

A long-exposure photograph of the Golden Gate Bridge at night. The bridge's towers are illuminated with warm, golden lights. The suspension cables and the bridge deck are visible. In the foreground, the bridge's steel truss structure is reflected in the water. The background shows a dark sky and distant city lights. The overall scene is a vibrant display of light and architecture.

TagMaster

ANNUAL REPORT

2019

Financial Calendar 2020

The Annual General Meeting will be held at Middlepoint, Kronborgsgränd 1, Kista, Sweden at 3:00 p.m. on Thursday, April 29, 2020.

Interim Report for January-March	April 29
Interim Report for January-June	July 16
Interim Report for January-September	October 22
Year-end Report	January 28, 2021

Financial information

The annual report, interim reports and other press releases are available on TagMaster's website: www.tagmaster.com.

Dividend

The Board of Directors proposes that no dividends be paid for 2019.

Right to participate in the Annual General Meeting (AGM)

Shareholders in TagMaster AB (publ), 556487-4534, who wish to participate in the AGM must both be registered in the shareholder register maintained by Euroclear Sweden AB no later than April 23, 2020 and must have notified the Company of their intention to attend in accordance with the procedure set out below.

Shareholders are entitled to bring one or two assistants to the AGM if the Company has been notified to this effect in accordance with the procedure set out below.

Notification

A notification of intention to attend must be received by the Company no later than April 23, 2020, 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.

Please state your name, personal identity number or corporate identity number, address and phone number, number of shares and provide details of any assistant(s) in your notification of intention to attend. Any documents such as a certificate of registration or letter of proxy must be enclosed with the notification. A proxy form can be downloaded from the Company's website, www.tagmaster.com.

Nominee-registered shares

In order to participate in the Annual General Meeting, shareholders who have elected to nominee-register their shares must temporarily register them in their own name with Euroclear Sweden AB. Any such registration, which normally takes a few days, must be completed (registered with Euroclear Sweden AB) no later than April 23, 2020.

Notice of the meeting

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

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TagMaster develops and delivers solutions for Smart Cities based on advanced sensor technology. These solutions aim to improve traffic flow, reduce emissions, and optimize transport operations, on both road and rail.



TagMaster in brief

TagMaster develops and delivers Intelligent Transport Systems (ITS) for Smart Cities based on advanced sensor technology. These solutions aim to improve traffic flow and safety, reduce emissions, and optimize transport operations on both road and rail.

With accelerating urbanization and population growth, cities worldwide are facing significant challenges with worsening traffic congestion, increasing emissions, and declining road safety.

These megatrends, along with increased public investment and digitalisation, are driving demand for Smart City solutions that leverage technology and data analytics to address these challenges and to make everyday life simpler, safer and more efficient, and to minimize climate impact.

Advanced sensor technology

TagMaster's solutions are based on advanced sensor technology in RFID (Radio Frequency Identification) radar, ANPR (Automatic Number Plate Recognition) and wireless magnetometer sensors, together with software and data analytics. By combining these technologies, TagMaster offers solutions that deliver the data needed to optimize the management and utilization of existing infrastructure and create smarter solutions.

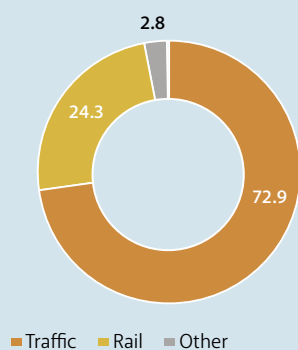
International player

TagMaster is one of the world's leading suppliers of advanced solutions for the traffic and rail markets. In recent years, TagMaster has grown, via a total of six acquisitions and organic growth, into an international player that operates and has customer relationships all over the world.

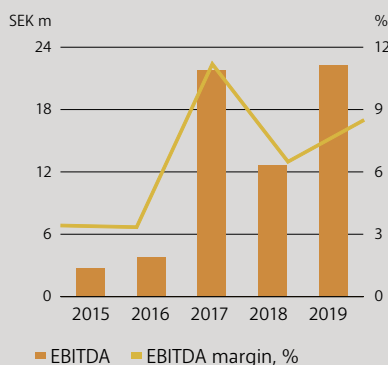
In 2019, TagMaster acquired Sensys Networks, a United States company based in Berkeley, California, to strengthen its business in Traffic Management/Infomobility, which in 2019 accounted for just over 45 percent of sales. With that acquisition TagMaster is now a significantly bigger organization.

The Group is headquartered in Kista, Greater Stockholm, and operates in the UK and France as TagMaster UK and TagMaster France, respectively. Operations in the United States operate under the name Sensys Networks. In total, the Group has approximately 115 employees and more than 600 partners in over 35 countries.

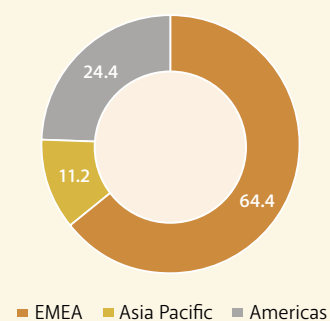
SALES BY BUSINESS SEGMENT, %



EBITDA, SEK M AND EBITDA MARGIN, %



SALES BY GEOGRAPHIC REGION, %



VISION

We will be the most innovative provider of mobility solutions to Smart Cities

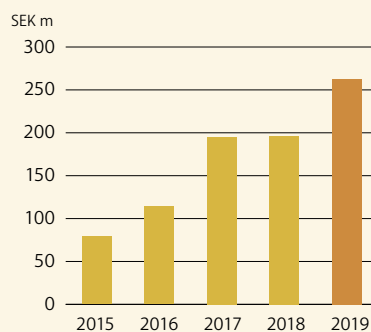
MISSION

We will deliver reliable and easy-to-use detection and identification solutions for demanding environments with useful and accurate information

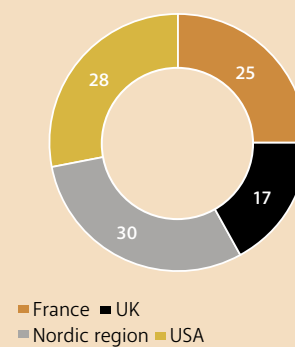
OVER THE PAST FIVE YEARS,
TAGMASTER HAS INCREASED NET
REVENUE BY ON AVERAGE

33.3%

NET SALES



SALES BY INDIVIDUAL DOMESTIC MARKET, %



Sales doubled via acquisition



Q1

- ▶ Net revenue decreased by 23 percent in the first quarter to SEK 43.9 million (57).
- ▶ Operating profit (EBITDA) decreased during the first quarter by 18.9 percent to SEK 4.3 million (5.3), representing an operating margin of 9.7 percent (9.2).
- ▶ Cash flow from operating activities amounted to SEK 3.3 million (-3.2).

Q2

- ▶ Net revenue increased by 4.8 percent percent to SEK 53.2 million (50.7) in the second quarter.
- ▶ Operating profit (EBITDA) totaled SEK 0.0 million (3.4), representing an operating margin of 0.0 percent (6.7).
- ▶ Cash flow from operating activities totaled SEK -0.2 million (11.6).
- ▶ On June 13, TagMaster completed the acquisition of American Sensys Networks Inc. The purchase consideration was USD 16 million on a debt- and cash-free basis.

Q3

- ▶ Net revenue increased by 88.1 percent to SEK 82.4 million (43.8) in the third quarter.
- ▶ Adjusted EBITDA totaled SEK 8.5 million (3.2), representing an EBITDA margin of 10.4 percent (7.3).
- ▶ Cash flow from operating activities before changes in working capital totaled SEK 5.4 million (2.9).

Q4

- ▶ Net revenue increased by 89.6 percent to SEK 83.5 million (44.1) in the fourth quarter.
- ▶ Adjusted EBITDA totaled SEK 8.7 million (0.9), representing a margin of 10.4 percent (2.0).
- ▶ Cash flow from operating activities before changes in working capital amounted to SEK 12.0 million (3.7).

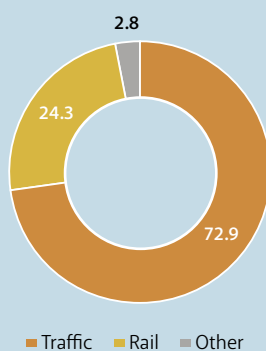


Net revenue increased by **34.5 percent** during the year to SEK **263.0 million** (195.6)

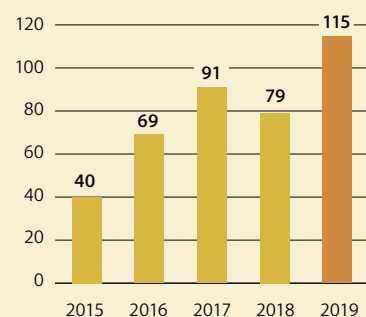


Adjusted EBITDA totaled SEK **22.3 million** (12.7), representing a margin of **8.5 percent** (6.5)

SALES BY BUSINESS SEGMENT, %



NUMBER OF EMPLOYEES AT YEAR-END



► *Market growth through commercial strength, customer-driven innovation, an expanded product offering and continuous operational improvements are the corner-stones of our strategy.*



A significant player in creating a more efficient and cleaner traffic environment

In terms of sales, TagMaster has nearly doubled in size since last year. As a result, we are today a significantly larger, more important and more powerful player in the rapidly growing market for Intelligent Transport Systems (ITS) with a focus on solutions for Smart Cities. Demand for these solutions is rising, as they are designed to create a more efficient and cleaner traffic environment – a global challenge that we are well positioned to help the world's cities to address.

TagMaster's impressive growth arose mainly through the acquisition of the American company Sensys Networks – by far the Company's biggest event in 2019 – but also through robust organic growth elsewhere in the Group.

Our acquisition of Sensys Networks, completed in June, means that the Traffic Solutions business segment has become a much larger part of TagMaster's business, which is in line with our strategy. Profitability for solutions in the Rail Solutions business segment is robust, but it is Traffic Solutions that is the major growth area.

Strong growth and the best performance to date

Last year, revenue totaled SEK 263 million, representing an increase of 34.5 percent. The Traffic Solutions business segment, of course, accounted for the largest share of

growth, with an increase of 52 percent. The volatile Rail business also performed well, reporting organic growth of 14 percent compared to 2018.

At the same time, I can confirm that we are continuing to fine-tune operations and reduce costs, which in 2019 decreased by 4.5 percent in like-for-like units. Our work on introducing new innovative products and shedding less profitable ones has had a positive impact on our gross margin, which ended the year at a record 66-high percent.

In terms of earnings, 2019 was a record year – and the best in the Company's history – with an EBITDA (adjusted) of SEK 22 million in 2019, yielding an adjusted EBITDA margin of 8.5 percent. Cash flow from operating activities before changes in working capital totaled SEK 21 million.

Group structure streamlined and consolidated

We can now clearly see the result of several years' consolidation of our previous acquisitions in the UK and France, which has created a good platform structure for future growth.

In 2019, we streamlined the Group's organizational structure and our operations in the UK, France and Sweden now operate under the names TagMaster UK, TagMaster France and TagMaster Nordic, respectively. Going forward, European operations will be reported as a unit, Segment Europe.

Sensys Networks continues to operate under its existing name and will be reported as Segment USA in the future.

For strategic reasons, we have opted to work under several product brands, as these are strong in their respective markets.

Consolidated position in fast-growing market

With the streamlining of our European operations and the fact that we have created our own platform in the USA through the acquisition of Sensys Networks, we are strongly positioned in both Europe and the USA. The acquisition and the innovative activity in the rest of the Group have broadened and deepened our technological expertise.

Sensys Networks products are used in several applications for Intelligent Transport Systems (ITS), such as traffic signal optimization and detection, freeway and arterial traffic data systems, incident detection and in tolls and truck parking. The acquisition above all strengthened our business in the Traffic Management/ Infomobility sector, which in 2019 accounted for just over 45 percent of sales.

An environmental company for global challenges

Market growth is driven by the growing demand for Smart City solutions to help address the enormous challenges that come with the relentless urban development and population growth and the associated ever increasing demand for transport and worsening air quality.

These megatrends, together with digitalization, are putting the spotlight on innovative technologies and smart solutions to improve traveler information, traffic flow and safety, and reduce emissions and the impact on climate.

As a leading provider of these Smart City, Tagmaster is an environmental company helping cities around the world address these challenges.

Expertise in relevant technologies

We have solutions based on important technologies for Intelligent Transport Systems, namely RFID (Radio Frequency Identification), ANPR (Automatic Number Plate Recognition), Radar and Wireless Magnetometers. We use these technologies to develop innovative solutions that optimize the management and utilization of existing infrastructure.

Our solutions create safer communities, more even traffic flows, a more sustainable and healthier urban environment, and more effective ways of monitoring and controlling traffic flows. The future and the trend of developments lie in combining these various technologies, especially with a higher software content, and that is exactly what our skilled technicians in the Group are engaged in. We are there, with cutting-edge expertise in the technologies needed to lead the way in Intelligent Transportation Systems.

Commercial focus and acquisitions

Our continued growth going forward will be mainly through closer focus on the commercial side and more effective leverage of our Group-wide opportunities.

This involves both cross-selling and collaboration in innovation for faster development of new products.

Although our main focus in the near term is on organic growth, we are actively looking at potential new acquisitions in existing and related technology areas, with the aim of expanding our product and technology offering and strengthening our market presence.

Outlook

Against this background, the outlook remains bright and the acquisition of Sensys Networks further improves our prospects. Our market share is still small in a fragmented and growing market, meaning that the potential is great and that future growth will above all be determined by our own capacity.

Based on the position I have described above, TagMaster has great potential for strong growth in the future. We are in a strong financial position, after seven consecutive years of growth and with a positive result and cash flow. Our average annual growth since 2013 is just over 30 percent.

However, progress would not be possible without our employees, our partners and our customers, all of whom contribute to creating and broadening solutions for Smart Cities. I also want to take this opportunity to thank our owners who also support us and have faith in a promising future for TagMaster.

In conclusion, I am happy to say that we are an important player in a market with good prospects for growth and good profitability. In addition, the fact that we are working every day to improve the traffic environment in cities and metropolitan areas worldwide gives us plenty of energy to continue to work hard and in a goal-focused way.

Jonas Svensson, CEO

Major need for smart solutions to enormous challenges

The need for improved efficiency and sustainability that is driving the development of Smart Cities solutions, that is the digitalization of cities, is huge. The challenge these solutions help address is that of managing the strong growth in already congested metropolitan regions and the associated demand for transport solutions and increasing emissions and to adapt today's society to the sustainability imperative of the city of the future.



Smog hangs heavily over New Delhi during the winter months. In November 2019, 472 micrograms of hazardous small particles per cubic meter in the air were measured, compared with 15 micrograms on the busy Hornsgatan on Södermalm, Stockholm.

Of the world's 30 most polluted cities, 22 are in India, according to statistics from AirVisual. The particles come from car exhaust gases, emissions from diesel engines, dust from construction, smoke from factories and from the burning of stubble in fields. According to the Centre for Science and Environment (CSE), air pollution causes people in India to die on average 2.6 years prematurely.

The traffic problems in the cities of India are difficult and the emissions unimaginable. Furthermore, there is a major risk that air pollution will become further exacerbated, with more vehicles and a planned sharp expansion in exploitation of fossil energy sources. There is therefore a huge need to expand the traffic system and smart solutions to increase efficiency in traffic management.

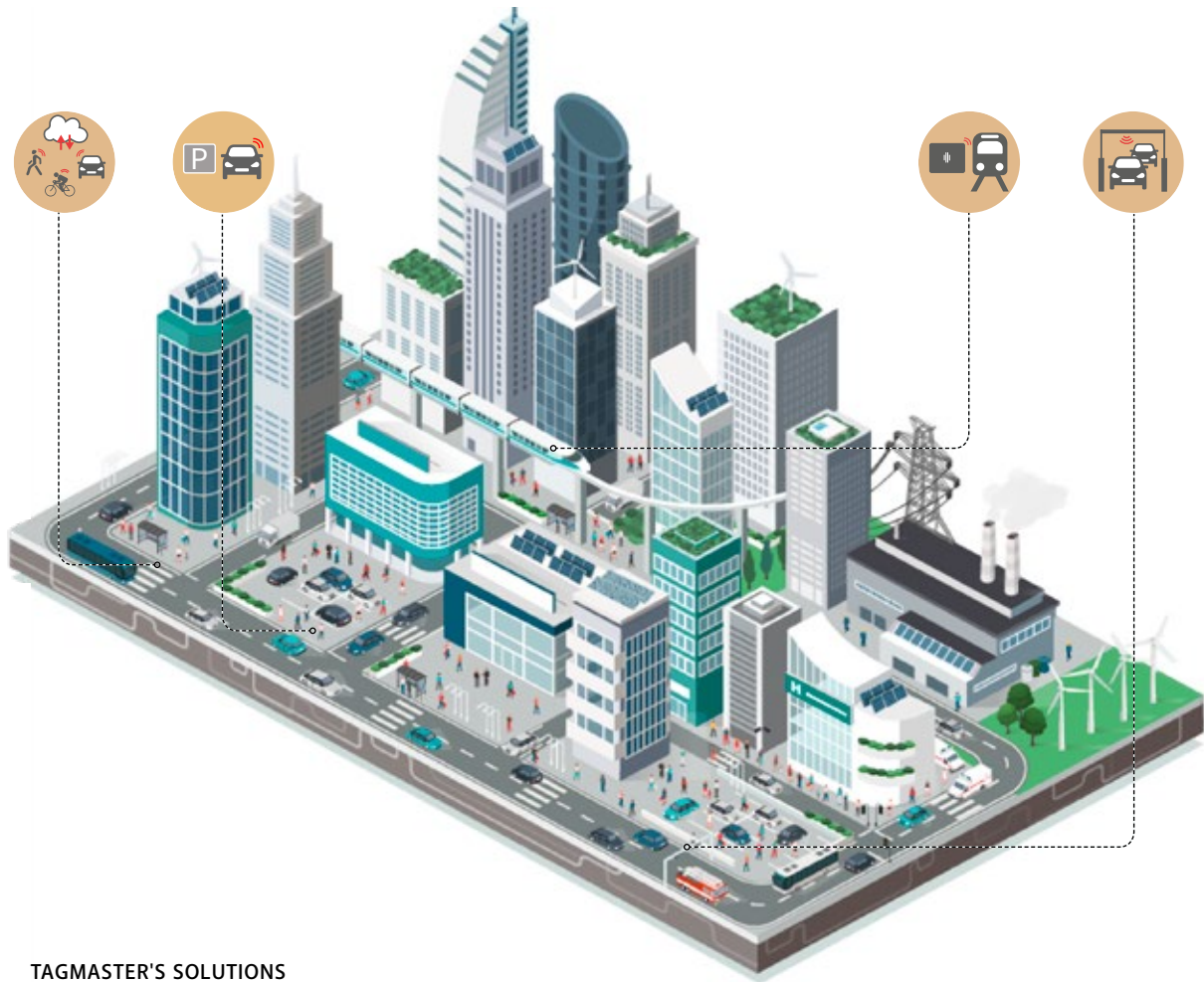
With the vision of being the most innovative provider of mobility solutions for Smart Cities, it is in the above world – where India is a telling example – that TagMaster

operates with its offerings in Traffic Solutions and Rail Solutions. TagMaster's solutions play an important role in the vital processes of digitalization and conversion that are going ahead in the world's major cities and densely populated areas. It is about streamlining and facilitating the monitoring of traffic, transport, parking and public transport, and in that way contributing to sustainable development in densely populated areas.

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

Megatrends

Smart Cities is described as an important solution to the challenges facing the world's densely populated areas. With sensors and detectors, the smart city can see, hear, feel and smell digital information that can help create a more caring, efficient, safe and sustainable society. According to market research company IDC, we are moving from visions of Smart Cities to reality. Global



TAGMASTER'S SOLUTIONS

Traffic solutions		Examples of applications
	Traffic Management/Infomobility	Vehicle detection/classification, bicycle and pedestrian detection, traffic signal optimization, weather and air quality measurement
	Parking/access/security	Free flow parking, parking guidance, short-term parking systems
	Tolls	Tolls, bridge fees, congestion tax
Rail solutions		
	Improving rail traffic	Positioning, operational priorities, automatic speed control, selective door opening, passenger information

technology investments aimed at creating Smart Cities are growing rapidly, generating revenue of USD 135 billion in 2021, according to IDC.

The areas where IDC sees the greatest investments are in intelligent transport, data-driven public safety, energy and infrastructure. As regards global investments, according to IDC, they will be highest in intelligent traffic and public transport, as well as in fixed visual monitoring. Next in line are smart lighting and environmental monitoring.

The trend towards Smart Cities is moving fast, and the main drivers are global megatrends described below.

Climate, air and sustainability: Many big cities today are already suffering major environmental problems and in extreme cases are having to shut down parts of their traffic system. The example from New Delhi, described

above, is today a reality in many other big cities as well. According to the World Health Organization (WHO), air pollution is classified as the single largest health risk in the world. WHO estimates from 2019 show that almost 7 million people in the world per year die prematurely due to air pollution. Traffic accounts for a major share of hazardous emissions. Estimates show that today there are approximately 1 billion vehicles, a figure that is estimated to rise to 2 billion by 2035. At the same time, the countries of the world have committed to work towards the climate targets set in Paris in 2015, by halving greenhouse gas emissions by 2050.

Urbanization and a rising population: Migration to major cities around the world is increasing. This applies in both developed and developing countries. In develop-

RELEVANT MEGATRENDS AND DRIVERS IN INTELLIGENT TRAFFIC SYSTEMS (ITS)

Public infrastructure financing

Major needs for maintenance of existing infrastructure, new traffic systems and new infrastructure. 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.

Urbanization

The proportion of the world's population dwelling in cities is rising:
 Since 2007 >50 percent
 2030 >60 percent
 Population in cities:
 Today: 4.4 billion people
 2030: 5.2 billion people

Environmental protection

Air pollution is classified as the single largest health risk in the world, affecting vegetation and ecosystems, contributing to climate change and destroying materials and buildings. Road traffic plays a major role in the prevalence of air pollution.

ing countries, rapid population growth is undermining development, and the fastest growth in big city populations is taking place in developing countries. This growth requires cities to develop via strong expansion in 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 75 percent of the world's population will live in cities by 2050, compared to 55 percent today. According to the same source, there will be over 40 megacities – cities with more than 10 million inhabitants – in the world in 2030 and more than 100 in 2050, compared to today's almost 30. Today, cities already account for 80 percent of the world's carbon dioxide emissions. The pace of urbanization is highest in Africa and Asia, where it is estimated that by 2050 90 percent of the population will live in cities.

Public funding: Investment needs in new traffic systems and infrastructure, upgrading of existing systems and efficiency improvements via smart technical solutions are high on the priority list of central governments, regions and municipalities worldwide. 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.

Digitalization and rapid technology development: Digitalization and the rapid growth in technology development are affecting all areas of society and developments are moving fast. The transport industry is amidst a technology shift towards electric power, mobility as a service (MaaS), connected vehicles and applications based on Big Data. The number of connected devices (IoT) and data storage are growing explosively, and will continue to do so in the future. The rapid development of technology is creating new opportunities for managing the effects of both urbanization and increased traffic volumes, and for the creation of climate-smart solutions.

Safety and security: The need for safety and security in cities has increased in recent years, partly because of a greater prevalence and risk of terrorist acts, and partly because of increased levels of crime. In this area, too, technology development can play an important role in monitoring and analyzing data collected in order to increase safety and security in densely populated areas.

TagMaster's market

One important element of the trend towards Smart Cities lies in solutions in Intelligent Transport Systems (ITS), in which TagMaster operates with its applications in the Traffic Solutions and Rail Solutions business segments.

The ITS market spans information and communication technologies applied to transport infrastructure and vehicles. The aim is to improve road safety, reduce emissions and to increase mobility and financing for infrastructure. ITS also includes the use of information and communication technologies for rail, water-borne and air transport, as well as for navigation systems. ITS is described as a key component of the "smart city" concept, an urban environment that integrates several information and communication technology solutions to manage cities and make urbanization sustainable.

Development of intelligent transport systems (ITS) aids passengers and motorists by increasing accessibility, while at the same time providing the means to control and streamline traffic and transport flows. This new technology is also helping to increase traffic safety and reduce environmental impact.

According to Grand View Research, the total market for intelligent transport systems is expected to grow to USD 66 billion by 2024, of which the Traffic Management market, according to MarketsandMarkets in February 2020, is expected to increase from USD 30.6 billion in 2019 to USD 57.9 billion in 2024. The hardware element is expected to grow to USD 16.7 billion by 2024 with an annual growth rate of 9.7 percent, of which sensors are expected to account for the highest growth rate.

A large number of companies offering a variety of products operate in the ITS market. TagMaster works with RFID, Radar, ANPR and Wireless Magnetic sensors, and is relatively alone in the market in offering solutions for both public transport and road traffic.

The submarkets within the Traffic Solutions business segment that TagMaster addresses, that is, geographically the USA and the EU, and in the areas where TagMaster has product and solution offerings, are in three application areas: Traffic Management and Infomobility, Parking and Access and Tolls. In total, the market for these areas, according to the Company's own data from 2018,

Technology and concept

Radical transformation of the transport industry with new technologies and concepts such as electric vehicles, Mobility as a Service (MaaS), where different types of transport are integrated into a mobility service that is available when needed, connected vehicles and big-data-based applications.

Changes in the ITS industry

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

Mobility

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

amounted to approximately USD 800 million in that year, but is expected to rise to USD 1,300 million in 2023. Traffic Management and Infomobility, which include intelligent traffic flow monitoring systems, are the largest sub-market, followed by Parking and Access and Tolls.

The Traffic Sensors market, which controls for example traffic signals, is expected to grow from USD 550 million in 2018 to USD 850 million in 2023, representing growth of 54 percent. These solutions can be based on Wireless Magnetic, Vision or Radar technology, but today are for the most part based on inductive loop solutions.

The market for Parking Solutions, "parking access and revenue control" (Parc), which manages, controls and charges entry and exit at parking lots, is expected to grow from USD 250 million in 2018 to USD 450 million in 2023 - growth of approximately 53 percent. These solutions can be based on RFID or ANPR, but also on other technologies such as Wireless Magnetic.

In the case of Rail Solutions, TagMaster concentrates on signaling and automated train management systems, mainly for subway and tram services. The Company has a strong position in this 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. TagMaster estimates that the Company's addressable market in the applications offered is approximately USD 35-50 million.

The signal market, which is projected to have an annual growth of about 3 percent, is a focus area for TagMaster, as there are a small number of players in the market and the Company has a relatively strong position.

Overall trends for Rail Solutions are the same as for Traffic Solutions. Fully automatic and driverless subway lines are expected to increase from today's 550 to 2,300 kilometers by 2030. Today, about 15 percent of the new subway lines being built are already designed for driverless operation.

The competition

In the market for RFID solutions, several players operate globally. TagMaster is ranked as one of the leading players in the growing RAIN RFID market, RFID products for Parking and Access and for Tolls.

In the market for ANPR solutions, too, many players are geographically spread over a large number of countries. In some simpler applications, TagMaster also competes with CCTV camera manufacturers, but in the Company's main applications, requirements that are not currently met by CCTV technology apply, and the Company is a leader in its OCR technology with an offering based partly on AI.

In solutions incorporating Magnetic Technology, TagMaster is, via its acquisition of Sensys Networks, a world leader. The technology has a long history of being the most natural option for replacing inductive loop systems. Magnetic sensors combined with wireless communication provide the best accuracy at the lowest cost.

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

TagMaster is one of the few players working with all relevant technologies such as RFID, Radar, Wireless Magnetic and ANPR. In TagMaster's view, solution-oriented services based on a combination of these technologies, paired with software, will take a more prominent role than simple product solutions. Thanks to a clear focus on the Traffic Solutions and Rail Solutions business segments, TagMaster stands out from many of its competitors with their more diversified customer segments.

+10%

THE TRAFFIC DETECTION SENSOR MARKET IN TRAFFIC MANAGEMENT is expected to grow at an average annual rate of about 10 percent (between 2019 and 2024 in the Americas and Europe region). Source: MarketsandMarkets February 2020.

Positioned for the intelligent traffic solutions of the future

TagMaster continues to grow, profitably. Through acquisitions, the largest of which to date took place in 2019, when the American company Sensys Networks joined the Group, TagMaster has broadened and strengthened its offering both geographically and in terms of technology. TagMaster is today a global player with operations in Sweden, the UK, France and the USA, and with a presence in the most important markets worldwide.

TagMaster has made a strategic choice to focus on two business segments – Traffic Solutions and Rail Solutions. The acquisition of Sensys Networks strengthens TagMaster's offering, especially in the Traffic Solutions segment, where the fastest growth is taking place.

With a strong offering in both Traffic Solutions and Rail Solutions business segments, TagMaster is very well positioned for future growth in both segments – organically and through new acquisitions- in order to pursue its vision.

Vision and mission

The megatrends described in the market section, together with digitalization, are focusing more and more on the concept of Smart Cities: the application of digital technology and smart solutions to make everyday life simpler, safer and more efficient, and to minimize climate impact. This is where TagMaster comes with its Intelligent Transport Systems (ITS).

TagMaster's vision is thus, via innovation, to facilitate and increase mobility in Smart Cities and thereby be the most innovative supplier of mobility solutions to Smart Cities.

Our mission is to provide robust, reliable, accurate, and easy-to-use detection and identification solutions for demanding environments in traffic and rail, and the associated applications and software to turn that data into actionable information.

TagMaster is therefore playing an important role in the intelligent traffic solutions of the future.

Business model and customers

By combining the various technologies the Group operates with, TagMaster's aim is to offer better solutions to increase

efficiency, safety and convenience, and to reduce environmental impact within Smart Cities. The technologies are offered as a package with software to create smart technologies and "one-stop-shop solutions". TagMaster takes long-term responsibility for the products and solutions provided, which creates value and stability for TagMaster's customers and profitability for TagMaster.

TagMaster's customers are integrators who, on behalf of cities, central governments, property owners, road and train operators, provide complex traffic and parking solutions of various kinds. TagMaster is a technology supplier in the area of Smart Cities and sells solutions and products to various types of system integrator who deliver solutions.

Complex solutions are increasingly in demand by the major players. This trend is one of the drivers in TagMaster's development and many of the Company's major projects revolve around being able to present solutions, for example, where RFID technology is combined with Radar, Wireless Magnetic and ANPR technology.

In the case of Rail Solutions, customers are a small number of major players in the rail industry such as Bombardier, Thales, Hitachi/Ansaldo, Alstom and Siemens Mobility. TagMaster has a close relationship with these players, but also invests in future collaborations with the Chinese joint ventures of the above-mentioned customers.

On the Rail side, TagMaster has implemented a three-layered business model comprising development, delivery of products and service and support. Ongoing projects are Ongoing projects are also in progress to deepen collaboration with customers in joint development of technology and solutions.

VALUE CREATION STRATEGY

VISION

We will be the most innovative provider of mobility solutions to Smart Cities.

MISSION

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

FINANCIAL TARGETS

Growth **20%** Total growth (organic and acquired)

EBITDA **12%**

Cash flow/EBITDA **>90%** (over a period)

STRATEGIC PRIORITIES

- Commercial strength
- Customer-driven innovation
- Expanded product offering
- Constant operational improvements

CORE VALUES

▶ Profitability

▶ Innovative

▶ Customer focus

▶ Professionalism

▶ Commitment

Targets

TagMaster's overall financial targets are unchanged, and the Group aims to achieve annual growth of at least 20 percent per year including acquisitions. The target for EBITDA is no less than 12 percent, and cash flow from operating activities no less than 90 percent of EBITDA over a period.

Strategy for continued growth - value creation strategy

The Company's strategy for continued growth is made up of the following elements - increased commercial strength, customer-driven product development, operational improvements and an expanded offering via acquisitions.

The Company's commercial strength is developing gradually via a focus within the Group on jointly driven structured sales management, with the emphasis on developing sales processes, complementing CRM systems and other measures to strengthen the sales force and add value to the customer delivery.

It's all about having a strong "top line focus". Following consolidation of the acquisitions of recent years, which has meant slimming down product offerings, shedding unprofitable products and cutting costs, the focus is now on growing sales.

In addition, the acquisition of Sensys Networks considerably boosts TagMaster's commercial strength not only in the USA but also in other markets around the world, while at the same time the offering has been expanded. Partly because TagMaster's products and solutions under brands other than Sensys Networks can be sold in the USA market, and partly because Sensys Networks' solutions and products strengthen TagMaster's offering in other markets. Organic growth is also achieved via increased investment in customer-driven product development (innovation), continuous operational improvements and an expanded product range in the segments where TagMaster currently operates.

TAGMASTER'S PRODUCTS ARE AN IMPORTANT LINK IN THE VALUE CHAIN THAT HELPS TO ENABLE SMART CITIES



As part of TagMaster's strategy, we are continuing to develop our offering from a system-based product focus to a focus on the solution, in order to get closer to customers and to develop technical solutions with them.

TagMaster has a clear acquisition strategy and a highly-developed process for identifying and integrating new acquisitions. The market that TagMaster operates in is fragmented and the Company is therefore still looking at possible acquisitions to strengthen its offering in terms of both products and technologies, and to increase its market presence.

Technologies for complex solutions

Based on the above vision and mission, TagMaster has opted to focus on solutions for intelligent transport systems within the overall Smart Cities concept, with different products and applications in its two business segments Traffic Solutions and Rail Solutions.

TagMaster's sensor solutions are based on advanced technology such as RFID (Radio Frequency Identification), ANPR (Automatic Number Plate Recognition), Radar and Wireless Magnetic (wireless magnetic sensor systems) to optimize communications, accessibility and utilization of existing infrastructure. TagMaster's products are set up for future IoT applications.

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 identification of registration numbers by camera and optical character recognition (OCR). With algorithms based on the information that the system collects (AI), the system is continuously improved. In fixed ANPR systems, cameras are placed in a certain position to identify the registration plates on moving

vehicles. The images are then transmitted via both fixed and wireless digital networks and linked to various overarching application systems for processing (tolls, parking, border monitoring, police systems etc.)

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

Magnetic sensor systems convert vehicle data into valuable information. A magnetic sensor uses passive sensing technology to detect large metal objects, such as a truck, car or railway car, by measuring the change in the surrounding magnetic field. When a vehicle changes the magnetic field, the sensor detects the changes.

Many of TagMaster's solutions are combinations of the above technologies, paired with software to create more complex systems capable of handling information from multiple sources. These solutions are examples of edge computing, where connected devices such as sensors are gaining more and more intelligence and can execute applications locally.

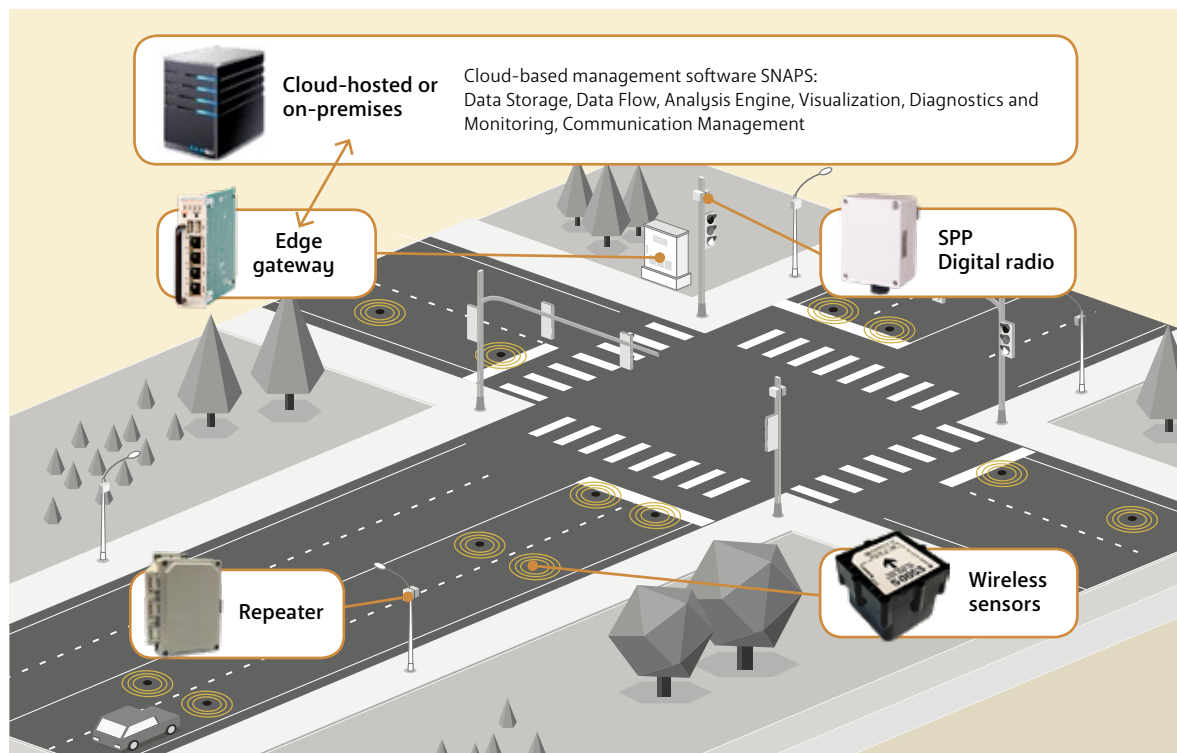
It is crucial that TagMaster's solutions deliver reliable, accurate and secure information to their users and overarching systems, where data collected is used to manage critical operations such as traffic control, optimization of traffic lights and subway positioning.

Research and development

Development of new solutions and products is an important part of TagMaster's business. Through acquisitions in recent years, TagMaster has gained access to a high level of expertise in the various technologies RFID, ANPR, Radar and Wireless Magnetic, as described above. It is above all by combining these different technologies that new advanced solutions are developed.

TagMaster has a sophisticated innovation process that is

SYSTEM OVERVIEW INCLUDING "SNAPS"



Wireless detection for adaptive control of traffic lights.

integrated 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 in new solutions.

Production

TagMasters develops and sells its solutions via subsidiaries in the Group. TagMaster's products are manufactured by selected contract manufacturers in different parts of the world, mostly in Europe and the USA. Projects are in progress to consolidate to fewer partners. The Company's production model means that no investments are made in TagMaster's own plants, providing for scalable and "asset light" operations.

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

International player

In recent years, TagMaster has, through a total of six acquisitions and organic development, developed into an international player that operates and has established customer relationships worldwide. Most recently, in June 2019,


TagMaster acquired the American company Sensys Networks, a leading manufacturer and supplier of advanced Smart Cities sensor systems, based in Berkeley, California.

The Group is headquartered in Kista, Stockholm, and via subsidiaries has a presence in England, France and in the United States, in Berkeley, California. In 2019, the Group's organizational structure was streamlined and the businesses in England, France and Sweden now operate as TagMaster UK, TagMaster France and TagMaster Nordic, respectively. The business in the United States operates under the name Sensys Networks.

In the market, TagMaster operates with the following product brands: TagMaster, Citysync, Balogh, CA Traffic, Hikob and Sensys Networks.

In total, the Group has approximately 115 employees and more than 600 partners in over 35 countries.

TagMaster's sales network has historically consisted of a small number of partners, such as integrators and installation contractors in parking and access control. In recent years, TagMaster has complemented existing networks with more major integrators/installation contractors in strategic markets such as the Nordic region, EMEA and the USA. The intention is to build an even more extensive network of key partners (key accounts) to support the Company's growth ambitions.



TagMaster develops and delivers solutions aimed at improving and streamlining transport and traffic flows within the Traffic Solutions business segment. These include smart parking solutions and intelligent transport systems that allow the road networks to be used optimally, alleviate traffic problems and reduce emissions. Other solutions include tolls and security and access control systems. TagMaster solutions are also used in geofencing systems currently under test in many metropolitan areas.

Solutions to deliver improved traffic flows in Smart Cities

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

- Traffic Management/Infomobility
- Parking/Access
- Tolls

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

Traffic Management/Infomobility

Traffic Management

Traffic Management consists of planning, monitoring and control of traffic flows. The area incorporates most applications and solutions, including tunnel monitoring, traffic light control and optimization, speed monitoring and road and motorway monitoring. Road networks are the bloodstream of our transport systems and their function is vital to our day-to-day life. In order for these systems to work, intelligent and increasingly advanced traffic systems are needed, and these are based on sensors and cameras that collect all the necessary data. Intelligent software systems analyze these data to propose customized solutions for the various operators.

Via Sensys Networks, TagMaster has a very strong offering of wireless radar and magnetic sensors, as well as a cloud-based software platform known as SNAPS. The offering is an "end-to-end solution" that is primarily designed for controlling and optimizing traffic lights, but it is also well suited for road and motorway monitoring, as well as for parking solutions.

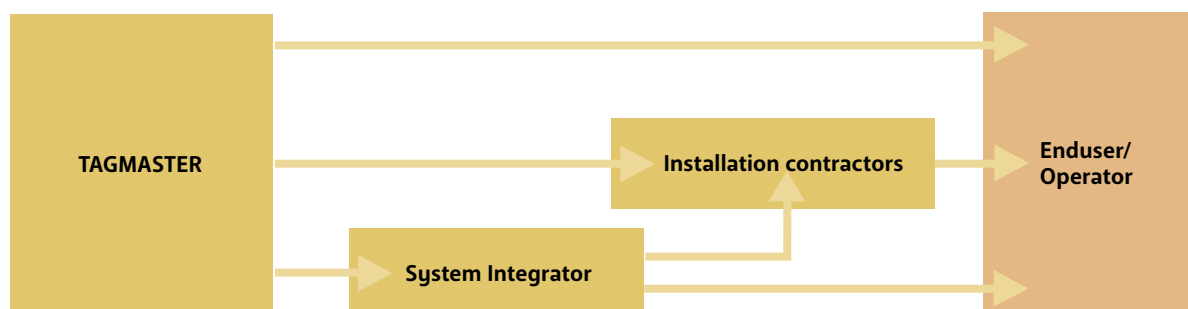
Traditionally, much of today's traffic system has been based on sensor technology in the form of inductive loop systems. These traffic systems are expensive both during installation and in operation, as many of them need road systems to be completely shut down during installation and also need to be calibrated several times a year. Sensys Networks' wireless sensor systems are significantly more cost-effective to install than loop-based systems and require minimal maintenance and no calibration. Combined with the SNAPS software platform, TagMaster's sensor system offers powerful data gathering capabilities and analysis of the data gathered, which uses embedded AI (artificial intelligence) to create suggested solutions called "actionable information". SNAPS also provides monitoring of the sensors and local edge gateways. Sensys Networks is considered a world leader in the above solutions.

TagMaster has a strong belief in future commercial opportunities for what is called vehicle infrastructure (I2V) where traffic information, for example at intersections, is used to inform vehicles near the intersection. See also "Give Me Green" on the next spread.

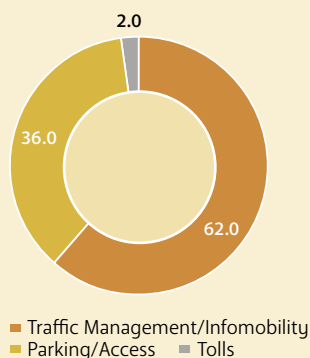
Infomobility

Infomobility solutions aim to collect and distribute accurate real-time information regarding different traffic situations and traffic levels. Such solutions include vehicle classification and counting, travel time information systems, bicycle and pedestrian detection and weather detection systems. TagMaster offers an ever wider product portfolio in Infomobility. Travel times, for example, can be estimated via ANPR and radar and magnetic sensors can provide government agencies and other stakeholders with valuable information on vehicles, bicycles and pedestrians

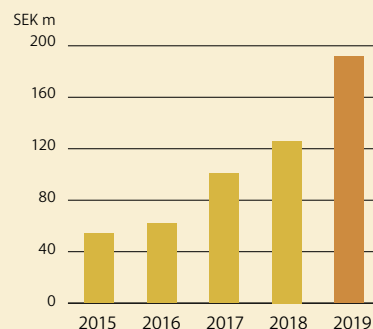
SALES CHANNELS



TRAFFIC SOLUTIONS, APPLICATION AREAS,%



REVENUE, TRAFFIC SOLUTIONS



and what is happening on the roads. Information is vital to safety, infrastructure planning and financing.

TagMaster offers high quality products with best price/performance data and all detection and identification systems are characterized by high accuracy, high reliability, high flexibility and connectivity. In the long term, many Infomobility solutions will be integrated with other traffic systems to increase the value of the information and to develop new solutions. For example, speed information could be linked to weather conditions and toll fees to emission levels. One example that is already a reality is Sensys Networks' detection system "Give Me Green!", which is used for priority control in traffic lights for buses, cyclists and pedestrians.

With the acquisition of Sensys Networks, the Traffic Management and Infomobility application area was significantly strengthened and accounted for just over 45 percent of the Group's total sales.

Parking/Access

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

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

TagMaster is a technology innovator that offers flexible and cost-effective solutions for parking facility owners and professional parking facility operators.

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

TagMaster also offers magnetic- and radar-based wire-

less sensors that detect vehicles and can be used for truck parking, outdoor parking and to build systems including electric car charging posts to identify real-time availability and communicate this to the growing electric car fleet.

The Parking, Access and Security application area accounted for 28 percent of the Group's total sales.

Tolls

Tolls have traditionally been used to finance and maintain transport infrastructure such as roads, bridges and tunnels. In more recent times, tolls have come into use to reduce congestion and air pollution in urban environments. The trend has moved from charging a fixed fee when the driver passes a certain point, to the current system where the fee can change depending on time of day, length of use and type of car. Through the introduction of priority files, drivers can be given the opportunity to pay extra for increased mobility.

Traditionally, toll systems have most commonly been manually operated, with each payment being made to a person sitting in a toll booth. But since this system means that every car has to stop completely, queues build up, leading to increased emissions. Manual toll processing is also an expensive mode of operation in countries with high wages.

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

In some cities, such as Stockholm and London, ANPR is used to identify and then charge vehicles as they drive into the city, in an effort to reduce traffic in the inner city. The same technology is used in Paris and Lyon to identify vehicles with odd or even registration numbers to check, for environmental reasons, whether a particular vehicle is allowed to drive in the city at a specific time.

In many developing countries, modern toll technol-

GiveMeGreen! – the cyclist's green wave

Through the acquisition of the American company Sensys Networks, completed in June 2019, TagMaster created its own platform in the USA. The Group also broadened and deepened its technological expertise. The acquisition gives TagMaster higher potential for organic growth and makes it an even more attractive partner in the construction of the Smart Cities of the future.

GiveMeGreen! – an app that gives the green light at the next intersection

Sensys Networks has developed a free app for smartphones that identifies cyclists and scooter riders as they approach a crossroads to facilitate their ride and shorten their wait for a green light. The app goes under the name GiveMeGreen! It was launched in 2019 and is used for example in Santa Clarita, California, and Fort Wayne, Indiana.

With the GiveMeGreen app! downloaded on their phone, cyclists and scooter riders are detected about 90 meters before an intersection with traffic lights. Signaling systems are then activated so that the rider is given a green light as soon as possible. As a result, the cyclist or scooter rider does not have to go to the post to press a button to get green light. It happens automatically.

The app gives a green light to cyclists and scooters faster, increases safety for these vulnerable road users and



helps to reduce congestion and improve the flow of traffic flow. The solution is based on Sensys Network's platform (I2X). The system is totally flexible and can be tailored by any road traffic authority wanting to install it in its traffic management system. In addition, the information in the app can be used to warn drivers that cyclists are present near an intersection. It can also be extended so that it can also be used by pedestrians, truck drivers and other users.

The free GiveMeGreen! app benefits both cyclists and drivers by providing better information on the presence of bicycles at high-risk intersections. It not only improves safety, but also the experience for cyclists, which in turn might persuade more people to choose the bike over other modes of transport.

ogy is an interesting first step in addressing the major problems faced by fast-growing metropolitan areas, with their need for expanded road networks and the resulting rising air pollution. In India, for example, TagMaster's RFID technology is used in tolls to finance the rapid expansion of the road network that is absolutely vital in enabling people to be transported and the country to develop economically.

TagMaster also has solutions where magnetic- and radar-based wireless sensors detect vehicles and can be used to direct drivers to dedicated priority files, depending on tailbacks building up at different times of the day. Solutions for safety systems for areas, for example, where

access by unauthorized vehicles is a sensitive issue are part of the TagMaster range too. Also available are major surveillance systems for cities or districts where ANPR technology and in some cases RFID can be used to identify vehicles and their drivers, if appropriate.

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

The Tolls application area still accounts for less than 5 percent of the Group's total sales.

TagMaster is the world-leading provider of advanced mobility solutions for rail-bound traffic in metropolitan areas. TagMaster systems in Rail Solutions are available in a wide range of applications aimed at improving the efficiency, reliability and punctuality of public mass transit systems from trams to light rail vehicles and subway systems.

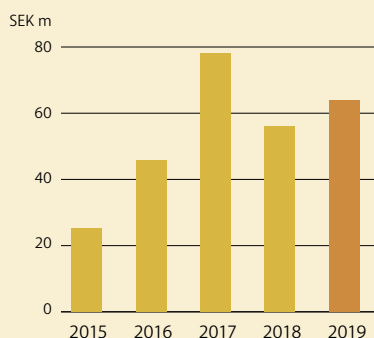
World-leading solutions for Public transport in big cities

Every minute, thousands of readings are made via TagMaster's RFID sensors in subways, tram systems and other rail-bound transport worldwide. The data collected forms the basis for enabling safe, punctual and sustainable public transport in big city areas around the world, where existing rail networks could be utilized more efficiently through more frequent services.

Leading providers of rail signaling systems use TagMaster's RFID solutions for large-scale, innovative signaling systems, as well as for installation of communications-based train control (CBTC) systems.

In the Rail Solutions business segment, we work primarily in the field of signaling and automated train management systems above all for subway trains and

REVENUE, RAIL SOLUTIONS



APPLICATIONS

APPLICATION AREAS

Positioning	Metro trains
Selective door opening/ platform doors	Metro trains, Trams, Commuter trains
Service priorities	Trams
Automatic speed control	Metro trains, Trams
Passenger information	Metro trains, Trams



trams. Rail Solutions accounted for 24 percent of the Group's total sales.

Application areas

RailTag results from a development project that was completed in 2017. Series deliveries took place during 2018 and 2019. A RailTag is a sensor that is mounted on the track. The system was developed in collaboration with several of the Company's rail customers and has resulted in a new Tag with double the service life.

RailTag has become a great success in the market, with functionality that is in high demand, as rail operators strive for the fewest possible replacements and interventions in operations over the life of their projects, which in most cases are specified at 25-30 years. The product, developed in Sweden, is used in London's subway system, for example.

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

TagMaster's proprietary algorithms for critical applications such as positioning, axle counting and door opening have created a strong position in signaling systems for subways and tram systems.

In order to step up the Company's innovation capability and development in Rail Solutions, TagMaster has created

a center of excellence in France, through a merger of the Swedish and French areas of expertise, to improve the product offering to the leading players in train signaling.

Major customers

Customers in Rail Solutions consist largely of global signaling system manufacturers. TagMaster's business model is based on establishing even deeper relationships with its customers and conducting joint development projects to be designed into the customer's system solutions.

Sales in Rail Solutions are highly project-bound. Each business is large and complex and requires a considerable level of knowledge sharing between TagMaster and the customer. To fully realize the benefits of TagMaster's technology, the Company's technicians must come into direct contact with the customer's engineers, and as a result sales in many cases require technical adaptation or development to a specific solution needed by the customer. 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 several of the Company's customers outsourcing their technology development, as the automotive industry has done for decades. TagMaster's expertise matches well with the demands that will be placed on external development partners in the future.

A value-driven culture for innovation and results

Committed employees play a key role in 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 work in the same direction. In 2019, the organization expanded with the addition of nearly 40 new employees via the acquisition of the American company Sensys Networks.

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

Core values

- Profitability ► Innovative ► Customer focus
- Professionalism ► Commitment

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

Organization

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

- Sales ► Research and development
- Operations ► Administration

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

Strengthened organization through acquisitions

The acquisitions of recent years increased employee numbers by almost 100 between the beginning of 2015 and the end of 2019. Operations are conducted in four countries and at nine different locations. At year-end, the Group had 115 employees.

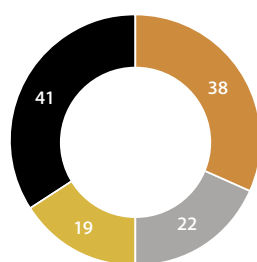
In order to take advantage of the complementary expertise of the acquired companies, great focus is placed on integration and implementation of shared processes. In this work, the emphasis is on TagMaster's core values and the importance of shared processes and values in all functions, despite cultural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

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

Strong development operation

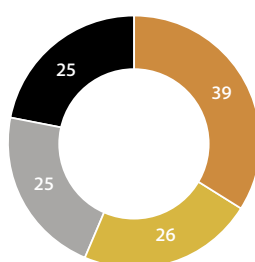
Development activities in Europe are to a large extent integrated and conducted under the direction of the Group's CTO. TagMaster's development personnel are based in Sweden, the UK, France and Slovakia. Product development takes place via a product management process that is shared by all companies in the Group. Sensys Networks has its own CTO and its development activities are conducted in Berkeley (California).

AVERAGE NUMBER OF EMPLOYEES BY COUNTRY



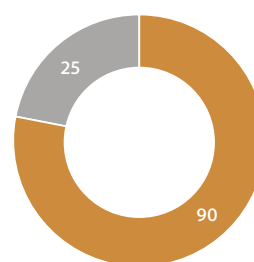
France UK
Sweden USA

EMPLOYEES PER FUNCTION AT YEAR-END



Research and Development Operations
Sales/Market Administration

BREAKDOWN, MEN/WOMEN



Men Women

SIMON KAO, SR. Software Engineer, Berkeley, California, USA

How long have you been at Sensys Networks and why did you go there?

– Nine years. I applied here when I was interested in creating software for a real hardware application. It's completely different from the pure software development that I'd worked on before.

What kind of job do you have at Sensys Networks?

– My job is to write and maintain the software that field technicians and customers use to configure and maintain the hardware out there where it's installed.

What's the best thing about your job?

– The best part is the flexibility that management gives me to focus on doing what needs to be done.

How will merging with TagMaster affect your opportunities to develop in the areas you work in?

– I think the merger offers more opportunities because Sensys Networks is now part of a larger ecosystem, so to speak. So there may be additional application domains where I can use my skills.

SOPHIA HAOU, Software Engineer, Berkeley, Californien, USA

How long have you been at Sensys Networks and why did you go there?

– I've been working here for about three years now. I first started as a consultant on app development in the GiveMe-



Green! Project. As the project grew and we started to work in more cities, I decided to take a full-time position.

What kind of job do you have at Sensys Networks?

– I'm a mobile app developer in the GiveMeGreen! system. I built the iOS and Android apps and, my work now includes maintaining and developing them. I also travel to the cities where we've installed GiveMeGreen! to configure intersections and create new features to suit specific needs.

What's the best thing about your job?

– I started when GiveMeGreen! was just an idea sketch on a piece of paper and I got the chance to take the idea all the way to a crisp, fully finished solution in a number of cities. It's a very innovative product, which makes my job very exciting.

How will the merger with TagMaster affect your opportunities to develop in software development?

– The merger with TagMaster offers more opportunities for me to work on the various software products and I hope to get a chance to get to Europe and help with software development projects there.

Because development activities and innovation are crucial to the success of the TagMaster Group, a relatively large part of revenue is expended on development. In 2019, labor costs attributable to development accounted for just over 14 percent of total revenue. The development process is based partly on combining the various technologies that TagMaster works with to develop superior products and solutions that increase the efficiency, safety and cost-effectiveness for customers.

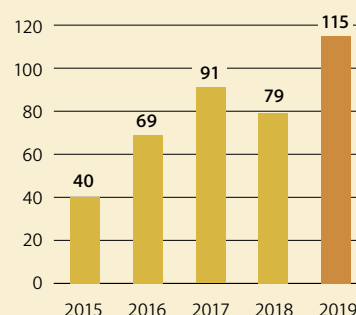
Enhanced commercial focus for organic growth

TagMaster is strengthening its commercial focus throughout the Group and in 2019 hired new employees and reinforced its sales organization in several markets. Out of the four functions – Sales, Development, Operations and Administration – the Sales organization accounted for the highest share of the Group's total investments in 2019.

The Company's commercial resources are also being boosted by investment in a structured Group-wide sales management system focusing on developing sales processes, complementing CRM systems and other measures in selected segments.

It's all about having a strong "top line focus". Following consolidation of the acquisitions of recent years, which has meant slimming down product offerings, shedding unprofitable products and cutting costs, the focus is now on growing sales.

NUMBER OF EMPLOYEES AT YEAR-END





KATHERINE MERTZ,
Director of Sales, Western Region, Phoenix,
Arizona, USA

How long have you been at Sensys Networks and why did you go there?

– Nearly twelve years. To begin with, I was interested because it was an innovative, lively start-up company with employees who showed great energy and enthusiasm for their work.

What kind of job do you have at Sensys Networks?

– I'm a Sales Director with responsibility for the western part of North America. My work includes maintaining customer relationships, selling to new and existing customers and markets, managing projects and customer expectations, demonstrating our technology and educating customers, and managing distributors in the region. I started my career at Sensys Networks as a sales manager and after a few years moved from in-house sales to external sales. I'm grateful for the many mentors I have met at Sensys Networks along the way.

What's the best thing about your job?

– I like to solve customer problems with our technology and, in that way, simplify and improve their lives. Recently, one of my clients, who I've worked with for a long time, received several awards and prizes for a project using our GiveMeGreen! app-based bike detection system. The system makes cycling trips safer and easier for cyclists in the city where my client operates. The award was well deserved recognition for the improvements made.

How will the merger with TagMaster affect your opportunities to develop in sales?

– The merger has already had a positive impact in my region. My clients have even greater confidence in our company and many are eager to know more about product development and integration with technology that already exists in the TagMaster portfolio. My customers and I are happy and positive about what the future of Sensys Networks and TagMaster may bring.



MAIJA PIITULAINEN,
Senior Project Manager, development department,
Kista, Sweden

How long have you been at TagMaster and why did you go there?

– I started in August 2019. An acquaintance told me about the job. I was working at another company where I was happy and so was hesitant to apply, but when I came to TagMaster and met my prospective manager, the products and especially the development department, I realized that I had come to the right place.

What kind of job do you have at TagMaster and what does it involve?

– I work as a project manager in the development department. The projects start with a "Requirement Specification" and "Development Estimation", which describe the product or solution to be developed, together with the project schedule and budget.

What's the best thing about your job?

– It's that I get to use all my knowledge and experience, not just a part of it, and that every day is so varied and challenging. It sounds like a cliché, but that's how it is. But without all the wonderfully friendly and above all knowledgeable colleagues who are in the Company, it wouldn't be as much fun.

What do you see as challenges and opportunities in your particular work?

– Achieving the goals, as I have in each project, in the appointed time is always a challenge. TagMaster has from the start provided me with tools to achieve these goals. There is a clarity here that I have been missing from other companies that I have worked at before.

Five-year summary

Income statement, SEK thousands	2019	2018	2017	2016	2015
Net sales	262,955	195,561	195,394	113,892	78,975
Change in inventories during manufacture and finished goods	-2,319	-780	2,630	2,631	-
Other operating income	2,216	1,215	567	544	47
Total income	262,852	195,996	198,591	117,067	79,022
Operating expenses	-240,522	-183,265	-176,771	-113,260	-76,320
Adjusted EBITDA	22,330	12,731	21,820	3,807	2,702
Non recurring costs attributable to acquisitions	-9,471	-	-	-	-
Depreciation, amortization and impairment	-30,851	-11,957	-7,227	-2,870	-1,365
Operating profit/loss	-17,992	774	14,593	937	1,337
Net financial items	-2,070	-356	-432	-432	-50
Profit/loss before tax	-20,062	418	14,161	505	1,287
Tax	-5,086	2,946	2,909	3,710	1,866
NET PROFIT/LOSS FOR THE YEAR	-25,148	3,364	17,070	4,215	3,153

Balance sheet, SEK thousands

Subscribed for but as yet unpaid capital	-	2,806	-	-	-
Intangible non-current assets	167,098	51,400	53,286	32,325	20,358
Property, plant, and equipment	3,310	3,008	1,425	948	1,028
Non-current financial assets	7,345	7,259	9,135	6,917	4,194
Inventories	53,386	37,037	40,210	22,099	14,372
Current receivables	66,873	45,251	59,526	33,331	17,390
Cash and bank balances	41,293	20,297	23,276	9,903	4,492
Total assets	339,305	167,058	186,858	105,523	61,834
Equity	199,096	105,331	96,731	45,707	44,059
Liabilities to credit institutions	55,962	5,500	7,598	8,567	-
Non-current liabilities	15,630	16,232	28,370	14,227	1,476
Current liabilities	68,617	39,995	54,159	37,022	16,299
Total equity and liabilities	339,305	167,058	186,858	105,523	61,834

Cash flow, SEK thousands

Cash flow before changes in working capital	20,501	14,204	37,821	10,390	3,154
Cash flow from changes in working capital	-25,407	-1,201	-17,117	-9,487	2,069
Cash flow from operating activities	-4,906	13,003	20,704	903	5,223
Cash flow from investing activities	-143,511	-13,690	-40,298	-4,034	-35,174
Cash flow from financing activities	169,334	-2,516	32,911	8,670	28,619
Cash flow for the period	20,917	-3,203	13,317	5,539	-1,332

Key figures

Net revenue, SEK thousands	262,955	195,561	195,394	113,892	78,975
Growth in net revenue, %	34.5	0.1	71.6	44.2	26.3
Gross profit margin, %	66.6	62.7	65.9	63.7	58.7
Adjusted EBITDA margin, %	8.5	6.5	11.2	3.3	3.4
EBITDA margin, %	4.9	6.5	11.2	3.3	3.4
Operating margin, %	-6.8	0.4	7.5	0.8	1.7
Equity ratio, %	58.7	63.1	51.8	43.3	71.3
Return on equity, %	-16.5	3.3	24.0	9.4	11.0
Asset turnover ratio	1.4	1.8	2.5	2.3	2.7
Basic earnings per share, SEK	-0.07	0.02	0.09	0.03	0.02
Diluted earnings per share, SEK	-0.07	0.02	0.09	0.03	0.02
Average number of shares, thousands	294,468	201,389	187,320	167,824	144,712
Number of shares at end of period, thousands	366,188	201,389	201,389	167,824	167,824
Market price on closing day, SEK	0.81	1.15	1.65	1.13	1.47
Average number of employees	120	89	95	73	40

Share information and shareholders

TagMaster's Class B shares are listed and traded on the Nasdaq First North Growth Market. The share was listed on July 3, 2000. Tagmasters Certified Adviser is Erik Penser Bank. The share price on December 30, 2019 was SEK 0.81, making the market value of the Company SEK 296,612 thousand.

Share capital

On December 31, 2019, the Company's share capital amounted to SEK 18,309,408.55, represented by 366,188,171 shares with a quotient value of SEK 0.05. According to TagMaster's Articles of Association, the share capital shall be no less than SEK 5,000,000 and no more than SEK 20,000,000, represented by no less than 100,000,000 shares and no more than 400,000,000 shares. Shares may be issued in two classes, Class A and Class B. Each Class A share is entitled to ten (10) votes at the Annual General Meeting and each Class B share is entitled to one (1) vote. All shares have equal rights to a share of the Company's profit and assets.

Dividend policy

The size of the future dividends 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 appropriate in the near future.

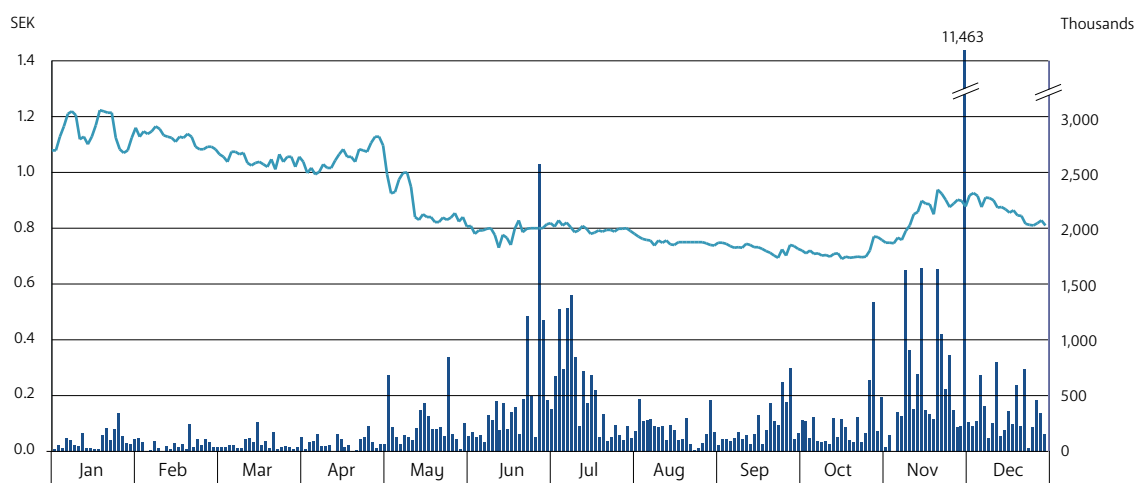
Shareholders

The total number of shareholders on December 31, 2019 was 2,909 compared to 2,568 in the previous year. The 15 largest shareholders together held 73 percent of the share capital and the corresponding share of the votes.

Company's largest shareholders

Shareholder	No. of Class B shares	Capital, %	Votes, %
Gert Sviberg and company/companies	50,000,000	13.65	13.65
Eiffel Investment Group SAS	38,718,750	10.57	10.57
Tomas Brunberg, including company	32,386,329	8.84	8.84
The Hamilton/Lewenhaupt family, including companies	30,176,950	8.24	8.24
LKM Foundation	24,000,000	6.55	6.55
Nordnet Pensionsförsäkring AB	16,651,666	4.55	4.55
Försäkringsaktiebolaget, Avanza Pension	14,464,740	3.95	3.95
Mikael Aronowitsch, including company and foundation	11,736,485	3.21	3.21
Ribbskottet AB	11,000,000	3.00	3.00
Skandinaviska Enskilda Banken AB, W8IMY	10,153,151	2.77	2.77
Jan Westlund	9,371,352	2.56	2.56
Jonas Svensson	5,480,292	1.50	1.50
Gunvald Berger	4,668,502	1.27	1.27
Credit Suisse (Luxembourg) SA	4,375,460	1.19	1.19
SEB Life International	3,975,000	1.09	1.09
Total, 15 largest shareholders	267,158,677	72.96	72.96
Other	99,029,494	27.04	27.04
Total	366,188,171	100.00	100.00

SHARE PRICE MOVEMENTS IN 2019



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 program	2,250,000	225,000.00	2,000,000	27,000,000	2,900,000.00
1998	New share issue	6,850,000	685,000.00	2,000,000	33,850,000	3,585,000.00
2003	Conversion of Class A shares to Class B shares	–	–	–	35,850,000	3,585,000.00
2008	New share issue	11,648,491	1,164,849.10	–	47,498,491	4,749,849.10
2008	New share issue	8,000	800.00	–	47,506,491	4,750,649.10
2010	New share issue	11,000,000	1,100,000.00	–	58,506,491	5,850,649.10
2011	New share issue	29,253,245	2,925,324.50	–	87,759,736	8,775,973.60
2011	New share issue	7,600,000	760,000.00	–	95,359,736	9,535,973.60
2012	New share issue	12,371,972	1,237,197.20	–	107,731,708	10,773,170.80
2013	Reduction of share capital	–	-5,386,585.40	–	107,731,708	5,386,585.40
2015	New share issue	43,092,683	2,154,634.15	–	150,824,391	7,541,219.55
2015	Targeted new share issue	17,000,000	850,000.00	–	167,824,391	8,391,219.55
2017	New share issue	33,564,878	1,678,243.90	–	201,389,269	10,069,463.45
2019	New share issue as per employee stock option program 2015/2018	2,483,292	124,164.60	–	203,872,561	10,193,628.05
2019	Targeted new share issue	51,625,000	2,581,250.00	–	255,497,561	12,774,878.05
2019	New share issue	110,690,610	5,534,530.50	–	366,188,171	18,309,408.55



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Directors' report 2019

Operations

TagMaster is an application-oriented technology company that develops and sells advanced sensor systems and solutions based on radio, radar, magnetic and camera technologies for demanding environments. TagMaster works in two business areas – Traffic Solutions and Rail Solutions – under the product brands TagMaster, CitySync, Balogh, CA Traffic, Magsys, Hikob and Sensys Networks – with 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.

Product development

In recent years, the development team has continuously improved methods and tools for management and control. This has resulted in improved key metrics for new development, while the Company's development resources are now quickly distributed effectively among the various product areas, according to the Company's commercial strategy. As the level of expertise in the team has strengthened, the use of external consultants in technology development has in principle ceased, which has led to higher efficiency, improved industrialization and a very strong product management capability. During the year, development resources were largely used to produce new ANPR cameras, RFID products for train applications and sensors for standardized IoT networks and for updating products for counting and classification of vehicles. Furthermore, various software-oriented activities were conducted for the conversion, consolidation, presentation and analysis of traffic data, as well as for the development of mobile apps for both installation personnel and use directly by road users.

The Development department consists of 39 people (31) and is the Company's single biggest cost item. Over the year, personnel costs relating to product development represented just over 30 percent of the Group's personnel costs.

Significant events during the year

On June 13, the acquisition of Sensys Networks Inc., of the USA, was completed. The purchase price was USD 17.5 million. Headquartered in Berkeley, California, Sensys Networks is led by industry veterans with long experience of wireless communication, operator-rated infrastructure, enterprise software, and government traffic management systems.

The acquisition was financed through a combination of new loans of USD 5.7 million, a new share issue with pre-emptive rights for existing shareholders and a new share issue with deviation from the pre-emptive right for existing shareholders (a directed issue) totaling SEK 115.5 million after deduction of issue costs of SEK 14.3 million.

Expected future developments

The outlook remains good and, with the acquisition of Sensys Networks, even better. With a greater volume and a broader range that also extends more towards solutions in important growth areas, the Company has good long-term growth opportunities.

TagMaster will in future continue to see periods when sales and profit growth momentarily halt in certain application areas where the Group invests for future growth. This may mean that costs come before the revenue from these investments. There will also continue to be quarterly volume variations in Rail Solutions, as the rail business is volatile and product deliveries may vary widely from quarter to quarter.

TagMaster continues to focus actively on identifying more opportunities for 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 real-time information, which is one of the corner-stones for building the Smart Cities of the future.

Revenue and profit

Sales for the year were higher than last year, at SEK 263.0 million (195.6), an increase of 34.5 percent. As of the date of acquisition, Sensys Networks has contributed SEK 74.9 million in net sales.

Of total revenue, European operations generated SEK 188.1 million (195.6), with the Rail Solutions business segment accounting for SEK 63.8 million and the USA business SEK 74.9 million.

Costs rose to SEK 163.7 million (110.9). The general increase is attributable to TagMaster's enlarged structure following the acquisition of Sensys Networks. TagMaster applies the cost accounting principle for development expenses, that is, development expenses are not capitalized.

Cash flow and financial position

As per December 31, 2019, available liquidity was SEK 74.8 million (32.3), of which bank overdraft facilities constituted SEK 33.5 million (12.0). The equity ratio at the end of the

period was 58.7 percent (63.1). Operating cash flow for the financial year amounted to SEK -4.9 million (13.0).

Trade receivables totaled SEK 56.7 million (32.1) while trade payables came to SEK 19.5 million (12.8). Inventories were recorded at SEK 53.4 million (37.0). The major increase in inventories and other current assets is explained by the fact that Sensys Networks is now included in the consolidated balance sheet.

Parent Company

The Parent Company reported revenue of SEK 84.2 million (73.9). Operating profit for the period totaled SEK 15.8 million (8.7) and profit after tax SEK 12.2 million (7.1). Sales for the year and operating profit include invoicing of intra-Group services of SEK 5.3 million. The Parent Company had an average of 19 (20) employees.

Personnel

The average number of employees was 120 (89), with women representing 25 percent (28). At year-end, the number of employees was 115 (79), of which employees in Sensys Networks totaled 37.

Shareholders

TagMaster AB (publ.) Org. No. 556487-4534, registered office in Stockholm, is listed with its shares traded on the Nasdaq First North Growth Market in Stockholm.

TagMaster's Certified Advisor is Penser Bank. The number of TagMaster shareholders on December 31, 2019 was 2,909 (2,568). At year-end, the following shareholders held more than 10 percent of the shares in the Company:

Shareholder

	No. of shares	Holding, %
Gert Sviberg and company/ companies	50,000,000	13.7
Eiffel Investment Group SAS	38,718,750	10.6

Appropriation of profits

(Amounts in SEK)

Proposed appropriation of the Company's profit

The following unappropriated profits are available to the AGM:

Retained earnings	46,628,772
Share premium reserve	171,454,976
Net profit for the year	12,175,664
Total	230,259,412

The Board proposes that:

this sum be carried forward	230,259,412
Total	230,259,412

Group

Five-year summary (SEK thousands)	2019	2018	2017	2016	2015
Net sales	262,955	195,561	195,394	113,892	78,975
Operating profit/loss	-17,992	774	14,593	937	1,337
Profit after financial items	-20,062	418	14,161	505	1,287
Balance sheet total	339,305	167,058	186,858	105,523	61,834
Equity ratio (%)	58.7	63.1	51.8	43.3	71.3
Average number of employees	120	89	95	73	40

Parent Company

Five-year summary (SEK thousands)	2019	2018	2017	2016	2015
Net sales	84,175	73,891	90,413	79,837	66,468
Operating profit/loss	15,728	8,722	14,063	10,610	7,621
Profit after financial items	15,554	8,303	13,824	10,019	7,310
Balance sheet total	323,112	139,505	142,801	86,476	63,462
Equity ratio (%)	77.0	84.6	75.7	72.9	80.5
Average number of employees	19	20	17	19	16

Risks and risk management

Operational risks

Customers and partners

The Group has numerous large and small partners in more than 35 countries. These partners consist of distributors, resellers, and integrators. The largest partner in 2019 accounted for around 7 percent of total sales, with the five largest together accounting for about 24 percent. So the loss of a significant partner may have major consequences for the Group. However, as the Group has grown both organically and through acquisitions, there are opportunities to compensate for any losses through new and existing partners in our new domestic markets.

Suppliers

The Group's production and logistics are for the most part outsourced, giving great flexibility in the production flow, in terms of both capacity and costs. This does, however, mean that TagMaster is 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 keeps a certain amount of components and finished products in stock.

Personnel

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

Product liability

Claims being brought due to malfunction and any of the Group's products causing unexpected damage cannot be ruled out. Our customers receive clear information via product specifications and data sheets in order to prevent malfunction or other damage. 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

To manage the risk of infringement and plagiarism of the Group's products, the Group has a number of its own patents, either approved or pending, for a number of main

markets. The patents refer to some of the core features of our products and the name TagMaster is a registered trademark.

Financial risk management

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

Market risks

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 materialize at all, or only in part. Managing this risk means assessing potential acquisition targets on the basis of financial, technical and commercial factors. In particular, the potential of the candidates to strengthen the Group's product portfolio and any possible synergies are taken into account.

Market economy situation

Future sales are affected by the general market situation, the situation of customers and new technology. These factors may have both a positive and a negative effect on the Group's sales. However, TagMaster's customers are spread over a wide geographic area and based in two separate market areas, Rail and Traffic, which means that a decline in one market may be partly offset by an increase in sales in another.

Competition

Companies of all sizes are active in both the RFID and ANPR fields, and competition is stiff. Technology is developing at a rapid pace, and the major players can make substantial investments and introduce new, competitive technology. Also, new companies with new technology and low prices can become established in the field and make TagMaster less competitive. To meet increasing levels of technology competition and to come up with competitive products for the future, research and development activities have been strengthened and streamlined in Kista and in the

Group's other development units at Stevenage, Aylesbury, Zilina, Toulouse, Grenoble and Berkeley.

Currency risk

This refers to 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 balance sheet exposure. Transaction exposure concerns currency risk attributable to the Group's payment flows in foreign currency. Approximately 93 percent (96) of the Group's sales in 2019 were effected in a currency other than SEK. Of the total external purchases (goods for resale and other external costs), approximately 77 percent (70) 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. For the same reason, every effort is made to achieve a balance between the selling currency and buying currency.

Balance sheet exposure is the risk the Group is exposed to when balance sheet items are translated into foreign currency and when foreign subsidiaries' income statements and balance sheets are translated into the Group's presentation currency (SEK). To manage this risk with regard to the subsidiary Sensys Networks, the loan that partially financed the acquisition is recognized in USD.

Interest rate risk

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

Price risk

Price risk arises when the Group's costs increase if and when our suppliers of goods and services raise their prices. Production is split between a small number of suppliers, and through long-term relations we ensure the prices we pay are adjusted to market conditions.

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 proce-

dures 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.

Liquidity and financing risk

The Group is always working to improve its liquidity and has overdraft facilities in place to offset the liquidity risk. As per December 31, 2019, available liquidity was SEK 74,767 thousand, of which bank overdraft facilities totaled SEK 33,474 thousand (12,000).

The bank loan in USD is subject to financial commitments - covenants - which the Group is obliged to meet on a quarterly basis. The covenants on which TagMaster is measured are:

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

TagMaster met these key figures by a wide margin at year-end 2019.

The available liquidity is deemed sufficient to satisfy the Group's known future commitments. Further capital injections may, however, be necessary if we are to achieve the Group's growth ambitions through acquisitions.

Effects of Covid-19

The Board of Directors recognizes that the outbreak of the Covid-19 virus might have an adverse impact on the Company's performance in the New Year, but the Board is currently unable to judge the extent of that impact. The Board is actively monitoring developments and is continuously taking actions to limit the impact. For example, we are embarking on a program of reductions in our operations in Sweden, the UK, France and the USA to proactively mitigate the changes in supply and demand caused by the global coronavirus pandemic. The program includes short-term lay-offs, a shortened working week, changes in purchasing practices and general cost cutbacks.

Based on liquidity forecasts that we have performed, based on the above actions, our view is that the Company's future has been secured for the foreseeable future.

Consolidated income statement

Amounts in SEK thousand	Note	2019	2018
Operating income etc.			
Net sales	3	262,955	195,561
Changes in inventory during manufacture and finished goods		-2,319	-780
Other operating income	5	2,216	1,215
Total operating income		262,852	195,996
Operating expenses			
Raw materials and consumables		-13,917	-9,036
Goods for resale		-71,720	-63,057
Other external costs	6, 7, 8	-48,964	-41,865
Personnel costs	6, 9	-114,715	-68,989
Depreciation/amortization of property, plant, and equipment and intangible non-current assets		-30,851	-11,957
Other operating expenses		-677	-318
Total operating expenses		-280,844	-195,222
Operating profit/loss		-17,992	774
Result from financial investments			
Result from shares in Group companies	10	-183	-
Other interest income and similar items	11	675	187
Interest expenses and similar items	12	-2,562	-543
Total financial items		-2,070	-356
Profit after financial items		-20,062	418
Tax on net profit for the year	13	-5,086	2,946
Net profit for the year		-25,148	3,364
Attributable to			
Shareholders in the Parent Company		-25,148	3,364
		-25,148	3,364
Basic earnings per share		-0.07	0.02
Diluted earnings per share		-0.07	0.02
Number of shares, average		294,467,548	201,389,269
Number of shares, end of period		366,188,171	201,389,269

Consolidated balance sheet

Amounts in SEK thousand	Note	12/31/2019	12/31/2018
ASSETS			
Subscribed for but as yet unpaid capital	26	–	2,806
Non-current assets			
Intangible non-current assets			
Capitalized development expenditure	14	368	3,644
Goodwill	15, 16	166,730	47,756
Total intangible assets		167,098	51,400
Property, plant, and equipment			
Land and buildings	17	0	0
Leasehold improvements	18	0	160
Equipment, tools, fixtures and fittings	19	3,310	2,848
Total property, plant, and equipment		3,310	3,008
Non-current financial assets			
Deferred tax assets	22	5,768	6,118
Other non-current receivables	23	1,577	1,141
Total non-current financial assets		7,345	7,259
Total non-current assets		177,753	61,667
Current assets			
Inventories etc.			
Raw materials and consumables		17,465	10,709
Goods in production		6,584	4,362
Finished products and goods for resale		29,337	21,966
Total inventories		53,386	37,037
Current receivables			
Trade receivables		56,654	32,079
Other receivables	24	5,280	10,117
Prepayments and accrued income	25	4,939	3,055
Total current receivables		66,873	45,251
Cash and bank balances		41,293	20,297
Total current assets		161,552	102,585
TOTAL ASSETS		339,305	167,058

Consolidated balance sheet

Amounts in SEK thousand	Note	12/31/2019	12/31/2018
EQUITY AND LIABILITIES			
Equity	26		
Share capital		18,309	10,069
Current new share issue		–	124
Other contributed capital		241,459	130,982
Other equity		-35,524	-39,208
Net profit for the year		-25,148	3,364
Total equity		199,096	105,331
Provisions			
Deferred tax liabilities	27	293	272
Other provisions	28	6,896	6,435
Total provisions		7,189	6,707
Non-current liabilities			
Liabilities to credit institutions	31	38,305	3,500
Other non-current liabilities	29	8,441	9,525
Total non-current liabilities		46,746	13,025
Current liabilities			
Liabilities to credit institutions	31, 32	17,657	2,000
Trade payables		19,468	12,826
Total current liabilities	33	5,413	8,204
Accruals and deferred income	34	43,736	18,965
Total current liabilities		86,274	41,995
TOTAL EQUITY AND LIABILITIES		339,305	167,058

Consolidated statement of changes in equity

Amounts in SEK thousand	Share capital	Current New share issue	Other Contributed capital	Other equity incl. net profit for the year	Total equity
Amount at start of year, 01/01/2019	10,069	124	130,982	-35,844	105,331
New share issue	8,240	-124	110,477		118,593
Translation difference for the year				320	320
Net profit for the year				-25,148	-25,148
Amount at year-end, 12/31/2019	18,309	0	241,459	-60,672	199,096

Consolidated statement of cash flows

Amounts in SEK thousand	Note	2019	2018
Operating activities			
Operating profit/loss		-17,992	774
Adjustments for non-cash items	35	40,246	10,054
Interest received		32	187
Interest paid		-2,420	-467
Tax paid		-371	0
Tax received		1,006	3,656
Cash flow from operating activities before changes in working capital		20,501	14,204
Cash flow from changes in working capital			
Reduction (+)/increase (-) in inventories		2,330	5,832
Reduction (+)/increase (-) in operating receivables		28,438	16,348
Reduction (-)/increase (+) in operating liabilities		-56,175	-23,381
Cash flow from operating activities		-4,906	13,003
Investing activities			
Acquisition of intangible non-current assets		-387	-
Acquisitions of property, plant, and equipment		-1,224	-1,447
Depreciation of property, plant, and equipment		8	0
Acquisition of operations		-141,948	-13,134
Appropriations repaid		40	995
Appropriations received		-	-104
Cash flow from investing activities		-143,511	-13,690
Financing activities			
New financial liabilities		52,941	-
Amortization of financial liabilities		-8,416	-2,000
Change in bank overdraft facilities		6,477	-
New share issue		118,332	-
Repayment of other non-current liabilities		-	-516
Cash flow from financing activities		169,334	-2,516
Cash flow for the year		20,917	-3,203
Cash and cash equivalents at start of year		20,297	23,276
Exchange rate differences in cash and cash equivalents		79	224
Cash and cash equivalents at year-end	36	41,293	20,297

Parent Company income statement

Amounts in SEK thousand	Note	2019	2018
Operating income etc.			
Net sales	3, 4	84,175	73,891
Other operating income	5	0	826
Total operating income		84,175	74,717
Operating expenses			
Goods for resale		-25,129	-25,075
Other external costs	7, 8	-17,158	-16,756
Personnel costs	9	-26,052	-24,150
Depreciation/amortization of property, plant, and equipment and intangible non-current assets		-39	-
Other operating expenses		-69	-14
Total operating expenses		-68,447	-65,995
Operating profit/loss		15,728	8,722
Result from financial investments			
Result from shares in Group companies	10	871	-318
Other interest income and similar items	11	1,035	211
Interest expenses and similar items	12	-2,080	-312
Total financial items		-174	-419
Profit after financial items		15,554	8,303
Profit/loss before tax		15,554	8,303
Tax on net profit for the year	13	-3,378	-1,232
Net profit for the year		12,176	7,071

Parent Company balance sheet

Amounts in SEK thousand	Note	12/31/2019	12/31/2018
ASSETS			
Subscribed for but as yet unpaid capital	26	–	2,806
Non-current assets			
Capitalized development expenditure	14	368	–
Equipment, tools, fixtures and fittings	19	123	–
Non-current financial assets			
Participations in Group companies	20	252,539	86,115
Receivables from Group companies	21	24,518	22,788
Deferred tax assets	22	1,089	1,402
Total non-current assets		278,637	110,305
Current assets			
Inventories etc.			
Finished products and goods for resale		8,377	10,200
Total current assets		8,377	10,200
Current receivables			
Trade receivables		13,453	8,270
Receivables from Group companies		17,228	1,003
Other receivables	24	2,429	2,035
Prepayments and accrued income	25	1,391	1,265
Total current receivables		34,501	12,573
Cash and bank balances		1,597	3,621
Total current assets		44,475	26,394
TOTAL ASSETS		323,112	139,505

Parent Company balance sheet

Amounts in SEK thousand	Note	12/31/2019	12/31/2018
EQUITY AND LIABILITIES			
Equity	26		
Restricted equity			
Share capital		18,309	10,069
Current new share issue		–	124
Statutory reserve		216	216
Total restricted equity		18,525	10,409
Unrestricted equity			
Share premium reserve		171,454	60,978
Retained earnings		46,629	39,558
Net profit for the year		12,176	7,071
Total unrestricted equity		230,259	107,607
Total equity		248,784	118,016
Provisions			
Other provisions	28	3,657	3,735
Total provisions		3,657	3,735
Non-current liabilities	29		
Liabilities to credit institutions	31	38,305	3,500
Total non-current liabilities		38,305	3,500
Current liabilities			
Liabilities to credit institutions	31, 32	17,657	2,000
Trade payables		5,494	4,174
Liabilities to Group companies		15	–
Other liabilities	33	915	534
Accruals and deferred income	34	8,285	7,546
Total current liabilities		32,366	14,254
TOTAL EQUITY AND LIABILITIES		323,112	139,505

Parent Company statement of changes in equity

Amounts in SEK thousand	Share capital	Statutory reserve	Current new share issue	Share premium reserve	Retained earnings, incl. profit for the year	Total equity
Amount at start of year, 01/01/2019	10,069	216	124	60,978	46,629	118,016
New share issue	8,240		-124	110,476		118,592
Net profit for the year					12,176	12,176
Amount at year-end, 12/31/2019	18,309	216	0	171,454	58,805	248,784

Parent Company statement of cash flows

Amounts in SEK thousand	Note	2019	2018
Operating activities			
Operating profit/loss		15,728	8,722
Adjustments for non-cash items	35	-124	-1,380
Interest received		24	0
Interest paid		-1,938	-185
Cash flow from operating activities before changes in working capital		13,690	7,157
Cash flow from changes in working capital			
Reduction (+)/increase (-) in inventories		1,823	2,853
Reduction (+)/increase (-) in operating receivables		-9,193	941
Reduction (-)/increase (+) in operating liabilities		2,303	-6,104
Cash flow from operating activities		8,623	4,847
Investing activities			
Acquisition of intangible non-current assets		-387	-
Acquisitions of property, plant, and equipment		-143	-
Acquisitions of subsidiaries		-166,424	-997
Amortization of long-term receivables from Group companies		3,210	-
Lending to subsidiaries		-16,237	-13,611
Cash flow from investing activities		-179,981	-14,608
Financing activities			
New financial liabilities		52,941	-
Amortization of financial liabilities		-8,416	-2,000
Change in bank overdraft facilities		6,477	-
New share issue		118,332	-
Cash flow from financing activities		169,334	-2,000
Cash flow for the year		-2,024	-11,761
Cash and cash equivalents at start of year		3,621	15,382
Cash and cash equivalents at year-end	36	1,597	3,621

Notes

Amounts in SEK thousand unless otherwise specified

Note 1 • Accounting policies and principles of valuation

The Swedish Annual Accounts Act and the general recommendation of the Swedish Accounting Standards Board BFNAR 2012:1 (K3) are applied during preparing of the financial statements.

Accounting currency

The annual financial statements have been prepared in Swedish kronor, and the amounts are stated in thousands of Swedish kronor (SEK thousand) unless otherwise specified.

Consolidated financial statements

The consolidated financial statements include the Parent Company and the subsidiaries in which the Parent Company, either directly or indirectly, holds more than 50 percent of the votes, or in any other manner exercises a controlling influence. The consolidated financial statements have been prepared using the acquisition method, whereby equity in the subsidiaries at the date of acquisition is eliminated in its entirety. The consolidated equity thus only includes the portion of the subsidiaries' equity that accrued after acquisition.

If the consolidated acquisition cost of the shares exceeds the value of the Company's net assets recognized in the acquisition analysis, the difference is recognized as goodwill on consolidation. This value is amortized from a Group perspective over a period of no more than 10 years. The rate of amortization is based on the long-term strategic importance of the acquisitions to the Group.

Intercompany gains between Group entities are eliminated in full.

The current method is applied in currency translation for foreign subsidiaries. This means that balance sheets are translated at the closing exchange rate and income statements are translated at the period's average exchange rates. Any translation differences thereby arising are recognized directly in the Group's equity.

Participations in Group companies

In the Parent Company, participations in Group companies are initially recognized at the cost of acquisition, including any transaction costs that are directly attributable to the acquisition of these participating interests. Issue premiums and shareholder contributions are added to the cost of acquisition. Should the fair value be lower than the carrying amount, the participating interests are written down to the fair value if the decrease in value can be assumed to be permanent.

Statement of cash flows

The statement of cash flows has been prepared using the indirect method, whereby adjustment has been made for transactions not involving incoming and outgoing payments. In addition to cash and bank balances, the following items are also classified as cash and cash equivalents: funds in the Group account and short-term liquid investments that can easily be converted into a known amount and that are exposed to an insignificant risk of value fluctuations.

Principles of valuation etc.

Assets, provisions, and liabilities are valued at cost of acquisition, unless otherwise specified below.

Revenue from contracts with customers

Revenues relating to the sale of goods are recognized when the significant risks and benefits associated with ownership of the goods have passed to the buyer and when the amount of revenue can be reliably measured.

Service assignments are recognized as revenue as and when the work is performed.

Capitalized development expenditure*

The Group applies the cost accounting model for proprietary intangible non-current assets.

Property, plant, equipment and intangible non-current assets

Expenditure on intangible non-current assets acquired is then capitalized when:

- the financial benefits associated with the asset are likely to accrue to the Group in the future, and
- the cost of the asset can be measured reliably.

The acquisition value of an acquired intangible asset consists of the directly attributable expenses that are required for the asset to be used as intended.

Property, plant, and equipment and intangible non-current assets are recognized at cost less depreciation according to plan based on an assessment of the assets' useful life.

The following depreciation periods are applied for both the Parent Company and Group companies.

Capitalized development expenditure*	5 years
Goodwill	5-10 years
Goodwill associated with assets and liabilities	5 years
Equipment	3-5 years
Leasehold improvements	Over the length of lease term

Goodwill is amortized over 5-10 years, based on the assessment that the acquisitions to which the asset is attributable will generate benefits for at least that period. The investments are long-term, with the intention of expanding internationally and diversifying the product offering.

* Capitalized development expenditure for finished products that are recognized as fixed assets in acquired businesses (subsidiaries) at the time of acquisition are included in this item. Capitalized development expenditure is amortized based on the estimated useful life of 5 years, which is based on analyses of how long the asset will bring value to the Group.

Borrowing costs

Borrowing costs are charged to the income statement for the year to which they relate.

Note 1, continued

Leases

Leases are classified as either finance or operating leases. Finance leases exist when the economic risks and benefits associated with the leased asset have in all essential respects been transferred to the lessee. Otherwise, they are operating leases. The Group has no significant finance leases, and so all leases are recognized as operating leases and the lease payments are distributed on a straight-line basis over the lease period.

Financial instruments

Financial assets and liabilities are recognized according to the cost method.

Financial assets in the form of securities are recognized at cost, which includes any transaction expenses that are directly attributable to the acquisition of the asset. Long-term holdings of securities, as well as ownership interests in other companies where the fair value is lower than the carrying amount, are written down to the fair value if the decline in value can be assumed to be permanent.

Long-term receivables and long-term liabilities are recognized at amortized cost, which is equal to the present value of future payments discounted by the effective interest rate calculated at the time of acquisition.

Current receivables are recognized at cost or net realizable value, whichever is the lower. Current liabilities that are expected to be settled within 12 months are recognized at their nominal amount.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are translated at the closing rate. The difference between acquisition cost and the closing value has been recognized in the income statement.

Impairment

If there is any indication of a decrease in value for an asset, its recoverable amount is determined. If the carrying amount of the asset exceeds its recoverable amount, the asset is written down to the former amount. The recoverable amount is defined

as market value or value in use, whichever is the higher. Value in use is defined as the present value of estimated future cash flows generated by the asset. Impairment losses are recognized in the income statement.

Income tax

Recognition of income tax includes current tax and deferred tax. The tax is recognized in the income statement, except where it relates to items recognized directly in equity. In such cases, the tax is also recognized in equity. Deferred tax is recognized using the balance sheet method for all significant temporary differences. A temporary difference arises when the carrying amount of an asset or liability differs from its tax assessment value.

Deferred tax is calculated by applying the tax rate enacted or announced as per the balance sheet date.

Deferred tax assets are recognized to the extent it is probable that future fiscal surpluses will be available against which the temporary differences can be utilized.

Inventories etc.

Inventories are valued at the lower of cost and net realizable value. Weighted average prices have been used in determining the acquisition value.

Provisions

Provisions are recognized when the Group has, or may be considered to have, an obligation as a result of a past event and it is likely that payments will be required to settle the obligation. One condition is that it is possible to make a reliable estimate of the amount to be paid.

Employee benefits – pensions

The Group's pension plans to be paid out on retirement are defined contribution plans. In a defined contribution plan, the Company makes predetermined contributions to a separate legal entity. The Company has no additional obligations once the contribution has been paid.

Note 2 • Estimates and assessments

Management makes estimates and assumptions about the future. These estimates rarely correspond to outcomes in reality. The estimates and assumptions that may lead to a risk of material adjustments to the carrying amounts for assets and liabilities are above all the measurement of goodwill and the calculation of any additional purchase consideration. Further, other provisions are calculated with a certain risk that the outcome will not be as

assessed, which may entail adjustments of carrying amounts. Every year, testing is performed to determine whether there is any indication that the value of assets is lower than the carrying amount. If any such an indication is found, the asset's recoverable amount is calculated, which is the higher of an asset's fair value less selling expenses and value in use.

Note 3 • Breakdown of net revenue

	Group		Parent Company	
	2019	2018	2019	2018
Geographic market				
EMEA	169,251	140,605	35,401	31,982
Asia Pacific	29,496	20,782	26,487	15,649
Americas	64,208	34,174	22,287	26,260
Total	262,955	195,561	84,175	73,891
	Group		Parent Company	
	2019	2018	2019	2018
Customer category				
Traffic	191,568	126,018	49,003	42,113
Rail	63,773	55,948	35,172	30,696
Industry / Other	7,614	13,595	0	1,082
Total	262,955	195,561	84,175	73,891

Note 4 • Purchases and sales within the Group

	Parent Company	
	2019	2018
Proportion of sales, Group companies, %	7.3	1.3
Proportion of purchases, Group companies, %	1.9	1.0

Note 5 • Other operating income

	Group		Parent Company	
	2019	2018	2019	2018
Business segment				
Exchange rate differences	0	897	0	826
Sale of equipment	0	0	–	–
Grants	1,514	–	–	–
Other	702	318	–	–
Total	2,216	1,215	0	826

Note 6 • Exceptional costs

	Group		Included in income statement as:
	2019	2018	
Exceptional costs			
Restructuring costs CA Traffic and Balogh	–	1,964	Personnel costs
Acquisition costs, Sensys Networks	9,470	–	Personnel costs
Total	9,470	1,964	

Non-recurring costs directly attributable to the acquisition of Sensys Networks are included above as exceptional. Exceptional costs in 2018 were incurred through the change process performed within CA Traffic and Balogh. The Parent Company's income statement does not include any costs that are considered exceptional.

Note 7 • Lease fees

	Group		Parent Company	
	2019	2018	2019	2018
Operating leases, including rent for premises				
Lease fees, cost for the year	7,472	4,803	1,469	1,423
Outstanding lease fees fall due as follows:				
No later than one year	6,804	4,214	1,492	1,440
Later than one year but within five years	2,367	8,413	2,272	2,880
Total	9,171	12,627	3,764	4,320

The most important leases relate to premises in Kista, Paris, Toulouse, Stevenage and Berkeley.

Note 8 • Remuneration to auditors

	Group		Parent Company	
	2019	2018	2019	2018
Fees and reimbursement of expenses				
<i>Mazars SET Revisionsbyrå AB</i>				
Audit assignment	1,284	1,004	807	459
Auditing services other than audit assignment	–	39	–	15
Tax advisory services	24	18	–	–
Other services	340	87	231	27
Total	1,648	1,148	1,038	501
<i>Other audit firm</i>				
Audit assignment	632	62	–	–
Other services	150	–	150	–
Total	782	62	150	–
Total	2,430	1,210	1,188	501

Note 9 • Average number of employees, salaries and other remuneration

	2019		2018	
	Number of employees	Of whom, men	Number of employees	Of whom, men
Average number of employees				
Parent Company				
Sweden	19	15	20	16
Subsidiaries				
United Kingdom	22	19	30	25
France	38	20	39	23
United States	41	36		
Total, subsidiaries	101	75	69	48
Total, Group	120	90	89	64

	2019		2018	
	Women	Men	Women	Men
Gender distribution, senior executives				
Board of Directors	0	5	0	4
CEO and other company management	2	6	1	5

Note 9, continued

	Board, CEO and other senior executives		Other		Total	
Breakdown of salaries and other remuneration per senior executives and other employees	2019	2018	2019	2018	2019	2018
Parent Company	7,810	6,410	9,323	9,444	17,133	15,854
Subsidiaries	5,990	2,337	61,114	33,464	67,104	35,801
Total, Group	13,800	8,747	70,437	42,908	84,237	51,655

	Salaries and other remuneration		Social security contributions		Of which, pension costs	
Breakdown of salaries and other remuneration per senior executives and other employees	2019	2018	2019	2018	2019	2018
Parent Company	17,133	15,854	9,164	7,594	3,131	2,869
Subsidiaries	67,104	35,801	14,584	10,321	2,768	2,790
Total, Group	84,237	51,655	23,748	17,915	5,899	5,659

	2019				2018			
Remuneration to the Board, CEO and other senior executives	Fee/salary	Variable remuneration	Pension expense	Other	Fee/salary	Variable remuneration	Pension expense	Other
Chairman, Rolf Nordberg	350	–	–	–	250	–	–	–
Board member, Örjan Johansson	125	–	–	–	100	–	–	–
Board member, Magnus Jonsson	125	–	–	174	100	–	–	–
Board member, Gert Sviberg	125	–	–	–	100	–	–	–
Board member, Juan Vallejo	125	–	–	–	–	–	–	–
Other senior executives				–				–
CEO, Jonas Svensson	2,717	600	576	–	2,450	430	553	–
Other senior Executives (7)	8,145	1,314	1,435	–	5,267	50	976	–
Total	11,712	1,914	2,011	174	8,267	480	1,529	–

The CEO's notice period is six months in the event of termination of employment at the CEO's request. Should employment be terminated by the Company, a notice period of 12 months applies.

Note 10 • Earnings from participations in Group companies

	Group		Parent Company	
	2019	2018	2019	2018
Exchange rate losses on non-current receivables from subsidiaries	-183	–	–	-318
Exchange rate gains on non-current receivables from subsidiaries	0	–	871	–
Total	-183	–	871	-318

Note 11 • Other interest income and similar items

	Group		Parent Company	
	2019	2018	2019	2018
Interest income, Group companies	–	–	393	207
Other interest income	57	187	24	4
Exchange rate gain on liabilities to credit institutions	618	–	618	–
Total	675	187	1,035	211

Note 12 • Interest expenses and similar items

	Group		Parent Company	
	2019	2018	2019	2018
Interest expenses	-2,050	-223	-2,050	-223
Exchange rate loss attributable to conditional additional purchase consideration	-30	-89	-30	-89
Other financial expenses	-482	-231	0	0
Total	-2,562	-543	-2,080	-312

Note 13 • Tax on net profit for the year

	Group		Parent Company	
	2019	2018	2019	2018
Current tax	-1,595	3,818	-	-
Deferred tax	-3,491	-872	-3,378	-1,231
Total	-5,086	2,946	-3,378	-1,231
<i>Theoretical tax</i>				
Pre-tax profit recognized	-20,062	418	15,554	8,303
Tax at current rate, 21.4% and 22%, respectively	4,293	-92	-3,329	-1,827
<i>Reconciliation of tax recognized</i>				
Effect of overseas tax rate	-555	-711	-	-
Tax effect of non-deductible expenses	-1,572	-62	-49	-55
Effect of non-taxable income	0	381	-	305
Effect of amortization of goodwill on consolidation	-5,476	-1,904	-	-
Effect of other adjustments to profit on consolidation	-258	70	-	-
Effect of tax loss carry-forwards not assigned a value	-3,186	-1,417	-	-
Effect of previous year's tax loss carry-forwards assigned a value	3,265	2,273	-	-
Effect from previous years	0	568	-	375
Effect of change in tax rate	0	-50	-	-30
Other*	-1,597	3,890	-	-
Total	-5,086	2,946	-3,378	-1,232

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

Note 14 • Capitalized development expenditure

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of acquisition, opening balance	17,505	16,622	-	-
Purchases	387	-	387	-
Taken over at acquisition	-	503	-	-
Translation difference for the year	1,259	380	-	-
Accumulated cost of acquisition, closing balance	19,151	17,505	387	-
Depreciation/amortization, opening balance	-13,861	-11,236	-19	-
Depreciation/amortization for the year	-3,893	-2,422	-	-
Translation difference for the year	-1,029	-203	-	-
Accumulated depreciation/amortization, closing balance	-18,783	-13,861	-19	-
Carrying amount	368	3,644	368	-

The item consists of fully amortized capitalized development expenditure included in acquired operations, plus capitalized costs for the Group's consolidation system implemented during the financial year.

Note 15 • Goodwill

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of acquisition, opening balance	55,473	56,602	–	–
Business combinations	145,479	–	–	–
Adjusted conditional additional purchase consideration	–	-2,815	–	–
Translation difference for the year	-372	1,686	–	–
Accumulated cost of acquisition, closing balance	200,580	55,473	–	–
Depreciation/amortization, opening balance	-16,841	-8,702	–	–
Depreciation/amortization for the year	-23,557	-7,992	–	–
Translation difference for the year	-714	-147	–	–
Accumulated depreciation/amortization, closing balance	-41,112	-16,841	–	–
Carrying amount	159,468	38,632	–	–

Note 16 • Goodwill associated with assets and liabilities

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of acquisition, opening balance	9,786	–	–	–
Acquisition of operations	–	10,127	–	–
Translation difference for the year	151	-341	–	–
Accumulated cost of acquisition, closing balance	9,937	9,786	–	–
Depreciation/amortization, opening balance	-662	–	–	–
Depreciation/amortization for the year	-2,033	-662	–	–
Translation difference for the year	20	–	–	–
Accumulated depreciation/amortization, closing balance	-2,675	-662	–	–
Carrying amount	7,262	9,124	–	–

Note 17 • Land and buildings

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of acquisition, opening balance	825	825	–	–
Accumulated cost of acquisition, closing balance	825	825	–	–
Depreciation/amortization, opening balance	-825	-825	–	–
Accumulated depreciation/amortization, closing balance	-825	-825	–	–
Carrying amount	0	0	–	–

The property Section E, no. 72 “La Croix Brisée” is located in Pont-l’Évêque in Normandy and accommodates Balogh’s assembly and testing unit.

Note 18 • Leasehold improvements

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of acquisition, opening balance	2,530	2,657	–	–
Sales and disposals	–	-181	–	–
Translation difference for the year	218	54	–	–
Accumulated cost of acquisition, closing balance	2,748	2,530	–	–
Depreciation/amortization, opening balance	-2,370	-2,229	–	–
Depreciation/amortization for the year	-169	-282	–	–
Sales and disposals	–	181	–	–
Translation difference for the year	-209	-40	–	–
Accumulated depreciation/amortization, closing balance	-2,748	-2,370	–	–
Carrying amount	0	160	–	–

Note 19 • Equipment, tools, fixtures and fittings

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of acquisition, opening balance	12,378	9,931	3,265	3,265
Purchases	1,224	1,447	143	–
Taken over at acquisition	284	1,029	–	–
Sales and disposals	-549	-189	–	–
Translation difference for the year	683	160	–	–
Accumulated cost of acquisition, closing balance	14,020	12,378	3,408	3,265
Depreciation/amortization, opening balance	-9,530	-8,934	-3,265	-3,265
Depreciation/amortization for the year	-1,199	-599	-20	–
Sales and disposals	265	189	–	–
Translation difference for the year	-246	-186	–	–
Accumulated depreciation/amortization, closing balance	-10,710	-9,530	-3,285	-3,265
Carrying amount	3,310	2,848	123	0

Note 20 • Participations in Group companies

Parent Company					Carrying amount	
Company	Corp. id. no.	Reg. office	Number	Share of equity, %	12/31/2019	12/31/2018
TagMaster Incentive AB	559005-4374	Stockholm	50,000	100	50	50
CitySync Limited	03791347	Stevenage	15,000	100	35,174	35,174
SA Balogh International	380 591 933	Clichy	151,949	100	5,204	5,204
CA Traffic Limited	2964439	Aylesbury	1,000	100	32,370	32,370
Magsys SA	444 799 035	Biarritz	11,320	100	13,317	13,317
Sensys Networks Inc.	C2435981	Berkeley	100	100	166,424	–
					252,539	86,115

SA Balogh International

Company	Corp. id. no.	Reg. office	Number	Share of equity, %
SA Balogh	582 061 073	Clichy	31,941	100
Balogh Normandie	310 498 423	Pont-l'Évêque	5,920	100

The subsidiary Hikob was merged with the subsidiary Balogh SA during the year.
During the year, the subsidiary Sensys Network Inc. was acquired. For further information, see Note 37.

Parent Company		
	12/31/2019	12/31/2018
Cost of acquisition, opening balance	86,115	86,115
Purchases	166,424	–
Carrying amount	252,539	86,115

Note 21 • Receivables from Group companies

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of acquisition, opening balance	–	–	22,788	9,288
Lending	–	–	3,569	13,611
Amortization	–	–	-3,210	–
Accrued interest	–	–	235	207
Translation difference for the year	–	–	1,136	-318
Carrying amount	–	–	24,518	22,788

Note 22 • Deferred tax assets

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of acquisition, opening balance	6,118	7,155	1,402	2,634
Used during the year	-6,823	-3,879	-3,378	-1,607
Capitalization of claims for tax loss carry-forwards	3,265	2,273	–	–
Effect on deferred tax of tax-deductible share issue costs	3,065	–	3,065	–
Capitalization of claim for temporary differences	67	375	–	375
Translation difference for the year	76	195	–	–
Carrying amount	5,768	6,118	1,089	1,402

The deferred tax asset refers to a tax loss carry-forward for the most part assigned a value. The tax loss carry-forwards attributable to the European operations amount to approximately SEK 150 million (138). None of the loss carry-forwards has a time limit. Of the loss carry-forwards, SEK 19,155 thousand (20,217) has been capitalized. Non-capitalized tax loss carry-forwards attributable to operations in the USA amount to approximately SEK 185 million. Time limits to the tax deductibility for some items among these deficits exist and will become active in 2026.

Note 23 • Other non-current receivables

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of acquisition, opening balance	1,141	1,980	–	–
Taken over at acquisition	445	–	–	–
Additional	–	105	–	–
Amortized/reduced	–40	–995	–	–
Adjustment attributable to repayment in preceding year	–	–31	–	–
Translation difference for the year	31	82	–	–
Carrying amount	1,577	1,141	–	–

Other non-current receivables consist of rental deposits.

Note 24 • Other receivables

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Tax assets	1,635	4,472	1,270	1,060
VAT receivable	1,806	2,079	1,159	975
Advance payments to suppliers	1,096	2,366	–	–
Other receivables	743	1,200	–	–
Total	5,280	10,117	2,429	2,035

The tax asset last year included receivables of SEK 2,937 thousand in accordance with tax rules in the UK and France, and was based in those countries on capitalized development expenditure incurred. As a result of changes in tax rules in France, the receivable was revalued during the financial year.

Note 25 • Prepayments and accrued income

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Prepaid rent	771	930	324	319
Prepaid insurance	883	758	385	323
Other prepayments	3,285	1,367	682	623
Carrying amount	4,939	3,055	1,391	1,265

Note 26 • Equity

As of December 31, 2019, the number of shares in issue was 366,188,171, with a quotient value of SEK 0.05 per share. Last year, TagMaster's 2015/2018 warrant program was exercised for the subscription of 2,483,292 shares at a price of 1.13 per share. Payment and registration of the increase in share capital was effected in the first quarter of 2019.

Note 27 • Deferred tax liabilities

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Carrying amount, opening balance	272	611	–	–
Amount claimed for the year	–	-359	–	–
Translation difference for the year	21	20	–	–
Carrying amount	293	272	–	–

Temporary differences occur in the following items.

Group	Deferred tax asset		Deferred tax liability	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Intangible non-current assets	–	135	293	272
Inventories	297	265	–	–
Tax loss carry-forwards	5,132	5,343	–	–
Warranty provisions	339	375	–	–
Carrying amount	5,768	6,118	293	272

Parent Company	Deferred tax asset		Deferred tax liability	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Tax loss carry-forwards	750	1,027	–	–
Warranty Provision	339	375	–	–
Carrying amount	1,089	1,402	–	–

Note 28 • Other provisions

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Warranty provisions	4,826	3,299	1,587	1,750
Restructuring measures	–	1,151	–	–
Additional purchase consideration, Magsys SA	2,070	1,985	2,070	1,985
Total	6,896	6,435	3,657	3,735

Warranty provisions	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Carrying amount, opening balance	3,299	5,410	1,750	3,130
Taken over at acquisition	2,429	–	–	–
Provision for the year	2,974	1,899	875	767
Settlement for the year	-1,112	–	–	–
Reversal for the year	-2,767	-4,138	-1,038	-2,147
Translation difference for the year	3	128	–	–
Carrying amount	4,826	3,299	1,587	1,750

Restructuring measures	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Carrying amount, opening balance	1,151	3,447	–	–
Provision for the year	–	1,151	–	–
Settlement for the year	-1,186	-3,590	–	–
Translation difference for the year	35	143	–	–
Carrying amount	–	1,151	–	–

The provision for restructuring measures, settled during the financial year, was personnel-related and attributable to change processes in the foreign subsidiaries.

Note 28, continued

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<i>Additional purchase consideration, Magsys SA</i>				
Carrying amount, opening balance	1,985	4,689	1,985	4,689
Revaluation of additional purchase consideration	–	–2,815	–	–2,815
Interest for the year	54	50	54	50
Translation difference	31	61	31	61
Carrying amount	2,070	1,985	2,070	1,985

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 2020. The provision is recognized at the present value of the estimated future payments required to settle the additional purchase consideration. The nominal amount is SEK 2,089 thousand (EUR 200,000).

Note 29 • Non-current liabilities

<i>Liability, composition arrangement</i>	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Non-current portion	8,441	9,496	–	–
Current portion	1,221	1,213	–	–
Total	9,662	10,709	–	–

<i>Maturing more than 5 years after the balance sheet date</i>	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Other liabilities	–	3,420	–	–
Total	–	3,420	–	–

Other non-current liabilities relate to debts of SEK 8,441 thousand (9,496) included in Balogh's composition arrangement, in which the creditors opted to have repaid to them over eight years.

Note 30 • Pledged assets

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<i>Assets pledged for liabilities to credit institutions</i>				
Corporate mortgages	21,800	21,800	21,800	21,800
Total	21,800	21,800	21,800	21,800

Note 31 • Liabilities to credit institutions

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Non-current portion	38,305	3,500	38,305	3,500
Current portion	17,657	2,000	17,657	2,000
Total	55,962	5,500	55,962	5,500

Liabilities to credit institutions consist of a bank loan of USD 5.4 million, which was raised to finance the acquisition of Sensys Networks Inc. The loan has a maturity of five years with straight amortization. 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 amortization). The LIBOR rate has been hedged at 1.65% via an interest rate swap. The market value of the interest rate swap at December 31, 2019 was SEK 27,000. Debt was reduced via loan acquisition costs of SEK 905 thousand. As of December 31, 2019, the remaining amount to accrue over the term of the loan amounts to SEK 827 thousand.

Note 32 • Bank overdraft facilities

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Overdraft facilities granted	39,951	12,000	39,951	12,000
Unutilized credit on balance sheet date	-33,474	-12,000	-33,474	-12,000
Utilized credit on balance sheet date	6,477	0	6,477	0

Note 33 • Other liabilities

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Advance payments from customers	2,287	3,348	462	106
VAT and other tax-related items	1,121	2,459	453	427
Liabilities, composition arrangement – Balogh	1,221	1,213	–	–
Other	784	1,184	–	–
Carrying amount	5,413	8,204	915	533

Note 34 • Accruals and deferred income

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Personnel-related costs	25,046	9,461	5,239	2,743
Other accrued expenses	8,490	8,420	2,323	4,253
Deferred income	9,263	534	–	–
Accrued sales commission payments	937	550	723	550
Carrying amount	43,736	18,965	8,285	7,546

Note 35 • Non-cash items

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Depreciation/amortization	30,851	11,957	39	–
Provisions and accrued costs	9,404	-1,805	-163	-1,380
Translation difference, internal transactions	0	-98	–	–
Capital gains from non-current assets	-9	0	–	–
Total	40,246	10,054	-124	-1,380

Note 36 • Cash and cash equivalents

	Group		Parent Company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash	0	10	–	–
Bank balances	37,933	20,287	1,597	3,621
Short-term investments	3,360	–	–	–
Total cash and cash equivalents	41,293	20,297	1,597	3,621

Note 37 • Acquisition of business

On June 13, 2019, TagMaster AB acquired 100% of the shares in Sensys Networks Inc.

Fair value of acquired assets and liabilities assumed

Goodwill	145,479
Property, plant, and equipment	285
Non-current financial assets	452
Current assets	71,610
Cash and cash equivalents	24,475
Non-current liabilities	-2,426
Current liabilities	-73,446
Total fair value of acquired net assets	166,429

Since the date of acquisition, Sensys Network has accounted for SEK 74,870 thousand in net sales and SEK -20,212 thousand (including goodwill amortization of -15,813 thousand and -9,470 thousand in non-recurring acquisition-related costs) in operating profit. As the investment in Sensys Networks is long-term and strengthens the Group in a strategic area of technology, and as clear synergy benefits have been identified, a goodwill amortization period of 5 years is considered justified.

Note 38 • Significant events after the end of the financial year

The Board of Directors recognizes that the outbreak of the Covid-19 virus might have an adverse impact on the Company's performance in the New Year, but the Board is currently unable to judge the extent of that impact. The Board is actively monitoring developments and is continuously taking actions to limit the impact. For example, we are embarking on a program of reductions in our operations in Sweden, the UK, France and the USA to proactively mitigate the changes in supply and demand caused by the global coronavirus pandemic. The program includes short-term lay-offs, a shortened working week, changes in purchasing practices and general cost cutbacks.

Based on liquidity forecasts that we have performed, based on the above actions, our view is that the Company's future has been secured for the foreseeable future.

Note 39 • Appropriation of profit

(Amounts in SEK)

Proposed appropriation of the Company's profit

The following unappropriated profits are available to the AGM:

retained earnings	46,628,772
Share premium reserve	171,454,976
net profit for the year	12,175,664
	230,259,412

The Board proposes that:

this sum be carried forward	230,259,412
	230,259,412

Signatures

Kista, March 20, 2020

Rolf Norberg
Chairman

Örjan Johansson

Magnus Jonsson

Gert Sviberg

Juan Vallejo

Jonas Svensson
Chief Executive Officer

Our audit report was submitted on March 24, 2020

Mazars SET Revisionsbyrå AB

Anders Bergman
Authorized Public Accountant

Audit report

To the Annual General Meeting of TagMaster AB (publ), corporate ID number 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 2019 financial year. The company's annual report and consolidated accounts are included on pages 31–57 of this document.

In our opinion, the annual report and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and in all material respects give a true and fair view of the financial position of the parent company and the group as at December 31, 2019 and their financial performance and cash flow for the year then ended in accordance with 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 of particular relevance

We would like to draw attention to Note 38 in the financial statements – Significant events after the end of the financial year. In the note, the Company describes the actions it has taken in preparation for various scenarios arising from the Covid-19 outbreak. It cannot be ruled out that the Company's future performance may be affected as a result of the current situation. We have not modified our statement in this regard.

Information other than the annual report and the consolidated accounts

This document also contains information other than the annual report and the consolidated accounts and can be

found on pages 1–30. 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.

Responsibility 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. 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.

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 REGULATORY REQUIREMENTS

Opinion

In addition to our audit of the annual report and consolidated accounts, we have examined the administration of the board of directors and the CEO of TagMaster AB (publ) for the year 2019 and the proposed appropriation of the Company's profit or loss.

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

Basis for opinion

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

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

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

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

The board is responsible for the organization 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 organization 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 judgment 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, March 24, 2020
Mazars SET Revisionsbyrå AB

Anders Bergman
Authorized Public Accountant

Board of Directors



Rolf Norberg

Chairman
Born: 1949
 Chairman and Board member since 2012
Shareholding: 2,602,857 shares
Education: Doctor of Engineering, KTH Royal Institute of Technology in Stockholm
Previously worked for: Sandvik, Securitas, ASSA ABLOY and Niscayah



Örjan Johansson

Board member
Born: 1960
 Board member since 2016
Shareholding: 0 shares
Education: Master of Science in Engineering, Lund University
 Owner of consultancy firm Bluewise AB
Previously worked for: TA Control Incentive Group, Ericsson Mobile Communication AB and Anoto AB



Magnus Jonsson

Board member
Born: 1966
 Board member since 2012
Shareholding: 641,187 shares
Education: IHM International Marketing Management
 Works as an independent consultant
Previously worked for: Aritech, GE, ASSA ABLOY, Niscayah and Imtech Nordic



Gert Sviberg

Board member
Born: 1967
 Board member since 2012
Shareholding: 50,000,000 shares
Education: Marine engineer
 Owns several companies and works as a property developer



Jonas Svensson

CEO and deputy Board member
Born: 1962
 Board member since 2012
Shareholding: 5,480,292 shares
Education: Master of Science in Business and Economics, Lund University
Previously worked for: Kinetico Inc. Smarteq Wireless, American Express, SEB and Siemens



Juan Vallejo

Board member
Born: 1957
 Board member since 2019
Shareholding: 0 shares
Education: Master of Science in Engineering, KTH Stockholm
Previously worked for: Imtech, Niscayah and Securitas

Group Management



Jonas Svensson

Chief Executive Officer

Born: 1962

Employee since: 2012

Shareholding: 5,480,292 shares

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

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



Keith Mann

Operation Director UK

Born: 1955

Employee since: 2011 (CitySync Ltd)

Shareholding: 0 shares

Education: Higher National Certificate in Electrical Engineering, Dundee

Previously worked for: ISS, BenchMark Electronics, Flextronics and SCI



Johan Franzén

Chief Technology Officer

Born: 1971

Employee since: 2005

Shareholding: 123,000

Education: Master of Science in Engineering, Chalmers University of Technology, Gothenburg

Previously worked for: Ericsson and Optillion



Peter Gröntved

International Sales Director

Traffic Solutions EMEA

Born: 1964

Employee since: 2015

Shareholding: 0 shares

Education: Master of Science in Business Administration & Economics, Copenhagen Business School

Previously worked for: Michelin, ASSA ABLOY, Grohe and ThyssenKrupp



Margaretha Narström

Chief Financial Officer

Born: 1967

Employee since: 2016

Shareholding: 518,400 shares

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

Previously worked for: Deloitte, JM and the Swedish Tax Agency



Anne-Françoise Meistermann

Operation Director France

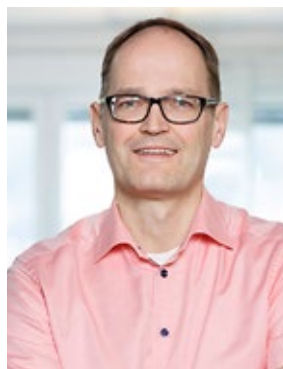
Born: 1973

Employee since: 2016 (Hikob)

Shareholding: 0 shares

Education: Master's Degree of Science in Engineering, ICAM, Nantes, France

Previously worked for: L'Oréal and Medtronic



Peter Almgren

Marketing Director

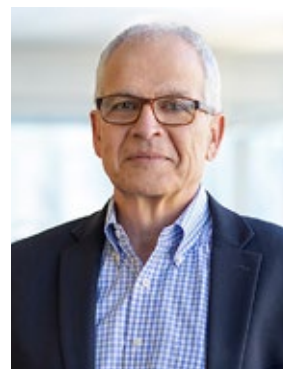
Born: 1968

Employee since: 2019

Shareholding: 0 shares

Education: Master of Business Administration, Marketing & Organization, University of Stockholm

Previously worked for: Trintech Inc, AdraSoftware A / S, Dagens Industri and Deltec Inc.



Amine Haoui

CEO, 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

GLOSSARY

AI

Artificial intelligence

ANPR

Automatic Number Plate Recognition

ATP

Automatic Train Protection

AVI

Automatic Vehicle Identification

CBTC

Communications-based train control

CCTV

Closed Circuit Television

EMEA

Europe, the Middle East and Africa

Infomobility

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

I2X

Infrastructure-to-everything is a technology that allows the infrastructure (street lights, stoplights etc.) to communicate with moving parts of the traffic system around them, i.e. vehicles, bicycles, pedestrians etc, using short range wireless signals

IoT

Internet of Things

IR camera

Infrared Camera

ITS

Intelligent Transport Systems

MaaS

Mobility as a Service

NASP

National ANPR Standards for Policing

NRE

Non-Recurring Engineering

OCR

Optical Character Recognition

RFID

Radio Frequency Identification

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

UHF

Ultra High Frequency

DEFINITIONS

Adjusted EBITDA margin, %

Operating profit excluding depreciation (EBITDA) and non-recurring costs directly attributable to acquisitions, in relation to net sales for the year.

Asset turnover ratio

Net revenue for the year divided by average capital employed.

Earnings per share

Profit/loss after tax, in relation to average number of shares.

Equity ratio, %

Equity, in relation to the balance sheet total.

Gross profit margin, % Net sales less the value of goods and services sold, as a percentage of net sales.

Market price

Price paid on the Nasdaq First North market on the last trading day for the year.

Operating margin, %

Profit/loss before financial items, in relation to net revenue for the year.

Operating profit before depreciation and amortization (EBITDA)

Operating profit excluding depreciation and amortization.

Return on equity, %

Profit after tax in relation to average equity.

ADDRESSES

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