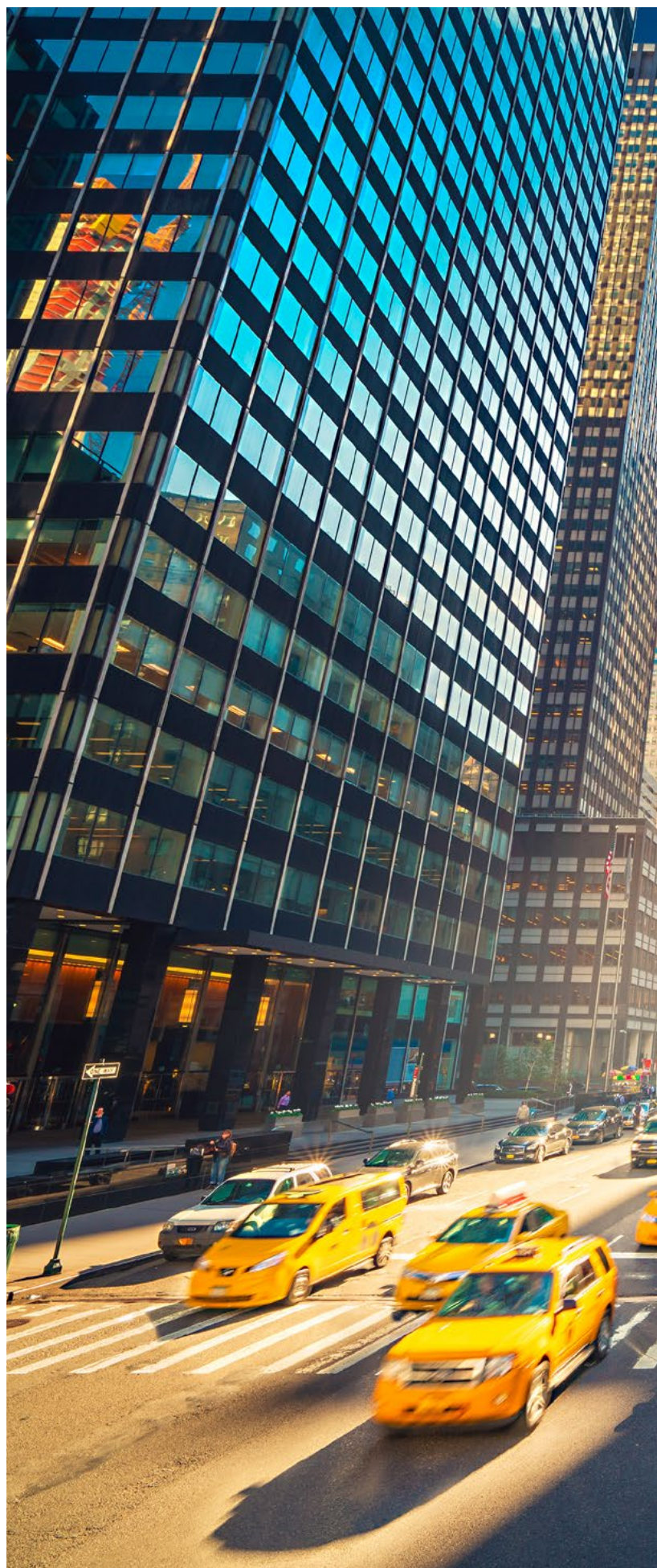




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TagMaster develops and delivers data solutions for Smart Cities based on advanced sensor technology. These solutions aim to improve and streamline transport and traffic flows, on both road and rail.



TagMaster in brief

TagMaster is a global player in innovative Intelligent Transportation Systems (ITS). It has a presence in the most important markets worldwide with an emphasis on Europe and the US. The Company has a broad range of solutions and strong expertise in important sensor technologies, and develops data solutions aimed at improving the efficiency and increasing the safety of both road and rail networks. The solutions are helping to bring about the much needed modernization of the world's transport systems.

Transportation systems in metropolitan areas worldwide are seeing worsening congestion and traffic delay, declining safety, and significant increase in green-house gas emissions as a result of growth in population and economic activity, the affordability of vehicles, and increase in travel demand.

TagMaster's data solutions and sensor products are developed to help meet these challenges by providing the accurate and reliable data needed by ITS solutions to optimize the operation of road and rail networks and significantly reduce delay and emissions and improve safety for the traveling public.

TagMaster's solutions are based on advanced home-grown sensor technologies including RFID, Radar, ANPR, Video detection and Wireless magnetometers. By combining

these sensor technologies with sophisticated data analytics and cloud software for remote monitoring and diagnostics TagMaster offers turn-key detection and identification with a global reputation for accuracy and reliability. Via a total of seven acquisitions since 2015 and organic growth, the Company has developed into a leading international player with operations and customer relationships all over the world.

The Group is headquartered in Kista, Greater Stockholm. In the UK and France, the Group operates under the names of TagMaster UK, TagMaster France and Citilog, and in the USA under the name of Sensys Networks. At the end of last year, the TagMaster Group had a total of 137 employees and more than 700 partners in over 45 countries.

TAGMASTER CAN MAKE A MAJOR CONTRIBUTION TO THE ENVIRONMENT

+20 percent

of all carbon dioxide emissions is produced by traffic.

500,000 tonnes

TagMaster's technology can reduce these emissions by 500,000 tonnes of carbon dioxide annually in the USA.

A study conducted by Siemens in Seattle, Washington State, USA, demonstrated that by using Sensys Networks FlexMag sensors in adaptive traffic control (ATC), it was possible to reduce carbon dioxide emissions by 282 kg per car per year. If similar systems were installed nationally across the USA, emission would be cut by nearly 500,000 tonnes annually.

VISION

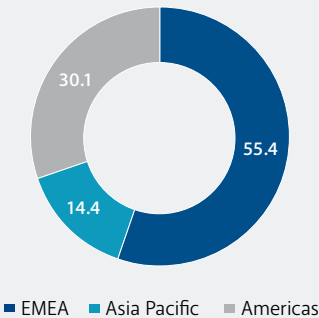
We will be the most innovative provider of ITS solutions for Smart Cities.

MISSION

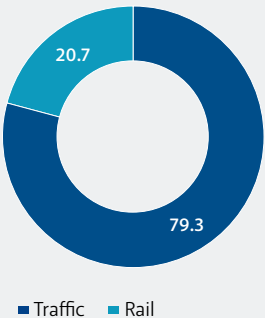
We will provide reliable and easy-to-use detection and identification solutions for demanding environments, with actionable and accurate information.



SALES BY GEOGRAPHIC REGION, %



SALES BY CUSTOMER CATEGORY, %



Increased profitability despite a tough year

The past year, 2021, was a successful one for TagMaster. Thanks to a large measure of flexibility and the commitment of our employees, we succeeded in coping effectively with imbalances in our supply chain, while maintaining focus on our strategy. Despite challenges in procuring some components, the gross margin for the year was the best yet historically for the Group. In addition, we had a robust adjusted EBITDA profit, which rose by 24.3 percent on an annualised basis. During the year, we continued with our initiatives to broaden our offering of advanced sensor technologies, with the acquisition of Citilog which brought, in addition to their industry leading video detection technology, expertise in AI and deep learning. Our solutions are contributing to the much needed transition to a more sustainable transport system, which places us in a strong position to benefit from a fast growing market.

New acquisition

The acquisition of Citilog, France, which was concluded in the second quarter, brings expertise and in AI and deep learning software solutions. This, combined with the expertise already available at Sensys Networks and TagMaster, creates opportunities for growth in both the USA and European markets.

The acquisition provides the Group with increased capacity to develop future products and data solutions in the USA and Europe, and to leverage the combined sales forces of Citilog and Sensys Networks to increase the sales capacity of both organizations. As a result of the acquisition, high-margin software will become an important part of TagMaster's future sales.

OVER THE PAST FIVE YEARS,
TAGMASTER HAS INCREASED NET
SALES BY ON AVERAGE

23.5%

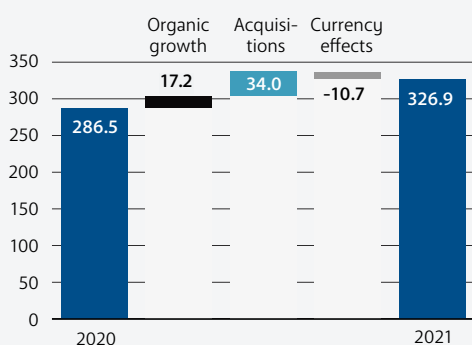
ADJUSTED EBITDA MARGIN

10.4%





SALES GROWTH



FINANCIAL KEY PERFORMANCE INDICATORS

	Full year 2021	Full year 2020	Full year 2019
Net sales, SEK thousands	326,886	286,453	262,955
Growth in net sales, %	14.1	8.9	34.5
Gross margin, %	68.4	65.7	66.6
Adjusted EBITDA, SEK thousands	33,958	27,329	36,051
Adjusted EBITDA margin, %	10.4	9.5	13.7
EBITA, SEK thousands	24,789	-605	22,860
EBITA margin, %	7.6	-0.2	8.7
Equity ratio, %	54.4	55.8	56.4
Cash flow from operating activities, SEK million	26.2	27.4	3.9
Net debt/adjusted EBITDA, multiple (rolling 12-months)	0.3	-0.2	1.1
Diluted earnings per share, SEK¹	0.40	-1.39	-0.46
Number of employees at end of period	137	99	115

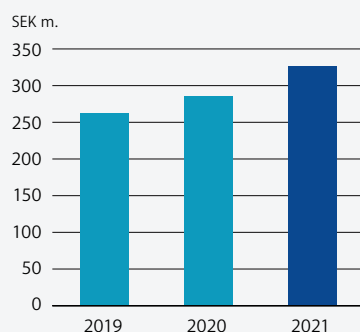
1) Adjusted retroactively for the 1-for-25 share consolidation

The FRONTIER project

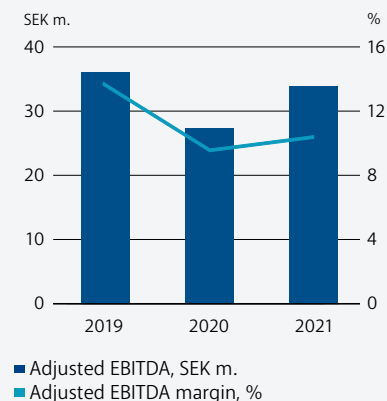
Sensys Networks, together with TagMaster in Sweden, were selected as the only Swedish company in the EU-funded FRONTIER project, which aims to create innovative traffic management systems, reduce vehicle emissions and pave the way for driverless cars in Europe. A total of 19 high-profile organizations in the field are involved in the project, which has received EUR 5 million in funding from the EU. This multidisciplinary team with partners from several universities and research institutes, as well as companies and government agencies in transport, infrastructure and information technology. The solutions will be tested in three pilot projects in Antwerp (Belgium), Athens (Greece) and Oxfordshire (UK).



NET SALES



ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN



Continued growth, new challenges and an important step up in the value chain

The past year of 2021 was characterised by good growth, positive events but also new challenges. We experienced a gradual reopening of our main markets after the lower activity in the, pandemic year of 2020, and we grappled with the global component shortage. The result was an overall increase in sales, the best gross margin in the Group's history and an adjusted EBITDA profit that was up 24.3 percent. We also made an important step up in the value chain with the acquisition of Citilog, the global leader for full turn-key system level video solutions for incident management on roadways.

Like many other technology companies, we were affected by the global component shortage for much of the year. We focused intensively on proactive measures to ensure that a robust supply chain was maintained. Our development engineers also worked on actively redesigning our sensor products to adapt them to the current component situation and reduce our vulnerability.

The work paid off and we managed to avoid significant disruption to customer deliveries. We estimate that our loss in terms of deliveries held up because of component shortages amounted to just under 3.5 percent of sales on an annualised basis, equivalent to just over SEK 11 million.

We offset the higher costs caused by the shortages and the increased transport costs via a number of price increases, some of which were already effective during the year. This proves that our offering can withstand price increases without losing its attractiveness.

I envisage continued challenges in the component supply, and we are therefore continuing to proactively manage our supply chain to limit any further impact, by having daily contacts with key suppliers and active global sourcing of components and higher inventory levels.

Gradual reopening of main markets

The year of 2021 was marked by the gradual reopening of our main markets and increased activity among our customers. This led to an increase of 14.1 percent in sales to SEK 326.9 million, of which the acquisition of Citilog, completed in April, accounted for just under SEK 34 million. Growth for the full year was 6.3 percent.

Despite the component shortage and increased costs, we managed to deliver our best gross margin yet, of 68.4 percent and, with a positive result amounting to an adjusted EBITDA level of SEK 34 million, which corresponds to a profit margin of 10.4 percent. In another sign of strength, we recorded a positive cash flow of SEK 26.2 million for the full year. We also continued to consolidate production at fewer partners, and all production in Europe now takes place in Sweden, for increased efficiency, higher

quality and a reduced carbon footprint. In 2020–21, our production in China moved to Europe. Going forward, all TagMaster products will be produced by contract manufacturers in Europe and the USA.

Important step up in the value chain

During the year, we took an important step up the value chain with the acquisition of the French company Citilog, which was rapidly integrated into the Group. This is a strategically important acquisition, since the trend is towards increasingly complex solutions and applications, in which edge analytics AI and deep learning are playing an important role.

► *During the year, we took an important step up the value chain with the acquisition of the French company Citilog, which has been rapidly integrated into the Group.*

These areas are strong drivers for future growth and continued high margins and our strategy is to actively move up the value chain and leverage our strength in data analytics, AI and machine learning to offer more advanced features and higher performance and increase the value of our solutions to our customers.

The acquisition of Citilog brought the Group world-leading expertise in video-based incident monitoring and traffic incident management. In 2019, Citilog launched the world's first analytics module for incident management based on deep learning technology. Citilog has a broad portfolio of advanced algorithms, based on AI technology, which can be used as edge solutions or cloud-based solutions and that have been successfully deployed at scale in customer projects.

With the acquisition of Citilog, the Group gained 15 additional experienced software engineers and a core team of experts in AI and deep learning. As a result, we have significantly increased our technical strength and ability to develop new innovative solutions. This, combined with a

clear commercial focus makes us a more powerful player in the market.

Continued strategic acquisitions

Our journey of strategic acquisition continues. We are actively seeking prospective candidates in the markets where we operate, to continue to move up the value chain and gain a greater presence in a fragmented market and broaden our product offering to better leverage our sales team and distribution channels.

In particular, we are looking at complementary acquisitions in the US market, where we expect a favorable funding environment for ITS and traffic solutions not least through the impact of the major infrastructure package passed by Congress in November 2021.

Acquired companies are integrated via our proven acquisition model, which includes rapid integration into Group-wide ERP, quality assurance and other systems. The companies acquired are initially reviewed with a focus on optimizing costs, discarding unprofitable products and focusing on the parts of the business that are scalable. It's about simplifying and positioning for growth.

Work then switches to increasing sales and developing new joint innovative solutions together with other companies in the Group, in order to achieve good, long-term organic growth with improved profitability.

Increased investments over the years ahead

Our market is driven by the growing global demand for solutions for Smart Cities, which in turn is driven by the challenges faced by cities and densely populated areas.

Large sums will be invested worldwide over the years ahead in order to achieve the much needed transition to a more sustainable transport system. This includes digitalisation of cities and increased data collection on traffic flows to optimise the use of existing and to plan for new infrastructure.

In 2021, Joe Biden's infrastructure package was given the green light in the US Congress. The package, with investments totalling around USD 1.2 trillion (SEK 11 trillion), includes major investments in transport, roads, bridges, railways and public transport. The investments are expected to take place over a five-year period. The EU is also investing billions of Euros on the transition to a sustainable transport system.

This puts us in a very interesting position, with a strong presence in the USA and Europe. All our solutions and products are developed with the aim of reducing congestion and emissions, increasing safety, and enabling the deployment of data driven traffic management solutions to better man-



age our road and rail networks making existing traffic flows more efficient, facilitating the development of climate-smart traffic flows, increasing safety and reducing accidents.

Future prospects

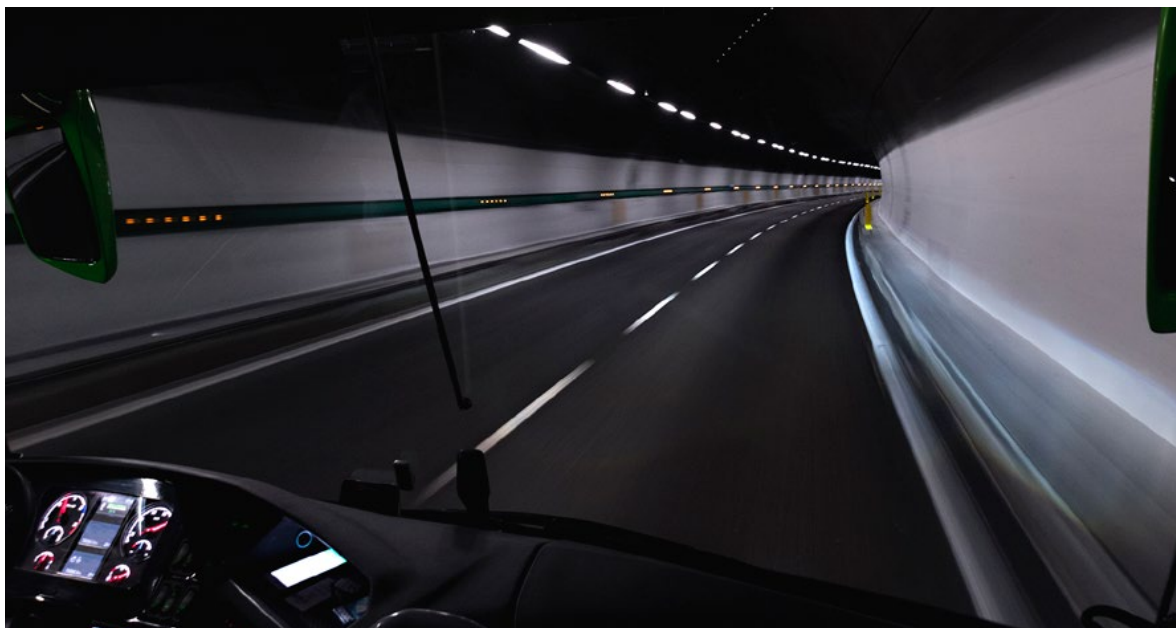
Viewed against the above background, our future prospects are good. Our market shares are relatively small in a fragmented and growing market with a favorable funding environment. This means that we have great potential for growth and our success will be determined by our own capacity to execute.

I am confident in our ability to perform well especially when normality hopefully returns following the pandemic that has hampered progress in recent years.

I would like to conclude by thanking all our employees and partners who continued to work with dedication, tirelessly and with great flexibility over a year presenting a number of new challenges.

Jonas Svensson, CEO

Focus on investments in solutions for the transition to a more sustainable and safer transport system



Major investments worldwide are expected in the next few years in order to achieve the much needed transition to a more sustainable and safer transport system worldwide. This includes digitalisation of cities and increased traffic data collection to optimise the efficiency of existing infrastructure and inform transportation planning and policy. In 2021, the US Congress passed the \$1.2T Infrastructure Investment and Jobs Act which includes major investments in transport, roads, bridges, railways and public transport.

Important rationales for efforts to transform and improve the efficiency of transport systems is that road transport accounts for more than 20 percent of the world's carbon dioxide emissions, that road congestion costs the US economy alone more than USD 120 billion a year, and that in many parts of the world, the capacity of roads and railways is woefully inadequate for handling current travel demand. In addition, road accidents result in 18.2 deaths per 100,000 people each year and cost an average of 3 percent of the countries' GDP.

Many industries and sectors have already achieved reductions in their emissions – but not the transport sector which has a negative impact on air quality. Around 80 percent of the world's population now lives in cities where

air quality is below WHO safety standards, according to the World Resources Institute.

The US Infrastructure Investment and Jobs Act which was signed into law by President Joe Biden on November 15, 2021 exemplifies the massive investments in a more sustainable transportation infrastructure that are happening worldwide. The \$1.2 Trillion package will herald a major technological shift in the US transport system towards electrification. It includes:

- USD 110 billion in funding for roads, bridges and other major projects.
- USD 39 billion to upgrade and modernise public transport in major cities.

RELEVANT MEGATRENDS AND DRIVERS FOR INTELLIGENT TRAFFIC SYSTEMS (ITS)

Public infrastructure financing

According to the McKinsey Global Institute, annual investments in infrastructure totalling around USD 900 billion will be needed to keep pace with expected global economic development. In the USA, USD 1.2 trillion is to be invested in infrastructure development over the next five years.

Urbanisation

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

Climate, air and sustainability

Globally, road transport accounts for nearly 20 percent of carbon dioxide emissions, and by 2025 it is estimated that 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.

Digitalisation and technology development

The transport industry is amidst a technology shift towards electric power, mobility as a service (MaaS), connected vehicles and applications based on 5G networks. Artificial intelligence and machine learning are creating opportunities for simulation and analysis of traffic flows.

Changes in the ITS industry

Growth in multimodal transportation networks requires a new generation of end-to-end Intelligent Transport Systems (ITS) solutions where edge analytics, AI, and deep learning play an increasingly important role.

Mobility

Mobility is a human need and a prerequisite for a functioning market economy. As prosperity increases, so too does the need for mobility and therefore the volume of traffic. This, in turn, increases the demands placed on transport systems.

- A USD 66 billion investment in rail maintenance and expansion.
- USD 7.5 billion will go towards the expansion of a network of charging stations – USD 7.5 billion for electric or hybrid buses.

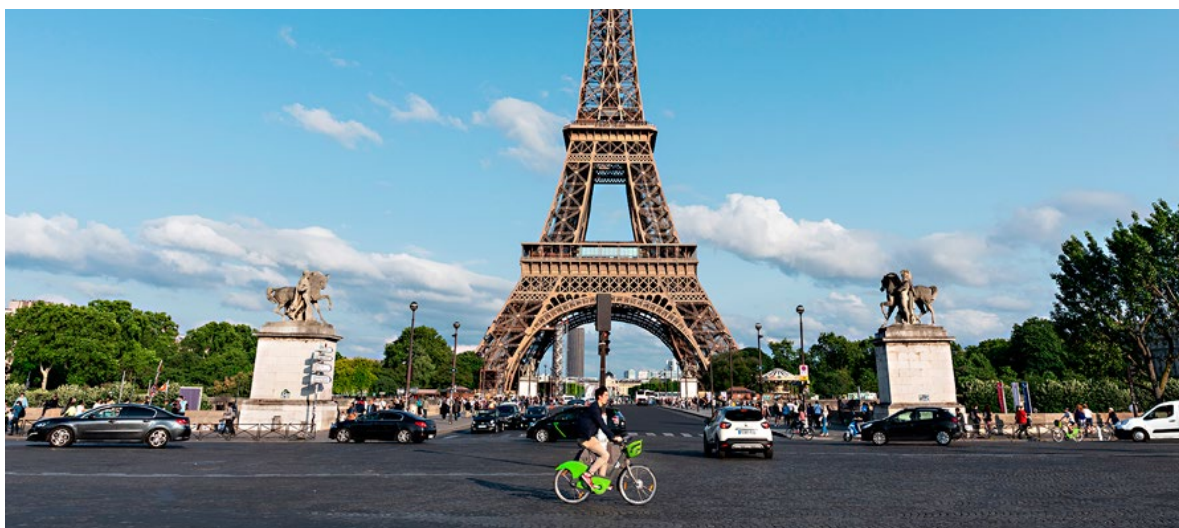
The investments are expected to take place over a five-year period.

The EU has launched a plan for a fifty-fold increase in the 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. At the same time, initiatives are in progress to increase and facilitate bicycle traffic in big cities, in order to reduce crowding on buses and trains.

With the vision of being the most innovative provider of mobility solutions for Smart Cities, and in-line with this global push for sustainability and reduced emissions TagMaster operates, in the two areas 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 to meet environmental goals.

We play an important role in the vital digitalisation currently ongoing in the world's major cities. We provide the solutions that accurately measure and quantify the



volume, location, and mix of vehicles, bikes and pedestrian which enable ITS solutions to deliver the desired performance improvements and without which cities operate blind. The market that TagMaster is addressing is thus expanding significantly and is crucial to building a sustainable world for future generations. With broad offerings 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 Smart Cities solutions leverage that data to improve livability and reduce the environmental impact of human activity in dense urban areas. They can help create a friendlier, safer, more efficient and sustainable society.

According to the market research company IDC, we will soon to move 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, 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 following global megatrends:

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 the single largest health risk in the world. Globally, road transport accounts for nearly 20 percent of carbon dioxide emissions, and by 2025 it is expected that 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 committed to work towards the climate targets set in Paris in 2015, by halving greenhouse gas emissions by 2050.

The commitment was ratified at the UN Climate Summit COP 26 in Glasgow in November 2021.

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

Public funding: The increasing number of cars and travel demand are putting infrastructure under pressure. Consequently, investments for new traffic systems and infrastructure, and for upgrading existing systems and improving their efficiency with ITS are high on the priority list of government agencies worldwide. 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 technology development are affecting all areas of society, and advances are happening at an accelerating pace. The transport industry is in the middle of a technology shift towards electrification and mobility as a service (MaaS), connected vehicles and new applications based on future 5G connectivity. The number

of connected devices (IoT) and data storage is growing explosively, and will continue to do so in the future. Artificial intelligence and machine learning are creating opportunities for large scale simulations and prediction of traffic flows. They are also delivering valuable information for infrastructure planning. All this is creating new opportunities for managing the effects of both urbanisation and increased traffic volumes the creation of climate-aware solutions.

TagMaster's market

Intelligent Transport System (ITS), the field in which TagMaster operates with its traffic and rail solutions are an important element of Smart Cities solutions. ITS leverages technology and large scale data collection to better manage traffic, improve safety and mobility to the benefit of passengers and drivers and reduce the environmental impact of transportation.

TagMaster is active in several ITS submarkets including Traffic Management, Parking/Access–Security and Information.

According to a projection by MarketsandMarkets in February 2020, the Traffic Management market is forecast to increase from USD 30 billion in 2019 to USD 57 billion in 2024. The area of sensors is forecast to grow to just over USD 4 billion by 2024, with an annual growth rate of almost 10 percent. TagMaster operates mainly with solutions in smart signaling and traffic analysis, which will continue to account for a high share of the 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 700 million in the geographical area we serve.

According to a projection by Grand View Research in March 2021, the Parking market will increase from USD 1.6 billion to just over USD 2.3 billion by 2027. TagMaster operates primarily in the access part, with solutions that direct, control and charge for entry to and exits from parking spaces. This is a minor part of the total market.

We estimate the addressable parking market in the geographical areas the company serves for the sensor products and solutions the company offers today or will be offering in the near future to be USD 150M.

For Rail Solutions, TagMaster concentrates on signaling and automated train management systems, 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, and annual growth of about 3 percent. TagMaster estimates that the Company's addressable market for the applications it offers to be 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

kilometres by 2030. Even today, about 15 percent of the new metro lines being built are designed for driverless operation.

The competition

There are several players globally in the market for RFID solutions and RFID 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 and ANPR sensors also has many players, with a wide geographical spread. In some basic 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 in some cases based on AI.

TagMaster is the global leader for Wireless Magnetometer sensors, via its American company Sensys Networks. It has a long history of being the option of choice for replacing inductive loops, the legacy technology for vehicle detection. Wireless magnetometer sensors combined with wireless communication provide the best accuracy at the best price.

The acquisition of Citilog in 2021, which in 1997 was first in the world to introduce a video-based system for automatic detection of traffic incidents, brings expertise and video signal processing software solutions as well as AI and deep learning to the Group. With more than 20 years of research and development of analytics software dedicated to traffic solutions, Citilog has been at the forefront of developing new solutions for traffic operators. In 2019, Citilog launched the first analytics module for incident management based on deep learning technology. Citilog today has a broad portfolio of advanced algorithms, based on deep learning, which can be used as edge solutions or cloud-based solutions.

TagMaster's main competitors in the international market include small specialised companies and as well as the divisions or subsidiaries of major corporate groups. Competitors are active in most European countries, the USA and Asia. All in all, TagMaster operates in a fragmented market with numerous small and some larger players across all geographical areas. This offers good opportunities for market consolidation through acquisitions.

TagMaster is one of the few market participants with in-house technology and expertise in 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 (edge analytics), will become a more important 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 for moving up the value chain

TagMaster is a global player in Intelligent Transportation Systems (ITS), with operations in Sweden, the UK, France and the USA, and with a presence in the most important markets worldwide. The roadmap going forward is to 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 skill sets. The acquisition of Citilog in 2021 took TagMaster one step further up the value chain.

TagMaster has a strong product offering in both Traffic Solutions and Rail Solutions, with leading-edge expertise in the relevant sensor technologies, such as RFID, ANPR, radar, Wireless Magnetometer and also – with the acquisition of Citilog – video technology. The trend is towards increasingly complex solutions and applications, in which edge analysis, AI and deep learning are playing an increasingly important role.

TagMaster is well positioned to benefit from that trend and actively move up the value chain by leveraging its software and analytics capabilities to offer higher value products and command higher margins.

The roadmap is clear. It incorporates three main elements. A focus on sales, marketing, and customer support to grow our top-line with our existing proven portfolio of products and services. Continually innovate and develop new applications that combine two or more of our sensor technologies with advanced analytics to offer more value to our customers and make us more competitive. Complement our capabilities through acquisitions that give us access to new products and customers and allow us to grow our market share in this fragmented market.

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.

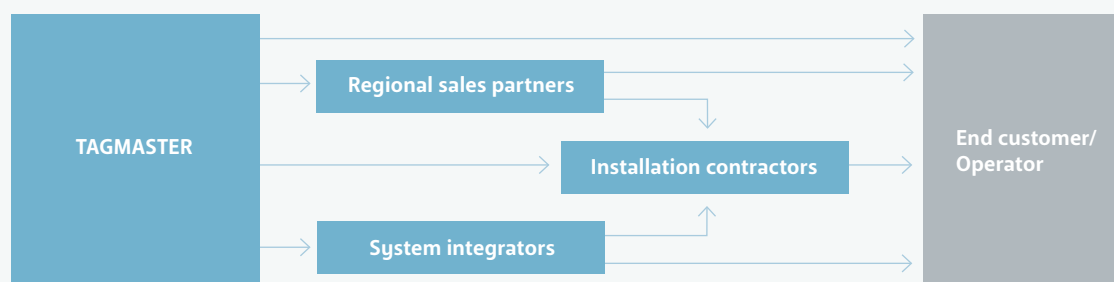
TagMaster's vision is to be the most innovative supplier of ITS solutions for Smart Cities.

TagMaster's mission is to provide robust, reliable, easy-to-use detection and identification solutions for demanding environments that deliver accurate and actionable information.


Business model and customers

By combining various sensor technologies, TagMaster is striving to offer better solutions to increase efficiency, safety and convenience, and to reduce the environmental impact of transport. Sensor technologies are offered together with advanced software as a full range IoT platform for creating smarter traffic solutions. TagMaster takes long-term responsibility for the products and solutions it

SALES CHANNELS



Indirect sales, 75–80% • Direct sales, 20–25% • Repeat customers, >80%



VALUE CREATION STRATEGY

VISION	STRATEGIC PRIORITIES	FINANCIAL TARGETS	OUTCOME 2021
We will be the most innovative provider of ITS solutions for Smart Cities.	Commercial strength	Growth >20% total growth (organic and acquired)	14% total growth (organic and acquired)
	Customer-driven innovation	Adjusted EBITDA >12%	Adjusted EBITDA >10.4%
MISSION	Expanded product range via acquisition	Cash flow/adjusted EBITDA >90% (over one period)	Cash flow/EBITDA 76%
We will provide reliable and easy-to-use detection and identification solutions for demanding environments with usable and accurate information.	Continuous operational improvements and a focus on UN Goals 3, 8, 9 and 11		

provides, creating value and stability for customers and profitability for TagMaster.

The business is primarily based on a transaction model whereby the Company 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. In some segments, the Company also works directly with the end customer in its sales processes.

In the case of Rail Solutions, TagMaster's customers are a small number of major players in the rail industry that became fewer via consolidation in 2021. Alstom took Bombardier over and is acting as a single player, Hitachi is taking over Thales' signaling operation and will act as

a single player in the future. Other major customers are 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 servicing and support.

Goals

TagMaster's overall financial targets have been updated and the Company aims to achieve annual growth of more than 20 percent including acquisitions. The EBITDA margin is to be higher than 12 percent, and cash flow from operating activities more than 90 percent of EBITDA over a given period. TagMaster is one of many companies contributing to the UN's 17 Global Goals. The business focuses on the areas where the Company is most able to make an impact; these are covered by Goals 3, 8, 9 and 11.

ACQUISITION CRITERIA

- ▶ Complementary technologies
- ▶ Strong go-to-market capability
- ▶ Value-creating software expertise
- ▶ Future engines for growth
- ▶ Contribution to EBITDA margin within 12–18 months

Strategy for continued growth

The Company's strategy for continued growth is based on the following elements – greater commercial strength, customer-driven product development, continuous operational improvements and an expanded product offering via acquisitions to gain access to complementary technologies and expertise and a larger market.

The Company's commercial strength is developing gradually via a focus within the Group on jointly driven structured sales management, with emphasis on developing and improving Group-wide sales processes. The Group has a strong top-line focus, consistently weeds out products and solutions that are no longer profitable and invests in new ones. Following consolidation of recent acquisitions, which has involved slimming down the product range and cutting costs, the focus is on growing sales organically and on streamlining, simplifying and improving the Group's offering.

Organic growth is also achieved via increased efforts to move higher up the value chain via product development and innovation, to increase the competitiveness of the Group's products and thereby achieve better margins. Solutions and applications, in which edge analysis, AI and deep learning are playing an increasingly important role, are becoming more and more in demand.

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

Clear model for acquisitions

TagMaster has a clear acquisition strategy and a highly-developed process for identifying and integrating new acquisitions. The Intelligent Transport Systems (ITS) market, in which TagMaster is active, is fragmented and so there are many potential acquisition candidates for consolidating the market or becoming part of a larger ecosystem.

The Company is therefore looking at possible candidates to strengthen its range of products and technologies and expand its market presence. A particular focus is placed on identifying prospective acquisitions in technologies that can accelerate the Group's move up the

value chain. The acquisition of Citilog in 2021 has brought further expertise in AI and deep learning into the Group with, world-leading solutions in Incident Management, Traffic Signal Control and Infomobility.

TagMaster is actively looking at complementary acquisitions in the US market, which is expected to grow not least because of the major infrastructure package passed by Congress in November 2021.

TagMaster has a clear model for integrating new acquisitions into the Group. It starts with rapid integration into the Group's ERP, quality assurance and other key Group-wide systems. An initial business review is conducted with a focus on reducing costs, discarding unprofitable products and focusing on the parts of the business that are scalable. It's about simplifying and positioning for growth.

Work then focuses on increasing sales and developing new joint innovative solutions together with other companies in the Group, in order to achieve good, 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.

TagMaster's sensor solutions are based on advanced technology in RFID (radio frequency identification), ANPR (automatic number plate recognition), Radar, Video and Wireless Magnetometer. TagMaster's sensor products can all be offered as a complete IoT platform connected to our cloud software.

Most of the systems and solutions sold by TagMaster can be powered by solar panels to minimise climate impact and for increased reliability.

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 registration numbers to be identified via cameras and optical character recognition (OCR). With algorithms based on the information that the system collects (AI), the system performance continuously improves. In fixed ANPR systems, cameras are placed in a certain position to identify the number plates of moving vehicles. The images are then transmitted via both fixed and wireless digital networks and linked to various third-party systems for processing (for example, road tolls, parking, border monitoring and police systems).

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

Video technology enables the detection of a large number of objects in different types of traffic environments. With TagMaster's solutions, standard traffic cameras become automatic incident detection (AID) sensors that

build a network to quickly alert road operators when incident happens. TagMaster has a broad portfolio of advanced algorithms, based on deep learning that significantly reduce false alerts and thus improve the system utility.

Wireless Magnetometer sensor systems are battery operated in-ground sensors that are installed in the road-way and accurately detect the presence and passage of vehicle by measuring the disturbances in earth magnetic field when vehicles are over the sensor. All TagMaster's Magnetometer sensors are wirelessly connected to a gateway that communicates in real time with the traffic controller at the intersection or sends the data to the TagMaster cloud software system for analysis and reporting.

Many of TagMaster's solutions are combinations of the above sensor technologies, paired with advanced software to create complex systems capable of handling information from multiple sources. These solutions are examples of edge computing, in which connected devices such as sensors and 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 overarching systems, as the data that is collected is used to manage critical operations such as traffic control, optimisation of traffic lights and positioning of metro trains.

Research and development

Development of new solutions and sensor products is an important part of TagMaster's business. The Group has a high level of expertise in the technologies RFID, ANPR, Radar, Video and Wireless Magnetometer. New advanced solutions are developed by combining these different technologies and adding more intelligence locally in the sensors, with edge analytics.

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

Production

TagMaster's products are made by contract manufacturers in Sweden and the USA. In recent years, production has been consolidated at fewer partners, and all production in Europe now takes place in Sweden, for increased efficiency, higher quality and a reduced carbon footprint. In 2020-21, the Company's production in China and the UK was relocated to Europe to lower the risk of supply chain disruptions and reduce long-distance and environmentally taxing shipments of components.

The manufacturing units are evaluated on an ongoing basis to ensure that they meet our quality standards and have the capacity to support our ambitious growth objectives.

International player

In recent years, TagMaster has, through a total of seven 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 has a presence via subsidiaries in England, France and in the USA, in Berkeley, California. The business in Europe is conducted under the names of TagMaster and Citilog. The business in the USA operates under the name Sensys Networks.

In total, the Group has approximately 137 employees and more than 700 partners across 45 countries.

OUR SUSTAINABILITY GOALS



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

Committed employees play a key role at TagMaster in 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 pull 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 placed strategic importance on 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 for making decisive progress in realising the sustainable development goals.



Solutions for the sustainable, smart and safe road transport of the future

In the Traffic Solutions area, TagMaster develops and delivers products and solutions aimed at improving the operational efficiency of transportation networks. These include systems for real-time control of traffic lights, smart parking solutions and intelligent transport systems that allow the road networks to be used optimally, improve safety, alleviate congestion, and reduce emissions. Other solutions include systems for road tolling, enforcement, security and access control. TagMaster also delivers traffic incident detection and management systems developed by Citilog, a subsidiary acquired in 2021.

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

- Traffic Management
- Parking/Access-Security
- Infomobility

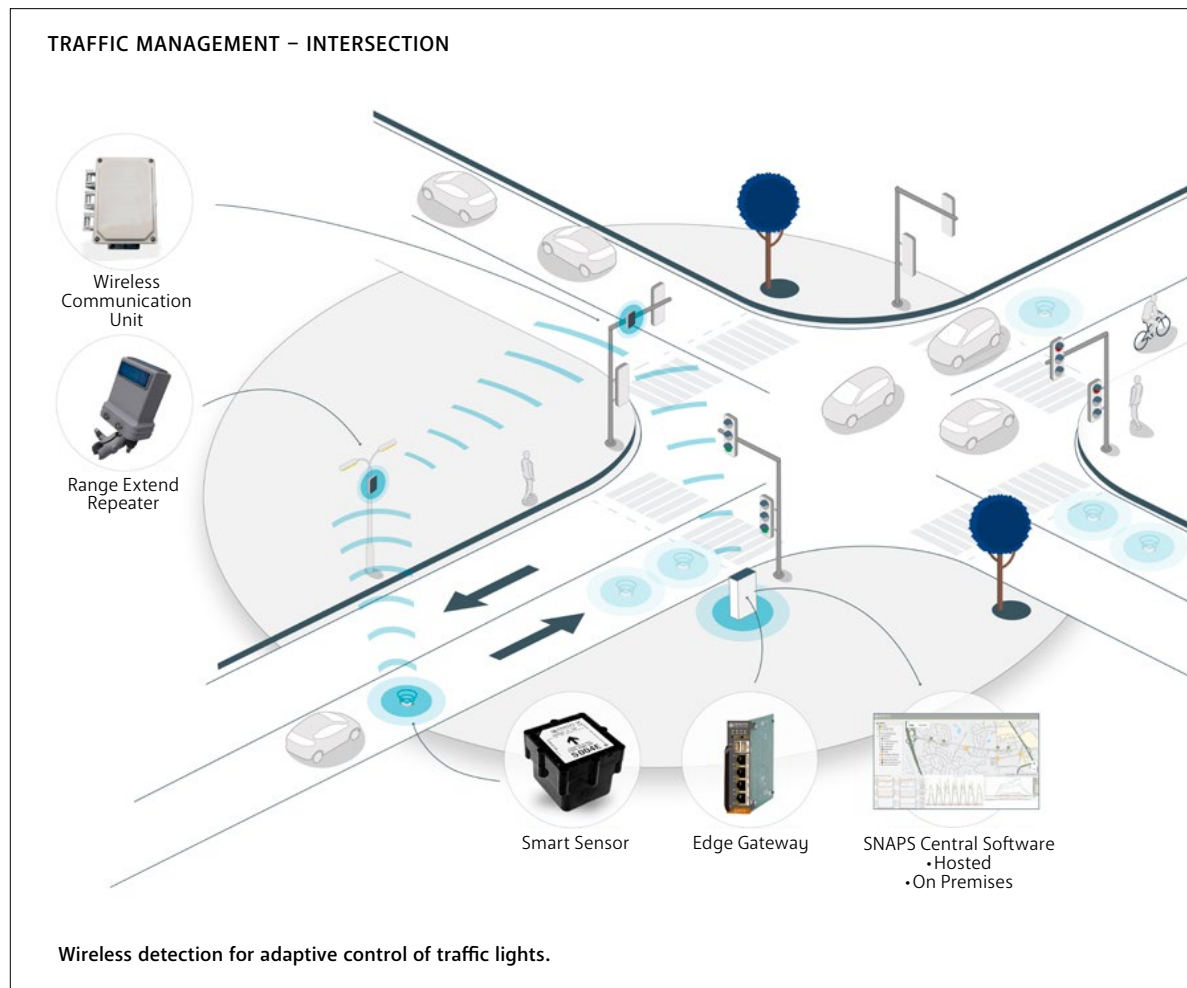
TagMaster's Traffic Solutions customers are agencies and businesses in transport, traffic, security, parking, airports, ports.

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 trend is towards complex solutions and applications, in which edge analytics, AI and deep learning are playing a more important role. In these end-to-end solutions, all the data collected via sensors of various kinds are analysed to provide a comprehensive basis for decisions about how, for example, traffic flows can be optimised.

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 systems in Traffic Solutions are contributing to the much needed transition to a more sustainable transport system. In the development it involves the transformation of existing infrastructure towards sustainability via brown field solutions, and in other parts of the world – which often have a lack of infrastructure but have rapid population growth – it involves green field solutions to sustainably expand the infrastructure. In either case, sustainability requires accurate performance measures and data collection to continuously monitor the environmental impact of transportation and optimize the operations. And this is where TagMaster's products and systems in Traffic Solutions have a role to play.

TagMaster's in-house Traffic Solution activities are conducted in an environmentally sustainable way, based on each operation'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 focuses actively on developing the expertise and commitment of employees to environmental and sustainability issues, with the aim that everyone in

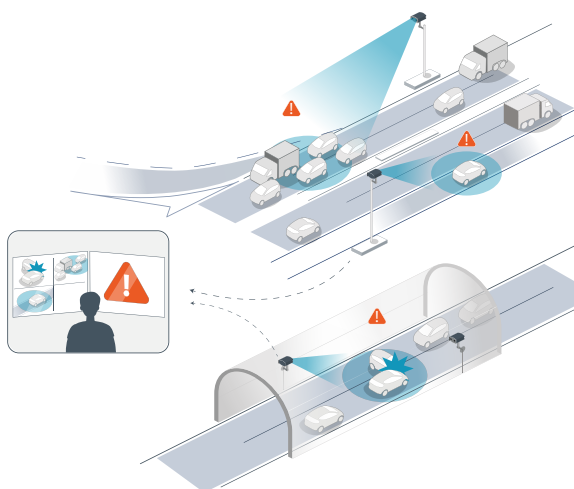
the Company performs their work with as little negative impact on health and the environment as possible.

In recent years, production has been consolidated at fewer partners, and all production in Europe now takes place in Sweden, for increased efficiency, higher quality and a reduced carbon footprint. In 2020–21, the Company's production in China was relocated to Europe, to bring down the risk of future supply chain disruptions and reduce long-distance and environmentally taxing shipments of components.

Application area – Traffic Management

Traffic Management centres almost exclusively on solutions for monitoring and improving the efficiency of traffic flows in real time. The area incorporates most applications and solutions, including traffic light control and optimisation, speed monitoring, road and motorway monitoring and the incident management capability added through the acquisition of Citilog in 2021. TagMaster has a strong offering in the area, with solutions based on AI cameras, Wireless Magnetometer sensors and a cloud-based software platform, SNAPS. The offering is an end-to-end solution designed for controlling and optimising traffic

TRAFFIC MANAGEMENT – INCIDENT DETECTION



lights and for road and motorway traffic monitoring.

The Company also works with applications in an area called infrastructure-to-vehicles (I2V), where traffic information collected by roadway sensors is transmitted in real time to vehicles, bicycles, or pedestrians to prevent potential accidents and to improve traffic flow.

The acquisition of Citilog in 2021 brought the Group world-leading expertise in incident monitoring and incident management. In 1997, Citilog was the first in the world to launch a video-based system for automatic detection of traffic incidents. In 2019, Citilog launched the first analytics module for incident management based on deep learning technology. Citilog today has a broad portfolio of advanced algorithms, based on AI technology, which can be used as edge solutions or cloud-based solutions.

In Traffic Management, TagMaster's customers are mainly major partners, integrators and contractors working on behalf of road operators in the markets where TagMaster operates.

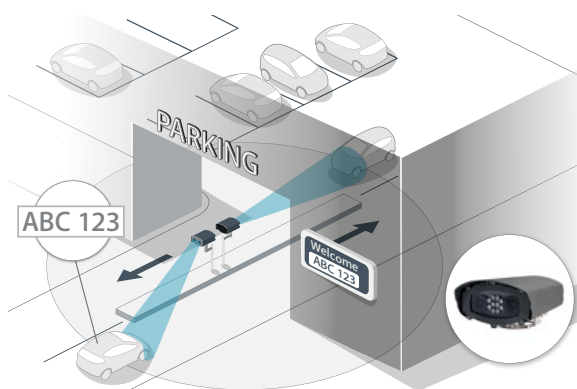
Application area – Parking/Access–Security

Well-functioning parking systems are the key to efficient transport systems. They offer 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 shift, as new technology and the use of apps and new payment systems have enabled new players to gain market shares.

TagMaster is a technology innovator in the area who offers flexible and cost-effective solutions for parking facility owners and professional parking facility operators, among others. TagMaster sells mainly to system integrators and installation contractors. The Group offers, for example, 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

PARKING



a parking space and out again at their convenience and then, via an app, are automatically charged for the time used. This is called free flow parking.

TagMaster also offers a radar-based wireless sensors that accurately detect the presence of parked vehicles in a space and are used for truck parking and outdoor parking facilities to determine the space availability and inform drivers. These sensors are also used in electric car charging points to determine the real-time availability and communicate this to the growing fleet of electric cars.

Road tolls, which fall within the Parking/Access–Security application area, have traditionally been used to finance and maintain transport infrastructure such as roads, bridges and tunnels, but are also used to reduce congestion and hence air pollution in urban areas.

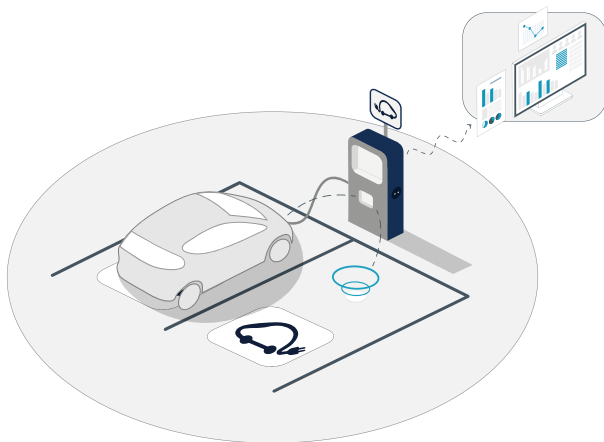
The trend has moved from charging a fixed fee when the driver passes a certain point, to the current system where the fee can change depending on the time of day, length of use and type of car. Through the introduction of priority lanes, drivers can be given the opportunity to pay extra for increased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

Today, a number of technologies are used to satisfy local needs and regulations. TagMaster offers digital identification of vehicles via RFID and ANPR sensor technology via ETC (electronic tolling collection) systems.

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. 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. In many English cities, the same technology is used for Clear Air Zones (CAZs), which are part of a wider strategy to improve air quality but also as a solution for controlling traffic flows.

In many developing countries, modern road toll tech-

CHARGING POINTS



nology is an interesting first step in addressing the problems faced by fast-growing metropolitan areas, with their need for expanded road networks and the consequent increase 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.

TagMaster also provides magnetometer- and radar-based wireless sensors that detect vehicles and can direct drivers to dedicated priority lanes, in response to the build-up of tailbacks at different times of the day. Another solution provided by TagMaster is a security system that can be used, for example, in areas where access by unauthorised vehicles is a sensitive issue. There is also a need for major 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.

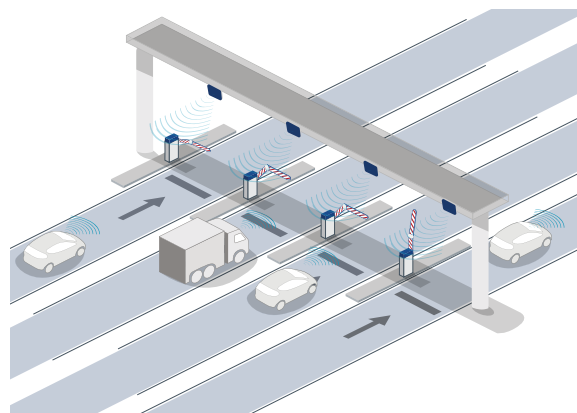
It is also possible to track where a car was located at specific times. This information can be used, for example, to link a particular vehicle to a particular crime. Major investments are being made and will continue to be made in this type of technology around Europe, including as part of work to prevent terrorist offences.

Application area – Infomobility

TagMaster also develops and sells Infomobility solutions. These solutions aim to collect and distribute information on different traffic situations and traffic levels and to provide analysis based on the information collected. The solutions offered include vehicle classification and counting, travel time information systems, cyclist and pedestrian detection and weather detection systems. The information generated by these systems is mainly used for planning for more efficient traffic flows.

In Infomobility, TagMaster's sales are mainly direct to municipalities and local authorities in the markets where TagMaster operates.

ROAD TOLLS



To make road systems more efficient, intelligent and advanced information collection systems are required. These are based on sensors that collect all the necessary data. Intelligent software systems analyse the data collected and propose customised solutions to the operator. TagMaster's solutions are based on wireless radar sensors, magnetometer sensors, ANPR cameras, AI cameras and the cloud-based software platform SNAPS.

Traditionally, a major share of the traffic systems of today have been based on sensor technology in the form of inductive loop systems. This solution is costly to install and also to maintain, as in many cases the road system has to be shut down during installation and during calibration, which is required several times a year.

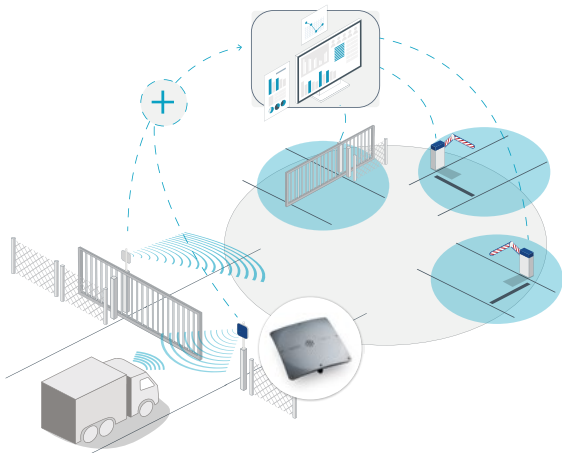
TagMaster's wireless sensor systems are more cost-efficient to install than loop-based systems and do not require maintenance or calibration. Connected to the SNAPS platform, TagMaster can therefore offer powerful data collection capabilities, and also perform analysis and propose solutions. This is called actionable information and is created using built-in AI (Artificial Intelligence).

Demand for applications in the Active Travel field, that is, cyclists and pedestrians, has increased in recent years. Partly as an effect of the pandemic, as a lot has been done to try to reduce crowding on public transport, but also for climate-related and environmental reasons.

TagMaster has developed a family of radar-based sensor products, controlled via an app, with a particular focus on the Active Travel area. This is a result of the Group's increased investment in solutions that contribute to the necessary shift to a more sustainable transport system.

Using ANPR technology, TagMaster offers solutions that can, for example, estimate travel times. Government agencies and other stakeholders can, via radar and magnetometer sensors, be provided with valuable information on vehicles, bicycles and pedestrians and about what is

ACCESS – SECURITY

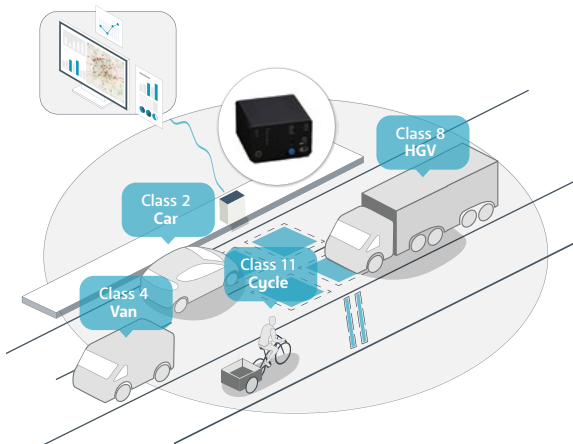


happening on the roads. Information is vital for safety, infrastructure planning and the requisite financing.

Future developments are likely to include infomobility solutions being integrated into other traffic systems to increase the value of the information and enable new solutions to be provided. For example, speed can be linked to weather conditions and road toll charges regulated on the basis of emission levels.

Further examples include the detection system, developed by TagMaster's US subsidiary Sensys Networks, which is used for priority control of traffic light sequences in favour of buses, cyclists and pedestrians. The system is called Give Me Green and is already in use in a number of cities in the USA. This type of virtual detection system can be used in a large number of areas. For instance, a project is currently under way to personalise detection so that, for example, people with functional impairments can be given a green light for longer when crossing a road.

INFOMOBILITY



INFOMOBILITY

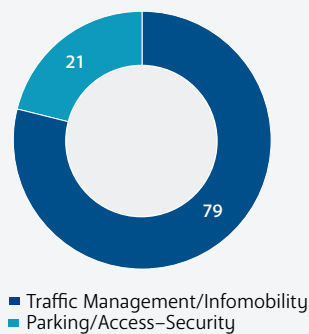


OUR SUSTAINABILITY GOALS: GOAL 9

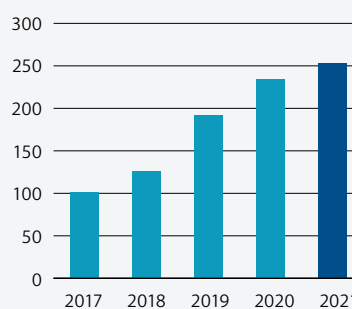
Our innovation for identifying available charging points is helping in the transition to electrified traffic flows.



TRAFFIC SOLUTIONS, APPLICATION AREAS, %



REVENUE TRAFFIC SOLUTIONS, SEK M.



Case – Incident detection in traffic

Breakthrough for deep learning technology in management of traffic incidents

Citilog, which was acquired by TagMaster in 2021, launched a new version of its video-based Incident Management solution, CT-IM, in 2020. In 2021, the solution made its breakthrough with several projects involving hundreds of cameras. The new version uses a new CT-ADL (Citilog Applied Deep Learning) module combined with deep learning technology to improve the performance of the incident detection algorithms.



The main purpose of the new version was to solve problems that can arise when the technology is used outdoors, on motorways and under bridges, where environmental and light changes pose major challenges. This contrasts with tunnel installations where the environmental conditions are stable.

Implementations in 2019 and 2020 demonstrated a high level of efficiency for CT-ADL, with a reduction in false alarms by a factor of ten. 2021 was a breakthrough year for the new technology, with several projects installing several hundred cameras.

As part of the ITS Egypt project around Cairo, Citilog delivered its Incident Management solution to equip more than 700 cameras on the motorways of Egypt.

The Incident Management video analytics are installed directly in the cameras, which was crucial as the availability of electricity is limited. The camera units are powered by batteries and solar panels and communicate wirelessly

with the Traffic Control Center servers. The edge-based solution integrated directly into the camera has thus been key to reducing the device's overall consumption.

The success and size of the project indicate that Citilog has achieved two of the strategic goals the Company set itself for the past few years. These were, firstly the development of edge-based analytics installed directly in the cameras, and secondly the development of deep learning technology to improve performance in outdoor environments.

OUR SUSTAINABILITY GOALS: GOAL 3



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

Mobility solutions that increase efficiency and safety for urban public transport

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

Every minute, hundreds of thousands of readings are made via TagMaster's RFID sensors in metro systems, tram systems and other rail-bound transport solutions world-wide. The data collected forms the basis of safe, punctual and sustainable public transport in metropolitan areas around the world. TagMaster's solutions allow the operator to use its existing track network more efficiently through denser traffic while minimising the risk of accidents.

Leading providers of railway signaling systems use TagMaster's RFID solutions for large-scale, innovative signaling systems, as well as for installing communications-based train control (CBTC) systems, with an increasing number of driverless trains.

In the Rail Solutions area, TagMaster operates primarily in signaling and automated train management systems, in particular for metros and trams.

Solutions for sustainable public transport

In the Rail Solutions area, TagMaster's offering aims to make public transport in metropolitan areas more efficient and thereby reduce crowding, as well as increasing the attractiveness of public transport and so contributing to

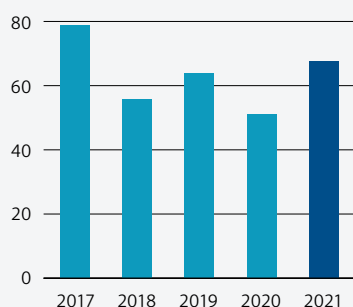
the necessary transition to more sustainable transport systems around the world.

The solutions offered by Rail Solutions, like those of Traffic Solutions, are affected by an increased focus on combating climate change. In the USA alone, major investments are expected in electrification, charging infrastructure, public transport and new smart technologies that will pave the way for a carbon-neutral USA by 2050. The same signs are also evident in Europe and China.

TagMaster's internal Rail Solutions operations are conducted in an environmentally sustainable way 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.

In recent years, production has been consolidated at fewer partners, and all production in Europe now takes place in Sweden, for increased efficiency, higher quality and a reduced carbon footprint. In 2020–21, the Company's production in China was relocated to Europe, to bring down the risk of future supply chain disruptions and reduce long-distance and environmentally taxing shipments of components.

REVENUE RAIL SOLUTIONS, SEK M.



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
Tramway crossing safety systems	Trams



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 started life as a project has today become a well-established application area with a strong range of products for the market.

The 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.

With a view to intensifying the innovation and development in Rail Solutions, the Group has created a Centre of Excellence in France.

Major customers

Customers in Rail Solutions consist largely of a small number of global signaling system manufacturers, which shrank in number in 2021 due to consolidation. Alstom took Bombardier over and is acting as a single player, Hitachi is taking over Thales' signaling operation and will act as a single player in the future. Other major customers are Stadler and Siemens Mobility.

The business model for Rail Solutions is based on establishing deep relationships with customers and conducting joint development projects for integration into the customer's system solutions, via what is known as 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 realise the benefits of the technology, the Company's technicians must be in direct contact with the customer's engineers, and as a result sales need in certain cases technical adaptation or development. This may involve minor adjustments through to major development work, which in most cases is conducted as an engineering project 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 makes a good fit with the demands that will continue to be placed on external system partners in the future.

OUR SUSTAINABILITY GOALS: GOAL 11

Well-functioning public transport is an important factor in making traffic flows more efficient.



Dynamic international business culture with a focus on innovation and results

Committed employees play a key role in 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 pull in the same direction.

CORE VALUES

RESULT-ORIENTED

We value sustainable results, performance over formality, measurable targets and collaboration to achieve our financial goals.



COMMITTED

We are passionate about what we do and develop best when we do a good job. We are leading the way forward without pre-judgement and with a sense of urgency.



PROFESSIONAL

We are professionals who recognise the importance of good industry knowledge, leading by example and with humility in our approach.



CUSTOMER-FOCUSED

We know that our own success depends on that of our customers and we are dedicated to driving efficiency, productivity and quality for all our customers.



INNOVATIVE

We invest heavily in innovation to meet the ever-changing needs of our customers, and focus on creating sustainable solutions.



ENTREPRENEURIAL

We are confident that we have what it takes to achieve our ambitious vision. We allow ourselves to dream big, try new things and keep pushing forward.



TagMaster's corporate culture is characterised by a strong spirit of innovation and short decision-making processes based on the six core values above. These characterise all our employees, how they work both in-house and externally and the Company's approach to day-to-day operations.

At year-end, the Group had 137 employees.

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

Organisation

TagMaster's organisational structure is based on the operations conducted in the Group. It 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.

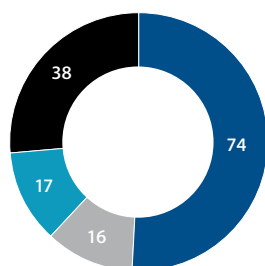
Strengthened organisation through acquisitions

In order to take advantage of the complementary expertise of the companies acquired, close attention is paid to 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.

In 2021, the Group added 15 experienced engineers in AI and deep learning through the acquisition of Citilog. As a result, we have gained strength and broadened competence in our development activities.

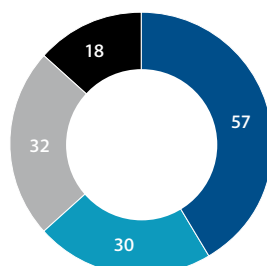
The integration of employees and continued implementation of TagMaster's core values, and thus a strengthened shared corporate culture, remain in focus and are conducted continuously in all functions and companies that are part of the Group.

AVERAGE NUMBER OF EMPLOYEES BY COUNTRY



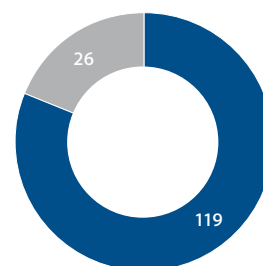
■ France ■ UK
■ Sweden ■ USA

EMPLOYEES BY FUNCTION AT YEAR-END



■ Research and Development ■ Operations
■ Sales/Market ■ Administration

BREAKDOWN, MEN/WOMEN



■ Men ■ Women

Strong product development activities

Product development activities in Europe are to a large extent integrated and performed under the direction of the Group's CTO. TagMaster's development personnel are based in Sweden, the UK and France. Product development is conducted via a product management process that is shared by all companies in the Group. The American part of the business, Sensys Networks, has its own CTO and its development activities are performed in Berkeley (California). In the latter part of 2021, great progress was made in integrating development roadmaps between Sensys Networks and the newly acquired Citilog.

Because development activities and innovation are crucial to the Group's success, a relatively large share of revenue is dedicated to development. In 2021, approximately 19 percent of the total revenue was invested in development. Among the Group's 57 development engineers, approximately 75 percent work on software development.

As a result, our products and solutions are becoming more and more digital and practically all sensor products can be connected via cloud solutions.

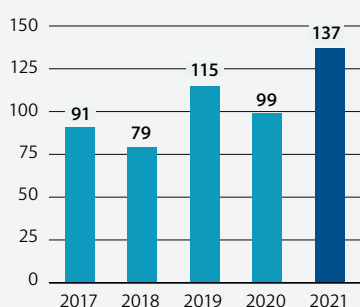
Development work involves, for example, combining the various sensor technologies that TagMaster works with in order to develop superior sensor products and data solutions.

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. During the year, the company created a joint sales force for Citilog and Sensys Networks to be able to serve the market with a stronger joint offering.

The Company's commercial resources are also growing through investment in a structured Group-wide sales management system focusing on developing sales performances and digitalising sales processes. Automated marketing has been integrated across all the Company's units to strengthen and support the company's various value propositions.

NUMBER OF EMPLOYEES AT YEAR-END



OUR SUSTAINABILITY GOALS: GOAL 8

Our dedicated employees play a key role in driving innovation



Our employees – interview

Martial Forthoffer, CTO and Head of Software Development at TagMaster's latest acquisition Citilog, based in Paris.



How long have you been at Citilog and what's your background?

I joined Citilog back in 1997 and have a Ph.D. from 1992. My thesis focused on image processing, using wavelets and neural network technologies – a collective name for a number of self-learning algorithms that attempt to mimic the function of biological neural networks such as the human brain.

Citilog turns 25 in 2022 and you've been there since the beginning. Who founded the company and what's your role?

Citilog was mainly funded by INRETS (the French National Institute for Transport and Safety Research) when we started in 1997. I'd been employed by INRETS since 1995 and my main task at Citilog was to work on the conversion of research algorithms into product, which was the starting point for Citilog. Since 2005, I've been one of the managers at Citilog, responsible for all software development.

You work on technology development in hot areas like AI and deep learning. Do you think you're at the forefront of developments in the world?

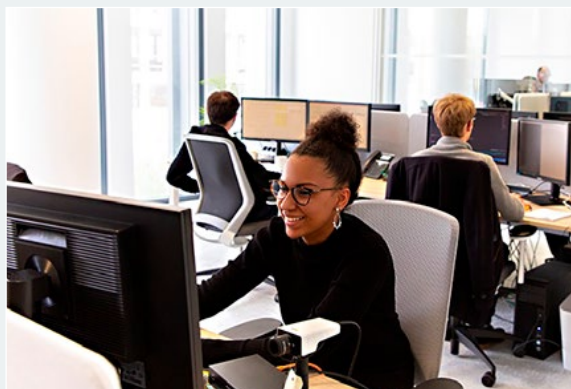
For the past five years, we've been focusing strongly on deep learning technologies. To say that we're at the forefront of this kind of development is probably taking it too far when the main players in this area of research are Google, Amazon and others. But in our application area – Traffic Management – we're clearly positioned as a world leader, even if the competition is tough.

Has the integration of Citilog into TagMaster affected your job?

In the long and medium term, the acquisition doesn't make a big difference to me personally as I am overseeing the same work as before with the same short and medium term goals. In the longer term, there will be some changes, mostly related to the development of new products and solutions in collaboration with developers in other parts of the Group in some cases with different areas of expertise.

What's the best thing about your job?

The best thing is being part of a group focused on Traffic Management, with expertise in different technologies that do not compete, but complement each other. This should enable us, as a group, to make an even greater impact on the market with a large, extensive offering of advanced products and solutions. On a personal level, it also feels good to be part of a smaller team, where we have more to contribute than before, when we were part of Axis, which was a thousand times the size of Citilog.



TagMaster as an investment

TagMaster strives to deliver good and sustainable value growth for the Company's investors, and to make a positive contribution for customers, employees, suppliers and other stakeholders. TagMaster continuously sets challenging goals and evaluates its performance against carefully selected KPIs.

STRONG GROWTH AND HEALTHY MARGINS

Strong and profitable growth since 2014

Annual sales growth

+25%

Gross margin growth

+14

Percentage points

FAST-GROWING MARKET FOR SUSTAINABLE INVESTMENTS

Urbanisation, population growth and the transition to a sustainable transport system are driving the market

Urbanisation

60%

will live in cities in 2030

Costs of traffic jams

>120

>USD 120 billion/year in the USA. Major investments over the years ahead

GOOD OPPORTUNITIES TO GROW BOTH ORGANICALLY AND THROUGH ACQUISITIONS

Investments in growth

Repeat customers

>80%

Number of acquisitions since 2015

7

CUTTING-EDGE KNOWLEDGE OF SENSOR TECHNOLOGIES AND SOFTWARE SOLUTIONS

Unique expertise in relevant sensor technologies

R&D, % of revenue

20%

Development engineers

>40%

of all employees

FLEXIBLE, EFFICIENT AND CLIMATE-SMART PRODUCTION

All production is outsourced and takes place in Sweden for the European market and in the USA for the US market, in order to minimise risks in both logistics chains and with regard to the carbon footprint.

Share information and shareholders

TagMaster's class B shares are listed and traded on the Nasdaq First North Premier Growth Market. The share was first listed on 3 July 2000. TagMaster's Certified Adviser is FNCA Sweden. The share price on 30 December 2021 was SEK 24.90. The Company's capitalisation was SEK 364,723,000.

Share capital

On 31 December 2021, the Company's share capital amounted to SEK 18,309,408.55, represented by 14,647,526 shares with a quotient value of SEK 1.25.

According to TagMaster's Articles of Association, the share capital shall be no less than SEK 17,500,000 and no more than SEK 70,000,000, represented by no less than 14,000,000 shares and no more than 56,000,000 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 to one (1) vote. All shares have equal rights to a portion of the Company's profit and assets.

Dividend policy

The size of future dividends will be determined by 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.

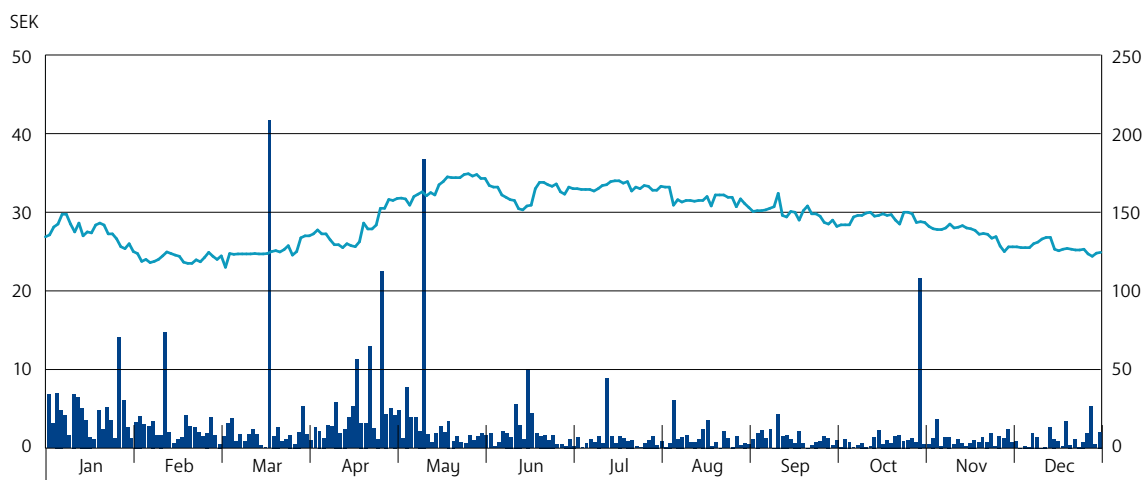
Shareholders

The total number of shareholders on 31 December 2021 was 2,577, compared to 2,965 in the previous year. The 15 largest shareholders together held 75.6 percent of the share capital and a corresponding share of the votes.

Company's largest shareholders

Shareholder	No. of class B shares	Capital, %	Votes, %
Gert Sviberg, plus company	2,000,000	13.65	13.65
Ribbskottet AB	1,793,300	12.24	12.24
Eiffel Investment Group SAS	1,715,568	11.71	11.71
Tomas Brunberg, including company	1,475,454	10.07	10.07
The Hamilton/Lewenhaupt family, including companies	1,267,081	8.65	8.65
Avanza Pension	557,853	3.81	3.81
Mikael Aronowitsch, including company and foundation	512,853	3.50	3.50
Nordic Cross Asset Management	506,222	3.46	3.46
Per Anders Bendt	295,000	2.01	2.01
Nordnet Pensionsförsäkring	269,094	1.84	1.84
Jonas Svensson	219,212	1.50	1.50
Gunvald Berger	186,741	1.27	1.27
Rolf Norberg	104,115	0.71	0.71
Ulf Carlsson	85,914	0.59	0.59
Lars Ebbe Wahlgren	85,740	0.59	0.59
Total, 15 largest shareholders	11,074,147	75.60	75.60
Other	3,573,379	24.40	24.40
Total	14,647,526	100.00	100.00

SHARE PRICE MOVEMENTS IN 2021



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	Directed 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	Directed 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
2021	Consolidation ¹	–	–	–	14,647,526	18,309,408.55

1) At the Annual General Meeting on 29 April 2021, a resolution was passed on a 1-for-25 consolidation of Class B shares. 6 May was the first day of trading after the consolidation.

Five-year summary

Income statement, SEK thousands	2021	2020	2019	2018	2017
Net sales	326,886	286,453	262,955	195,561	195,394
Change in inventories during manufacture and finished goods	832	-912	-2,319	-780	2,630
Capitalised work for own account	-	3,232	6,518	-	-
Other operating income	9,382	4,206	2,216	1,215	567
Operating expenses	-303,142	-265,650	-233,319	-183,265	-176,771
Adjusted EBITDA	33,958	27,329	36,051	12,731	21,820
Non-recurring items	150	-18,927	-13,619	-	-
Depreciation, amortisation and impairment	-24,538	-23,015	-19,747	-11,957	-7,227
Operating profit/loss	9,570	-14,613	2,685	774	14,593
Net financial items	-2,823	-3,936	-2,694	-356	-432
Profit/loss before tax	6,747	-18,549	-9	418	14,161
Tax	-889	-1,817	-6,790	2,946	2,909
Net profit/loss for the year	5,858	-20,366	-6,799	3,364	17,070
Balance sheet, SEK thousands					
Subscribed but not paid-up capital	-	-	-	2,806	-
Intangible non-current assets	176,178	158,434	191,175	51,400	53,286
Property, plant and equipment	3,031	2,419	3,310	3,008	1,425
Right-of-use assets	11,605	4,659	22,175	-	-
Financial assets	6,550	6,856	8,231	7,259	9,135
Inventories	36,570	40,076	53,386	37,037	40,210
Current receivables	79,942	54,924	66,873	45,251	59,526
Cash and bank balances	53,520	51,786	41,293	20,297	23,276
Total assets	367,396	319,154	386,443	167,058	186,858
Equity	199,937	178,194	217,950	105,331	96,731
Liabilities to credit institutions	52,358	38,968	55,962	5,500	7,598
Non-current liabilities	36,718	32,064	41,619	16,232	28,370
Current liabilities	78,383	70,364	70,912	39,995	54,159
Total equity and liabilities	367,396	319,154	386,443	167,058	186,858
Cash flow, SEK thousands					
Cash flow before changes in working capital	33,540	9,457	29,478	14,204	37,821
Cash flow from change in working capital	-7,295	17,978	-25,624	-1,201	-17,117
Cash flow from operating activities	26,245	27,435	3,854	13,003	20,704
Cash flow from investing activities	-33,599	-1,502	-146,557	-13,690	-40,298
Cash flow from financing activities	4,946	-9,861	163,620	-2,516	32,911
Cash flow for the period	-2,408	16,072	20,917	-3,203	13,317
Key performance indicators					
Net sales, SEK thousands	326,886	286,453	262,955	195,561	195,394
Growth in net sales, %	14.1	8.9	34.5	0.1	71.6
Gross profit margin, %	68.4	65.7	66.6	62.7	65.9
Adjusted EBITDA margin, %	10.4	9.5	13.7	6.5	11.2
EBITDA margin, %	10.4	2.9	8.5	6.5	11.2
EBITA margin, %	7.6	-0.2	8.7	0.4	1.4
Operating margin, %	2.9	-5.1	1.0	0.4	7.5
Equity ratio, %	54.4	55.8	56.4	63.1	51.8
Return on equity, %	3.1	-10.3	-4.2	3.3	24.0
Basic earnings per share ¹ , SEK	0.40	-1.39	-0.46	0.42	2.12
Diluted earnings per share ^{1,2} , SEK	0.40	-1.39	-0.46	0.42	2.12
Average number of shares ^{1,2} , thousands	14,648	14,648	14,648	8,056	8,056
Number of shares at end of period, thousands	14,648	366,188	366,188	201,389	201,389
Market price on closing day, SEK	24.90	0.99	0.81	1.15	1.65
Market price on closing day ¹ , SEK	24.90	24.75	20.25	28.75	41.25
Average number of employees	145	111	120	89	95

Of the figures presented for comparison, only 2019 has been restated in accordance with IFRS.

¹ Adjusted retroactively for the 1-for-25 consolidation

² The number of shares, basic and diluted, is the same since there are no options or convertibles outstanding that may give rise to dilution.

Corporate Governance Report 2021

TagMaster is a Swedish public limited company with shares listed on Nasdaq First North Growth Market Premier since 1 March 2021. This report is presented by TagMaster AB's Board of Directors and does not form part of the formal annual report documents.

The TagMaster Group's governance is subject to both external regulations and internal governance documents. External regulations include the Swedish Companies Act, the Swedish Annual Accounts Act, the regulations of Nasdaq First North Growth Markets and other applicable laws and regulations. Internal governance documents include the Company's Articles of Association as adopted by the Annual General Meeting, the Rules of Procedure of the Board of Directors and the Board's Instructions to the Chief Executive Officer (CEO). Since listing on the First North Growth Market Premier, the Company has applied the Swedish Code of Corporate Governance (the "Code"). The Code is based on the "comply or explain" principle, in which companies applying the Code may deviate from individual rules, but in such cases must provide an explanation for the deviation.

In 2021, the following deviation from the Code arose: According to the Code, deputies to directors elected by the shareholders' meeting are not to be appointed. At the 2021 AGM, the Company's CEO was re-elected as deputy director. This deviation from the Code stems from the Company's multi-year history in which the CEO has traditionally been elected, since at one point in time the owners contended that it was appropriate for the CEO to serve as a member of the Board. No deputies are proposed for resolution by the 2022 AGM.

Annual General Meeting

Shareholder influence in TagMaster is exercised through the Annual General Meeting, which is the Company's highest

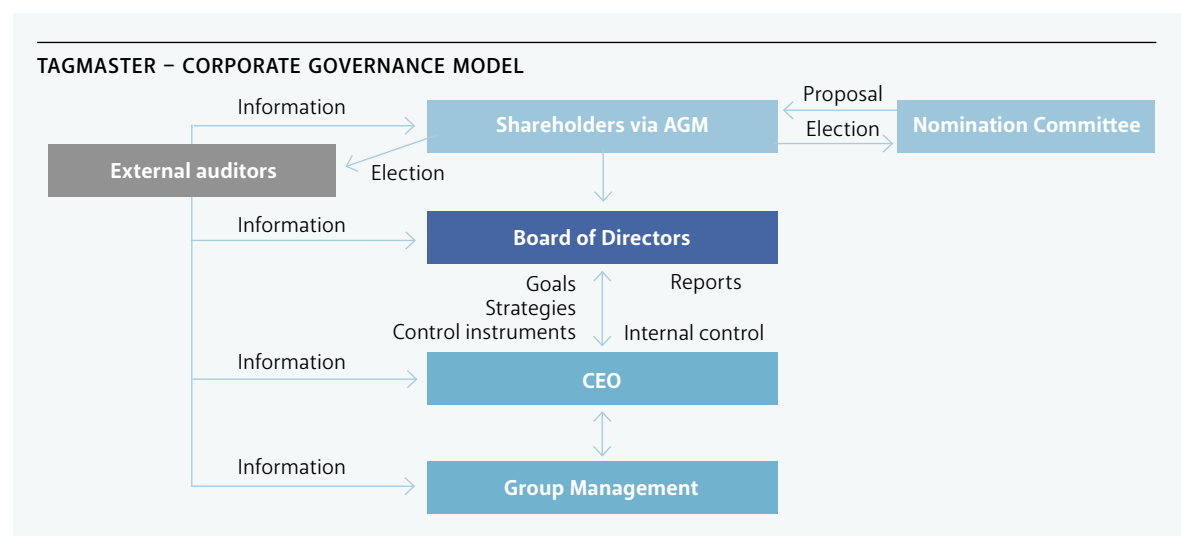
decision-making body. The right of shareholders to decisions as to TagMaster's affairs is exercised at the Annual General Meeting or, where appropriate, at an Extraordinary General Meeting. The Annual General Meeting is usually held in late April. The Annual General Meeting resolves upon:

- adoption of the annual report
- appropriation of the Company's profit or loss
- discharge from liability of the members of the Board of Directors and the Chief Executive Officer
- election of Board members and auditors
- fees to the Board of Directors and auditors
- appointment and work of the nomination committee
- introduction of long-term incentive schemes
- authorisation for the Board of Directors to resolve upon the issue of shares, warrants and/or convertibles
- other important issues

Shareholders

At year-end 2021, TagMaster AB had 14,647,526 class B shares in issue, according to the share register maintained by Euroclear Sweden AB. Shares may be issued in two classes,

Shareholder	No. of class B shares	Capital, %	Votes, %
Gert Sviberg, plus company	2,000,000	13.65	13.65
Ribbskottet AB	1,793,300	12.24	12.24
Eiffel Investment Group SAS	1,715,568	11.71	11.71
Tomas Brunberg, including company	1,475,454	10.07	10.07



class A and class B. Each class A share carries an entitlement of ten (10) votes at the Annual General Meeting and each class B share one (1) vote. All shares have an equal right to a share of the Company's profit and assets. All shares issued are class B.

The total number of shareholders on 31 December was 2,577. Shareholders whose holdings of shares and voting rights exceeded 10 per cent are listed on page 33.

Annual General Meeting 2021

The 2021 Annual General Meeting (AGM) was held on 29 April 2021. In view of the Covid-19 pandemic, the AGM was held in accordance with sections 20 and 22 of the Act (2020:198) on temporary exemptions to facilitate the conduct of general meetings of companies and associations, with the result that participation in the AGM could only be via postal voting. Approximately 52 percent of the shares were represented by postal voting. Rolf Norberg, Chairman of the Board, was elected Chairman of the meeting. The following principal decisions were approved by the meeting (full minutes are available on TagMaster's website, at www.tagmaster.com):

- Adoption of the income statement and statement of financial position for the financial year 2020 and appropriation of profit or loss.
- Granting of discharge from liability to the Company to the members of the Board of Directors and the CEO.
- Determination of the remuneration to the Board of Directors and the auditor.
- Re-election of ordinary Board members Rolf Norberg, Gert Sviberg, Juan Vallejo, Margareta Hagman and election of Bernt Ingman as member for the first time.
- Election of Bernt Ingman as Chairman of the Board for the first time.
- Re-election of audit firm Mazars AB as the Company's auditor.

- Adoption of principles for the appointment of the Nomination Committee and instructions for that committee.
- Amendment of the Articles of Association (limits on share capital and number of shares) and consolidation of shares.
- Authorisation for the Board of Directors to resolve upon the issue of shares, warrants and/or convertibles.

Annual General Meeting 2022

TagMaster's Annual General Meeting for the financial year 2021 will be held in Kista on 28 April 2022. For further information, see page 90 of the Annual Report and the TagMaster website.

Nomination Committee

The Nomination Committee represents the Company's shareholders and nominates Board members and auditors and proposes their fees. In accordance with a resolution at the 2021 AGM, TagMaster's Nomination Committee will consist of five members. The members shall consist of one representative of each of the four largest shareholders in terms of votes who wish to participate in the Nomination Committee and the Chairman of the Board.

Nomination Committee for the 2022 Annual General Meeting

The composition of the Nomination Committee was announced via a press release published on 28 October 2021, which is also available on TagMaster's website. This year's Nomination Committee comprise the following members:

- Gert Sviberg, Chairman of the Nomination Committee, member of the Board of Directors and the largest shareholder by voting rights through his own and affiliated companies' holdings.

Information on Board members

	Position	Independence from the Company and management/owners	Number Shares	Board fees as per AGM resolution, SEK thousands
Bernt Ingman ¹	Chairman	Yes/Yes	16,000	250
Rolf Norberg ²	Board member	Yes/Yes	104,115	125
Margareta Hagman	Board member	Yes/Yes	3,000	125
Gert Sviberg	Board member	Yes/No	2,000,000	125
Juan Vallejo	Board member	Yes/Yes	–	125
Jonas Svensson	Deputy Board member/CEO	No/Yes	219,212	–
Total				750

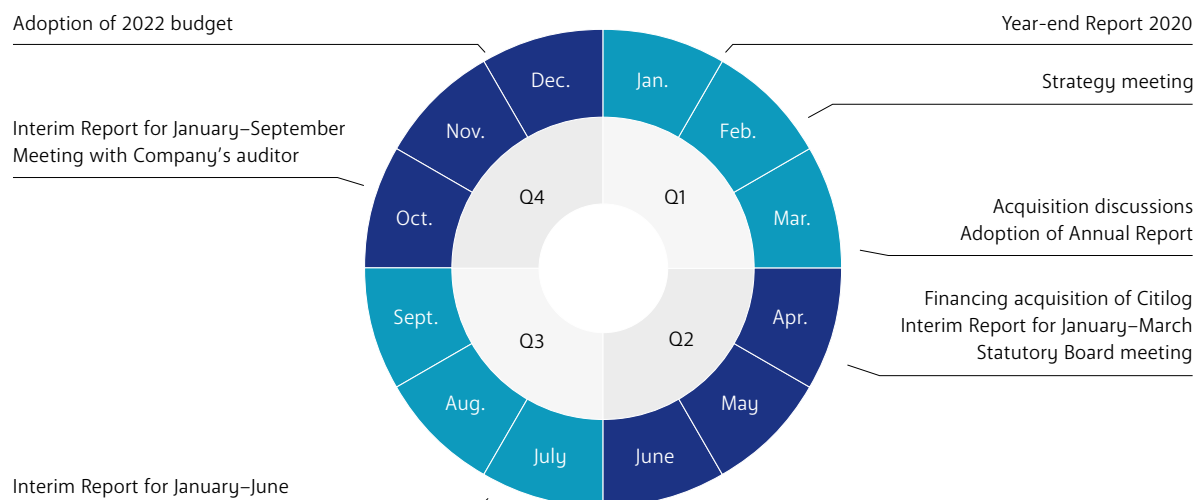
¹ Elected as new Chairman at the 2021 AGM

² Board member until 2021 AGM

For further information on the members of the Board of Directors, see page 88 and Note 8 in the Annual Report.

According to the Code, no deputies to Board members elected by the shareholders' meeting are to be appointed. At the 2021 AGM, the Company's CEO was re-elected as deputy director. This deviation from the Code stems from the Company's multi-year history in which the CEO has

traditionally been elected, since at one point in time the owners contended that it was appropriate for the CEO to serve as a member of the Board. No deputies are proposed for resolution by the 2022 AGM.

BOARD'S WORK IN 2021 – KEY EVENTS

- Anders Bladh, related company holding (Ribbskottet AB)
- Jean-Francois Paumelle, representative of Eiffel Investment
- Tomas Brunberg, related company holding
- Bernt Ingman, Chairman of the TagMaster Board

All members except Gert Sviberg and Bernt Ingman are independent in relation to the Company, its management and the largest shareholder in terms of votes.

Prior to the 2022 AGM, the Nomination Committee has met on ten occasions at the time of issuing this Annual Report. The Chairman of the Board reported on the annual assessment of the performance of the Board members. The Chairman of the Board also provided information on the Board's work during the year.

Board of Directors

The Board of Directors has overall responsibility for TagMaster's organisation and management and is the Company's highest decision-making body after the Annual General Meeting. The Board's responsibilities are governed by the Swedish Companies Act, the Swedish Annual Accounts Act and TagMaster's Articles of Association. The work of the Board is also clearly defined annually in the Board's Rules of Procedure, which are reviewed and re-adopted each year at the Board's statutory meeting after the AGM. The rules of procedure govern, for example, Board practices, functions and the distribution of work between the Board members and the CEO. The Chairman of the Board has a specifically defined responsibility towards the other members of the Board. At the statutory meeting of the Board, the Board also establishes instructions for the CEO.

Composition of the Board

According to the Articles of Association, the Board of Directors shall consist of no less than three and no more than

seven members, with no more than three deputies. The members of the Board are elected annually at the AGM for the period until the end of the next AGM.

TagMaster's Board currently consists of five ordinary members and one deputy.

Independence of the Board of Directors

Five of the six members of the Board are independent of the Company's major shareholders. Board member Gert Sviberg is regarded as a major shareholder, with an ownership stake (direct and indirect) of more than 10 percent, and is therefore not independent. With the exception of CEO Jonas Svensson (deputy), all Board members are independent of the Company and its management. The Code's requirement for the majority of the members elected at the AGM to be independent of TagMaster and its management, and for no less than two of them to be independent of the major shareholders, is thus fulfilled.

Work of the Board in 2021

According to the Board's rules of procedure, no less than four Board meetings must be held each year. Over the year, the Board held five ordinary meetings, one extraordinary meeting, three meetings per capsulam and one statutory meeting.

Regular meetings are held according to a calendar established annually. Standing items addressed at Board meetings include the CEO's briefing and quarterly financial report, as well as the outlook for the quarters ahead. In addition to these day-to-day issues, the following areas are covered: risk, strategy and acquisition issues, budget, adoption of the financial statements and annual report, and the auditor's debriefing. At all regular meetings during 2021, special attention was also paid to the challenging component situation and its impact on the business.

All Board members were present, physically or digitally, at all Board meetings during the year. The CEO partici-

pated in a reporting capacity in all the meetings of the Board.

As no specific committees have been set up, all areas were dealt with by the Board as a whole.

Board evaluation

The work of the Board and the CEO is evaluated annually via a systematic and structured process. The evaluation is used as a tool to develop the work of the Board and also serves as a basis for the Nomination Committee's nomination processes.

In 2021, the evaluation was performed via a web-based Board survey, in which the Board members individually, and anonymously, rated statements regarding the Board as a whole, the Chairman of the Board, the CEO's work in the Board and their own work performance. In the Nomination Committee, the findings from the Board evaluation were presented by the consultancy company that developed the digital evaluation questionnaire. In addition, the Nomination Committee interviewed all Board members and the CEO.

Furthermore, within the scope of its regular activities, the Board assessed the work of the CEO during the year on an ongoing basis.

Proposals for the 2022 AGM

The Nomination Committee's proposals for the 2022 AGM are available on the Company's homepage, at www.tagmaster.com.

Auditor

The auditor is appointed by the AGM and presents an audit report regarding its audit of the annual accounts, accounting records and consolidated accounts, as well as of the administration of TagMaster by the Board of Directors and the CEO. The auditor also performs a general review of the nine-month report. At the 2021 AGM, the registered audit firm Mazars AB was re-elected.

TagMaster's fees to the auditors are disclosed in the Annual Report, Note 7, Remuneration to auditors.

CEO and other senior executives

The CEO reports to the Board of Directors and is responsible for the day-to-day management of the Group's operations in accordance with applicable law and the Board's guidelines and instructions. The CEO provides the Board with the necessary information for its work both before and between Board meetings.

The CEO in turn appoints the other members of the Group Management. The CEO and other members of Group Management are presented on pages 88–89. The members of Group Management are responsible for the implementation of the strategy in their particular areas. Group Management meetings are held on a regular basis and during 2021 the Group Management concerned met frequently to address supply chain imbalances caused by the current component shortage.

Remuneration to the CEO and other senior executives

The Board has decided that pertinent issues regarding remuneration of senior executives shall be addressed by the Board as a whole. The current remuneration levels and other terms of employment for the CEO and other senior executives have been determined by the Board. The table below shows the remuneration of the CEO and other senior executives for the financial year 2021.

SEK thousands	Fee/ salary	Variable remuneration	Pension expense	Other benefits
CEO, Jonas Svensson	2,737	800	645	–
Other senior executives (8)	11,244	710	1,292	–
Total	13,981	1,510	1,937	–

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. Agreements regarding pensions, including health insurance benefits, are for the most part defined-contribution and are structured in accordance with the levels, practices and collective agreements in force in the country where the executive is employed.

At time of presentation of the Annual Report, no outstanding share or share-related incentive plans are in force.

Internal control over financial reporting

The Board of Directors has overall responsibility for internal control over financial reporting. The essential elements of TagMaster's internal control structure are control environment, risk assessment, control activities and monitoring.

Control environment

TagMaster's control environment includes the values and ethics that the Board, CEO and Group Management communicate and operate from, as well as the Group's organisational structure, leadership, responsibilities and powers.

The day-to-day financial reporting is decentralised and is performed primarily in the Group's subsidiaries. The central finance function is responsible for monitoring the financial reporting of subsidiaries and for external financial reporting. Responsibilities and powers are defined in the attestation instructions, manuals, guidelines and policy documents. These include the Articles of Association, the rules of procedure for the work of the Board of Directors, instructions for the division of tasks between the CEO and the Board of Directors, the information and insider policy and instructions for financial reporting. These guidelines, together with laws and external regulations, form what is known as the control environment. The relevance and timeliness of these instructions are reviewed by the Board on an ongoing basis.

Risk assessment

The Board of Directors assesses the Group's risks on an ongoing basis. The aim is to identify market or business events that may lead to changes in the valuation of assets and liabilities. Another important aspect of the risk assessment is to take note of changes in accounting rules and ensure that such changes are reflected correctly in the financial reporting. The CFO is responsible for preparing the Board's assessments and for operationally monitoring the risks identified. For further information regarding risk assessment, see Note 4, Financial risks and risk management on page 51 of the Annual Report.

Control activities

The control structures have been designed to manage the risks that the Board and management deem material to the business and financial reporting. TagMaster's control structure consists of an organisation with clear roles that allow for an effective and appropriate division of tasks and responsibilities, as well as instructions and specific control activities aimed at timely detection or prevention of the risk of reporting errors. Control activities include:

- clear decision-making processes and authorisation scheme for key decisions (e.g. on purchases, contracts, new product development and acquisitions)
- monthly profit and loss and cash flow analyses with deviation monitoring against budget and forecasts
- monthly risk assessments for overdue trade receivables.

Monitoring

Monitoring of control activities is performed on an ongoing basis to ensure that risks have been adequately taken into account and addressed. Monitoring to ensure the effectiveness of internal control over financial reporting is performed by the Board of Directors, the CEO and Group Management.

In addition, TagMaster's external auditor reports its findings from the audit of the internal control environment to the Board.

Evaluation of the special audit function

In view of TagMaster's size and activities, the Board has determined that there is no need for a special audit func-

tion. The reason for this position is that the existing organisation and control structure is deemed to enable efficient operations, to identify risks in financial reporting and to ensure compliance with applicable laws and regulations. The need for a dedicated audit function is assessed annually by the Board.

Auditor's opinion on the corporate governance report

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

Tasks and responsibilities

The Board of Directors is responsible for the corporate governance report for the year 2021 on pages 33–37 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our review was conducted in accordance with FAR's recommendation RevR 16 Auditor's Review of the Corporate Governance Report. This means that our audit of the corporate governance report has a different focus and is significantly lesser in scope compared to the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a reasonable basis for our opinions.

Opinion

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, section 6, second paragraph, items 2–6 of the Swedish Annual Accounts Act and Section 7, second paragraph, of Chapter 31 of the same Act are consistent with the annual accounts and consolidated accounts and comply with the Swedish Annual Accounts Act.

Stockholm, 23 March 2022
Mazars AB

Anders Bergman
Authorised Public Accountant

Directors' report 2021

Operations

TagMaster and subsidiaries ("the Group" or "TagMaster") is an application-oriented technology company that develops and sells advanced sensor technologies and data solutions based on RFID, radar, ANPR and Magnetic. Sensor technologies are offered together with advanced software as a full range IoT platform for creating smarter traffic solutions. TagMaster operates in two business areas, Traffic Solutions and Rail Solutions, under the product brands TagMaster, Sensys Networks and Citilog. It offers innovative ITS solutions to increase efficiency, safety and convenience, and to reduce environmental impact in Smart Cities. TagMaster exports mainly to Europe, North America, the Middle East and Asia through a global network of partners and system integrators.

Product development

The development team uses a common digital platform for collaboration, governance and monitoring. All employees work in a standardised IT environment, enabling their tasks to be performed in a similar way, irrespective of physical location. Development resources are allocated on an ongoing basis to the different product areas, in accordance with the Company's commercial strategy of growth and profitability.

The team is characterised by a high level of expertise, which also means a very limited use of external consultants in technology development. In addition, staff turnover is low, resulting in lower costs, higher efficiency, good continuity and a very high level of capability for ongoing product management.

During the year, development resources were largely used to augment the basic offering in the product portfolio and, to some extent, address component shortages in the market through redesign. The portfolio was strengthened via new functions and products in our magnetic sensor offering, new products for counting and classifying road users and vehicles and RFID products for train applications. An increased focus on software-based activities is feeding through into mobile app releases for installation personnel, maintenance personnel and users. In addition, updates of and improvements in software for conversion, consolidation, presentation and analysis of traffic data have been developed.

Significant events during the year

On 30 April 2021, TagMaster AB acquired 100 percent of the shares in the French company Citilog S.A.S. for a consideration of SEK 42,559 thousand. The acquisition is a step in the Group's strategy to focus on growth in the Traffic Solutions application segment. The acquisition adds expertise and software solutions in AI and deep learning, providing the

Group with increased capacity to create future products and data solutions in the USA and Europe.

The entire purchase price was paid in cash and the transaction was financed through a combination of new debt facilities and equity.

Expected future developments

In view of the current global uncertainty regarding component shortages, we need to temper our ambitions for the immediate future. However, in the medium term, TagMaster can see that the massive restart packages being launched in Europe and the USA are largely focused on green investments in sustainable transport solutions, which will benefit TagMaster. The global supply chain for both semiconductors and other components will nonetheless continue to be volatile, with considerable uncertainty as to future developments. This may negatively impact sales of some of the Company's products over the next two to three quarters.

The Group's Board and management remain positive regarding the longer term outlook and, with the acquisition of Citilog in 2021, are even more positive than before. With greater volume and a broader range that also extends more towards data solutions and software 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. In 2021, TagMaster's largest partner accounted for approximately 9 percent of total sales, with the five largest together representing around 24 percent. The loss of a significant partner may 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 via 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 on sales from delivery problems, the Group maintains a certain level 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 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 in terms of the Group's financial situation.

Intellectual property rights (IPR)

To manage the risk of infringement of the Group's IPR and counterfeiting of its 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. The potential of the candidates to strengthen the Group's product portfolio and any possible synergies are in particular taken into account.

Market economy situation

Future sales will be determined 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. However, TagMaster's customers are broadly spread geographically and operate in two separate business areas, Rail and Traffic. This means that any 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, where there is considerable competition. 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 may become established in the field and make TagMaster less competitive. To meet growing competition in technology, 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 in Stevenage, Toulouse, Grenoble, Berkeley and Paris.

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

Despite signs that the markets were gradually opening up and stabilising in the latter part of the year, a high level of uncertainty remains with regard to potential disruptions in the supply chain. Issues earlier in the year regarding the quality of outsourced manufacturing in Mexico have gradually improved and the replacement of faulty units started in the fourth quarter. TagMaster continually monitors any further risks arising from the Covid-19 pandemic and measures are implemented on an 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.

Revenue and profit

Sales for the year were higher than last year, at SEK 326.9 million (286.5), an increase of 14.1 percent. Of total sales, European operations generated SEK 203.5 million (154.6), with the Rail Solutions business segment accounting for SEK 67.7 million and the USA business SEK 123.4 million (131.9).

Costs totalled SEK 197.3 million (185.6). The general increase is attributable to TagMaster's enlarged structure following the acquisition of Citilog S.A.S.

Multi-year overview

Group (SEK thousands.)	2021	2020	2019	2018	2017
Net sales	326,886	286,453	262,955	195,561	195,394
Operating income	9,570	-14,613	2,685	774	14,593
Profit/loss after financial items	6,747	-18,549	-9	418	14,161
Balance sheet total	367,396	319,154	386,443	167,058	186,858
Equity ratio (%)	54.4	55.7	56.4	63.1	51.8
Average number of employees	145	111	120	89	95

Of the years presented for comparison, only 2019 has been restated in accordance with IFRS.

The areas affected by the transition to IFRS are:

- Application of IFRS 3 to the acquisition analysis regarding the acquisition of Sensys Networks Inc.
- Reversal of previous years' amortisation of goodwill.

Multi-year overview

Parent Company (SEK thousands.)	2021	2020	2019	2018	2017
Net sales	84,975	74,712	84,175	73,891	90,413
Operating income	11,162	10,993	15,728	8,722	14,063
Profit/loss after financial items	9,501	9,814	15,554	8,303	13,824
Balance sheet total	343,225	328,651	323,112	139,505	142,801
Equity ratio (%)	76.0	77.7	77.0	84.6	75.7
Average number of employees	17	19	19	20	17

- Capitalisation of development expenditure.
- Recognition of operating leases in the Consolidated statement of financial position.
- Recognition of defined-benefit plans.

Cash flow and financial position

At 31 December 2021, available liquidity was SEK 92.1 million (84.0), including bank overdraft facilities of SEK 38.6 million (32.2). The equity ratio at the end of the period was 54.4 percent (55.7). Operating cash flow for the financial year amounted to SEK 26.2 million (27.4).

Trade receivables totalled SEK 62.7 million (42.2) while trade payables came to SEK 14.6 million (14.1). Inventories were recorded at SEK 36.6 million (40.1).

Parent Company

The Parent Company reported sales of SEK 85.0 million (74.7). Operating profit for the period totalled SEK 11.2 million (11.0) and profit after tax SEK 5.6 million (6.4). Sales for the year and operating profit include invoicing of intra-Group services for SEK 3.2 million (5.5). The Parent Company had an average of 17 (19) employees.

Personnel

The average number of employees was 145 (111), with women representing 18 percent (25). At year-end, the Company had 137 (99) 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 FNCA. The number of TagMaster shareholders on 31 December 2021 was 2,577 (2,965). At year-end, the following shareholders held more than 10 percent of the shares in the Company:

Shareholder	No. of class B shares	Capital, %	Votes, %
Gert Sviberg, plus company	2,000,000	13.65	13.65
Ribbskottet AB	1,793,300	12.24	12.24
Eiffel Investment Group SAS	1,715,568	11.71	11.71
Tomas Brunberg, including company	1,475,454	10.07	10.07

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	65,206,255
Share premium reserve	171,454,976
Net profit/loss for the year	5,578,980
Total	242,240,211
The Board of Directors proposes:	
To be carried forward	242,240,211
Total	242,240,211

Consolidated income statement

Amounts in SEK thousands.	Note	2021	2020
Net sales	6	326,886	286,453
Other revenue	9	9,382	4,206
Change in inventories during manufacture and finished goods		832	-912
Capitalised work for own account		–	3,232
Goods for resale, raw materials and consumables	12	-104,186	-97,272
Other external expenses	7, 12	-51,458	-47,982
Personnel expenses	8, 12	-145,887	-137,579
Depreciation of property, plant and equipment and amortisation of intangible assets		-24,538	-23,015
Other operating expenses	9	-1,461	-1,744
Operating profit/loss		9,570	-14,613
Financial income	10	2,969	5,471
Financial expenses	10	-5,792	-9,407
Profit/loss before tax		6,747	-18,549
Tax expense for the year	11	-889	-1,817
Net profit/loss for the year		5,858	-20,366
Net profit/loss attributable to:			
Shareholders in the Parent Company		5,858	-20,366
Earnings per share, SEK	13		
Basic earnings per share ¹		0.40	-1.39
Diluted earnings per share ¹		0.40	-1.39

¹ Adjusted retroactively for the 1-for-25 share consolidation.

Consolidated statement of comprehensive income

Amounts in SEK thousands.	Note	2021	2020
Net profit/loss for the year		5,858	-20,366
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences in translation of foreign operations		15,718	-19,668
Items not to be reclassified to the income statement:			
Revaluation of the net pension obligation	25	249	-210
Tax on the above		-82	52
Comprehensive income for the year		21,743	-40,192
Comprehensive income for the year attributable to:			
Shareholders in the Parent Company		21,743	-40,192

Consolidated statement of financial position

Amounts in SEK thousands.	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Intangible assets	14	176,178	158,434
Property, plant and equipment	15	3,031	2,419
Right-of-use assets	16	11,605	4,659
Other non-current receivables	17	1,358	1,253
Deferred tax assets	18	5,192	5,603
Total non-current assets		197,364	172,368
Current assets			
Inventories	19	36,570	40,076
Trade receivables	20	62,738	42,178
Other receivables	21	17,204	12,746
Cash and cash equivalents	22	53,520	51,786
Total current assets		170,032	146,786
TOTAL ASSETS		367,396	319,154

Consolidated statement of financial position (cont.)

Amounts in SEK thousands.	Note	31/12/2021	31/12/2020
SHAREHOLDERS' EQUITY	23		
Share capital		18,309	18,309
Other contributed capital		241,459	241,459
Translation reserve		-5,831	-21,549
Retained earnings including profit/loss for the year		-54,000	-60,025
Total equity attributable to shareholders in the Parent Company		199,937	178,194
Non-current liabilities			
Liabilities to credit institutions	24	35,506	24,742
Deferred tax liabilities	18	2,815	3,030
Provisions	25, 26	16,246	7,610
Lease liabilities	16	6,296	1,677
Other non-current liabilities	28	11,361	19,311
Total non-current liabilities		72,224	56,370
Current liabilities			
Trade payables		14,569	14,110
Liabilities		2,541	1,036
Liabilities to credit institutions	24	16,852	14,226
Provisions	25, 26	2,378	3,834
Conditional purchase considerations	27	–	2,008
Lease liabilities	16	5,604	3,091
Other liabilities	30	53,291	46,285
Total current liabilities		95,235	84,590
TOTAL EQUITY AND LIABILITIES		367,396	319,154

Consolidated statement of changes in equity

Amounts in SEK thousands.	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the year	Total equity
Closing balance, 31 December 2019	18,309	241,459	-1,881	-39,937	217,950
Effect of retrospective restatement ¹	–	–	–	436	436
Opening balance, 1 January 2020	18,309	241,459	-1,881	-39,501	218,386
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	-60,025	178,194
Opening balance, 1 January 2021	18,309	241,459	-21,549	-60,025	178,194
Profit for the period	–	–	–	5,858	5,858
Other comprehensive income	–	–	15,718	167	15,885
Total comprehensive income	–	–	15,718	6,025	21,743
Closing balance, 31 December 2021	18,309	241,459	-5,831	-54,000	199,937

Equity attributable to shareholders in the Parent Company.

¹ Refers to changes in recommendations regarding the calculation of the Group's defined benefit pension plans "Retirement indemnity plan" for employees in France.

Consolidated statement of cash flows

Amounts in SEK thousands.	Note	2021	2020
Operating activities			
Operating profit/loss		9,570	-14,613
Adjustments for non-cash items	33	26,385	27,021
Interest paid		-2,484	-3,326
Interest received		69	21
Tax paid		0	0
Tax received		0	354
Cash flow from operating activities before changes in working capital		33,540	9,457
Change in inventories		5,671	10,201
Change in operating receivables		427	8,348
Change in operating liabilities		-13,393	-571
Cash flow from operating activities		26,245	27,435
Investing activities			
Acquisition of subsidiaries, less acquired cash and cash equivalents	32	-30,286	1,958
Additional purchase consideration settled		-2,008	-
Investments in property, plant and equipment	15	-1,265	-542
Investments in intangible assets	14	-	-3,168
Disposals of property, plant, and equipment	15	0	0
Net of paid-in and repaid deposits		-40	250
Cash flow from investing activities		-33,599	-1,502
Financing activities	33		
Borrowings		27,728	7,666
Repayment of loans		-13,185	-9,862
Change in bank overdraft facilities		-4,400	-2,077
Amortisation of lease liabilities		-5,197	-5,588
Cash flow from financing activities		4,946	-9,861
Cash flow for the period		-2,408	16,072
Exchange rate differences in cash and cash equivalents		4,142	-5,579
Cash and cash equivalents at start of year		51,786	41,293
Cash and cash equivalents at year-end	22	53,520	51,786

Notes to the consolidated financial statements

Amounts in SEK thousands, 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 thousands.), 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 operates in two segments – Segment Europe and Segment USA – under the brands

TagMaster and Sensys Networks. The Company 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 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 on 23 March 2022. The Consolidated and Parent Company income statements and balance sheets will be presented for approval at the Annual General Meeting to be held on 28 April 2022.

Note 2 • Summary of significant accounting policies

This note describes the significant accounting principles applied in the preparation of these consolidated financial statements, where 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. Furthermore, 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.

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 percent 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.

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, when it has been adjusted for non-taxable revenue 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 insofar as it is likely that the amounts can be 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 initial recognition of an asset or liability (that 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 insofar as it is 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 insofar 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 such 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 creates 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.

Note 2, continued

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 is applied 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 any impairment of 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 linked 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 using the acquisition method. The consideration paid for the business combination is measured at fair value at the time of acquisition. This is calculated as the sum, at the time of acquisition, of the fair values 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 (within 12 months

of the time of acquisition) and are adjusted retroactively, 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 financial statements is the difference between cost and the Group's share of the fair value of an acquired subsidiary's identifiable assets and liabilities at 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 for any 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 product development expenditure

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 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 Group's amortisation methods and useful lives applied with regard to intangible assets.

Property, plant and equipment

The item property, plant and equipment is recognised at cost less accumulated depreciation and any impairment losses.

Cost consists of the purchase price and expenses that are directly attributable to the asset. All other costs of repairs, 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 revenue 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 that the Group applies 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 such 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. Any 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. Any 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 costs are recognised in the income statement in the period in which they were incurred. TagMaster does not have any qualifying assets, hence all borrowing costs have 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 using 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 at 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.

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.

Note 2, continued

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 that 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.

Financial instruments

The accounting policies applying specifically to the Group's financial instruments are described in Note 29.

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 any 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 revenue, profit margins, investment levels and discount rate. 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. It must first be identified which intangible fixed assets may have a value, such as customer relationships, trademarks and advanced technology. 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 2021, the Group had loss carry-forwards totalling approximately SEK 424 million (327), of which SEK 80.0 million (76.7) 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. The calculations are performed by actuaries. These 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 9.4 million (4.4). For further information, see Note 25.

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.

Note 3, continued

Intangible assets – capitalisation of development expenditure

The Group engages in development activities. Any 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 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 anticipated to be the same as currently for the Group's products.

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 (91) of the Group's sales in 2021 were effected in a currency other than SEK. Of the total external purchases (goods for resale and other external costs), approximately 76 percent (83) were effected 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 2,804 thousand (3,521) 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:

Income in 2021 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 52,358 thousand (38,968) on the balance sheet date. The interest rate on the portion of the loan raised in USD is LIBOR interest plus a margin of between 2.15 and 3.15 percentage points, based on 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. The interest rate for the loan of SEK 28 million raised as part of the financing for the acquisition of Citilog S.A.S. is STIBOR interest plus a margin of between 2.0 and 3.0 percentage points, based on the metric Net debt divided by consolidated EBITDA (operating profit excluding depreciation and amortisation).

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.

Concentration risk

Concentration risk refers to the vulnerability of the concentration of exposures to a limited number of customers, partners, industries, sectors or geographical areas.

As the Group has a number of customers that represent a significant proportion of the Group's net sales, concentration risk applies. However, as the Group has grown both organically and through acquisitions, there are opportunities to compensate for any losses through new and existing partners. The Group therefore considers that the concentration risk associated with these key customers is limited. Trade receivables are not concentrated within a specific geographical area.

Liquidity risk

The Group is always striving to improve its liquidity and has overdraft facilities in place to offset liquidity risk. At 31 December 2021, available liquidity was SEK 92,107 thousand (83,952), of which bank overdraft facilities totalled SEK 38,587 thousand (32,166.). The acquisition loan is subject to financial commitments – covenants

Currency	+/-10%	
	2021	2020
EUR	652	1,830
GBP	329	145
USD	287	985

Note 4, continued

– 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 12 months)

TagMaster comfortably fulfilled these key performance indicators at year-end 2021.

The liquidity available is deemed sufficient to meet the Group's currently 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 Covid-19 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.

31 December 2021	Maturity date			Total
	Within 3 mths	Between 3 mths and 1 year	Between 2 and 5 years	
Liabilities to credit institutions	4,580	13,558	37,171	55,309
Other non-current liabilities	–	–	5,048	5,048
Conditional additional purchase considerations	–	–	–	–
Trade payables and other liabilities	24,468	5,108	–	29,576
Total	29,048	18,918	41,967	89,933

31 December 2020	Maturity date			Total
	Within 3 mths	Between 3 mths and 1 year	Between 2 and 5 years	
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

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. At TagMaster, the CEO is the highest executive decision-maker.

The Group's operations consist mainly of 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 per 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 2021 financial year, the item Central also includes transaction costs of SEK 0.4 million relating to the acquisition of Citilog S.A.S. 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 24.5 million (23.0).

The difference between the total of the segments' operating income and the Group's profit before tax is attributable to financial income of SEK 3.0 million (5.5) and financial expenses of SEK 5.8 million (9.4).

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 and intra-Group profits are eliminated.

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

Note 5, continued

2021	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	203,535	123,350	–	–	326,886
Cross-segment transactions	–	–	–	–	–
	203,535	123,350	–	–	326,886
Gross profit	137,957	85,575	–	–	223,532
Adjusted EBITDA	14,194	14,568	5,196	–	33,959
Non-recurring items	-2,078	2,689	-462	–	150
EBITDA	12,116	17,257	4,734	–	34,109
Depreciation of property, plant and equipment and amortisation of intangible assets	-11,142	-13,396	–	–	-24,538
Operating profit/loss	974	3,861	4,734	–	9,571
Working capital ¹	29,998	15,492	3,162	–	48,652
Investments in intangible assets	–	–	–	–	–
Investments in property, plant and equipment	699	566	–	–	1,265
Other segment information					
Gross profit margin, %	67.8	69.4	–	–	68.4
Adjusted EBITDA margin, %	7.0	11.8	–	–	10.4
EBITDA margin, %	6.0	14.0	–	–	10.4
<i>Non-recurring items:</i>					
Restructuring costs	-2,078	–	–	–	-2,078
Acquisition-related expenses	–	–	-462	–	-462
Forgiven loan	–	6,891	–	–	6,891
Covid-related quality problems at sub-contractor	–	-4,202	–	–	-4,202
Number of employees at year-end	99	38	–	–	137
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
<i>Non-recurring items:</i>					
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

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	
	2021	2020	2021	2020
Sweden	79,730	68,668	5,306	4,291
United Kingdom	37,696	42,072	28,785	28,101
France	86,110	43,824	58,091	31,571
United States	123,350	131,889	98,632	101,549
Group	326,886	286,453	190,814	165,512

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 remuneration. Variable remuneration 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 invoices issued.

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.

Breakdown of revenue from contracts with customers	1 January 2021 – 31 December 2021			1 January 2020 – 31 December 2020		
	TagMaster Europe	TagMaster USA	Total Group	TagMaster Europe	TagMaster USA	Total Group
Geographical region¹						
Sweden	3,129	–	3,129	3,157	–	3,157
EMEA	129,103	49,069	178,172	92,748	51,467	144,215
Asia Pacific	42,535	4,625	47,160	27,731	3,221	30,952
Americas	28,768	69,656	98,424	30,928	77,201	108,129
Total	203,535	123,350	326,886	154,564	131,889	286,453
Customer category						
Traffic Solutions	135,854	123,350	259,204	103,634	131,889	235,523
Rail Solutions	67,681	–	67,681	50,930	–	50,930
Total	203,535	123,350	326,886	154,564	131,889	286,453
Time of revenue recognition						
At a particular time	193,988	120,072	314,060	149,078	128,797	277,875
Over time	9,547	3,278	12,825	5,486	3,092	8,578
Total	203,535	123,350	326,886	154,564	131,889	286,453

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	31/12/2021	31/12/2020
Trade receivables	62,738	42,178
Advance payments from customers	-3,865	-7,101
Contract liabilities	-10,245	-7,803
Contract assets	1,012	-

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

Transaction price allocated to outstanding performance obligations

Group	31/12/2021	31/12/2020
Less than one year from balance sheet date	7,797	9,418
More than one year but less than five years from balance sheet date	6,313	5,486
More than five years from balance sheet date	0	0

Change in contract liabilities for the year

Group	31/12/2021	31/12/2020
Opening balance	7,803	9,263
Taken over at acquisition	739	-
Added during the year	13,667	8,131
Recognised as revenue during the year	-12,825	-8,578
Translation difference for the year	861	-1,013
Closing balance	10,245	7,803

Note 7 • Remuneration to auditors**Fees and expenses**

	2021	2020
Mazars		
Audit assignment	1,616	1,535
Tax advisory services	47	47
Other services	47	47
	1,710	1,629
Frank, Rimerman + Co. LLP		
Audit assignment	910	1,121
Other services	446	156
	1,356	1,277
Total	3,066	2,906

"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	2021		2020	
	Number of employees	Of whom, men	Number of employees	Of whom, men
Parent Company				
Sweden	17	13	19	15
Subsidiaries				
United Kingdom	16	14	24	21
France	74	58	31	20
United States	38	34	37	33
Total, subsidiaries	128	106	92	74
Total, Group	145	119	111	89

Gender distribution, senior executives	2021		2020	
	Women	Men	Women	Men
Board of Directors	1	4	1	5
CEO and other Company management	2	7	2	7

Breakdown of salaries and other remuneration per senior executives and other employees SEK thousands	Board, CEO and other senior executives		Other		Total	
	2021	2020	2021	2020	2021	2020
Parent Company	9,721	8,538	7,001	10,011	16,722	18,549
Subsidiaries	6,520	8,136	95,920	80,034	102,440	88,170
Total, Group	16,241	16,674	102,921	90,045	119,162	106,719

	Salaries and other remuneration		Social security contributions		(of which, pension expenses)	
	2021	2020	2021	2020	2021	2020
Parent Company	16,722	18,549	9,688	9,581	3,331	3,420
Subsidiaries	102,440	88,170	27,740	21,174	4,008	2,617
Total, Group	119,162	106,719	37,428	30,755	7,339	6,037

Remuneration to the Board, CEO and other senior executives SEK thousands	2021				2020			
	Fee/salary	Variable remuneration	Pension expense	Other	Fee/salary	Variable remuneration	Pension expense	Other
Chairman, Bernt Ingman ¹	250	–	–	–	–	–	–	–
Board member, Rolf Norberg ²	125	–	–	–	350	–	–	–
Board member, Margareta Hagman	125	–	–	–	125	–	–	–
Board member, Magnus Jonsson	–	–	–	–	125	–	–	–
Board member, Gert Sviberg	125	–	–	–	125	–	–	–
Board member, Juan Vallejo	125	–	–	–	125	–	–	–
CEO, Jonas Svensson	2,737	800	645	–	2,648	600	605	–
Other senior executives (8)	11,244	710	1,292	–	10,709	1,867	1,128	–
Total	14,731	1,510	1,937	–	14,207	2,467	1,733	–

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.

1) Elected as new Chairman at the 2021 AGM.

2) Chairman until 2021 AGM.

Note 9 • Other income and operating expenses

	2021	2020
Other revenue		
Exchange rate differences	656	178
Grants	301	1,215
Furloughing grant	–	2,173
Forgiven government loan	6,891	–
Other	1,534	640
Total	9,382	4,206
Other operating expenses		
Exchange rate differences	-178	-982
Other	-1,283	-762
Total	-1,461	-1,744

Grant of SEK 301 thousand in 2021 refers to the EU grant for the Frontier Project in which TagMaster AB is involved together with Sensys Networks. Grant of SEK 1,215 thousand in 2020 refers to a research grant to the USA subsidiary from the University of Berkeley, California, United States. In 2021, the government support loan that the American subsidiary took up from the American government was forgiven.

Note 10 • Net financial income and expenses

	2021	2020
Financial income		
Exchange rate gain on liabilities to credit institutions	0	5,238
Exchange gain on additional purchase consideration	12	76
Exchange gains on non-current liabilities to subsidiaries	2,403	136
Revaluation of interest rate swaps to fair value	485	–
Other interest income	69	21
Total	2,969	5,471
Financial expenses		
Interest expenses	-2,072	-2,507
Exchange rate losses on liabilities to credit institutions	-3,040	0
Interest expenses, lease liabilities	-290	-275
Exchange loss on additional purchase consideration	0	–
Exchange rate losses on non-current receivables from subsidiaries	0	-5,201
Revaluation of interest rate swaps to fair value	–	-758
Net interest, pensions	-51	-21
Other financial expenses	-339	-645
Total	-5,792	-9,407

With the exception of the revaluation of interest rate swaps, all interest income and interest expenses are attributable items that are measured at amortised cost.

Note 11 • Tax expense for the year

	2021	2020
Current tax	-835	-682
Deferred tax	-54	-1,135
Total	-889	-1,817
Theoretical tax		
Pre-tax profit recognised	6,747	-18,549
Tax at current rate, 20.6% (21.4%)	-1,390	3,969
Reconciliation of tax recognised		
Effect of overseas tax rate	-52	1,488
Tax effect of non-deductible expenses	-126	31
Effect of non-taxable revenue	0	0
Effect of other adjustments to profit on consolidation	47	41
Effect of tax loss carry-forwards not assigned a value	-4,890	-8,550
Effect of previously utilised unvalued loss carry-forwards	4,557	969
Effect of previous year's tax loss carry-forwards assigned a value	670	0
Effect from previous years	0	-119
Effect of change in tax rate	-375	0
Other*	670	354
Total	-889	-1,817

*Item refers to tax revenue of SEK 670 thousand (354), in accordance with tax rules in the UK and France and is based on development expenditure incurred.

Note 12 • Non-recurring items

	2021	2020	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	Personnel expenses
Restructuring expenses attributable to acquisitions	1,166	–	Personnel expenses
Restructuring expenses attributable to acquisitions	911	–	Other external expenses
Forgiven state aid loan	-6,891	–	Other revenue
Covid-related quality problems at sub-contractor	4,202	–	Goods for resale, raw materials and consumables
Acquisition-related expenses	462	4,006	Other external expenses
Total	-150	18,927	

Acquisition-related costs and restructuring costs attributable to acquisitions in the financial year 2021 refer to the acquisition of Citilog S.A.S. 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

	2021	2020
Earnings per share, basic and diluted		
Carrying amount attributable to shareholders in the Parent Company, SEK thousands.	5,858	-20,366
Gain/loss from calculation of earnings per share, SEK thousands.	5,858	-20,336
Average number of shares outstanding, basic and diluted, thousands ^{1, 2}	14,648	14,648
Earnings per share, basic and diluted, SEK	0.40	-1.39

1) Adjusted retroactively for the 1-for-25 share consolidation.

2) 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 2020						
Cost of acquisition, opening balance	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
Restated acquisition analysis	-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
1 January – 31 December 2021						
Carrying amount, opening balance	76,506	8,913	29,275	38,008	5,732	158,434
Business combinations	6,809	–	12,918	3,037	–	22,764
Amortisation for the year	–	–	-10,427	-7,769	–	-18,196
Translation difference for the year	6,503	168	2,306	3,600	599	13,176
Carrying amount	89,818	9,081	34,072	36,876	6,331	176,178
At 31 December 2021						
Cost	89,818	9,081	75,016	57,330	6,331	237,576
Accumulated amortisation	–	–	-40,944	-20,454	–	-61,398
Carrying amount	89,818	9,081	34,072	36,876	6,331	176,178

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.

Development costs in 2021 not meeting the Group's criteria for capitalisation amounted to SEK 62,707 thousand (49,881), of which personnel costs accounted for SEK 54,450 thousand (45,921).

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 for 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 are TagMaster's segments.

Impairment testing	31/12/2021	31/12/2020
Sweden	–	–
United Kingdom	22,949	20,895
France	33,137	25,759
USA ¹	49,144	44,497
	105,230	91,151

1) Of which, acquired brand valued at SEK 6,331 thousand (5,732).

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 2–5 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 10 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. According to impairment tests carried out, there was no impairment of goodwill or other intangible assets with an indeterminable useful life on 31 December 2021. 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 of any of the cash-generating units at 31 December 2021.

Note 15 • Property, plant, and equipment

	Land and buildings	Leasehold improve- ments	Equipment, tools, fixtures and fittings	Total Group
At 1 January 2020				
Cost of acquisition, opening balance	825	2,748	14,020	17,593
Accumulated amortisation	-825	-2,748	-10,720	-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
Taken over at acquisition	-	-	-	0
Sales and disposals	-	0	-	0
Amortisation 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 amortisation	-825	-865	-7,638	-9,328
Carrying amount	0	0	2,419	2,419
1 January – 31 December 2021				
Carrying amount, opening balance	0	0	2,419	2,419
Purchases	-	-	1,265	1,265
Taken over at acquisition	-	-	618	618
Sales and disposals	-	0	-	0
Amortisation for the year	-	-	-1,362	-1,362
Translation difference for the year	-	0	91	91
Carrying amount	0	0	3,031	3,031
At 31 December 2021				
Cost	-	-	11,020	11,020
Accumulated amortisation	-	-	-7,989	-7,989
Carrying amount	0	0	3,031	3,031

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 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 no less than 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.

	31/12/2021	31/12/2020
Cost of acquisition, opening balance	11,278	28,076
Taken over at acquisition	8,640	–
New leases	–	482
Terminated leases	-2,181	-16,282
Revaluation	3,397	-551
Rent adjustment	–	143
Effect of present value calculation	-56	30
Translation difference for the year	394	-620
Cost, closing balance	21,472	11,278
Amortisation, opening balance	-6,619	-5,901
Amortisation for the year	-4,980	-5,498
Terminated leases	2,009	4,554
Effect of present value calculation	-40	-22
Translation difference for the year	-237	248
Accumulated amortisation, closing balance	-9,867	-6,619
Carrying amount	11,605	4,659
Right-of-use assets:		
Office premises	11,605	4,659
Company cars	–	–
Total	11,605	4,659

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

	31/12/2021	31/12/2020
Opening balance	4,768	22,396
New liabilities – new leases	0	482
Taken over at acquisition	8,640	–
Revaluations	3,320	-537
Interest	290	275
Payments	-5,197	-5,846
Terminated leases	0	-11,661
Translation difference for the year	79	-341
Closing balance	11,900	4,768
Of which, current liabilities	5,604	3,091
Total non-current liabilities	6,296	1,677

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

	31/12/2021	31/12/2020
More than 1 year but less than 2 years from the balance sheet date	3,795	1,444
Between 2 and 5 years from the balance sheet date	2,501	233
Total	6,296	1,677

Future undiscounted payment obligations for leases are as follows:

	31/12/2021	31/12/2020
Within 3 mths	1,424	894
Between 3 mths and 1 year	4,273	2,202
Between 2 and 5 years	6,407	1,776
Total	12,104	4,872

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 2022 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 2021. The cost of short-term leases totals SEK 1,974 thousand (1,400) for the full year and the cost of leasing low-value assets represents minor sums.

Note 17 • Other non-current receivables

	31/12/2021	31/12/2020
Rent deposits	1,358	1,253
Total	1,358	1,253

	31/12/2021	31/12/2020
Rent deposits		
Opening balance	1,253	1,577
Taken over at acquisition	20	–
Additional	81	42
Amortised/reduced	-41	-292
Translation difference for the year	45	-74
Closing balance	1,358	1,253

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, 01/01/2021	19,014	708	-17,495	-332	678	2,573
Used during the year	-2,979	–	–	–	–	-2,979
Change via acquisition ¹	2,948	79	-3,986	–	959	0
Recognised via the income statement (temporary differences)	–	-9	3,445	-502	-9	2,925
Total recognised via the income statement	-31	70	-541	-502	950	-54
Recognised via other comprehensive income	–	-82	–	–	–	-82
Translation difference for the year	463	-12	-525	–	-68	-142
Closing balance, 31/12/2021	19,446	766	-18,561	-834	1,560	2,377
Net recognition of deferred tax attributable to subsidiaries Sensys Networks Inc. and Citilog S.A.S. ²	-15,611	–	16,580	–	-969	0
Total	3,835	766	-1,981	-834	591	2,377

	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. ²	-14,797	–	14,797	–	–	0
Total	4,217	708	-2,698	-332	678	2,573

1) Deferred taxes attributable to Citilog S.A.S. In the Consolidated statement of financial position, the items have been recognised net.

2) 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

SEK thousands	31/12/2021	31/12/2020
Deferred tax assets	5,192	5,603
Deferred tax liabilities	-2,815	-3,030
Total	2,377	2,573

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 245 million (150). None of the loss carry-forwards has a time limit. Of the loss carry-forwards, SEK 25,424 thousand (19,014) has been capitalised. Non-capitalised tax loss carry-forwards attributable to operations in the USA amount to approximately SEK 124 million (115). 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

	31/12/2021	31/12/2020
Raw materials and consumables	15,664	13,062
Goods in production	3,226	5,566
Finished products and goods for resale	17,680	21,448
Total	36,570	40,076

Of which, impaired: SEK 6,370 thousand (2,999).

Note 20 • Trade receivables

	31/12/2021	31/12/2020
Trade receivables	68,747	46,812
Provision for doubtful trade receivables	-6,009	-4,634
Total	62,738	42,178

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	31/12/2021	31/12/2020
Not yet due	49,531	27,022
1–30 days	5,381	12,460
31–60 days	2,712	2,935
61–90 days	1,736	2,311
More than 90 days	9,387	2,084
Provision for doubtful trade receivables	-6,009	-4,634
Total	62,738	42,178

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 reserve for credit losses expected 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 2021 or in 2020.

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

Note 21 • Other receivables

	31/12/2021	31/12/2020
Tax assets	6,390	1,425
VAT receivable	1,784	1,910
Advance payments to suppliers	751	745
Other receivables	1,667	3,645
Prepaid rent	478	491
Insurance prepayments	724	1,127
Accrued revenue	1,012	–
Other prepayments	4,398	3,403
Total	17,204	12,746

For information on measurement 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 at a known amount and are exposed to an insignificant risk of fluctuations in value.

Cash and cash equivalents in the balance sheet and statement of cash flows include the following: The Group's overdraft facilities granted of SEK 20.5 million and USD 2.0 million were undrawn and available at 31 December 2021.

	31/12/2021	31/12/2020
Cash and cash equivalents	53,520	51,786
Overdraft facilities granted	38,587	36,566
Utilised portion of overdraft facilities	–	-4,400
Available liquidity	92,107	83,952

Note 23 • Equity

	A shares	B shares	Total number of shares registered
Number, 31/12/2019	–	366,188,171	366,188,171
Number, 31/12/2020	–	366,188,171	366,188,171
Consolidation	–	-351,540,645	-351,540,645
Number, 31/12/2021	–	14,647,526	14,647,526

At the Annual General Meeting on 29 April 2021, a resolution was passed on a 1-for-25 consolidation of Class B shares. 6 May was the first day of trading after the consolidation. The number of Class B shares following the consolidation is 14,647,526.

The quotient value per share is SEK 1.25. Other contributed capital is capital provided by TagMaster's shareholders.

Items recognised via other comprehensive income	31/12/2021	31/12/2020
Exchange rate differences in equity		
Opening balance	-21,549	-1,881
Change for the year in translation of foreign subsidiaries	15,718	-19,668
Closing balance	-5,831	-21,549

	31/12/2021	31/12/2020
Revaluations of the net pension obligation		
Opening balance	-339	-181
Revaluation for the year	249	-210
Tax on the above	-82	52
Closing balance	-172	-339

Note 24 • Liabilities to credit institutions

	31/12/2021	31/12/2020
Non-current portion of acquisition loan	35,506	24,742
Current portion of acquisition loan	16,852	9,826
Total, acquisition loan	52,358	34,568
Overdraft facility utilised	–	4,400
Total, liabilities to credit institutions	52,358	38,968

The acquisition loan consists of partly 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-line 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. As one component of the financing of the acquisition of Citilog S.A.S, the loan was increased by SEK 28.0 million in 2021. The maturity of the extended loan facility is the same as that of the original acquisition loan. The interest rate is STIBOR interest plus a margin of between 2.0 and

3.0 percentage points, determined by the metric Net debt divided by consolidated EBITDA (operating profit excluding depreciation and amortisation). The market value of the interest rate swap at 31 December 2021 was SEK -252 thousand (-737). The original debt was reduced via loan acquisition expenses of SEK 1,117 thousand. At 31 December 2021, the remaining amount to accrue over the term of the loan was SEK 677 thousand (643).

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:

	31/12/2021	31/12/2020
More than 1 year but less than 2 years from the balance sheet date	16,852	9,826
Between 2 and 5 years from the balance sheet date	19,331	15,559
Total	36,183	25,385
Loan acquisition expenses	-677	-643
Total	35,506	24,742

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

	31/12/2021	31/12/2020
Closing balance corresponding to period in previous year	3,991	4,930
Effect of retrospective restatement ¹	–	-436
Opening balance	3,991	4,494
Administrative expenses	673	395
Interest expenses	51	21
Expenses/income (–) regarding service in previous years and losses/gains (–) from settlements	-20	-755
Added via acquisition	4,768	–
Actuarial gains/losses		
– Financial assumptions	-183	136
– Demographic assumptions	10	10
– Experience-based adjustments	-91	63
Translation difference for the year	198	-373
Closing balance	9,397	3,991

¹ Changes in accounting policies relating to the calculation of the Group's defined benefit pension plans "Retirement Indemnity Plan" for employees in France.

Assumptions and sensitivity analysis

The principal actuarial assumptions at 31 December 2021 were as follows:

	France	Italy
Discount rate, %	0.80	-0.22
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.

SEK thousands	31/12/2021	31/12/2020
Discount rate, +0.5%-point	-536	-199
Discount rate, -0.5%-point	591	217
Salary increase, +1.0% point	1,167	378
Salary increase, -1.0% point	-973	-320

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 others 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

Note 25, continued

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

	31/12/2021	31/12/2020
Warranty provisions	7,259	3,619
Post-employment benefits	8,987	3,991
Total non-current portion	16,246	7,610
Warranty provisions – current portion	1,968	3,834
Post-employment benefits	410	–
Total current portion	2,378	3,834
Total provisions	18,624	11,444

Warranty provisions	31/12/2021	31/12/2020
Opening balance	7,453	4,826
Provision for the year	7,627	7,887
Settlement for the year	-4,011	-1,452
Reversal for the year	-2,131	-3,439
Translation difference for the year	289	-369
Closing balance	9,227	7,453

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. Provisions of SEK 3,537 thousand (3,834) related to 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.

The American subsidiary Sensys Networks Inc.'s subcontractor experienced Covid-related quality problems in the second quarter. These quality problems have led to an exceptional provision of SEK 4.2 million. At the end of December 2021, SEK 1.9 million remained.

Note 27 • Contingent additional 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.

The contingent purchase consideration related to the acquisition of Magsys was settled in 2021.

	31/12/2021	31/12/2020
Opening balance	2,008	2,070
Interest for the year	–	14
Settlement	-2,020	–
Translation difference	12	-76
Closing balance	0	2,008

Note 28 • Other non-current liabilities

	31/12/2021	31/12/2020
Liability, composition arrangement	4,796	6,374
State aid loan	–	6,714
Derivative instruments	252	737
Contractual liability	6,313	5,486
Total	11,361	19,311

The composition liability relates to debts of SEK 6,596 thousand (7,799) 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.

	31/12/2021	31/12/2020
Liability, composition arrangement		
Non-current portion	4,796	6,374
Current portion	1,800	1,425
Total	6,596	7,799

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

	31/12/2021	31/12/2020
More than 1 year but less than 2 years from the balance sheet date	1,329	1,748
Between 2 and 5 years from the balance sheet date	3,467	4,626
Total	4,796	6,374

In the second quarter of 2021, the government support loan taken by the USA subsidiary from the USA government was forgiven, resulting in a one-off receipt of SEK 6.9 million, which is reported as Other income in the consolidated income statement.

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 conditions for set-off have not been fulfilled. 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".

In all other business models where the purpose is speculation or holding for trading or where the nature of the cash flow excludes other business models, assets are recognised at fair value via the income statement. This business model is classified as "other".

For all financial assets except derivative instruments, TagMaster uses 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 recognised 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 reserve for credit losses expected 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.

2021

	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	–	1,358	–	–	1,358
Trade receivables	–	62,738	–	–	62,738
Other receivables	–	1,667	–	–	1,667
Cash and cash equivalents	–	53,520	–	–	53,520
Liabilities to credit institutions	–	–	–	-52,358	-52,358
Other non-current liabilities	–	–	-252	-4,796	-5,048
Trade payables	–	–	–	-14,569	-14,569
Other liabilities	–	–	–	-14,998	-14,998

Note 29, continued

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

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 provided 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 were 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

	31/12/2021	31/12/2020
Advance payments from customers	3,865	7,345
VAT and other tax-related items	4,458	6,588
Liabilities, composition arrangement – Balogh	1,800	1,425
Total current liabilities	1,635	1,160
Personnel-related expenses	27,126	19,117
Other accrued expenses	9,874	7,685
Contractual liability	3,933	2,317
Accrued sales commission payments	600	648
Total	53,291	46,285

For information on valuation and classification, see Note 29.

Note 31 • Pledged assets

	31/12/2021	31/12/2020
Assets pledged for liabilities to credit institutions		
Corporate mortgages	21,800	21,800
Total	21,800	21,800

Note 32 • Business combinations

On 30 April 2021, TagMaster AB acquired 100 percent of the shares in the French company Citilog S.A.S. for a consideration of SEK 42,559 thousand. The purchase price amounts to €3.4m on a debt- and cash-free basis with working capital adjustment at the closing date to normalised working capital. The acquisition is a step in the Group's strategy to focus on growth in the Traffic Solutions application segment. The acquisition adds expertise and software solutions in AI and deep learning, providing the Group with increased capacity to create future products and data solutions in the USA and Europe. The entire purchase price was paid in cash and the transaction was financed through a combination of new debt facilities and equity. Acquisition-related expenses total SEK 464 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	Fair value
<i>Non-current assets</i>	
Capitalised development expenditure	12,918
Customer relationships	3,037
Other non-current receivables	30
Property, plant and equipment	618
<i>Current assets</i>	
Inventories	2,085
Trade receivables	18,655
Total current receivables	6,322
Cash and cash equivalents	12,273
<i>Non-current liabilities</i>	
Other provisions	-4,808
<i>Current liabilities</i>	
Trade payables	-1,650
Total current liabilities	-13,730
Identifiable assets and liabilities, net	35,750
Consideration transferred	42,559
Goodwill	6,809
Net cash flow at acquisition of Citilog S.A.S.	
Consideration transferred	42,559
Less: Cash and cash equivalents acquired	12,273
Net cash flow	30,286

Note that the above acquisition analysis is preliminary and may be adjusted. The consideration transferred also included amounts related to benefits from expected synergies, increased revenue, development of future markets and the combined workforce of the companies. 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 surplus values in connection with the acquisition totalled approximately SEK 2.5 million on 31 December. 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.

As of the date of acquisition, Citilog S.A.S. has contributed SEK 34.0 million in net sales and SEK -9.5 million to the operating profit (including SEK 1.7 million in non-recurring costs). If the acquisition had taken place on 1 January 2021, the Group's revenue would have totalled SEK 348.9 million and its loss for the period SEK -2.1 million.

Acquisition of Sensys Networks Inc. in 2019

In the second quarter of 2020 a reduction was obtained in the purchase consideration relating 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 inward or outward payments. This means that there may be deviations from changes in individual items in the balance sheet.

Non-cash items	2021	2020
Depreciation/amortisation	24,538	23,015
Provisions and accrued expenses	8,808	4,006
Forgiven government loan	-6,961	-
Total	26,385	27,021

Changes in liabilities attributable to financing activities	Liabilities to credit institutions	Liabilities arising from leases	Other non-current liabilities	Total
Opening balance, 01/01/2021	38,968	4,768	19,311	63,047
<i>Cash flow for the year 2021</i>				
Borrowings	27,728	-	-	27,728
Change in bank overdraft facilities	-4,400	-	-	-4,400
Amortisation of liabilities	-13,185	-5,197	-	-18,382
<i>Non-cash items</i>				
Revaluations	-	3,320	-	3,320
Fair value measurement, derivative instruments	-	-	-485	-485
Accrued loan acquisition expenses	238	-	-	238
Added via acquisition	-	8,640	-	8,640
Forgiven state aid loan	-	-	-6,891	-6,891
Attributable to operating activities	-	-	-751	-751
Exchange rate differences	3,009	369	177	3,555
Closing balance, 31/12/2021	52,358	11,900	11,361	75,619

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, 01/01/2020	55,962	22,396	14,062	92,420
<i>Cash flow for the year, 2020</i>				
Borrowings	–	–	7,666	7,666
Change in bank overdraft facilities	-2,077	–	–	-2,077
Amortisation of liabilities	-9,862	-5,588	–	-15,450
<i>Non-cash items</i>				
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 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 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 (SEK). The exchange rates have been obtained from Riksbanken, Sweden's central bank.

Currency code	Average rate		Rate on balance sheet date	
	2021	2020	2021	2020
EUR	10.1449	10.4867	10.2269	10.0375
GBP	11.8022	11.7981	12.1790	11.0873
USD	8.5815	9.2037	9.0437	8.1886

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.

Parent Company income statement

Amounts in SEK thousands.	Note	2021	2020
Operating income etc.			
Net sales	P2	84,975	74,712
Other operating income	P7	845	1,219
Total operating income		85,820	75,931
Operating expenses			
Goods for resale		-29,230	-23,428
Other external expenses	P4, P6	-18,966	-13,614
Personnel expenses	P5	-26,055	-27,528
Depreciation/amortisation of property, plant, and equipment and intangible non-current assets	P12, P13	-106	-106
Other operating expenses	P7	-301	-262
Total operating expenses		-74,658	-64,938
Operating profit/loss		11,162	10,993
Result from financial investments			
Result from receivables recognised as non-current assets	P8	–	-5,201
Other interest income and similar items	P9	3,457	6,454
Interest expenses and similar items	P10	-5,118	-2,432
Total financial items		-1,661	-1,179
Profit/loss after financial items		9,501	9,814
Appropriations			
To tax allocation reserve		-2,435	-1,614
Profit/loss before tax		7,066	8,200
Tax on net profit for the year	P11	-1,487	-1,798
Net profit/loss for the year		5,579	6,402

Parent Company balance sheet

Amounts in SEK thousands.	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Other intangible non-current assets	P12	213	291
Equipment, tools, fixtures and fittings	P13	65	94
Financial assets			
Participations in Group companies	P14	287,256	250,581
Receivables from Group companies	P15	–	–
Deferred tax assets	P16	345	327
Total non-current assets		287,879	251,293
Current assets			
Inventories etc.			
Finished products and goods for resale		10,580	12,182
Total current assets		10,580	12,182
Current receivables			
Trade receivables	P17	15,358	14,140
Receivables from Group companies		18,696	41,143
Other receivables	P18	3,406	5,975
Prepayments and accrued income	P19	1,749	1,599
Total current liabilities		39,209	62,857
Cash and bank balances		5,557	2,319
Cash and bank balances		5,557	2,319
TOTAL ASSETS		343,225	328,651

Parent Company balance sheet, continued

Amounts in SEK thousands.	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity	P20		
Share capital		18,309	18,309
Statutory reserve		216	216
Total equity		18,525	18,525
Unrestricted equity			
Share premium reserve		171,454	171,454
Retained earnings		65,207	58,805
Net profit/loss for the year		5,579	6,402
Total unrestricted equity		242,240	236,661
Total equity		260,765	255,186
Untaxed reserves		4,049	1,614
Provisions			
Other provisions	P21	1,673	3,596
Total provisions		1,673	3,596
Non-current liabilities			
Liabilities to credit institutions	P22	35,506	24,742
Non-current liabilities to Group companies	P24	–	3,087
Total non-current liabilities		35,506	27,829
Current liabilities			
Liabilities to credit institutions	P22	16,852	14,226
Trade payables		6,565	6,664
Tax liability		2,541	1,036
Liabilities to Group companies		461	60
Other liabilities	P25	6,004	7,064
Accruals and deferred income	P26	8,809	11,376
Total current liabilities		41,232	40,426
TOTAL EQUITY AND LIABILITIES		343,225	328,651

Parent Company statement of changes in equity

Amounts in SEK thousands.	Share capital	Statutory reserve	Share premium reserve	Retained earnings, incl. profit for the year	Total equity
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, 01/01/2020	18,309	216	171,454	65,207	255,186
Amount at start of year, 01/01/2021	18,309	216	171,454	65,207	255,186
Net profit/loss for the year	–	–	–	5,579	5,579
Amount at year-end, 31/12/2021	18,309	216	171,454	70,786	260,765

Parent Company statement of cash flows

Amounts in SEK thousands.	Note	2021	2020
Operating activities			
Operating profit/loss		11,162	10,993
Adjustments for non-cash items	P28	106	106
Interest received		0	0
Interest paid		-1,840	-2,225
Tax paid		0	0
Cash flow from operating activities before changes in working capital		9,428	8,874
Cash flow from changes in working capital			
Change in inventories		1,603	-3,805
Change in operating receivables		30,371	-4,187
Change in operating liabilities		-5,288	10,456
Cash flow from operating activities		36,114	11,338
Investing activities			
Acquisitions of intangible non-current assets		-	-
Acquisitions of property, plant, and equipment		-	-
Acquisitions of subsidiaries		-43,019	1,958
Amortisation of long-term receivables from Group companies		-	17,856
Lending to subsidiaries		-	-21,704
Cash flow from investing activities		-43,019	-1,890
Financing activities	P28		
Borrowing from Group companies		-	3,213
New financial liabilities		27,728	-
Amortisation of financial liabilities		-13,185	-9,862
Change in bank overdraft facilities		-4,400	-2,077
Cash flow from financing activities		10,143	-8,726
Cash flow for the year		3,238	722
Cash and cash equivalents at start of year		2,319	1,597
Cash and cash equivalents at year-end		5,557	2,319

Notes to the Parent Company financial statements

Amounts in SEK thousands, unless otherwise specified

Note P1 • 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.

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 revenue 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, 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 P2 • Breakdown of net sales

Geographic market	2021	2020
EMEA	42,327	32,226
Asia Pacific	21,231	24,816
Americas	21,417	17,670
Total	84,975	74,712

Customer category	2021	2020
Traffic	46,663	43,182
Rail	38,312	31,530
Total	84,975	74,712

The timing of revenue recognition is at a specific point in time.

For further information on revenue from contracts with customers, see Note 16 to the Consolidated financial statements.

Note P3 • Purchases and sales within the Group

	2021	2020
Proportion of sales, Group companies, %	6.2	8.1
Proportion of purchases, Group companies, %	6.0	3.0

Note P4 • Remuneration to auditors

Fees and expenses	2021	2020
Mazars		
Audit assignment	900	1,047
	900	1,047

Note P5 • Employees, personnel expenses and fees to Board members

	2021		2020	
	Number of employees	Of whom, men	Number of employees	Of whom, men
Average number of employees				
Sweden	17	13	19	15

	2021		2020	
	Women	Men	Women	Men
Gender distribution, senior executives				
Board of Directors	1	4	1	3
CEO and other Company management	2	4	1	4

Breakdown of salaries and other remuneration per senior executives and other employees SEK thousands

	2021	2020
Board, CEO and other senior executives	9,721	8,538
Other	7,001	10,011
Total	16,722	18,549

Salaries, other remuneration and social welfare costs	Salaries and other remuneration	
	2021	2020
Salaries and other remuneration	16,722	18,549
Social welfare costs	9,688	9,581
(of which, pension expenses)	3,331	3,420

For further information concerning employees, personnel expenses and fees to Board members, see Note 8, Notes to the Consolidated financial statements.

Note P6 • Lease fees

	31/12/2021	31/12/2020
Leases, including rent for premises	1,292	1,495
Lease fees, cost for the year	114	191
The remaining lease fees fall due as follows:		
Less than one year	1,147	1,378
More than one year but less than five years	2,384	3,801
Total	3,531	5,179

The most important leases relate to premises in Kista.

Note P7 • Other income and operating expenses

Other revenue	2021	2020
Exchange rate differences	461	0
Grants	301	–
Furloughing grant	–	1,219
Other	83	0
Total	845	1,219
Other operating expenses		
Exchange rate differences	0	-262
Other	-301	0
Total	-301	-262

Note P8 • Result from receivables recognised as non-current assets

	2021	2020
Exchange rate losses on non-current receivables from subsidiaries	–	-5,201
Exchange rate gains on non-current receivables from subsidiaries	–	–
Total	–	-5,201

Note P9 • Other interest income and similar items

	2021	2020
Interest income, Group companies	1,054	1,004
Exchange rate gain on liabilities to credit institutions	–	5,238
Exchange gain on additional purchase consideration	–	76
Exchange gains on non-current liabilities to subsidiaries	–	136
Exchange rate gains on current receivables from subsidiaries	2,403	0
Total	3,457	6,454

Note P10 • Interest expenses and similar items

Financial expenses	2021	2020
Interest expenses	-2,078	-2,409
Exchange rate loss on liabilities to credit institutions	-3,040	–
Interest expenses attributable to contingent additional purchase consideration	–	-14
Interest expenses, Group companies	–	-9
Total	-5,118	-2,432

Note P11 • Tax on net profit for the year

	2021	2020
Current tax	-1,505	-1,036
Deferred tax	18	-762
Total	-1,487	-1,798
Theoretical tax		
Pre-tax profit recognised	7,066	8,200
Tax at current rate, 20.6%	-1,456	-1,755
Reconciliation of tax recognised		
Tax effect of non-deductible expenses	-31	-31
Effect of non-taxable revenue	0	0
Effect of change in tax rate	–	-12
Total	-1,487	-1,798

Note P12 • Other non-current intangible assets

	31/12/2021	31/12/2020
Cost of acquisition, opening balance	387	387
Accumulated cost of acquisition, closing balance	387	387
Amortisation, opening balance	-96	-19
Amortisation for the year	-77	-77
Accumulated amortisation, closing balance	-173	-96
Carrying amount	213	291

Note P13 • Equipment

Equipment, tools, fixtures and fittings	31/12/2021	31/12/2020
Cost of acquisition, opening balance	3,408	3,408
Accumulated cost of acquisition, closing balance	3,408	3,408
Amortisation, opening balance	-3,314	-3,285
Amortisation for the year	-29	-29
Accumulated amortisation, closing balance	-3,343	-3,314
Carrying amount	65	94

Note P14 • Participations in Group companies

	31/12/2021	31/12/2020
Cost of acquisition, opening balance	250,581	252,539
Acquisitions	43,019	–
Disposals	-5,912	–
Liquidation	-432	–
Reduction of shares	–	-1,958
Accumulated cost of acquisition, closing balance	287,256	250,581
Carrying amount	287,256	250,581

Parent Company Company	Corp. ID No.	Reg. office	Number	Share of equity, %	Carrying amount	
					31/12/2021	31/12/2020
TagMaster Incentive AB	559005-4374	Stockholm	50,000	100	50	50
TagMaster UK Limited (CitySync)	03791347	Stevenage	15,000	100	67,112	67,112
SA Balogh International	380 591 933	Clichy	151,949	100	12,609	12,609
CA Traffic Limited (liquidated)	2 964 439	Aylesbury	1,000	100	–	432
Magsys SA (merged)	444 799 035	Biarritz	11,320	100	–	5,912
Sensys Networks Inc.	C2435981	Berkeley	100	100	164,466	164,466
Citilog S.A.S.	412 472 912	Paris	724,130	100	43,019	–
					287,256	250,581

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 in 2020. For the same reason, the operations of Magsys SA were transferred to TagMaster France SA. On that basis, the carrying amount stated by TagMaster AB for the participations in its subsidiaries was adjusted by amounts corresponding to differences between valuation according to the

acquisition analyses and the values recognised in the subsidiaries. The adjustment was applied via a reallocation between the carrying amounts for the Company's participations in the subsidiaries concerned.

The subsidiary Balogh Normandie and Magsys SA were merged with TagMaster France during the year. CA Traffic Limited was liquidated during the year.

Balogh International Company

	Corp. ID No.	Reg. office	Number	Share of equity, %
TagMaster France SA (SA Balogh)	582 061 073	Clichy	31,941	100

Note P15 • Receivables from Group companies

	31/12/2021	31/12/2020
Opening balance	0	24,518
Amortisation	–	-16,553
Accrued interest	–	109
Reclassification as current receivables from Group companies	–	-7,638
Translation difference for the year	–	-436
Closing balance	0	0

Note P16 • Deferred tax assets

Deferred tax assets	31/12/2021	31/12/2020
Opening balance	327	1,089
Used during the year	–	-750
Capitalisation of claim for temporary differences	18	–
Effect of changes in tax rates	–	-12
Closing balance	345	327

Temporary differences occur in the following items:

	Deferred tax asset	
	31/12/2021	31/12/2020
Warranty provisions	345	327
Carrying amount	345	327

Note P17 • Trade receivables

	31/12/2021	31/12/2020
Trade receivables	15,358	14,140
Provision for doubtful trade receivables	–	–
Total	15,358	14,140

	31/12/2021	31/12/2020
Not yet due	14,195	9,566
1–30 days	223	4,064
31–60 days	534	117
61–90 days	–	393
More than 90 days	406	–
Provision for doubtful trade receivables	–	–
Total	15,358	14,140

For further information regarding trade receivables, see Note 20 to the Consolidated financial statements.

In 2021, the largest customer category accounted for approximately 28 percent of total sales. The next largest partner accounted for 22 percent of total sales.

Note P18 • Other receivables

	31/12/2021	31/12/2020
Tax assets	1,624	1,425
VAT receivable	1,774	1,358
Other receivables	8	3,192
Total	3,406	5,975

Note P19 • Prepayments and accrued income

	31/12/2021	31/12/2020
Prepaid rent	94	317
Insurance prepayments	411	398
Other prepayments	1,244	884
Total	1,749	1,599

Note P20 • Equity

See Note 23 for more information on the Parent Company's share capital.

Note P21 • Provisions

	31/12/2021	31/12/2020
Warranty provisions		
Carrying amount, opening balance	1,588	1,587
Provision for the year	911	1,587
Settlement for the year	50	–
Provision for the year	–876	–1,586
Carrying amount	1,673	1,588
Additional purchase consideration, Magsys		
Carrying amount, opening balance	2,008	2,070
Interest for the year	–	14
Translation difference for the year	12	–76
Settlement	–2,020	–
Carrying amount	0	2,008
Total provisions	1,673	3,596

Note P22 • Liabilities to credit institutions

	31/12/2021	31/12/2020
Non-current portion of acquisition loan	35,506	24,742
Current portion of acquisition loan	16,852	9,826
Total	52,358	34,568
Overdraft facility utilised	–	4,400
Total, liabilities to credit institutions	52,358	38,968

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

	31/12/2021	31/12/2020
More than 1 year but less than 2 years from the balance sheet date	16,852	9,826
Between 2 and 5 years from the balance sheet date	19,331	15,559
Total	36,183	25,385
Loan acquisition expenses	–677	–643
Total	35,506	24,742

The acquisition loan consists of partly 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-line 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. As one component of the financing of the acquisition of Citilog S.A.S., the loan was increased by SEK 28.0 million in 2021. The maturity of the extended loan facility is the same as that of the original acquisition loan. The interest rate is STIBOR interest plus a margin of between 2.0 and 3.0 percentage points, determined by the metric Net debt divided by consolidated EBITDA (operating profit excluding depreciation and amortisation). The market value of the interest rate swap at 31 December 2021 was SEK –252 thousand (–737). The original debt was reduced via loan acquisition expenses of SEK 1,117 thousand. At 31 December 2021, the remaining amount to accrue over the term of the loan was SEK 677 thousand (643).

Note P23 • Bank overdraft facilities

The Parent Company has an overdraft facility granted of SEK 20.5 million and USD 2 million, equivalent to SEK 38.6 million. At 31 December 2021, SEK 0 million had been utilised, indicating that SEK 38,587 thousand was unutilised and available.

	31/12/2021	31/12/2020
Cash and cash equivalents	5,557	2,319
Overdraft facilities granted	38,587	36,566
Utilised portion of overdraft facilities	–	-4,400
Available liquidity	44,144	34,485

Note P24 • Liabilities to Group companies

	31/12/2021	31/12/2020
Opening balance	3,087	0
Borrowing	–	3,214
Amortisation	-3,122	–
Accrued interest	–	145
Translation difference for the year	35	-272
Closing balance	0	3,087

Note P25 • Other liabilities

	31/12/2021	31/12/2020
Advance payments from customers	1,752	1,477
VAT and other tax-related items	3,514	5,587
Other liabilities	738	–
Total	6,004	7,064

Note P26 • Accruals and deferred income

	31/12/2021	31/12/2020
Personnel-related expenses	6,894	8,062
Other accrued expenses	1,315	2,666
Accrued sales commission payments	600	648
Total	8,809	11,376

Note P27 • Pledged assets and contingent liabilities

	31/12/2021	31/12/2020
Assets pledged for liabilities to credit institutions		
Corporate mortgages	21,800	21,800
Total	21,800	21,800

Note P28 • Statement of cash flows

Non-cash items	31/12/2021	31/12/2020
Depreciation/amortisation	106	106
Total	106	106

Changes in liabilities attributable to financing activities

Liabilities to credit institutions	31/12/2021	31/12/2020
Opening balance	38,968	55,962
Cash flow for the year		
Borrowings	27,728	–
Change in bank overdraft facilities	-4,400	-2,077
Amortisation of liabilities	-13,185	-9,862

Non-cash items

Accrued loan acquisition expenses	238	184
Exchange rate differences	3,009	-5,239
Closing balance	52,358	38,968

Liabilities to Group companies	31/12/2021	31/12/2020
Opening balance	3,087	–

Cash flow for the year

Borrowings	–	3,214
------------	---	-------

Non-cash items

Receivable recognised net (merger of subsidiary Magsys SA)	-3,087	–
Interest	–	9
Exchange rate differences	–	-136
Closing balance	0	3,087

Note P29 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	65,206,255
Share premium reserve	171,454,976
Net profit/loss for the year	5,578,980
	242,240,211

The Board of Directors proposes:

To be carried forward	242,240,211
	242,240,211

Signatures

Kista, 23 March 2022

Bernt Ingman
Chairman

Margareta Hagman

Gert Sviberg

Juan Vallejo

Rolf Norberg

Jonas Svensson
Chief Executive Officer

Our audit report was submitted on 23 March 2022

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 2021 financial year. The company's annual report and consolidated accounts are included on pages 38–81 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 2021 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 2021 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 statement and the balance sheet 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, which other information can be found on pages 4–37 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 skepticism 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 OTHER REGULATORY REQUIREMENTS

Opinion

In addition to our audit of the annual report and consolidated accounts, we have examined the administration by the board of directors and the CEO of TagMaster AB (publ) for the year 2021 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 their consolidation requirements, liquidity and financial position in general.

The board of directors is responsible for the organisa-

tion 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 skepticism 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, 23 March 2022
Mazars AB

Anders Bergman
Authorised Public Accountant

Quarterly information

Amounts in SEK thousands.	2021 Oct-Dec	2021 July-Sept	2021 Apr-June	2021 Jan-Mar	2020 Oct-Dec	2020 July-Sept	2020 Apr-June	2020 Jan-Mar
Net sales	83,531	80,017	88,933	74,405	67,788	70,970	68,834	78,861
Growth in net sales, %	23.2	12.7	29.2	-5.7	-18.8	-13.9	29.5	79.9
Organic net sales growth, %	6.3	0.5	15.5	2.3	-13.0	-10.5	-33.2	7.9
Gross profit	60,747	57,616	55,523	49,645	46,108	46,818	43,751	51,593
Gross margin, %	72.7	72.0	62.4	66.7	68.0	66.0	63.6	65.4
Adjusted EBITDA	5,079	8,353	10,661	9,865	5,470	8,643	6,311	6,905
Adjusted EBITDA margin, %	6.1	10.4	12.0	13.3	8.1	12.2	9.2	8.8
EBITDA	5,079	8,353	10,811	9,865	4,176	8,643	-6,613	2,196
EBITDA margin, %	6.1	10.4	12.2	13.3	6.2	12.2	-9.6	2.8
EBITA	2,512	5,777	8,492	8,008	2,309	6,112	-8,863	-165
EBITA margin, %	3.0	7.2	9.5	10.8	3.4	8.6	-12.9	-0.2
Operating profit/loss	-1,673	1,680	4,751	4,812	-1,012	2,750	-12,509	-3,844
Operating margin, %	-2.0	2.1	5.3	6.5	-1.5	3.9	-18.2	-4.9
Profit/loss before tax	-2,809	794	4,159	4,604	-593	2,986	-12,488	-8,456
Profit for the period	-4,263	1,680	3,959	4,483	-2,602	3,343	-12,442	-8,667
Basic earnings per share ¹	-0.29	0.11	0.27	0.31	-0.18	0.23	-0.85	-0.59
Diluted earnings per share ¹	-0.29	0.11	0.27	0.31	-0.18	0.23	-0.85	-0.59

Financial position

Equity	199,937	199,002	192,730	192,504	178,194	194,956	197,130	224,652
Average equity	199,470	195,866	192,617	185,131	186,357	196,043	210,891	221,301
Equity ratio, %	54.4	52.1	49.2	57.9	55.8	56.4	53.2	56.4
Net debt	10,738	24,660	18,821	-6,154	-6,042	4,779	18,821	42,772
Return on equity, %	-2.1	0.9	2.1	2.4	-1.4	1.7	-5.9	-3.9

Per share data

Revenue per share, SEK ¹	5.70	5.46	6.07	5.08	4.63	4.85	4.70	5.38
Equity per share, SEK ¹	13.65	13.59	13.16	13.14	12.17	13.31	13.46	15.34
Share price at end of period, SEK	24.90	29.00	33.60	1.07	0.99	0.72	0.74	0.56
Restated share price at end of period, SEK ¹	24.90	29.00	33.60	26.75	24.75	18.05	18.50	14.00
Number of shares at end of period, thousands	14,648	14,648	14,648	366,188	366,188	366,188	366,188	366,188
Average number of shares, thousands ^{1,2}	14,648	14,648	14,648	14,648	14,648	14,648	14,648	14,648

Employee information

Revenue per employee	605	567	729	692	692	682	615	686
Average number of employees	137	141	122	98	98	104	112	115
Number of employees at end of period	137	138	144	98	99	99	108	115

1) Adjusted retroactively for the 1-for-25 share consolidation.

2) The number of shares, basic and diluted, is the same since 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 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.
Gross profit	Net sales minus costs of goods and services sold.	This key performance indicator is used in other calculations.
EBITDA	Operating profit (EBIT) before depreciation, amortisation and impairments.	EBITDA along with EBIT provide an overall picture of profit generated from operating activities.
EBITA	Operating profit before impairment of goodwill and amortisation of other intangible assets arising during acquisitions.	EBITA provides an overall picture of profit generated from operating activities.
Average number of shares	Weighted average number of shares at the end of the period.	This 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.	This key performance indicator is used in other calculations.
Average equity	Average equity is calculated as the average of the opening and closing balances.	This key performance indicator is used in other calculations.
Adjusted EBITDA	EBITDA adjusted for non-recurring items.	This key performance indicator provides a picture of profit generated from operating activities.
Net debt	Interest-bearing liabilities less cash and cash equivalents.	This 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.
Revenue per employee	Sales divided by the average number of employees.	This key performance indicator is used to assess the efficiency of a company.
Change in organic net sales	Change in net sales excluding increase due to acquisitions, translated at previous period's exchange rates as a percentage of previous period's net sales. Net sales from acquired companies is included in the calculation of organic change from the first month falling 12 months after the acquisition date.	This key performance indicator gives a picture of the self-generated growth of the business.
Non-recurring items	Revenue and expenses not expected to be incurred regularly	This key performance indicator is used in other calculations.
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.
Return on equity	Profit for the year after tax attributable to the shareholders in the Parent Company, divided by average equity.	This key performance indicator shows the return that the owners receive on their invested capital.
Working capital	The total of inventories, trade receivables and other receivables, less trade payables and other payables.	This key performance indicator is used to manage and control the resources needed for the Company's operating activities.
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.
Equity ratio	Equity as a percentage of the balance sheet total.	This key performance indicator measures the proportion of assets that are financed by equity. The assets that are not financed by equity are financed by loans.

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 perfor-

mance. 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.

		2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
A	Net sales	83,531	67,788	326,886	286,453
	Change in inventories during manufacture and finished goods	-965	-311	832	-912
	Goods for resale, raw materials and consumables	-21,819	-21,370	-104,186	-97,272
B	Gross profit	60,747	46,108	223,532	188,269
C	Operating profit (EBIT)	-1,673	-1,012	9,570	-14,613
	Amortisation of intangible assets attributable to acquisitions	-4,185	-3,321	-15,219	-14,008
D	EBITA	2,512	2,309	24,789	-605
	Amortisation of other non-current intangible assets	-796	-760	-2,977	-2,196
	Depreciation of property, plant, and equipment	-1,771	-1,105	-6,342	-6,811
E	EBITDA	5,079	4,174	34,108	8,402
	Non-recurring items	-	1,295	-150	18,927
F	Adjusted EBITDA	5,079	5,469	33,958	27,329
(B/A)	Gross profit margin, %	72.7	68.0	68.4	65.7
(C/A)	EBIT margin, %	-2.0	-1.5	2.9	-5.1
(D/A)	EBITA margin, %	3.0	3.4	7.6	-0.2
(E/A)	EBITDA margin, %	6.1	6.2	10.4	2.9
(F/A)	Adjusted EBITDA margin, %	6.1	8.1	10.4	9.5

		2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Return on equity, %					
(A)	Profit for the period	-4,263	-2,602	5,858	-20,366
(B)	Opening equity for the period	199,002	194,520	178,194	218,386
(C)	Closing equity for the period	199,937	178,194	199,937	178,194
D	Average equity	199,470	186,357	189,065	198,290
(A)/(D)	Return on equity, %	-2.1	-1.4	3.1	-10.3

		31/12/2021	31/12/2020
Equity ratio, %			
(A)	Equity	199,937	178,194
(B)	Balance sheet total	367,396	319,154
(A/B)	Equity ratio, %	54.4	55.8

		31/12/2021	31/12/2020
Net debt			
	Liabilities to credit institutions	52,358	38,968
	Lease liabilities	11,900	4,768
	Conditional purchase considerations	-	2,008
	Cash	-53,520	-51,786
(A)	Net debt (-) receivable	10,738	-6,042
(A)/(E)	Net debt/adjusted EBITDA, multiple (rolling 12-month)	0.3	-0.2

		31/12/2021	31/12/2020
Working capital			
	Inventories	36,570	40,076
	Trade receivables	62,738	42,178
	Other receivables	17,204	12,746
	Trade payables	-14,569	-14,110
	Other liabilities	-53,291	-46,285
(A)	Working capital	48,652	34,605

Board of Directors


Bernt Ingman

Chairman since 2021

Born: 1954

Shareholding: 16,000 shares

Education: Master of Science in Business and Economics. Management training CEDEP/INSEAD, Fontainebleau

Previously worked for:

Husqvarna, Munters, Gunnebo and Doro; Chairman of Beijer Ref AB, Pricer AB and SBC Sveriges BostadsrättCentrum AB

Other Board appointments:

Handelsbanken local Kista branch (Chairman), Micro Systemation AB (Chairman) and Skawen AB Holding AB (Chairman)


Rolf Norberg

Board member since 2012

Born: 1949

Shareholding: 104,115 shares

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

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

Other Board appointments:

Netmore Group AB (Chairman)


Margareta Hagman

Board member since 2020

Born: 1966

Shareholding: 3,000 shares

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

Previously worked for: BioGaia, Arthur Andersen. Serves as advisor and consultant in finance.

Other Board appointments:

Infant Bacterial Therapeutics AB


Gert Sviberg

Board member since 2012

Born: 1967

Shareholding: 2,000,000 shares

Education: Marine Engineer
Owns several companies and works as a property developer.

Other Board appointments:

Viking Line


Jonas Svensson

CEO and deputy Board member since 2012

Born: 1962

Shareholding: 219,212 shares

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

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

Other Board appointments: –


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

Other Board appointments:

Elajo Invest AB, Fingerprint Cards AB, Mercuri International Group AB and Indoor Energy Group Nordic AB (Chairman)

Group Management



Jonas Svensson
President and Chief Executive Officer
Born: 1962
Employee since: 2012
Shareholding: 219,212 shares
Education: Master of Science in Business and Economics, Lund University
Previously worked for: Kinetico Inc., Smarteq Wireless, American Express, SEB, and Siemens



Margaretha Narström
Chief Financial Officer
Born: 1967
Employee since: 2016
Shareholding: 20,736 shares
Education: Master of Science in Business and Economics, Karlstad University
Previously worked for: Deloitte, JM and the Swedish Tax Agency



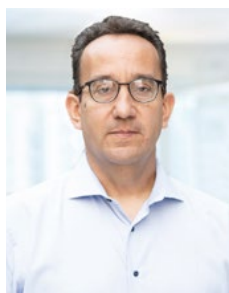
Johan Franzén
Chief Technology Officer
Born: 1971
Employee since: 2005
Shareholding: 16,000 shares
Education: Master of Science in Engineering, Chalmers University of Technology, Gothenburg
Previously worked for: Ericsson and Optillion



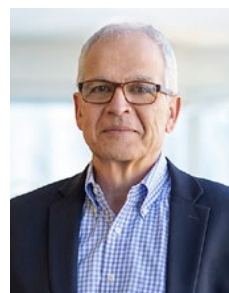
Peter Gröntved
International Sales Director Traffic Solutions EMEA
Born: 1964
Employee since: 2015
Shareholding: 1,360 shares
Education: Master of Science in Business Administration & Economics, Copenhagen Business School
Previously worked for: Michelin, ASSA ABLOY, Grohe and ThyssenKrupp



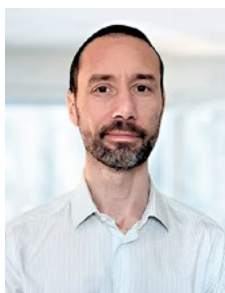
Marie Von Sydow
Vice President Operations
Born: 1963
Employee since: 2021
Shareholding: 717 shares
Education: Master of Science in Engineering, Lund University
Previously worked for: ABB, Allgon, CashGuard and Envirotainer



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



Eric Toffin
President, Citilog S.A.S.
Born: 1970
Employee since: 1999
Shareholding: 0 shares
Education: Master of Science in Engineering, Virginia Tech, USA
Previously worked for: Stic-Hafroy



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., AdraSoftware A/S, Dagens Industri and Deltec Inc.

Shareholder information

The 2022 Annual General Meeting (AGM) of TagMaster AB (publ), Corp. ID no. 556487-4534 will be held at Coor Konferens, Kista Science Tower, Färögatan 33, Kista, Greater Stockholm, at 15.00 CET on Thursday 28 April 2022.

Notice of the AGM

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

Right to participate in the AGM

Shareholders wishing to participate in the meeting must:

- Be entered in the share register maintained by Euroclear Sweden AB on Wednesday 20 April 2022;
- Notify TagMaster of their intention to participate by Friday 22 April 2022.

Notification

Notification of intention to participate must be received by the Company no later than 22 April 2022, either by email to aktie@tagmaster.se or by letter to the following address: TagMaster AB, Kronborgsgränd 11, SE-164 46 Kista, Sweden, marked for the attention of Maria Nordgren.

Notification of intention to participate must state name, personal identity number or corporate identity number, address, phone number, number of shares and details of any assistants. Any documents such as a certificates of registration or powers of attorney must be enclosed with the notification. A proxy form is available for download from the Company's website, www.tagmaster.com.

Nominee-registered shares

Shareholders whose shares are held in trust by a bank or other nominee are entitled to attend the meeting as follows. In addition to registering, such shareholders must re-register their shares in their own name so that the shareholder is registered in the share register maintained by Euroclear Sweden AB as of the record date, Wednesday, 20 April 2022. Such re-registration may be temporary ("voting rights registration"). Shareholders wishing to register their shares in their own name must, in accordance with the procedures of the respective trustee, request that the trustee make such registration. Voting rights registration requested by shareholders in time for the registration to be made by the trustee by Friday 22 April 2022 will be taken into account in the preparation of the share register.

Representative etc.

Shareholders wishing to participate via a representative must attach a written proxy to the form. The power of attorney will be valid for the period specified in the power of attorney, but for no longer than five years. If the power of attorney has been issued by a legal entity, a copy of the certificate of registration or equivalent for a legal entity, evidencing authority to issue the power of attorney, must be attached. A power of attorney form in Swedish or English is available for download from the Company's website, www.tagmaster.com.

Dividend

The Board of Directors proposes that no dividend be paid for 2021.

Financial Calendar 2022

Interim Report for January–March	28 April 2022
Interim Report for January–June	15 July 2022
Interim Report for January–September	27 October 2022
Year-end Report 2022	2 February 2023

Financial information

The Annual Report, interim reports, and other press releases are available on TagMaster's website, www.tagmaster.com.

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

DEEP LEARNING

Deep learning is the latest, very powerful, technology in machine learning based on algorithms that mimic artificial neural networks

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 term 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

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