

# TagMaster

## YEAR END REPORT FOR TAGMASTER AB (publ.)

PERIOD 2013-01-01 – 2013-12-31

### Best full year result since 2004

#### Fourth quarter

- Net sales increased during the fourth quarter by 34% to 13,5 MSEK (10,0)
- Result before depreciation (EBITDA) was 0,2 MSEK (-1,0)
- Net result was 0,2 MSEK (-2,5)
- Result per share was 0,00 (-0,02)
- Cash flow from the business was 0,6 MSEK (2,0)

#### Full year

- Net sales increased during the period by 27% to 50,2 MSEK (39,6)
- Result before depreciation (EBITDA) increased to 2,8 MSEK (0,2)
- Net result was 1,5 MSEK (-5,5)
- Result per share was 0,01 (-0,05)
- Cash flow from the business was -1,2 MSEK (-0,4)  
(1,6 MSEK related to payments from provisions made in 2012)
- No dividend is proposed

#### Sales and income

TSEK	Fourth quarter			Full year		
	2013	2012	Change	2013	2012	Change
<b>Sales</b>	<b>13 506</b>	<b>10 043</b>	<b>34%</b>	<b>50 196</b>	<b>39 616</b>	<b>27%</b>
<b>Operating income (EBITDA)</b>	<b>234</b>	<b>-984</b>	<b>-124%</b>	<b>2 776</b>	<b>154</b>	<b>1703%</b>
Operating margin (EBITDA)	1,7%	-9,8%		5,5%	0,4%	
Income before tax	175	-2514	-107%	1 512	-5 466	-128%
Operating cash flow	552	2013	-73%	-1 209*	-379	219%
<b>Earnings per share</b>	<b>0,00</b>	<b>-0,02</b>		<b>0,01</b>	<b>-0,05</b>	

\*1,6 MSEK related to payments from provisions made in 2012

#### 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.

[www.tagmaster.com](http://www.tagmaster.com)

## Comments by the CEO

Our positive sales development has continued, but we are not yet satisfied with the growth. The growth has been acceptable in the Asia region, while Europe is still weaker in growth. Our investment in the important North American market continues and we also have an ambition to become stronger in our Nordic home markets. Our full year result is the best since 2004 with an EBITDA result of 2,8 MSEK and we have a year behind us with four positive quarters, which also is an important milestone.

Our work on the new product family within the UHF area continues according to plan and we see a great interest among our partners for getting a wider product offering from TagMaster. With our new product family we will be able to address the market segments where the growth is the biggest and the launch will start during the first quarter 2014. This is only the beginning of our investment in new products with the purpose to be able to offer attractive and innovative products meeting the customer needs of today and for the future. Product innovation will be one of our strongest driving forces for future growth. During 2013 we have absorbed close to 1 MSEK in external development cost in the result, which is the first time we have been able to do this in many years due to that we are now profitable.

During the period we have worked on a new stronger offering within our Transportation (Rail) business. Where we emphasize the different components included in our value proposition. Our delivery will in the future be composed of consulting or engineering, products and service. We will thereby increase the value for our customers providing the competence and experience which we have built up during a number of years. We already see this business model received positively and we already have discussions with a number of customers regarding different engineering projects.

As has been said also before we are still in a changing position, which will influence stability in our quarterly figures during some quarters ahead. Our profitability is still too low, but we see all the initiatives we work with in our different departments giving good results, which will also show up in our result. Fundamentally we need to increase our growth further to reach acceptable profits and much focus will be on implementation of our new partner management program during 2014. The program has the purpose to clarify our value proposition with transparent common targets and more explicit demands between TagMaster and our partners.

We have taken an important step forward with a profitable full year for TagMaster, which is the first step towards building a future growth company and we are looking forward to an exciting 2014 with new important product launches.

*Jonas Svensson*  
CEO

## Comments to the result and balance sheet

### **Turnover and result**

#### *Fourth quarter*

Net sales for the fourth quarter was 13,5 MSEK (10,0), which is an increase by 34%. The result (EBITDA) was 0,2 MSEK (-1,0) which corresponds to a margin of 1,7% (-9,8). During the quarter the development costs for a new product family reduced the result by 0,7 MSEK.

Costs during the quarter were 7,2 MSEK (6,2). No activation of development costs has been made.

#### *Full year 2013*

Net sales for the year was 50,2 MSEK (39,6), which was an increase by 27%. Result (EBITDA) was 2,8 MSEK (=,2) which corresponds to a margin of 5,5% (0,4). During the year development of a new product family has reduced the result by 0,9 MSEK.

Costs during the year were 26,6 MSEK (22,4). No activation of development costs has been made.

### **Cash flow and financial position**

As per December 31, 2013 available liquidity was 2,3 MSEK (3,8). The revolving credit is 4,0 MSEK (4,0) and in addition to the available liquidity the company has 0,5 MSEK (0,5) in locked in bank funds. Solidity was at the end of the period 27,5% (25,8). Cash flow from the running business was for the period -1,2 MSEK (-0,4).

The liquidity for the company has been negatively influenced by payments relating to reservations done during the previous year. These payments have during the year totaled about 1,6 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 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 as per December 31 2013..

### **Business during the quarter**

**Access/Parking (AVI):** Our business in these segments has continued to develop well compared to last year. We plan to increase our efforts in marketing and to find more partners. We also intend to continue finding and engaging distributors in further markets. TagMaster will hereby be able to reach more system integrators and thereby also become involved in more projects with less own effort. A corner stone in our strategy is to focus more on the geographical markets where we already have a presence. We have during the period continued the work together with our partner in North America to increase our presence in this market, the world's biggest RFID market. With more innovative

products and a more focused product offering in this segment we will also be able to increase our presence with existing and new customers, which should lead to increased sales.

A segment which lies close to both Access/Parking and Rail is what is called Traffic Solutions and which among other is composed of solutions for toll roads, traffic optimization, and “green flow” etc. Our product offering matches well what is asked for and our products are used in an increasing number of such projects. We therefore intend to increase our knowledge in this segment to investigate the business opportunities we believe are there.

**Transportation (Rail):** The segment has had a slightly lower order intake during the period, but a number of new deliveries and development projects are in discussion both with existing customers and with potential new partners. The Alstom project is running on well and product deliveries will start in the beginning of 2014. We are also present with tests in further countries regarding systems for identification of goods wagons (earlier with Trafikverket in Sweden) and for systems for equipment maintenance.

#### **Employees, Organization and personnel**

The number of employees in TagMaster AB was at the end of the period 13 (11). The average number of employees was 13 (12).

The two daughter companies TagMaster Finance AB and TagMaster China Holding, which have both been inactive during the year, have been liquidated.

#### **Future outlook**

The future outlook is unchanged and the company has good growth opportunities in Access/Parking as well as in Transportation. TagMaster’s market share is still small in growing market, which means that future growth mainly depends on the company’s own ability. The company is, however, still in a mode of change and the coming quarters may be somewhat uneven before we reach a more stable base for our growth. To meet the demand and to take back the position as market leading supplier of advanced RFID solutions, TagMaster will continue to develop and launch new innovative products, develop and expand existing partner networks and recruit further competent personnel.

#### **About reporting 2013**

TagMaster AB with daughter company TagMaster SB has until the third quarter 2012 been reported as a Group. Since the daughter company TagMaster SB was divested as per November 30, 2012 the figures for the fourth quarter 2012 and for the full year 2012 include only the figures for TagMaster AB.

#### **Coming reports 2014-15**

Quarter 1, January-March 2014	April 24, 2014,
Quarter 2, April-June 2014	July 17, 2014
Quarter 3 July-September 2014	October 23, 2014
Year end report	February 5, 2015

**Annual general meeting**

The TagMaster AGM will take place April 24, 2014. Invitation to the meeting will be published at the latest 4 weeks before the meeting at the company home page and in Post- och inrikes Tidningar.

The annual report for 2013 will be available at the company home page at the end of March.

**Dividend**

The board will propose that no dividend will be given for the year 2013.

**Nominating committee**

According to the company statutes the nominating committee should be composed by the three biggest shareholders, the chairman and one representative for the smaller shareholders. The nominating committee for 2014 is composed by Gert Sviberg, Thomas Brunberg, Didrik Hamilton, Gunnar Ek (representing the smaller shareholders) and Rolf Norberg with Gert Sviberg as its chairman.

This report like all previous economic reports can be found at the company home page

[www.tagmaster.com](http://www.tagmaster.com)

**For further information, please contact:**

Jonas Svensson, CEO, +46 8-6321950, [jonas.svensson@tagmaster.com](mailto:jonas.svensson@tagmaster.com)

<b>RESULT (SEK 000)</b>	<b>Q4</b>	<b>Q4</b>	<b>Full year</b>	<b>Full year</b>
<b>TagMaster AB (publ)</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net revenue	13 506	10 043	50 196	39 616
Other revenue	188	236	148	64
<b>TOTAL REVENUE</b>	<b>13 694</b>	<b>10 279</b>	<b>50 344</b>	<b>39 681</b>
<i>Costs</i>				
Purchased goods	-6 284	-5 023	-20 811	-16 881
Other external costs	-3 614	-2 936	-13 587	-9 115
Personnel costs	-3 562	-3 304	-13 007	-10 317
Other costs	0	0	0	-185
Items affecting comparability	0	0	-163	-94
<b>RESULT BEFORE DEPRECIATION (EBITDA)</b>	<b>234</b>	<b>-984</b>	<b>2 776</b>	<b>154</b>
Depreciations	32	-305	-961	-1 283
<b>RESULT AFTER DEPRECIATIONS (EBIT)</b>	<b>266</b>	<b>-1 288</b>	<b>1 815</b>	<b>-1 130</b>
<i>Financial income and costs</i>				
Interest income	1	0	1	0
Interest and financial costs	-85	-41	-297	-141
Depreciation of shares and debts daughter companies	-7	-1 186	-7	-4195
<b>TOTAL FINANCIAL INCOME AND COSTS</b>	<b>-91</b>	<b>-1 226</b>	<b>-303</b>	<b>-4 336</b>
<b>PERIODIC RESULT</b>	<b>175</b>	<b>-2 514</b>	<b>1 512</b>	<b>-5 466</b>
<b>RESULT PER SHARE</b>	<b>0,00</b>	<b>-0,02</b>	<b>0,01</b>	<b>-0,05</b>
<b>NUMBER OF SHARES, average</b>	107 731 708	107 731 708	107 731 708	102 695 031
<b>NUMBER OF SHARES, end of period</b>	107 731 708	107 731 708	107 731 708	107 731 708

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

<b>CASH FLOW ANALYSIS (SEK 000)</b>		
<b>TagMaster AB (publ)</b>	<b>Full Year 2013</b>	<b>Full year 2012</b>
<b>FROM ORDINARY BUSINESS</b>		
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 financial 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
<b>Cash flow from ordinary business</b>	<b>-1 209</b>	<b>-379</b>
<b>INVESTMENT ACTIVITIES</b>		
Investment in tangible assets	-99	-179
<b>Cash flow from investment activities</b>	<b>-99</b>	<b>-179</b>
<b>FINANCING ACTIVITY</b>		
New loans	1 359	1 760
Amortization of loans	-261	-260
<b>Cash flow from finance activities</b>	<b>1 098</b>	<b>1 500</b>
<b>PERIODIC CASH FLOW</b>	<b>-210</b>	<b>942</b>
<b>Cash at the beginning of the period</b>	<b>1 607</b>	<b>665</b>
<b>Cash at the end of the period</b>	<b>1 397</b>	<b>1 607</b>
<b>Cash including not used credits</b>	<b>2 278</b>	<b>3 846</b>

<b>CHANGE IN OWN CAPITAL (SEK 000)</b>					
<b>TagMaster AB (publ)</b>	<b>Share capital</b>	<b>Bound reserves</b>	<b>Share premium reserve</b>	<b>Balanced result</b>	<b>Total own capital</b>
<b>Own capital 2011-12-31</b>	<b>9 536</b>	<b>42 967</b>	<b>19 241</b>	<b>-64 987</b>	<b>6 756</b>
Periodic result				-5 466	-5 466
Prioritized emission	1 237		1 562		2 799
<b>Own capital 2012-12-31</b>	<b>10 773</b>	<b>42 967</b>	<b>20 803</b>	<b>-70 453</b>	<b>4 090</b>
Periodic result				1 512	1 512
Decrease in share capital	-5 387			5 387	
<b>Own capital 2013-12-31</b>	<b>5 386</b>	<b>42 967</b>	<b>20 803</b>	<b>-63 729</b>	<b>5 602</b>

### **Accounting principles**

Applied accounting and valuation principles are according to “Årsredovisningslagen” and according to expressed and general advice from the Accounting Committee. For interim reports BFNAR 2007:1 is applied. The same accounting principles have been applied as in the latest published annual report.

The operational and financial risks of TagMaster as well as uncertainties are described in the annual report 2012 under the section “Riskfaktorer”.

This report has not been reviewed by the company auditor.

The information is published on February 5 at 09.00 CET.

The board and the CEO assure that this report is giving a correct overview of the Company, its business, position and result as well as it is describing major risks and uncertainties, which the Company is seeing ahead.

Kista February 4, 2014

Rolf Norberg  
Chairman

Joe Grillo

Gert Sviberg

Magnus Jonsson

Jonas Svensson  
CEO