



YEAR END REPORT FOR TAGMASTER AB January-December 2015

Strong sales year for our Traffic Solution business

Fourth quarter

- Net sales increased during the fourth quarter by 20,8% to 22,8 MSEK (18,9)
- Result before depreciation (EBITDA) was 1,2 MSEK (2,0), corresponding to a margin of 5,4% (10,4)
- Net result after tax was 4,3 MSEK (1,4)
- Result per share was 0,03 (0,01)
- CitySync Ltd makes a small operating profit for the quarter

January - December

- Net sales increased during the period by 26,3% to 79,0 MSEK (62,5)
- Result for TagMaster AB increased during the period by 9,9% to 7,8 MSEK (7,1)
- The result have been negatively affected with -5,1 MSEK related to the planned restructuring of CitySync
- Result before depreciation (EBITDA) decreased to 2,8 MSEK (7,1), which corresponds to a margin of 3,5% (11,3)
- Net result after tax was 3,7 MSEK (5,2)
- Result per share was 0,03 (0,05)
- Cash flow from the business was 5,9 MSEK (7,9)
- No dividend is proposed

About TagMaster

TagMaster is an application driven technology company that designs and markets advanced identificationsystems and solutions based on radio & vision technology (RFID & ANPR) for demanding environments. Business areas include Traffic Solutions and Rail Solutions providing innovative mobility solutions, sold under the brands TagMaster & CitySync, in order to increase efficiency, security, convenience and to decrease environmental impact within Smart Cities. 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. TagMasters certified advisor is Remium AB. For more information about TagMaster, please visit www.tagmaster.com

Comments by the CEO

Our sales during the fourth quarter has been stable with a minor growth in the ALPR part. The quarter has continued to be recognized by intensive work on the turnaround of CitySync Ltd, which was acquired early July, and in which we make a minor profit during the fourth quarter.

Our Rail business has been quite even during the quarter with serial deliveries to some of our main customers. During the end of the quarter we could inform that we had received our biggest project ever for the company. The project has an NRE part (nonrecurring engineering) and following serial deliveries during a three year period and it is a milestone for TagMaster due to its size. We still make the judgement that further projects, of less magnitude, will be added during 2016 and which will go into serial deliveries during the years to come

Our Traffic business has continued to develop well in several of our markets and this year's growth of 48%, with increasing margins, has been to satisfaction. The US market has continued to develop well but also the Gulf state markets have had a continued growth. In the EMEA region and in the Nordic market sales has been according to plan and we continue to increase our efforts during 2016 supported by our recently launched UHF products which we believe will have a positive influence on sales and margins during the years to come. We have also strengthened our sales efforts in the German speaking markets through a newly recruited regional manager.

We have also during the fourth quarter worked intensively on making a CitySync into a profitable growth business for the future. We work according to the same method that we used to make TagMaster profitable. We have decreased the cost level and we have among others reduced the personnel by 30% which has become visible during the quarter. We work intensively on having new products to allow us to address a wider market of applications. CitySync's product offering consists of software (where the company is a world leader) and camera hardware where we have already launched new products, which we can sell already early 2016. We focus our sales resources towards fewer markets and towards the segments in which also TagMaster is active to give us a stronger total product offering. We work on our delivery chain to get a more efficient use of the working capital and a faster delivery service to existing and future customers. We are happy to see that this work already starts to show results and CitySync is making a small profit during the fourth quarter.

Our quarterly result of 1,2 MSEK (2,0) depends on somewhat higher costs in TagMaster related to our restructuring work with CitySync, explaining the lower comparable result.

TagMaster will continue the work to find more opportunities to selective acquisitions in adjacent technology areas like sensors, detectors and other identification technology with the purpose to increase our offering and become a more attractive supplier of the type of information which is a prerequisite for building the smart cities of the future.

Jonas Svensson
CEO

Comments to the result and balance sheet

Turnover and result

During the quarter sales increased mostly depending on the acquired business. Net sales for the third quarter was 22,8 MSEK (18,9), an increase of 20,8%. The result (EBITDA) was 1,2 MSEK (2,0) which corresponds to a margin of 5,4% (10,4). From the sales 7,7 MSEK and from the result comes 0,1 MSEK from the recently acquired CitySync. The result for CitySync has been strongly improved compared to the third quarter and the cost part of the restructuring is considered done according to plan.

The costs during the quarter were 13,2 MSEK (7,7), which is a decrease compared to the third quarter. The overall increase is related to a bigger structure coming from the acquisition. No activation of direct development costs has been made.

Cash flow and financial position

As per December 31, 2015 available liquidity was 12,5 MSEK (11,9) of which the revolving credit is 8,0 MSEK (6,0). The company has in addition a loan commitment in the form of acquisition capital for potential acquisitions of 10 MSEK. Solidity at the end of the period 71,6% (51,3). Cash flow from the running business was for the period (Q1-Q4) 5,9 MSEK (7,9).

In general the liquidity situation has been good, in spite of the acquisition made and this is a result of continued increased profitability for the mother company.

Accounts receivable were 14,8 MSEK (9,2) and supplier debts were 6,0 MSEK (5,0). The inventories were 14,4 MSEK (6,8), all as December 31, 2015. The big increase of the inventories is explained by the CitySync inventories being included, but it is worth noting that the inventories have decreased by 1,1 MSEK in spite of increased sales..

Business during the quarter

Traffic Solutions (Access/Parking): We continue our work and efforts with the partner program to identify and engage more partners in some of our most important markets. A corner stone in our strategy is to focus more on the geographical markets where we already have a presence and we have during the period, together with our local partner in North America been successful and more customers have seen the advantages of our products and the nearby service we offer. We continue to actively build our brand being present at several fairs in this market, the world's largest RFID market. We also continue the work to strengthen our presence in our Nordic "home markets" where we think we have a good opportunity for profitable growth during the years to come. Generally we work on our increasing our market presence in all our focus markets through participation in several fairs in the Nordics as well as Europe and the Middle East. Within our new product family in the UHF area we have continued the work on making a version (XT-Mini) addressing smaller parking and access installations where sales will start during the the later part of the first quarter 2016. XT-Mini is positioned to address e g condominium, company aprkings and smaller parking garages. We see that our increased and strengthened product offering will create good requisitres for increased growth and during 2016 we plan to launch further products within our new UHF family. CitySync has during the quarter launched CirtySync 30, which ics an ALPR camera partly addressing the same area as XT-

Mini and which will be followed by CitySync 50 ALPR camera which will be launched early 2016. We will continuously address existing and new customers with our combined and stronger product offering where our total competence within RFID and ALPR make us differentiate and become a more attractive partner for the system integrators who participate in building the smart cities of the future.

Rail Solutions: Has developed according to plan with a lower level of serial deliveries but with intensive discussions regarding new projects. It is obvious that our value proposition has become stronger with our new business model, where we can offer our rail customers to share our know-how and our application knowledge also in project form. We do already today have a growing part of our rail business through project sales and we see our relations develop positively while we also get access to more revenue streams and increase our business. We also see that our increased focus towards signal system suppliers is successful. This was also proven by winning a major business modernizing a signaling system (CBTC) with the purpose to increase traffic and modernize underground traffic, allowing millions of passengers to get a safer daily travel.

Employees, Organization and personnel

The number of employees in TagMaster AB was at the end of the period 40 (16). The average number of employees was 45 (14). The number of employees in CitySync Ltd has decreased by 11 full time persons since takeover.

Future outlook

The future outlook is unchanged and the company has good growth opportunities in Traffic Solutions as well as in Rail Solutions. TagMaster's market shares are still small in a big and growing market, which means that future growth mainly depends on the company's own ability. We will see periods ahead of us when the result development will stop momentarily because we invest in future growth, which means costs may come before the revenue. To meet the demand and to take back the position as market leading supplier of advanced RFID & ALPR solutions, TagMaster/CitySync will continue to develop and launch new innovative products, develop and expand its partner networks and recruit further competent personnel. We now also see our basic business, advanced identification technology for demanding customers in Rail and Traffic is viable and we have therefore started to look for products, partners and companies which in different ways could complement our offering to markets within especially Traffic solutions. This strategy has now resulted in a first acquisition, which was announced in the beginning of July with one of the leading companies in ALPR (Automatic License Plate Recognition) area, CitySync Ltd in the United Kingdom. We are now looking forward to an exciting period when we should take advantage of the joint opportunities we have to participate in building smart cities and use our joint offering as well as to increase our market presence.

Coming reports 2016-17

Annual General Meeting	April 28, 2016
Quarterly report January-March 2016	April 27, 2016
Quarterly report April-June 2016	July 14, 2016
Quarterly report July-September 2016	October 27, 2016
Yearend report 2016	January 26, 2017

Nominating Committee

According to the statutes the nominating committee should be composed by the three biggest owners, the chairman of the company and a representative for the smaller shareholders. The nominating committee for the AGM 2016 is composed by Gert Sviberg, Tomas Brunberg, Didrik Hamilton, Gunnar Ek (representing the smaller shareholders) and Rolf Norberg with Gert Sviberg as the chairman.

This report like all previous economic reports can be found at the company home page www.tagmaster.com

For further information, please contact:

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Income statement (SEK 000)	Q4	Q4	Full Year	Full year
TagMaster AB (publ)	2015	2014	2015	2014
Net sales	22 828	18 895	78 975	62 505
Cost of goods and services sold	-8 430	-9 365	-32 582	-28 842
Gross profit	14 398	9 530	46 393	33 663
Other income and changes in value	-738	-117	-802	47
Other external costs	-4 167	-3 288	-17 384	-11 726
Cost of personell	-8 261	-4 152	-25 432	-14 900
Operating profit before depreciation (EBITDA)	1 232	1 973	2 775	7 084
Depreciation	-103	-113	-287	-170
Goodwill amortization	-564		-1 065	
Operating profit after depreciation (EBIT)	565	1 860	1 423	6 914
Financial Expenses	698	-2	648	-174
Profit before tax	1 263	1 858	2 071	6 740
Tax	3 138	-409	1 697	-1 512
Net profit	4 401	1 449	3 768	5 228
Earnings per share before dilution	0,03	0,01	0,03	0,05
Earnings per share after dilution	0,03		0,03	
Number of shares, average	167 824 391	107 731 708	144 711 821	107 731 708
Number of shares, end of the period	167 824 391	107 731 708	167 824 391	107 731 708

Balance sheet Group	2015-12-31	2014-12-31
Assets		
Non-current assets	26 654	1 953
Inventories	14 372	6 807
Trade receivables	14 787	9 184
Other receivables	2 642	2 504
Cash and Cash equivalents	4 492	5 869
Total assets	62 947	26 317
Equity	45 056	13 493
Non-current liabilities	1 629	543
Trade payables	6 042	4 955
Other current liabilities	10 220	7 326
Total equity and liabilities	62 947	26 317

CASH FLOW STATEMENT(SEK 000)			
TagMaster AB (publ)	Group	Full Year 2015	Full year 2014
Cash flow from operating activities before change in working capital		3 765	7 453
Change in working capital		2 109	464
Cash flow from operating activities		5 874	7 917
Cash flow from investing activities		-35 174	0
Cash flow from financing activities		27 768	-3 445
Cash flow during the period		-1 377	4 472
Cash and Cash equivalents at the start of the period		5 869	1 397
Cash and Cash equivalents at the end of the period		4 492	5 869

CHANGE IN OWN CAPITAL(SEK 000)					
TagMaster AB (publ) Group	Share capital	Bond reserves	Share premium reserve	Balanced result incl. Result for the year	Total own capital
Eget kapital 2014-01-01	5 386	42 967	20 803	-60 891	8 265
Reduction bound reserves		-42 751		42 751	
Reduction share premium reserve			-20 803	20 803	
Result of the year				5 228	5 228
Eget kapital 2014-12-31	5 386	216	0	7 891	13 493
New emission	3 005		25 385		28 390
Periodic recalculation difference				-595	-595
Periodic result				3 768	3 768
Own capital 2015-12-31	8 391	216	25 385	11 064	45 056

Income statement (SEK 000)		Q4	Q4	Full Year	Full Year
TagMaster AB (publ)	Parent Company	2015	2014	2015	2014
Net sales		15 121	18 895	66 468	62 505
Cost of goods and services sold		-5 977	-9 365	-28 472	-28 842
Gross profit		9 144	9 530	37 996	33 663
Other income and changes in value		-209	-117	-286	47
Other external costs		-3 082	-3 288	-12 499	-11 726
Cost of personell		-4 724	-4 152	-17 424	-14 900
Operating profit before depreciation (EBITDA)		1 129	1 973	7 787	7 084
Depreciation		0	-113	-92	-170
Operating profit after depreciation (EBIT)		1 129	1 860	7 695	6 914
Financial Expenses		-261	-2	-311	-174
Profit before tax		868	1 858	7 384	6 740
Tax		3 291	-409	1 850	-1 512
Net profit		4 159	1 449	9 234	5 228

Balance sheet	Parent company	2015-12-31	2014-12-31
Assets			
Non-current assets		42 249	1 953
		2 847	
Inventories		8 405	6 807
Trade receivables		7 891	9 184
Other receivables		1 949	2 504
Cash and Cash equivalents		2 990	5 869
Total assets		63 484	26 317
Equity			
Equity		51 119	13 493
Non-current liabilities			
Non-current liabilities		1 043	543
Trade payables			
Trade payables		4 829	4 955
Other current liabilities			
Other current liabilities		6 493	7 326
Total equity and liabilities		63 484	26 317

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 2012:1 (K3) is applied, which influence comparable figures for postponed tax, depreciations and own capital. This is described more extensively in the Annual report 2014.

The operational and financial risks of TagMaster as well as uncertainties are described in the annual report 2014 under the section Risks and risk management.

This report has not been reviewed by the company auditor.

The information is published on January 28 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 January 28, 2016

Rolf Norberg
Chairman

Joe Grillo

Gert Sviberg

Magnus Jonsson

Jonas Svensson
CEO