

## Strong start of the year

### First quarter 2021

- Net sales decreased during the first quarter by 5,7% to 74,4 MSEK (78,9)
- Adjusted EBITDA increased during the first quarter by 43,3% to 9,9 MSEK (6,9), corresponding to an adjusted EBITDA margin by 13,3% (8,8)
- Operating profit/loss was 4,8 MSEK (-3,8) which correspond to operating margin of 6,5% (-4,9)
- Profit for the period was 4,5 MSEK (-8,7)
- Result per share was 0,01 (-0,02)
- Cash flow from operating activities for the period was 3,4 MSEK (2,5)

### Subsequent events

- TagMaster acquires Citilog SAS with admission date April 30, 2021. The purchase price was 3,4 M€ on a debt and cash free basis with adjustment of net working capital as of the closing date against normalized net working capital. The acquisition means that TagMaster takes over a business with a yearly turnover of approximately 5,8 M€.

| Amounts in TSEK                           | 2021<br>Jan-March | 2020<br>Jan-March | R12M<br>April-March | 2020<br>Full Year |
|---|-------------------|-------------------|---------------------|-------------------|
| Net sales                                 | 74 405            | 78 861            | 281 997             | 286 453           |
| Net sales growth, %                       | -5,7              | 79,9              | -5,4                | 8,9               |
| Gross margin, %                           | 66,7              | 65,4              | 66,1                | 65,7              |
| Adjusted EBITDA                           | 9 865             | 6 905             | 30 289              | 27 329            |
| Adjusted EBITDA margin, %                 | 13,3              | 8,8               | 10,7                | 9,5               |
| Equity ratio, %                           | 57,9              | 56,3              | 57,9                | 55,7              |
| Cash flow from operating activities, MSEK | 3,4               | 2,5               | 28,4                | 27,4              |
| Net debt/EBITDA, R12M                     |                   |                   | -0,2                | -0,2              |
| Number of employees at end of period      | 98                | 115               |                     | 99                |

For description and reconciliation of key figures, see pages 18 - 19

### 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 and Sensys Networks - with innovative mobility solutions for increased efficiency, security, safety, comfort and to reduce environmental impact in Smart Cities. TagMaster has daughter companies in England, France, US and Sweden 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, telephone +46852800399, E-mail: [info@fnca.se](mailto:info@fnca.se) [www.tagmaster.com](http://www.tagmaster.com)

## Comments by the CEO

We have had a strong start of the year in spite of the fact that the first quarter was characterized by continued lock downs in our European main markets. TagMaster, however, once again showed resilience and the strong margins we delivered during the quarter emphasizes that our actions to increase our flexibility, focus and growth orientation have already worked out. We have during the quarter continued to increase our investments in IT solutions for smart cities based on advanced sensor technology. The solutions contribute to the necessary change towards a more durable transport system, which gives us a very interesting position since the very massive restart programs launched in Europe and in the United States to a great deal are oriented towards green investments.

During the pandemic we have continued to focus on the health and safety of our employees while we also work intensively to secure continuity in our business.

With proactive and continuous actions for a robust delivery chain we have so far been able to handle the global shortage of semiconductors without any major impact on our customer deliveries. We expect the challenges to secure the delivery chain will continue during the coming months. We will therefore continue to monitor the development and proactively take actions where possible to limit the impact.

The efficiency program implemented during 2020 with structural changes such as reallocation of resources to new business opportunities, optimizing of offices and reduction of staff to adopt the business to a more long term change and a more agile working has resulted in cost reductions of around 5 MSEK during the first quarter.

We continue to invest in our technical leadership to increase our competitiveness. Our focus is more and more towards solutions which could contribute to more durable transport systems and to move us up in the value chain where analytics, AI and deep learning play an important role.

We have during the quarter launched the first product in a new family (CT series) of ANPR cameras also in the US. The new camera is IP based with our own software based on AI and deep learning. The camera family is specially designed for applications within parking, access and security and also for intelligent traffic monitoring systems like Clean Air Zones (CAZ).

The Group turnover during the quarter was 74,4 MSEK, which is a reduction with 5,7% compared to the same quarter 2020. The reduction is explained by our Rail solutions business decreasing during the quarter because of delayed deliveries due to component shortage. Our Traffic solutions business was, in spite of lock downs in France and UK, during the quarter 62,5 MSEK which is identical to the first quarter 2020. During the quarter 84% of the sales came from Traffic and 16% from Rail.

The quarter shows a continued strong gross margin of 66,7% and with an adjusted EBITDA of 9,9 MSEK corresponding to an EBITDA margin of good 13,3%. The cash flow from the business 3,4 MSEK and with a solidity of good 57,9%. The work to reduce working capital has continued successfully and the inventories have been reduced by 30% compared to the corresponding quarter 2020.

TagMaster is today well positioned in a market with long term good prerequisites for growth and good profits. To work with improving the traffic environment in cities and metropolitan areas around the world provides a very good position for the massive restart packages launched in Europe and the US and which in great part are directed towards green investments. Our direction of growth through innovation, commercial focus and acquisitions gives us a very positive view on the company's development during the years to come.

*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

### Auditor's review

This report has not been reviewed by the company auditor.

### Reporting

During the business year 2021 TagMaster will report at the following dates:

|                          |                                    |
|--------------------------|------------------------------------|
| <b>July 16, 2021:</b>    | Interim report second quarter 2021 |
| <b>October 27, 2021:</b> | Interim report third quarter 2021  |
| <b>February 3, 2022:</b> | Earnings release 2021              |

This report and previous reports and press releases are found at the company home page [www.tagmaster.com](http://www.tagmaster.com)

For further information contact:

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

*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 8.30 a.m. CET on April 29, 2021.*

## Consolidated net sales and earnings

### Net sales

Net sales for the quarter amounted to 74,4 (78,9) MSEK, which is a decrease of 5,7 percent compared to the corresponding quarter previous year. The decrease is mainly a result of the negative effect the ongoing pandemic has had on Segment Europe's Rail solutions business. Sales for the Rail solutions business have decreased by 4,3 MSEK compared to the first quarter previous year.

### Operating profit/loss

Operating profit/loss for the quarter was 4,8 (-3,8) MSEK, which is an increase of 8,6 MSEK compared to the corresponding quarter previous year. The increase is partly explained by the efficiency program that was carried through during 2020. The program has resulted in cost savings of approximately 5 MSEK compared to the equivalent quarter previous year. Higher gross margin and the lack of non-recurring items are other factors that explain the increased operating profit.

Adjusted EBITDA increased during the first quarter by 43,4% to 9,9 MSEK (6,9), corresponding to an adjusted EBITDA margin by 13,3% (8,8).

### Financial items

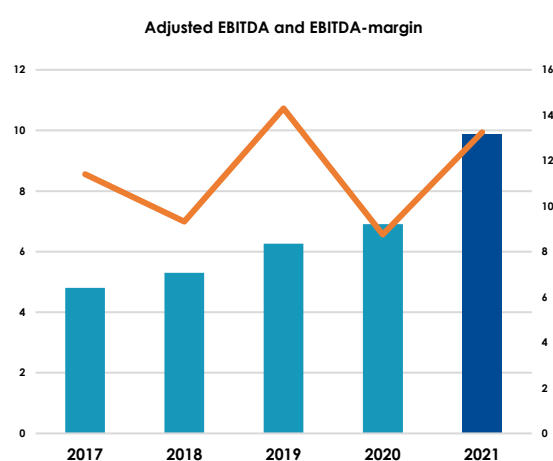
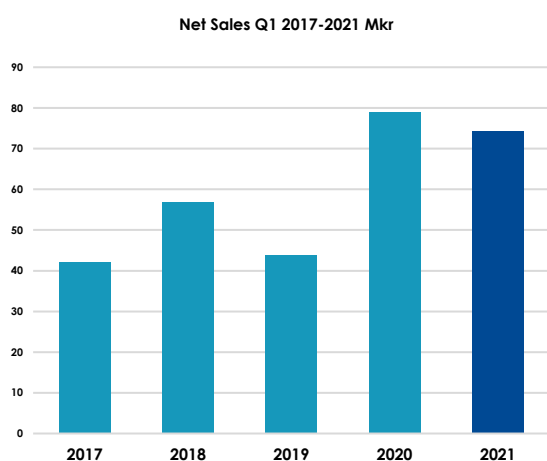
Financial items for the quarter amounted to -0,2 (-4,6) MSEK, which is a decrease of 4,4 MSEK compared to the corresponding quarter previous year. Financial expenses charged to the quarter are primarily interest expenses on liabilities to credit institutions of -0,4 (-0,7) MSEK and a revaluation of these liabilities of -2,2 (-4,2) MSEK. The Group's interest rate swap has been revalued at fair value, which had an impact on the financial net for the quarter by -0,1 (-1,1) MSEK. Financial income mainly consists of revaluations of loans to foreign subsidiaries at the amount of 2,4 (1,6) MSEK.

### Tax

Group's tax amounted to -0,1 (-0,2) MSEK. The tax expense for the quarter is attributable to estimated corporate tax on the parent company's result and to changes in temporary differences.

### Profit for the period

Profit for the period amounted to 4,5 (-8,7) MSEK. Earnings per share before and after dilution amounted to 0,01 (-0,02) SEK.



## 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 world leading provider of advanced mobility solutions for rail bound traffic in metropolitan areas.**

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

### Business in the quarter

Sales in segment Europe during the first quarter amounted to 43,5 MSEK, which is around 10% below the first quarter 2020. The reduction is explained by our Rail solutions business decreased by 26% compared to the first quarter 2020. The Rail Solutions business decreased during the quarter because of delayed deliveries due to component shortage. The lower activity level influenced by the lock downs in UK and France has mainly influenced the Traffic Solutions business which has had the same sales as we had the first quarter 2020. Gross margin during the first quarter was 63,9% which is an increase with 1,4% compared to the first quarter 2020.

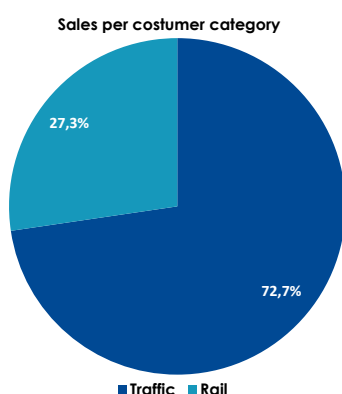
Adjusted EBITDA amounted to 5,2 MSEK for the first quarter corresponding to an EBITDA margin of 12,0%. Our Traffic solutions business amounted to 73% of our sales while Rail solutions amounted to 27%.

The efficiency program implemented during 2020 with structural changes such as reallocation of resources to new business opportunities, optimizing of offices and reduction of staff to adopt the business to a more long-term change and a more agile working has resulted in cost reductions of around 5 MSEK during the first quarter.

During the quarter lock downs in UK and France have still had a negative impact on business volumes due to slower purchasing processes and delayed installations. TagMaster has, however, seen some of its product offerings, bicycle and pedestrian related, has had a positive development in the segment since what is called active travelling has had big attention. All our companies, TagMaster UK, TagMaster France and TagMaster Nordic reached during the quarter adjusted EBITDA results in line with group targets and with good gross margins. The Rail Solutions business was negatively influenced by global component shortage while the Traffic solutions business could act faster to meet the challenges and thereby reduce the impact. TagMaster is working actively with our production partners to protect the delivery chain for quarters to come.

We have during the quarter launched the first product in a new family (CT series) of ANPR cameras also in the US. The new camera is IP based with our own software based on AI and deep learning. The camera family is specially designed for applications within parking, access and security and also for intelligent traffic monitoring systems like Clean Air Zones (CAZ).

In UK there is a big interest for implementing advanced technology to control and identify which vehicles are allowed to drive where and when in dense urban areas (so called Clean Air Zones). By identifying vehicles with ANPR cameras when they arrive in Clean Air Zones you can check which vehicles fulfill the emission requirements and vehicles not living up to this are fined. The air quality has improved significantly during the pandemic due to the many lock downs but after you have opened up society again traffic increases as well as the emissions and the interest for our technology. Bad air quality is a threat to health and Clean Air Zones provide cities with an excellent tool to improve the environment fast and cost effective.



| Amounts in TSEK                      | 2021      | 2020      | Change, % |
|--------------------------------------|-----------|-----------|-----------|
|                                      | Jan-March | Jan-March |           |
| Net Sales                            | 43 453    | 48 171    | -9,8      |
| Gross profit                         | 27 756    | 30 089    | -7,8      |
| Gross margin, %                      | 63,9      | 62        | -         |
| Adjusted EBITDA                      | 5 198     | 3 782     | 37,4      |
| Adjusted EBITDA margin, %            | 12,0      | 7,9       | -         |
| Number of employees at end of period | 61        | 79        | -22,8     |

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 world leader in above solutions.**

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

### Business during the quarter

Sales in the segment USA amounted during the first quarter to 30,9 MSEK which is in line with the first quarter 2020 (in local currency sales increased by 14%). Gross margin amounted during the quarter amounted to 70,7%, which is an increase by 0,6% compared to the first quarter 2020.

Adjusted EBITDA was for the first quarter 3,8 MSEK corresponding to an adjusted EBITDA margin of -12,4% (-3,4%)

For segment USA the Traffic solution business is 100% of business.

During the quarter TagMaster's company in the US market – Sensys Networks – ha focused on widening its partner network and be the natural choice to replace loop-based sensors. Sensys Networks technology, wireless magnetic sensors, is today a superior technology both for its accuracy in its detection, faster installation and a minimum of maintenance, saving time and money.

Traffic detection is a critical component in control of traffic systems. According to studies it shows that 25% of installed traffic control systems do not work with a negative impact on the targets set by authorities regarding smarter and greener road systems. In a study made by Siemens in Seattle, Washington, it was shown that the use of Sensys Networks Flex Mag sensors for adaptive traffic control (ATC) in cross-roads, the CO2 emission per vehicle could be reduced by 282 KG/ vehicle and year. If similar installations were made nationally in the US the emission would decrease by 500 000 tons per year.

Medium term the US market looks exciting since President Biden has launched his big infrastructure package and also launched several initiatives regarding climate investments. The combination of infrastructure investments and a greener traffic flow opens up new business opportunities for Sensys Networks in the US market.

| Amounts in TSEK                      | 2021<br>Jan-March | 2020<br>Jan-March | Change,<br>% |
|--------------------------------------|-------------------|-------------------|--------------|
| Net Sales                            | 30 952            | 30 690            | 0,9          |
| Gross profit                         | 21 889            | 21 504            | 1,8          |
| Gross margin, %                      | 70,7              | 70,1              | -            |
| Adjusted EBITDA                      | 3 847             | -1 054            | -            |
| Adjusted EBITDA margin, %            | 12,4              | -3,4              | -            |
| Number of employees at end of period | 37                | 37                | -            |

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 balance sheet and cash flow

### Liquidity and cash flow

The Group's available liquidity amounted to 86,2 (77,2) MSEK, of which overdraft facilities amounts to 36,7 (42,2) MSEK. The Group's overdraft credit of 12,0 was utilized by 1,4 MSEK at the end of March 2021. The overdraft facility in USD at the amount of 3,0 MUSD was unutilized at the end of the first quarter.

At the end of the period cash and cash equivalents amounted to 49,3 (35,0) MSEK.

### Cash flow

Cash flow from operating profit activities amounted to 3,4 (2,5) MSEK.

Cash flow from investing activities amounted to -2,4 (-2,2) MSEK and mainly consists of the settlement of the conditional purchase consideration related to the acquisition of the French subsidiary Magsys. No investments in intangible assets have been done during the quarter.

Cash flow from financing activities amounted to -3,7 (-8,6) MSEK and is related to change in bank overdraft facilities of -3,0 (-6,5) MSEK, amortization of liabilities to credit institutions of -2,5 (0) MSEK and amortization of lease liabilities of -0,7 (-2,1) MSEK.

Cash flow for the period amounted to -5,3 (-8,3) MSEK.

### Investments

Investments in tangible and intangible fixed assets have been made with 0,4 (2,2) MSEK, of which capitalized development expenditure amounts to 0,0 (2,1) MSEK.

### Goodwill and other intangible assets

The Group's carrying amount of goodwill on March 31, 2021 was 90,2 (101,5) MSEK. Other intangible assets amounted to 73,5 (100,7) MSEK and relate to capitalized development expenditure of 28,8 (40,4) MSEK and customer relations of 38,6 (53,3) MSEK and trademark of 6,1 (7,1) MSEK. The increase of 5,3 MSEK compared to the carrying amount at December 31, 2020 refers to amortization at the amount of -3,9 MSEK and translation differences of 9,2 MSEK.

### Right-of-use assets and lease liabilities

The reported value of right-of-use assets (lease agreements for premises) amounted to 7,4 (21,7) MSEK. Corresponding leasing liabilities amounted to 7,6 (21,9) MSEK. The changes compared to the corresponding period previous year are mainly explained by the fact that the lease in Berkeley, as part of the cost savings program, has been terminated. The current lease run until July 31, 2021 without any option to extend the lease and has thus been reported as a short-term lease agreement, which means that no right-of-use and corresponding lease liability have been reported as of March 31, 2021. The Parent company's lease agreement in Kista has been prolonged during the quarter which has led to a revaluation of the lease liability of 3,5 MSEK.

The cost of short-term leases for the first quarter amounts to approx. 750 TSEK.

### Inventory and accounts receivables

Inventory and accounts receivable as of March 31 amounted to 38,7 (55,7) MSEK and 52,2 (60,4) MSEK, respectively. The reduction in the two balance sheet items is a result of the efforts made during the year with the purpose to streamline the Group's working capital and an effect of the year's lower sales volumes. Increased sales at the later part of the quarter have resulted in higher accounts receivables balances than at year end 2020.

### Other long-term liabilities

Other long-term liabilities amounted to 20,1 (10,0) MSEK. The increase is related to a support loan of 7,7 MSEK (820 TUSD) from the US government raised by the Group's US subsidiary during 2020. The loan may be waived if certain criteria regarding how the funds have been used are met. The increase in the balance sheet item compared to the carrying amount at year end 2020 is related to translation differences.

### Liabilities to credit institutions

As of March 31, 2021, the Group's liabilities to credit institutions amounted to 35,7 (53,6) MSEK and consist of acquisition loans of 34,3 MSEK (MUSD 4,0) and utilized overdraft facilities of 1,4 MSEK. During the period, the acquisition loan was repaid by 2,5 MSEK and utilized overdraft facilities decreased by 3,1 MSEK. Other changes of 2,3 MSEK refers partly to currency revaluations of 2,2 MSEK, and partly to changes in accruals related to loan acquisition costs of 0,1 MSEK.

## Equity

Equity as of March 31, 2021 amounted to 192,5 (224,2) MSEK, corresponding to 0,53 (0,61) SEK per outstanding share. There were no outstanding stock options or convertible programs on March 31, 2021.

## Financial position

The equity ratio amounted to 57,9 (56,3) percent on March 31, 2021 and equity to 192,5 (224,2) MSEK. Total assets on 31 March 2021 amounted to 332,5 (398,2) 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 first quarter amounted to 18,5 (19,2) MSEK, of which invoicing of intra-Group services amounted to 0,2 (0) MSEK. As of March 31, available liquidity amounted to 38,4 (37,5) MSEK, of which the overdraft credit amounts to 36,7 (30,2) MSEK. No significant investments have been made in intangible or tangible fixed assets.

## Other information

### Personnel

At the end of the period, the number of employees was 98 (115), of which employees of Sensys Network Inc amount to 37.

### Subsequent events

TagMaster acquires Citilog SAS with admission date April 30, 2021. The purchase price was 3,4 M€ on a debt and cash free basis with adjustment of net working capital as of the closing date against normalized net working capital. Citilog is headquartered in Paris, with a subsidiary in US, and is led by industry veterans who bring years of experience in video-based traffic management solutions for smarter mobility. The acquisition is an all-cash transaction and will be funded through a combination of new debt facilities and cash at hand. Approx. 28 MSEK is secured in a new loan. The purchase price will be paid in full on closing. Sales for 2020 was approx. 5,8 M€ (mainly software) with an EBITDA of approx. – 0,6 M€.

### Effects of the Corona-pandemic

Covid-19 influenced both segments in different degree during the quarter. The recovery is expected to be gradual due to the lower activity in part of TagMaster's markets. In spite of signs that the market gradually stabilized during the first quarter, there is still a high degree of future uncertainty, which showed clearly during the first quarter with new and increased lock downs in our European main markets. TagMaster continuously follows risks related to the Covid-19 pandemic and actions are taken at all times to limit the effects. The Group has a high preparedness with continued focus on our employees, customers and partners, with both health and safety as first priority, and we keep a hard cost-control and we focus the cash flow.

### Future outlook

The present global uncertainty requires a humble attitude when predicting the near future. Furthermore it is important to consider that a downturn in the general economy will lead certain customer groups to delay their investment programs. Furthermore the global supply chain for semiconductors as well as for other components will continue to be instable with a big degree of uncertainty.

The board and Group management are still positive to the future longer term and with the acquisition of Sensys Networks even more positive. With a bigger volume and a wider offering including also solutions within important growth areas the company has good growth potential.

TagMaster's growth strategy is based on organic growth and growth through acquisitions in existing and in adjacent technology areas with the purpose to increase the product and the solution offerings and market presence. The target is to be a more attractive supplier of real time information, which is a basic prerequisite for building the Smart Cities of the future.

### Auditor's review

This report has not been reviewed by the company auditor.

### Declaration

The Board of Directors and the President provide their assurance that this interim report provides a fair and accurate view of the Group's and the Parent Company's operations, financial position and earnings, and describes the material risks and uncertainties faced by the Parent Company and other companies in the Group.



## Summary consolidated income statement and consolidated statement of other comprehensive income

| Amounts in TSEK   | 2021<br>Jan-March | 2020<br>Jan-March | 2020<br>Jan-Dec |
|---|-------------------|-------------------|-----------------|
| Net sales   | 74 405            | 78 861            | 286 453         |
| Other revenue   | 10                | 753               | 4 206           |
| Change in inventories during manufacture and finished goods                         | 1 022             | 171               | -912            |
| Capitalized work for own account  | 0                 | 2 103             | 3 232           |
| Goods for resale, raw materials and consumables                                     | -25 782           | -27 439           | -97 272         |
| Other external expenses   | -9 772            | -12 062           | -47 982         |
| Personnel expenses  | -30 002           | -40 099           | -137 579        |
| Depreciation of property, plant and equipment and amortization of intangible assets | -5 053            | -6 040            | -23 015         |
| Other operating expenses  | -16               | -92               | -1 744          |
| <b>Operating profit/loss</b>  | <b>4 812</b>      | <b>-3 844</b>     | <b>-14 613</b>  |
| Financial net   | -208              | -4 612            | -3 936          |
| <b>Profit/loss before tax</b>   | <b>4 604</b>      | <b>-8 456</b>     | <b>-18 549</b>  |
| Tax   | -121              | -211              | -1 817          |
| <b>Profit for the period</b>  | <b>4 483</b>      | <b>-8 667</b>     | <b>-20 366</b>  |
| <b>Net income attributable to:</b>  |                   |                   |                 |
| Shareholders in the Parent Company  | 4 483             | -8 667            | -20 366         |
| <b>Earnings per share, SEK</b>  |                   |                   |                 |
| Basic earnings per share  | 0,01              | -0,02             | -0,06           |
| Diluted earnings per share  | 0,01              | -0,02             | -0,06           |

### Other comprehensive income

|  |               |               |                |
|--|---------------|---------------|----------------|
| <b>Profit for the period</b>                                 | <b>4 483</b>  | <b>-8 667</b> | <b>-20 366</b> |
| Other comprehensive income:                                  |               |               |                |
| <i>Items that may be reclassified to profit or loss</i>      |               |               |                |
| Exchange differences when translating foreign operations     | 10 263        | 14 933        | -19 668        |
| <i>Items not to be reclassified to the income statement:</i> |               |               |                |
| Remeasurement of the net pension obligation                  | 0             | 0             | -210           |
| Tax on the above   | 0             | 0             | 52             |
| <b>Comprehensive income for the period</b>                   | <b>14 746</b> | <b>6 266</b>  | <b>-40 192</b> |
| <b>Comprehensive income attributable to:</b>                 |               |               |                |
| Shareholders in the Parent Company                           | 14 746        | 6 266         | -40 192        |

## Summary consolidated statement of financial position

| Amounts in TSEK                                   | 2021-03-31     | 2020-03-31     | 2020-12-31     |
|---|----------------|----------------|----------------|
| <b>ASSETS</b>                                     |                |                |                |
| <b>Non-current assets</b>                         |                |                |                |
| Intangible assets                                 | 163 746        | 202 199        | 158 434        |
| Property, plant, and equipment                    | 2 588          | 3 317          | 2 419          |
| Right-of-use assets                               | 7 404          | 21 670         | 4 659          |
| Other non-current receivables                     | 1 237          | 1 684          | 1 253          |
| Deferred tax assets                               | 5 754          | 7 133          | 5 603          |
|   | <b>180 729</b> | <b>236 003</b> | <b>172 368</b> |
| <b>Current assets</b>                             |                |                |                |
| Inventories                                       | 38 720         | 55 700         | 40 076         |
| Trade receivables                                 | 52 215         | 60 416         | 42 178         |
| Other receivables                                 | 11 426         | 11 049         | 12 746         |
| Cash and cash equivalents                         | 49 447         | 34 986         | 51 786         |
|   | <b>151 808</b> | <b>162 151</b> | <b>146 786</b> |
| <b>TOTAL ASSETS</b>                               | <b>332 537</b> | <b>398 154</b> | <b>319 154</b> |
| <b>SHAREHOLDERS' EQUITY</b>                       |                |                |                |
| Share capital                                     | 18 309         | 18 309         | 18 309         |
| Other contributed capital                         | 241 459        | 241 459        | 241 459        |
| Translation reserve                               | -11 286        | 13 052         | -21 549        |
| Retained earnings including profit for the period | -55 978        | -48 604        | -60 461        |
|   | <b>192 504</b> | <b>224 216</b> | <b>177 758</b> |
| <b>Non-current liabilities</b>                    |                |                |                |
| Liabilities to credit institutions                | 23 830         | 41 543         | 24 742         |
| Deferred tax liabilities                          | 3 009          | 3 406          | 3 030          |
| Other provisions                                  | 8 499          | 10 175         | 8 046          |
| Lease liabilities                                 | 4 659          | 13 937         | 1 677          |
| Other non-current liabilities                     | 20 129         | 10 022         | 19 311         |
|   | <b>60 126</b>  | <b>79 083</b>  | <b>56 807</b>  |
| <b>Current liabilities</b>                        |                |                |                |
| Trade payables                                    | 14 543         | 19 585         | 14 110         |
| Tax liabilities                                   | 401            | -              | 1 036          |
| Liabilities to credit institutions                | 11 858         | 12 093         | 14 226         |
| Other provisions                                  | 3 911          | -              | 3 834          |
| Additional purchase consideration                 | -              | 2 212          | 2 008          |
| Lease liabilities                                 | 2 947          | 7 973          | 3 091          |
| Other liabilities                                 | 46 247         | 52 992         | 46 285         |
|   | <b>79 907</b>  | <b>94 855</b>  | <b>84 590</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>               | <b>332 537</b> | <b>398 154</b> | <b>319 154</b> |

## Summary consolidated statement of changes in equity

| Amounts in TSEK                               | Share capital | Other contributed capital | Translation reserve | Retained earnings including profit for the period | Total equity   |
|---|---------------|---------------------------|---------------------|---|----------------|
| <b>Opening balance as of 1 January 2020</b>   | 18 309        | 241 459                   | -1 881              | -39 937   | 217 950        |
| Profit for the period                         |               |                           |                     | -20 366   | -20 366        |
| Other comprehensive income                    |               |                           | -19 668             | -158  | -19 826        |
| <b>Total comprehensive income</b>             | <b>18 309</b> | <b>241 459</b>            | <b>-21 549</b>      | <b>-60 461</b>                                    | <b>-40 192</b> |
| <b>Closing balance as of 31 December 2020</b> | <b>18 309</b> | <b>241 459</b>            | <b>-21 549</b>      | <b>-60 461</b>                                    | <b>177 758</b> |

| Amounts in TSEK                             | Share capital | Other contributed capital | Translation reserve | Retained earnings including profit for the period | Total equity   |
|---|---------------|---------------------------|---------------------|---|----------------|
| <b>Opening balance as of 1 January 2020</b> | 18 309        | 241 459                   | -1 881              | -39 937   | 217 950        |
| Profit for the period                       |               |                           |                     | -8 667  | -8 667         |
| Other comprehensive income                  |               |                           | 14 933              |   | 14 933         |
| <b>Total comprehensive income</b>           | <b>18 309</b> | <b>241 459</b>            | <b>14 933</b>       | <b>-8 667</b>                                     | <b>6 266</b>   |
| <b>Closing balance as of 31 March 2020</b>  | <b>18 309</b> | <b>241 459</b>            | <b>13 052</b>       | <b>-48 604</b>                                    | <b>224 216</b> |

| Amounts in TSEK                             | Share capital | Other contributed capital | Translation reserve | Retained earnings including profit for the period | Total equity   |
|---|---------------|---------------------------|---------------------|---|----------------|
| <b>Opening balance as of 1 January 2020</b> | 18 309        | 241 459                   | -21 549             | -60 461   | 177 758        |
| Profit for the period                       |               |                           |                     | 4 483   | 4 483          |
| Other comprehensive income                  |               |                           | 10 263              |   | 10 263         |
| <b>Total comprehensive income</b>           | <b>18 309</b> | <b>241 459</b>            | <b>10 263</b>       | <b>4 483</b>                                      | <b>14 746</b>  |
| <b>Closing balance as of 31 March 2021</b>  | <b>18 309</b> | <b>241 459</b>            | <b>-11 286</b>      | <b>-55 978</b>                                    | <b>192 504</b> |

## Summary consolidated statement of cash flows

| Amounts in TSEK  | 2021<br>Jan-March | 2020<br>Jan-March | 2020<br>Jan-Dec |
|--|-------------------|-------------------|-----------------|
| <b>Operating activities</b>  |                   |                   |                 |
| Operating profit/loss  | 4 812             | -3 844            | -14 613         |
| Adjustments for non-cash items   | 5 158             | 10 438            | 27 021          |
| Interest paid  | -453              | -934              | -3 326          |
| Interest received  | 0                 | 80                | 21              |
| Tax paid   | 0                 | 0                 | 0               |
| Tax received   | 0                 | 0                 | 354             |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>9 517</b>      | <b>5 740</b>      | <b>9 457</b>    |
| Increase(-)/Decrease(+) in inventories                                       | 2 763             | 356               | 10 201          |
| Increase(-)/Decrease(+) in operating receivables                             | -7 465            | -1 118            | 8 348           |
| Increase(-)/Decrease(+) in operating liabilities                             | -1 386            | -2 429            | -571            |
| <b>Cash flow from operating activities</b>                                   | <b>3 429</b>      | <b>2 549</b>      | <b>27 435</b>   |
| <b>Investing activities</b>  |                   |                   |                 |
| Acquisition of subsidiaries, less acquired cash and cash equivalents         | -                 | -                 | 1 958           |
| Conditional purchase considerations settlement                               | -2 008            | -                 | -               |
| Investments in property, plant and equipment                                 | -384              | -140              | -542            |
| Investments in intangible assets   | -                 | -2 103            | -3 168          |
| Disposals of property, plant, and equipment                                  | -                 | -                 | 0               |
| Net of paid-in and repaid deposits   | -                 | -                 | 250             |
| <b>Cash flow from investing activities</b>                                   | <b>-2 392</b>     | <b>-2 243</b>     | <b>-1 502</b>   |
| <b>Financing activities</b>  |                   |                   |                 |
| Borrowings   | -                 | -                 | 7 666           |
| Repayment of loans   | -2 514            | -                 | -9 862          |
| Change in bank overdraft facilities  | -3 011            | -6 476            | -2 077          |
| Lease liabilities  | -770              | -2 086            | -5 588          |
| <b>Cash flow from financing activities</b>                                   | <b>-6 295</b>     | <b>-8 562</b>     | <b>-9 861</b>   |
| <b>Cash flow for the period</b>  | <b>-5 258</b>     | <b>-8 256</b>     | <b>16 072</b>   |
| Exchange rate differences in cash and cash equivalents                       | 2 919             | 1 949             | -5 579          |
| <b>Cash and cash equivalents at the beginning of the period</b>              | <b>51 786</b>     | <b>41 293</b>     | <b>41 293</b>   |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>49 447</b>     | <b>34 986</b>     | <b>51 786</b>   |

## Operating segment revenue and profit

The gross profit 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 elimination column.

| 2021 TSEK   | TagMaster<br>Europe         | TagMaster<br>USA         | Central        | Elimin-<br>ations         | Total<br>Group         |
|---|-----------------------------|--------------------------|----------------|---------------------------|------------------------|
| <b>Revenue</b>  |                             |                          |                |                           |                        |
| External revenue  | 43 453                      | 30 952                   | -              | -                         | 74 405                 |
|   | <b>43 453</b>               | <b>30 952</b>            | -              | -                         | <b>74 405</b>          |
| Gross profit  | 27 756                      | 21 889                   | -              | -                         | 49 645                 |
| <b>Adjusted EBITDA</b>  | 5 198                       | 3 847                    | 820            | -                         | 9 865                  |
| Non recurring items   | -                           | -                        | -              | -                         | -                      |
| <b>EBITDA</b>   | 5 198                       | 3 847                    | 820            | -                         | 9 865                  |
| Depreciation of property, plant and equipment and amortization of intangible assets | -1 790                      | -3 263                   | -              | -                         | -5 053                 |
| <b>Operating profit/loss</b>  | <b>3 408</b>                | <b>584</b>               | <b>820</b>     | -                         | <b>4 812</b>           |
| <b>Other segment information</b>  |                             |                          |                |                           |                        |
| Gross profit margin, %  | 63,9                        | 70,7                     |                |                           | 66,7                   |
| Adjusted EBITDA margin, %   | 12,0                        | 12,4                     |                |                           | 13,3                   |
| EBITDA margin, %  | 12,0                        | 12,4                     |                |                           | 13,3                   |
| Number of employees at the end of the period  | 61                          | 37                       |                |                           | 98                     |
| <b>2020 TSEK</b>  | <b>TagMaster<br/>Europe</b> | <b>TagMaster<br/>USA</b> | <b>Central</b> | <b>Elimin-<br/>ations</b> | <b>Total<br/>Group</b> |
| <b>Revenue</b>  |                             |                          |                |                           |                        |
| External revenue  | 48 171                      | 30 690                   | -              | -                         | 78 861                 |
| Cross-segment transactions  | 0                           | 551                      | -              | -551                      | 0                      |
|   | <b>48 171</b>               | <b>31 241</b>            | -              | <b>-551</b>               | <b>78 861</b>          |
| Gross profit  | 30 089                      | 21 504                   | -              | -                         | 51 593                 |
| <b>Adjusted EBITDA</b>  | <b>3 782</b>                | <b>-1 054</b>            | <b>4 177</b>   | -                         | <b>6 905</b>           |
| Non-recurring items   | -                           | -4 709                   | -              | -                         | -4 709                 |
| <b>EBITDA</b>   | <b>3 782</b>                | <b>-5 763</b>            | <b>4 177</b>   | -                         | <b>2 196</b>           |
| Depreciation of property, plant and equipment and amortization of intangible assets | -1 326                      | -4 714                   | -              | -                         | -6 040                 |
| <b>Operating profit/loss</b>  | <b>2 456</b>                | <b>-10 477</b>           | <b>4 177</b>   | -                         | <b>-3 844</b>          |
| <b>Other segment information</b>  |                             |                          |                |                           |                        |
| Gross profit margin, %  | 62,5                        | 70,1                     |                |                           | 65,4                   |
| Adjusted EBITDA margin, %   | 7,9                         | -3,4                     |                |                           | 8,8                    |
| EBITDA margin, %  | 7,9                         | -18,4                    |                |                           | 2,8                    |
| Acquisition-related expenses  |                             | -4 709                   |                |                           | -4 709                 |
| Number of employees at the end of the period  | 79                          | 36                       |                |                           | 115                    |

## Summarized parent company income statement

| Amounts in TSEK   | 2021<br>Jan-March | 2020<br>Jan-March | 2020<br>Jan-Dec |
|---|-------------------|-------------------|-----------------|
| Net sales   | 18 522            | 19 180            | 74 712          |
| Other operating income  | 0                 | 312               | 1 219           |
|   | <b>18 522</b>     | <b>19 492</b>     | <b>75 931</b>   |
| Goods for resale and consumables  | -6 933            | -6 042            | -23 428         |
| Other external expenses   | -3 335            | -3 784            | -13 614         |
| Personnel expenses  | -6 669            | -7 186            | -27 528         |
| Depreciation of property, plant and equipment and amortization of intangible assets | -26               | -26               | -106            |
| Other operating expenses  | -9                | 0                 | -262            |
| <b>Operating profit/loss</b>  | <b>1 550</b>      | <b>2 454</b>      | <b>10 993</b>   |
| Financial expenses  | 23                | -3 153            | -1 179          |
| <b>Profit after financial items</b>   | <b>1 573</b>      | <b>-699</b>       | <b>9 814</b>    |
| Change in untaxed reserves  | 0                 | -                 | -1 614          |
| Tax on net profit for the year  | -325              | 0                 | -1 798          |
| <b>Profit for the period *</b>  | <b>1 248</b>      | <b>-699</b>       | <b>6 402</b>    |

\*Profit for the year accords with comprehensive income for the year

## Summary parent company balance sheet

| Amounts in TSEK                                | 2021-03-31     | 2020-03-31     | 2020-12-31     |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>                                  |                |                |                |
| Intangible assets                              | 272            | 349            | 291            |
| Property, plant, and equipment                 | 87             | 116            | 94             |
| Financial assets                               | 244 987        | 253 628        | 250 908        |
| Inventories                                    | 10 351         | 8 530          | 12 182         |
| Trade receivables                              | 10 246         | 10 548         | 14 140         |
| Receivables from Group companies               | 47 242         | 36 130         | 41 143         |
| Other receivables                              | 6 682          | 3 882          | 7 574          |
| Cash and bank balances                         | 1 685          | 7 260          | 2 319          |
| <b>TOTAL ASSETS</b>                            | <b>321 552</b> | <b>320 443</b> | <b>328 651</b> |
| <b>EQUITY AND LIABILITIES</b>                  |                |                |                |
| Equity   | 256 436        | 248 087        | 255 186        |
| Provisions                                     | 1 588          | 3 800          | 3 596          |
| Untaxed reserves                               | 1 614          | -              | 1 614          |
| Non-current liabilities to credit institutions | 23 830         | 41 543         | 24 742         |
| Current liabilities to credit institutions     | 11 858         | 12 093         | 14 226         |
| Trade payables                                 | 4 819          | 5 188          | 6 664          |
| Tax liability                                  | 401            | 0              | 1 036          |
| Liabilities to Group companies                 | 3 685          | 773            | 3 147          |
| Other liabilities                              | 17 321         | 8 959          | 18 440         |
| <b>TOTAL EQUITY AND LIABILITIES</b>            | <b>321 552</b> | <b>320 443</b> | <b>328 651</b> |

## 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 are unchanged compared with the description in the 2020 Annual Report.

Amendments and interpretations of existing standards that became effective in 2021 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 2020 Annual Report, page 41.

### 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 2020 Annual Report on pages 42–43 and in the Director's report, pages 20–30. The risk assessment is in all material aspects unchanged.

### 3. Transactions with related parties

Related-party transactions refer to transactions in the form of remuneration to senior executives, as stated on page 47 of the 2020 Annual Report. There are no other significant transactions with related parties.

### 4. Fair value of financial instruments

At the end of March 31<sup>st</sup>, 2021, the fair value, determined on the basis of level 2, of the group's interest swap amounts to -617 TSEK. The only financial liability valued at fair value on the basis of level 3 was a conditional purchase consideration that has been settled during the first quarter 2021. All other financial assets and liabilities are valued at amortised cost.

## 5. Breakdown of revenue from contracts with customers

|                                    | 1 January 2021 – 31 March 2021 |               |               | 1 January 2020 – 31 March 2020 |               |               |
|------------------------------------|--------------------------------|---------------|---------------|--------------------------------|---------------|---------------|
|                                    | TagMaster Europe               | TagMaster USA | Total Group   | TagMaster Europe               | TagMaster USA | Total Group   |
| <b>Geographical region</b>         |                                |               |               |                                |               |               |
| Sweden                             | 515                            | 0             | 515           | 731                            | 0             | 731           |
| EMEA                               | 27 837                         | 14 052        | 41 889        | 28 772                         | 11 506        | 40 278        |
| Asia Pacific                       | 6 371                          | 949           | 7 320         | 7 362                          | 290           | 7 652         |
| Americas                           | 8 730                          | 15 951        | 24 681        | 11 306                         | 18 894        | 30 200        |
|                                    | <b>43 453</b>                  | <b>30 952</b> | <b>74 405</b> | <b>48 171</b>                  | <b>30 690</b> | <b>78 861</b> |
| <b>Customer category</b>           |                                |               |               |                                |               |               |
| Traffic Solutions                  | 31 580                         | 30 952        | 62 533        | 32 006                         | 30 690        | 62 696        |
| Rail Solutions                     | 11 872                         | -             | 11 872        | 16 165                         | -             | 16 165        |
|                                    | <b>43 453</b>                  | <b>30 952</b> | <b>74 405</b> | <b>48 171</b>                  | <b>30 690</b> | <b>78 861</b> |
| <b>Time of revenue recognition</b> |                                |               |               |                                |               |               |
| At a particular time               | 42 526                         | 30 540        | 73 066        | 48 047                         | 30 497        | 78 544        |
| Over time                          | 927                            | 412           | 1 339         | 124                            | 193           | 317           |
|                                    | <b>43 453</b>                  | <b>30 952</b> | <b>74 405</b> | <b>48 171</b>                  | <b>30 690</b> | <b>78 861</b> |



## Group key ratios

| <b>Result, amounts i TSEK</b>           | <b>2021<br/>Jan-March</b> | <b>2020<br/>Oct-Sept</b> | <b>2020<br/>July-Sept</b> | <b>2020<br/>April-June</b> | <b>2020<br/>Jan-March</b> | <b>R12M<br/>April-March</b> | <b>2020<br/>Full Year</b> |
|---|---------------------------|--------------------------|---------------------------|----------------------------|---------------------------|-----------------------------|---------------------------|
| Net sales                               | 74 405                    | 67 788                   | 70 970                    | 68 834                     | 78 861                    | 281 997                     | 286 453                   |
| Net sales growth, %                     | -5,7                      | -18,8                    | -13,9                     | 29,5                       | 79,9                      | -5,4                        | 8,9                       |
| Gross profit                            | 49 645                    | 46 108                   | 46 818                    | 43 751                     | 51 593                    | 186 322                     | 188 269                   |
| Gross margin, %                         | 66,7                      | 68,0                     | 66,0                      | 63,6                       | 65,4                      | 66,1                        | 65,7                      |
| Adjusted EBITDA                         | 9 865                     | 5 470                    | 8 643                     | 6 311                      | 6 905                     | 30 289                      | 27 329                    |
| Adjusted EBITDA margin, %               | 13,3                      | 8,1                      | 12,2                      | 9,2                        | 8,8                       | 10,7                        | 9,5                       |
| EBITDA                                  | 9 865                     | 4 176                    | 8 643                     | -6 613                     | 2 196                     | 16 071                      | 8 402                     |
| EBITDA margin, %                        | 13,3                      | 6,2                      | 12,2                      | -9,6                       | 2,8                       | 5,7                         | 2,9                       |
| Operating profit                        | 4 812                     | -1 012                   | 2 750                     | -12 509                    | -3 844                    | -5 960                      | -14 613                   |
| Operating margin, %                     | 6,5                       | -1,5                     | 3,9                       | -18,2                      | -4,9                      | -2,1                        | -5,1                      |
| Profit/loss before tax                  | 4 604                     | -593                     | 2 986                     | -12 488                    | -8 456                    | -5 491                      | -18 549                   |
| Net profit for the period               | 4 483                     | -2 602                   | 3 343                     | -12 442                    | -8 667                    | -7 218                      | -20 366                   |
| Earnings per share before dilution, SEK | 0,01                      | -0,01                    | 0,01                      | -0,03                      | -0,02                     | -0,02                       | -0,06                     |
| Earnings per share after dilution, SEK  | 0,01                      | -0,01                    | 0,01                      | -0,03                      | -0,02                     | -0,02                       | -0,06                     |

### Financial position, amounts in TSEK

|                         |         |         |         |         |         |         |         |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|
| Equity                  | 192 504 | 177 458 | 194 520 | 196 694 | 224 216 | 192 504 | 177 758 |
| Average equity          | 185 131 | 186 139 | 206 235 | 207 322 | 221 083 | 206 793 | 197 854 |
| Equity ratio, %         | 57,9    | 55,7    | 56,3    | 53,1    | 56,3    | 57,9    | 55,7    |
| Net debt (-) receivable | -6 154  | -6 042  | 4 779   | 26 112  | 42 772  | -6 154  | -6 042  |
| Return on equity        | 0,0     | -1,4    | 1,6     | -6,0    | -3,9    | -3,5    | -10,3   |

### Share data

|                                     |         |         |         |         |         |         |         |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Net sales per share, SEK            | 0,20    | 0,19    | 0,19    | 0,19    | 0,22    | 0,77    | 0,78    |
| Equity per share, SEK               | 0,53    | 0,49    | 0,53    | 0,54    | 0,61    | 0,53    | 0,48    |
| Market price on closing day, SEK    | 1,07    | 0,99    | 0,72    | 0,74    | 0,56    | 1,07    | 0,99    |
| Average number of shares, thousands | 366 188 | 366 188 | 366 188 | 366 188 | 366 188 | 366 188 | 366 188 |

### Personnel information, amounts i TSEK

|                                      |     |     |     |     |     |       |       |
|--------------------------------------|-----|-----|-----|-----|-----|-------|-------|
| Sales per employee                   | 759 | 692 | 682 | 615 | 686 | 2 731 | 2 581 |
| Average number of employees          | 98  | 98  | 104 | 112 | 115 | 103   | 111   |
| Number of employees at end of period | 98  | 99  | 99  | 108 | 115 | 98    | 99    |

| 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.   |
| Operating margin            | Operating profit (EBIT) after depreciation, amortization and impairments as a percentage of net sales.           | Operating margin is used to measure operating profitability.  |
| EBITDA                      | Operating profit (EBIT) before depreciation, amortization and impairments.                                       | EBITDA together with EBIT provides an overall picture of profit generated from operating activities.  |
| Adjusted EBITDA             | EBITDA adjusted for non-recurring items.   | The key ratio provides an overall picture of profit generated from operating activities.  |
| 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.

### PERFORMANCE AND MARGIN MEASURES

|              |   | 2021<br>Jan-March | 2020<br>Jan-March | R12M<br>April-March | 2020<br>Jan-Dec |
|--------------|---|-------------------|-------------------|---------------------|-----------------|
| <b>A</b>     | Net sales   | 74 405            | 78 861            | 281 997             | 286 453         |
|              | Change in inventories during manufacture and finished goods                         | 1 022             | 171               | -61                 | -912            |
|              | Goods for resale, raw materials and consumables                                     | -25 782           | -27 439           | -95 614             | -97 272         |
| <b>B</b>     | <b>Gross profit</b>   | 49 645            | 51 593            | 186 322             | 188 269         |
| <b>C</b>     | Operating profit (EBIT)   | 4 812             | -3 844            | -5 960              | -14 613         |
|              | Depreciation of property, plant and equipment and amortization of intangible assets | -5 053            | -6 040            | -22 031             | -23 015         |
| <b>D</b>     | <b>EBITDA</b>   | 9 865             | 2 196             | 16 071              | 8 402           |
|              | Non-recurring costs attributable to acquisitions                                    | 0                 | 4 709             | 7 609               | 12 318          |
|              | Restructuring cost  | 0                 | 0                 | 6 609               | 6 609           |
| <b>E</b>     | <b>Adjusted EBITDA</b>  | 9 865             | 6 905             | 30 288              | 27 329          |
| <b>(B/A)</b> | <b>Gross profit margin, %</b>   | 66,7              | 65,4              | 66,1                | 65,7            |
| <b>(C/A)</b> | <b>EBIT margin, %</b>   | 6,5               | -4,9              | -2,1                | -5,1            |
| <b>(D/A)</b> | <b>EBITDA margin, %</b>   | 13,3              | 2,8               | 5,7                 | 2,9             |
| <b>(E/A)</b> | <b>Adjusted EBITDA margin, %</b>  | 13,3              | 8,8               | 10,7                | 9,5             |

### Return on equity, %

|                |                               | 2021<br>Jan-March | 2020<br>Jan-March | R12M<br>April-March | 2020<br>Jan-Dec |
|----------------|-------------------------------|-------------------|-------------------|---------------------|-----------------|
| <b>(A)</b>     | Net profit for the year       | 4 483             | -8 667            | -7 218              | -20 366         |
| <b>(B)</b>     | Opening equity for the period | 177 758           | 217 950           | 224 216             | 217 950         |
| <b>(C)</b>     | Closing equity for the period | 192 504           | 224 216           | 192 504             | 177 758         |
| <b>D</b>       | <b>Average equity</b>         | 185 131           | 221 083           | 208 360             | 197 854         |
| <b>(A)/(D)</b> | <b>Return on equity, %</b>    | 2,4               | -3,9              | -3,5                | -10,3           |

### Equity ratio, %

|              |                        | 2021-03-31 | 2020-03-31 | 2021-03-31 | 2020-12-31 |
|--------------|------------------------|------------|------------|------------|------------|
| <b>(A)</b>   | Equity                 | 192 504    | 224 216    | 192 504    | 177 758    |
| <b>(B)</b>   | Balance sheet total    | 332 537    | 398 154    | 332 537    | 319 154    |
| <b>(A/B)</b> | <b>Equity ratio, %</b> | 57,9       | 56,3       | 57,9       | 55,7       |

### Net debt

|                |  | 2021-03-31 | 2020-03-31 | 2021-03-31 | 2020-12-31 |
|----------------|--|------------|------------|------------|------------|
|                | Liabilities to credit institutions                       | 35 688     | 53 636     | 35 688     | 38 968     |
|                | Lease liabilities  | 7 605      | 21 910     | 7 606      | 4 768      |
|                | Additional purchase consideration                        | -          | 2 212      | -          | 2 008      |
|                | Cash   | -49 447    | -34 986    | -49 447    | -51 786    |
| <b>(A)</b>     | <b>Net debt (-) receivable</b>                           | -6 154     | 42 772     | -6 154     | -6 042     |
| <b>(A)/(E)</b> | <b>Net debt/adjusted EBITDA, multiple (rolling 12 m)</b> | -0,2       | 1,2        | -0,2       | -0,2       |