TagMaster acquires Quercus Technologies – an international supplier of digital solutions to the parking industry

TagMaster, a leading supplier of data solutions and advanced sensor systems for Smart Cities within Traffic and Rail, acquires 92,5 % of the shares of Quercus Technologies (Quercus). Quercus, designs and manufactures video based advanced digital solutions for the parking industries. The company is headquartered in Reus, Spain, and has installations in over 100 countries worldwide. Through the acquisition TagMaster significantly strengthens its offering for parking access, management, and security, and increases its sales to business customers (B2B) to complement its currently predominantly government business.

Quercus Technologies

Quercus is an international company with offices in Spain (HQ), France, and the US who has successfully delivered market leading smart mobility and access control solutions to the parking industry for 25 years.

The company designs and manufactures advanced video analytics solutions for parking access control and parking information systems that maximize the efficiency of parking facilities and improve the customers' parking experience. With installations worldwide in more than 60 airports, 80 shopping centers, hotels, universities, public institutions, hospitals, condominiums and offices, Quercus has established itself as a technology leader for the parking industry with a reputation of quality, reliability and superior customer support.

The company is led by industry veterans, has 45 employees and a strong R&D department with 15 engineers with expertise in video analytics, AI, software, and hardware development. Sales for the nine first months of 2024 were approx. € 6 million with an EBITDA margin at same level as for TagMaster.

Background and acquisition rationale

TagMaster's strategy of focusing on the market for advanced sensing solutions for transportation has been validated over the past year by the continued growth in that market driven by the challenges cities face worldwide of rapid population growth, rising congestion, and declining air quality. Computer vision systems combined with AI and Deep Learning are enabling a new generation of Intelligent Transportation Systems with increased accuracy of detection and identification of vehicles, pedestrians and bicycles to help address these challenges.

The acquisition of Quercus gives TagMaster access to deep knowledge in computer vision and state-of-the-art AI technologies and will enhance the group's leadership in intelligent sensing for both traffic and parking applications. Following the acquisition, the group will have a total of 60 development engineers, 30 of which are dedicated to further developing AI-based and computer vision solutions.

" This is a highly strategic acquisition for us. In addition to making us a leader in parking solutions as well as increasing our share of B2B business, it strengthens us technologically in AI and video

analytics and opens new geographical markets. Quercus is strong in Germany, Spain, Australia with some business in the USA, while our main strengths lie in the USA, UK, and France. Together, we gain new abilities to sell our respective solutions in new markets and to offer a broader range of products and AI enabled solutions to our global customers," says Jonas Svensson, CEO, TagMaster.

Commenting on the acquisition, Jordi Moragas, CEO, Quercus Technologies, said:" We are very pleased to be joining the TagMaster Group. We recognize and welcome the strength that the union will bring to both brands and the synergies that are immediately apparent with the other TagMaster companies."

Purchase price

The purchase price upon close of the transaction is € 5,5 million. In addition, a deferred purchase price of approx. € 0,45 million will be paid in 2028. Finally, a performance-based additional payment (earn-out) of a maximum of € 1 million will be paid in 2028 conditional on improved sales. The acquisition is an all-cash transaction funded by cash at hand and a new bank debt facility of € 4 million.

The combined entity – TagMaster Group – will have an enhanced scale and reach, for nine months period with 2024 proforma sales and adjusted EBITDA of approx. SEK 355 million and SEK 27 million respectively.

The transaction closed today.

For further information contact:
Jonas Svensson, CEO, +46 8-6321950, Jonas.svensson@tagmaster.com

About Us
TagMaster is an application oriented technical company developing and selling advanced sensor systems and solutions based on radio, radar, magnetic and camera technologies for demanding environments. TagMaster works in two segments - Segment Europe and Segment USA - with the trademarks TagMaster, Citilog and Sensys Networks - with innovative mobility solutions for increased efficiency, security, safety, comfort and to reduce environmental impact in Smart Cities. TagMaster has subsidiaries in England, France and US and exports mostly to Europe, The Middle East, Asia and North America through a global network of partners and system integrators. TagMaster was founded in 1994 and has its head office in Stockholm. TagMaster is a listed company and the share is traded at Nasdaq First North Premier Growth Market in Stockholm. TagMasters certified adviser (CA) is FNCA. www.tagmaster.com

This information is information that TagMaster is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-11-28 14:00 CET.