

Increased net sales and gross margin despite difficult component situation

Third quarter 2021

- Net sales increased during the third quarter by 12,7% to 80,0 MSEK (71,0). Currency translations had a negative effect of 0,7 MSEK on net sales.
- Adjusted EBITDA decreased during the third quarter by 3,3% to 8,4 MSEK (8,6), corresponding to an adjusted EBITDA margin by 10,4 % (12,2)
- Operating profit/loss was 1,7 MSEK (2,7) which correspond to operating margin of 2,1% (3,9)
- Profit for the period was 1,7 MSEK (3,3)
- Result per share was 0,11 (0,23) SEK¹
- Cash flow from operating activities for the period was -5,3 MSEK (8,9)

January – September 2021

- Net sales increased during the nine-month period by 11,3% to 243,4 MSEK (219,0) Currency translations had a negative effect of 12,1 MSEK on net sales.
- Adjusted EBITDA increased during the period by 32,1% to 28,9 MSEK (21,9), corresponding to an adjusted EBITDA margin by 11,9% (10,0)
- Operating profit/loss was 11,2 MSEK (-13,6) which correspond to operating margin of 4,6% (-6,2)
- Profit for the period was 10,1 MSEK (-17,8)
- Result per share was 0,69 (-1,21) SEK¹
- Cash flow from operating activities for the period was 12,5 MSEK (16,9)
- 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.

Amounts in TSEK	2021 July-Sept	2020 July-Sept	2021 Jan-Sept	2020 Jan-Sept	R12M Oct-Sept	2020 Full Year
Net sales	80 017	70 970	243 354	218 665	311 142	286 453
Net sales growth, %	12,7	-13,9	11,3	21,9	3,0	8,9
Gross margin, %	72,0	66,0	66,9	65,0	67,1	65,7
Adjusted EBITDA	8 353	8 643	28 880	21 859	34 351	27 329
Adjusted EBITDA margin, %	10,4	12,2	11,9	10,0	11,0	9,5
Equity ratio, %	52,1	56,3	-	-	-	55,7
Cash flow from operating activities, MSEK	-5,3	8,9	12,5	17,0	23,1	27,4
Net debt/EBITDA, R12M	-	-	-	-	0,7	-0,2
Number of employees at end of period	138	99	-	-	-	-

For description and reconciliation of key figures, see pages 23 – 24

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 further gradual opening has taken place in several of our markets, while the global component shortage has to some extent held back development. Despite the challenging component situation, the gross margin for the quarter is the best in TagMaster's history in combination with a robust EBITDA result. During the quarter, we continued our investments in data solutions for Smart Cities based on advanced sensor technology. The acquisition of Citilog, which was completed in the second quarter, added additional expertise in AI and Deep Learning. TagMaster's solutions contribute to the necessary transition to a more sustainable transport system, which gives us a very interesting position.

During the quarter, we worked intensively with proactive and continuous measures to ensure that a robust supply chain is maintained and have managed to avoid serious disruptions to customer delivery. We estimate that the loss in sales of inhibited deliveries as a result of the component shortage amounted to 4-5 percent of sales during the third quarter, corresponding to just under SEK 4 million.

During the quarter, we also experienced increased costs for both components and input goods, which affected the gross margin. We have compensated for these increasing component costs through price increases, which partly had an impact during the quarter, but where there is a delay effect of one to two quarters. We expect continued challenges in the coming quarters and we will proactively implement measures to limit the impact.

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

The acquisition of Citilog during the second quarter has sharpened TagMaster's offering on the technology side and adds value in the form of synergies on the sales and customer side. Citilog also contributed to an improvement in the Group's gross margin during the quarter. Citilog's products are included as part of several different ITS (Intelligent Transport System) applications such as Incident Management, Traffic Signal Control and Infomobility. During the quarter, a program for cost optimization was implemented, the work of creating a joint sales force for Citilog and Sensys Networks was launched and the work of integrating development roadmaps between these two companies began.

The Group's sales during the third quarter amounted to SEK 80 million, which is an increase of 12.7 percent, of which organic by 0.5 percent, compared with the corresponding period in 2020. Our Traffic Solutions business amounted to SEK 68.9 million, which is an increase of 7.6 percent compared with the corresponding period in 2020. During the quarter, Traffic Solutions accounted for 86 percent of sales while Rail Solutions accounted for 14 percent.

The gross margin for the quarter was 72.0 percent with an adjusted EBITDA result of SEK 8.4 million, which corresponds to an adjusted EBITDA margin of 10.4 percent. Cash flow from operating activities amounted to SEK -5.3 million and the Group's solvency ratio was 52.1 percent at the end of the period. Efforts to reduce working capital have continued to focus and inventories decreased slightly during the quarter compared with the corresponding quarter in 2020. However, accounts receivable increased during the latter part of the quarter, which largely explains the negative cash flow.

TagMaster is today well positioned in a market with long-term good conditions for growth and good profitability. 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. 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 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 2022 TagMaster will report at the following dates:

February 3, 2022:	Earnings release 2021
April 28, 2022:	Annual general meeting, Kista
April 28, 2022:	Interim report first quarter 2022
July 15, 2022:	Interim report second quarter 2022
October 27, 2022:	Interim report third quarter 2022
February 2, 2023:	Earnings release 2022

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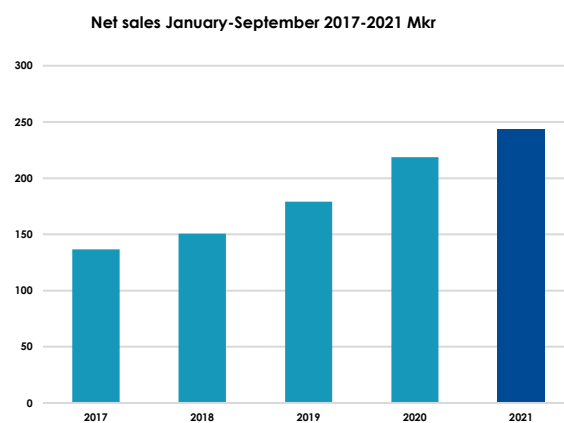
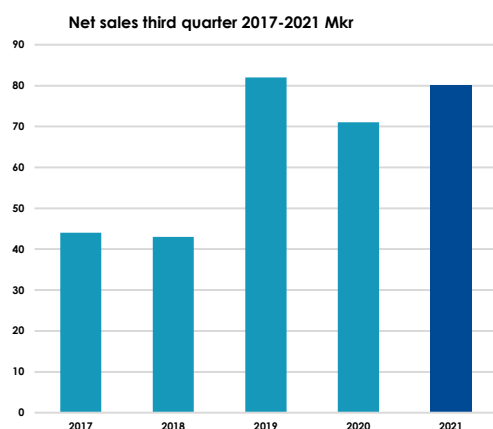
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Summary result information

Amounts in TSEK	2021	2020	Change %	2021	2020	Change %
	July-Sept	July-Sept		Jan-Sept	Jan-Sept	
Net sales	80 017	70 970	12,7	243 354	218 665	11,3
Other revenue/ Capitalised work for own account	702	1 258	-44,2	7 788	7 273	7,08
Gross profit	57 616	46 818	23,1	162 785	142 161	14,5
Gross margin, %	72,0	66,0		66,9	65,0	
Operating expenses ¹	-49 966	-39 433	26,71	-141 543	-145 209	-2,52
Adjusted EBITDA	8 353	8 643	-3,4	28 880	21 858	32,1
Adjusted EBITDA margin, %	10,4	12,2		11,9	10,0	
Non-recurring items	-	-		150	-17 633	
EBITDA	8 353	8 643	-3,4	29 029	4 225	587,1
EBITDA margin, %	10,4	12,2		11,9	1,9	
Depreciation of property, plant and equipment and amortization of intangible assets	-6 673	-5 893	13,2	-17 786	-17 829	-0,2
EBIT	1 680	2 750	-38,9	11 243	-13 604	
EBIT margin, %	2,1	3,9		4,6	-6,2	



Organic change, net sales

Amounts in TSEK	2021		2020		2021		2020	
	July-Sept	%	July-Sept	%	Jan-Sept	%	Jan-Sept	%
Net sales comparison period	70 970		82 417		218 665		179 423	
Organic change	376	0,5	-8 685	-10,5	12 866	5,9	-27 229	-15,2
Change through acquisitions	9 419	13,3	-	-	23 876	10,9	68 590	38,2
Exchange rate change	-748	-1,1	-2 762	-3,4	-12 053	-5,5	-2 119	-1,2
Total change	9 046	12,7	-11 447	-13,9	24 689	11,3	39 242	21,9
Net sales	80 017		70 970		243 354		218 665	

For description and reconciliation of key figures, see pages 23 – 24

¹ Other external expenses, Other operating expenses and Personnel expenses

Consolidated net sales and earnings

July 1 - September 30, 2021

Net sales

Net sales for the quarter amounted to 80,0 (71,0) MSEK, which is an increase of 12,7 percent compared to the corresponding quarter previous year. The increase is mainly related to additional revenue at the amount of 9,4 MSEK deriving from the subsidiary Citlog SAS that was acquired during the second quarter. The quarter's organic sales increase, with an adjustment for exchange rate effects of -0,7 MSEK and acquisitions of 9,4 MSEK amounted to 0,4 MSEK.

Operating profit/loss

Operating profit/loss for the quarter was 1,7 (2,7) MSEK, which is a decrease of 1,0 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 period amounted to -2,7 MSEK.

Adjusted EBITDA

Adjusted EBITDA decreased during the third quarter to 8,4 (8,6) MSEK corresponding to a margin by 10,4% (12,2). Decreased adjusted EBITDA is explained by Citilogs negative result being included in the groups EBITDA for the period.

Financial items

Financial items for the quarter amounted to -0,8 (0,2) MSEK. Financial expenses charged to the quarter are interest expenses on liabilities to credit institutions of -0,6 (-0,5) MSEK. Revaluations of these liabilities had an effect on the financial net of -0,9 (1,5) MSEK. Other financial expenses that have been charged to the period mainly consists of revaluations of loans to foreign subsidiaries at the amount of 0,6 (-0,8) 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 885 (357) 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 1,7 (3,3) MSEK. Earnings per share before and after dilution amounted to 0,11 (0,23)¹ SEK.

January 1 - September 30, 2021

Net sales

Net sales for the nine-month period amounted to 243,4 (218,7) MSEK, which is an increase of 11,3 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 period. The nine-months period organic sales increase, with an adjustment for exchange rate effects of -12,1 MSEK and acquisitions of 23,9 MSEK amounted to 12,9 MSEK.

Operating profit/loss

Operating loss for the nine-month period was 11,2 (-13,6) MSEK, which is a increase of 24,8 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.

Non-recurring items

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

The US subsidiary Sensys Inc's subcontractor had Covid-related quality problems during the second quarter. These quality problems have led to an extraordinary provision of 4,2 MSE, which in the income statement is included in the item Goods for resale, raw materials and consumables. During the period, 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.

The items described above amount to 150 MSEK and constitute the non-recurring items for which an adjustment has been made in the calculation of the key figure Adjusted EBITDA.

Adjusted EBITDA

Adjusted EBITDA increased to 28,9 (21,9) MSEK, corresponding to a margin of 11,9% (10,0).

Financial items

Financial items for the nine-month period amounted to -1,7 (-4,4) MSEK. Financial expenses charged to period are interest expenses on liabilities to credit institutions of -1,5 (-1,9) MSEK. Revaluations of these liabilities had an effect on the financial net of -2,3 (1,7) MSEK. Other financial expenses that have been charged to the period mainly consists of revaluations of loans to foreign subsidiaries at the amount of 2,2 (-2,3) 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 0,3 (-0,9) MSEK.

Tax

Group's tax amounted to 565 (192) 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 10,1 (-17,8) MSEK. Earnings per share before and after dilution amounted to 0,69 (-1,21)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 for the third quarter amounted to SEK 44.8 million, which is an increase of approximately 36 percent, of which organic increase accounted for 7.6 percent, compared with the third quarter of 2020. In addition to the organic increase, the increase is explained by the acquisition of Citilog, which was completed on April 30, 2021. The company estimates that the loss in sales due to the component shortage that hampered deliveries amounted to 8-9 percent of sales during the third quarter, corresponding to just under SEK 4 million.

The gross margin during the third quarter amounted to 69.0 percent, which is an increase of 9.1 percentage points compared with the third quarter of 2020. Adjusted EBITDA for the third quarter amounted to SEK 0.4 million, which corresponds to an adjusted EBITDA margin of 0.9 percent. Citilog's adjusted EBITDA amounted to SEK -0.8 million. After ongoing cost optimizations in 2021, EBITDA for Citilog is expected to be positive and reach margin levels in line with the current Group level for TagMaster in 2022.

Traffic Solutions accounted for 75 percent of sales in the segment, while Rail Solutions accounted for 25 percent.

During the quarter, the relocation of outsourced production from England to Sweden continued and the plan is for all production to be consolidated by Q2 2022. The purpose of the relocation is to reduce transport and centralize European production and prepare for future warehousing.

The acquisition of Citilog adds expertise and software solutions within AI and Deep Learning. This, combined with the expertise already available at Sensys Networks and TagMaster, provides opportunities for growth in both US and European markets. During the quarter, a program for cost optimization was implemented, the work of creating a joint sales force for Citilog and Sensys Networks was launched and the work of integrating development roadmaps between these two companies began.

In 1997, Citilog was 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, CT-ADL. The solution aims to improve the performance of Citilog's automated incident detection video analytics solution.

During the quarter, Citilog continued to work on communicating the good results that during the year led to a breakthrough as several large projects using the Deep Learning technology on a large scale were completed. For Citilog's part, 700 cameras with edge analysis have been installed with improved efficiency at the ITS Egypt project for motorways around Cairo. In a major road infrastructure project in Hong Kong, 350 cameras have been installed, which aim to detect traffic incidents and accidents but also to collect traffic data.

These two projects demonstrate how artificial intelligence contributes to making video-analytics viable on large-scale projects. This opens new opportunities for road authorities to deploy automatic incident detection on highways, bridges and ring roads whereas most deployments have been historically in tunnels.

Amounts in TSEK	2021 July-Sept	2020 July-Sept	Change, %	2021 Jan-Sept	2020 Jan-Sept	Change, %
Net Sales	44 840	32 917	36,2	149 813	112 021	33,7
Gross profit	30 955	19 717	57,0	98 684	66 634	48,1
Gross margin, %	69,0	59,9	-	65,9	59,5	-
Adjusted EBITDA	415	-259	-	11 474	-295	-
Adjusted EBITDA margin, %	0,9	-0,8	-	7,7	-0,3	-
Number of employees at end of period	100	64	56,3			

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

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 United States segment for the third quarter amounted to SEK 35.2 million, which is a decrease of 7.6 percent compared with the third quarter of 2020. Gross margin during the third quarter amounted to 75.8 percent, which is an increase of 4.6 percentage points compared to the third quarter of 2020.

The decrease in sales is explained by the fact that the segment has previously been affected by Covid-19-related quality disturbances in the factory in Mexico that manufactures the wireless magnetic sensors used in most of all projects, as well as by negative effects in the supply chain caused by component deficiencies.

Adjusted EBITDA for the third quarter amounted to SEK 6.4 million, which corresponds to an adjusted EBITDA margin of 18.3 percent.

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

During the quarter, TagMaster's subsidiary 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, fast installation and minimal need for maintenance.

During the quarter, Sensys Networks deepened its partnership with California Transportation (CalTrans) and was approved as a supplier for additional districts within Caltrans, which will generate additional business in the future.

During the quarter, Sensys Networks took over distribution for Citilog's products and technology solutions in both the US market and the MEA markets. Sensys Networks will launch parts of Citilog's AI and Deep Learning programs for both existing customers and new prospects across the United States. As next step, work will begin where Citilog and Sensys Network's products are integrated to create a unique offer that will be launched next year.

During the quarter, Sensys Networks participated in ITS (Intelligent Transportation Systems) California, which this year was held in San Diego, where an open trade fair was held for the first time since the pandemic broke out. Sensys Networks was one of the speakers under the theme "Technology Makes Our Roads Safer! - Applying ITS for Safety" where Sensys Networks informed about its GiveMeGreen!-system and Application - Architecture and Operations"

Sensys Networks, together with TagMaster in Sweden, has been accepted 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. The project is ongoing over the next two years and the solutions will then be tested in three different pilot projects.

In the medium term, the American market looks very exciting as President Biden has launched his large infrastructure package as well as several initiatives concerning climate initiatives. Unfortunately, the infrastructure package is stuck in the political system and has not yet been approved by Congress. The combination of infrastructure investments and a greener transport flow opens for new business opportunities for Sensys Networks in the US market.

Amounts in TSEK	2021 July-Sept	2020 July-Sept	Change, %	2021 Jan-Sept	2020 Jan-Sept	Change, %
Net Sales	35 176	38 053	-7,6	93 541	107 292	-12,8
Gross profit	26 662	27 101	-1,6	64 101	75 527	-15,1
Gross margin, %	75,8	71,2	-	68,5	70,4	-
Adjusted EBITDA	6 426	7 920	-18,9	13 703	13 977	-2,0
Adjusted EBITDA margin, %	18,3	20,8	-	14,6	13,0	-
Number of employees at end of period	38	35	8,6			

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.

Consolidated balance sheet and cash flow

Liquidity and cash flow

The Group's available liquidity amounted to 82,6 (87,8) MSEK, of which overdraft facilities amounts to 37,0 (39,0) MSEK. The Group's overdraft credit of 12,0 MSEK was utilized by 1,4 MSEK at the end of September 2021. The overdraft facility in USD at the amount of 3,0 MUS\$ was unutilized at the end of the third quarter.

At the end of the period cash and cash equivalents amounted to 45,6 (48,8) MSEK.

Cash flow July 1 – September 30, 2021

Cash flow from operating profit activities for the third quarter amounted to -5,3 (8,9) MSEK. The negative cash flow is mainly attributable to increased accounts receivables and decreased operating liabilities. The increase in accounts receivables is explained by high sales at the end of the quarter. During the quarter, items related to the acquisitions of Citilog were settled which resulted in an increase in operating liabilities compared to the corresponding quarter previous year.

Cash flow from investing activities amounted to -0,3 (-0,2) MSEK and consist of investment in tangible assets.

Cash flow from financing activities amounted to 8,5 (-9,4) MSEK and refers to changes in overdraft facilities of -2,8 (-5,9) MSEK, amortization of loans of -4,0 (-2,8) MSEK and amortization of leasing liabilities of -1,6 (-0,7) MSEK.

Cash flow for the quarter amounted to -8,5 (-9,4) MSEK.

Cash flow January 1 – September 30, 2021

Cash flow from operating profit activities for the nine-month period amounted to 12,5 (16,9) MSEK.

Cash flow from investing activities amounted to -33,5 (-1,7) MSEK and is mainly attributable to the acquisition of Citilog SAS. For further information regarding the acquisition, see page 11 Business acquisitions and Note 7 Intangible fixed assets. The item also includes adjustment of the purchase price attributable to the acquisition of the French subsidiary Magsys.

Cash flow from financing activities amounted to 11,9 (-6,2) 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 10 Liabilities to credit institutions. Other items included in the cash flow from financing activities are changes in overdraft facilities of -3,0 (-6,5) MSEK, amortization of loans of -9,1 (-2,8) MSEK and amortization of leasing liabilities of -3,7 (-4,6) MSEK.

Cash flow for the quarter amounted to -9,1 (9,0) MSEK.

Investments

During the third quarter investments in tangible and intangible fixed assets have been made with 0,3 (0,3) MSEK.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on September 30, 2021, was 96,1 (91,3) MSEK. Other intangible assets amounted to 80,5 (83,7) MSEK and relate to capitalized development expenditure of 36,4 (33,7) MSEK and customer relations of 37,9 (43,7) MSEK and trademark of 6,2 (6,3) MSEK. The increase of 18,2 MSEK compared to carrying amount of goodwill on December 31, 2020 is mainly attributable to the acquisition of Citilog SAS. For details regarding the acquisition and other changes in intangible assets during the nine-month period 2021, see page 21, 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 13,0 (6,2) MSEK. The corresponding leasing liabilities amounted to 13,3 (4,8) MSEK.

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 first half year which has led to a revaluation of the lease liability of 3,5 MSEK.

The cost of short-term leases for the third quarter amounts to approx. 1,9 MSEK.

Accounts receivables

Accounts receivable as of September 30 amounted to 76,9 (49,7). The acquisition of Citilog SAS has resulted in an increase of 23,6 MSEK. The remaining part of the increase is explained by high sales during the last part of the quarter.

Other long-term liabilities

Other long-term liabilities amounted to 12,8 (22,9) 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 September 30, 2021, the Group's liabilities to credit institutions amounted to 57,0 (45,1) MSEK and consist of acquisition loans of 55,6 (45,1) MSEK and utilized overdraft facilities of 1,4 (0) MSEK.

During the nine-month period, the acquisition loan was repaid by 9,1 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 nine-month period are decreased utilization of overdraft facilities of -3,0 MSEK, currency revaluations of 2,3 MSEK and changes in accruals related to loan acquisition costs of -0,1 MSEK.

Equity

Equity as of September 30, 2021, amounted to 199,0 (194,5) MSEK, corresponding to 13,59 (13,28) SEK per outstanding share, adjusted for the 1:25 reversed split. For further information regarding the reversed split, see page 16. There were no outstanding stock options or convertible programs on September 30, 2021.

Financial position

The equity ratio amounted to 52,1 (56,3) percent on September 30, 2021, and equity to 199,0 (194,5) MSEK. Total assets on September 30, 2021, amounted to 381,9 (345,5) 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 24,0 MSEK and operating loss of -4,2 MSEK (whereof 1,7 MSEK non-recurring expenses). If the acquisition had taken place on January 1, 2021, the group's revenue would have totalled to 265,1 MSEK and the result for the period to 7,5 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 nine-months period amounted to 56,7 (48,3) MSEK, of which invoicing of intra-Group services amounted to 0,5 (0,9) MSEK. As of September 30, available liquidity amounted to 41,3 (43,7) MSEK, of which the overdraft credit amounts to 37,0 (39,0) 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 138 (99), of which employees of Citilog SAS amount to 38.

Effects of Covid-19

Covid-19 had a limited impact during the quarter. Despite the fact that the markets gradually opened up and stabilized during the third quarter, there is still a high level of future uncertainty linked to potential disruptions in the supply chain. Problems earlier in the year regarding the quality of outsourced manufacturing in Mexico have gradually improved and the replacement of faulty units has begun during the quarter. TagMaster continuously monitors any continued risks related to the Covid-19 pandemic and measures are taken on an ongoing basis to limit the effect. 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 linked to component shortage requires a humble attitude towards the near future. However, in the medium term, TagMaster can see that the massive reboot packages launching 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 surrounding developments. This can lead to some of the company's products' sales being negatively affected during the next two to three quarters.

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 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 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.

Kista October 27, 2021

Jonas Svensson

Chief Executive Officer

AUDITORS' REVIEW REPORT

To the board of TagMaster (publ), org nr 556487-4534

Introduction

We have reviewed the condensed year-end interim financial information (interim report) of TagMaster AB (publ), corporate ID number 556487-4534, as of 31 December 2020 and the twelve-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the year-end interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 27, 2021

Mazars AB

Anders Bergman

Authorized Public Accountant

Summary consolidated income statement

Amounts in TSEK	2021 July-Sept	2020 July-Sept	2021 Jan-Sept	2020 Jan-Sept	2020 Jan-Dec
Net sales	80 017	70 970	243 354	218 665	286 453
Other revenue	702	1 258	7 788	4 041	4 206
Change in inventories during manufacture and finished goods	764	-154	1 797	-602	-912
Capitalised work for own account	0	0	0	3 232	3 232
Goods for resale, raw materials and consumables	-23 164	-23 998	-82 366	-75 902	-97 272
Other external expenses	-12 843	-9 549	-35 969	-37 726	-47 982
Personnel expenses	-36 596	-29 816	-104 549	-107 035	-137 579
Depreciation of property, plant and equipment and amortisation of intangible assets	-6 673	-5 893	-17 786	-17 829	-23 015
Other operating expenses	-527	-68	-1 025	-448	-1 744
Operating profit/loss	1 680	2 750	11 243	-13 604	-14 613
Financial net	-885	236	-1 686	-4 355	-3 936
Profit/loss before tax	794	2 986	9 557	-17 959	-18 549
Tax	885	357	565	192	-1 817
Profit for the period	1 680	3 343	10 122	-17 767	-20 366
Net income attributable to:					
Shareholders in the Parent Company	1 680	3 343	10 122	-17 767	-20 366
Earnings per share, SEK					
Basic earnings per share ¹	0,11	0,23	0,69	-1,21	-1,39
Diluted earnings per share ¹	0,11	0,23	0,69	-1,21	-1,39

Consolidated statement of other comprehensive income

Profit for the period	1 680	3 343	10 122	-17 767	-20 366
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences when translating foreign operations	4 593	-5 517	11 123	-5 663	-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	6 272	-2 174	21 244	-23 430	-40 191
Comprehensive income attributable to:					
Shareholders in the Parent Company	6 272	-2 174	21 244	-23 430	-40 191

¹Adjusted retroactively for the reversed split 1:25

Summary consolidated statement of financial position

Amounts in TSEK	2021-09-30	2020-09-30	2020-12-31
ASSETS			
Subscribed but not paid-up capital			
Non-current assets			
Intangible assets	176 611	174 952	158 434
Property, plant, and equipment	3 190	2 812	2 419
Right-of-use assets	13 009	6 186	4 659
Other non-current receivables	1 378	1 480	1 253
Deferred tax assets	5 627	6 825	5 603
	199 815	192 255	172 368
Current assets			
Inventories	41 349	42 009	40 076
Trade receivables	76 868	49 741	42 178
Other receivables	18 252	12 714	12 746
Cash and cash equivalents	45 619	48 754	51 786
	182 089	153 218	146 786
TOTAL ASSETS	381 904	345 473	319 154
SHAREHOLDERS' EQUITY			
Share capital	18 309	18 309	18 309
Other contributed capital	241 459	241 459	241 459
Translation reserve	-10 426	-7 544	-21 549
Retained earnings including profit for the period	-50 339	-57 703	-60 461
	199 002	194 520	177 758
Non-current liabilities			
Liabilities to credit institutions	39 095	34 365	24 742
Deferred tax liabilities	2 588	3 029	3 030
Other provisions	20 504	12 849	8 046
Lease liabilities	7 749	2 711	1 677
Other non-current liabilities	12 790	22 908	19 311
	82 725	75 862	56 806
Current liabilities			
Trade payables	15 499	14 687	14 110
Current tax Liabilities	1 686	0	1 036
Liabilities to credit institutions	17 901	10 786	14 226
Other provisions	-	-	3 834
Additional purchase consideration	-	2 108	2 008
Lease liabilities	5 534	3 563	3 091
Other liabilities	59 557	43 946	46 285
	100 177	75 090	84 590
TOTAL EQUITY AND LIABILITIES	381 904	345 473	319 154

Summary consolidated statement of changes in equity

Amounts in TSEK	2021-09-30	2020-09-30	2020-12-31
Opening shareholders' equity	177 758	217 950	217 950
Profit for the period	10 122	-17 767	-20 366
Other comprehensive income	11 123	-5 663	-19 826
Closing shareholders' equity	199 002	194 520	177 758

Share Information

Thousands	2021-09-30	2020-09-30	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 July-Sept	2020 July-Sept	2021 Jan-Sept	2020 Jan-Sept	2020 Jan-Dec
Operating activities					
Operating profit/loss	1 680	2 750	11 243	-13 604	-14 613
Adjustments for non-cash items	7 553	3 122	17 296	22 584	27 021
Interest paid	-817	-994	-1 764	-2 887	-3 326
Interest received	69	0	69	80	21
Tax paid	0	0	0	0	0
Tax received	0	81	0	215	354
Cash flow from operating activities before changes in working capital	8 485	4 959	26 844	6 388	9 457
Increase(-)/Decrease(+) in inventories	-14	3 720	2 309	9 608	10 201
Increase(-)/Decrease(+) in operating receivables	-7 128	-2 512	-15 690	3 135	8 348
Increase(+)Decrease(-) in operating liabilities	-6 665	2 751	-962	-2 194	-571
Cash flow from operating activities	-5 322	8 918	12 501	16 937	27 435
Investing activities					
Acquisition of subsidiaries, less acquired cash and cash equivalents	-	-	-30 286	1 958	1 958
Conditional purchase considerations settlement	-	-	-2 008	-	-
Investments in property, plant and equipment	-255	-310	-1 106	-533	-542
Investments in intangible assets	0	0	0	-3 232	-3 168
Disposals of property, plant, and equipment	0	0	0	0	0
Net of paid-in and repaid deposits	-57	95	-57	95	250
Cash flow from investing activities	-312	-215	-33 457	-1 712	-1 502
Financing activities					
Borrowings	-76	-	27 728	7 666	7 666
Repayment of loans	-4 017	-2 790	-9 093	-2 790	-9 862
Change in bank overdraft facilities	-2 799	-5 853	-3 048	-6 477	-2 077
Lease liabilities	-1 652	-731	-3 702	-4 593	-5 588
Cash flow from financing activities	-8 544	-9 374	11 885	-6 194	-9 861
Cash flow for the period	-14 178	-671	-9 071	9 031	16 072
Exchange rate differences in cash and cash equivalents	1 022	-713	2 904	-1 570	-5 579
Cash and cash equivalents at the beginning of the period	58 775	50 138	51 786	41 293	41 293
Cash and cash equivalents at the end of the period	45 619	48 754	45 619	48 754	51 786

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 2021 - 30 September 2021	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	149 813	93 541	-	-	243 354
	149 813	93 541	-	-	243 354
Gross profit	98 684	64 101	-	-	162 785
Adjusted EBITDA	11 474	13 703	3 702	-	28 880
Non-recurring items	-2 078	2 689	-462	-	150
EBITDA	9 396	16 392	3 240	-	29 029
Depreciations and amortizations	-7 869	-9 917	-	-	-17 786
Operating profit/loss	1 527	6 475	3 240	-	11 243
Other segment information					
Gross margin, %	65,9	68,5	-	-	66,9
Adjusted EBITDA margin, %	7,7	14,6	-	-	11,9
EBITDA margin, %	6,3	17,5	-	-	11,9
<i>Non-recurring items:</i>					
Restructuring expenses	-2 078	-	-	-	-2 078
Acquisition-related expenses	-	-	-462	-	-462
Waived US government loan	-	-6 891	-	-	6 891
Supply chain	-	-4 202	-	-	-4 202
Number of employees at the end of the period	100	38	-	-	138

1 January 2020 - 30 September 2020	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	112 021	106 644	-	-	218 665
Cross-segment transactions	-	648	-	-648	0
	112 021	107 292	-	-648	218 665
Gross profit	66 634	75 527	-	-	142 161
Adjusted EBITDA	-295	13 977	8 175	-	21 857
Non-recurring items	-9 321	-8 312	-	-	-17 633
EBITDA	-9 616	5 665	8 175	-	4 224
Depreciations and amortizations	-5 075	-12 754	-	-	-17 829
Operating profit/loss	-14 691	-7 089	8 175	-	-13 605
Other segment information					
Gross margin, %	59,5	70,4	-	-	65,0
Adjusted EBITDA margin, %	-0,3	13,0	-	-	10,0
EBITDA margin, %	-8,6	5,3	-	-	1,9
<i>Non-recurring items:</i>					
Expenses attributable to efficiency programme	-9 321	-	-	-	-9 321
Acquisition-related expenses	-	-8 312	-	-	-8 312
Number of employees at the end of the period	64	35	-	-	99

Summarized parent company income statement

Amounts in TSEK	2021 Jan-Sept	2020 Jan-Sept	2020 Jan-Dec
Net sales	56 712	48 272	74 712
Other operating income	236	1 381	1 219
	56 948	49 653	75 931
Goods for resale and consumables	-21 091	-16 560	-23 428
Other external expenses	-12 108	-10 149	-13 614
Personnel expenses	-19 143	-19 673	-27 528
Depreciation of property, plant and equipment and amortisation of intangible assets	-79	-79	-106
Other operating expenses	-492	0	-262
Operating profit/loss	4 035	3 192	10 993
Financial expenses	-886	-1 945	-1 179
Profit after financial items	3 149	1 247	9 814
Change in untaxed reserves	-	-	-1 614
Tax on net profit for the year	-650	0	-1 798
Profit for the period *	2 499	1 247	6 402

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

Summary parent company balance sheet

Amounts in TSEK	2021-09-30	2020-09-30	2020-12-31
ASSETS			
Intangible assets	233	310	291
Property, plant, and equipment	73	102	94
Financial assets	288 006	251 670	250 908
Inventories	11 110	9 747	12 182
Trade receivables	7 925	9 218	14 140
Receivables from Group companies	23 096	40 546	41 143
Other receivables	4 810	6 913	7 574
Cash and bank balances	4 298	4 727	2 319
TOTAL ASSETS	339 552	323 233	328 651
EQUITY AND LIABILITIES			
Equity	257 687	250 033	255 186
Provisions	1 588	3 696	3 596
Untaxed reserves	1 614	-	1 614
Non-current liabilities to credit institutions	39 095	34 365	24 742
Current liabilities to credit institutions	17 901	10 786	14 226
Trade payables	5 643	5 377	6 664
Current tax liability	1 686	-	1 036
Liabilities to Group companies	351	3 233	3 147
Other liabilities	13 987	15 743	18 440
TOTAL EQUITY AND LIABILITIES	339 552	323 233	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 29 – 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 September, 2021, the fair value, determined on the basis of level 2, of the group's interest swap amounts to -442 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 half year 2021. All other financial assets and liabilities are valued at amortised cost.

6. Breakdown of revenue from contracts with customers

	1 January 2021 – 30 September 2021			1 January 2020 – 30 September 2020		
	TagMaster Europe	TagMaster USA	Total Group	TagMaster Europe	TagMaster USA	Total Group
Geographical region						
Sweden	2 236	0	2 236	2 302	0	2 302
EMEA	91 250	37 624	128 874	66 292	39 422	105 714
Asia Pacific	32 672	2 903	35 575	18 222	2 471	20 693
Americas	23 654	53 014	76 668	25 206	64 751	89 957
	149 813	93 541	243 354	112 022	106 644	218 666
Customer category						
Traffic Solutions	107 122	93 541	200 664	77 871	106 644	184 515
Rail Solutions	42 691	-	42 691	34 151	-	34 151
	149 813	93 541	243 354	112 022	106 644	218 666
Time of revenue recognition						
At a particular times	144 050	91 402	235 452	110 099	105 347	215 446
Over time	5 763	2 139	7 902	1 922	1 297	3 219
	149 813	93 541	243 354	112 021	106 644	218 665

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 September 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	-	-	-7 498	-5 716	-	-13 214
Translation difference for the period	4 561	146	1 691	2 616	422	9 436
Carrying amount	87 067	9 059	36 386	37 945	6 154	176 611
At 30 September 2021						
Cost of acquisition	87 067	9 059	74 164	55 799	6 154	232 243
Accumulated amortization	-	-	-37 778	-17 854	-	-55 632
Carrying amount	87 067	9 059	36 386	37 945	6 154	176 611

Group key ratios

Result, amounts i TSEK	2021 July-Sept	2021 April-June	2021 Jan-March	2020 Oct-Dec	2020 July-Sept	R12M Oct-Sept	Full Year 2020
Net sales	80 017	88 933	74 405	67 788	70 970	311 142	286 453
Net sales growth, %	12,7	29,2	-5,7	-18,8	-13,9	3,0	8,9
Gross profit	57 616	55 523	49 645	46 108	46 818	208 893	188 269
Gross margin, %	72,0	62,4	66,7	68,0	66,0	67,1	65,7
Adjusted EBITDA	8 353	10 661	9 865	5 470	8 643	34 351	27 329
Adjusted EBITDA margin, %	10,4	12,0	13,3	8,1	12,2	11,0	9,5
EBITDA	8 353	10 811	9 865	4 176	8 643	33 205	8 402
EBITDA margin, %	10,4	12,2	13,3	6,2	12,2	10,7	2,9
Operating profit	1 680	4 751	4 812	-1 012	2 750	10 231	-14 613
Operating margin, %	2,1	5,3	6,5	-1,5	3,9	3,3	-5,1
Profit/loss before tax	794	4 159	4 604	-593	2 986	8 964	-18 549
Net profit for the period	1 680	3 959	4 483	-2 602	3 343	7 520	-20 366
Earnings per share before dilution, SEK	0,11	0,27	0,31	-0,18	0,23	0,51	-1,39
Earnings per share after dilution, SEK	0,11	0,27	0,31	-0,18	0,23	0,51	-1,39

Financial position, amounts i TSEK

Equity	199 002	192 730	192 504	177 758	194 520	199 002	177 458
Average equity	195 866	192 617	185 131	186 139	206 235	196 761	197 854
Equity ratio, %	52,1	49,2	57,9	55,7	56,3	52,1	55,7
Net debt (-) receivable	24 660	18 821	-6 154	-6 042	4 779	24 660	-6 042
Return on equity	0,9	2,1	2,4	-1,4	1,6	3,8	-10,3

Share data

Net sales per share, SEK ¹	5,46	6,07	5,08	4,63	4,85	21,24	19,56
Equity per share, SEK ¹	13,59	13,16	13,14	12,14	13,28	13,59	12,11
Market price on closing day, SEK	29,00	33,60	1,07	0,99	0,72	29,00	0,99
Recalculated market price on closing day, SEK ¹	29,00	33,60	26,75	24,75	18,05	29,00	24,75
Number of shares at end of period	14 648	14 648	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

Personnel information, amounts i TSEK

Sales per employee	567	729	692	692	682	2 711	2 581
Average number of employees	141	122	98	98	104	115	111
Number of employees at end of period	138	144	98	99	99	138	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.
Organic change	Change in net sales excluding increase related to acquisitions, recalculated to the previous year's period currency rates, as a percentage of the previous year's period net sales. 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

		2021 Jan-Sept	2020 Jan-Sept	R12M Oct-Sept	2020 Jan-Dec
A	Net sales	243 354	218 665	311 142	286 453
	Change in inventories during manufacture and finished goods	1 797	-602	1 487	-912
	Goods for resale, raw materials and consumables	-82 366	-75 902	-103 736	-97 272
B	Gross profit	162 785	142 161	208 893	188 269
C	Operating profit (EBIT)	11 243	-13 604	10 231	-14 613
	Depreciation of property, plant and equipment and amortisation of intangible assets	-17 786	-17 829	-22 972	-23 015
D	EBITDA	29 029	4 225	33 205	8 402
	Non-recurring costs	-150	17 633	1 144	18 927
E	Adjusted EBITDA	28 879	21 858	34 351	27 329
(B/A)	Gross margin, %	66,9	65,0	67,1	65,7
(C/A)	EBIT margin, %	4,6	-6,2	3,3	-5,1
(D/A)	EBITDA margin, %	11,9	1,9	10,7	2,9
(E/A)	Adjusted EBITDA margin, %	11,9	10,0	11,0	9,5

Return on equity, %

		2021 Jan-Sept	2020 Jan-Sept	R12M Oct-Sept	2020 Jan-Dec
(A)	Net profit for the period	10 122	-17 767	7 520	-20 366
(B)	Opening equity for the period	177 758	217 950	194 520	217 950
(C)	Closing equity for the period	199 002	194 520	199 002	177 758
D	Average equity	188 380	206 235	196 761	197 854
(A)/(D)	Return on equity, %	5,4	-8,6	3,8	-10,3

Equity ratio, %

		2021-09-30	2020-09-30	2020-12-31
(A)	Equity	199 002	194 520	177 758
(B)	Balance sheet total	381 904	345 473	319 154
(A/B)	Equity ratio, %	52,1	56,3	55,7

Net debt

		2021-09-30	2020-09-30	2021-09-30	2020-12-31
	Liabilities to credit institutions	56 996	45 151	56 996	38 968
	Lease liabilities	13 283	6 274	13 283	4 768
	Additional purchase consideration		2 108		2 008
	Cash	-45 619	-48 754	-45 619	-51 786
(A)	Net debt (-) receivable	24 660	4 779	24 660	-6 042
(A)/(E)	Net debt/adjusted EBITDA, multiple (rolling 12 m)			0,7	-0,2