

Improved market climate but disturbances in the supply chain affecting volume and margin

First quarter 2022

- Net sales increased during the first quarter by 6,9% to 79,5 MSEK (74,4). Currency translations had a positive effect of 5,0 MSEK on net sales.
- Adjusted EBITDA decreased during the first quarter by 109,5% to -0,9 MSEK (9,9), corresponding to an adjusted EBITDA margin by -1,2 % (13,3)
- Operating profit/loss was -7,9 MSEK (4,8) which correspond to operating margin of -9,9% (6,5)
- Profit for the quarter was -8,6 MSEK (4,5)
- Result per share was -0,59 (0,31) SEK¹
- Cash flow from operating activities for the period was -2,6 MSEK (3,4)

Amounts in TSEK	2022 Jan-March	2021 Jan-March	R12M April-March	2021 Full Year
Net sales	79 513	74 405	331 994	326 886
Net sales growth, %	6,9	-5,7	17,7	14,1
Gross margin, %	66,3	66,7	68,3	68,4
Adjusted EBITDA	-935	9 865	23 158	33 958
Adjusted EBITDA margin, %	-1,2	13,3	7,0	10,4
Equity ratio, %	53,0	57,9	-	54,4
Cash flow from operating activities, MSEK	-2,6	3,4	20,2	26,2
Net debt/EBITDA, R12M	-	-	0,6	0,3
Number of employees at end of period	132	98	-	137

For description and reconciliation of key figures, see pages 19 – 20

¹Adjusted retroactively for the reversed split 1:25

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 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 www.tagmaster.com

Comments by the CEO

We see a slightly improved market climate in our main markets but the first quarter was characterized by a continued lack of components, as for so many other technology companies. Thanks to great flexibility and committed employees, we were able to handle the imbalances in the supply chain in a good way and we have also been able to compensate for increased costs with raised prices for our products and solutions. During the quarter we were able to continue with investments in mobility solutions for Smart Cities based on advanced sensor technology. Our solutions contribute to the necessary transition to a more sustainable transport system, which gives us a good future position.

During the quarter, we were both affected by actual and announced further cost increases for electronic components and input goods. We have increased our component purchases via the spot market to be able to keep commitments to our customers. With increased prices to customers and internal efficiency, we managed to reach a gross margin that is in line with the first quarter of 2021. Given the challenging purchasing situation, we are satisfied with a continued good gross margin, which shows that our offering can withstand price increases without losing attractiveness.

We expect continued challenges in the coming quarters and overall, price compensation is something we will continue to work. We estimate that the component shortage affected negatively on sales with approximately 6 percent, corresponding to approximately SEK 5 million.

During the period, we continued to invest in technology leadership in all our areas and to develop more complex solutions that give our offering increased competitiveness to bring us up in the value chain. Focus is increasingly on solutions that can contribute to a more sustainable transport system where analysis, AI and Deep Learning play an important role. The acquisition of French Citilog during the second quarter of 2021 has sharpened our offering on the technology side and adds value through synergies on the sales and customer side.

The acquisition of Citilog explains the Group's increased operating costs by 39 percent compared with the same period in 2021, when Citilog was not yet part of the Group. During the quarter, some of Citilog's customer projects and the expected growth were postponed, which had a negative impact on both sales and EBITDA of approximately SEK 5.7 million and SEK 5 million, respectively. During the quarter, we were also affected by delayed projects within Rail Solutions in France, which had a negative effect on sales of approximately SEK 3 million.

Taken together, these increased costs in combination with project delays and thus reduced sales have affected both gross profit and operating profit during the period.

During the period, our work to set up a joint sales force for Citilog and our American subsidiary Sensys Networks continued according to plan in combination with the planned measures to adjust costs within Citilog.

The Group's sales during the first quarter amounted to SEK 79.5 million, which is an increase of 6.9 percent compared to the same period in 2021. Organically, however, we see a decrease in sales of 11.5 percent. Our Traffic Solutions business amounted to SEK 68.2 million, which is an increase of 9.1 percent compared with the corresponding period in 2021. During the quarter, Traffic Solutions accounted for 86 percent of sales, while Rail Solutions accounted for 14 percent.

The quarter shows a gross margin of 66.3 percent with an adjusted EBITDA result of SEK -0.9 million, which corresponds to an adjusted EBITDA margin of -1.2 percent. Cash flow from operating activities amounted to SEK -2.6 million and the Group's solvency ratio was 53 percent at the end of the period. Efforts to reduce working capital have continued to focus and our stock decreased during the quarter compared with the corresponding quarter in 2021. Accounts receivable increased during the quarter due to the consolidation of Citilog and due to high sales during the latter part of the quarter.

TagMaster is well positioned in a market with long-term good conditions for growth and good profitability, and we are determined to continue to make TagMaster a stronger and more resilient company while reaching a higher growth curve. The fact that we work to improve the traffic environment in cities and metropolitan areas around the world gives us a very good position in the face of the massive restart packages that are being launched in Europe and the USA and which are largely focused on green investments.

The strategy and value-creating potential have not changed due to the short-term limitations in the supply chain and our investments in growth through innovation, commercial focus and acquisitions mean that we have a positive view of the company's development for the coming year

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

Reporting

During the business year 2022 TagMaster will report at the following dates:

July 15, 2022:	Interim report second quarter 2022
October 27, 2022:	Interim report third quarter 2022
February 2, 2023:	Earnings release 2022

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

For further information contact:

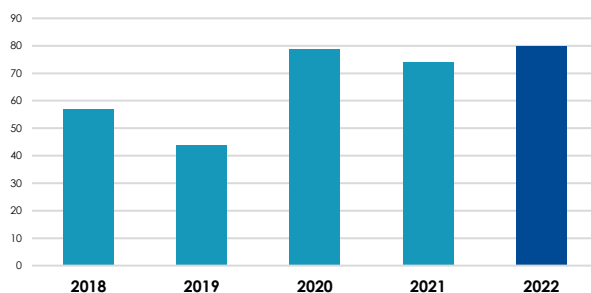
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This information is information that TagMaster AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.30 a.m. CET on April 28, 2022.

Summary result information

Amounts in TSEK	2022	2021	%	R12M	2021
	Jan-March	Jan-March		April-March	Full Year
Net sales	79 513	74 405	6,9	331 994	326 886
Other revenue	1 654	10	16 439,2	11 026	9 382
Gross profit	52 700	49 645	6,2	226 587	223 532
Gross margin, %	66,3	66,7	-	68,3	68,4
Operating expenses ¹	-55 289	-39 790	39,0	-214 304	-198 806
Adjusted EBITDA	-935	9 865	-109,5	23 158	33 958
Adjusted EBITDA margin, %	-1,2	13,3	-	7,0	10,4
Non-recurring items	-	-	-	150	150
EBITDA	-935	9 865	-109,5	23 308	34 108
EBITDA margin, %	-1,2	13,3	-	7,0	10,4
Amortization of other non-current intangible assets ²	-752	-724	3,9	-3 005	-2 977
Depreciation	-1 823	-1 133	60,9	-7 032	-6 342
EBITA	-3 510	8 008	-143,8	13 272	24 789
EBITA margin, %	-4,4	10,8	-	4,0	7,6

Net sales January-March 2018-2022 Mkr



Organic change, net sales

Amounts in TSEK	2022	%	2021	%
	Jan-March		Jan-March	
Net sales comparison period previous year	74 405		78 861	
Organic change	-8 568	-11,5	1 239	1,6
Change through acquisitions	8 691	11,7	-	-
Exchange rate change	4 985	6,7	-5 695	-7,2
Total change	5 108	6,9	-4 456	-5,7
Net sales	79 513		74 405	

For description and reconciliation of key figures, see pages 19 – 20

¹ Other external expenses, Other operating expenses and Personnel expenses

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

Consolidated net sales and earnings

January 1 – March 31, 2022

Net sales

Net sales for the quarter amounted to 79,5 (74,4) MSEK, which is an increase of 6,9 percent compared to the corresponding quarter previous year. The increase is mainly related to additional revenue at the amount of 8,7 MSEK deriving from the subsidiary Citlog SAS that was acquired during the second quarter 2021. The quarter's organic sales increase, with an adjustment for exchange rate effects of 5,0 MSEK and acquisitions of 8,7 MSEK amounted to -8,6 MSEK.

Operating profit/loss

Operating profit/loss for the quarter was -7,9 (4,8) MSEK, which is a decrease of 12,7 MSEK compared to the corresponding quarter previous year. The decrease is related to the acquired company Citilog during the second quarter, whose operating profit for the quarter amounted to -5,9 MSEK. Increased costs related to the current component shortage had a negative effect on the gross profit, which is an explanation of decreased operating profit.

Adjusted EBITDA

Adjusted EBITDA decreased during the quarter to -0,9 (9,9) MSEK corresponding to a margin by -1,2% (13,3). Decreased adjusted EBITDA is explained by Citilogs negative result being included in the groups EBITDA for the quarter and increased costs related to the component shortage.

Financial items

Financial items for the quarter amounted to -0,7 (-0,2) MSEK. Financial expenses charged to the quarter are interest expenses on liabilities to credit institutions of -0,5 (0,4) MSEK and revaluations of these liabilities and revaluations of loans to foreign subsidiaries.

The Group's interest rate swap has been revalued at fair value, which had a minor impact on the financial net for the quarter.

Tax

Group's tax amounted to -0,0 (-0,1) TSEK. 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 -8,6 (4,5) MSEK. Earnings per share before and after dilution amounted to -0,59 (0,31)¹ SEK.

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 interim report.

¹Adjusted retroactively for the reversed split 1:25

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 are managed by a centralized sales director and centralized a marketing director.

Business in the quarter

Sales for the Europe segment amounted to SEK 50.1 million for the first quarter, which is an increase of 15.2 percent. The increase is explained by revenues of SEK 8.7 million from the subsidiary Citilog acquired during the second quarter of 2021.

TagMaster estimates that the loss in sales due to the component shortage that hampered deliveries amounted to approximately 4 percent of sales during the first quarter, corresponding to approximately SEK 2 million.

The gross margin during the first quarter amounted to 62.0 percent, which is a decrease of 1.9 percentage points compared to the first quarter 2021. During the quarter, the company increased component purchases via the spot market to maintain delivery capacity to customers. The cost of this has affected the gross margin negatively by approximately 3.4 percentage points, corresponding to approximately SEK 1.7 million.

Adjusted EBITDA for the first quarter amounted to SEK -4.4 million, which corresponds to an adjusted EBITDA margin of -8.9 percent. Citilog's adjusted EBITDA amounted to SEK -5.0 million. Following ongoing cost optimizations, EBITDA for Citilog is expected to be positive during the second half of 2022.

Traffic Solutions accounted for 77 percent of sales in the segment, while Rail Solutions accounted for 23 percent.

During the quarter, the relocation of outsourced production from England to Sweden continued and the plan is that all production will be consolidated during Q2 2022. The purpose of the relocation is to reduce transport and its impact on the environment, to centralize European production and to prepare for future central warehousing.

TagMaster UK during the quarter, delivered a complete Infomobility system to a city in the north of England. The delivery consisted of both replacement of old technology and installation of modern sensor technology with associated data solutions. The purpose of the investment is to via use of TagMaster's technology reduce travel times, improve information to travelers and improved air quality for the public.

The acquisition of Citilog adds expertise and software solutions in AI and Deep Learning. This, combined with expertise already available at Sensys Networks and TagMaster, provides opportunities for future growth in both US and European markets. During the quarter, the work of creating a joint sales force for Citilog and Sensys Networks made great progress. Citilog's solutions transform surveillance cameras into incident sensors. For 25 years, Citilog has helped over 2,000 customers in more than 50 countries around the world.

During the quarter, TagMaster participated in the Intertraffic trade fair in Amsterdam, where the company launched Citilog's new Deep Learning modules for detecting bicycles and new radar sensor systems powered by solar energy.

Amounts in TSEK	2022 Jan-March	2021 Jan-March	Change, %
Net Sales	50 058	43 453	15,2
Gross profit	31 048	27 756	11,9
Gross margin, %	62,0	63,9	-
Adjusted EBITDA	-4 432	5 198	-
Adjusted EBITDA margin, %	-8,9	12,0	-
Number of employees at end of period	94	61	54,1

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 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 for the US segment for the first quarter amounted to SEK 29.5 million, which is a decrease of 4.8 percent compared to the first quarter of 2021. Gross margin during the quarter amounted to 73.5 percent, which is an increase of 2.8 percentage points compared with the first quarter of 2021.

The company estimates that the loss of sales due to component shortages and Covid-19-related quality disruptions and shutdowns in the factory in Mexico that manufactures the wireless magnetic sensors, which are used in most projects, hampered deliveries by about 10 percent of sales during first quarter, corresponding to just below SEK 3 million.

Adjusted EBITDA for the first quarter amounted to SEK 2 million, which corresponds to an adjusted EBITDA margin of 6.8 percent.

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

During the quarter, TagMaster's company on the US market - Sensys Networks - continued to focus on broadening its partner network and to strive for the position as the natural choice to replace loop-based sensors, which today account for about 60 percent of traffic light control. Sensys Network's technology - wireless magnetic sensors - is today superior both in terms of accuracy in detection, fast installation and minimal need for maintenance. During the quarter, Sensys Networks launched a marketing campaign in the USA where, with third-party surveys as a fact base, it shows its superiority.

Sensys Networks received attention for its long experience of IoT sensors for Smart Cities and the company's long and deep knowledge of battery technology, during the quarter. According to the US Department of Transportation, accuracy, connectivity and longevity are the three most important points for managing future infrastructure. Since 2012, Sensys Networks has tested different battery technologies and their second generation batteries last twice as long as the previous generation and operate in temperature ranges from Dubai to Canada.

During the quarter, Sensys Networks continued to market Citilog's products and technology solutions in both the US market and the MEA markets. Sensys Networks has launched parts of Citilog's solutions based on AI and Deep Learning for both existing customers and new prospective customers throughout the United States. As next step, work will begin where Citilog and Sensys Network's products are integrated to create a unique combination offering that will be launched in the latter part of 2022.

In the medium term, the US market looks very exciting as the infrastructure package has been approved and investments can now begin to be planned. The combination of infrastructure investments and a greener transport flow opens up new business opportunities for Sensys Networks in the US market.

Amounts in TSEK	2022 Jan-March	2021 Jan-March	Change, %
Net Sales	29 455	30 952	-4,8
Gross profit	21 652	21 889	-1,1
Gross margin, %	73,5	70,7	-
Adjusted EBITDA	2 000	3 847	-48,0
Adjusted EBITDA margin, %	6,8	12,4	-
Number of employees at end of period	38	37	2,7

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 84,9 (92,1) MSEK, of which overdraft facilities amounts to 37,8 (38,6) MSEK. The overdraft facility in USD at the amount of 2,0 MUSD was utilized by 1,2 MSEK at the end of March 2022. The overdraft facility in SEK at the amount of 20,5 MSEK was unutilized at 31 March 2022.

At the end of the year cash and cash equivalents amounted to 47,0 (53,5) MSEK.

Cash flow

Cash flow from operating profit activities for the first quarter amounted to -2,6 (3,4) MSEK.

Cash flow from investing activities amounted to -0,4 (-2,4) MSEK and consist of investment in tangible assets.

Cash flow from financing activities amounted to -4,5 (-6,3) MSEK and refers to changes in overdraft facilities of 1,2 (-3,0) MSEK, amortization of loans of -4,2 (-2,5) MSEK and amortization of leasing liabilities of -1,5 (-0,7) MSEK.

Cash flow for the quarter amounted to -7,5 (-5,3) MSEK.

Investments

During the first quarter investments in tangible and intangible fixed assets have been made with 0,4 (0,4) MSEK.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on March 31, 2022, was 100,3 (98,9) MSEK. Other intangible assets amounted to 73,7 (77,2) MSEK and relate to capitalized development expenditure of 31,6 (34,0) MSEK and customer relations of 35,6 (36,9) MSEK and trademark of 6,5 (6,3) MSEK. The increase of 2,2 MSEK compared to carrying amount of goodwill on December 31, 2021 refers to amortization at the amount of -5,1 MSEK and translation differences of 2,9 MSEK.

Right-of-use assets and lease liabilities

The carrying amount of right-of-use assets (lease agreements for premises) amounted to 10,2 (11,6) MSEK. The corresponding leasing liabilities amounted to 10,6 (11,9) MSEK.

The cost of short-term leases for the first quarter amounts to approx. 0,9 MSEK.

Accounts receivables

Accounts receivable as of March 31 amounted to 72,3 (62,7). The increase is explained by high sales during the last part of the quarter.

Liabilities to credit institutions

As of March 31, 2022, the Group's liabilities to credit institutions amounted to 50,0 (52,3) MSEK and consist of acquisition loans of 48,8 (52,3) MSEK and utilized overdraft facilities of 1,2 (0) MSEK. During the quarter, the acquisition loan was repaid by 4,2 MSEK and utilized overdraft facilities increased by 1,2 MSEK. Other changes during the quarter is currency revaluations.

Equity

Equity as of March 31, 2022, amounted to 195,4 (199,9) MSEK, corresponding to 13,34 (13,65) SEK per outstanding share, adjusted for the 1:25 reversed split. For further information regarding the reversed split, see page 12. There were no outstanding stock options or convertible programs on March 31, 2022.

Financial position

The equity ratio amounted to 53,0 (54,0) percent on March 31, 2022, and equity to 195,4 (199,9) MSEK. Total assets on March 31, 2022, amounted to 368,9 (367,4) 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 year amounted to 24,9 (18,5) MSEK, of which invoicing of intra-Group services amounted to 0,6 (0,2) MSEK. As of March 31, available liquidity amounted to 39,9 (44,1) MSEK, of which the overdraft credit amounts to 37,8 (38,6) 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 132 (98), of which employees of Citilog SAS amount to 35.

Effects of Covid-19 and the war in Ukraine

Covid-19 had a limited impact during the quarter, but shutdowns in China due to the coronavirus increase disruptions in the supply chain and some project execution in nearby markets such as Hong Kong. TagMaster's exposure to Russia and Belarus is limited and amounts to less than one percent of sales. The company has stopped all sales to these countries and will not resume any business until the sanctions against Russia are lifted. Problems last year regarding the quality of outsourced manufacturing in Mexico have gradually improved and the replacement of faulty units has continued during the quarter. TagMaster continuously monitors any continued risks related to disruptions in the supply chain and measures are taken on an ongoing basis to limit the effect as well as continued focus on cost control and cash flow.

Future outlook

The current global uncertainty linked to component deficiencies requires a humble attitude towards the near future. In the medium term, TagMaster sees that the massive reboot packages launched in Europe and the US are largely focused on green investments in sustainable transport solutions, which will benefit the company's business. However, the global supply chain for both semiconductors and other components will continue to be unstable with great uncertainty surrounding developments. This may lead to a negative impact on the sales of some of the company's products for the remainder of 2022.

The Group's Board and management remain positive regarding the longer-term outlook and with the acquisition of Citilog 2021 even more positive than before. With a larger 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.

TagMaster's growth strategy is to grow organically and through acquisitions in existing and related technology areas with the aim of expanding the product and solution offering as well as the market presence. The goal is to be a more attractive provider of data based 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 CEO assure that the interim report provides a fair overview of the parent company's and the group's operations, position and results and describes significant risks and uncertainties that the parent company and the companies included in the group face.

Summary consolidated income statement

Amounts in TSEK	2022	2021	2021
	Jan-March	Jan-March	Jan-Dec
Net sales	79 513	74 405	326 886
Other revenue	1 654	10	9 382
Change in inventories during manufacture and finished goods	388	1 022	832
Goods for resale, raw materials and consumables	-27 201	-25 782	-104 186
Other external expenses	-12 967	-9 772	-51 458
Personnel expenses	-42 223	-30 002	-145 887
Depreciation of property, plant and equipment and amortization of intangible assets	-6 957	-5 053	-24 538
Other operating expenses	-98	-16	-1 461
Operating profit/loss	-7 892	4 812	9 570
Financial net	-717	-208	-2 823
Profit/loss before tax	-8 609	4 604	6 747
Tax	-5	-121	-889
Profit for the period	-8 614	4 483	5 858
Net income attributable to:			
Shareholders in the Parent Company	-8 614	4 483	5 858
Earnings per share, SEK			
Basic earnings per share	-0,59	0,31	0,40
Diluted earnings per share	-0,59	0,31	0,40

Consolidated statement of other comprehensive income

Profit for the period	-8 614	4 483	5 858
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences when translating foreign operations	4 040	10 263	15 718
<i>Items not to be reclassified to the income statement</i>			
Remeasurement of the net pension obligation	0	0	249
Tax on the above	0	0	-82
Comprehensive income for the period	-4 575	14 746	21 743
Comprehensive income attributable to:			
Shareholders in the Parent Company	-4 575	14 746	21 743

¹Adjusted retroactively for the reversed split 1:25

Summary consolidated statement of financial position

Amounts in TSEK	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Non-current assets			
Intangible assets	173 987	163 746	176 178
Property, plant, and equipment	3 085	2 588	3 031
Right-of-use assets	10 252	7 404	11 605
Other non-current receivables	1 524	1 237	1 358
Deferred tax assets	6 250	5 754	5 192
	195 097	180 729	197 364
Current assets			
Inventories	36 736	38 720	36 570
Trade receivables	72 260	52 215	62 738
Other receivables	17 741	11 426	17 204
Cash and cash equivalents	47 024	49 447	53 520
	173 761	151 808	170 032
TOTAL ASSETS	368 858	332 537	367 396
SHAREHOLDERS' EQUITY			
Share capital	18 309	18 309	18 309
Other contributed capital	241 459	241 459	241 459
Translation reserve	-1 791	-11 286	-5 831
Retained earnings including profit for the period	-62 614	-55 978	-54 000
	195 362	192 504	199 937
Non-current liabilities			
Liabilities to credit institutions	31 713	23 830	35 506
Deferred tax liabilities	3 738	3 009	2 815
Other provisions	16 209	8 499	16 246
Lease liabilities	5 336	4 658	6 296
Other non-current liabilities	11 527	20 129	11 361
	68 523	60 126	72 224
Current liabilities			
Trade payables	19 918	14 543	14 569
Current tax liabilities	2 065	401	2 541
Liabilities to credit institutions	18 297	11 858	16 852
Other provisions	2 378	3 911	2 378
Lease liabilities	5 252	2 947	5 604
Other liabilities	57 063	46 247	53 291
	104 973	79 907	95 235
TOTAL EQUITY AND LIABILITIES	368 858	332 537	367 396

Summary consolidated statement of changes in equity

Amounts in TSEK	2022-03-31	2021-12-31
Opening shareholders' equity	199 937	178 194
Profit for the period	-8 614	5 858
Other comprehensive income	4 040	15 885
Closing shareholders' equity	195 362	199 937

Share Information

Thousands	2022-03-31	2021-12-31
Number of outstanding shares at beginning of period	14 648	366 188
Reversed split	-	-351 540
Number of outstanding shares at end of period	14 648	14 648

At the Annual General Meeting on April 29, 2021, it was decided to carry through a reversed split of Series B shares 1:25. May 6 was the first day of trading after the reversed split. The number of Series B shares after the reversed split amounts to 14,647,526, which means a quota value of approximately 1,25 SEK per share.

Summary consolidated statement of cash flows

Amounts in TSEK	2022	2021	2021
	Jan-March	Jan-March	Jan-Dec
Operating activities			
Operating profit/loss	-7 892	4 812	9 570
Adjustments for non-cash items	6 957	5 158	26 385
Interest paid	-667	-453	-2 484
Interest received	0	0	69
Tax paid	-1 036	0	0
Tax received	0	0	0
Cash flow from operating activities before changes in working capital	-2 638	9 517	33 540
Change in inventories	268	2 763	5 671
Change in operating receivables	-8 888	-7 465	427
Change in operating liabilities	8 631	-1 386	-13 393
Cash flow from operating activities	-2 627	3 429	26 245
Investing activities			
Acquisition of subsidiaries, less acquired cash and cash equivalents	-	-	-30 286
Conditional purchase considerations settlement	-	-2 008	-2 008
Investments in property, plant and equipment	-351	-384	-1 265
Net of paid-in and repaid deposits	-	-	-40
Cash flow from investing activities	-351	-2 392	-33 599
Financing activities			
Borrowings	-	-	27 728
Repayment of loans	-4 227	-2 514	-13 185
Change in bank overdraft facilities	1 180	-3 011	-4 400
Lease liabilities	-1 444	-770	-5 197
Cash flow from financing activities	-4 491	-6 295	4 946
Cash flow for the period	-7 469	-5 258	-2 408
Exchange rate differences in cash and cash equivalents	973	2 919	4 142
Cash and cash equivalents at the beginning of the period	53 520	51 786	51 786
Cash and cash equivalents at the end of the period	47 024	49 447	53 520

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 2022 - 31 March 2022	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	50 058	29 455	-	-	79 513
Cross-segment transactions	-	953	-	-953	0
	50 058	30 409	-	-953	79 513
Gross profit	31 048	21 652	-	-	52 700
Adjusted EBITDA	-4 432	2 000	1 497	-	-935
Non-recurring items	-	-	-	-	-
EBITDA	-4 432	2 000	1 497	-	-935
Depreciations and amortizations	-3 289	-3 668	-	-	-6 957
Operating profit/loss	-7 721	-1 668	1 497	-	-7 892

Other segment information

Gross profit margin, %	62,0	73,5	-	-	66,3
Adjusted EBITDA margin, %	-8,9	6,8	-	-	-1,2
EBITDA margin, %	-8,9	6,8	-	-	-1,2
Number of employees at the end of the period	94	38	-	-	132

1 January 2021 - March 2021	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	43 453	30 952	-	-	74 405
	43 453	30 952	-	-	74 405
Gross profit	27 756	21 889	-	-	49 645
Adjusted EBITDA	5 198	3 847	820	-	9 865
Non-recurring items	-	-	-	-	-
EBITDA	5 198	3 847	820	-	9 865
Depreciations and amortizations	-1 790	-3 263	-	-	-5 053
Operating profit/loss	3 408	584	820	-	4 812

Other segment information

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

Summarized parent company income statement

Amounts in TSEK	2022 Jan-March	2021 Jan-March	2021 Jan-dec
Net sales ¹	24 854	18 522	84 975
Other operating income	654	0	845
	25 508	18 522	85 820
Goods for resale and consumables	-9 802	-6 933	-29 230
Other external expenses	-5 469	-3 335	-18 966
Personnel expenses	-6 700	-6 669	-26 055
Depreciation of property, plant and equipment and amortization of intangible assets	-26	-26	-106
Other operating expenses	0	-9	-301
Operating profit/loss	3 511	1 550	11 162
Financial expenses	-750	23	-1 661
Profit after financial items	2 761	1 573	9 501
Change in untaxed reserves	-	-	-2 435
Tax on net profit for the year	-560	-325	-1 487
Profit for the period ²	2 201	1 248	5 579

1) Item includes intercompany services at the amount of 624 (232) TSEK

2) Profit for the year accords with comprehensive income for the year

Summary parent company balance sheet

Amounts in TSEK	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Intangible assets	192	272	213
Property, plant, and equipment	58	87	65
Financial assets	287 602	244 987	287 601
Inventories	8 908	10 351	10 580
Trade receivables	22 222	10 246	15 358
Receivables from Group companies	17 131	47 242	18 696
Other receivables	5 456	6 682	5 155
Cash and bank balances	2 075	1 685	5 557
TOTAL ASSETS	343 644	321 552	343 225
EQUITY AND LIABILITIES			
Equity	262 965	256 436	260 765
Provisions	1 673	1 588	1 673
Untaxed reserves	4 049	1 614	4 049
Non-current liabilities to credit institutions	31 713	23 830	35 506
Current liabilities to credit institutions	18 297	11 858	16 852
Trade payables	7 835	4 819	6 565
Current tax liability	2 065	401	2 541
Liabilities to Group companies	537	3 685	461
Other liabilities	14 510	17 321	14 813
TOTAL EQUITY AND LIABILITIES	343 644	321 552	343 225

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 2021 Annual Report.

Amendments and interpretations of existing standards that became effective in 2022 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 2021 Annual Report, page 50.

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 2021 Annual Report on pages 51 – 52 and in the Director's report, pages 38 – 40. The risk assessment is in all material aspects unchanged.

4. Transactions with related parties

Related-party transactions refer to transactions in the form of remuneration to senior executives, as stated on page 56 of the 2021 Annual Report. There are no other significant transactions with related parties.

5. Fair value of financial instruments

At the end of March, 2022, the fair value, determined on the basis of level 2, of the group's interest swap amounts to 138 TSEK. Other financial assets and liabilities are valued at amortised cost.

6. Breakdown of revenue from contracts with customers

	1 January 2022 – 31 March 2022			1 January 2021 – 31 March 2021		
	TagMaster Europe	TagMaster USA	Total Group	TagMaster Europe	TagMaster USA	Total Group
Geographical region						
Sweden	694	-	694	515	-	515
EMEA	32 960	8 168	41 128	27 837	14 052	41 889
Asia Pacific	7 088	542	7 630	6 371	949	7 320
Americas	9 316	20 745	30 061	8 730	15 951	24 681
Total	50 058	29 455	79 513	43 453	30 952	74 405
Customer category						
Traffic Solutions	38 786	29 455	68 241	31 581	30 952	62 533
Rail Solutions	11 272	-	11 272	11 872	-	11 872
Total	50 058	29 455	79 513	43 453	30 952	74 405
Time of revenue recognition						
At a particular time	47 049	28 838	75 887	42 526	30 540	73 066
Over time	3 009	617	3 626	927	412	1 339
Total	50 058	29 455	79 513	43 453	30 952	74 405

7. Intangible non-current assets

	Goodwill	Goodwill associated with assets and liabilities	Capitalized development expenditure	Customer relationships	Trademarks	Total Group
At 1 January 2022						
Cost of acquisition, opening balance	89 818	9 081	75 016	57 330	6 331	237 576
Accumulated amortization	-	-	-40 944	-20 454	-	-61 398
Carrying amount	89 818	9 081	34 072	36 876	6 331	176 178
1 January-31 March 2022						
Carrying amount, opening balance	89 818	9 081	34 072	36 876	6 331	176 178
Amortization for the period	-	-	-2 972	-2 162	-	-5 134
Translation difference for the period	1 282	99	525	883	154	2 943
Carrying amount	91 100	9 180	31 625	35 597	6 485	173 987
At 31 March 2022						
Cost	91 100	9 180	75 541	58 213	6 485	240 519
Accumulated amortization	-	-	-43 916	-22 616	-	-66 532
Carrying amount	91 100	9 180	31 625	35 597	6 485	173 987

Group key ratios

Result , amounts in TSEK	2022 Jan-March	2021 Oct-Dec	2021 July-Sept	2021 April-June	2021 Jan-March	R12M April-March	Full Year 2021
Net sales	79 513	83 531	80 017	88 933	74 405	331 994	326 886
Net sales growth, %	6,9	23,2	12,7	29,2	-5,7	17,7	14,1
Organic net sales change, %	-11,5	5,9	0,7	16,1	1,6	2,5	5,9
Gross profit	52 700	60 747	57 616	55 523	49 645	226 587	223 532
Gross margin, %	66,3	72,7	72,0	62,4	66,7	68,3	68,4
Adjusted EBITDA	-935	5 079	8 353	10 661	9 865	23 158	33 958
Adjusted EBITDA margin, %	-1,2	6,1	10,4	12,0	13,3	7,0	10,4
EBITDA	-935	5 079	8 353	10 811	9 865	23 308	34 108
EBITDA margin, %	-1,2	6,1	10,4	12,2	13,3	7,0	10,4
EBITA	-3 510	2 512	5 777	8 492	8 008	13 272	24 789
EBITA margin %	-4,4	3,0	7,2	9,5	10,8	4,0	7,6
Operating profit	-7 892	-1 673	1 680	4 751	4 812	-3 134	9 570
Operating margin, %	-9,9	-2,0	2,1	5,3	6,5	-0,9	2,9
Profit/loss before tax	-8 609	-2 809	794	4 159	4 604	-6 465	6 747
Net profit for the period	-8 614	-4 263	1 680	3 959	4 483	-7 239	5 858
Earnings per share before dilution, SEK ¹	-0,59	-0,29	0,11	0,27	0,31	-0,49	0,40
Earnings per share after dilution, SEK ¹	-0,59	-0,29	0,11	0,27	0,31	-0,49	0,40

Financial position, amounts in TSEK

Equity	195 362	199 937	199 002	192 730	192 504	195 362	199 937
Average equity	197 650	199 470	195 866	192 617	185 131	193 933	189 065
Equity ratio, %	53,0	54,4	52,1	49,2	57,9	53,0	54,4
Net debt (-) receivable	13 574	10 738	24 660	18 821	-6 154	13 574	10 738
Return on equity	-4,4	-2,1	0,9	2,1	2,4	-3,7	3,1

Share data

Net sales per share, SEK ¹	5,43	5,70	5,46	6,07	5,08	22,66	22,32
Equity per share, SEK ¹	13,34	13,65	13,59	13,16	13,14	13,34	13,65
Market price on closing day, SEK	18,40	24,90	29,00	33,60	1,07	18,40	24,90
Recalculated market price on closing day, SEK ¹	18,40	24,90	29,00	33,60	26,75	18,40	24,90
Number of shares at end of period	14 648	14 648	14 648	14 648	366 188	14 648	14 648
Average number of shares, thousands ¹²	14 648	14 648	14 648	14 648	14 648	14 648	14 648

Personnel information, amounts in TSEK

Sales per employee	591	605	567	729	759	2 485	2 254
Average number of employees	135	137	141	122	98	134	145
Number of employees at end of period	132	137	138	144	98	132	137

¹Adjusted retroactively for the reversed split 1:25

²Number 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.
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.
Non-recurring items	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 non-recurring items.	The key ratio provides an overall picture of profit generated from operating activities.
EBITA	Operating Profit before depreciation, amortization of goodwill and depreciation, amortization 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.

PERFORMANCE AND MARGIN MEASURES

		2022	2021	R12M	2021
		Jan-March	Jan-March	April-March	Jan-Dec
A	Net sales	79 513	74 405	331 994	326 886
	Change in inventories during manufacture and finished goods	388	1 022	198	832
	Goods for resale, raw materials and consumables	-27 201	-25 782	-105 605	-104 186
B	Gross profit	52 700	49 645	226 587	223 532
C	Operating profit (EBIT)	-7 892	4 812	-3 134	9 570
	Amortization of intangible assets attributable to acquisitions	-4 382	-3 196	-16 405	-15 219
D	EBITA	-3 510	8 008	13 272	24 789
	Depreciation of other intangible assets	-752	-724	-3 005	-2 977
	Depreciation of property, plant and equipment	-1 823	-1 133	-7 032	-6 342
E	EBITDA	-935	9 865	23 308	34 108
	Non-recurring costs	0	0	-150	-150
F	Adjusted EBITDA	-935	9 865	23 158	33 958
(B/A)	Gross profit margin, %	66,3	66,7	68,3	68,4
(C/A)	EBIT margin, %	-9,9	6,5	-0,9	2,9
(D/A)	EBITA margin, %	-4,4	10,8	4,0	7,6
(E/A)	EBITDA margin, %	-1,2	13,3	7,0	10,4
(F/A)	Adjusted EBITDA margin, %	-1,2	13,3	7,0	10,4

Return on equity, %

		2022	2021	R12M	2021
		Jan-March	Jan-March	April-March	Jan-Dec
(A)	Net profit for the period	-8 614	4 483	-7 239	5 858
(B)	Opening equity for the period	199 937	178 194	192 504	178 194
(C)	Closing equity for the period	195 362	192 504	195 362	199 937
D	Average equity	197 650	185 349	193 933	189 065
(A)/(D)	Return on equity, %	-4,4	2,4	-3,7	3,1

Equity ratio, %

		2022-03-31	2021-03-31	2022-03-31	2021-12-31
(A)	Equity	195 362	192 504	195 362	199 937
(B)	Balance sheet total	368 858	332 537	368 858	367 396
(A/B)	Equity ratio, %	53,0	57,9	53,0	54,4

Net debt

		2022-03-31	2021-03-31	2022-03-31	2021-12-31
	Liabilities to credit institutions	50 010	35 688	50 010	52 358
	Lease liabilities	10 588	7 606	10 588	11 900
	Cash	-47 024	-49 447	-47 024	-53 520
(A)	Net debt (-) receivable	13 574	-6 154	13 574	10 738
(A)/(F)	Net debt/adjusted EBITDA, multiple (rolling 12 m)			0,6	0,3