

Annual report 2013



TagMaster

Identification you can trust



About TagMaster

TagMaster is an application driven technology company that designs and markets advanced radio frequency identification (RFID) systems and information products for demanding environments. Application areas include vehicle access control, rail bound transportation and logistics , in order to increase efficiency, security, convenience and to decrease environmental impact. TagMaster has dedicated agencies in the US and in China and exports mainly to Europe, Middle East, Asia and North America via a global network of partners, systems integrators and distributors. TagMaster was founded in 1994 and has its headquarters in Stockholm. TagMaster is a public company and its shares are traded on First North stock exchange in Stockholm, Sweden.



Planning and implementation of the Alstom project

TagMaster AB Annual Report

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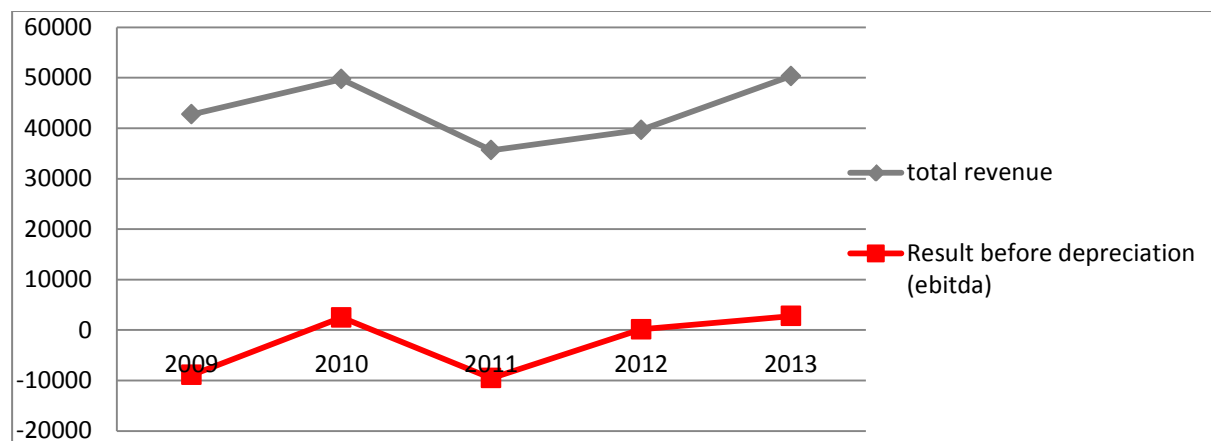
2013 in summary

- *The best result since 2004 for TagMaster*
- *Clear focus on Traffic Solutions and Rail Solutions*
- *Continued sales increase through focus on the business*
- *First major order from Trafikverket in Sweden received*
- *The new UHF program established*
- *New UHF product, XT-1, developed especially for Traffic Solutions*
- *Project for Alstom finished and delivered to a satisfied customer*

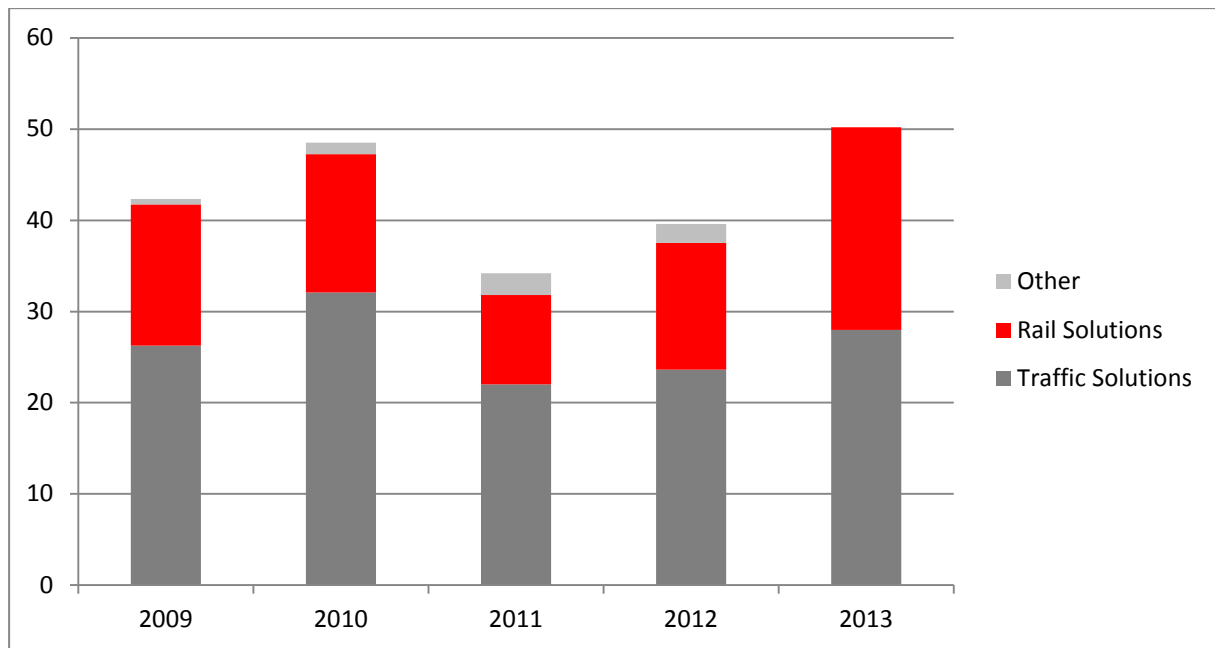


TagMaster 2009-2013 in summary

Income statement	2013	2012	2011	2010	2009
Result (SEK 000)					
TagMaster AB (publ.)					
Net revenue	50 196	39 616	34 190	48 515	42 373
Activated work for the company		0	1 011	1 197	386
Other revenue	148	64	436	0	0
TOTAL REVENUE	50 344	39 681	35 636	49 712	42 759
Costs					
Purchased goods	-20 811	-16 881	-17 291	-21 825	-18 350
Other external costs	-13 587	-12 050	-10 615	-8 495	-12 242
Personnel costs	-13 007	-10 317	-15 585	-14 905	-20 804
Other costs	0	-185	-402	-2 007	-278
Items affecting comparability	-163	-94	-1 269	0	0
RESULT BEFORE DEPRECIATION (EBITDA)	2 776	154	-9 524	2 479	-8 912
Depreciation and writing off	-961	-1 283	-1 768	-1 092	-699
RESULT AFTER DEPRECIATION (EBIT)	1 815	-1 130	-11 292	1 386	-9 611
Financial income and costs	-303	-4 336	-1 973	-185	-196
RESULT FROM THE YEAR	1 512	-5 466	-13 265	1 201	-9 807



Key figures	2013	2012	2011	2010	2009
Operating margin	3,6	-2,8	-33,0	2,9	-22,7
Net margin	3,0	-13,8	-40,6	2,5	-23,1
Solidity	27,5	25,7	30,2	44,2	34,8
Return on Capital (ROC)	31,2	-133,6	-201,2	13,5	-85,2
Return on capital employed (ROCE)	10,0	-34,4	-56,7	6,1	-41,4
Result per share SEK	0,01	-0,05	-0,16	0,02	-0,21
Average number of employees	13	12	18	17	19
Average number of shares 000	107732	102695	80570	58144	47506
Number of shares end of period 000	107732	107732	95360	58506	47506



Distribution of sales per product segment 2009-2013



Introduction by the chairman



We came into 2013 with a very cost efficient organization and with focus on our business. We had a new and experienced CEO and we had started to show growth during 2012. We also early in the year received the confidence from Alstom in France to develop new technology based on TagMaster's qualified products for a new project. The ambitions for 2013 was continued growth, to achieve profitability and to have continued focus on cash flow. The last factor is very important not to say absolutely crucial especially for smaller companies and with the history of TagMaster with several years of major losses a condition for survival.

We can now look back at 2013 with pleasure and a cautious optimism for 2014. We have achieved both growth and profit. We have built on the confidence there is for the company's quality products and we have delivered a good product to Alstom.

Our two main businesses, Transportation or as we call it to make it even more clear **Rail Solutions**, and Access/Parking which now is **Traffic Solutions** have both shown growth during the year. In Traffic Solutions we have increased the number of distributors and in

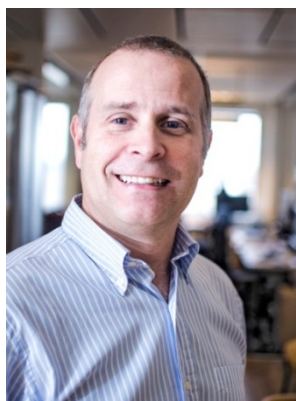
Rail Solutions we have had some extra push by the Alstom project. We have also tried to streamline these business lines and to give them more focus. We have then found that it is Traffic Solutions which has the quickest growth opportunities and also a big untapped potential in existing and adjacent segments. Traffic Solutions is also the area which has the shortest decision time and the biggest potential for business in the short run.

The growth became as much as 27% compared to 2012 and EBITDA almost 2,8 MSEK, the best result for TagMaster in 10 years. The cash flow from the ongoing business was positive for the full year. It is, however, punished by payments of one time character during the year and which relate to reservations from 2012. Receivables were also higher than normal at the year end due to strong sales at the end of the year, something which has been adjusted during the first quarter.

After four positive quarters we now have a relatively stable company even if a lot of work remains to be done. For 2014 we look forward to continued growth and expansion as important as well as improvement of both profit and cash flow. Continued focus on the business, establishment of the new product program in UHF for Traffic Solutions and increased sales efforts are main roads, even if acquisitions with the purpose to further strengthen Traffic Solutions not could be excluded. The base is set with a professional management in place, which has shown itself capable to lead the company in the right direction. 2014 could be an exciting year for TagMaster.

Rolf Norberg
Chairman

The CEO about TagMaster



We have during 2013 seen that most of the ambitions we had when we went into the year have shown to be relevant and have shown to be in line with what is important to us. The absolutely most important has been to show that TagMaster could become a profitable company again, after many years of major losses. I have repeatedly pointed out that we have the ambition to make TagMaster a profitable growth company and I think we have taken the first steps in this direction.

Our strategy during 2013 has been to focus on our existing customers, to focus on our established business segments and on the geographical markets where we already have a presence.

We have during the year worked with several important initiatives to set the base for future growth, of which I would like to mention a few.

The most important is that product innovation has come back on our agenda and that we see a continuous flow of innovative products with bigger customer value at lower cost which is the fundament on which long term organic growth is based on.

We have during 2013 worked with our new family of UHF products, where the launch of the first product has started during the first quarter 2014, and which will be followed by more launches during the year.

In focus for our product innovation stands the customer's need of safety, reliability, functionality, design, life cycle cost etc.

We have during the year also expanded and strengthened our business model for our Rail Solutions projects, which increases our value offering to this business segment. We widen our offering by offering three different part offerings which are project engineering, products and aftermarket service. They all fit very well together and they give our customers better possibilities to share our expert knowledge while we at the same time build better business relations. Commercially we also create three different revenue streams contributing positively to our profitability.

Finally I would like to mention that we have started to change our supply chain so it could work for a growth company with the scalability we wish. Flexibility and efficiency are the leading words in the work on processes with suppliers and contract manufacturers.

TagMaster is entering 2014 as a more stable company compared to previous years, but we need to increase our volumes substantially to come further and take the next step in building our company. We have therefore identified Traffic Solutions as the segment, which will have the best prerequisites for growth short term and we will therefore also strengthen and refine our offerings in this segment during 2014.

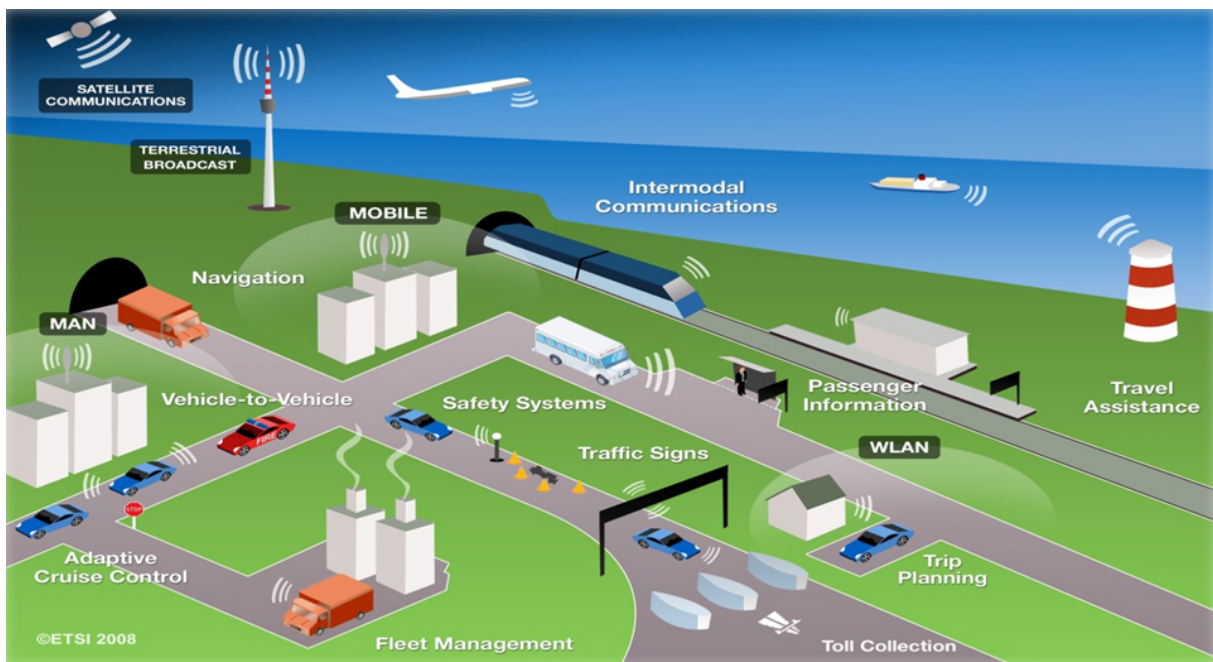
Our new UHF products will contribute with the main part of our growth for the next few years to come, but we also see that we with selective acquisitions could complement our product portfolio with the purpose to increase the value and the attraction of our customer offering.

Referring to the above I would like to thank all my colleagues for good work during a very demanding period for the company. We can be happy about, even if we are not satisfied, the strength we have started to build during the last two years. Now we stand in front of exciting challenges to increase our growth and profits further and I am optimistic about 2014 to contribute to this.

Jonas Svensson, CEO

Our vision, mission and position

Vision, TagMaster should be the preferred supplier globally of reliable identification solutions for intelligent traffic solutions. **Mission**, TagMaster should deliver robust, reliable, easy to install and easy to use identification solutions for demanding environments. **Position**, Identification you can trust

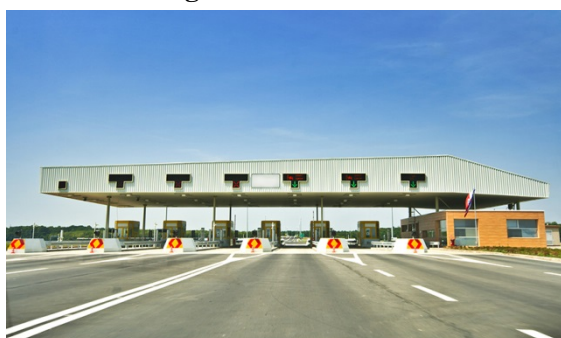


Customers and business areas

TagMaster has established customer relations all around the world. With more than 150 partners in more than 50 countries there is a lot of activity with TagMaster products and solutions around the clock. The number of users and applications are increasing mainly due to the fact that TagMaster solutions are very reliable in demanding environments and thereby also offers an easy to install solutions with very low maintenance cost.

Parking garages, public transport priority signaling and toll roads are examples where TagMaster solutions have proven their performance. Another important area is in rail bound commuter trains and underground systems as well as on national railroads to keep track on positioning as well as on rolling stock, not the least to detect and act on service needs in time and thereby save costs and improve safety.

Access/Parking – Traffic Solutions



Fast automatic access for toll roads

The business area Access/Parking has during the year come to become clearer as **Traffic Solutions**, which better describes the area. Through increased focus on our customers we have also seen that we can make products based on TagMaster's proven solutions which better meets the needs of the segment. This has resulted in a new product family in the UHF-area which is launched during Q1 2014.

The TagMaster distribution network has for a long time been composed of a few major distributors, a few traditional distributors and a lot of integrators in security/access control as well as in parking business. This business is to a very great extent characterized by many small orders related to single projects. This is especially valid for the many integrators. During the year a systematic work has been started to complement this network with more distributors in strategic markets. The purpose is to establish a network of distributors who can provide local service to even more integrators while the size of orders to TagMaster will increase.

As the Traffic Solutions market is growing we see many of our existing partners in this segment looking for suppliers who can deliver the different technology products needed to enable the design of intelligent traffic solutions.

Transportation – Rail Solutions



*Train moving on the tracks at CTA (Chicago Transit Authority) Station in Chicago.
Accurate identification and positioning of trains and individual wagons.*

The business area Transportation has also been strongly focused during the year and we have had some better understanding of the area, which is very well characterized by the term **Rail Solutions** and which we will use from now on. TagMaster's robust products with a

high degree of built-in functionality are very well suited for this segment.

Rail Solutions sales are very much project oriented. Every project is big and often quite complex. It is complex in the sense that there is much more sharing of knowledge between TagMaster and its partner. This is necessary to find the best way to explore the advantages of the TagMaster technology. In this area the TagMaster team in Sweden need to be in direct contact with the engineering teams of the partner and the sale is often also including some technical adaptation to a specific solution requested by the customer. This can be anything from small adjustments to major NRE (Non Recurrent Engineering) efforts paid by the customer.

Bombardier, a leading rail and rail signaling provider globally has for many years been a regular partner in this field for TagMaster. A major NRE project has been delivered during the year to Alstom in France. SST (part of Voest Alpine Group) a supplier of quality surveillance of vehicles is using TagMaster solutions regularly for several years. This is also valid for Thales, also a major signaling company, which has adopted TagMaster

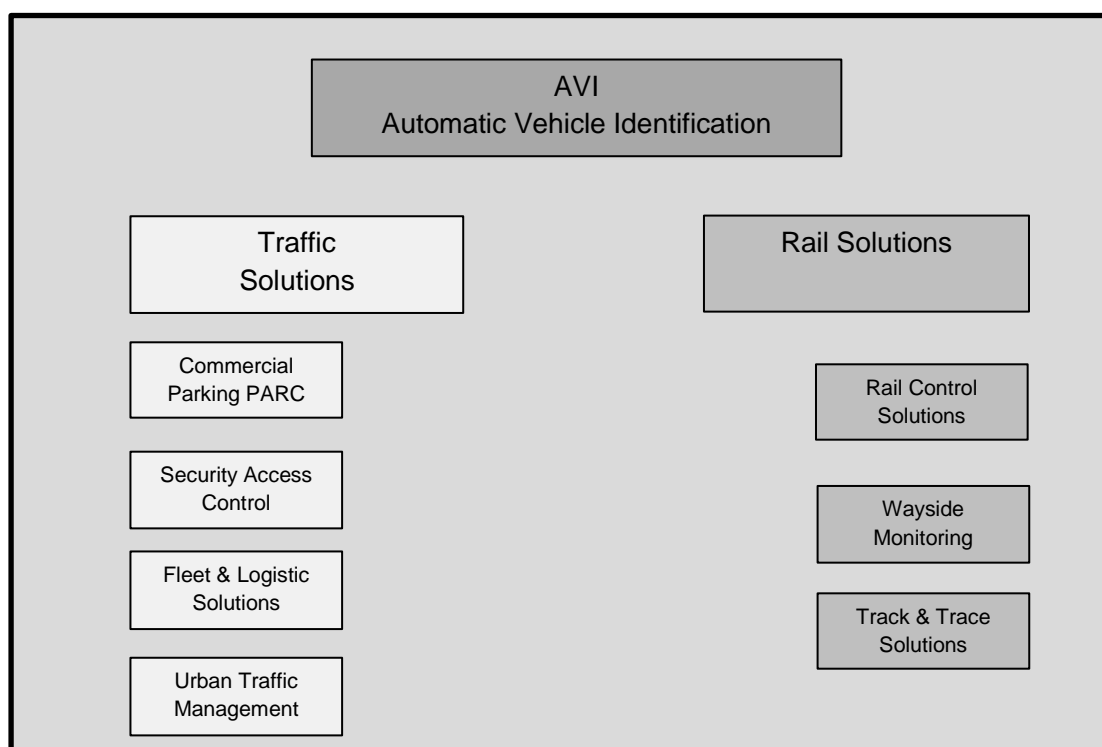
solutions. During the year, Trafikverket in Sweden has made its first major order for TagMaster products intended for control and surveillance of the rolling railway stock in Sweden. The project is followed by their fellow organizations controlling the rail networks throughout Europe.

Partners

As has been already mentioned above new partners have been appointed and the work to establish more partners continues. Apart from the two distributors in The US and in China there are now also distributors in Sweden (Copiix), South East Asia (TagMaster sales function), Italy (Generale), Spain (Simec), The Gulf States (Omnitec) etc.

Business areas

Below you find a picture of TagMaster's addressable market and its most important part segments. The segment showing the most dynamics and at least in the short perspective, the biggest growth opportunities is Traffic Solutions. TagMaster is therefore investing in this segment with a new product family and also other efforts to further strengthen its position in this segment.



The market for TagMaster

The definition Traffic Solutions better characterizes what we focus on today, but it also opens up new opportunities. There are huge number of companies working in this area and their technology is more and more often used together with or sometimes in competition with TagMaster. They could be based on RFID or other technologies. Through a visible presence in this market new opportunities to grow are created, organically as well as through acquisitions.

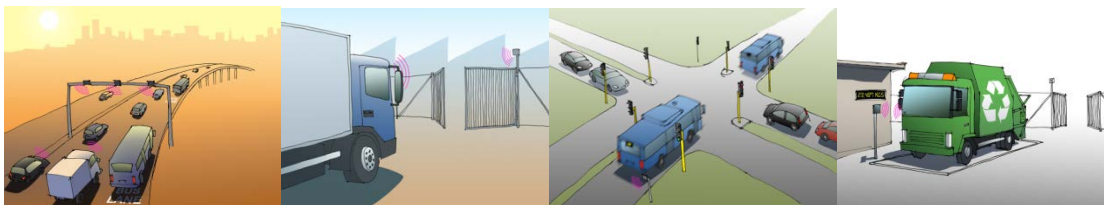
The driving forces in the Traffic Solutions market are among others the increasing urbanization leading to a great need for reducing traffic crowds and combustion caused by these. There are investigations showing that one third of all traffic crowd in cities come from cars looking for a parking place.

The part segments which we have identified as reachable are in parking control, electronic toll systems and urban traffic control. Together these segments are multibillion markets where our identification products are a smaller but necessary component to make the systems work. Apart from our products sensors, detectors and camera technology is used to provide the information necessary to build what you call smart cities.

The growing RFID market is divided into many application areas. The TagMaster is today active in a few of these while both microwave and UHF technologies are used in more areas and offer advantages in many more.

The market is divided into many application areas with several different technologies. TagMaster's products and solutions reside in an upper segment where demands are very high and thereby also the price level per item is substantially higher than in the mass market of RFID. A large market in volume is also access control in general for doors and gates. A part of this market has more advanced requirements and this market is in focus for TagMaster Traffic Solutions.

Looking at application areas where TagMaster is active today active, Rail Solutions and Traffic Solutions, they are both composed of several parts where large volumes are found in the low end of passenger tickets. There is, however, also a high end of mass transport control systems connected to the signaling and train control systems. In these applications TagMaster solutions do have a given position and there is also much room for growth. TagMaster has during the year widened and also further specified its offering to this segment and the customer offering is now in addition to products also engineering and service. The purpose with this "new" service offering is not to change TagMaster into a consulting company. The projects are always connected to product deliveries from the company and they emphasize the value adding element of the qualified support its customer receive, both for adaptation of products and for designing in the products in new projects and to maintain a good function.



Competition

The market for RFID is a market of many players worldwide. There are also several application areas of RFID with different technologies. The biggest segments are by far ticketing, shop lifting protection and access control. These are also areas with very tough competition and price is always an issue or even the issue. Especially the tags are down to cents and also readers need to be very cost efficient and are price sensitive due to the volumes used in these applications. On every bus or train, in every shop and at every door.

TagMaster is active in a different area of highly demanding applications, but where performance is the real issue.

What counts is:

- Reading distance
- Reading speed
- Robust design
- Climatic resistance – rain, snow, high and low temperature
- Environmental stress – magnetic and electric fields
- Dirty environments
- Mechanical stress – vibration and shock
- Reliability to safeguard safety and security under all these conditions

In this area there are also competitors specialized in different applications like transportation and train safety, parking access, public transport monitoring and control, toll roads etc.

The main competitors on the international market are small specialized companies as well as departments or smaller daughter companies

in bigger company Groups. Competition is found in several European countries as well as in the US and in Asia. Globally and altogether it is a pretty fragmented market with many small actors. This opens up for interesting opportunities consolidating this market.

Another form of competition is found in other technologies, which may serve a similar purpose as RFID in certain applications. This includes GPS positioning, other RF systems like Bluetooth and Wi-Fi, There are also things like ZigBee and NFC (Near Field Communication). LPR (License Plate Recognition) is another technology which has come up strongly and often is seen both as a complement and a competitor to the RFID solutions of TagMaster.

By clarifying our focus on Traffic Solutions and Rail Solutions we open up new opportunities. We will find a base to look for closer cooperation with competitors providing other technologies as well as with companies working in adjacent areas and who complement our offering in RFID. It could be with other RFID solutions or with some other technology. Something which is used more and more often in Traffic Solutions is LPR, vehicle detection and vehicle positioning. Parking Guidance is also a new area which has started to influence installations made today.

In Rail Solutions we are coming closer to our customers through our new services and we will through this better understand their needs and thereby also strengthen our already powerful offering.

Growth opportunities

TagMaster is active in the area of Intelligent Traffic Solutions. It is an area in strong growth as a consequence of increasing urbanization and a following need of more efficient rail bound as well as road bound communication. It is now necessary both to make traffic more efficient and to allow a great number of people to travel to and from their work and to save the environment. So called Smart Cities have become an important concept and an important driving force to develop new solutions for better communication.

TagMaster has products, readers and tags, in the microwave area (2,45 GHz) and in the UHF area (860-930 MHz), which is becoming increasingly popular. Both technologies have their advantages for different applications, speed, reading distance, noise immunity, price and total cost. The TagMaster products are for both areas in the high performance segment, very robust, working in all sorts of tough environments. TagMaster can also add very important know-how about RFID. This know-how is coming from the deep knowledge about the technology used, but also from the many different applications for which the TagMaster products have already been used.



Our LR-Long Range RFID reader installed in Pistoia, Italy by our partner, Generale Sistemi Srl.

For many applications in Traffic Solutions the microwave technology has advantages. The new reliable UHF technology from TagMaster is also expected to take market share during the years to follow. From the first quarter 2014 there is also a new reader family in the UHF area from TagMaster specially designed for the segment Traffic Solutions. It is considered the best price/performance offering in the market.

Through increased focus on Traffic Solutions the potential for growth in the segment is considered to be quite substantial. By complementary offerings from partners and adjacent technologies the potential is very interesting for the years to come. It could be the base for creating interesting and cost efficient part solutions based on complementary technologies. Acquisitions in this area should not be excluded.

The segment Rail Solutions is focused on rail bound solutions for mass transit and national rail. With the TagMaster experience and know-how and with reference to the advanced solutions where the products have shown their performance, there is a very good potential to add further train and signaling manufacturers to the customer list. This is a work with high priority during the years to come. It is also important to deepen the cooperation with the actors in the area and we could expect more of engineering projects like the one we have made during 2013 for Alstom, smaller as well as bigger.

TagMaster will continue to be open to new opportunities and to develop the competence in new areas, but also make more of the areas we have already proven successfully.

In summary, TagMaster is a small player in a big market with a good growth potential. The future success depends on the company's ability to explore the opportunities.

Targets and strategy

A growing company is also interesting to work for. It provides opportunities for personal growth and development and it attracts good and skilful people. TagMaster now shows, after a period of stagnation and downturn, signs of being a growing organization. The first steps have been taken to create the requisites for continued growth.

Strong management

This starts with the board and the top management. There is a need to share the vision where to go and there must be a strong CEO to lead the business forward on a daily basis. The CEO is in place since late 2012 and the vision and strategy has started to take a more solid form. The next step is for everyone to understand and share the Vision, owners, the board, the CEO and the employees. Vision and Strategy has been discussed a lot in the board during the year and now is an form which could be communicated. It is visualized in this annual report.

A strategy

Based on the vision there is need to also have a strategy. What should the company focus on? What customers and applications should be the ones we build our business on? What products do we need to go forward with these customers and applications? Through focus on the two areas ***Traffic Solutions*** and ***Rail Solutions*** we have decided where to look for our successes. By limiting ourselves and focus we have created a platform to become a strong and may be even leading actor in these fields. TagMaster should play an important role for future ***Intelligent Traffic Solutions***.

The organization and the economy in control

The company is not so big and the organization is clear and it is in place. Economy/financials is still strained after the many years of major losses, but it is successively improving as the company shows profit. To increase speed

through organic growth, increased sales efforts, continued product development which has been taken up during 2013 and to enable expansion through acquisitions there may be a need to increase the capital.

Profitable business

The company is profitable today.

Growth

The strategy and organization are proving themselves by creating growth.

Further growth

Further growth and stronger growth could be achieved both organically and through acquisitions. There must be sufficient financial strength to finance the increasing stock and receivables following the organic growth and to take the risks which always follows on an acquisition. The strengths of the company should also be such that the acquired company could benefit from being acquired or that 1+1 becomes more than 2.

Targets

TagMaster should grow with 15% per year or more as average over a 5 year period. The EBIT should be more than 10% as average over the 5 year period and the business should be cash flow positive. By the result 2013 we have taken one step closer, but we are not there yet.

Strategy

TagMaster should through developing the distribution network and by working actively and close with the customers grow in the segment Traffic Solutions. The company should also through maintaining good relationships and by giving active support to existing customers in the Rail Solutions develop this business. TagMaster should also actively look for new customer in this segment.

TagMaster in the world



Vodafone Italy



New Ferrara T.U.A

Generale Sistemi Srl, Italy. Installation of LR-Long Range RFID readers with Vodafone and Ferrara Italy.



CardService , Schweiz. Installation of our UHF readers, XT-3, at The Opera's parking garage, in Zürich



TagMaster North America Inc USA. Installation at Queen City Square Tower USA.
With four entrance/exit and 2,200 parking spaces, TagMaster's AVI enables regular parkers to enter and exit the garage . 16 of TagMaster's LR-6 long-range RFID readers and 2500 TagMaster MarkTag MeM ID-Tags were used and distributed to regular parkers made up of business employees and VIPS as well as 50 MarkTag Classic ID-Tags on Lanyards for the use of Valet for garage entry.



TagMaster China's. Installations in China with LR-Long Range RFID readers



Omnitec Security Systems LCC Dubai, United Arab Emirates. Installation of XT-3 UHF readers.

Financial review

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Director's report

The board and the CEO of TagMaster AB (publ.), corporate identity number 556487-4534, hereby present the following annual report for 2013.

The business

TagMaster develops, get manufactured, markets and sells products, readers and tags, in the microwave area (2,45 GHz) and in the UHF area (860-930 MHz), which is becoming increasingly popular. Both technologies have their advantages for different applications, speed, reading distance, noise immunity, price and total cost. The TagMaster products are for both areas in the high performance segment, very robust, working in all sorts of tough environments. The products all have high resistance to heat, cold, snow, ice, rain, vibration, dirt, electric noise and RF disturbance etc. What TagMaster also adds as a very important customer value is know-how. This know-how is coming from the deep knowledge about the technology used, but also from the many different applications for which the TagMaster products have already been used.

Typical application areas for TagMaster's products are:

- Access control for parking in independent parking systems or as part of an access control system including entrances and doors and for which other technology is used.
- Positioning of rail bound traffic to position trains, make traffic more efficient and for providing passenger information
- Priority systems for public transport in crossways and public transport lanes.

2013 in summary

Sales and result

For 2013 the company shows a net sales of 50,2 MSEK (39,6). The result after tax is 1,5 MSEK (-5,5), which corresponds to 0,01 SEK (-0,05) per share (totally 107,731,708 and 102,695,031 average number of shares during the year respectively).

By having a clear focus on customers and business during the year a substantial improvement has been achieved in both sales and result compared to the previous year, Growth has been achieved in the two main business segments as well as for the established 2,45 GHz products and the new UHF products.

The result from the ongoing business (EBITDA) was positive for the year.

Costs during 2013 were 26,6 MSEK (22,7).

The result for 2013 of 1,5 MSEK (-5,5) gives a solidity at the end of the year of 27,5 % (25,8).

Liquidity

Per December 31, 2013 TagMaster had 2,3 MSEK (3,8) including unused revolving credit. The revolving credit is 4,0 MSEK (4,0) and locked funds is 0,5 MSEK (0,5). The company further has a loan from ALMI of 0,3 MSEK (0,6)

The operational cash flow has during the year been -1,2 MSEK (-0,4). Investments were 0,0 MSEK (0,0). The cash flow has been negatively impacted by costs reserved for during 2012.

After the end of 2013 locked funds of 0,5 MSEK have been released and the revolving credit has been increased by 2 MSEK.

Liquidity planning for the company is based on regular follow-up of costs and sales and also a detailed analysis of the cash flow for the next future. Liquidity and cash flow have priority in the daily work and the dialogue with creditors, suppliers and customers is continuous. The board therefore today, and based on the reduced cost structure in the company and the positive sales development we see now, makes the judgment that the company has sufficient liquidity for the coming 12 months.

Accounts receivable were 9,2 MSEK (4,4) and accounts payable were 7,8 MSEK (3,6). The inventories were 6,0 MSEK (5,8), all by December 31, 2013.

Organization

The company had in average 13 employees during 2013. The two daughter companies TagMaster Finance and TagMaster China Holding, which have both been inactive, have been liquidated during the year.

Board work

The board has met 6 times during the year. Important matters which have been dealt with are company strategy and direction, development of marketing and sales and budget for 2014. The board consists of Rolf Norberg, chairman, Joseph Grillo, Magnus Jonsson and Gert Sviberg with Jonas Svensson as deputy.

Market

As described in more detail elsewhere in this annual report, TagMaster is active with its products and solutions in a growing market, which is significantly bigger than TagMaster's present business. This is of course valid for RFID in general, but also for the niches of more qualified applications where TagMaster is active. It is therefore very important for TagMaster's future actions and success to sell actively within the chosen segments of business.

The demand for TagMaster's products has been good during the year in the two segments Traffic Solutions and Rail Solutions. There are many active requests for rail bound traffic solutions. The major engineering project for the large train and signaling manufacturer Alstom, which was received in the beginning of 2013 has been delivered successfully.

Product development

The development resources have during the year been used together with external consultants to deliver the major Alstom project and to develop a new product family in the UHF area for Traffic Solutions. Resources have also been used to actively support sales, especially within the area of Rail Solutions.

Share option program.

There is no share option program in the company.

Control balance made

Due to the development of the business in Malaysia and the following sale of the Malaysian company in

November 2012 TagMaster has suffered a major loss in capital through write down of investment and debts related to TagMaster S/B. The total capital had come very close to 50% of the share capital and according to the Swedish Companies Act, the board of directors should make a control balance, which the board of directors has done. It shows that the share capital was still above 50%.

Looking forward

We go into 2014 with four positive quarters and a profitable full year 2013 behind us. We have further increased focus on our customers and a clear strategy. We are cautiously optimistic about 2014 with the target to make a better year than 2013.

The main challenges for 2014 are to handle further growth with a limited capital base and to continue to focus on our cash flow.

Shareholders

TagMaster AB (publ.) is listed and the share is traded at the market place First North. TagMaster's certified adviser is Remium AB. The number of shareholders per December 31, 2013 was 1473 (1563)

Disposition of result and dividend (KSEK)

Overconsolidation fund	20 803
Bound reserves	42 751
Balanced result per 2011-12-31	-65 066
Year end result 2012	1 512

The board proposes the accumulated result 0 SEK to be balanced in a new account.

The board further proposes to decide on a dividend of 0,00 SEK for the year 2013.

Risks and risk management

General

Apart from the opportunity of TagMaster to grow and increase earnings there are also a number of different risk factors. Some of them are covered in the following but it is impossible to cover them all in this report. Other factors will always be there and depend on the global economic and political situation. These factors can also have a major impact on the TagMaster share and it could lose part of or whole its value. The following is a list of the most obvious risk factors and the ambition is not to cover everything.

Business risks

Partners: TagMaster has a number of bigger and smaller partners in more than 40 countries. These partners are distributors, resellers or integrators in the field of parking and access and within transportation. The biggest partner was in 2013 responsible for 15 % of the total sales. The five biggest partners were together purchasing 43 % of the total sales 2012. Loss of one big partner may have a significant impact on the TagMaster result at least short term. Long term the board judgment is that this could be compensated for by the company over time by other existing or by new partners.

Market economic situation: Future sales of TagMaster depend on the market situation in general, on the situation for its customers and on emerging new technology. This may be to the advantage, but also to disadvantage for TagMaster sales and thereby have a negative impact on sales, result and financial situation for TagMaster. This is even more important if there is a longer period of a weak or slow market situation.

Suppliers: TagMaster has all production and the logistic flow outsourced. This is very efficient and creates a great flexibility in the supply chain, both capacity and cost could be well controlled. But this also means that TagMaster is

very dependent on a few suppliers of which especially two are very important to TagMaster for its day to day business. If there should appear any problems with the supply from any of these suppliers it could have a negative impact on TagMaster since it would require some time to establish a new supplier. This could result in difficulties to deliver and thereby also lower sales and invoicing.

Competition: There is substantial competition in the RFID market. Both smaller and larger companies are there and the technology development is quite fast. Some of the larger companies could raise substantial financial resources, far more than a small company like TagMaster, and introduce new competitive technology. There is also the risk of small newcomers entering the market on either new technology or low price. This could impact TagMaster to become less competitive and thereby also experience lower sales.

Organization and personnel: TagMaster is today an attractive place to work with interesting and challenging technology and an international market to work for. This is important to attract and keep qualified and motivated personnel. Since it is a small organization TagMaster is, however, dependent on key personnel and anyone of them leaving may have a negative impact at least short term. The same is valid if there is a need to substantially raise salaries to attract new people. This may have a negative impact on the company cost structure.

Intellectual property: TagMaster has a number of own patents approved or applied for in a number of key markets. These patents are covering some of the core functions of the TagMaster products. TagMaster is also a registered trade mark. TagMaster also owns its own designs even if the tag producer also has some own intellectual property in the tags they manufacture for TagMaster. All other production

is contracted according to standard agreements between buyer and supplier.

Product liability and insurance: The customers have high demands on the TagMaster products and they get very clear information from specifications and data sheets about the products. There are very thorough test programs and routines within TagMaster and together with the suppliers to make sure the products live up to these specifications. It could, however, not be excluded that claims are raised due to product failure and due to products causing unexpected damage. TagMaster has insurance to cover such events, but in case insurance is not fully covering an event this could have a severe impact on the business, the result and the financial situation of TagMaster.

Financial risks

Financial situation: Per December 31, TagMaster disposed of 2,3 (3,8) MSEK of which there is a long term loan of 0,3 (0,6) MSEK, a bank credit of 4,0 (4,0) MSEK and a bank guarantee of 0,5 (0,5) MSEK.

TagMaster will also in the future use bank and other creditors to finance its business. To borrow money on the business or the balance sheet incurs certain risks. In case of major changes in the TagMaster business the ability to raise capital may change and this may in turn raise costs for credits and more of the cash flow must be used for interest and amortization.

Capital needs: The opinion of the board of directors is today that the present budget and

plans for the next twelve months need no further financing. Depending on the market development and the sales success there is, however, a financial risk that the present financing may show insufficient. There is never any guarantee that further capital could be raised and this depends on the market for Tagmaster, the situation of the company and the situation in the capital market. In case further capital need to be raised through a share issue this may lead to dilution for the present owners.

Currency risks: Around 92 % the TagMaster business transactions are in foreign currency. The most important currencies are EUR and USD. This means that the company is exposed to fluctuations in these currencies. The company is trying to minimize these risks by balancing currencies between production and sales, by price clauses in sales agreements and by currency contracts. Currency fluctuations can still have an impact on the company result and financials.

Credit and liquidity risks: TagMaster has many customers in different countries and with different payment culture. The spread of business has led to somewhat increased payment times and thereby also to increased credit exposure. There is always a risk that a company gets payment difficulties leading to losses in the accounts receivable. There are routines to check the financial situation of new customers and of existing customers regularly. Some customers are also requested to pay in advance to reduce the exposure for TagMaster.

Income statement

RESULT (SEK 000)	Note(s)	Full year	Full year
TagMaster AB (publ)		2013	2012
Net revenue	2	50 196	39 616
Other revenue	3	148	64
TOTAL REVENUE		50 344	39 681
<i>Costs</i>			
Purchased goods		-20 811	-16 881
Other external costs	4, 5	-13 587	-12 050
Personnel costs	6	-13 007	-10 317
Other costs		0	-279
Items affecting comparability	7	-163	0
RESULT BEFORE DEPRECIATION (EBITDA)		2 776	154
Depreciation	9, 10	-961	-1 283
RESULT AFTER DEPRECIATION (EBIT)		1 815	-1 130
<i>Financial income and costs</i>			
Interest income		1	0
Interest and financial costs		-297	-141
Depreciation of shares and debts daughter companies	11	-7	-4 195
TOTAL FINANCIAL INCOME AND COSTS		-303	-4 336
PERIODIC RESULT		1 512	-5 466
RESULT PER SHARE		0,01	-0,05
NUMBER OF SHARES, average		107 731 708	102 695 031
NUMBER OF SHARES, end of period		107 731 708	107 731 708

BALANCE SHEET (SEK 000)

ASSETS	Note(s)	2013-12-31	2012-12-31
Fixed assets			
<i>Intangible assets</i>			
Balanced expenditure for development costs	9	710	1 578
<i>Tangible assets</i>			
Inventory, tools and installations	10	262	257
<i>Financial assets</i>			
Shares in daughter companies	11	0	100
Total fixed assets		972	1 935
Current assets			
<i>Stock</i>			
Goods for sale		6 010	5 777
<i>Short term claims</i>			
Accounts receivable		9 197	4 419
Other short term claims		1 023	1 183
Current tax claims		429	430
Prepaid costs and work in progress	13	1 378	519
Cash and Bank		1 397	1 607
Total current assets		19 434	13 934
TOTAL ASSETS		20 406	15 869
OWN CAPITAL AND DEBT		2013-12-31	2012-12-31
<i>Own capital</i>			
Share capital		5 386	10 773
Bound reserves		42 967	42 967
Share premium reserves		20 803	20 803
Balanced loss		-65 066	-64 987
Result from the year		1 512	-5 466
Total own capital		5 602	4 090
Provisions	13	0	31
Total provisions		0	31
Other debts	14	326	587
Debts to Group companies		0	93
Total long term debts		326	680
<i>Short term debts</i>			
Credit facility	15	3 119	1 760
Accounts payable		7 808	3 625
Other short term debts		415	1 202
Accrued cost and prepaid income	16	3 136	4 480
Total short term debts		14 478	11 068
TOTAL OWN CAPITAL AND DEBTS		20 406	15 869
SECURITIES AND CONTINGENT LIABILITIES			
Liabilities	18	7 512	7 512
Pledged assets		None	None

Cash flow analysis

CASH FLOW ANALYSIS (SEK 000)	TagMaster AB (publ)	
	2013	2012
FROM ORDINARY BUSINESS		
Result before financials	1 815	-1 130
Depreciations	961	1 283
Other non cash influencing costs	-31	10
Received interest	1	0
Paid interest and finance costs	-297	-141
Increase/decrease stock	-233	2 530
Increase/decrease accounts receivable	-4 778	-542
Increase/decrease other short term receivables	-698	140
Increase/decrease supplier debts	4 182	-1 877
Increase/decrease other short term debts	-2 131	-652
Cash flow from ordinary business	-1 209	-379
INVESTMENT ACTIVITIES		
Investment in tangible assets	-99	-179
Cash flow from investment activities	-99	-179
FINANCING ACTIVITY		
New loans	1 359	1 760
Amortization of loans	-261	-260
Cash flow from finance	1 098	1 500
PERIODIC CASH FLOW	-210	942
Cash at the beginning of the period	1 607	665
Cash at the end of the period	1 397	1 607
Cash including not used credits	2 278	3 846

Change in own capital

CHANGE IN OWN CAPITAL (SEK 000)					
TagMaster AB (publ)	Share capital	Bound reserves	Share premium reserve	Balanced result	Total own capital
Own capital 2011-12-31	9 536	42 967	19 241	-64 987	6 756
Period result				-5 466	-5 466
Prioritized emission	1 237		1 562		2 799
Own capital 2012-12-31	10 773	42 967	20 803	-70 453	4 090
Periodic result				1 512	1 512
Reduction of quote value	-5 387			5 387	
Own capital 2013-12-31	5 386	42 967	20 803	-63 554	5 602

Notes

Note 1 Accounting principles

The annual report has been set up according to "Bokföringsnämndens allmänna råd" with exception for BFNAR 2008:1. The accounting principles are unchanged compared to the previous year. Amounts are in KSEK.

At the end of the year TagMaster AB (publ.) did not own any daughter companies. TagMaster China Holding in Hongkong and TagMaster Finance AB have both been liquidated during the year.

Receivables

Receivables are booked at the value with which they are expected to be paid.

Receivables and debts in foreign currency

Receivables and debts in foreign currency are valued to the exchange rate on the balance day. Profit and loss from receivables and debts from the business are shown at net value among other business income and business costs.

Income

Sales of goods are accounted for at delivery to customers and according to the sales conditions. Sales are accounted for as net sales without VAT and after any discount has been deducted.

Leasing agreements

All leasing agreements, financial as well as operational are accounted for as renting agreements (operational leasing agreements). The leasing cost is taken as cost at even rates over the leasing period.

Stock of goods for sale

The stock of goods has been valued according to the lowest value principle, i.e. the lowest of the purchased value and the real value on the balance day.

Tangible assets

Tangible assets are depreciated systematically over the expected lifetime. The following depreciation period is applied: Inventory, tools and installations: 5 years.

Balanced expenses for development expenses

The company is balancing expenses which are qualified for activation by BFN R1. Balanced development expenses are depreciated over 3 years. During 2012 no activation of development expenses has been done and from 2013 the company has decided to take all development costs over the result and the depreciation is thereby only for previously balanced expenses.

Periodization

Periodization of revenue and costs has been done according to fair accounting practise.

Cash flow analysis

The cash flow analysis is set up according to the indirect method. The accounted cash flow only covers transactions which lead to payments in or out.

Liquid means consist of, except for cash and bank, short term financial placements which are exposed to a very limited risk of value fluctuation and which are traded in an open market at known value or which have a shorter remaining run out time than three months from the day of investment.

Key definitions

Gross margin:	Sales minus costs for goods sold compared to sales.
Operating margin (EBITDA):	Operating result in relation to net sales.
Net profit (EBIT):	Result after financial costs related to net sales.
Solidity:	Own capital and untaxed reserves (with deduction for deferred tax) related to the total equity.
Return on own capital (ROC):	Result after financial costs related to own capital and untaxed reserves (with deduction for deferred tax).
Return on capital employed (ROCE):	Result before deduction of interest costs related to average equity.

Result per share:

Period result related to the average number of shares.

Note 2 Net sales distribution

<u>Geographical market</u>	<u>2013</u>	<u>2012</u>
EMEA	26 287	20 850
Asia Pacific	12 241	8 843
Americas	11 668	9 923
Total net sales	50 196	39 616
 <u>Business areas</u>	 <u>2013</u>	 <u>2012</u>
Access	27 983	23 639
Transportation	22 213	13 869
Other	0	2 108
Total net sales	50 196	39 616

Note 3 Other income

	<u>2013</u>	<u>2012</u>
Currency differences	148	0
Contribution from "Länsstyrelsen"	0	64
Total	148	64

Note 4 Remuneration to auditors

Mazars SET auditing firm AB	<u>2013</u>	<u>2012</u>
Auditing	148	269
Other auditing	83	0
Tax advice		
Other services	0	0
Total	231	269

Auditing means the auditor's work to perform the legally required auditing and other auditing means different type of quality assurance services. Other services are services not included in auditing, other auditing or tax advice

	<u>2013</u>	<u>2012</u>
Note 5 Leasing costs		
Total leasing costs (excluding rent for facilities)	345	347

Note 6 Average number of employees, salaries and other remunerations and social costs

<u>Average number of employees</u>	<u>2013</u>	<u>2012</u>
Women	4	3
Men	9	9
Total	13	12

<u>Board</u>	<u>2013</u>	<u>2012</u>
Women	0	0
Men	4	4
Total	4	4

<u>Management</u>	<u>2013</u>	<u>2012</u>
Women	0	0
Men	1	1
Total	1	1

<u>Salaries and remunerations</u>	<u>2013</u>	<u>2012</u>
Board remunerations	500	550
CEO	1 130	1 225
Other employees	8 874	7 202
Total salaries and remunerations	9 571	8 977

Social costs on salaries	3 019	2 725
Pension costs for CEO	174	37
Pension costs for other employees	856	819
Total salaries, remunerations and social costs	13 620	12 558

Board remunerations are booked under other external costs

Note 7 Non comparable costs

	<u>2013</u>	<u>2012</u>
Additional tax due to declaration error	163	0
Total	163	0

Note 8, 5 years in summary

Income statement	2013	2012	2011	2010	2009
Result (SEK 000)					
TagMaster AB (publ.)					
Net revenue	50 196	39 616	34 190	48 515	42 373
Activated work for the company		0	1 011	1 197	386
Other revenue	148	64	436	0	0
TOTAL REVENUE	50 344	39 681	35 636	49 712	42 759
Costs					
Purchased goods	-20 811	-16 881	-17 291	-21 825	-18 350
Other external costs	-13 587	-12 050	-10 615	-8 495	-12 242
Personnel costs	-13 007	-10 317	-15 585	-14 905	-20 804
Other costs	0	-185	-402	-2 007	-278
Items affecting comparability	-163	-94	-1 269	0	0
RESULT BEFORE DEPRECIATION (EBITDA)	2 776	154	-9 524	2 479	-8 912
Depreciation and writing off	-961	-1 283	-1 768	-1 092	-699
RESULT AFTER DEPRECIATION (EBIT)	1 815	-1 130	-11 292	1 386	-9 611
Financial income and costs	-303	-4 336	-1 973	-185	-196
RESULT FROM THE YEAR	1 512	-5 466	-13 265	1 201	-9 807

Note 9 Balanced expenses for development work

	<u>2013-12-31</u>	<u>2012-12-31</u>
Total balanced forward from previous year purchased value	4 472	4 472
Activation during the year	0	0
Disposals during the year	0	0
Saldo balanced forward from the year purchased value	4 472	4 472

	<u>2013-12-31</u>	<u>2012-12-31</u>
Akkumulated depreciations balanced forward from previous year	2 894	1 696
Depreciations during the year	868	1 198
Disposals during the year	0	0
Akkumulated depreciations balanced forward from the year	3 762	2 894

Remaining value according to plan	710	1 579
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Not 10 Inventory and tools

	<u>2013-12-31</u>	<u>2012-12-31</u>
Saldo balanced forward purchased value	3 166	3 921
Activation during the year	99	153
Disposals during the year	0	908

Saldo balanced forward from the year purchased value	3 265	3 166
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	<u>2013-12-31</u>	<u>2012-12-31</u>
Accumulated depreciations balanced forward from previous year	2 909	3 663
Depreciations during the year	93	21
Disposals during the year	0	775
Accumulated depreciations balanced forward from the year	3 002	2 909

Remaining value according to plan	262	257
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Note 11 Shares in daughter companies

	<u>2013-12-31</u>	<u>2012-12-31</u>
Saldo forward purchased value	100	4 741
Acquired during the year	0	0
Sold and liquidated during the year	100	4 641
Saldo balanced forward	0	100

	<u>2013-12-31</u>	<u>2012-12-31</u>
Depreciation balanced forward	0	1 632
Depreciation during the year	7	3 009
Sold and liquidated during the year	7	4 641
Saldo depreciations balanced forward	0	0
Outgoing balance	0	100

Note 12 Prepaid costs and accrued income

	<u>2013-12-31</u>	<u>2012-12-31</u>
Prepaid costs	1 378	519
Accrued income	0	0
Total	1 378	519

Note 13 Provisions

	<u>2013-12-31</u>	<u>2012-12-31</u>
Guarantee undertakings	0	31

Note 14 Other liabilities

	<u>2013-12-31</u>	<u>2012-12-31</u>
Loans due in 1 year	261	261
Loans due in 2-5 years	65	326
Total	526	587

Note 15 Revolving credit

	<u>2013-12-31</u>	<u>2012-12-31</u>
Approved revolving credit	4 000	4 000

Note 16 Prepaid income and accrued costs

	<u>2013-12-31</u>	<u>2012-12-31</u>
Prepaid income	0	0
Accrued personnel costs	1 173	3 038

Other accrued costs	1 963	1 442
Total	3 136	4 480

Note 17 Guarantees provided

	<u>2013-12-31</u>	<u>2012-12-31</u>
Guarantees provided		
Company mortgages	7 000	7 000
Bank guarantees given	512	512
Total guarantees provided	7 512	7 512

The annual report has as can be seen below been approved by the board March 14, 2014. TagMaster AB (publ) result and balance sheet will be presented for approval at the annual general meeting April 24, 2014.

Kista March 14, 2014

Rolf Norberg
Chairman of the board

Joseph Grillo

Magnus Jonsson

Gert Sviberg

Jonas Svensson
CEO

My auditing report has been provided on March 28, 2014

Mikael Fredstrand
Authorized public accountant

Auditor's report

To the annual meeting of the shareholders of TagMaster AB
Corporate identity number 556487-4534

Report on the annual accounts

We have audited the annual accounts of TagMaster AB for the year 2013.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair representation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of TagMaster AB as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of TagMaster AB for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual meeting of shareholders that the loss be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm March 28, 2014

Mazars SET Revisionsbyrå AB

Mikael Fredstrand
Authorized Public Accountant

Corporate governance

Since 2004 there is a Swedish code for corporate governance. It is not mandatory for TagMaster to follow the code. It has, however, been decided by the board to follow the code as far as it could be reasonable for a company, TagMaster's size. TagMaster has therefore made a voluntary adaption to the code. The balance between owners, the board and the company management is emphasized in the code. TagMaster has therefore since 2007 a nominating committee. The code is also requesting certain information to be provided on the company home page. This is also today the case for TagMaster.

Annual General Meeting (AGM)

The shareholders decide at the AGM according to Swedish law and TagMaster's company rules about board and other major issues about the company.

The board and its work

The present board was elected at the AGM April 18, 2013. The board is meeting regularly and during 2012 the board has met 5 times. There is an approved document governing the work for the TagMaster board.

Management

The CEO is since the last quarter 2012 Jonas Svensson. Björn Kalmskog has during the year been responsible for regular accounting support on consulting basis. Johan Franzén is the CTO of the company. The CEO together with management and personnel is responsible for the daily business and should follow and also develop the company strategy. The

strategy should regularly be presented to and approved by the board.

Auditing committee

TagMaster is a small company and it has been agreed that the auditing committee issues should be handled by the board in its whole. There is therefore no special auditing committee.

Nominating committee

The nominating committee should be composed of the chairman, the three biggest shareholders per end of September the year before the AGM and one representative for the smaller shareholders. The nominating committee should propose chairman for the AGM, chairman and board members for TagMaster AB. The committee should also propose auditors and the remuneration of auditors and board as well as guidelines for remuneration of any additional assignments by the board members.

Investor relations

TagMaster should provide information about its business which is relevant, up to date and as fast as possible considering limitations which may come from other parties requests to keep a low profile on some business due to e g the competitive situation. All contacts with the external market is handled by the CEO and the appointed IR responsible person or in some cases the chairman. The main source of information is the company home page www.tagmaster.com.

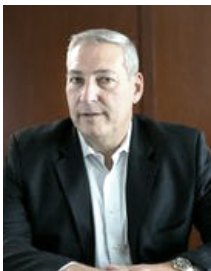
Board of directors



Rolf Norberg, chairman, born 1949
1,599,320 shares in TagMaster AB
Also chairman in Dualtech IT, Gothenburgh
Dr Techn from Royal institute of technology
Work experience: Sandvik, Securitas, ASSA
ABLOY and Niscayah



Magnus Jonsson, board member, born 1966
300,644 shares in TagMaster AB
Marketing director at Imtech Nordic
Work experience: Aritech, GE, ASSA ABLOY
and Niscayah



Joseph (Joe) Grillo, board member, born 1957
500,000 shares in TagMaster AB
B.S. in Financials, University of Connecticut
Owner and chairman of Vanderbuilt security,
USA Work experience: HID, ASSA ABLOY,
Digital Angel



Gert Sviberg, board member, born 1967
17,535,460 shares in TagMaster AB
Marine engineer
Running several own companies
Active in real estate development



Jonas Svensson, CEO
100 000 shares and 2 000 000 warrants in
TagMaster AB Master of economics from
Lund university Earlier work for: Kinetico Inc.
Smarteq Wireless, American Express and Siemens

Management and sales force



Jonas Svensson, CEO
100 000 shares and 2 000 000 warrants in TagMaster AB Master of economics from Lund university Earlier work for: Kinetico Inc. Smarteq Wireless, American Express and Siemens



Olle Axling, sales manager Traffic Solutions
15 000 shares in TagMaster AB
Economics education, Lund university
Earlier work for: Procter & Gamble, Mobil Oil and Kuwait Petroleum (Q8)



Johan Franzén, CTO
125 000 shares in Tagmaster AB
Master of Engineering in Electronics from Chalmers Earlier work for: Ericsson and Optillion



Ann-Christin Barck, sales manager Traffic Solutions
0 shares in TagMaster AB
IHM
Earlier work for: Alcatel Telecom, Bedege and Mantacore



Lena Björk Melander, sales manager Rail Solutions
100 000 shares in TagMaster AB
Power electronics engineer, IHM, Henley Management College Earlier work for: Huber+Suhner, Andrew Corporation and Euromaint Rail



Thomas Yue, General Manager South East Asia
0 shares TagMaster AB
Electronics degree, MMU University
Earlier work for: Agilent, Avago, Altera

Shareholders

Largest shareholders per 2013-12-31

Name	Number of shares	% of shares
ÅLANDSBANKEN AB, W8IMY (Of which G.Sviberg privately 17 384 660 and through companies 378.000)	35 588 691	33,03
FAMILY HAMILTON/LEWENHAUPT INCLUDING COMPANIES	12 247 835	11,37
WESTLUND, JAN	7 307 976	6,78
NORDNET PENSIONS FÖRSÄKRING AB	5 741 892	5,33
AVANZA PENSION	4 254 973	3,95
PICTET & CIE	3 700 000	3,43
MIKAEL ARONOWITSCH INCLUDING COMPANIES AND FOUNDATION	2 522 900	2,34
BANQUE CARNEGIE LUXEMBOURG SA	2 233 777	2,07
NORBERG, ROLF	1 599 320	1,48
KBCI LTD CLIENT A/C	1 518 750	1,41
HÖGLUND GUNNARSSON, GERD ULLA-BRITT	1 480 000	1,37
EUROCLEAR BANK S.A/N.V, W8-IMY	1 316 250	1,22
HANDELSBANKEN LIFE & PENS. LTD	1 300 000	1,21
SJÖBERG, ERIK ROBERT	924 000	0,86
SVÄRDSÄTER, LEGOLAS	803 000	0,75
Others	25 192 344	23,38
TOTAL	107 731 708	100,00

Share holding by board and employees of TagMaster per 2013-12-31

Name	Position	No. shares
Rolf Norberg	Chairman	1 599 320
Gert Sviberg	Board member	17 535 460
Magnus Jonsson	Board member	300 644
Joseph Grillo	Board member	500 000
Jonas Svensson	CEO	100 000
Jonas Svensson	CEO, Warrants	2 000 000
Johan Franzén	Employee	125 000
Marcus Dahl	Employee	50 000
Lars Lindberg	Employee	8 000
Ronny Andersson	Employee	45 000
Mattias Nordenberg	Employee	38 694
Olle Axling	Employee	15 000
Lena Björk Melander	Employee	100 000
Hans Henriksen	Consultant	74 038

Information to the shareholders

Annual General meeting 2014

The annual general meeting (AGM) will be held at Middlepoint, Kronborgsgränd 1, Kista 2014-04-24 at 15.00. Relevant and actual information for the AGM will be held available at the TagMaster home page, www.tagmaster.com.

The proposal from the nominating committee will be published and available at the latest 2014-03-27.

TagMaster share price development 2012-13



Share information	2013	2012
Turnover per share	0,47	0,39
Result per share	0.01	-0,05
Own capital per share	0,05	0,04
Average number of shares '000	107 732	102695
Number of shares at the End of the year '000	107 732	107 732
Share value at the end of the year, SEK	0,50	0,40
Market cap at the end of The year, MSEK	54	43

Disposition of result and dividend (KSEK)

Overconsolidation fund	20 803
Bound reserves	42 751
Balanced result per 2011-12-31	-65 066
Year end result 2012	1 512

The board proposes the accumulated result 0 SEK to be balanced in a new account.

The board further proposes to decide on a dividend of 0,00 SEK for the year 2013.

Invitation to the Annual General Meeting (AGM) for TagMaster AB (publ.)

The board hereby is inviting the shareholders of TagMaster AB (publ) 556487-4534 to the annual general meeting (AGM) Thursday April 24 at 3 pm at Middlepoint, Kronborgsgränd 1, Kista. Coffee will be served from 2.30 pm.

Registration

Shareholders who wish to participate at the AGM should:

- Be listed by Euroclear as shareholder no later than April 16, 2014
- Register their intention to participate at the AGM no later than April 16 to TagMaster
 - By letter (TagMaster AB, Kronborgsgränd 11, 164 46 Kista attention Maria Nordgren)
 - By e-mail aktie@tagmaster.se

The registration for participation should include name, social security number or organizational number, address, telephone number and the number of shares. Any documents required or referred to like registration documents or proxies should be sent with the registration. Shareholders who have their shares held in trust, must to get the right to participate register the shares at Euroclear in their own name at the latest April 16, 2014.

Shareholder may bring a maximum of two assistants to the AGM if the assistants are registered according to what is said about registration to participate. Proxy form is available at the company home page www.tagmaster.com.

Shareholders right to ask questions

The board and the CEO should, if any shareholder requests and the board considers it acceptable without any severe damage to the company, give out information about conditions which may influence the judgment of any point on the agenda or conditions which may influence the judgment of the financial situation of the company.

Proposed agenda

1. Opening of the AGM
2. Election of chairman for the AGM
3. Establishment and approval of voting list
4. Approval of the agenda
5. Election of one or two persons to adjust the minutes
6. Scrutiny if the AGM has been properly invited to
7. Presentation by the CEO

8. Presentation of the annual report and the auditors' report for TagMaster AB
9. Decisions:
 - a. Approval of the income statement and of the balance sheet
 - b. Disposition of the company loss according to the approved balance sheet
 - c. Granting of discharge to the board and the managing director (CEO)
10. Decision regarding remuneration to the board and the auditor
11. Election of board members, deputies if any and election of chairman
12. Election of auditor
13. Approval of principles for appointment of the nominating committee
14. Decision regarding authorization of the board to emit new shares in TagMaster AB in case of future acquisitions
15. End of the AGM

Election of chairman for the AGM (point 2)

The nominating committee has proposed the chairman Rolf Norberg as chairman of the AGM.

Decision regarding profit or loss according to the approved balance sheet (point 9b)

The board proposes to balance the loss in a new account and that no dividend will be distributed for the year 2012.

Proposals by the nominating committee (points 10-13)

Point 10:

Remuneration to the board is proposed to be 500,000 SEK of which 200,000 SEK to the chairman and 100,000 SEK each to the ordinary board members. Board members will further have right to remuneration for work which is considered to be outside the ordinary board work. The amount paid for such extra work is set to 1300 SEK per hour if the board member invoices the company or with the corresponding total amount if the remuneration should be paid as salary to the private person. The prerequisite for any such remuneration is that the board and the CEO are all in agreement in advance about the mission for which the board member should be paid.

Remuneration for the auditor shall be paid in accordance with approved invoice.

Point 11:

The board is proposed to have four ordinary board members and one deputy to the board.

The nominating committee proposes for the time until the end of the next AGM to reelect the ordinary board members Rolf Norberg, Joseph (Joe) Grillo, Magnus Jonsson and Gert Sviberg as ordinary board members, where Rolf Norberg is proposed to be chairman. If the chairman is leaving in advance, the board should within itself elect a new chairman among its ordinary members. The committee further proposes as deputy to the board the CEO, Jonas Svensson.

Point 12:

The nominating committee proposes for the period until the end of the next AGM, 2015, to appoint Mazars SET auditing company with the authorized auditor Mikael Fredstrand as main auditor.

Point 13:

The nominating committee proposes that the company should have a nominating committee composed of five members of which one member should be its chairman, three of the members should represent the three biggest shareholders and one of the members should be elected by the chairman of the nominating committee and represent the smaller shareholders.

When judging who are the three owners with the most votes a group of shareholders should be considered to be one owner if they (i) have been grouped as one owner in the shareholders book or (ii) have published and informed the company that they have a written agreement that they through a coordinated voting will have a common and long term idea about how to run and develop the company. The nominating committee should, as soon as it could be achieved contact the three biggest identified shareholders according to the information from Euroclear AB the last banking day in September and encourage them to within a reasonable time (not more than 30 days) inform the nominating committee in writing who they want to nominate to the nominating committee. If a shareholder abstains from appointing a member, or if a shareholder is not appointing a member in time, the right to appoint a member should pass to the next shareholder in number of votes, who has not already appointed or have the right to appoint a member of the nominating committee. The chairman of the nominating committee should be the member appointed by the shareholder with the most votes, providing that the nominating committee has not unanimously decided to appoint another member to its chairman.

As soon as all members of the nominating committee have been appointed, the nominating committee should inform the company and leave necessary information about the members of the committee and which shareholder each member represents. The company should without unnecessary delay publish the composition of the nominating committee on the company home page in a special message. The nominating committee should be considered as appointed and its mandate started on the day when it is published on the company home page according to the previous paragraph. The mandate of the nominating

committee is valid until the next nominating committee has been appointed and published.

The nominating committee should perform its work as a nominating committee according to "Svensk kod för bolagsstyrning" regarding making proposal for chairman of the AGM, proposals for chairman and other board members and proposal for remuneration of the board and auditors as well as guidelines for remuneration of extra work. If a member appointed by a shareholder is leaving the nominating committee or is prevented from fulfilling his task, the nominating committee should as soon as possible encourage the shareholder who has appointed the member, to within reasonable time (not exceeding 30 days) appoint a new member of the committee. If a shareholder is not appointing a member in time, the right to appoint a member should pass to the next shareholder in number of votes, who has not already appointed or have the right to appoint a member of the nominating committee.

In case there is a change of member in the nominating committee according to the previous paragraph, the rules regarding information to the company and publishing be done in the same way as for the appointment and establishment of the nominating committee. In case the nominating committee at some point in time has not the full number of membership, the nominating committee should anyhow be authorized to fulfil its task according to the AGM decision.

Decision regarding authorization of the board to emit new shares in TagMaster AB in case of future acquisitions (point 14)

The board proposes that the AGM takes a decision to authorize the board to, before the next AGM, at one or several occasions, decide to emit shares, convertibles or warrants in the form of cash, non-cash or offset issue or join the decision with conditions, and thereby have the right to deviate from the shareholders presidency.

The company share capital may hereby be increased by a maximum of 1,000,000 SEK through emission of 20,000,000 shares, which at full subscription corresponds to a dilution of approximately 18.5 % of the share capital at the time of the AGM. Emission in accordance with this authorization should be on market conditions. The reason for the board to be able to decide on emission of shares, convertibles or warrants in the form of cash, non-cash or offset issue with deviation from shareholder presidency is to give the Company room for strategic acquisition of companies, businesses or commerce. The CEO or the person appointed by the board should have the right to make minor adjustments necessary for registration of the decision at "Bolagsverket". For decision according to the board proposal it is required that at least two thirds of the shares voting as well as of the shares present at the AGM support the decision.

Other

Annual report, auditor's report, complete proposals and documentation according to "aktiebolagslagen" will be available no later than April 3, 2014, at the company web site www.tagmaster.com . Copies of these documents, as well as the invitation to the AGM will also without cost be sent to shareholders who so request and provide their address.

Stockholm in March 2014

TagMaster AB

The Board

Addresses



Sweden – Head office

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164 46 Kista Sverige
www.tagmaster.com



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TagMaster

TagMaster AB
Corporate identity number
SE556487-453401