities. Statements regarding listed companies issued by the Swedish Financial Reporting Council are also applied. According to RFR 2, the parent company is required in the annual accounts for the legal entity to apply all IFRS standards adopted by the EU and statements as far as is possible under the provisions of the Swedish Annual Accounts Act, the Swedish Pension Safeguarding Act and taking into account the relationship between accountancy and taxation. The recommendation specifies the exceptions and additions to be made to IFRS.

This is the Parent Company's first annual report to have been prepared in accordance with RFR 2 Accounting for Legal Entities and with the Swedish Annual Accounts Act. The Parent Company has previously applied the Swedish Accounting Standards Board's general recommendation BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements ('K3') and the Swedish Annual Accounts Act. The transition date has been set at 1 January 2019, which means that the comparative figures for the third quarter of 2019 and the financial year 2019 have been restated according to RFR 2. The transition to RFR 2 has not had any material effects on the Parent Company's financial position, earnings or cash flow.

The differences between the Group's and the Parent Company's accounting policies are set out below. The stated accounting policies for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Classification and formats

The Parent Company's income statement and balance sheet are prepared according to the scheme set out in the Swedish Annual Accounts Act. The difference compared with IAS 1 Presentation of Financial Statements applied in the preparation of the consolidated financial statements are, above all, the recognition of financial income and expenses, non-current assets, equity and the existence of provisions as a separate heading.

Capitalised development expenditure

The Parent Company applies the exemption allowed in RFR 2, according to which development expenditure that under IAS 38 is to be recognised as an asset on the balance sheet can be expensed. The Parent Company applies the cost accounting model for proprietary intangible non-current assets.

Subsidiaries

Participations in subsidiaries are recognised at cost, which includes any transaction expenses directly attributable to the acquisition of the participations. Dividends from subsidiaries are recognised as income when the right to receive dividends is deemed certain and can be reliably calculated.

Financial instruments

The Parent company applies the exemption in RFR 2, and the rules on financial instruments in IFRS 9 are therefore not applied in the Parent Company as a legal entity. In the Parent Company, financial assets are measured at cost less any impairment loss, and financial current assets according to the principle of lower of cost or market.

Leases

The Parent Company applies the exemption in RFR 2, and the rules on leases in IFRS 16 are therefore not applied in the Parent Company as a legal entity. In the Parent Company, lease payments are recognised as an expense on a straight-line basis over the term of the lease unless another systematic approach better reflects the economic benefit to the user over time. This applies even if the payments are distributed differently. Right of use and lease liability are therefore not recognised in the balance sheet.

Shareholder contributions

Shareholder contributions paid are recognised by the donor as an increase under the heading Participations in Group companies. Shareholder contributions are recognised by the recipient directly against unrestricted equity.

Note M2 • Breakdown of net sales

Geographic market	2020	2019
EMEA	32,226	35,401
Asia Pacific	24,816	26,487
Americas	17,670	22,287
Total	**74,712**	**84,175**

Customer category	2020	2019
Traffic	43,182	49,003
Rail	31,530	35,172
Total	**74,712**	**84,175**

Note M3 • Purchases and sales within the Group

	2020	2019
Proportion of sales, Group companies, %	8.1	7.3
Proportion of purchases, Group companies, %	3.0	1.9

Note M4 • Remuneration to auditors

	2020	2019
Mazars		
Audit assignment	1,047	807
Other services	–	231
	1,047	**1,038**
Other audit firm		
Other services	–	150
Total	**1,047**	**1,188**

Note M5 • Employees, personnel expenses and fees to Board members

	2020		2019	
Average number of employees	**Number of employees**	**Of whom, men**	**Number of employees**	**Of whom, men**
Sweden	19	15	19	15

	2020		2019	
Gender distribution, senior executives	**Women**	**Men**	**Women**	**Men**
Board of Directors	1	3	0	5
CEO and other Company management	1	4	2	6

Breakdown of salaries and remuneration, by senior executives and other employees SEK th.	**2020**	**2019**
Board, CEO and other senior executives	8,538	7,810
Other	10,011	9,323
Total	**18,549**	**17,133**

	Salaries and other remuneration	
Salaries, other remuneration and social welfare costs	**2020**	**2019**
Salaries and other remuneration	18,549	17,133
Social welfare costs	9,581	9,164
(of which, pension expenses)	3,420	3,131

For further information concerning employees, personnel expenses and fees to Board members, see Group accounting policies, Note 8.

Note M6 • Lease fees

	31/12/2020	31/12/2019
Leases, including rent for premises	1,495	1,469
Lease fees, cost for the year	191	–
The remaining lease fees fall due as follows:		
Less than one year	1,378	1,492
More than one year but less than five years	3,801	2,272
Total	**5,179**	**3,764**

The most important leases relate to premises in Kista.

Note M7 • Other income and operating expenses

Other revenue	**2020**	**2019**
Exchange rate differences	0	0
Temporary lay-off support	1,219	–
Total	**1,219**	**0**
Other operating expenses		
Exchange rate differences	-262	-69
Other	0	0
Total	**-262**	**-69**

Note M8 • Result from receivables recognised as non-current assets

	2020	2019
Exchange rate losses on non-current receivables from subsidiaries	-5,201	–
Exchange rate gains on non-current receivables from subsidiaries	–	871
Total	**-5,201**	**871**

Note M9 • Other interest income and similar items

	2020	2019
Interest income, Group companies	1,004	393
Exchange rate gain on liabilities to credit institutions	5,238	618
Exchange gain on additional purchase consideration	76	–
Exchange gains on non-current liabilities to subsidiaries	136	
Other interest income	0	24
Total	**6,454**	**1,035**

Note M10 • Interest expenses and similar items

Financial expenses	2020	2019
Interest expenses	-2,409	-1,995
Exchange loss on additional purchase consideration	–	-31
Interest expenses attributable to conditional additional purchase consideration	-14	-54
Interest expenses, Group companies	-9	0
Total	**-2,432**	**-2,080**

Note M11 • Tax on net profit for the year

	2020	2019
Current tax	-1,036	–
Deferred tax	-762	-3,378
Total	**-1,798**	**-3,378**
Theoretical tax		
Pre-tax profit recognised	8,200	15,554
Tax at current rate, 21.4%	-1,755	-3,329
Reconciliation of tax recognised		
Tax effect of non-deductible expenses	-31	-49
Effect of non-taxable income	0	0
Effect of change in tax rate	-12	–
Total	**-1,798**	**-3,378**

Note M12 • Other non-current intangible assets

	31/12/2020	31/12/2019
Cost of acquisition, opening balance	387	–
Purchases	–	387
Accumulated cost of acquisition, closing balance	**387**	**387**
Amortisation, opening balance	-19	–
Amortisation for the year	-77	-19
Accumulated amortisation, closing balance	**-96**	**-19**
Carrying amount	**291**	**368**

Note M13 • Equipment

Equipment, tools, fixtures and fittings	31/12/2020	31/12/2019
Cost of acquisition, opening balance	3,408	3,265
Purchases	–	143
Accumulated cost of acquisition, closing balance	**3,408**	**3,408**
Depreciation, opening balance	-3,285	-3,265
Depreciation for the year	-29	-20
Accumulated depreciation, closing balance	**-3,314**	**-3,285**
Carrying amount	**94**	**123**

Note M14 • Participations in Group companies

Parent Company Company	Corp. ID No.	Reg. office	Number	Share of equity	Carrying amount 31/12/2020	31/12/2019
TagMaster Incentive AB	559005-4374	Stockholm	50,000	100%	50	50
TagMaster UK Limited (CitySync)	03791347	Stevenage	15,000	100%	67,112	35,174
SA Balogh International	380 591 933	Clichy	151,949	100%	12,609	5,204
CA Traffic Limited (in liquidation)	2 964 439	Aylesbury	1,000	100%	432	32,370
Magsys SA	444 799 035	Biarritz	11,320	100%	5,912	13,317
Sensys Networks Inc.	C2435981	Berkeley	100	100%	164,466	166,424
					250,581	**252,539**

During the second quarter of 2020 a reduction was obtained in the purchase consideration attributable to the shares in Sensys Networks Inc. As a result, the carrying amount for the shares was reduced by SEK 2.0 million (USD 199.8 thousand).

As a way of simplifying the Group structure and coordinating functions in the European segment, the operations of CA Traffic were transferred to TagMaster UK. For the same reason, the operations of Magsys SA were transferred to TagMaster France SA. The carrying amount stated by TagMaster AB for the participations in its subsidiaries has on that basis been adjusted by amounts corresponding to the carrying amounts on consolidation of the net assets transferred. The adjustment has been applied via a reallocation between the carrying amounts for the Company's participations in the subsidiaries concerned.

Balogh International Company	Corp. ID No.	Reg. office	Number	Share of equity, %
TagMaster France SA (SA Balogh)	582 061 073	Clichy	31,941	100
Balogh Normandie	310 498 423	Pont-l'Evêque	5,920	100

Note M15 • Receivables from Group companies

	31/12/2020	31/12/2019
Opening balance	24,518	22,788
Lending	–	3,569
Amortisation	-16,553	-3,210
Accrued interest	109	235
Reclassification as current receivables from Group companies	-7,638	–
Translation difference for the year	-436	1,136
Closing balance	**0**	**24,518**

Note M16 • Tax assets

Deferred tax assets	31/12/2020	31/12/2019
Opening balance	1,089	1,402
Used during the year	-750	-3,378
Effect on deferred tax of tax-deductible share issue costs	–	3,065
Effect of changes in tax rates	-12	–
Closing balance	**327**	**1,089**

Temporary differences occur in the following items:

	Deferred tax asset 31/12/2020	31/12/2019
Tax loss carry-forwards	–	750
Warranty provisions	327	339
Carrying amount	**327**	**1,089**

Note M17 • Other receivables

	31/12/2020	31/12/2019
Tax assets	1,425	1,270
VAT receivable	1,358	1,159
Other receivables	3,192	0
Total	**5,975**	**2,429**

Note M18 • Prepayments and accrued income

	31/12/2020	31/12/2019
Prepaid rent	317	324
Insurance prepayments	398	385
Other prepayments	884	682
Total	**1,599**	**1,391**

Note M19 • Equity

See Note 23 to the Consolidated financial statements for more information on the Parent Company's share capital.

Note M20 • Provisions

Warranty provisions	31/12/2020	31/12/2019
Carrying amount, opening balance	1,587	1,750
Provision for the year	1,587	875
Reversal for the year	-1,586	-1,038
Carrying amount	**1,588**	**1,587**
Additional purchase consideration, Magsys		
Carrying amount, opening balance	2,070	1,985
Interest for the year	14	54
Translation difference for the year	-76	31
Carrying amount	**2,008**	**2,070**
Total provisions	**3,596**	**3,657**

Note M21 • Liabilities to credit institutions

	31/12/2020	31/12/2019
Non-current portion of acquisition loan	24,742	38,305
Current portion of acquisition loan	9,826	11,210
Total	**34,568**	**49,515**
Overdraft facility utilised	4,400	6,447
Total, liabilities to credit institutions	**38,968**	**55,962**

The non-current portion of the liability matures as follows:

	31/12/2020	31/12/2019
More than 1 year and less than 2 years from the balance sheet date	9,826	11,210
Between 2 and 5 years from the balance sheet date	15,559	27,922
Total	**25,385**	**39,132**
Loan acquisition expenses	-643	-827
Total	**24,742**	**38,305**

The acquisition loan consists of a bank loan of USD 5.7 million, which was raised to finance the acquisition of Sensys Networks Inc. The loan has a maturity of five years with straight amortisation. The interest rate is LIBOR interest plus a margin of between 2.15 and 3.15 percentage points, determined by the metric net debt divided by consolidated EBITDA (operating profit excluding depreciation and amortisation). The LIBOR rate has been hedged at 1.65% via an interest rate swap. The market value of the interest rate swap on 31 December 2020 was SEK -737 thousand (27). The original debt was reduced via loan acquisition expenses of SEK 905 thousand. As of 31 December 2020, the remaining amount to accrue over the term of the loan was SEK 643 thousand (827).

For information regarding the covenants attached to the acquisition loan. see Note 4 to the Consolidated financial statements.

Note M22 • Bank overdraft facilities

The Parent Company has an overdraft facility granted of SEK 36,566 thousand. On 31 December 2020, SEK 4,400 thousand had been utilised, indicating that SEK 32,166 thousand was unutilised and available.

	31/12/2020	31/12/2019
Cash and cash equivalents	2,319	1,597
Overdraft facilities granted	36,566	39,951
Utilised portion of overdraft facilities	-4,400	-6,477
Available liquidity	**34,485**	**35,071**

Note M23 • Non-current liabilities to Group companies

	31/12/2020	31/12/2019
Opening balance	0	–
Borrowing	3,214	–
Accrued interest	145	–
Translation difference for the year	-272	–
Closing balance	**3,087**	**0**

Note 24 • Other liabilities

	31/12/2020	31/12/2019
Advance payments from customers	1,477	462
VAT and other tax-related items	5,587	453
Total	**7,064**	**915**

Note M25 • Accruals and deferred income

	31/12/2020	31/12/2019
Personnel-related expenses	8,062	5,239
Other accrued expenses	2,666	2,323
Accrued sales commission payments	648	723
Total	**11,376**	**8,285**

Note M26 • Pledged assets and contingent liabilities

	31/12/2020	31/12/2019
Assets pledged for liabilities to credit institutions		
Corporate mortgages	21,800	21,800
Total	**21,800**	**21,800**

Note M27 • Statement of cash flows

Non-cash items	**31/12/2020**	**31/12/2019**
Depreciation/amortisation	106	39
Provisions and accrued expenses	0	-163
Total	**106**	**-124**

Changes in liabilities attributable to financing activities	**31/12/2020**	**31/12/2019**
Opening balance	55,962	5,500
Cash flow for the year		
Borrowings	–	52,941
Change in bank overdraft facilities	-2,077	6,477
Amortisation of liabilities	-9,862	-8,416
Non-cash items		
Accrued loan acquisition expenses	184	78
Exchange rate differences	-5,239	-618
Closing balance	**38,968**	**55,962**

Liabilities to Group companies	**31/12/2020**	**31/12/2019**
Opening balance	–	–
Cash flow for the year		
Borrowings	3,214	–
Non-cash items		
Interest	9	–
Exchange rate differences	-136	–
Closing balance	**3,087**	**–**

Note M28 Appropriation of profits

(Amounts in SEK)
Proposed allocation of the Company's profit

The following unappropriated profit is available for allocation by the AGM:	
Retained earnings	58,804,436
Share premium reserve	171,454,976
Net profit for the year	6,401,819
	236,661,231

The Board proposes that:	
To be carried forward	236,661,231
	236,661,231

Signatures

Kista, March 26, 2021

Rolf Norberg
Chairman

Margareta Hagman	Gert Sviberg	Juan Vallejo

Jonas Svensson
Chief Executive Officer

Our audit report was submitted on March 29, 2021

Mazars AB

Anders Bergman
Authorised Public Accountant

Audit report

To the Annual General Meeting of TagMaster AB (publ), Corp. ID No. 556487-4534

REPORT ON THE ANNUAL REPORT AND THE CONSOLIDATED ACCOUNTS

Opinion

We have conducted an audit of the annual report and consolidated accounts for TagMaster AB (publ) for the 2020 financial year. The company's annual report and consolidated accounts are included on pages 29–81 of this document.

In our opinion, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as at 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the group as at 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. The statutory administration report (directors' report) is consistent with the other parts of the annual report and consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the income statements and the balance sheets of the parent company and the group.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the section Auditor's responsibilities. We are independent in relation to the parent company and the group in accordance with generally accepted auditing standards in Sweden and otherwise have fulfilled our ethical responsibilities in accordance with these requirements.

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

Information other than the annual report and the consolidated accounts

This document also contains information other than the annual report and the consolidated accounts and can be found on pages 4-28 and 85-91. The board of directors and the CEO are responsible for this other information. Our opinion on the annual report and consolidated accounts does not include this information and we do not express an opinion verifying this other information.

In connection with our audit of the annual report and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual report and consolidated accounts. In this review we also take into account the knowledge we have obtained elsewhere in the audit and assess whether the information otherwise appears to contain material misstatements.

If, based on the work carried out with respect to this information, we conclude that there is a material misstatement in the other information, we are required to report this. We have nothing to report in this respect.

Responsibilities of the board of directors and the chief executive officer (CEO)

The board of directors and the CEO are responsible for the preparation and fair presentation of the annual report and consolidated accounts in accordance with the Swedish Annual Accounts Act and, as regards the consolidated accounts, in accordance with IFRS, as adopted by the EU. The board of directors and the CEO are also responsible for such internal control as they deem necessary to enable the preparation of an annual report and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In their preparation of the annual report and consolidated accounts, the board of directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, where appropriate, information on conditions that may affect the ability to continue as a going concern and to use the going concern basis of accounting. However, the going concern basis of accounting is not used if the board of directors and CEO intend to liquidate the company, discontinue operations, or do not have a realistic alternative to either of these actions.

Auditor's responsibilities

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

• identify and assess the risks of material misstatement in the annual report and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• we obtain an understanding of the part of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

• we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and the CEO.

• we conclude on the appropriateness of the board of directors' and the CEO's use of the going concern basis of accounting when preparing the annual report and consolidated accounts. We will also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the audit report to the related disclosures in the annual report and consolidated accounts or, if such disclosures are inadequate, to modify our opinion on the annual report and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company and the group to cease to continue as a going concern.

• we evaluate the overall presentation, structure, and content of the annual report and consolidated accounts, including the disclosures, and whether the annual report represents the underlying transactions and events in a manner that achieves fair presentation.

• we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our opinions.

We must inform the board of, among other matters, the planned scope and timing of the audit. We also need to inform the board of significant audit findings, including any significant deficiencies in internal control that we have identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In addition to our audit of the annual report and consolidated accounts, we have examined the administration of the board of directors and the CEO of TagMaster AB (publ) for the year 2020 and the proposed appropriation of the Company's profit or loss.

We recommend to the Annual General Meeting that the profit be appropriated as proposed in the Directors' Report and that the members of the board and the CEO be discharged from liability for the financial year.

Basis for opinion

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in accordance with this is described in greater detail in the section Auditor's responsibilities. We are independent in relation to the parent company and the group in accordance with generally accepted auditing standards in Sweden and otherwise have fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the board of directors and the chief executive officer (CEO)

The board of directors is responsible for the proposed appropriation of the company's profit or loss. Dividend proposals include an assessment of whether the dividend is justifiable considering the demands that the nature, scope, and risks of the company's and the group's operations place on the amount of equity and the parent company's and the group's consolidation requirements, liquidity and financial position in general.

The board of directors is responsible for the organisation of the company and the management of its affairs. Among other things, this includes continuously assessing the company's and the group's financial position and ensuring that the company's organisation is designed such that controls of accounting records, asset management and the company's financial circumstances in general are performed in a satisfactory manner. The CEO must take charge of the day-to-day management in accordance with the board's guidelines and directives, including taking the necessary measures to ensure that the company's accounting records are complete according to law and that asset management is conducted satisfactorily.

Auditor's responsibilities

Our objective for the management audit, and thereby our statement on discharge from liability, is to obtain audit evidence to enable us to determine with reasonable assurance whether any member of the board or the CEO has, in any material respect:

- taken any action or been guilty of any negligence that may result in a claim for compensation being brought against the company, or
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act, or the articles of association.

Our objective for the audit of the proposed appropriation of the company's profit or loss, and thereby our opinion on this matter, is to determine with reasonable assurance whether the proposal is consistent with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may result in a claim for compensation being brought against the company, or that a proposal for appropriation of the company's profit or loss is inconsistent with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The review of the management and the proposed appropriation of the company's profit or loss is largely based on the audit of the accounts. Any additional audit procedures performed are based on our professional assessment, with risk and materiality as the starting point. This means that our review focuses on such procedures, matters, and conditions that are material to the business and where deviation and infringement would have special significance for the company's situation. We go through and examine decisions taken, documentation supporting decisions, actions taken, and other conditions that are relevant to our statement on discharge from liability. As a basis for our opinion on the board of directors' proposed appropriation of the company's profit or loss, we examined whether the proposal is consistent with the Swedish Companies Act.

Stockholm, March 29, 2021
Mazars AB

Anders Bergman
Authorised Public Accountant

Quarterly information

Amounts in SEK th.	2020 Oct–Dec	2020 July-Sept	2020 Apr–June	2020 Jan-Mar	2019 Oct–Dec	2019 July-Sept	2019 Apr–June	2019 Jan-Mar
Net sales	67,788	70,970	68,834	78,861	83,532	82,417	53,158	43,848
Growth in net sales, %	-18.8	-13.9	29.5	79.9	89.6	88.1	4.8	-23.0
Gross profit	46,108	46,818	43,751	51,593	58,434	53,435	33,885	29,245
Gross margin, %	68.0	66.0	63.6	65.4	70.0	64.8	63.7	66.7
Adjusted EBITDA	5,470	8,643	6,311	6,905	14,251	12,401	3,144	6,264
Adjusted EBITDA margin, %	8.1	12.2	9.2	8.8	17.1	15.0	5.9	14.3
EBITDA	4,176	8,643	-6,613	2,196	9,893	8,129	-1,854	6,264
EBITDA margin, %	6.2	12.2	-9.6	2.8	11.8	9.9	-3.5	14.3
Operating profit/loss	-1,012	2,750	-12,509	-3,844	2,712	1,189	-5,415	4,199
Operating margin, %	-1.5	3.9	-18.2	-4.9	3.2	1.4	-10.2	9.6
Profit/loss before tax	-593	2,986	-12,488	-8,456	3,590	-3,069	-4,552	4,022
Profit for the period	-2,602	3,343	-12,442	-8,667	-1,127	-5,557	-3,787	3,672
Basic earnings per share	-0.01	0.01	-0.03	-0.02	0.00	-0.02	-0.02	0.02
Diluted earnings per share	-0.01	0.01	-0.03	-0.02	0.00	-0.02	-0.02	0.02
Financial position								
Equity	177,758	194,520	196,694	224,216	217,950	228,337	222,992	113,015
Average equity	186,139	206,235	207,322	221,083	223,144	225,665	168,004	109,567
Equity ratio, %	55.7	56.3	53.1	56.3	56.4	56.2	51.5	60.9
Net debt	-6,042	4,779	26,112	42,772	39,135	42,648	33,983	-6,761
Return on equity, %	-1.4	1.6	-6.0	-3.9	-0.5	-2.5	-2.3	3.4
Per share data								
Sales per share, SEK	0.19	0.19	0.19	0.22	0.23	0.23	0.22	0.22
Equity per share, SEK	0.49	0.53	0.54	0.61	0.60	0.62	0.93	0.56
Share price at end of period, SEK	0.99	0.72	0.74	0.56	0.81	0.73	0.80	1.17
Average number of shares, thousands[1]	366,188	366,188	366,188	366,188	366,188	366,188	240,032	202,879
Employee information								
Sales per employee	692	682	615	686	726	717	618	548
Average number of employees	98	104	112	115	115	115	86	80
Number of employees at nd of period	99	99	108	116	115	115	113	80

1 Number of shares, basic and diluted, is the same as there are no options or convertibles outstanding that may give rise to dilution.

Group's key performance indicators

Key performance indicators	Definition/calculation	Purpose
Gross profit	Net sales minus costs of goods and services sold.	The key performance indicator is used in other calculations.
Gross margin	Net sales less costs of goods and services sold (gross profit), as a percentage of net sales.	The gross margin is used to measure production profitability.
Operating margin	Operating profit (EBIT) after depreciation, amortisation and impairments, as a percentage of net sales.	The operating margin is used to measure operating profitability.
EBITDA	Operating profit (EBIT) before depreciation, amortisation and impairments.	EBITDA together with EBIT provide an overall picture of profit generated from operating activities.
Adjusted EBITDA	EBITDA adjusted for non-recurring items.	The key performance indicator provide an overall picture of profit generated from operating activities.
Equity ratio	Equity as a percentage of the balance sheet total.	The key performance indicator measures the proportion of assets financed by equity. Assets not financed by equity are financed by loans.
Return on equity	Profit for the year after tax attributable to the shareholders in the Parent Company, divided by average equity.	The key performance indicators shows the return that the owners receive on their invested capital.
Average equity	Average equity is calculated as the average of the opening and closing balances.	The key performance indicator is used in other calculations.
Average number of employees	The total of number of employees per month divided by the number of months in the period.	The key performance indicator is used in other calculations.
Sales per employee	Sales divided by average number of employees.	The key performance indicator is used to assess the efficiency of a company.
Earnings per share, SEK	Profit for the period attributable to the shareholders in the Parent Company, divided by the average number of shares.	Earnings per share is used to determine the value of the Company's outstanding shares.
Average number of shares	Weighted average number of shares at the end of the period.	The key performance indicator is used in other calculations.
Net debt	Interest-bearing liabilities less cash and cash equivalents.	The key performance indicator is used to track the Company's indebtedness.
Net debt/EBITDA	Net debt at the end of the period divided by EBITDA, adjusted on a rolling twelve-month basis.	Net debt/EBITDA provides an estimate of the Company's ability to reduce its debt. It represents the number of years it would take to pay the debt if net debt and EBITDA are kept constant, without taking account of cash flows relating to interest, tax and investments.
Working capital	The total of inventories, trade receivables and other receivables, less trade payables and other payables.	The key performance indicator is used to manage and control the resources needed for the Company's operating activities.

Financial metrics not defined in accordance with IFRS

TagMaster presents certain financial metrics in the interim report that are not defined in accordance with IFRS or the Swedish Annual Accounts Act. The Company considers that these metrics provide valuable additional information to investors and the Company's management, as they enable evaluation of the Company's performance. Since not all companies calculate financial metrics in the same way, these are not always comparable with metrics used by other companies. These financial metrics should therefore not be seen as a substitute for metrics defined in accordance with IFRS. Metrics that are not defined in accordance with IFRS and reconciliation of the metrics are presented below.

		2020 Oct–Dec	**2019 Oct–Dec**	**2020 Jan-Dec**	**2019 Jan-Dec**
A	Net sales	67,788	83,532	286,453	262,955
	Change in inventories during manufacture and finished goods	-311	-1,727	-912	-2,319
	Goods for resale, raw materials and consumables	-21,370	-23,371	-97,272	-85,637
B	**Gross profit**	46,108	58,434	188,269	174,999
C	Operating profit (EBIT)	-1,012	2,712	-14,613	2,685
	Depreciation of property, plant and equipment and amortisation of intangible assets	-5,186	-7,181	-23,015	-19,747
D	**EBITDA**	4,175	9,893	8,402	22,432
	Non-recurring expenses attributable to acquisitions		4,358	12,318	13,619
	Other non-recurring expenses	1,295		6,609	
E	**Adjusted EBITDA**	5,470	14,251	27,329	36,051
	Adjusted EBITDA (rolling 12-month)				
(B/A)	Gross profit margin, %	68.0	70.0	65.7	66.6
(C/A)	EBIT margin, %	-1.5	3.2	-5.1	1.0
(D/A)	EBITDA margin, %	6.2	11.8	2.9	8.5
(E/A)	Adjusted EBITDA margin, %	8.1	17.1	9.5	13.7

Return on equity, %		**2020 Oct–Dec**	**2019 Oct–Dec**	**2020 Jan-Dec**	**2019 Jan-Dec**
(A)	Profit for the period	-2,602	-1,127	-20,366	-6,799
(B)	Opening equity for the period	194,520	228,337	217,950	106,119
(C)	Closing equity for the period	177,757	217,950	177,758	217,950
D	Average equity	186,138	223,144	197,854	162,035
(A)/(D)	Return on equity, %	-1.4	-0.5	-10.3	-4.2

Equity ratio, %		**31/12/2020**	**31/12/2019**
(A)	Equity	177,758	217,950
(B)	Balance sheet total	319,154	386,443
(A/B)	Equity ratio, %	55.7	56.4

Net debt		**31/12/2020**	**31/12/2019**
	Liabilities to credit institutions	38,968	55,962
	Lease liabilities	4,768	22,396
	Conditional purchase considerations	2,008	2,070
	Cash	-51,786	-41,293
(A)	Net debt (-) receivable	-6,042	39,135
(A)/(E)	Net debt/adjusted EBITDA, multiple (rolling 12-month)	-0.2	1.1

Working capital		**31/12/2020**	**31/12/2019**
	Inventories	40,076	53,386
	Trade receivables	42,178	56,654
	Other receivables	12,746	10,219
	Trade payables	-14,110	-19,468
	Other liabilities	-46,285	-41,830
(A)	Working capital	34,605	58,961

Board of Directors

Rolf Norberg

Chairman and Board member since 2012

Born: 1949

Shareholding: 2,602,857 shares

Education: Doctor of Engineering, KTH Royal Institute of Technology, Stockholm

Previously worked for: Sandvik, Securitas, ASSA ABLOY, and Niscayah

Margareta Hagman

Board member since 2020

Born: 1966

Shareholding: 40,000 shares

Education: Master of Business Administration, Örebro University

Previously worked for: BioGaia, Arthur Andersen. Serves as advisor and consultant in finance, Board member, IBT Infant Bacterial Therapeutics AB

Gert Sviberg

Board member since 2012

Born: 1967

Shareholding: 50,000,000 shares

Education: Marine engineer

Owns several companies and works as a property developer

Jonas Svensson

CEO and deputy Board member since 2012

Born: 1962

Shareholding: 5,480,292 shares

Education: Master of Science in Business and Economics, Lund University

Previously worked for: Kinetico Inc. Smarteq Wireless, American Express, SEB, and Siemens

Juan Vallejo

Board member since 2019

Born: 1957

Shareholding: 0 shares

Education: Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm

Previously worked for: Imtech, Niscayah and Securitas

Group Management

Jonas Svensson
President and Chief Executive Officer
Born: 1962
Employee since: 2012
Shareholding: 5,480,292 shares**Education:** Master of Science in Business and Economics, Lund University
Previously worked for: Kinetico Inc. Smarteq Wireless, American Express, SEB, and Siemens

Keith Mann
Operations Director UK
Born: 1955
Employee since: 2011 (City Sync Ltd)
Shareholding: 0 shares
Education: Higher National Certificate in Electrical Engineering, Dundee
Previously worked for: ISS, BenchMark Electronics, Flextronics and SCI

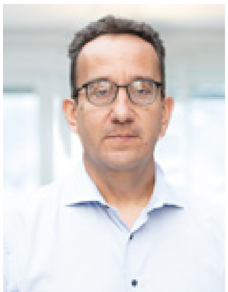
Johan Franzén
Chief Technology Officer
Born: 1971
Employee since: 2005
Shareholding: 123,000 **Education:** Master of Science in Engineering, Chalmers University of Technology, Gothenburg
Previously worked for: Ericsson and Optillion

Peter Gröntved
International Sales Director Traffic Solutions EMEA
Born: 1964
Employee since: 2015
Shareholding: 0 shares
Education: Master of Science in Business Administration & Economics, Copenhagen Business School
Previously worked for: Michelin, ASSA ABLOY, Grohe and ThyssenKrupp

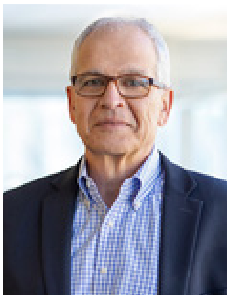
Margaretha Narström
Chief Financial Officer
Born: 1967
Employee since: 2016
Shareholding: 518,400 shares **Education:** Master of Science in Business and Economics, Karlstad University
Previously worked for: Deloitte, JM and the Swedish Tax Agency

Anne-Françoise Meistermann
Operation Director France
Born: 1973
Employee since: 2016 (Hikob)
Shareholding: 0 shares
Education: Master's Degree of Science in Engineering, ICAM, Nantes, France
Previously worked for: L'Oréal and Medtronic

Peter Almgren
Marketing Director
Born: 1968
Employee since: 2019
Shareholding: 0 shares
Education: Master of Business Administration, Marketing & Organization, University of Stockholm
Previously worked for: Trintech Inc., Adra-Software A/S, Dagens Industri and Deltec Inc.



Brian Fuller
President & COO Sensys Networks
Born: 1968
Employee since: 2005 (Sensys Networks)
Shareholding: 0 shares
Education: B.Sc in Electrical Engineering, Pennsylvania State University
Previously worked for: GoDigital Networks, Extreme Networks Inc, InnoMedia Inc, Lucent Technologies Inc



Amine Haoui
Strategic Business Developement Sensys Networks Inc
Born: 1955
Employee since: 2003 (Sensys Networks Inc.)
Shareholding: 0 shares
Education: Ph. D. Electrical Engineering & Computer Science, The University of California, Berkeley
Previously worked for: TCSI, Diva Communications and Innomedia

Shareholder information

The Annual General Meeting 2021 of TagMaster AB (publ), corp. reg. no. 556487-4534 will be held on Thursday 29 April 2021. Due to the coronavirus pandemic, the Board of Directors has decided that the Annual General Meeting 2021 shall be conducted without the physical presence of shareholders, representatives and third parties, and that the only opportunity for shareholders to exercise their voting rights shall be by post prior to the meeting. Information about the resolutions adopted by the Annual General Meeting will be published on Thursday 29 April 2021, as soon as the outcome of the postal vote has been finalised.

Notice of the meeting

Notice of the Annual General Meeting will be issued no later than four weeks before the meeting is held, by placing an advertisement in the Official Swedish Gazette (PoIT) and on the Company's website, www.tagmaster.com. An advertisement will also be placed in the Svenska Dagbladet newspaper declaring that notice of the meeting has been given.

Registration and notification

Anyone wishing to participate in the Annual General Meeting via postal voting shall:

- be listed as a shareholder in the shareholder register maintained by Euroclear Sweden AB on 21 April 2021, and
- register by casting their postal vote according to the instructions under the heading Postal voting below so that their postal vote is received by TagMaster AB no later than 28 April 2021.

Nominee-registered shares

In order to participate in the Annual General Meeting, shareholders who have elected to nominee-register their shares must temporarily register them in their own name with Euroclear Sweden AB. Any such registration, which normally takes a few days, must be completed (registered with Euroclear Sweden AB) no later than 23 April 2021.

Postal voting

The Board of Directors has decided that shareholders shall be able to exercise their voting rights by postal vote only, pursuant to Section 22 of the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020:198).

A special form shall be used for postal voting.This form can be downloaded from the Company's website, www.tagmaster.com. Completed and signed postal voting forms must be sent by post to TagMaster AB, Kronborgsgränd 11, SE-164 46 Kista, Sweden, FAO Maria Nordgren. Shareholders may not include special instructions or conditions with their postal vote. If they do, the entire postal vote is rendered invalid.

Proxy

If shareholders vote by proxy, a written and dated power of attorney signed by the shareholder shall be attached to the postal voting form. If the power of attorney has been issued by a legal entity, a copy of the certificate of registration or, if such a document does not exist, the corresponding authorisation document must be attached. A proxy form can be downloaded from the Company's website, www.tagmaster.com.

Right to information

The Board of Directors and the CEO shall, if any shareholder so requests and the Board of Directors considers that it can be done without material harm to the Company, provide information about circumstances that may affect the assessment of an item on the agenda, circumstances that may affect the assessment of the Company's or subsidiaries' financial situation, and the Company's relationship with other Group companies. Requests for such information must be submitted in writing to the Company no later than ten days before the Annual General Meeting, i.e. no later than Monday 19 April 2021. The request must be sent by post to TagMaster AB, Kronborgsgränd 11, SE-164 46 Kista, Sweden, FAO Maria Nordgren. The information is provided by being made available on the Company's website, www.tagmaster.com, and at the Company's headquarters.

The information is also sent to shareholders who have requested it and provided their address.

Dividend

The Board of Directors proposes that no dividends be paid for 2020.

Financial Calendar 2021

Interim Report for January to March	29 April 2021
Interim Report for January to June	16 July 2021
Interim Report for January to September	27 October 2021
Year-end Report 2020	3 February 2022

GLOSSARY

AI
Artificial intelligence

ANPR
Automatic Number Plate Recognition

ATP
Automatic Train Protection

AVI
Automatic Vehicle Identification

CBTC
Communications-based train control

CCTV
Closed Circuit Television

EMEA
Europe, the Middle East and Africa

I2X
Infrastructure-for-everything is a technology that enables infrastructure (street lighting, traffic lights etc.) to communicate with moving objects in the road traffic system, such as vehicles, bicycles, pedestrians etc., by use of wireless communication.

Infomobility
Infomobility solutions aim to collect and distribute accurate real-time information regarding various traffic situations and traffic levels

IoT
Internet of Things

IR camera
Infrared Camera

ITS
Intelligent Transport Systems

MaaS
Mobility as a Service

NASP
National ANPR Standards for Policing

NRE
Non-Recurring Engineering

OCR
Optical Character Recognition

RFID
Radio Frequency Identification

RAIN RFID, a name for a part of RFID that is found in a number of frequencies and applications such as access systems, logistics, clothing theft, livestock marking, book marking. TagMaster operates within RFID and within two of these frequencies, one called RAIN RFID

UHF
Ultra High Frequency

ADDRESSES

TagMaster AB
Kronborgsgränd 11,
SE-164 46 Kista
Sweden
+46 (0)8 632 19 50
sales@tagmaster.com

TagMaster UK Limited
Unit 4, Caxton Place, Caxton
Way, Stevenage, SG1 2UG
United Kingdom
+44 (0)1438 314 387
sales.uk@tagmaster.com

TagMaster France SA
28-32 Av. Anatole France,
F-92110 Clichy
France
+33 (0)1 44 65 65 10
contact.fr@tagmaster.com

SENSYS networks
A TAGMASTER COMPANY

Sensys Networks Inc.
1608 Fourth St., Suite 200
Berkeley, CA 94710 USA
+1 510 548 4620
sensysnetworks.com

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