

Increased sales with strong gross margin results in the highest EBITDA for a quarter to date

October-December 2024

- Net sales increased during the quarter by 6,8 % to 133,7 MSEK (125,3). The organic and currency adjusted growth amounted to 1,4%.
- Adjusted EBITDA increased during the quarter by 19,0% and amounted to 27,0 MSEK (22,7) corresponding to an adjusted EBITDA margin by 20,2 % (18,1).
- Operating profit was 16,4 MSEK (7,3), corresponding to an operating margin of 12,2 % (5,8).
- Profit/loss for the quarter was 14,0 MSEK (6,8).
- Result per share basic and diluted was 0,96 SEK (0,47).
- Cash flow from operating activities for the period was 11,0 MSEK (3,4).
- On November 28, 2024 TagMaster acquired 92,5 percent of the shares in the Spanish company Quercus Technologies S.L (Quercus).

January-December 2024

- Net sales increased during the year by 3,9% to 420,4 MSEK (404,7). The currency adjusted growth amounted to -8,3 percent.
- Adjusted EBITDA decreased during the year by 15,5% to 48,3 MSEK (57,2), corresponding to an adjusted EBITDA margin by 11,5% (14,1).
- Operating profit/loss was 10,3 MSEK (15,3), which correspond to operating margin of 2,5% (3,8).
- Profit/loss for the year was 4,7 MSEK (13,7).
- Result per share, basic and diluted was 0,32 SEK (0,93).
- Cash flow from operating activities for the year was 58,6 MSEK (28,5).
- The board does not propose dividends for 2024.

| Amounts in TSEK | 2024 Oct-Dec | 2023 Oct-Dec | 2024 Full Year | 2023 Full Year |
|---|-----------------|-----------------|-------------------|-------------------|
| Net sales | 133 727 | 125 260 | 420 445 | 404 711 |
| Net sales growth, % | 6,8 | 19,7 | 3,9 | 12,9 |
| Gross margin, % | 70,0 | 61,4 | 68,3 | 68,5 |
| Adjusted gross margin, % | 70,0 | 66,7 | 68,9 | 70,1 |
| Adjusted EBITDA | 26 957 | 22 662 | 48 300 | 57 174 |
| Adjusted EBITDA margin, % | 20,2 | 18,1 | 11,5 | 14,1 |
| EBITDA | 24 351 | 16 029 | 42 930 | 48 296 |
| EBITDA margin, % | 18,2 | 12,8 | 10,2 | 11,9 |
| Equity ratio, % | - | - | 51,4 | 60,5 |
| Cash flow from operating activities, MSEK | 11,0 | 3,4 | 58,6 | 28,5 |
| Net debt/EBITDA, R12M | - | - | 2,4 | 0,9 |
| Number of employees at end of period | - | - | 168 | 115 |

For description and reconciliation of key figures, see pages 21-22.

About TagMaster

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, Quercus 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, Spain 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.

Comments by the CEO

The final quarter of 2024 was very strong for us, and despite a continued cautious market, we were able to deliver record figures in both revenue and profitability. Revenue grew by 6.8 percent compared to the strong final quarter of 2023, and the adjusted EBITDA result reached 27 million SEK, corresponding to a margin of just over 20 percent. This is the best individual quarter to date and demonstrates that our strategy of focusing on a combination of organic and acquired growth is successful.

At the end of the quarter, we acquired Quercus Technologies, a company that develops and manufactures advanced digital solutions for the parking industry based on AI-driven video analysis. Based in Reus, Spain, Quercus has installations in over 100 countries worldwide. Through this acquisition, TagMaster strengthens its already robust offering within parking and access digitization, while also increasing our sales to corporate customers (B2B), complementing the group's current business, which is predominantly focused on the public sector (B2G).

With Quercus as a part of the group, combined with the strong finish to last year, we have entered the new year with expectations of both increased revenue growth and stronger results. In addition to the advantages I mentioned above, the acquisition provides us with significant opportunities for organic growth through increased cross-selling. Quercus has a strong presence in Germany, Spain, and Australia, while our main strengths have previously been in the USA, the UK, and France. Together, we can sell our respective solutions in new markets and offer a broader range of products and AI-driven solutions to our global customers.

We also see that our second-to-last acquisition, the radar business (RTMS) that we acquired from the American company Image Sensing Systems (ISS) during the third quarter of 2023, continued to perform well also in the fourth quarter, with a growth of approximately 26 percent compared to the same period in 2023. Through this acquisition, we have strengthened our offering and can deliver both sensor solutions for ground installations and a series of high-performance radar-based sensor solutions for above-ground installations.

Looking ahead, I can state that TagMaster is well positioned to contribute to solutions for some of the major challenges facing the world's transportation systems. These challenges include solving traffic problems such as congestion in densely populated areas worldwide, increasing traffic safety, preventing accidents, and reducing emissions from traffic. This means that demand for our solutions will increase as necessary decisions on infrastructure investments are made across large parts of the world.

Our leading technical expertise in all relevant technologies in the field positions us well to meet the growing demand for multisensor solutions. Following the acquisition of Quercus, the group now has a total of 60 development engineers, 30 of whom focus on further developing AI-based video solutions. We therefore see significant potential in continuing to develop both new products and our sales, both in the U.S. market and through our global partner network. During the quarter, we continued to invest in the sales organization and further integration of our operations with the aim of better scaling our commercial offering.

To leverage on our leading technical expertise and drive organic growth, significant investments are being made in product development. Therefore, in the fourth quarter, the investment in product development amounted to approximately 15 percent of the group's revenue.

The group's sales for the fourth quarter amounted to SEK 133.7 million, an increase of 6.8 percent compared to the same period in 2023. The organic revenue change for the quarter, adjusted for currency effects and acquisitions, amounted to SEK 1.7 million, corresponding to an increase of 1.4 percent. Costs were higher compared to the fourth quarter of 2023, as the newly acquired Quercus is included from December, along with higher personnel costs related to our investments in increased sales resources.

For the full year 2024, revenue totaled SEK 420.4 million, an increase of 3.9 percent compared to 2023. The organic and currency-adjusted change amounted to a decrease of 8.3 percent. Adjusted EBITDA for the full year was SEK 48.3 million, corresponding to a margin of 11.5 percent, which is 2.6 percentage points lower than in 2023. Our Traffic Solutions business in the fourth quarter amounted to SEK 110.9 million, an increase of approximately 6 percent compared to the same quarter in 2023. During the quarter, Traffic Solutions accounted for 83 percent of sales, while Rail Solutions accounted for 17 percent.

The adjusted gross margin at group level for the quarter was 70 percent (66.7), with an adjusted EBITDA result of SEK 26.9 million, corresponding to an adjusted EBITDA margin of 20.2 percent. Cash flow from operating activities amounted to SEK 11 million, and the group's solvency ratio was 51.3 percent at the end of the period.

The focus on reducing working capital, primarily inventory levels that increased during previous component shortages, continues to be a focus. Sequentially, inventory has decreased by just under 7 percent, and compared to the same quarter last year, it has decreased by just over 29 percent.

TagMaster is currently well positioned in a market with strong long-term growth prospects and good profitability, and we are committed to continuing to make TagMaster a leading company in Intelligent Transportation Solutions (ITS).

Jonas Svensson, CEO

TagMaster in brief

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

Vision

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

Mission

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

Business model

By combining the various technologies the Group operates with, TagMasters aim is to offer better solutions to increase the efficiency, safety, convenience and to reduce environmental impact within Smart Cities. The technologies are offered as a package with software to create smart technologies and "one-stop-shop solutions". TagMaster takes long-term responsibility for the products and solutions provided, which creates value and stability for TagMasters customers and profitability for TagMaster.

Financial Targets

Growth: 20% total growth (organic and acquired)

Adjusted EBITDA: >12%

Cashflow/EBITDA: > 90% (over a period)

Strategic priorities

- Commercial strength - drive growth through excel sales performance and commercial digitization.
- Customer-driven innovation – make investments required for leadership within selected technologies, enhanced customer value and lower production costs.
- Constant operational improvements – ensure an efficient and flexible supply chain, further strengthen TagMaster's quality position and continue improvements to reduce costs.
- Expanded product offering – continuously move up in the value chain, from not merely offering products to offering broader systems and solutions for the customer and extending our offering through M&A.

Financial calendar

| | |
|--------------------------|--|
| March 27, 2025: | Annual Report 2024 available on web site |
| April 24, 2025: | Annual general meeting, Kista |
| April 24, 2025: | Interim report first quarter 2025 |
| July 18, 2025: | Interim report second quarter 2025 |
| October 23, 2025: | Interim report third quarter 2025 |
| February 5, 2026: | Earnings release 2025 |

This report and previous reports and press releases are found at the company home page www.tagmaster.com.

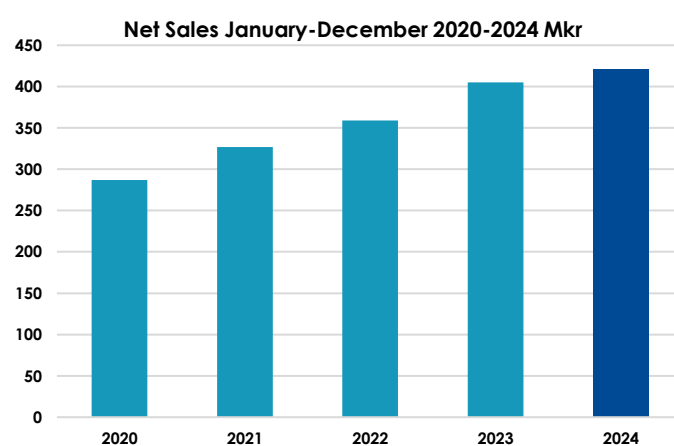
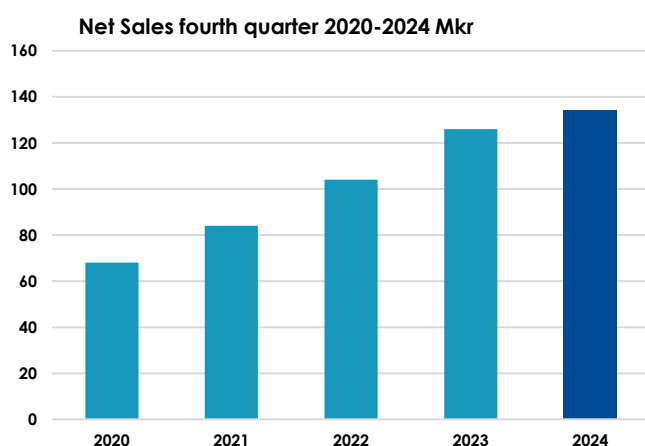
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This information is information that TagMaster AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 a.m. CET on February 5, 2025.

Summary result information

| Amounts in TSEK | 2024 | 2023 | % | 2024 | 2023 | % |
|---|---------|---------|---------|-----------|-----------|-------|
| | Oct-Dec | Oct-Dec | | Full Year | Full Year | |
| Net sales | 133 727 | 125 260 | 6,8 | 420 445 | 404 711 | 3,9 |
| Other revenue | 2 103 | 71 | 2 862,3 | 3 280 | 2 676 | 22,6 |
| Gross profit | 93 545 | 76 914 | 21,6 | 287 095 | 277 120 | 3,6 |
| Gross margin, % | 70,0 | 61,4 | - | 68,3 | 68,5 | - |
| Adjusted gross profit | 93 545 | 83 547 | 12,0 | 289 859 | 283 753 | 2,2 |
| Adjusted gross margin, % | 70,0 | 66,7 | - | 68,9 | 70,1 | - |
| Operating expenses ¹ | -71 297 | -60 955 | 17,0 | -247 445 | -231 499 | 6,9 |
| Adjusted EBITDA | 26 957 | 22 662 | 19,0 | 48 300 | 57 174 | -15,5 |
| Adjusted EBITDA margin, % | 20,2 | 18,1 | - | 11,5 | 14,1 | - |
| Non-recurring items | -2 606 | -6 633 | -60,7 | -5 370 | -8 878 | -39,5 |
| EBITDA | 24 351 | 16 029 | 51,9 | 42 930 | 48 296 | -11,1 |
| EBITDA margin, % | 18,2 | 12,8 | - | 10,2 | 11,9 | - |
| Amortisation of other non-current intangible assets | -523 | -627 | -16,6 | -2 096 | -2 654 | -21,0 |
| Depreciation | -2 809 | -2 343 | 19,9 | -10 823 | -9 700 | 11,6 |
| Adjusted EBITA | 23 625 | 19 692 | 20,0 | 35 381 | 44 820 | -21,1 |
| Adjusted EBITA margin, % | 17,7 | 15,7 | - | 8,4 | 11,1 | - |
| EBITA | 21 019 | 13 059 | 61,0 | 30 011 | 35 942 | -16,5 |
| EBITA margin, % | 15,7 | 10,4 | - | 7,1 | 8,9 | - |



Organic change, net sales

| Amounts in TSEK | 2024 | % | 2023 | % | 2024 | % | 2023 | % |
|--|----------------|------------|----------------|-------------|----------------|------------|----------------|-------------|
| | Oct-Dec | | Oct-Dec | | Jan-Dec | | Jan-Dec | |
| Net sales comparison period previous year | 125 260 | | 104 602 | | 404 711 | | 358 603 | |
| Organic change | 1 700 | 1,4 | 2 655 | 2,5 | -33 567 | -8,3 | 12 134 | 3,4 |
| Change through acquisitions | 7 342 | 5,9 | 16 008 | 15,3 | 49 520 | 12,2 | 17 522 | 4,9 |
| Exchange rate change | -575 | -0,5 | 1 994 | 1,9 | -219 | 0,0 | 16 541 | 4,7 |
| Total change | 8 467 | 6,8 | 20 657 | 19,7 | 15 734 | 3,9 | 46 107 | 12,9 |
| Net sales | 133 727 | | 125 260 | | 420 445 | | 404 711 | |

For description and reconciliation of key figures, see pages 21-22.

¹ Personnel expenses, other external expenses and other operating expenses

² Amortisation of intangible assets attributable to acquisitions is not included in the item

Segment TagMaster Europe

TagMaster develops and delivers solutions aimed at improving and streamlining transport and traffic flows. These include smart parking solutions and intelligent transport systems that allow the road networks to be used optimally, alleviate traffic problems and reduce emissions. Other solutions include tolls and security and access control systems. TagMaster is also a leading provider of advanced mobility solutions for rail bound traffic in metropolitan areas.

The business is conducted in the parent company and in the subsidiaries in France, UK and Spain. Development is centralized and managed by the European CTO. The CFO function is centralized with local accounting functions. Sales and marketing are managed by a centralized sales director and centralized a marketing director.

Business during the quarter

Sales for the Europe segment in the fourth quarter amounted to SEK 74.9 million, an increase of 29.1 percent and 14.2 percent adjusted for acquisitions and currency effects, compared to the same period in 2023.

The gross margin was 74.3 percent, which represents a slight decrease of 0.3 percentage points compared to the fourth quarter of 2023. During the quarter, lead times for the majority of electronic components have normalized. Costs were at a higher level compared to the fourth quarter of 2023, as the newly acquired Quercus is included from December, along with increased personnel costs related to additional sales staff.

Adjusted EBITDA for the fourth quarter amounted to SEK 14 million, corresponding to an adjusted EBITDA margin of 18.7 percent.

Traffic Solutions accounted for 70 percent of sales in the segment during the fourth quarter, while Rail Solutions accounted for 30 percent.

The Quercus acquisition is a highly strategic move for TagMaster, as it not only positions the group as a leading player in parking solutions and boosts the B2B business, but also strengthens the group technologically in AI and video analytics, while opening up new geographic markets.

TagMaster's French subsidiary, Citilog, has, with its new Deep Learning-based software, secured a large order during the quarter for its video-based automatic incident management system for the major tunnel project, The Western Harbor Tunnel Project in Sydney, Australia. The system manages over 300 cameras in the dual tunnels. The new software includes several groundbreaking modules, such as Early Smoke Detection, Wrong Way Detection, Lane Change Detection, and several new AI-driven detection modules.

During the quarter, the Europe segment also delivered RFID solutions to subway systems in London, Brussels, and tram systems in South Korea. TagMaster has also received orders for RFID access systems for mining projects in New Zealand and for secure vehicle identification in public spaces in Portugal.

TagMaster's focus on active travel - cycling and pedestrian traffic - within the Infomobility application area continues in both product development and marketing efforts. All Infomobility products are now connected (IoT) and can be powered by solar panels and batteries. During the quarter, an initial order was placed for CityRadar, which counts cyclists and pedestrians, for a new project in Saudi Arabia. In Scotland, equipment was delivered for the expansion of walking and cycling paths around Edinburgh, and in France, equipment was delivered for vehicle classification in Limoges.

TagMaster assesses that most markets in Europe will continue to expand their infrastructure investments, although the company is seeing some delays in customer investments in the short term, related to a generally slower economy in Europe. These are temporary fluctuations in business, which is normal as projects such as tunnels, bridges, subway projects, and tram systems are linked to uneven investment cycles. TagMaster's assessment is that the downturn is of a temporary nature.

| Amounts in TSEK | 2024 Oct-Dec | 2023 Oct-Dec | Change, % | 2024 Jan-Dec | 2023 Jan-Dec | Change, % |
|--------------------------------------|-----------------|-----------------|--------------|-----------------|-----------------|--------------|
| Net Sales | 74 929 | 58 033 | 29,1 | 220 205 | 234 321 | -6,0 |
| Gross profit | 55 673 | 43 264 | 28,7 | 160 561 | 167 930 | -4,4 |
| Gross margin, % | 74,3 | 74,6 | - | 72,9 | 71,7 | - |
| Adjusted gross margin, % | 74,3 | 74,6 | - | 72,9 | 71,7 | - |
| Adjusted EBITDA | 14 047 | 6 742 | 108,4 | 13 076 | 32 651 | -60,0 |
| Adjusted EBITDA margin, % | 18,7 | 11,6 | - | 5,9 | 13,9 | - |
| Numbrr of employees at end of period | 128 | 77 | 70,1 | - | - | - |

The effects of accounting for leases under IFRS 16 and capitalization of development expenditure in accordance with IAS 38 are not included in the table above.

Segment TagMaster USA

Sensys Networks develops and delivers advanced wireless radar and magnetic sensors as well as a cloud-based software platform known as SNAPS used for analyses of traffic data using embedded AI technology and for monitoring of the sensors and local edge gateways. Sensys Networks offer an “end-to-end solution” that is primarily designed for controlling and optimizing traffic lights, but it is also well suited for road and motorway monitoring, as well as for parking solutions. Sensys Networks is considered a leader in above solutions.

The business is conducted in the wholly owned subsidiary Sensys Networks Inc with office in Berkeley, California. The operation is managed by the local president reporting to the group CEO. Sensys Networks Inc have a local CTO managing development and operation, a local VP finance and VP sales and marketing, all reporting to the local president.

Business during the quarter

Sales for the USA segment in the fourth quarter amounted to SEK 58.8 million, a decrease of 12.5 percent and -11.7 percent adjusted for acquisitions and currency effects, compared to the same period in 2023.

The adjusted gross margin was 64.4 percent, an increase of 4.5 percentage points compared to the fourth quarter of 2023. Costs were at the same level as in the fourth quarter of 2023.

Adjusted EBITDA for the fourth quarter amounted to SEK 10.5 million, corresponding to an adjusted EBITDA margin of 17.8 percent.

In the USA segment, the Traffic Solutions business accounts for 100 percent of the sales.

The radar business (RTMS), acquired in the third quarter of 2023 from the American company Image Sensing Systems (ISS), continued to perform well in the fourth quarter, with a growth of approximately 26 percent compared to the same period in 2023. The addition of the radar business (RTMS) to Sensys Networks' current product and service portfolio is an important step in the ongoing focus on growth in the U.S. market. With this acquisition, Sensys Networks is better positioned to meet the growing demand for multi-sensor solutions.

The acquisition adds, in addition to industry-leading products, solid expertise in sales and a significant expansion of the distribution network in the USA. As an additional step in the growth strategy for the radar business, the USA segment aims to strengthen its position in western USA, including California. The intention is also to leverage the TagMaster Group's international partner network to significantly increase volumes outside of the USA in the medium term, and during the quarter, deliveries have been made to both the UK and Thailand.

During the quarter, the USA segment received large orders for traffic light detection systems in the UK, South Africa, Australia, and Saudi Arabia, as well as several systems in USA including Illinois, Utah, and Michigan. Additionally, the new radar products have been sold to projects in California, and Citilog systems have been sold to Detroit International Airport.

With the new wireless sensor, FlexMag3 EZ-Out, highway operators can achieve precise detection for all applications with minimal lane closures, as well as quickly and easily replace or move existing sensors with minimal system downtime. Wireless magnetic sensors are superior in terms of detection accuracy, fast installation, and minimal maintenance requirements. The FlexMag3 is the smallest sensor yet, designed to withstand extreme conditions, and takes only two to five minutes to install.

| Amounts in TSEK | 2024 Oct-Dec | 2023 Oct-Dec | Change, % | 2024 Jan-Dec | 2023 Jan-Dec | Change, % |
|--------------------------------------|-----------------|-----------------|--------------|-----------------|-----------------|--------------|
| Net Sales | 58 798 | 67 227 | -12,5 | 200 240 | 170 390 | 17,5 |
| Gross profit | 37 873 | 33 650 | 12,5 | 126 535 | 109 190 | 15,9 |
| Gross margin, % | 64,4 | 50,1 | - | 63,2 | 64,1 | - |
| Adjusted gross margin, % | 64,4 | 59,9 | - | 64,6 | 68,0 | - |
| Adjusted EBITDA | 10 458 | 13 898 | -24,7 | 25 525 | 16 450 | 55,2 |
| Adjusted EBITDA margin, % | 17,8 | 20,7 | - | 12,7 | 9,7 | - |
| Number of employees at end of period | 40 | 38 | 5,3 | - | - | - |

The effects of accounting for leases under IFRS 16 and capitalization of development expenditure in accordance with IAS 38 are not included in the table above.

Consolidated net sales and earnings

October–December 2024

Net sales

Net sales for the quarter amounted to 133,7 (125,3) MSEK, representing an increase of 6,8 percent compared to the corresponding quarter of the previous year. The quarter's organic revenue change – adjusted for currency effects of -0,6 MSEK and changes due to acquisitions of 7,3 MSEK – amounted to 1,7 MSEK, which corresponds to 1,4 percent. The organic revenue change was attributed to the group's European segment, where revenue increased by 9,6 MSEK, which corresponds to 16,5 percent.

Operating profit

The operating profit for the quarter amounted to 16,2 MSEK (7,3), representing an increase of 8,9 MSEK compared to the corresponding period of the previous year. The increased operating profit is explained by higher net sales and higher gross margin. The higher gross margin, 70,0 percent compared to 61,4 percent is primarily explained by changes in the product and customer mix.

Adjusted EBITDA

Adjusted EBITDA increased to 27,0 MSEK (22,7), corresponding to a margin of 20,2 percent (18,1). The increased margin, as the higher operating profit, is due to a higher net sales and higher gross margin.

Financial items

Financial items for the quarter amounted to -3,7 MSEK (-1,4). The financial expenses impacting the quarter included interest expenses on liabilities to credit institutions of -1,8 MSEK (-1,7), as well as currency exchange effects related to these liabilities of -2,1 MSEK (3,2). Other financial items affecting the quarter were also currency revaluations of the parent company's loans to and from foreign subsidiaries, amounting to 0,1 MSEK (-2,7).

Tax

The group's tax amounted to 1,5 (0,9) MSEK and was attributable to current tax and changes in temporary differences and tax revenue based on the French subsidiary Citilog's development expenditure incurred. The deferred tax asset related to TagMaster UK:s previous years tax loss carryforwards has been revalued, resulting in a deferred tax expense of -13,5 MSEK. The recognition of temporary differences related to the U.S. subsidiary's development expenditures has positively impacted the period's deferred tax by 14,3 MSEK.

Profit for the period

Profit for the period amounted to 14,0 (6,8) MSEK. Earnings per share before and after dilution amounted to 0,96 (0,47) SEK.

January - December 2024

Net sales

The full-year net sales amounted to 420,4 MSEK (404,7), representing an increase of 3,9 percent compared to the corresponding period previous year. The organic net sales growth for the year – adjusted for currency effects of -0,2 MSEK and changes due to acquisitions of 49,5 MSEK – amounted to -33,6 MSEK, which corresponds to -8,3 percent, of which the European segment accounted for -22,1 MSEK, which corresponds to -9,4 percent.

Operating profit/loss

The full-year operating profit/loss amounted to 10,3 MSEK (15,3), reflecting an decrease of 5,0 MSEK compared to the previous year.

The decreased operating profit, despite higher net sales and a gross margin in line with the previous year (68,3 percent compared to 68,5 percent) is primarily explained by higher personnel costs. The increase is related to expanded sales capacity and general salary increases, as well as additional personnel costs from Quercus amounting to 3,8 MSEK.

Items affecting comparability

In the PPA (purchase price allocation), the inventory included in the acquisition of RTMS has been valued at fair value, impacting the gross profit for the year by -2,8 MSEK.

During the fourth quarter, a reorganization related to the consolidation of the Group's development resources resulted in additional personnel costs for TagMaster UK amounting to 2,0 MSEK.

Acquisition-related costs attributable to the acquisition of Quercus, completed during the fourth quarter, amounted to 0,6 MSEK.

Adjusted EBITDA

Adjusted EBITDA decreased to 48,3 MSEK (57,2), corresponding to a margin of 11,5 percent (14,1). The decreased margin, like the lower operating profit, is due to higher cost levels.

Financial items

Financial items for the full year amounted to -7,3 MSEK (-4,6). The financial expenses impacting the financial year include interest expenses on liabilities to credit institutions of -6,0 MSEK (-3,9). The revaluation of these liabilities has affected the net financial result by -2,7 MSEK (2,5). Other financial items affecting the year are primarily revaluations of loans to and from foreign subsidiaries, amounting to 1,0 MSEK (-2,6).

Tax

The group's tax amounted to 1,6 MSEK (3,0) and was attributable to current tax and changes in temporary differences and tax revenue based on the French subsidiary Citilog's development expenditure incurred. The deferred tax asset related to TagMaster UK:s previous years tax loss carryforwards has been revalued, resulting in a deferred tax expense of -13,5 MSEK. The recognition of temporary differences related to the U.S. subsidiary s development expenditures has positively impacted the period's deferred tax by 14.3 MSEK.

Profit for the year

Profit for the year amounted to 4,7 MSEK (13,7). Earnings per share before and after dilution amounted to 0,32 SEK (0,93).

Post balance sheet events

No events that are to be regarded as material have occurred between the balance sheet date and the date of submission of the earnings release.

Consolidated balance sheet and cash flow

Liquidity and cash flow

As of December 31, 2024, the Group's available liquidity amounted to 68,0 (53,5) MSEK, of which overdraft facilities amounted to 21,1 (28,4) MSEK. As of December 31, 2024, the Group's overdraft facility of 30,0 MSEK was utilized by 20,4 (12,2) MSEK, while the overdraft facility in EUR of 1,0 MEUR was unutilized.

At the end of the period, the Group's cash and cash equivalents amounted to 46,9 (25,1) MSEK.

Cash flow October – December 2024

The quarter's cash flow amounted to -3,7 (3,4) MSEK and was distributed as follows:

- 11,0 (3,4) MSEK from operating activities.
- -60,9 (-0,1) MSEK to investment activities. The increase is primarily attributable to the acquisition of Quercus. For further information regarding the acquisition, see page 11 under the heading Business Combinations and note 7 Intangible Assets.
- 46,2 (0,2) MSEK to financing activities, which included a loan of 45,6 MSEK to finance the acquisition of Quercus, repayment of other financial liabilities of -3,4 MSEK, loan repayments of -4,2 (-4,8) MSEK, changes in bank overdraft facilities of 10,6 (7,0) MSEK, and lease liability amortisation of -2,3 (-2,0) MSEK.

Cash flow January – December 2024

The annual cash flow amounted to 20,1 (-11,1) MSEK and was distributed as follows:

- 58,6 (28,5) MSEK from operating activities.
- -61,2 (-51,5) MSEK to investment activities and is attributable to the acquisition of Quercus. For further information regarding the acquisition, see page 11 under the heading Business Combinations and note 7 Intangible Assets. 0,2 MSEK was received at the final settlement of the RTMS acquisition
- -22,7 (12,0) MSEK to financing activities, which included a loan of 45,6 MSEK to finance the acquisition of Quercus, repayment of other financial liabilities of -3,4 MSEK, loan repayments of -18,4 (-18,8) MSEK, changes in bank overdraft facilities of 8,1 (2,4) MSEK, and lease liability amortisation of -9,2 (-8,1) MSEK.

Investments

In 2024, investments in tangible fixed assets amounted to 1,0 (1,0) MSEK. No investments were made in intangible fixed assets.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on December 31, 2024, was 159,0 (114,6) MSEK. Other intangible assets amounted to 92,0 (63,3) MSEK and relate to capitalized development expenditure of 27,7 (19,8) MSEK and customer relations of 54,5 (34,3) MSEK and trademark of 9,7 (9,2) MSEK. The increase of 73,2 MSEK compared to carrying amount of goodwill on December 31, 2023, is primarily attributable to the acquisition of Quercus. For details regarding the acquisition, see page 19, note 7 Intangible Assets. Other changes referred to amortisation at the amount of -21,8 MSEK, translation differences of 13,0 MSEK. During the first quarter a reduction was obtained on purchase consideration related to the acquisition RTMS. As a result, the purchase price was reallocated, and goodwill was thereby reduced by 0,2 MSEK.

Right-of-use assets and lease liabilities

The carrying amount of right-of-use assets (lease agreements for premises) amounted to 18,3 (8,7) MSEK. The corresponding leasing liabilities amounted to 18,6 (9,1) MSEK. During the first quarter, the french subsidiaries lease agreement in Bagneux has been prolonged and the lease liability has been revalued by 9,6 MSEK. In connection with the acquisition of Quercus, a right-of-use asset with a corresponding lease liability of 2,0 MSEK, related to the company's rental agreement in Reus, Spain, has been recognized.

The cost of short-term leases for the year amounted to 4,2 (3,3) MSEK.

Other non-current receivables

Other non-current receivables as of December 31, 2024, amounted to 9,0 (3,5) MSEK and consisted to the most part of the French subsidiary Citiogs tax receivables (based on discontinued development costs) that are expected to be paid later than twelve months after the end of the reporting period.

Deferred tax assets

Deferred tax assets as of December 31, 2024, amounted to 56,0 (45,0) MSEK and mainly related to the valuation of tax loss carryforwards and temporary differences attributable to the U.S. subsidiary's development expenditures.

Inventories

Inventories as of December 31, 2024, amounted to 68,7 (78,9) MSEK. Inventory value attributable to Quercus amounted to 13,1 MSEK. The decrease in the balance sheet item with adjustment for Quercus amounted to 23,3 MSEK.

Accounts receivable

Accounts receivable as of December 31, 2024, amounted to 92,0 (72,7) MSEK, whereof 14,2 MSEK was attributable to Quercus. Excluding RTMS, the balance sheet item increased by 5,1 MSEK.

Liabilities to credit institutions

As of December 31, 2024, the Group's liabilities to credit institutions amounted to 125,2 (66,2) MSEK and consist of acquisition loans of 84,8 (54,0) MSEK and additional utilized overdraft facilities of 20,4 (12,2) MSEK. During the year, the acquisition loan was repaid by 18,4 MSEK. For the corresponding period previous year, the amortization was 18,8 MSEK. As part of the financing for the acquisition of Quercus, the loan has been increased by 4,0 MEUR. The loan facility has a term of four years, with the first amortisation scheduled for June 30, 2025. The interest rate for the loan facility is SOFR plus a margin of between 2,4 and 3,3 percentage points, depending on net debt divided by consolidated EBITDA.

Equity

Equity as of December 31, 2024, amounted to 286,3 (259,3) MSEK, corresponding to 19,54 (17,70) SEK per outstanding share. There were no outstanding stock options or convertible programs on December 31, 2024.

Financial position

The equity ratio amounted to 51,4 (60,5) percent on December 31, 2024, and equity to 286,3 (259,3) MSEK. Total assets on December 31, 2024, amounted to 556,7 (428,6) MSEK.

Business combinations

On November 28, 2024, 92,5 percent of the shares in the Spanish company Quercus Technologies S.L (Quercus) were acquired.

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.

The purchase price upon close of the transaction is € 5,5 million. In addition, a deferred purchase price of approx. 0,45 MEUR for the remaining 7,5 percent of the shares will be paid in 2028 (call-put option). The option has been recognized as financial liability and the acquisition has been recognized as if TagMaster exercises control over 100 percent of the shares.

Finally, a performance-based additional payment (earn-out) of a maximum of 1 MEUR, conditional on improved sales, will be paid in three equal installments at the end of 2025, 2026 and 2027. 2028. The acquisition is an all-cash transaction funded by cash at hand and a new bank debt facility of 4,0 MEUR.

Acquisition related expenses of 0,6 MSEK have been recognized as other expenses in the income statement.

The assets and liabilities recognized as a result of the acquisition are as follows:

| Fair Value | TSEK |
|---|---------------|
| <i>Non-current assets</i> | |
| Capitalized development expenditure | 16 275 |
| Customer relationships | 29 636 |
| Non-current receivables | 7 967 |
| Property, plant and equipment | 2 045 |
| <i>Current assets</i> | |
| Inventories | 13 522 |
| Trade receivables | 13 006 |
| Total current receivables | 1 865 |
| Cash and cash equivalents | 2 740 |
| <i>Non-current liabilities</i> | |
| Liabilities to credit institutions | -7 821 |
| Other financial liabilities | -3 525 |
| Liability to TagMaster AB | -3 386 |
| <i>Current liabilities</i> | |
| Liabilities to credit institutions | -12 566 |
| Trade payables | -14 385 |
| Total current liabilities | -4 555 |
| Identifiable assets and liabilities, net | 40 818 |
| Transferred remuneration | 63 340 |
| Option to acquire shares owned by Montauk Investment S.L (equivalent to 7,5 percent of the shares) ¹ | 4 316 |
| Additional purchase consideration ¹ | 9 482 |
| Goodwill | 36 320 |
| Net cash flow from the acquisition of Quercus | |
| Transferred remuneration | 63 340 |
| Deduction: Acquired cash and cash equivalents | -2 740 |
| Net cash flow | 60 600 |

¹ Fair value of acquired inventories have been calculated as the dealer price deducted for estimated shipping and selling costs.

Note that the purchase price allocation above is preliminary and can be subject to changes.

The surplus value attributable to capitalized development expenditure to 9,2 MSEK, with an estimated useful life of 5 years. For customer relationships with a fair value of 29,6 MSEK, the estimated useful life is 7 years. Consequently, future annual amortisations for these two items amount to 6,0 MSEK.

No part of the goodwill arising in connection with the acquisition is expected to be tax deductible. Deferred tax attributable to the acquisition of Quercus on December 31, 2024, totaled to approximately 3,3 MSEK. In the acquisition analysis, a corresponding amount is recognized as a deferred tax asset attributable to tax loss carry-forwards. In the consolidated statement of financial position, these two items are recognized net.

Goodwill arose on the acquisition, as the transferred remuneration also included amounts related to synergies, revenue increases, development of future markets and the combined workforce of the division. These benefits have not been recognized separately from goodwill because they do not meet the criteria for recognition of identifiable intangible assets.

From the acquisition date Quercus has contributed with revenue of 7,3 MSEK and operating loss of -0,9 MSEK. If the acquisition had taken place on January 1, 2024, the group's revenue would have totaled to 505,9 MSEK and the result for the year to -1,1 MSEK.

Parent Company

The operations of the parent company TagMaster AB are consistent with the operations of the Group as a whole. Net sales for the full year amounted to 113,8 (115,3) MSEK, of which invoicing of intra-group services and intra-group sales of goods amounted to 19,3 (23,6) MSEK. As of December 31, 2024, available liquidity amounted to 32,6 (33,0) MSEK, of which the overdraft credit amounted to 21,1 (28,4) MSEK. No significant investments have been made in intangible or tangible fixed assets.

Other information

Personnel

At the end of the year, the number of employees was 168 (115) of which employees of Quercus amount to 49.

Future outlook

The current uncertainty in the world requires a humble attitude towards the immediate future. TagMaster manages the business accordingly, with a focus on long-term growth, cost management and operational efficiency. In the medium term, TagMaster sees the massive investment packages that have been launched in Europe and the USA and which are largely focused on green investments in sustainable transport solutions benefiting the company's business.

TagMaster's growth strategy consists of a combination of growing organically and through acquisitions in existing and adjacent technology areas with the aim of expanding the product and solution offering as well as market presence. TagMaster's data solutions and sensor products are developed with the aim of preventing traffic congestion, reducing transport emissions of pollutants and increasing safety by streamlining existing and future traffic flows. The goal is to be an attractive supplier of data-based real-time information, which is a basic prerequisite for building the Smart Cities of the future.

The group's board and management remain positive about the prospects in the longer term. With greater volume and a wider range that also extends more towards data solutions and software in important growth areas, the company has good long-term growth opportunities.

Auditor's review

This report has not been reviewed by the company auditor.

Declaration

The Board of Directors and the CEO assure that the interim report provides a fair overview of the parent company's and the group's operations, position, and results, as well as describes significant risks and uncertainties faced by the parent company and the companies within the group.

Summary consolidated income statement

| Amounts in TSEK | 2024 Oct-Dec | 2023 Oct-Dec | 2024 Jan-Dec | 2023 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|
| Net sales | 133 727 | 125 260 | 420 445 | 404 711 |
| Other revenue | 2 103 | 71 | 3 280 | 2 676 |
| Change in inventories during manufacture and finished goods | -1 050 | -1 721 | -34 | 184 |
| Goods for resale, raw materials and consumables | -39 132 | -46 624 | -133 316 | -127 774 |
| Other external expenses | -17 960 | -15 914 | -60 851 | -59 462 |
| Personnel expenses | -52 372 | -44 357 | -184 536 | -170 764 |
| Depreciation of property, plant and equipment and amortisation of intangible assets | -8 103 | -8 724 | -32 626 | -32 992 |
| Other operating expenses | -966 | -685 | -2 058 | -1 273 |
| Operating profit/loss | 16 248 | 7 305 | 10 304 | 15 304 |
| Financial net | -3 678 | -1 406 | -7 285 | -4 610 |
| Profit/loss before tax | 12 570 | 5 899 | 3 019 | 10 694 |
| Tax | 1 505 | 946 | 1 643 | 2 981 |
| Profit for the period | 14 075 | 6 845 | 4 663 | 13 675 |
| Net income attributable to: | | | | |
| Shareholders in the Parent Company | 14 075 | 6 845 | 4 663 | 13 675 |
| Earnings per share, SEK | | | | |
| Basic earnings per share | 0,96 | 0,47 | 0,32 | 0,93 |
| Diluted earnings per share | 0,96 | 0,47 | 0,32 | 0,93 |

Consolidated statement of other comprehensive income

| | | | | |
|---|---------------|----------------|---------------|---------------|
| Profit for the period | 14 075 | 6 845 | 4 663 | 13 675 |
| <i>Items that may be reclassified to profit or loss</i> | | | | |
| Exchange differences when translating foreign operations | 17 257 | -17 359 | 21 789 | -6 593 |
| <i>Items not to be reclassified to the income statement</i> | | | | |
| Remeasurement of the net pension obligation | 694 | -36 | 694 | -36 |
| Tax on the above | -179 | 9 | -179 | 9 |
| Comprehensive income for the period | 31 848 | -10 541 | 26 967 | 7 056 |
| Comprehensive income attributable to: | | | | |
| Shareholders in the Parent Company | 31 848 | -10 541 | 26 967 | 7 056 |

Summary consolidated statement of financial position

| Amounts in TSEK | 2024-12-31 | 2023-12-31 |
|---|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Intangible assets | 251 015 | 177 803 |
| Property, plant, and equipment | 3 820 | 2 610 |
| Right-of-use assets | 18 286 | 8 653 |
| Other non-current receivables | 3 744 | 3 544 |
| Deferred tax assets | 55 911 | 44 962 |
| | 332 777 | 237 571 |
| Current assets | | |
| Inventories | 68 708 | 78 887 |
| Trade receivables | 91 925 | 72 665 |
| Other receivables | 16 391 | 14 394 |
| Cash and cash equivalents | 46 891 | 25 059 |
| | 223 915 | 191 005 |
| TOTAL ASSETS | 556 693 | 428 577 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 18 309 | 18 309 |
| Other contributed capital | 241 459 | 241 459 |
| Translation reserve | 36 554 | 14 765 |
| Retained earnings including profit for the period | -10 071 | -15 248 |
| | 286 251 | 259 285 |
| Non-current liabilities | | |
| Liabilities to credit institutions | 65 067 | 30 466 |
| Other financial liabilities | 4 317 | - |
| Deferred tax liabilities | 2 196 | 3 427 |
| Other provisions | 18 772 | 17 608 |
| Additional purchase consideration | 6 041 | - |
| Lease liabilities | 8 542 | 3 813 |
| Other non-current liabilities | 1 938 | 1 488 |
| | 106 872 | 56 802 |
| Current liabilities | | |
| Trade payables | 33 280 | 15 110 |
| Liabilities to credit institutions | 60 133 | 35 726 |
| Other financial liabilities | 3 791 | - |
| Other provisions | 747 | 2 397 |
| Additional purchase consideration | 3 481 | - |
| Lease liabilities | 10 087 | 5 273 |
| Other liabilities | 52 051 | 53 984 |
| | 163 569 | 112 490 |
| TOTAL EQUITY AND LIABILITIES | 556 693 | 428 577 |

Summary consolidated statement of changes in equity

| Amounts in TSEK | 2024-12-31 | 2023-12-31 |
|-------------------------------------|----------------|----------------|
| Opening shareholders' equity | 259 285 | 252 229 |
| Profit for the period | 4 663 | 13 675 |
| Other comprehensive income | 22 303 | -6 619 |
| Closing shareholders' equity | 286 251 | 259 285 |

Equity attributable to shareholders in the Parent Company.

Summary consolidated statement of cash flows

| Amounts in TSEK | 2024 Oct-Dec | 2023 Oct-Dec | 2024 Jan-Dec | 2023 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|
| Operating activities | | | | |
| Operating profit/loss | 16 248 | 7 305 | 10 304 | 15 304 |
| Adjustments for non-cash items | 8 103 | 5 552 | 32 626 | 33 261 |
| Interest paid | -1 653 | -1 819 | -6 352 | -4 275 |
| Interest received | 254 | 151 | 1 229 | 735 |
| Tax paid | -1 353 | 0 | -1 353 | -1 505 |
| Tax received | 1 949 | 0 | 1 949 | 1 377 |
| Cash flow from operating activities before changes in working capital | 23 548 | 11 189 | 38 403 | 44 897 |
| Change in inventories | 6 951 | 7 776 | 27 252 | -8 195 |
| Change in operating receivables | -12 321 | -8 664 | -790 | 5 672 |
| Change in operating liabilities | -7 181 | -6 950 | -6 226 | -13 921 |
| Cash flow from operating activities | 10 997 | 3 351 | 58 639 | 28 453 |
| Investing activities | | | | |
| Acquisition of subsidiaries, less acquired cash and cash equivalents | -60 600 | - | -60 347 | -51 464 |
| Investments in property, plant and equipment | -280 | -116 | -874 | -957 |
| Net of paid-in and repaid deposits | 0 | - | 0 | 918 |
| Cash flow from investing activities | -60 880 | -116 | -61 221 | -51 503 |
| Financing activities | | | | |
| Borrowings | 45 577 | - | 45 577 | 36 473 |
| Repayment of loans | -4 193 | -4 826 | -18 380 | -18 810 |
| Change in bank overdraft facilities | 10 564 | 7 091 | 8 127 | 2 374 |
| Repayment of other financial liabilities | -3 392 | - | -3 392 | - |
| Lease liabilities | -2 348 | -2 021 | -9 229 | -8 073 |
| Cash flow from financing activities | 46 208 | 244 | 22 703 | 11 964 |
| Cash flow for the period | -3 675 | 3 479 | 20 121 | -11 086 |
| Exchange rate differences in cash | 2 094 | -1 023 | 1 710 | -79 |
| Cash at the beginning of the period | 48 471 | 22 603 | 25 059 | 36 223 |
| Cash at the end of the period | 46 890 | 25 059 | 46 891 | 25 059 |

Operating segment revenue and profit

The gross margin and EBITDA are the performance measures that are reported to the highest executive decision-maker and that form the basis for allocating resources and evaluating performance in the Group. Financial income, financial expenses and income tax are managed at Group level.

An analysis of the Group's revenue and results for each reportable operating segment follows below. The effects of recognising leases under IFRS 16 and capitalising development expenses in accordance with IAS 38 have not been allocated to the segments in the table below, included in the central column.

| 1 January 2024 - 31 December 2024 | TagMaster Europe | TagMaster USA | Central | Eliminations | Total Group |
|--|---------------------|------------------|--------------|---------------|----------------|
| Revenue | | | | | |
| External revenue | 220 205 | 200 240 | - | - | 420 445 |
| Cross-segment transactions | 3 891 | 3 760 | - | -7 651 | - |
| | 224 096 | 204 000 | - | -7 651 | 420 445 |
| Gross profit | 160 561 | 126 535 | - | - | 287 095 |
| Items affecting comparability | - | -2 763 | - | - | -2 763 |
| Adjusted gross profit | 160 561 | 129 298 | - | - | 289 859 |
| Adjusted EBITDA | 13 076 | 25 525 | 9 698 | - | 48 300 |
| Items affecting comparability | -2 607 | -2 763 | - | - | -5 370 |
| EBITDA | 10 469 | 22 762 | 9 698 | - | 42 930 |
| Depreciations and amortizations | -22 432 | -10 194 | - | - | -32 626 |
| Operating profit/loss | -11 397 | 12 568 | 9 698 | - | 10 304 |
| Other segment information | | | | | |
| Gross margin, % | 72,9 | 63,2 | - | - | 68,3 |
| Adjusted gross margin, % | 72,9 | 64,6 | - | - | 68,9 |
| Adjusted EBITDA margin, % | 5,9 | 12,7 | - | - | 11,5 |
| EBITDA margin, % | 5,0 | 11,4 | - | - | 10,2 |
| <i>Items affecting comparability:</i> | | | | | |
| Difference between fair value and book value in RTMS PPA | - | -2 763 | - | - | -2 763 |
| Acquisition-related expenses | -566 | - | - | - | -566 |
| Restructuring costs | -2 041 | - | - | - | -2 041 |
| Number of employees at the end of the period | 128 | 40 | - | - | 168 |
| 1 January 2023 - 31 December 2023 | | | | | |
| | TagMaster Europe | TagMaster USA | Central | Eliminations | Total Group |
| Revenue | | | | | |
| External revenue | 234 321 | 170 390 | - | - | 404 711 |
| Cross-segment transactions | 2 990 | 3 725 | - | -6 715 | - |
| | 237 311 | 174 115 | - | -6 715 | 404 711 |
| Gross profit | 167 930 | 109 190 | - | - | 277 120 |
| Items affecting comparability | - | -6 633 | - | - | -6 633 |
| Adjusted gross profit | 167 930 | 115 823 | - | - | 283 753 |
| Adjusted EBITDA | 32 651 | 16 450 | 8 073 | - | 57 174 |
| Items affecting comparability | - | -8 878 | - | - | -8 878 |
| EBITDA | 32 651 | 7 572 | 8 073 | - | 48 296 |
| Depreciations and amortisations | -12 658 | -20 334 | - | - | -32 992 |
| Operating profit/loss | 19 993 | -12 762 | 8 073 | - | 15 305 |
| Other segment information | | | | | |
| Gross margin, % | 71,7 | 64,1 | - | - | 68,5 |
| Adjusted gross margin, % | 71,7 | 68,0 | - | - | 70,1 |
| Adjusted EBITDA margin, % | 13,9 | 9,7 | - | - | 14,1 |
| EBITDA margin, % | 13,9 | 4,4 | - | - | 11,9 |
| <i>Items affecting comparability:</i> | | | | | |
| Difference between fair value and book value in RTMS PPA | - | -6 633 | - | - | -6 633 |
| Acquisition-related expenses | - | -2 245 | - | - | -2 245 |
| Number of employees at the end of the period | 77 | 38 | - | - | 115 |

Summarized parent company income statement

| Amounts in TSEK | 2024 Jan-Dec | 2023 Jan-Dec |
|---|-----------------|-----------------|
| Net sales | 113 762 | 115 325 |
| Other operating income | 2 903 | 2 446 |
| | 116 665 | 117 771 |
| Goods for resale and consumables | -42 677 | -49 172 |
| Other external expenses | -30 949 | -28 163 |
| Personnel expenses | -29 236 | -28 279 |
| Depreciation of property, plant and equipment and amortisation of intangible assets | -75 | -106 |
| Other operating expenses | -1 160 | -996 |
| Operating profit/loss | 12 568 | 11 055 |
| Financial expenses | -1 469 | -2 632 |
| Profit after financial items | 11 099 | 8 423 |
| Change in untaxed reserves | -2 092 | -2 189 |
| Tax on net profit for the year | -1 288 | -1 390 |
| Profit for the period * | 7 719 | 4 844 |

*) Profit for the year accords with comprehensive income for the year.

Summary parent company balance sheet

| Amounts in TSEK | 2024-12-31 | 2023-12-31 |
|--|----------------|----------------|
| ASSETS | | |
| Intangible assets | 0 | 57 |
| Property, plant, and equipment | 30 | 7 |
| Financial assets | 365 295 | 287 583 |
| Inventories | 17 401 | 25 296 |
| Trade receivables | 17 065 | 12 259 |
| Receivables from Group companies | 47 916 | 35 607 |
| Other receivables | 5 810 | 6 054 |
| Cash and bank balances | 11 505 | 4 560 |
| TOTAL ASSETS | 465 022 | 371 423 |
| EQUITY AND LIABILITIES | | |
| Equity | 275 103 | 267 384 |
| Provisions | 1 565 | 1 534 |
| Untaxed reserves | 9 145 | 7 053 |
| Non-current liabilities to credit institutions | 57 543 | 30 466 |
| Current liabilities to credit institutions | 47 636 | 35 726 |
| Trade payables | 8 158 | 7 475 |
| Liabilities to Group companies | 39 207 | 9 091 |
| Other liabilities | 26 665 | 12 694 |
| TOTAL EQUITY AND LIABILITIES | 465 022 | 371 423 |

Notes to the financial statements

1. Accounting policies

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS). In addition, the Group applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Council Recommendation. The Parent Company's accounts have been prepared in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities.

The accounting policies and calculation methods applied are in accordance with described in the 2023 Annual Report.

Amendments and interpretations of existing standards that became effective in 2024 have not had any impact on the Group's financial position or the financial statements.

Disclosures in accordance with IAS 34 Interim Financial Reporting are provided both in these notes and elsewhere in the interim report.

2. Key estimates and assessments

The preparation of financial reports requires management to make assessments and estimates and to make assumptions that affect the application of the Group's accounting principles. Actual results may deviate from these estimates and judgments. Key sources of uncertainty in estimates are described in note 3 in the 2023 Annual Report, page 53.

3. Financial risks and risk management

Through its operations, the Group is exposed to various types of operational and financial risks. TagMaster's significant risks and uncertainties are described in note 4 Financial risks and risk management in the 2023 Annual Report on pages 54–55 and in the Director's report, pages 40–43. The risk assessment is in all material aspects unchanged.

4. Transactions with related parties

After TagMaster's acquisition of 92,5 percent of the shares in Quercus, the previous owner retains 7,5 percent of the shares in the acquired company. The previous owner has assumed a role in the Group management and is therefore considered a related party under IAS 24. Transactions with the previous owner as of December 31, 2024, have been reported as follows:

- Short term financial liability in Quercus: 3,5 MSEK
- Additional purchase consideration recognized in TagMaster AB: 9,5 MSEK (nominal amount 1,0 MEUR)
- Option to acquire 7,5 percent of the shares in Quercus recognized as a long term liability in TagMaster AB: 4,3 MSEK (nominal amount 445.9 TEUR)

Other related-party transactions refer to transactions in the form of remuneration to senior executives, as stated on page 59 of the 2023 Annual Report.

5. Fair value of financial instruments

The additional purchase consideration and option related to the acquisition of Quercus have been valued at fair value, in accordance with level 3. Other financial assets and liabilities are valued at amortized cost.

6. Breakdown of revenue from contracts with customers

| | 1 January 2024 – 31 December 2024 | | | 1 January 2023 – 31 December 2023 | | |
|------------------------------------|-----------------------------------|----------------|----------------|-----------------------------------|----------------|----------------|
| | TagMaster Europe | TagMaster USA | Total Group | TagMaster Europe | TagMaster USA | Total Group |
| Geographical region | | | | | | |
| Sweden | 3 194 | 0 | 3 194 | 2 446 | 0 | 2 446 |
| EMEA | 133 288 | 66 881 | 200 170 | 124 063 | 69 462 | 193 526 |
| Asia Pacific | 39 709 | 11 586 | 51 295 | 47 271 | 10 825 | 58 096 |
| Americas | 44 014 | 121 773 | 165 787 | 60 540 | 90 103 | 150 643 |
| Total | 220 205 | 200 240 | 420 445 | 234 321 | 170 390 | 404 711 |
| Customer category | | | | | | |
| Traffic Solutions | 161 543 | 200 240 | 361 782 | 172 656 | 170 390 | 343 046 |
| Rail Solutions | 58 663 | - | 58 663 | 61 665 | - | 61 665 |
| Total | 220 205 | 200 240 | 420 445 | 234 321 | 170 390 | 404 711 |
| Time of revenue recognition | | | | | | |
| At a particular time | 205 354 | 195 540 | 400 894 | 220 360 | 157 421 | 377 781 |
| Over time | 14 851 | 4 700 | 19 551 | 13 961 | 12 969 | 26 930 |
| Total | 220 205 | 200 240 | 420 445 | 234 321 | 170 390 | 404 711 |

7. Intangible non-current assets

| | Goodwill | Goodwill associated with assets and liabilities | Capitalized development expenditure | Customer relationships | Trademarks | Total Group |
|---------------------------------------|----------------|---|-------------------------------------|------------------------|--------------|----------------|
| At 1 January 2024 | | | | | | |
| Cost of acquisition, opening balance | 97 690 | 16 862 | 74 707 | 76 130 | 9 339 | 274 728 |
| Accumulated amortization | - | - | -54 942 | -41 866 | -117 | -96 925 |
| Carrying amount | 97 690 | 16 862 | 19 765 | 34 264 | 9 222 | 177 803 |
| 1 January-31 December 2024 | | | | | | |
| Carrying amount, opening balance | 97 690 | 16 862 | 19 765 | 34 264 | 9 222 | 177 803 |
| Business combinations | 36 320 | -253 | 16 275 | 29 636 | - | 81 978 |
| Amortization for the period | - | - | -9 465 | -11 989 | -349 | -21 802 |
| Translation difference for the period | 7 415 | 1 004 | 1 115 | 2 632 | 871 | 13 037 |
| Carrying amount | 141 425 | 17 613 | 27 690 | 54 543 | 9 744 | 251 016 |
| At 31 December 2024 | | | | | | |
| Cost | 156 129 | 17 613 | 89 383 | 112 738 | 10 228 | 386 091 |
| Accumulated amortization | -14 704 | - | -61 690 | -58 195 | -484 | -135 073 |
| Carrying amount | 141 425 | 17 613 | 27 690 | 54 543 | 9 744 | 251 016 |

Group key ratios

Amounts in SEK th. unless otherwise specified

| Result | 2024 Oct-Dec | 2024 July-Sept | 2024 April-June | 2024 Jan-March | 2023 Oct-Dec | Full Year 2024 | Full Year 2023 |
|---|-----------------|-------------------|--------------------|-------------------|-----------------|-------------------|-------------------|
| Net sales | 133 727 | 84 812 | 102 907 | 99 000 | 125 260 | 420 445 | 404 711 |
| Net sales growth, % | 6,8 | -2,4 | 4,8 | 4,9 | 19,7 | 3,9 | 12,9 |
| Organic net sales change, % | 1,4 | -17,3 | -9,6 | -14,5 | 2,5 | -8,3 | 3,4 |
| Gross profit | 93 545 | 56 704 | 71 329 | 65 517 | 76 914 | 287 095 | 277 120 |
| Gross margin, % | 70,0 | 66,9 | 69,3 | 66,2 | 61,4 | 68,3 | 68,5 |
| Adjusted gross margin, % | 70,0 | 66,9 | 69,3 | 69,0 | 66,7 | 68,9 | 70,1 |
| Adjusted EBITDA | 26 957 | 583 | 11 615 | 9 144 | 22 662 | 48 300 | 57 174 |
| Adjusted EBITDA margin, % | 20,2 | 0,7 | 11,3 | 9,2 | 18,1 | 11,5 | 14,1 |
| EBITDA | 24 351 | 583 | 11 615 | 6 381 | 16 029 | 42 930 | 48 296 |
| EBITDA margin, % | 18,2 | 0,7 | 11,3 | 6,4 | 12,8 | 10,2 | 11,9 |
| Adjusted EBITA | 23 625 | -2 596 | 7 732 | 6 557 | 19 692 | 35 381 | 44 819 |
| Adjusted EBITA margin, % | 17,7 | -3,1 | 7,5 | 6,6 | 15,7 | 8,4 | 11,1 |
| EBITA | 21 019 | -2 596 | 7 732 | 3 794 | 13 059 | 30 011 | 35 942 |
| EBITA margin % | 15,7 | -3,1 | 7,5 | 3,8 | 10,4 | 7,1 | 8,9 |
| Operating profit | 16 248 | -6 618 | 2 481 | -1 806 | 7 305 | 10 305 | 15 304 |
| Operating margin, % | 12,2 | -7,8 | 2,4 | -1,8 | 5,8 | 2,5 | 3,8 |
| Profit/loss before tax | 12 570 | -6 955 | 1 177 | -3 773 | 5 899 | 3 019 | 10 694 |
| Net profit for the period | 14 075 | -7 482 | 1 170 | -3 101 | 6 845 | 4 662 | 13 675 |
| Earnings per share before dilution, SEK | 0,96 | -0,51 | 0,08 | -0,21 | 0,47 | 0,32 | 0,93 |
| Earnings per share after dilution, SEK | 0,96 | -0,51 | 0,08 | -0,21 | 0,47 | 0,32 | 0,93 |

Financial position

| | | | | | | | |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|
| Equity | 286 251 | 254 406 | 270 505 | 271 144 | 259 285 | 286 251 | 259 285 |
| Average equity | 270 329 | 262 455 | 270 825 | 265 214 | 264 555 | 272 768 | 255 757 |
| Equity ratio, % | 51,4 | 61,4 | 60,9 | 60,6 | 60,5 | 51,4 | 60,5 |
| Net debt (-) receivable | 114 567 | 16 394 | 23 002 | 35 457 | 50 220 | 114 567 | 50 220 |
| Return on equity, % | 5,2 | -2,9 | 0,4 | -1,2 | 2,6 | 1,7 | 5,3 |

Share data

| | | | | | | | |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Net sales per share, SEK | 9,13 | 5,79 | 7,03 | 6,76 | 8,55 | 28,70 | 27,63 |
| Equity per share, SEK | 19,54 | 17,37 | 18,47 | 18,51 | 17,70 | 19,54 | 17,70 |
| Market price on closing day, SEK | 13,25 | 15,60 | 20,00 | 23,30 | 23,30 | 13,25 | 23,30 |
| Number of shares at end of period | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 |
| Average number of shares, thousands | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 |

Personnel information

| | | | | | | | |
|--------------------------------------|-----|-----|-----|-----|-------|-------|-------|
| Sales per employee | 922 | 701 | 865 | 850 | 1 071 | 3 460 | 3 401 |
| Average number of employees | 145 | 121 | 119 | 117 | 117 | 122 | 119 |
| Number of employees at end of period | 168 | 122 | 120 | 118 | 115 | 168 | 115 |

¹Number of shares, basic and diluted, is the same as there are no options or convertibles outstanding that may give rise to dilution.

| Key ratios | Definition/calculation | Purpose |
|-------------------------------|---|---|
| Gross profit | Net sales minus costs of goods and services sold. | The key ratio is used in other calculations. |
| Gross margin | Net sales less costs of goods and services sold (gross profit) as a percentage of net sales. | The gross margin is used to measure production profitability. |
| Adjusted gross profit | Gross profit adjusted for items affecting comparability. | The key ratio is used in other calculations. |
| Adjusted gross margin | Net sales less costs of goods and services sold (adjusted gross profit) as a percentage of net sales. | The gross margin is used to measure production profitability in on-going operations. |
| Operating margin | Operating profit (EBIT) after depreciation, amortisation and impairments as a percentage of net sales. | Operating margin is used to measure operating profitability. |
| EBITDA | Operating profit (EBIT) before depreciation, amortisation and impairments. | EBITDA together with EBIT provides an overall picture of profit generated from operating activities. |
| Items affecting comparability | Income and expenses that are not expected to appear on a regular basis and impact comparability between periods | The key ratio is used in other calculations. |
| Adjusted EBITDA | EBITDA adjusted for items affecting comparability | The key ratio provides an overall picture of profit generated from operating activities. |
| EBITA | Operating Profit before depreciation, amortisation of goodwill and depreciation, amortisation of other intangible assets that arose in conjunction with company acquisitions. | EBITA provides an overall picture of profit generated from operating activities. |
| Organic change | Change in net sales during the current period, excluding acquisitions and currency effects, in relation to net sales for the corresponding period of the preceding year. Net sales from acquired companies are included in the calculation of organic change as of the first day of the first month which falls 12 months after the date of acquisition | The key ratio provides a picture of the business's self-generated growth. |
| Equity ratio | Equity as a percentage of the balance sheet total. | The key ratio indicates the proportion of assets financed by equity. Assets not financed by equity are financed by loans. |
| Return on equity | Profit for the year after tax attributable to the parent company's shareholders divided by average equity. | The key ratio shows the return the owners receive on their invested capital. |
| Average equity | Average equity is calculated as the average of the opening and closing balances. | The key ratio is used in other calculations. |
| Average number of employees | The total of number of employees per month divided by the number of months in the period. | The key ratio is used in other calculations. |
| Sales per employee | Sales divided by average number of employees. | The key ratio is used to assess the efficiency of a company. |
| Earnings per share, SEK | Profit for the period attributable to the parent company's shareholders divided by the average number of shares. | Earnings per share is used to determine the value of the company's outstanding shares. |
| Average number of shares | Weighted average number of shares at the end of the period. | The key ratio is used in other calculations. |
| Net debt | Interest-bearing liabilities less cash and cash equivalents. | The key ratio is used to track the company's indebtedness. |
| Net debt/EBITDA | Net debt at the end of the period divided by EBITDA, adjusted for rolling twelve months. | Net debt/EBITDA provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to pay the debt if net debt and EBITDA are kept constant, without taking account of cash flows relating to interest, tax and investments. |

Financial performance measures not defined in accordance with IFRS

TagMaster presents certain financial performance measures in the interim report that are not defined in accordance with IFRS or the Annual Accounts Act. The company considers that these measures provide valuable additional information to investors and the company's management as they enable evaluation of the company's performance. Since not all companies calculate financial performance measures in the same way, these are not always comparable with performance measures used by other companies. These financial performance measures should therefore not be seen as a substitute for measures defined in accordance with IFRS. Measures that are not defined in accordance with IFRS and reconciliation of the measures are presented below.

| | | 2024 Oct-Dec | 2023 Oct-Dec | 2024 Jan-Dec | 2023 Jan-Dec |
|----------------|---|-----------------|-----------------|-----------------|-----------------|
| A | Net sales | 133 727 | 125 260 | 420 445 | 404 711 |
| | Change in inventories during manufacture and finished goods | -1 050 | -1 721 | -34 | 184 |
| | Goods for resale, raw materials and consumables | -39 132 | -46 624 | -133 316 | -127 774 |
| B | Gross profit | 93 545 | 76 914 | 287 095 | 277 120 |
| | Items affecting comparability | 0 | 6 633 | 2 763 | 6 633 |
| B.1 | Adjusted gross profit | 93 545 | 83 547 | 289 859 | 283 753 |
| C | Operating profit (EBIT) | 16 248 | 7 305 | 10 304 | 15 304 |
| | Amortisation of intangible assets related to acquisitions | -4 771 | -5 754 | -19 707 | -20 638 |
| D | EBITA | 21 019 | 13 059 | 30 011 | 35 942 |
| | Depreciation of other intangible assets | -523 | -627 | -2 096 | -2 654 |
| | Depreciation of property, plant and equipment | -2 809 | -2 343 | -10 823 | -9 700 |
| E | EBITDA | 24 351 | 16 029 | 42 930 | 48 296 |
| | Items affecting comparability | 2 606 | - | 2 606 | 2 245 |
| | Total items affecting comparability | 2 606 | 6 633 | 5 370 | 8 878 |
| E | Adjusted EBITDA | 26 957 | 22 662 | 48 300 | 57 174 |
| D.1 | Adjusted EBITA | 23 625 | 19 692 | 35 381 | 44 820 |
| (B/A) | Gross profit margin, % | 70,0 | 61,4 | 68,3 | 68,5 |
| (B.1/A) | Adjusted gross profit margin, % | 70,0 | 66,7 | 68,9 | 70,1 |
| (C/A) | EBIT margin, % | 12,2 | 5,8 | 2,5 | 3,8 |
| (D.1/A) | Adjusted EBITA margin, % | 17,7 | 15,7 | 8,4 | 11,1 |
| (D/A) | EBITA margin, % | 15,7 | 10,4 | 7,1 | 8,9 |
| (E/A) | EBITDA margin, % | 18,2 | 12,8 | 10,2 | 11,9 |
| (F/A) | Adjusted EBITDA margin, % | 20,2 | 18,1 | 11,5 | 14,1 |

Return on equity, %

| | | 2024 Oct-Dec | 2023 Oct-Dec | 2024 Jan-Dec | 2023 Jan-Dec |
|----------------|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| (A) | Net profit for the period | 14 075 | 6 845 | 4 663 | 13 675 |
| (B) | Opening equity for the period | 259 285 | 269 826 | 259 285 | 252 229 |
| (C) | Closing equity for the period | 286 251 | 259 285 | 286 251 | 259 285 |
| D | Average equity | 272 768 | 264 555 | 272 768 | 255 757 |
| (A)/(D) | Return on equity, % | 5,2 | 2,6 | 1,7 | 5,3 |

Equity ratio, %

| | | 2024-12-31 | 2023-12-31 |
|--------------|------------------------|------------|------------|
| (A) | Equity | 286 251 | 259 285 |
| (B) | Balance sheet total | 556 693 | 428 577 |
| (A/B) | Equity ratio, % | 51,4 | 60,5 |

Net debt

| | | 2024-12-31 | 2023-12-31 |
|----------------|--|------------|------------|
| | Liabilities to credit institutions | 125 200 | 66 192 |
| | Lease liabilities | 18 628 | 9 087 |
| | Additional purchase consideration | 17 630 | - |
| | Cash | -46 891 | -25 059 |
| (A) | Net debt (-) receivable | 114 567 | 50 220 |
| (A)/(E) | Net debt/adjusted EBITDA, multiple (rolling 12 m) | 2,4 | 0,9 |