

TagMaster shows record sales with improved results

Second quarter 2021

- Net sales increased during the second quarter by 29,2% to 88,9 MSEK (69,8)
- Adjusted EBITDA increased during the second quarter by 68,9% to 10,7 MSEK (6,3), corresponding to an adjusted EBITDA margin by 12,0% (9,2)
- Operating profit/loss was 4,8 MSEK (-12,5) which correspond to operating margin of 5,3% (-18,2)
- Profit for the period was 4,0 MSEK (-12,4)
- Result per share was 0,27 (-0,85) SEK¹
- Cash flow from operating activities for the period was 14,4 MSEK (5,5)
- On April 30, 2021, TagMaster acquired Citilog SAS with a yearly turnover of approximately 5,8 M€
- 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.

First half year

- Net sales increased during the first half year by 10,6% to 163,3 MSEK (147,7)
- Adjusted EBITDA increased during the first half year by 55,3% to 20,5 MSEK (13,2), corresponding to an adjusted EBITDA margin by 12,6% (8,9)
- Operating profit/loss was 9,6 MSEK (-16,3) which correspond to operating margin of 5,8% (-11,1)
- Profit for the period was 8,4 MSEK (-21,1)
- Result per share was 0,58 (-1,44) SEK¹
- Cash flow from operating activities for the period was 17,8 MSEK (8,0)

| Amounts in TSEK | 2021 April-June | 2020 April-June | 2021 Jan-June | 2020 Jan-June | R12M July-June | 2020 Full Year |
|---|--------------------|--------------------|------------------|------------------|-------------------|-------------------|
| Net sales | 88 933 | 68 834 | 163 338 | 147 695 | 302 096 | 286 453 |
| Net sales growth, % | 29,2 | 29,5 | 10,6 | 52,3 | -3,7 | 8,9 |
| Gross margin, % | 62,4 | 63,6 | 64,4 | 64,6 | 65,6 | 65,7 |
| Adjusted EBITDA | 10 661 | 6 311 | 20 526 | 13 216 | 34 639 | 27 329 |
| Adjusted EBITDA margin, % | 12,0 | 9,2 | 12,6 | 8,9 | 11,5 | 9,5 |
| Equity ratio, % | 49,2 | 53,1 | | | | 55,7 |
| Cash flow from operating activities, MSEK | 14,4 | 5,5 | 17,8 | 8,0 | 37,3 | 27,4 |
| Net debt/EBITDA, R12M | | | | | 0,5 | -0,2 |
| Number of employees at end of period | 144 | 108 | | | | |

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

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

During the past quarter, a gradual opening has taken place in our main European markets. This has contributed to TagMaster being able to report the highest sales to date for a single quarter with a good EBITDA result. During the quarter, we continued to increase our investment in data solutions for Smart Cities based on advanced sensor technology. Through the acquisition of French Citilog in April, we have added additional expertise in AI and Deep learning. Our solutions contribute to the necessary transition to a more sustainable transport system, which gives us a very interesting position as the massive restart packages launched in Europe and the US are largely focused on green investments and investments in infrastructure.

With proactive and continuous actions to maintain a robust supply chain, we have so far been able to deal with the global shortage of semiconductors without excessive disruptions to customer deliveries. We expect accelerating, continued challenges in the quarters ahead and we will therefore proactively implement measures to limit the impact if necessary.

We continue to invest in technology leadership in the field of intelligent transportation systems (ITS) to further increase our competitiveness. The focus is increasingly on solutions that can contribute to a more sustainable transport system where analysis, AI and Deep learning is crucial, which thus take us up in the value chain.

The acquisition of Citilog follows this logic and sharpens TagMaster's offering on the technology side, but also adds value regarding synergies on the sales and customer side. In 1997, Citilog became first in the world to introduce a video-based system for automatic detection of traffic incidents. In 2019, Citilog introduced the first analysis management module for incident management based on Deep learning technology. Citilog today offers a broad portfolio of advanced algorithms, based on AI technology, that can be used as edge solutions or cloud-based solutions. Citilog focuses on three application areas - incident management, traffic efficiency and traffic statistics and has more than 45,000 cameras and sensors installed in over 60 countries worldwide.

The Group's sales during the second quarter amounted to a record of SEK 88.9 million, which is an increase of 29.2 percent compared with the same period last year, of which organic growth accounted for 8.2 percent. Our Traffic Solutions business amounted to SEK 69.2 million, which is an increase of 19.5 percent compared with the corresponding period in 2020. In addition to the organic growth, the increase is explained by the acquisition of Citilog, which was completed on the end of April. During the quarter, Traffic Solutions accounted for 78 percent of sales, while Rail Solutions accounted for 22 percent.

The quarter shows a gross margin of 62.4 percent with an adjusted EBITDA result of SEK 10.7 million, which corresponds to an adjusted EBITDA margin of 12.0 percent. Cash flow from operating activities amounted to SEK 14.4 million with a solvency ratio of 49.4 percent. The measures taken to reduce working capital has continued to be successful and goods in stock decreased by approximately 10 percent during the quarter compared with the corresponding quarter in 2020.

TagMaster is today well positioned in a market with long-term favorable conditions for growth and good profitability. The fact that we work to improve and streamline 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 launched in Europe and the USA, which largely focus on green investments and investments in infrastructure. Our investments in growth through innovation, commercial focus and acquisitions means that we have a very positive view of the company's development for the coming years.

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 2021 TagMaster will report at the following dates:

October 27, 2021: Interim report third quarter 2021
February 3, 2022: Earnings release 2021

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

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This information is information that TagMaster AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.30 a.m. CET on July 16, 2021.

Consolidated net sales and earnings

April 1 - June 30, 2021

Net sales

Net sales for the quarter amounted to 88,9 (68,8) MSEK, which is an increase of 29,2 percent compared to the corresponding quarter previous year. The increase is mainly related to additional revenue at the amount of 14,5 MSEK deriving from the subsidiary Citlog SAS that was acquired during the quarter. The quarter's organic sales increase amounts to 8,2 percent.

Operating profit/loss

Operating profit/loss for the quarter was 4,8 (-12,5) MSEK, which is an increase of 17,3 MSEK compared to the corresponding quarter previous year. The increase is explained by lower non-recurring costs and the non-recurring revenue related to the waived support loan from the US government.

Non-recurring items

During the quarter, TagMaster completed the acquisition of Citilog SAS, which resulted in non-recurring expenses of 2,5 MSEK. The expenses are transaction and integration related.

The US subsidiary Sensys Inc's subcontractor had Covid-related quality problems during the quarter. These quality problems have led to an extraordinary provision of 4,2 MSEK. During the quarter, the support loan from the US government was forgiven, which resulted in a non-recurring income of 6.9 MSEK, which is reported as Other income in the Group's income statement.

Adjusted EBITDA

Adjusted EBITDA increased during the second quarter to 10,7 (6,3) MSEK corresponding to a margin by 12,0% (9,2). Increased adjusted EBITDA is explained by increased sales in comparable units.

Financial items

Financial items for the quarter amounted to -0,6 (0,0) MSEK. Financial expenses charged to the quarter are interest expenses on liabilities to credit institutions of -0,5 (-0,6) MSEK and a revaluation of these liabilities of 0,8 (4,1) MSEK. Other financial expenses charged to the quarter are mainly revaluations of loans to foreign subsidiaries of SEK -0,8 (-3,1) MSEK.

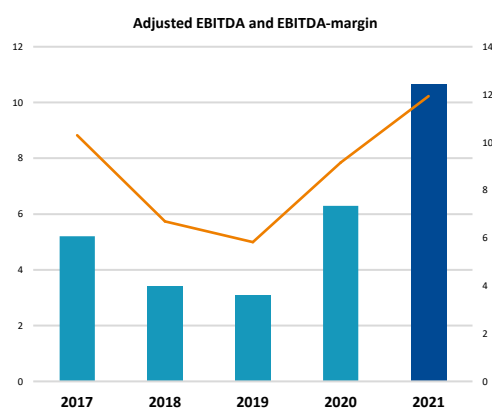
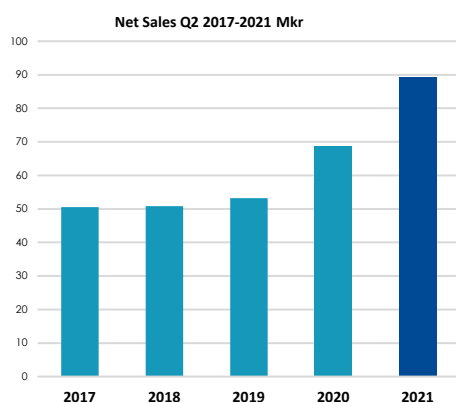
The Group's interest rate swap has been revalued at fair value, which had a minor impact on the financial net for the quarter.

Tax

Group's tax amounted to -199 (46) 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 4,0 (-12,4) MSEK. Earnings per share before and after dilution amounted to 0,27 (-0,85)¹ SEK.



¹Adjusted retroactively for the reversed split 1:25

January 1 - June 30, 2021**Net sales**

Net sales for the first half year amounted to 163,3 (147,7) MSEK, which is an increase of 10,6 percent compared to the corresponding period previous year. The increase in sales is partly explained by organic growth and partly by additional income from the subsidiary Citilog acquired during the quarter.

Operating profit/loss

Operating loss for the first half year was 9,6 (-16,4) MSEK, which is a decrease of 26,0 MSEK compared to the corresponding period previous year. The increase is partly explained by the efficiency program that was carried through during 2020. Lower non-recurring costs, non-recurring income attributable to the forgiven US government loan and increased sales in comparable units are other factors that explain the higher operating profit.

Adjusted EBITDA

Adjusted EBITDA increased to 20,5 (13,2) MSEK, corresponding to a margin of 12,6% (8,9).

Financial items

Financial items for the first half year amounted to -0,8 (-4,6) MSEK. Financial expenses charged to period are interest expenses on liabilities to credit institutions of -1,0 (-1,4) MSEK. Revaluations of these liabilities had an effect on the financial net of -1,3 (0,2) MSEK. Other financial expenses that have been charged to the period mainly consists of revaluations of loans to foreign subsidiaries at the amount of 1,5 (-1,5) MSEK.

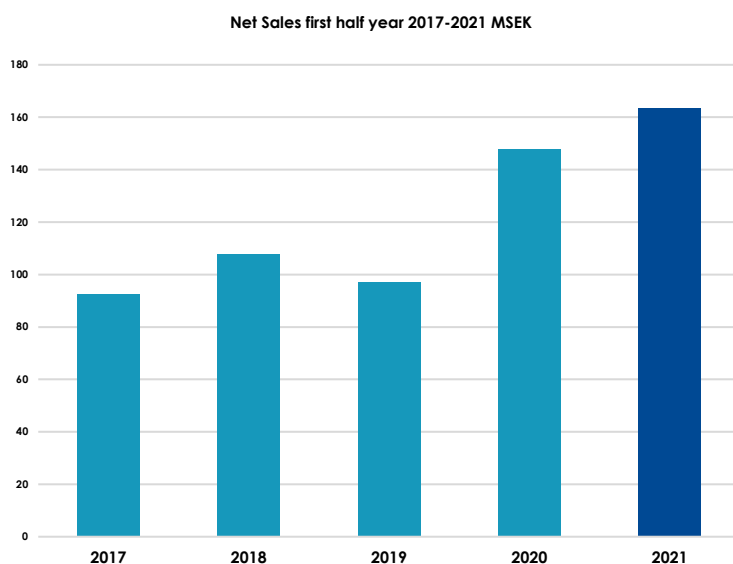
The Group's interest rate swap has been revalued at fair value, which had an impact on the financial net for the period of 0,2 (-1,1) MSEK.

Tax

Group's tax amounted to -320 (-165) TSEK. The tax expense for the period 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 8,4 (-21,1) MSEK. Earnings per share before and after dilution amounted to 0,58 (-1,44)¹ SEK.



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

Business in the quarter

Sales for the Europe segment amounted to SEK 61.5 million for the second quarter, which is an increase of approximately 99 percent, of which organic increase accounted for 52.4 percent, compared with the second quarter of 2020. In addition to the organic growth the acquisition of Citilog, which was completed last April, accounts for the further growth.

The gross margin during the second quarter amounted to 65.0 percent, which is an increase of 10.6 percentage points compared with the second quarter of 2020.

Adjusted EBITDA for the second quarter amounted to SEK 5.9 million, which corresponds to an adjusted EBITDA margin of 9.5 percent.

Traffic Solutions accounted for 68 percent of sales in the segment, while Rail Solutions accounted for 32 percent.

The acquisition of French Citilog, which was completed during the quarter, adds expertise and software solutions in AI and Deep learning. This, combined with the expertise already available at Sensys Networks and TagMaster, provides good conditions for growth in both American and European markets.

The acquisition gives the group increased capacity to innovate and develop future products and data solutions in the US and Europe, as well as a platform for future business models for Detection as a Service (DaaS). The merger provides the opportunity for a very clear and direct collaboration between Citilog and Sensys Networks in sales and development. With the acquisition, software with a high margin will be a much larger part of TagMaster's future group revenues.

Citilog's products are included as part of several different types of ITS applications such as Incident Management, Traffic Signal Control and Traffic Statistics. The Incident Detection market is estimated to reach \$ 500 million globally in 2024, with growth (CAGR > 15 percent) largely driven by the growing global demand for Smart Cities solutions.

Citilog, which is headquartered in Paris, began the integration aimed at synergies in both the cost side and the sales side with TagMaster during the quarter. On the sales side, Citilog has initiated a collaboration with Sensys Networks, meaning that Sensys Networks will become a global sales partner with focus on the USA, certain parts of Europe and the Gulf countries. In all these geographies Sensys Networks has its own sales resources and has in many cases worked towards the same type of system integrators as partners and with the same type of end customers as Citilog and thus has strong synergies. Citilog has also integrated with TagMaster Europe regarding IT systems, sales systems and marketing, and has started cooperation with both TagMaster in Europe and Sensys Networks in the USA.

| Amounts in TSEK | 2021 April-June | 2020 April-June | Change, % | 2021 Jan-June | 2020 Jan-June | Change, % |
|--------------------------------------|--------------------|--------------------|--------------|------------------|------------------|--------------|
| Net Sales | 61 520 | 30 934 | 98,9 | 104 973 | 79 105 | 32,7 |
| Gross profit | 39 973 | 16 828 | 137,5 | 67 729 | 46 917 | 44,4 |
| Gross margin, % | 65,0 | 54,4 | - | 64,5 | 59,3 | - |
| Adjusted EBITDA | 5 861 | -3 817 | - | 11 059 | -35 | - |
| Adjusted EBITDA margin, % | 9,5 | -12,3 | - | 10,5 | 0,0 | - |
| Number of employees at end of period | 107 | 72 | 48,6 | | | |

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 USA segment amounted to SEK 27.4 million for the second quarter, which is a decrease of 27.9 percent compared with the second quarter of 2020. The gross margin during the second quarter amounted to 56.7 percent, which is a decrease of 14.1 percentage points compared to with the second quarter of 2020. The decrease in sales is explained by the segment being affected by Covid-19-related quality disturbances in the factory in Mexico, which manufactures the wireless magnetic sensors used in most of the projects. Guarantee provisions have therefore been made to handle any future costs, which in turn has had a negative effect on the gross margin.

Adjusted EBITDA for the second quarter amounted to SEK 3.4 million, which corresponds to an adjusted EBITDA margin of 12.5 percent.

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

During the quarter TagMaster's company in the US market - Sensys Networks - continued to focus on broadening its partner network and on taking the position as the natural choice to replace loop-based sensors. Sensys Network's technology - wireless magnetic sensors - is today a superior technology both in terms of accuracy in detection, quick and easy installation as well as a minimal need for maintenance.

Sensys Networks is, since a couple of weeks, participating in a pilot project in Denver (Colorado) where the aim is to minimize rush hour traffic on Interstate 25 by improving the flow of traffic, with 250,000 passing vehicles daily. Today traffic lights at the driveway are controlled by constant time pulses. In future, these will adapt to the traffic and be controlled in real time. The pilot project uses wireless magnetic sensors and algorithms from Sensys Networks, which sense the flow at different times and can thus minimize the time when the traffic lights glow red. The ambition is to increase the flow by 25 percent of the number of more vehicles released on I25, and to increase the speed by 35-60 percent during the peaks and to reduce accidents by 20-50 percent.

Sensys Networks has together with TagMaster in Sweden been appointed as the only Swedish company in the EU-funded FRONTIER project that will provide Europe's citizens with driverless cars, innovative traffic management systems and reduced emissions from vehicles. A total of 19 high-profile actors in the field are involved in the project, which has received EUR 5 million in support from the EU. The constellation is an interdisciplinary team with partners from several universities and research institutes, as well as companies and authorities in transport, infrastructure and information technology. The solutions will be tested in three pilot projects in Antwerp (Belgium), Athens (Greece) and Oxfordshire (UK) and will ensure FRONTIER's interfaces and artificial intelligence modules to reduce traffic, create safer driving environments and ultimately put smarter vehicles on the roads.

In the medium term, the American market looks very exciting as President Biden has launched the large infrastructure package as well as several initiatives concerning climate projects. The combination of infrastructure investments and a greener transport flow open up new business opportunities for Sensys Networks in the US market.

| Amounts in TSEK | 2021 April-June | 2020 April-June | Change, % | 2021 Jan-June | 2020 Jan-June | Change, % |
|--------------------------------------|--------------------|--------------------|--------------|------------------|------------------|--------------|
| Net Sales | 27 413 | 38 017 | -27,9 | 58 365 | 69 258 | -15,7 |
| Gross profit | 15 550 | 26 922 | -42,2 | 37 439 | 48 426 | -22,7 |
| Gross margin, % | 56,7 | 70,8 | - | 64,1 | 69,9 | - |
| Adjusted EBITDA | 3 431 | 7 112 | -51,8 | 7 278 | 6 058 | 20,1 |
| Adjusted EBITDA margin, % | 12,5 | 18,7 | - | 12,5 | 8,7 | - |
| Number of employees at end of period | 37 | 36 | 2,8 | | | |

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.

Consolidated balance sheet and cash flow

Liquidity and cash flow

The Group's available liquidity amounted to 92,2 (84,2) MSEK, of which overdraft facilities amounts to 33,4 (34,1) MSEK. The Group's overdraft credit of 12,0 was utilized by 4,2 MSEK at the end of June 2021. The overdraft facility in USD at the amount of 3,0 MUS\$ was unutilized at the end of the second quarter.

At the end of the period cash and cash equivalents amounted to 58,8 (50,1) MSEK.

Cash flow April 1 – June 30, 2021

Cash flow from operating profit activities for the second quarter amounted to 14,5 (5,5) MSEK.

Cash flow from investing activities amounted to -30,8 (0,7) MSEK and is mainly attributable to the acquisition of Citilog SAS. For further information regarding the acquisition, see page 10 Business acquisitions and Note 7 Intangible fixed assets.

Cash flow from financing activities amounted to 26,7 (11,7) MSEK and refers mainly to the loan raised to partially finance the acquisition of Citilog SAS. For further information regarding the acquisition loan, see page 9 Liabilities to credit institutions. Other items included in the cash flow from financing activities are changes in overdraft facilities of 2,8 (5,9) MSEK, amortization of loans of -2,6 (0) MSEK and amortization of leasing liabilities of -1,2 (-1,8) MSEK.

Cash flow for the quarter amounted to 10,4 (18,0) MSEK.

Cash flow January 1 – June 30, 2021

Cash flow from operating profit activities for the first half year amounted to 17,8 (8,0) MSEK.

Cash flow from investing activities amounted to -33,1 (-1,5) MSEK and is mainly attributable to the acquisition of Citilog SAS. For further information regarding the acquisition, see page 10 Business acquisitions and Note 7 Intangible fixed assets.

Cash flow from financing activities amounted to 20,4 (3,2) MSEK and refers mainly to the loan raised to partially finance the acquisition of Citilog SAS. For further information regarding the acquisition loan, see page 9 Liabilities to credit institutions. Other items included in the cash flow from financing activities are changes in overdraft facilities of -0,2 (-0,6) MSEK, amortization of loans of -5,1 (0) MSEK and amortization of leasing liabilities of -2,1 (-3,9) MSEK.

Cash flow for the quarter amounted to 5,1 (9,7) MSEK.

Investments

During the first half year investments in tangible and intangible fixed assets have been made with 0,5 (1,2) MSEK, of which capitalized development expenditure amounts to 0,0 (1,1) MSEK.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on June 30, 2021, was 94,5 (92,8) MSEK. Other intangible assets amounted to 83,3 (91,2) MSEK and relate to capitalized development expenditure of 38,6 (37,4) MSEK and customer relations of 38,8 (47,4) MSEK and trademark of 6,0 (6,5) MSEK. The increase is mainly attributable to the acquisition of Citilog Inc. For details regarding the acquisition and other changes in intangible assets during the first half of 2021, see page 19, note 7 Intangible fixed assets.

Right-of-use assets and lease liabilities

The carrying amount of right-of-use assets (lease agreements for premises) amounted to 14,6 (18,4) MSEK. The corresponding leasing liabilities amounted to 14,8 (18,6) MSEK. The changes compared to the corresponding period previous year are partly 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 June 30, 2021. At the acquisition of Citilog, a right-of-use asset with a corresponding lease liability of 8,6 MSEK attributable to the company's lease agreement in the Paris area has been reported. 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 half year amounts to approx. 1,6 TSEK.

Accounts receivables

Accounts receivable as of June 30 amounted to 67,5 (47,8). The increase is mainly attributable to the acquisition of Citilog SAS.

Other long-term liabilities

Other long-term liabilities amounted to 12,6 (17,2) MSEK. During the second quarter, the support loan of 820 TUSD that the US subsidiary raised from the US government was forgiven, which explains the decrease of 6,7 MSEK compared to the reported value as of December 31, 2020.

Liabilities to credit institutions

As of June 30, 2021, the Group's liabilities to credit institutions amounted to 62,8 (55,6) MSEK and consist of acquisition loans of 58,7 (49,7) MSEK and utilized overdraft facilities of 4,1 (5,9) MSEK.

During the first half of the year, the acquisition loan was repaid by 5,1 MSEK and as part of the financing of the acquisition of Citilog SAS, the loan was increased by 28 MSEK. The repayment terms of the extended loan facility is the same as for the original acquisition loan raised in connection with the acquisition of Sensys Inc. The interest rate for the extended loan facility amounts to STIBOR plus a margin of between 2.0 and 3.0 percentage points depending on net debt divided by consolidated EBITDA. Other changes during the first half year are decreased utilization of overdraft facilities of -0,2 MSEK, currency revaluations of 1,4 MSEK and changes in accruals related to loan acquisition costs of 0,1 MSEK.

Equity

Equity as of June 30, 2021, amounted to 192,7 (196,7) MSEK, corresponding to 13,16 (13,43) SEK per outstanding share, adjusted for the 1:25 reversed split. For further information regarding the reversed split, see page 14. There were no outstanding stock options or convertible programs on June 30, 2021.

Financial position

The equity ratio amounted to 49,2 (53,1) percent on June 30, 2021, and equity to 192,7 (196,7) MSEK. Total assets on June 30, 2021, amounted to 391,9 (370,4) MSEK.

Business combinations

On April 30, 2021, 100 percent of the shares in the French company Citilog SAS were acquired for a consideration of 42 559 TSEK. The acquisition is a step in the Group's strategy to focus on growth within the Traffic Solutions application segment. The acquisition will add competence and software solutions within AI and deep learning which will provide the group with an enhanced capacity for creating future products and data solutions in the US and Europe. 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 entire consideration has been transferred in cash and cash equivalents and the transaction was funded through a combination of new debt facilities and cash at hand. Acquisition related expenses of 464 TSEK have been recognized as other expenses in the income statement.

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

| Fair value | TSEK |
|---|---------------|
| <i>Non-current assets</i> | |
| Capitalised development expenditure | 12 918 |
| Customer relationships | 3 037 |
| Other non-current receivables | 30 |
| Property, plant and equipment | 618 |
| <i>Current assets</i> | |
| Inventories | 2 085 |
| Trade receivables | 18 655 |
| Total current receivables | 6 322 |
| Cash and cash equivalents | 12 273 |
| <i>Non-current liabilities</i> | |
| Other provisions | -3 999 |
| <i>Current liabilities</i> | |
| Trade payables | -1 650 |
| Total current liabilities | -13 730 |
| Identifiable assets and liabilities, net | 36 559 |
| Transferred remuneration | 42 559 |
| Goodwill | 6 000 |

Net cash flow related to acquisition of Citilog SAS

| | |
|---|---------------|
| Transferred remuneration | 42 559 |
| Deduction: Acquired cash and cash equivalents | -12 273 |
| Net cash flow | 30 286 |

Goodwill arose on the acquisition, as the transferred remuneration also included amounts related to synergies, revenue increases, development of future markets and the combined workforce of the company. These benefits have not been recognized separately from goodwill because they do not meet the criteria for recognition of identifiable intangible assets. No part of the goodwill arising in connection with the acquisition is expected to be tax deductible. Deferred tax attributable to the acquisition of Citilog SAS on June 30, 2021, totalled to approximately 4,8 MSEK. In the acquisition analysis, a corresponding amount is recognized as a deferred tax asset attributable to tax loss carry-forwards. In the consolidated statement of financial position, these two items are recognized net.

From the acquisition date Citilog SAS has contributed with revenue of 14,5 MSEK and operating loss of 1,1 MSEK (whereof 1,6 MSEK non-recurring expenses). If the acquisition had taken place on January 1, 2021, the group's revenue would have totalled to 185,5 MSEK and the result for the period to 6,5 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 half year amounted to 41,9 (34,7) MSEK, of which invoicing of intra-Group services amounted to 0,5 (0) MSEK. As of June 30, available liquidity amounted to 35,9 (36,9) MSEK, of which the overdraft credit amounts to 33,4 (34,1) 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 144 (108), of which employees of Sensys Citilog SAS amount to 45.

Effects of the Corona-pandemic

Covid-19 affected the two segments to varying degrees during the quarter. The recovery is expected to be gradual taking into account the lower activity in parts of TagMaster's market. Despite signs that the markets gradually opened up and stabilized during the second quarter there is still a high level of future uncertainty, which was clearly shown in the second quarter with quality-related problems in outsourced manufacturing in Mexico. TagMaster continuously monitors risks related to the Covid-19 pandemic and measures are taken on an ongoing basis to limit the effects. The Group is highly prepared with a continued focus on employees, customers and business partners, with health and safety as its first priority, and maintains a focus on cost control and cash flow.

Future outlook

The current global uncertainty requires a humble attitude towards the near future. However, in the medium term we can see that the massive restart packages launched in Europe and the US are largely focused on green investments in sustainable transport solutions, which will benefit TagMaster. However, the global supply chain for both semiconductors and other components will continue to be unstable with great uncertainty, which will lead to negative sales of some of the company's products during the second half of 2021.

The Board and the Group's 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 computer solutions and software in important growth areas, the Group has good long-term growth opportunities.

TagMaster's strategy for growth is both 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 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

| Amounts in TSEK | 2021 April-June | 2020 April-June | 2021 Jan-June | 2020 Jan-June | 2020 Jan-Dec |
|---|--------------------|--------------------|------------------|------------------|-----------------|
| Net sales | 88 933 | 68 834 | 163 338 | 147 695 | 286 453 |
| Other revenue | 7 075 | 2 030 | 7 085 | 2 783 | 4 206 |
| Change in inventories during manufacture and finished goods | 11 | -618 | 1 033 | -448 | -912 |
| Capitalized work for own account | 0 | 1 130 | 0 | 3 232 | 3 232 |
| Goods for resale, raw materials and consumables | -33 421 | -24 465 | -59 202 | -51 904 | -97 272 |
| Other external expenses | -13 354 | -16 116 | -23 126 | -28 177 | -47 982 |
| Personnel expenses | -37 952 | -37 120 | -67 953 | -77 219 | -137 579 |
| Depreciation of property, plant and equipment and amortization of intangible assets | -6 060 | -5 896 | -11 113 | -11 936 | -23 015 |
| Other operating expenses | -482 | -288 | -498 | -380 | -1 744 |
| Operating profit/loss | 4 751 | -12 509 | 9 563 | -16 354 | -14 613 |
| Financial net | -593 | 21 | -801 | -4 591 | -3 936 |
| Profit/loss before tax | 4 159 | -12 488 | 8 762 | -20 944 | -18 549 |
| Tax | -199 | 46 | -320 | -165 | -1 817 |
| Profit for the period | 3 959 | -12 442 | 8 442 | -21 109 | -20 366 |
| Net income attributable to: | | | | | |
| Shareholders in the Parent Company | 3 959 | -12 442 | 8 442 | -21 109 | -20 366 |
| Earnings per share, SEK | | | | | |
| Basic earnings per share ¹ | 0,27 | -0,85 | 0,58 | -1,44 | -1,39 |
| Diluted earnings per share ¹ | 0,27 | -0,85 | 0,58 | -1,44 | -1,39 |

Consolidated statement of other comprehensive income

| | | | | | |
|---|--------------|----------------|---------------|----------------|----------------|
| Profit for the period | 3 959 | -12 442 | 8 442 | -21 109 | -20 366 |
| <i>Items that may be reclassified to profit or loss</i> | | | | | |
| Exchange differences when translating foreign operations | 2 047 | -15 079 | 6 530 | -146 | -19 668 |
| <i>Items not to be reclassified to the income statement</i> | | | | | |
| Remeasurement of the net pension obligation | 0 | 0 | 0 | 0 | -210 |
| Tax on the above | 0 | 0 | 0 | 0 | 52 |
| Comprehensive income for the period | 6 006 | -27 521 | 14 972 | -21 255 | -40 191 |
| Comprehensive income attributable to: | | | | | |
| Shareholders in the Parent Company | 6 006 | -27 521 | 14 972 | -21 255 | -40 191 |

¹Adjusted retroactively for the reversed split 1:25

Summary consolidated statement of financial position

| Amounts in TSEK | 2021-06-30 | 2020-06-30 | 2020-12-31 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 177 805 | 183 976 | 158 434 |
| Property, plant, and equipment | 3 317 | 2 810 | 2 419 |
| Right-of-use assets | 14 631 | 18 353 | 4 659 |
| Other non-current receivables | 1 322 | 1 500 | 1 253 |
| Deferred tax assets | 5 535 | 6 872 | 5 603 |
| | 202 611 | 213 511 | 172 368 |
| Current assets | | | |
| Inventories | 40 726 | 45 435 | 40 076 |
| Trade receivables | 67 517 | 47 757 | 42 178 |
| Other receivables | 22 315 | 13 550 | 12 746 |
| Cash and cash equivalents | 58 775 | 50 138 | 51 786 |
| | 189 333 | 156 880 | 146 786 |
| TOTAL ASSETS | 391 943 | 370 391 | 319 154 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 18 309 | 18 309 | 18 309 |
| Other contributed capital | 241 459 | 241 459 | 241 459 |
| Translation reserve | -15 019 | -2 027 | -21 549 |
| Retained earnings including profit for the period | -52 019 | -61 046 | -60 461 |
| | 192 730 | 196 695 | 177 758 |
| Non-current liabilities | | | |
| Liabilities to credit institutions | 44 039 | 38 485 | 24 742 |
| Deferred tax liabilities | 2 807 | 3 367 | 3 030 |
| Other provisions | 21 126 | 12 570 | 8 046 |
| Lease liabilities | 9 180 | 11 495 | 1 677 |
| Other non-current liabilities | 12 636 | 17 234 | 19 311 |
| | 89 788 | 83 151 | 56 806 |
| Current liabilities | | | |
| Trade payables | 16 441 | 12 738 | 14 110 |
| Current tax Liabilities | 1 846 | 0 | 1 036 |
| Liabilities to credit institutions | 18 782 | 17 072 | 14 226 |
| Other provisions | - | - | 3 834 |
| Additional purchase consideration | - | 2 096 | 2 008 |
| Lease liabilities | 5 595 | 7 103 | 3 091 |
| Other liabilities | 66 761 | 51 537 | 46 285 |
| | 109 425 | 90 545 | 84 590 |
| TOTAL EQUITY AND LIABILITIES | 391 943 | 370 391 | 319 154 |

Summary consolidated statement of changes in equity

| Amounts in TSEK | 2021-06-30 | 2020-06-30 | 2020-12-31 |
|-------------------------------------|----------------|----------------|----------------|
| Opening shareholders' equity | 177 758 | 217 950 | 217 950 |
| Profit for the period | 8 442 | -21 109 | -20 366 |
| Other comprehensive income | 6 530 | -146 | -19 826 |
| Closing shareholders' equity | 192 730 | 196 694 | 177 758 |

Share Information

| Amounts in TSEK | 2021-06-30 | 2020-06-30 | 2020-12-31 |
|--|----------------|----------------|----------------|
| Number of outstanding shares at beginning of period | 366 188 | 366 188 | 366 188 |
| Reversed split | -351 540 | - | - |
| Number of outstanding shares at end of period | 14 648 | 366 188 | 366 188 |

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 | 2021 April-June | 2020 April-June | 2021 Jan-June | 2020 Jan-June | 2020 Jan-Dec |
|--|--------------------|--------------------|------------------|------------------|-----------------|
| Operating activities | | | | | |
| Operating profit/loss | 4 751 | -12 509 | 9 563 | -16 354 | -14 613 |
| Adjustments for non-cash items | 4 585 | 9 024 | 9 743 | 19 462 | 27 021 |
| Interest paid | -494 | -959 | -947 | -1 893 | -3 326 |
| Interest received | 0 | 0 | 0 | 80 | 21 |
| Tax received | 0 | 134 | 0 | 134 | 354 |
| | 8 842 | -4 310 | 18 359 | 1 429 | 9 457 |
| Cash flow from operating activities before changes in working capital | | | | | |
| Increase(-)/Decrease(+) in inventories | -440 | 5 532 | 2 323 | 5 888 | 10 201 |
| Increase(-)/Decrease(+) in operating receivables | -1 097 | 6 765 | -8 562 | 5 647 | 8 348 |
| Increase(-)Decrease(+) in operating liabilities | 7 090 | -2 517 | 5 703 | -4 945 | -571 |
| | 14 395 | 5 470 | 17 823 | 8 019 | 27 435 |
| Investing activities | | | | | |
| Acquisition of subsidiaries, less acquired cash and cash equivalents | -30 286 | 1 958 | -30 286 | 1 958 | 1 958 |
| Conditional purchase considerations settlement | - | - | -2 008 | - | - |
| Investments in property, plant and equipment | -467 | -83 | -851 | -223 | -542 |
| Investments in intangible assets | 0 | -1 129 | 0 | -3 232 | -3 168 |
| Disposals of property, plant, and equipment | 0 | 0 | 0 | 0 | 0 |
| Net of paid-in and repaid deposits | 0 | 0 | 0 | 0 | 250 |
| | -30 753 | 746 | -33 145 | -1 497 | -1 502 |
| Financing activities | | | | | |
| Borrowings | 27 804 | 7 666 | 27 804 | 7 666 | 7 666 |
| Repayment of loans | -2 562 | - | -5 076 | - | -9 862 |
| Change in bank overdraft facilities | 2 762 | 5 852 | -249 | -624 | -2 077 |
| Lease liabilities | -1 280 | -1 776 | -2 050 | -3 862 | -5 588 |
| | 26 724 | 11 742 | 20 429 | 3 180 | -9 861 |
| Cash flow for the period | 10 366 | 17 958 | 5 107 | 9 702 | 16 072 |
| Exchange rate differences in cash and cash equivalents | -1 038 | -2 806 | 1 882 | -857 | -5 579 |
| Cash and cash equivalents at the beginning of the period | 49 447 | 34 986 | 51 786 | 41 293 | 41 293 |
| Cash and cash equivalents at the end of the period | 58 775 | 50 138 | 58 775 | 50 138 | 51 786 |

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 central column.

| 1 January 2021 - 30 June 2021 | TagMaster Europe | TagMaster USA | Central | Eliminations | Total Group |
|---|------------------|----------------|--------------|--------------|----------------|
| Revenue | | | | | |
| External revenue | 104 973 | 58 365 | - | - | 163 338 |
| Cross-segment transactions | - | - | - | - | - |
| | 104 973 | 58 365 | - | - | 163 338 |
| Gross profit | 67 729 | 37 439 | - | - | 105 169 |
| Adjusted EBITDA | 11 059 | 7 278 | 2 190 | - | 20 526 |
| Non-recurring items | -2 078 | 2 689 | -462 | - | 150 |
| EBITDA | 8 981 | 9 967 | 1 728 | - | 20 676 |
| Depreciations and amortizations | -4 574 | -6 539 | - | - | -11 113 |
| Operating profit/loss | 4 407 | 3 428 | 1 728 | - | 9 563 |
| Other segment information | | | | | |
| Gross profit margin, % | 64,5 | 64,1 | | | |
| Adjusted EBITDA margin, % | 10,5 | 12,5 | | | |
| EBITDA margin, % | 8,6 | 17,1 | | | |
| <i>Non-recurring items:</i> | | | | | |
| Restructuring expenses | -2 078 | - | | | |
| Acquisition-related expenses | - | - | | | |
| Waived US government loan | - | 6 891 | | | |
| Covid-related quality disturbances at subcontractor | - | -4 202 | | | |
| Number of employees at the end of the period | 107 | 37 | | | |
| 1 January 2020 - 30 June 2020 | TagMaster Europe | TagMaster USA | Central | Eliminations | Total Group |
| Revenue | | | | | |
| External revenue | 79 105 | 68 590 | - | - | 147 695 |
| Cross-segment transactions | - | 668 | - | -668 | 0 |
| | 79 105 | 69 258 | - | -668 | 147 695 |
| Gross profit | 46 917 | 48 426 | - | - | 95 343 |
| Adjusted EBITDA | -35 | 6 058 | 7 192 | - | 13 215 |
| Non-recurring items | -9 321 | -8 312 | - | - | -17 633 |
| EBITDA | -9 356 | -2 254 | 7 192 | - | -4 418 |
| Depreciations and amortizations | -2 550 | -9 386 | - | - | -11 936 |
| Operating profit/loss | -11 906 | -11 640 | 7 192 | - | -16 354 |
| Other segment information | | | | | |
| Gross profit margin, % | 59,3 | 70,6 | | | |
| Adjusted EBITDA margin, % | 0,0 | 8,8 | | | |
| EBITDA margin, % | -11,8 | -3,3 | | | |
| <i>Non-recurring items:</i> | | | | | |
| Expenses attributable to efficiency program | -9 321 | - | | | |
| Acquisition-related expenses | - | -8 312 | | | |
| Number of employees at the end of the period | 72 | 36 | | | |

Summarized parent company income statement

| Amounts in TSEK | 2021 Jan-June | 2020 Jan-June | 2020 Jan-Dec |
|---|------------------|------------------|-----------------|
| Net sales | 41 931 | 34 717 | 74 712 |
| Other operating income | -282 | 1 119 | 1 219 |
| | 41 649 | 35 836 | 75 931 |
| Goods for resale and consumables | -15 577 | -11 857 | -23 428 |
| Other external expenses | -7 890 | -7 315 | -13 614 |
| Personnel expenses | -13 470 | -13 878 | -27 528 |
| Depreciation of property, plant and equipment and amortization of intangible assets | -53 | -79 | -106 |
| Other operating expenses | -459 | -6 | -262 |
| Operating profit/loss | 4 200 | 2 701 | 10 993 |
| Financial expenses | -259 | -3 153 | -1 179 |
| Profit after financial items | 3 941 | -452 | 9 814 |
| Change in untaxed reserves | - | - | -1 614 |
| Tax on net profit for the year | -810 | 0 | -1 798 |
| Profit for the period¹ | 3 131 | -452 | 6 402 |

¹Profit for the year accords with comprehensive income for the year

Summary parent company balance sheet

| Belopp i TSEK | 2021-06-30 | 2020-06-30 | 2020-12-31 |
|--|----------------|----------------|----------------|
| TILLGÅNGAR | | | |
| Immateriella tillgångar | 252 | 310 | 291 |
| Materiella anläggningstillgångar | 80 | 102 | 94 |
| Finansiella anläggningstillgångar | 288 006 | 251 670 | 250 908 |
| Varulager | 10 500 | 9 675 | 12 182 |
| Kundfordringar | 11 891 | 9 715 | 14 140 |
| Fordringar hos koncernföretag | 30 206 | 45 812 | 41 143 |
| Övriga fordringar | 8 605 | 7 773 | 7 574 |
| Kassa och bank | 2 540 | 2 836 | 2 319 |
| SUMMA TILLGÅNGAR | 352 080 | 327 893 | 328 651 |
| EGET KAPITAL OCH SKULDER | | | |
| Eget kapital | 258 319 | 248 898 | 255 186 |
| Avsättningar | 1 588 | 3 684 | 3 596 |
| Obeskattade reserver | 1 614 | - | 1 614 |
| Långfristiga skulder till kreditinstitut | 44 039 | 38 485 | 24 742 |
| Kortfristiga skulder till kreditinstitut | 18 782 | 17 072 | 14 226 |
| Leverantörsskulder | 7 502 | 3 923 | 6 664 |
| Skatteskulder | 1 846 | - | 1 036 |
| Skulder till koncernföretag | 0 | 10 | 3 147 |
| Övriga skulder | 18 390 | 15 821 | 18 440 |
| SUMMA EGET KAPITAL OCH SKULDER | 352 080 | 327 893 | 328 651 |

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.

4. 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.

5. Fair value of financial instruments

At the end of June, 2021, the fair value, determined on the basis of level 2, of the group's interest swap amounts to -517 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.

6. Breakdown of revenue from contracts with customers

| | 1 January 2021 – 30 June 2021 | | | 1 January 2020 – 30 June 2020 | | |
|------------------------------------|-------------------------------|---------------|----------------|-------------------------------|---------------|----------------|
| | TagMaster Europe | TagMaster USA | Total Group | TagMaster Europe | TagMaster USA | Total Group |
| Geographical region | | | | | | |
| Sweden | 1 545 | 0 | 1 545 | 1 680 | 0 | 1 680 |
| EMEA | 61 254 | 25 859 | 87 113 | 45 626 | 23 637 | 69 263 |
| Asia Pacific | 22 840 | 2 546 | 25 386 | 13 669 | 1 490 | 15 159 |
| Americas | 19 334 | 29 960 | 49 294 | 18 130 | 43 463 | 61 593 |
| | 104 973 | 58 365 | 163 338 | 79 105 | 68 590 | 147 695 |
| Customer category | | | | | | |
| Traffic Solutions | 73 385 | 58 365 | 131 750 | 52 052 | 68 590 | 120 642 |
| Rail Solutions | 31 588 | - | 31 588 | 27 053 | - | 27 053 |
| | 104 973 | 58 365 | 163 338 | 79 105 | 68 590 | 147 695 |
| Time of revenue recognition | | | | | | |
| At a particular times | 101 249 | 57 676 | 158 925 | 78 971 | 67 642 | 146 613 |
| Over time | 3 724 | 689 | 4 413 | 134 | 948 | 1 082 |
| | 104 973 | 58 365 | 163 338 | 79 105 | 68 590 | 147 695 |

7. Intangible non-current assets

| | Goodwill | Goodwill associated with assets and liabilities | Capitalized development expenditure | Customer relationships | Trademarks | Total Group |
|---------------------------------------|---------------|---|-------------------------------------|------------------------|--------------|----------------|
| At 1 January 2021 | | | | | | |
| Cost of acquisition, opening balance | 76 506 | 8 913 | 57 626 | 49 132 | 5 732 | 197 909 |
| Accumulated amortization | - | - | -28 351 | -11 124 | - | -39 475 |
| Carrying amount | 76 506 | 8 913 | 29 275 | 38 008 | 5 732 | 158 434 |
| 1 January-30 June 2021 | | | | | | |
| Carrying amount, opening balance | 76 506 | 8 913 | 29 275 | 38 008 | 5 732 | 158 434 |
| Business combinations | 6 000 | - | 12 918 | 3 037 | - | 21 955 |
| Amortization for the period | - | - | -4 669 | -3 707 | - | -8 376 |
| Translation difference for the period | 2 999 | 78 | 1 042 | 1 448 | 225 | 5 792 |
| Carrying amount | 85 505 | 8 991 | 38 566 | 38 786 | 5 957 | 177 805 |
| At 30 June 2021 | | | | | | |
| Cost | 85 505 | 8 991 | 73 029 | 53 617 | 5 957 | 227 099 |
| Accumulated amortization | - | - | -34 463 | -14 831 | - | -49 294 |
| Carrying amount | 85 505 | 8 991 | 38 566 | 38 786 | 5 957 | 177 805 |

Group key ratios

| Result, amounts i TSEK | 2021 April-June | 2021 Jan-March | 2020 Oct-Dec | 2020 July-Sept | 2020 April-June | 2020 Jan-March | R12M | Full Year 2020 |
|---|--------------------|-------------------|-----------------|-------------------|--------------------|-------------------|---------|-------------------|
| Net sales | 88 933 | 74 405 | 67 788 | 70 970 | 68 834 | 78 861 | 302 096 | 286 453 |
| Net sales growth, % | 29,2 | -5,7 | -18,8 | -13,9 | 29,5 | 79,9 | -3,7 | 8,9 |
| Gross profit | 55 523 | 49 645 | 46 108 | 46 818 | 43 751 | 51 593 | 198 095 | 188 269 |
| Gross margin, % | 62,4 | 66,7 | 68,0 | 66,0 | 63,6 | 65,4 | 65,6 | 65,7 |
| Adjusted EBITDA | 10 661 | 9 865 | 5 470 | 8 643 | 6 311 | 6 905 | 34 639 | 27 329 |
| Adjusted EBITDA margin, % | 12,0 | 13,3 | 8,1 | 12,2 | 9,2 | 8,8 | 11,5 | 9,5 |
| EBITDA | 10 811 | 9 865 | 4 176 | 8 643 | -6 613 | 2 196 | 33 495 | 8 402 |
| EBITDA margin, % | 12,2 | 13,3 | 6,2 | 12,2 | -9,6 | 2,8 | 11,1 | 2,9 |
| Operating profit | 4 751 | 4 812 | -1 012 | 2 750 | -12 509 | -3 844 | 11 301 | -14 613 |
| Operating margin, % | 5,3 | 6,5 | -1,5 | 3,9 | -18,2 | -4,9 | 3,7 | -5,1 |
| Profit/loss before tax | 4 159 | 4 604 | -593 | 2 986 | -12 488 | -8 456 | 11 155 | -18 549 |
| Net profit for the period | 3 959 | 4 483 | -2 602 | 3 343 | -12 442 | -8 667 | 9 183 | -20 366 |
| Earnings per share before dilution, SEK | 0,27 | 0,31 | -0,18 | 0,23 | -0,85 | -0,59 | 0,63 | -1,39 |
| Earnings per share after dilution, SEK | 0,27 | 0,31 | -0,18 | 0,23 | -0,85 | -0,59 | 0,63 | -1,39 |

Financial position, amounts i TSEK

| | | | | | | | | |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Equity | 192 730 | 192 504 | 177 758 | 194 520 | 196 694 | 224 216 | 196 694 | 177 458 |
| Average equity | 192 617 | 185 131 | 186 139 | 206 235 | 207 322 | 221 083 | 209 843 | 197 854 |
| Equity ratio, % | 49,2 | 57,9 | 55,7 | 56,3 | 53,1 | 56,3 | 53,1 | 55,7 |
| Net debt (-) receivable | 18 821 | -6 154 | -6 042 | 4 779 | 18 821 | 42 772 | 18 821 | -6 042 |
| Return on equity | 2,1 | 2,4 | -1,4 | 1,6 | -6,0 | -3,9 | 4,4 | -10,3 |

Share data

| | | | | | | | | |
|--|--------|---------|---------|---------|---------|---------|--------|---------|
| Net sales per share, SEK | 6,07 | 5,08 | 4,63 | 4,85 | 4,70 | 5,38 | 20,62 | 19,56 |
| Equity per share, SEK | 13,16 | 13,14 | 12,14 | 13,28 | 13,43 | 15,31 | 13,43 | 12,11 |
| Market price on closing day, SEK | 33,60 | 1,07 | 0,99 | 0,72 | 0,74 | 0,56 | 0,00 | 0,99 |
| Recalculated market price on closing day, SEK ¹ | 33,60 | 26,75 | 24,75 | 18,05 | 18,50 | 14,00 | 0,00 | 24,75 |
| Number of shares at end of period | 14 648 | 366 188 | 366 188 | 366 188 | 366 188 | 366 188 | 14 648 | 366 188 |
| Average number of shares, thousands ^{1 2} | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 |

Personnel information, amounts i TSEK

| | | | | | | | | |
|--------------------------------------|-----|-----|-----|-----|-----|-----|-------|-------|
| Sales per employee | 729 | 692 | 692 | 682 | 615 | 686 | 2 863 | 2 581 |
| Average number of employees | 122 | 98 | 98 | 104 | 112 | 115 | 106 | 111 |
| Number of employees at end of period | 144 | 98 | 99 | 99 | 108 | 115 | 144 | 99 |

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. |
| 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 Jan-June | 2020 Jan-June | R12M July-June | 2020 Jan-Dec |
|--------------|---|------------------|------------------|-------------------|-----------------|
| A | Net sales | 163 338 | 147 695 | 302 096 | 286 453 |
| | Change in inventories during manufacture and finished goods | 1 033 | -448 | 569 | -912 |
| | Goods for resale, raw materials and consumables | -59 202 | -51 904 | -104 570 | -97 272 |
| B | Gross profit | 105 169 | 95 343 | 198 094 | 188 269 |
| C | Operating profit (EBIT) | 9 563 | -16 354 | 11 301 | -14 613 |
| | Depreciation of property, plant and equipment and amortization of intangible assets | -11 113 | -11 936 | -22 192 | -23 015 |
| D | EBITDA | 20 676 | -4 418 | 33 495 | 8 402 |
| | Non-recurring costs | -150 | 17 633 | 1 144 | 18 927 |
| E | Adjusted EBITDA | 20 526 | 13 215 | 34 640 | 27 329 |
| (B/A) | Gross profit margin, % | 64,4 | 64,6 | 65,6 | 65,7 |
| (C/A) | EBIT margin, % | 5,9 | -11,1 | 3,7 | -5,1 |
| (D/A) | EBITDA margin, % | 12,7 | -3,0 | 11,1 | 2,9 |
| (E/A) | Adjusted EBITDA margin, % | 12,6 | 8,9 | 11,5 | 9,5 |

Return on equity, %

| | | 2021 Jan-June | 2020 Jan-June | R12M July-June | 2020 Jan-Dec |
|----------------|-------------------------------|------------------|------------------|-------------------|-----------------|
| (A) | Net profit for the period | 8 442 | -21 109 | 9 183 | -20 366 |
| (B) | Opening equity for the period | 177 758 | 177 758 | 196 694 | 217 950 |
| (C) | Closing equity for the period | 192 730 | 196 694 | 192 730 | 177 758 |
| D | Average equity | 185 244 | 187 226 | 194 712 | 197 854 |
| (A)/(D) | Return on equity, % | 4,6 | -11,3 | 4,7 | -10,3 |

Equity ratio, %

| | | 30.06.2020 | 30.06.2019 | 31.12.2019 |
|--------------|------------------------|------------|------------|------------|
| (A) | Equity | 192 730 | 196 694 | 177 758 |
| (B) | Balance sheet total | 391 943 | 370 391 | 319 154 |
| (A/B) | Equity ratio, % | 49,2 | 53,1 | 55,7 |

Net debt

| | | 2021 Jan-June | 2020 Jan-June | 2021 Jan-June | 2020 Jan-Dec |
|----------------|--|------------------|------------------|------------------|-----------------|
| | Liabilities to credit institutions | 62 821 | 55 557 | 62 821 | 38 968 |
| | Lease liabilities | 14 775 | 18 597 | 14 775 | 4 768 |
| | Additional purchase consideration | | 2 096 | | 2 008 |
| | Cash | -58 775 | -50 138 | -58 775 | -51 786 |
| (A) | Net debt (-) receivable | 18 821 | 26 112 | 18 821 | -6 042 |
| (A)/(E) | Net debt/adjusted EBITDA, multiple (rolling 12 m) | | | 0,5 | -0,2 |