

## Sales growth with the US market in the driver's seat

### Third quarter 2022

- Net sales increased during the third quarter by 8,2% to 86,5 MSEK (80,0). Currency translations had a positive effect of 6,2 MSEK on net sales.
- Adjusted EBITDA decreased during the third quarter by 37,6% to 5,2 MSEK (8,4), corresponding to an adjusted EBITDA margin by 6,0 % (10,4)
- Operating profit/loss was -2,6 MSEK (1,7) which correspond to operating margin of -3,0% (2,1)
- Profit for the quarter was -4,5 MSEK (1,7)
- Result per share, basic and diluted was -0,31 (0,11) SEK
- Cash flow from operating activities for the period was -16,6 MSEK (-5,3)

### January-September 2022

- Net sales increased during the nine-month period by 4,4% to 254,0 MSEK (243,4). Currency translations had a positive effect of 19,8 MSEK on net sales.
- Adjusted EBITDA decreased during the period by 57,4% to 12,3 MSEK (28,9), corresponding to an adjusted EBITDA margin by 4,8% (11,9)
- Operating profit/loss was -9,7 MSEK (11,2) which correspond to operating margin of -3,8% (4,6)
- Profit for the period was -13,8 MSEK (10,1)
- Result per share, basic and diluted was -0,94 (0,69) SEK
- Cash flow from operating activities for the period was -7,9 MSEK (12,5)

| Amounts in TSEK                           | 2022<br>July-Sept | 2021<br>July-Sept | 2022<br>Jan-Sept | 2021<br>Jan-Sept | R12M<br>Oct-Sept | 2021<br>Full Year |
|---|-------------------|-------------------|------------------|------------------|------------------|-------------------|
| Net sales                                 | 86 543            | 80 017            | 254 002          | 243 354          | 337 533          | 326 886           |
| Net sales growth, %                       | 8,2               | 12,7              | 4,4              | 11,3             | 8,5              | 14,1              |
| Gross margin, %                           | 67,6              | 72,0              | 68,2             | 66,9             | 69,3             | 68,4              |
| Adjusted EBITDA                           | 5 215             | 8 353             | 12 293           | 28 880           | 17 372           | 33 958            |
| Adjusted EBITDA margin, %                 | 6,0               | 10,4              | 4,8              | 11,9             | 5,1              | 10,4              |
| Equity ratio, %                           | 56,1              | 52,1              | -                | -                | -                | 54,4              |
| Cash flow from operating activities, MSEK | -16,6             | -5,3              | -7,9             | 12,5             | 5,9              | 26,2              |
| Net debt/EBITDA, R12M                     | -                 | -                 | -                | -                | 1,3              | 0,3               |
| Number of employees at end of period      | 125               | 138               | -                | -                | -                | 137               |

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

### About TagMaster

TagMaster is an application oriented technical company developing and selling advanced sensor systems and solutions based on radio, radar, magnetic and camera technologies for demanding environments. TagMaster works in two segments - Segment Europe and Segment USA - with the trademarks TagMaster, Citilog and Sensys Networks - with innovative mobility solutions for increased efficiency, security, safety, comfort and to reduce environmental impact in Smart Cities. TagMaster has subsidiaries in England, France, 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.

## Comments by the CEO

**Demand for our solutions is stable and the group's total sales increased by 8.2 percent compared to the third quarter last year. Sales for our Segment USA increased by just under 11 percent in local currency and 33 percent in SEK, while continued disruptions in the supply chain and seasonally lower activity in England and France resulted in reduced sales by just under 12 percent for Segment Europe. We, like so many other technology companies, were affected during the quarter by a continued component shortage and by a capacity shortage at our main European supplier. Through focused sourcing and great flexibility, we still manage to maintain a high level of delivery power towards our customers.**

During the quarter, we were affected by cost increases for both electronic components and consumables. We have therefore continued to increase our component purchases via the spot market to keep our commitments to customers. With price increases and internal efficiency, we managed to reach an acceptable gross margin of just under 68 percent, which is, however, somewhat lower than in the third quarter of 2021.

Considering the challenging purchasing situation and the deficiency of capacity in our outsourced production, we are very pleased that we continue to have such a good gross margin. So far this year, when all nine months are included, we have a slightly higher gross margin compared to last year. It shows that our offer can withstand price increases without losing attractiveness. An important reason for this is that during the long-term component shortage, we have built up an efficient and structured sourcing process that gives us relatively good delivery power, which in the long run should lead to increased market shares. We estimate that the loss in sales of delayed deliveries due to component shortages and capacity shortages corresponded to approximately 3.5 percent of sales during the quarter, which is slightly less than previous quarters.

During the quarter, the work to achieve profitability in our latest acquisition, Citilog, has been intensified. As part of that, we have launched an efficiency program in France that aims to increase organizational efficiency, simplified structure and reduce costs while continuing to invest in the development of industry-leading products and increased commercial capacity. These measures will result in annual cost savings amounting to just over SEK 10 million with full effect from the second quarter 2023 and net approximately SEK 7 million after increased investments in sales. Associated non-recurring costs are estimated to approximately SEK 3,5 million.

We have continued to invest in technology leadership in our areas and develop more complete solutions that give our offer increased competitiveness and move us up the value chain. The focus is increasingly directed towards solutions that can contribute to a more sustainable transport system where analysis, AI and Deep Learning play an important role. Cost efficiency is also necessary to enable investments in technology leadership and strengthen our endurance.

The group's turnover during the third quarter amounted to SEK 86.5 million, which is an increase of 8.2 percent compared to the same quarter in 2021. The Traffic Solutions business amounted to SEK 73.5 million, which is an increase of approximately 7 percent compared to the corresponding quarter 2021. During the quarter, Traffic Solutions accounted for 85 percent of sales, while Rail Solutions accounted for the remaining 15 percent.

The quarter shows a gross margin of 67.6 percent with an adjusted EBITDA result of SEK 5.2 million, which corresponds to an adjusted EBITDA margin of 6 percent. Cash flow from current operations amounted to SEK -16.6 million and the group's solvency ratio was 56 percent at the end of the period.

Cash flow decreased caused by lower earnings and negative cash flow from changes in working capital linked to increases in stock and the fact that a large part of sales took place at the end of the quarter and therefore increased accounts receivable. Our stock has increased during the quarter by approximately 8 percent as a result of our strategy to invest in always maintaining a high level of service to our customers and being able to deliver even in times of severe delivery disruptions. The work to reduce the working capital has continued focus.

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

Our strategy and the value-creating potential have not changed due to the short-term limitations in the supply chain, and our investment in growth via innovation, commercial focus and acquisition means 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

### Financial Calendar

|                          |                                    |
|--------------------------|------------------------------------|
| <b>February 2, 2023:</b> | Earnings release 2022              |
| <b>April 28, 2023:</b>   | Annual general meeting, Kista      |
| <b>April 28, 2023:</b>   | Interim report first quarter 2023  |
| <b>July 14, 2023:</b>    | Interim report second quarter 2023 |
| <b>October 27, 2023:</b> | Interim report third quarter 2023  |
| <b>February 2, 2024:</b> | Earnings release 2023              |

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

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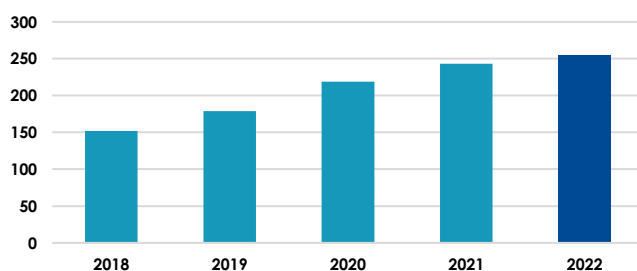
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*This information is information that TagMaster AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.30 a.m. CET on October 27, 2022.*

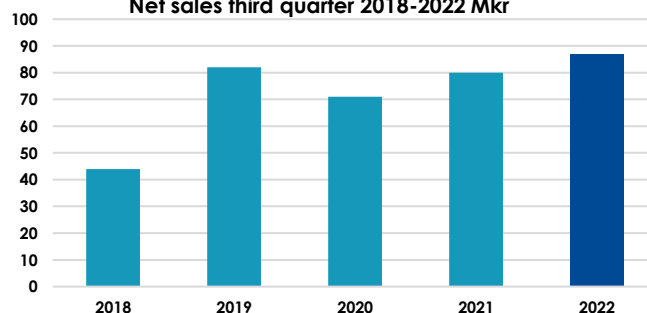
## Summary result information

| Amounts in TSEK  | 2022<br>July-Sept | 2021<br>July-Sept | %     | R12M<br>Oct-Sept | 2021<br>Full Year | %      |
|--|-------------------|-------------------|-------|------------------|-------------------|--------|
| Net sales  | 86 543            | 80 017            | 8,2   | 337 533          | 326 886           | 3,3    |
| Other revenue/ Capitalised work for own account                  | 796               | 702               | 13,4  | 4 663            | 9 382             | -50,3  |
| Gross profit   | 58 490            | 57 616            | 1,5   | 233 890          | 223 532           | 4,6    |
| Gross margin, %  | 67,6              | 72,0              | -     | 69,3             | 68,4              | -      |
| Operating expenses <sup>1</sup>                                  | -54 070           | -49 966           | 8,2   | -221 182         | -198 806          | 11,3   |
| Adjusted EBITDA  | 5 215             | 8 353             | -37,6 | 17 372           | 33 958            | -48,8  |
| Adjusted EBITDA margin, %  | 6,0               | 10,4              | -     | 5,1              | 10,4              | -      |
| Non-recurring items  | 0                 | -                 | -     | 0                | 150               | -100,0 |
| EBITDA   | 5 215             | 8 353             | -     | 17 372           | 34 108            | -49,1  |
| EBITDA margin, %   | 6,0               | 10,4              | -     | 5,1              | 10,4              | -      |
| Amortisation of other non-current intangible assets <sup>2</sup> | -683              | -730              | -6,4  | -2 982           | -2 977            | 0,2    |
| Depreciation   | -2 283            | -1 846            | 23,7  | -7 721           | -6 342            | 21,7   |
| EBITA  | 2 250             | 5 777             | -61,1 | 6 668            | 24 789            | -73,1  |
| EBITA margin, %  | 2,6               | 7,2               | -     | 2,0              | 7,6               | -      |

Net sales January-September 2018-2022 Mkr



Net sales third quarter 2018-2022 Mkr



## Organic change, net sales

| Amounts in TSEK                                  | 2022<br>July-Sept | %          | 2021<br>July-Sept | %           | 2022<br>Jan-Sept | %          | 2021<br>Jan-Sept | %           |
|--|-------------------|------------|-------------------|-------------|------------------|------------|------------------|-------------|
| <b>Net sales comparison period previous year</b> | <b>80 017</b>     |            | <b>70 970</b>     |             | <b>243 354</b>   |            | <b>218 665</b>   |             |
| Organic change                                   | 358               | 0,4        | 1 330             | 1,9         | -21 260          | -8,7       | 12 807           | 5,9         |
| Change through acquisitions                      | 0                 | 0,0        | 9 418             | 13,3        | 12 066           | 5,0        | 23 876           | 10,9        |
| Exchange rate change                             | 6 168             | 7,7        | -1 701            | -2,4        | 19 842           | 8,2        | -11 994          | -5,5        |
| <b>Total change</b>                              | <b>6 526</b>      | <b>8,2</b> | <b>9 047</b>      | <b>12,7</b> | <b>10 648</b>    | <b>4,4</b> | <b>24 689</b>    | <b>11,3</b> |
| <b>Net sales</b>                                 | <b>86 543</b>     |            | <b>80 017</b>     |             | <b>254 002</b>   |            | <b>243 354</b>   |             |

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

<sup>1</sup> Other external expenses, Other operating expenses and Personnel expenses

<sup>2</sup> Amortization of intangible assets attributable to acquisitions is not included in the item.

## Consolidated net sales and earnings

### July 1 – September 30, 2022

#### Net sales

Net sales for the quarter amounted to 86,5 (80,0) MSEK, which is an increase of 8,2 percent compared to the corresponding quarter previous year. The quarter's organic sales change, with an adjustment for exchange rate effects of 6,2 MSEK amounted to 0,4 MSEK.

#### Operating profit

Operating profit for the quarter was -2,6 (1,7) MSEK, which is a decrease of 4,3 MSEK compared to the corresponding quarter previous year. The reduced operating profit is mainly explained by increased costs. Extra costs for component purchases and reconstructions amount to approximately 1,4 MSEK. For the US segment, personnel costs have increased as the personnel, who during the pandemic agreed to temporarily lower their salaries, have returned to their contractual salary levels.

#### Adjusted EBITDA

Adjusted EBITDA decreased during the quarter to 5,2 (8,4) MSEK corresponding to a margin by 6,0% (10,4). The reduced margin is as for the lower operating profit, due to higher cost levels.

#### Financial items

Financial items for the quarter amounted to -2,2 (-0,9) MSEK. Financial expenses charged to the quarter are interest expenses on liabilities to credit institutions of -0,5 (-0,6) MSEK and exchange revaluations of these liabilities of -1,9 (-0,9) MSEK and exchange revaluations of loans to foreign subsidiaries at the amount of 0,3 (0,6) 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 287 (885) 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 -4,5 (1,7) MSEK. Earnings per share before and after dilution amounted to -0,31 (0,11) SEK.

### January 1 - September 30, 2022

#### Net sales

Net sales for the nine-month period amounted to 254,0 (243,4) MSEK, which is an increase of 4,4 percent compared to the corresponding period previous year. The nine-month period organic sales change, with an adjustment for exchange rate effects of 19,8 MSEK and acquisitions of 12,1 MSEK amounted to -21,3 MSEK.

#### Operating profit/loss

Operating profit/loss for the nine-month period was -9,7 (11,2) MSEK, which is a decrease of 20,9 MSEK compared to the corresponding period previous year. The reduced operating profit is partly attributable to Citilog that was acquired during the second quarter of 2021. The subsidiaries operating profit for the nine-month period amounted to -9,6 (4,2) MSEK. Cost increases due to the current component shortage have had a negative effect on the Group's earnings. For the US segment, personnel costs have increased as the personnel, who during the pandemic agreed to temporarily lower their salaries, have returned to their contractual salary levels. During the corresponding period previous year, a support loan from the US government was forgiven, which resulted in a non-recurring income of 6,9 MSEK which was included in the groups operating profit. These circumstances together explain the reduced operating profit for the nine-month period of 2022.

#### Adjusted EBITDA

Adjusted EBITDA decreased to 12,3 (28,9) MSEK, corresponding to a margin of 4,8% (11,9). The reduced margin is as for the lower operating profit, due to higher cost levels.

**Financial items**

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

**Tax**

Group's tax amounted to 981 (565) 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 -13,8 (10,1) MSEK. Earnings per share before and after dilution amounted to -0,94 (0,69) SEK.

**Post balance sheet events**

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

## Segment TagMaster Europe

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

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

### Business in the quarter

Sales for segment Europe amounted to SEK 39.5 million for the third quarter, which is a decrease of 11.9 percent. The decrease is explained by lower revenues from Traffic Solutions in England and France, due to disruptions in the outsourced production, as well as lower sales from the company Citilog acquired in the second quarter of 2021.

TagMaster estimates that the loss in sales due to component shortages and production disruptions, which hampered deliveries, amounted to approximately 7.5 percent during the third quarter, corresponding to approximately SEK 3 million.

The gross margin during the third quarter amounted to 68.2 percent, which is a decrease of 0.8 percentage points compared to the third quarter of 2021. During the quarter, the company increased component purchases via the spot market to maintain delivery capacity. The cost of this has affected the gross margin negatively by approximately 3.5 percentage points, corresponding to approximately SEK 1.4 million.

Adjusted EBITDA for the third quarter amounted to SEK -4.8 million, which corresponds to an adjusted EBITDA margin of -12.2 percent.

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

During the quarter, the work to achieve profitability for the group's latest acquisition, Citilog, has been intensified. As part of that, an efficiency program has been launched in France to increase organizational efficiency, simplified structure and reduce costs. This is done at the same time as the investment in developing industry-leading products and increased commercial capacity continues. These measures will result in annual cost savings amounting to just over SEK 10 million with full effect from Q2 2023 and net approximately SEK 7 million after increased investments in sales. Associated non-recurring costs are estimated to approximately SEK 3,5 million.

The move of outsourced production from England to Sweden was completed during the quarter. The purpose of the move is to reduce transport and its impact on environment, to centralize European manufacturing and thereby increase scalability and prepare for central warehousing.

During the quarter, TagMaster FR and Tagmaster UK have started a project together with Citilog concerning tests of camera solutions for Counting & Classifying. With software solutions within AI and Deep Learning from Citilog, cameras from Axis and TagMaster's management software and customer channels, there are great opportunities to add volume in channels that the companies know well. This means that in addition to the joint sales force for Citilog and Sensys Networks within Incident Management, the group utilizes Citilog's AI competence to develop new industry-leading products and services within Infomobility.

During the quarter, the TagMaster company Citilog participated in the ITS Australia fair where the company, among other things, launched its new Deep Learning modules for detecting bicycles and pedestrians.

| Amounts in TSEK                      | 2022<br>July-Sept | 2021<br>July-Sept | Change,<br>% | 2022<br>Jan-Sept | 2021<br>Jan-Sept | Change,<br>% |
|--------------------------------------|-------------------|-------------------|--------------|------------------|------------------|--------------|
| Net Sales                            | 39 525            | 44 840            | -11,9        | 143 518          | 149 813          | -4,2         |
| Gross profit                         | 26 943            | 30 955            | -13,0        | 95 509           | 98 684           | -3,2         |
| Gross margin, %                      | 68,2              | 69,0              | -            | 66,5             | 65,9             | -            |
| Adjusted EBITDA                      | -4 826            | 415               | -            | -6 444           | 11 474           | -            |
| Adjusted EBITDA margin, %            | -12,2             | 0,9               | -            | -4,5             | 7,7              | -            |
| Number of employees at end of period | 88                | 100               | -12,0        | -                | -                | -            |

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

## Segment TagMaster USA

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

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

### Business during the quarter

Sales for the US segment for the third quarter amounted to SEK 47.0 million, which is an increase of 33.7 percent, and by 10.8 percent in local currency, compared to the third quarter of 2021. The gross margin during the quarter amounted to 67.1 percent, which is a decrease of 8.7 percentage points compared to the third quarter of 2021.

The lower gross margin is due to product and customer mix, but also due to more expensive components as more purchases are made on the spot market. Costs have also increased when the outsourced production was moved from Mexico to California. However, the benefits of the move outweigh the disadvantages as it leads to better control and increased proximity between development and production.

Adjusted EBITDA for the third quarter amounted to SEK 8.2 million, which corresponds to an adjusted EBITDA margin of 17.4 percent.

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

During the quarter, TagMaster participated in the ITS World Congress in Los Angeles. Sensys Networks launched a newly developed vehicle detection sensor that is installed in a fraction of the time compared to traditional inductive loops. The FlexMag Mini is the smallest sensor made for extreme conditions to date and only takes between two and five minutes to install.

Traditional ground detection is characterized by accuracy, but cumbersome and time-consuming to install. The loops being installed require lane closures and cuttings into the pavement for installation or replacement. With the FlexMag Mini, road operators can get accurate detection for any application with minimal lane closures. The wireless magnetic sensors are superior both in terms of detection accuracy, quick installation and minimal maintenance.

Sensys Networks, based in Berkeley, California, has been working over the past year to bring all production home to the US and switched over to local suppliers. The main aim has been to streamline the supply chains and mitigate the global supply problems that many technology companies have experienced in recent years, thereby reducing lead times significantly. As all traffic detection equipment from Sensys Networks is now produced locally, the measures also mean that the company meets the latest Buy America requirements in the 2021 Infrastructure Investment and Jobs Act and thus qualifies for federal funding through the Federal Highway Administration (FHWA).

During the quarter, Sensys Networks continued to market Citilog's products and technology solutions in both the American market and the MEA markets. Sensys Networks has launched parts of Citilog's solutions based on AI and Deep Learning to both existing customers and new prospective customers across the US.

In the medium term, the American market looks very exciting as the infrastructure package has been approved and the investments can now begin to be planned. 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                      | 2022      | 2021      | Change,<br>% | 2022     | 2021     | Change,<br>% |
|--------------------------------------|-----------|-----------|--------------|----------|----------|--------------|
|                                      | July-Sept | July-Sept |              | Jan-Sept | Jan-Sept |              |
| Net Sales                            | 47 017    | 35 176    | 33,7         | 110 484  | 93 541   | 18,1         |
| Gross profit                         | 31 547    | 26 662    | 18,3         | 77 634   | 64 101   | 21,1         |
| Gross margin, %                      | 67,1      | 75,8      | -            | 70,3     | 68,5     | -            |
| Adjusted EBITDA                      | 8 167     | 6 426     | 27,1         | 13 870   | 13 703   | 1,2          |
| Adjusted EBITDA margin, %            | 17,4      | 18,3      | -            | 12,6     | 14,6     | -            |
| Number of employees at end of period | 37        | 38        | -2,6         | -        | -        | -            |

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 76,2 (92,1) MSEK, of which overdraft facilities amounts to 37,6 (38,6) MSEK. The overdraft facility in SEK at the amount of 20,5 MSEK was utilized by 5,1 MSEK at the end of September 2022. The overdraft facility in USD at the amount of 2,0 MUSD was unutilized at 30 September 2022.

At the end of the period cash and cash equivalents amounted to 38,6 (53,5) MSEK.

### Cash flow July 1 – September 30, 2022

Cash flow from operating profit activities for the third quarter amounted to -16,6 (-5,3) MSEK.

Cash flow from investing activities amounted to -0,1 (-0,3) MSEK and consist of investment in tangible assets.

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

Cash flow for the quarter amounted to -18,0 (-14,2) MSEK.

### Cash flow January 1 – September 30, 2022

Cash flow from operating profit activities for the nine-month period amounted to -7,9 (12,5) MSEK.

Cash flow from investing activities amounted to -0,8 (-33,5) MSEK and consist of investment in tangible assets.

Cash flow from financing activities amounted to -12,9 (11,9) MSEK and are changes in overdraft facilities of 5,1 (-3,0) MSEK, amortization of loans of -13,1 (-9,1) MSEK and amortization of leasing liabilities of -4,9 (-3,7) MSEK.

Cash flow for the period amounted to -21,6 (-9,1) MSEK.

### Investments

During the third quarter investments in tangible and intangible fixed assets have been made with 0,1 (0,3) MSEK.

### Goodwill and other intangible assets

The Group's carrying amount of goodwill on September 30, 2022, was 111,4 (98,9) MSEK. Other intangible assets amounted to 73,6 (77,2) MSEK and relate to capitalized development expenditure of 28,6 (34,1) MSEK and customer relations of 37,3 (36,9) MSEK and trademark of 7,8 (6,3) MSEK. The increase of 8,8 MSEK compared to carrying amount of goodwill on December 31, 2021 refers to amortization at the amount of -16,0 MSEK and translation differences of 24,8 MSEK.

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

The carrying amount of right-of-use assets (lease agreements for premises) amounted to 10,8 (11,6) MSEK. The corresponding leasing liabilities amounted to 11,2 (11,9) MSEK.

The company's lease agreement in Berkeley has been prolonged during the third quarter and is no longer reported as short-term lease agreement. Therefore, a right-of-use asset with corresponding lease liability of 3,6 MSEK has been reported.

The cost of short-term leases for the nine-month period amounts to approx. 2,5 MSEK.

### Inventories

Inventories as of September 30, 2022, amount to 49,4 (36,6). The increase of 12,8 MSEK compared to December 31, 2021 is a result of the structured purchases made to mitigate the imbalances in the supply chain caused by the component shortage.

### Accounts receivables

Accounts receivables as of September 30, 2022 amounted to 75,0 (62,7). The increase is explained by high sales during the last part of the quarter.

### Liabilities to credit institutions

As of September 30, 2022, the Group's liabilities to credit institutions amounted to 49,6 (52,3) MSEK and consist of acquisition loans of 44,5 (52,3) MSEK and additional utilized overdraft facilities of 5,1 MSEK. During the nine-month

period, the acquisition loan was repaid by 13,1 (13,2) MSEK. Other changes during the period are mainly currency revaluations of 5,0 MSEK.

### Equity

Equity as of September 30, 2022, amounted to 221,2 (199,9) MSEK, corresponding to 15,10 (13,65) SEK per outstanding share. There were no outstanding stock options or convertible programs on September 30, 2022.

### Financial position

The equity ratio amounted to 56,1 (54,4) percent on September 30, 2022, and equity to 221,2 (199,9) MSEK. Total assets on September 30, 2022, amounted to 394,5 (367,4) MSEK.

\* Comparative figures in balance sheet refer to 2021-12-31. Cash flow and income statement refer to 2021-09-30.

## 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-month period amounted to 69,2 (56,7) MSEK, of which invoicing of intra-Group services amounted to 1,9 (0,5) MSEK. As of September 30, available liquidity amounted to 37,9 (41,3) MSEK, of which the overdraft credit amounts to 37,6 (37,0) 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 125 (138).

### Effects of Covid-19 and the war in Ukraine

Covid-19 had a limited impact during the quarter, although the shutdowns in China due to the Coronavirus are increasing supply chain disruptions and some project execution in nearby markets such as Hong Kong. TagMaster's exposure to Russia and Belarus is limited and amounted to less than 1 percent of sales. The company has stopped all sales to these countries and will not resume any business operations in these markets until the sanctions against Russia are lifted. During the first 9 months of the year, the company has been negatively affected by capacity problems, due to equipment upgrades, which occurred at the company's main European supplier. These problems should hopefully be resolved during the fourth quarter. TagMaster continuously follows up any continued risks related to disruptions in the supply chain and measures are taken on an ongoing basis to limit the effect and as the company continues to focus on cost control and cash flow.

### Future outlook

The current global uncertainty linked to component shortages requires a humble attitude towards the near future. In the medium term, TagMaster sees the massive restart packages launched in Europe and the US largely focusing on green investments in sustainable transport solutions, which will benefit the company's business. The global supply chain for both semiconductors and other components will continue to be unstable. This could lead to the sales of some of the company's products being negatively affected for the remainder of 2022.

The group's board and management remain positive about the prospects in the longer term. With greater volume and a wider range that also extends more towards data solutions and software in important growth areas, the group has good long-term growth opportunities. TagMaster's growth strategy is to grow organically plus through acquisitions in existing and adjacent technology areas with the aim of expanding the product and solution offering as well as market presence. The goal is to be an attractive supplier of data-based real-time information, which is a basic prerequisite for building the Smart Cities of the future.

### 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, 2022

Jonas Svensson

Chief Executive Officer

**Auditors review report***Introduction*

We have reviewed the condensed interim financial information (interim report) of TagMaster AB (publ), corporate ID number 556487-4534, as of 30 September 2022 and the nine-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, 2022

Mazars AB

Anders Bergman

Authorized Public Accountant

## Summary consolidated income statement

| Amounts in TSEK   | 2022<br>July-Sept | 2021<br>July-Sept | 2022<br>Jan-Sept | 2021<br>Jan-Sept | 2021<br>Jan-Dec |
|---|-------------------|-------------------|------------------|------------------|-----------------|
| Net sales   | 86 543            | 80 017            | 254 002          | 243 354          | 326 886         |
| Other revenue   | 796               | 702               | 3 069            | 7 788            | 9 382           |
| Change in inventories during manufacture and finished goods                         | 1 192             | 764               | 1 706            | 1 797            | 832             |
| Goods for resale, raw materials and consumables                                     | -29 245           | -23 164           | -82 564          | -82 366          | -104 186        |
| Other external expenses   | -12 701           | -12 843           | -39 602          | -35 969          | -51 458         |
| Personnel expenses  | -40 818           | -36 596           | -123 622         | -104 549         | -145 887        |
| Depreciation of property, plant and equipment and amortisation of intangible assets | -7 835            | -6 673            | -21 950          | -17 786          | -24 538         |
| Other operating expenses  | -551              | -527              | -695             | -1 025           | -1 461          |
| <b>Operating profit/loss</b>  | <b>-2 619</b>     | <b>1 680</b>      | <b>-9 657</b>    | <b>11 243</b>    | <b>9 570</b>    |
| Financial net   | -2 188            | -885              | -5 151           | -1 686           | -2 823          |
| <b>Profit/loss before tax</b>   | <b>-4 808</b>     | <b>794</b>        | <b>-14 808</b>   | <b>9 557</b>     | <b>6 747</b>    |
| Tax   | 287               | 885               | 981              | 565              | -889            |
| <b>Profit for the period</b>  | <b>-4 521</b>     | <b>1 680</b>      | <b>-13 827</b>   | <b>10 122</b>    | <b>5 858</b>    |
| <b>Net income attributable to:</b>  |                   |                   |                  |                  |                 |
| Shareholders in the Parent Company  | -4 521            | 1 680             | -13 827          | 10 122           | 5 858           |
| <b>Earnings per share, SEK</b>  |                   |                   |                  |                  |                 |
| Basic earnings per share <sup>1</sup>   | -0,31             | 0,11              | -0,94            | 0,69             | 0,40            |
| Diluted earnings per share <sup>1</sup>   | -0,31             | 0,11              | -0,94            | 0,69             | 0,40            |

## Consolidated statement of other comprehensive income

|   |               |              |                |               |               |
|---|---------------|--------------|----------------|---------------|---------------|
| <b>Profit for the period</b>                                | <b>-4 521</b> | <b>1 680</b> | <b>-13 827</b> | <b>10 122</b> | <b>5 858</b>  |
| <i>Items that may be reclassified to profit or loss</i>     |               |              |                |               |               |
| Exchange differences when translating foreign operations    | 14 716        | 4 593        | 35 056         | 11 123        | 15 718        |
| <i>Items not to be reclassified to the income statement</i> |               |              |                |               |               |
| Remeasurement of the net pension obligation                 | 0             | 0            | 0              | 0             | 249           |
| Tax on the above  | 0             | 0            | 0              | 0             | -82           |
| <b>Comprehensive income for the period</b>                  | <b>10 195</b> | <b>6 272</b> | <b>21 229</b>  | <b>21 244</b> | <b>21 743</b> |
| <b>Comprehensive income attributable to:</b>                |               |              |                |               |               |
| Shareholders in the Parent Company                          | 10 195        | 6 272        | 21 229         | 21 244        | 21 743        |

<sup>1</sup>Adjusted retroactively for the reversed split 1:25

## Summary consolidated statement of financial position

| Amounts in TSEK                                   | 2022-09-30     | 2021-09-30     | 2021-12-31     |
|---|----------------|----------------|----------------|
| <b>ASSETS</b>                                     |                |                |                |
| <b>Non-current assets</b>                         |                |                |                |
| Intangible assets                                 | 185 023        | 176 611        | 176 178        |
| Property, plant, and equipment                    | 2 998          | 3 190          | 3 031          |
| Right-of-use assets                               | 10 790         | 13 009         | 11 605         |
| Other non-current receivables                     | 1 898          | 1 378          | 1 358          |
| Deferred tax assets                               | 7 025          | 5 627          | 5 192          |
|   | <b>207 734</b> | <b>199 815</b> | <b>197 364</b> |
| <b>Current assets</b>                             |                |                |                |
| Inventories                                       | 49 378         | 41 349         | 36 570         |
| Trade receivables                                 | 75 046         | 76 868         | 62 738         |
| Other receivables                                 | 23 660         | 18 252         | 17 204         |
| Cash and cash equivalents                         | 38 645         | 45 619         | 53 520         |
|   | <b>186 729</b> | <b>182 089</b> | <b>170 032</b> |
| <b>TOTAL ASSETS</b>                               | <b>394 463</b> | <b>381 904</b> | <b>367 396</b> |
| <b>SHAREHOLDERS' EQUITY</b>                       |                |                |                |
| Share capital                                     | 18 309         | 18 309         | 18 309         |
| Other contributed capital                         | 241 459        | 241 459        | 241 459        |
| Translation reserve                               | 29 225         | -10 426        | -5 831         |
| Retained earnings including profit for the period | -67 827        | -50 339        | -54 000        |
|   | <b>221 166</b> | <b>199 002</b> | <b>199 937</b> |
| <b>Non-current liabilities</b>                    |                |                |                |
| Liabilities to credit institutions                | 25 149         | 39 095         | 35 506         |
| Deferred tax liabilities                          | 4 100          | 2 588          | 2 815          |
| Other provisions                                  | 16 230         | 20 504         | 16 246         |
| Lease liabilities                                 | 4 453          | 7 749          | 6 296          |
| Other non-current liabilities                     | 13 118         | 12 790         | 11 361         |
|   | <b>63 050</b>  | <b>82 725</b>  | <b>72 224</b>  |
| <b>Current liabilities</b>                        |                |                |                |
| Trade payables                                    | 17 762         | 15 499         | 14 569         |
| Current tax liabilities                           | 1 935          | 1 686          | 2 541          |
| Liabilities to credit institutions                | 24 460         | 17 901         | 16 852         |
| Other provisions                                  | 2 378          | -              | 2 378          |
| Lease liabilities                                 | 6 709          | 5 534          | 5 604          |
| Other liabilities                                 | 57 003         | 59 557         | 53 291         |
|   | <b>110 247</b> | <b>100 177</b> | <b>95 235</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>               | <b>394 463</b> | <b>381 904</b> | <b>367 396</b> |

## Summary consolidated statement of changes in equity

| Amounts in TSEK                     | 2022-09-30     | 2021-09-30     | 2021-12-31     |
|-------------------------------------|----------------|----------------|----------------|
| <b>Opening shareholders' equity</b> | <b>199 937</b> | <b>177 758</b> | <b>178 194</b> |
| Profit for the period               | -13 827        | 10 122         | 5 858          |
| Other comprehensive income          | 35 056         | 11 123         | 15 885         |
| <b>Closing shareholders' equity</b> | <b>221 166</b> | <b>199 002</b> | <b>199 937</b> |

Equity attributable to shareholders in the Parent Company.

## Share Information

| Thousands  | 2022-09-30    | 2021-09-30     | 2021-12-31     |
|--|---------------|----------------|----------------|
| <b>Number of outstanding shares at beginning of period</b> | <b>14 648</b> | <b>366 188</b> | <b>366 188</b> |
| Reversed split   | -             | -351 540       | -351 540       |
| <b>Number of outstanding shares at end of period</b>       | <b>14 648</b> | <b>14 648</b>  | <b>14 648</b>  |

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

## Summary consolidated statement of cash flows

| Amounts in TSEK  | 2022<br>July-Sept | 2021<br>July-Sept | 2022<br>Jan-Sept | 2021<br>Jan-Sept | 2021<br>Jan-Dec |
|--|-------------------|-------------------|------------------|------------------|-----------------|
| <b>Operating activities</b>  |                   |                   |                  |                  |                 |
| Operating profit/loss  | -2 619            | 1 680             | -9 657           | 11 243           | 9 570           |
| Adjustments for non-cash items   | 7 812             | 7 553             | 21 950           | 17 296           | 26 385          |
| Interest paid  | -631              | -817              | -2 088           | -1 764           | -2 484          |
| Interest received  | 0                 | 69                | 0                | 69               | 69              |
| Tax paid   | 0                 | 0                 | -1 036           | 0                | 0               |
| Tax received   | 0                 | 0                 | 0                | 0                | 0               |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>4 562</b>      | <b>8 485</b>      | <b>9 169</b>     | <b>26 844</b>    | <b>33 540</b>   |
| Change in inventories  | -1 795            | -14               | -8 273           | 2 309            | 5 671           |
| Change in operating receivables  | -12 359           | -7 128            | -8 579           | -15 690          | 427             |
| Change in operating liabilities  | -6 971            | -6 665            | -216             | -962             | -13 393         |
| <b>Cash flow from operating activities</b>                                   | <b>-16 563</b>    | <b>-5 322</b>     | <b>-7 899</b>    | <b>12 501</b>    | <b>26 245</b>   |
| <b>Investing activities</b>  |                   |                   |                  |                  |                 |
| Acquisition of subsidiaries, less acquired cash and cash equivalents         | -                 | -                 | -                | -30 286          | -30 286         |
| Conditional purchase considerations settlement                               | -                 | -                 | -                | -2 008           | -2 008          |
| Investments in property, plant and equipment                                 | -104              | -255              | -870             | -1 106           | -1 265          |
| Net of paid-in and repaid deposits   | -                 | -57               | -                | -57              | -40             |
| <b>Cash flow from investing activities</b>                                   | <b>-104</b>       | <b>-312</b>       | <b>-870</b>      | <b>-33 457</b>   | <b>-33 599</b>  |
| <b>Financing activities</b>  |                   |                   |                  |                  |                 |
| Borrowings   | -                 | -76               | -                | 27 728           | 27 728          |
| Repayment of loans   | -4 508            | -4 017            | -13 106          | -9 093           | -13 185         |
| Change in bank overdraft facilities  | 5 113             | -2 799            | 5 113            | -3 048           | -4 400          |
| Lease liabilities  | -1 957            | -1 652            | -4 867           | -3 702           | -5 197          |
| <b>Cash flow from financing activities</b>                                   | <b>-1 352</b>     | <b>-8 544</b>     | <b>-12 860</b>   | <b>11 885</b>    | <b>4 946</b>    |
| <b>Cash flow for the period</b>  | <b>-18 019</b>    | <b>-14 178</b>    | <b>-21 629</b>   | <b>-9 071</b>    | <b>-2 408</b>   |
| Exchange rate differences in cash and cash equivalents                       | 2 393             | 1 022             | 6 754            | 2 904            | 4 142           |
| <b>Cash and cash equivalents at the beginning of the period</b>              | <b>54 272</b>     | <b>58 775</b>     | <b>53 520</b>    | <b>51 786</b>    | <b>51 786</b>   |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>38 646</b>     | <b>45 619</b>     | <b>38 645</b>    | <b>45 619</b>    | <b>53 520</b>   |

## Operating segment revenue and profit

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

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

| 1 January 2022 - 30 September 2022 | TagMaster<br>Europe | TagMaster<br>USA | Central      | Eliminations   | Total<br>Group |
|------------------------------------|---------------------|------------------|--------------|----------------|----------------|
| <b>Revenue</b>                     |                     |                  |              |                |                |
| External revenue                   | 143 518             | 110 484          | -            | -              | 254 002        |
| Cross-segment transactions         | 379                 | 5 040            | -            | -5 419         | 0              |
|                                    | <b>143 897</b>      | <b>115 524</b>   | -            | <b>- 5 419</b> | <b>254 002</b> |
| Gross profit                       | 95 509              | 77 634           | -            | -              | 173 143        |
| <b>Adjusted EBITDA</b>             | <b>-6 444</b>       | <b>13 870</b>    | <b>4 867</b> | -              | <b>12 292</b>  |
| Non-recurring items                | -                   | -                | -            | -              | -              |
| <b>EBITDA</b>                      | <b>-6 444</b>       | <b>13 870</b>    | <b>4 867</b> | -              | <b>12 292</b>  |
| Depreciations and amortizations    | -18 282             | -3 668           | -            | -              | -21 950        |
| <b>Operating profit/loss</b>       | <b>-24 726</b>      | <b>10 202</b>    | <b>4 867</b> | -              | <b>-9 657</b>  |

### Other segment information

|  |      |      |   |   |      |
|--|------|------|---|---|------|
| Gross profit margin, %                       | 66,5 | 70,3 | - | - | 68,2 |
| Adjusted EBITDA margin, %                    | -4,5 | 12,6 | - | - | 4,8  |
| EBITDA margin, %                             | -4,5 | 12,6 | - | - | 4,8  |
| Number of employees at the end of the period | 88   | 37   | - | - | 125  |

| 1 January 2021 - 30 September 2021 | TagMaster<br>Europe | TagMaster<br>USA | Central      | Eliminations | Total<br>Group |
|------------------------------------|---------------------|------------------|--------------|--------------|----------------|
| <b>Revenue</b>                     |                     |                  |              |              |                |
| External revenue                   | 149 813             | 93 541           | -            | -            | 243 354        |
|                                    | <b>149 813</b>      | <b>93 541</b>    | -            | -            | <b>243 354</b> |
| Gross profit                       | 98 684              | 64 101           | -            | -            | 162 785        |
| <b>Adjusted EBITDA</b>             | <b>11 474</b>       | <b>13 703</b>    | <b>3 702</b> | -            | <b>28 880</b>  |
| Non-recurring items                | -2 078              | 2 689            | -462         | -            | 150            |
| <b>EBITDA</b>                      | <b>9 396</b>        | <b>16 392</b>    | <b>3 240</b> | -            | <b>29 029</b>  |
| Depreciations and amortizations    | -7 869              | -9 917           | -            | -            | -17 786        |
| <b>Operating profit/loss</b>       | <b>1 527</b>        | <b>6 475</b>     | <b>3 240</b> | -            | <b>11 243</b>  |

### Other segment information

|                           |      |      |   |   |      |
|---------------------------|------|------|---|---|------|
| Gross profit margin, %    | 65,9 | 68,5 | - | - | 66,9 |
| Adjusted EBITDA margin, % | 7,7  | 14,6 | - | - | 11,9 |
| EBITDA margin, %          | 6,3  | 17,5 | - | - | 11,9 |

### Non-recurring items:

|  |        |        |      |   |        |
|--|--------|--------|------|---|--------|
| Restructuring expenses                       | -2 078 | -      | -    | - | -2 078 |
| Acquisition-related expenses                 | -      | -      | -462 | - | -462   |
| Forgiven loan                                | -      | 6 891  | -    | - | 6 891  |
| Supply chain                                 | -      | -4 202 | -    | - | -4 202 |
| Number of employees at the end of the period | 100    | 38     | -    | - | 138    |



## Summarized parent company income statement

| Amounts in TSEK   | 2022<br>Jan-Sept | 2021<br>Jan-Sept | 2021<br>Jan-Dec |
|---|------------------|------------------|-----------------|
| Net sales <sup>1</sup>  | 69 188           | 56 712           | 84 975          |
| Other operating income  | 1 893            | 236              | 845             |
|   | <b>71 081</b>    | <b>56 948</b>    | <b>85 820</b>   |
| Goods for resale and consumables  | -27 470          | -21 091          | -29 230         |
| Other external expenses   | -17 002          | -12 108          | -18 966         |
| Personnel expenses  | -19 371          | -19 143          | -26 055         |
| Depreciation of property, plant and equipment and amortisation of intangible assets | -79              | -79              | -106            |
| Other operating expenses  | 0                | -492             | -301            |
| <b>Operating profit/loss</b>  | <b>7 159</b>     | <b>4 035</b>     | <b>11 162</b>   |
| Financial expenses  | -5 049           | -886             | -1 661          |
| <b>Profit after financial items</b>   | <b>2 110</b>     | <b>3 149</b>     | <b>9 501</b>    |
| Change in untaxed reserves  | -                | -                | -2 435          |
| Tax on net profit for the year  | -430             | -650             | -1 487          |
| <b>Profit for the period<sup>2</sup></b>  | <b>1 680</b>     | <b>2 499</b>     | <b>5 579</b>    |

1) Item includes intercompany services at the amount of 1 931 (520) TSEK

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

## Summary parent company balance sheet

| Amounts in TSEK                                | 2022-09-30     | 2021-09-30     | 2021-12-31     |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>                                  |                |                |                |
| Intangible assets                              | 153            | 233            | 213            |
| Property, plant, and equipment                 | 44             | 73             | 65             |
| Financial assets                               | 287 602        | 288 006        | 287 601        |
| Inventories                                    | 12 396         | 11 110         | 10 580         |
| Trade receivables                              | 13 977         | 7 925          | 15 358         |
| Receivables from Group companies               | 17 857         | 23 096         | 18 696         |
| Other receivables                              | 6 437          | 4 810          | 5 155          |
| Cash and bank balances                         | 305            | 4 298          | 5 557          |
| <b>TOTAL ASSETS</b>                            | <b>338 771</b> | <b>339 552</b> | <b>343 225</b> |
| <b>EQUITY AND LIABILITIES</b>                  |                |                |                |
| Equity   | 262 444        | 257 687        | 260 765        |
| Provisions                                     | 1 673          | 1 588          | 1 673          |
| Untaxed reserves                               | 4 049          | 1 614          | 4 049          |
| Non-current liabilities to credit institutions | 25 149         | 39 095         | 35 506         |
| Current liabilities to credit institutions     | 24 460         | 17 901         | 16 852         |
| Trade payables                                 | 7 384          | 5 643          | 6 565          |
| Current tax liability                          | 1 935          | 1 686          | 2 541          |
| Liabilities to Group companies                 | 206            | 351            | 461            |
| Other liabilities                              | 11 471         | 13 987         | 14 813         |
| <b>TOTAL EQUITY AND LIABILITIES</b>            | <b>338 771</b> | <b>339 552</b> | <b>343 225</b> |

## Notes to the financial statements

### 1. Accounting policies

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

The accounting policies and calculation methods applied are in accordance with described in the 2021 Annual Report.

Amendments and interpretations of existing standards that became effective in 2022 have not had any impact on the Group's financial position or the financial statements.

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

### 2. Key estimates and assessments

The preparation of financial reports requires management to make assessments and estimates and to make assumptions that affect the application of the Group's accounting principles. Actual results may deviate from these estimates and judgments. Key sources of uncertainty in estimates are described in note 3 in the 2021 Annual Report, page 50.

### 3. Financial risks and risk management

Through its operations, the Group is exposed to various types of operational and financial risks. TagMaster's significant risks and uncertainties are described in note 4 Financial risks and risk management in the 2021 Annual Report on pages 51 – 52 and in the Director's report, pages 38 – 40. The risk assessment is in all material aspects unchanged.

### 4. Transactions with related parties

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

### 5. Fair value of financial instruments

At the end of September, 2022, the fair value, determined on the basis of level 2, of the group's interest swap amounts to 495 TSEK. Other financial assets and liabilities are valued at amortised cost.

## 6. Breakdown of revenue from contracts with customers

|                                    | 1 January 2022 – 30 September 2022 |                |                | 1 January 2021 – 30 September 2021 |               |                |
|------------------------------------|------------------------------------|----------------|----------------|------------------------------------|---------------|----------------|
|                                    | TagMaster Europe                   | TagMaster USA  | Total Group    | TagMaster Europe                   | TagMaster USA | Total Group    |
| <b>Geographical region</b>         |                                    |                |                |                                    |               |                |
| Sweden                             | 2 117                              | -              | 2 117          | 2 236                              | -             | 2 236          |
| EMEA                               | 95 642                             | 34 506         | 130 148        | 91 250                             | 37 624        | 128 874        |
| Asia Pacific                       | 19 573                             | 7 560          | 27 133         | 32 672                             | 2 903         | 35 575         |
| Americas                           | 26 186                             | 68 417         | 94 604         | 23 654                             | 53 014        | 76 668         |
| <b>Total</b>                       | <b>143 518</b>                     | <b>110 484</b> | <b>254 002</b> | <b>149 812</b>                     | <b>93 541</b> | <b>243 354</b> |
| <b>Customer category</b>           |                                    |                |                |                                    |               |                |
| Traffic Solutions                  | 109 387                            | 110 484        | 219 870        | 107 122                            | 93 541        | 200 664        |
| Rail Solutions                     | 34 131                             | -              | 34 131         | 42 691                             | -             | 42 691         |
| <b>Total</b>                       | <b>143 518</b>                     | <b>110 484</b> | <b>254 002</b> | <b>149 813</b>                     | <b>93 541</b> | <b>243 354</b> |
| <b>Time of revenue recognition</b> |                                    |                |                |                                    |               |                |
| At a particular time               | 134 638                            | 107 567        | 242 205        | 144 050                            | 91 402        | 235 452        |
| Over time                          | 8 880                              | 2 917          | 11 797         | 5 763                              | 2 139         | 7 902          |
| <b>Total</b>                       | <b>143 518</b>                     | <b>110 484</b> | <b>254 002</b> | <b>149 813</b>                     | <b>93 541</b> | <b>243 354</b> |

## 7. Intangible non-current assets

|                                       | Goodwill       | Goodwill associated with assets and liabilities | Capitalized development expenditure | Customer relationships | Trademarks   | Total Group    |
|---------------------------------------|----------------|---|-------------------------------------|------------------------|--------------|----------------|
| <b>At 1 January 2022</b>              |                |   |                                     |                        |              |                |
| Cost of acquisition, opening balance  | 89 818         | 9 081   | 75 016                              | 57 330                 | 6 331        | 237 576        |
| Accumulated amortization              | -              | -   | -40 944                             | -20 454                | -            | -61 398        |
| <b>Carrying amount</b>                | <b>89 818</b>  | <b>9 081</b>                                    | <b>34 072</b>                       | <b>36 876</b>          | <b>6 331</b> | <b>176 178</b> |
| <b>1 January-30 September 2022</b>    |                |   |                                     |                        |              |                |
| Carrying amount, opening balance      | 89 818         | 9 081   | 34 072                              | 36 876                 | 6 331        | 176 178        |
| Amortization for the period           | -              | -   | -9 142                              | -6 858                 | -            | -16 000        |
| Translation difference for the period | 11 890         | 614   | 3 631                               | 7 255                  | 1 455        | 24 845         |
| <b>Carrying amount</b>                | <b>101 708</b> | <b>9 695</b>                                    | <b>28 561</b>                       | <b>37 273</b>          | <b>7 786</b> | <b>185 023</b> |
| <b>At 30 September 2022</b>           |                |   |                                     |                        |              |                |
| Cost                                  | 101 708        | 9 695   | 78 647                              | 64 585                 | 7 786        | 262 421        |
| Accumulated amortization              | -              | -   | -50 086                             | -27 312                | -            | -77 398        |
| <b>Carrying amount</b>                | <b>101 708</b> | <b>9 695</b>                                    | <b>28 561</b>                       | <b>37 273</b>          | <b>7 786</b> | <b>185 023</b> |

## Group key ratios

| Result, amounts in TSEK                              | 2022<br>July-<br>Sept | 2022<br>April-<br>June | 2022<br>Jan-<br>March | 2021<br>Oct-<br>Dec | 2021<br>July-<br>Sept | R12M<br>Oct-<br>Sept | Full Year<br>2021 |
|--|-----------------------|------------------------|-----------------------|---------------------|-----------------------|----------------------|-------------------|
| Net sales  | 86 543                | 87 945                 | 79 513                | 83 531              | 80 017                | 337 533              | 326 886           |
| Net sales growth, %                                  | 8,2                   | -1,1                   | 6,9                   | 23,2                | 12,7                  | 8,5                  | 14,1              |
| Organic net sales change, %                          | 0,4                   | -10,2                  | -11,5                 | 5,9                 | 0,7                   | -6,6                 | 5,9               |
| Gross profit   | 58 490                | 61 954                 | 52 700                | 60 747              | 57 616                | 233 890              | 223 532           |
| Gross margin, %                                      | 67,6                  | 70,4                   | 66,3                  | 72,7                | 72,0                  | 69,3                 | 68,4              |
| Adjusted EBITDA                                      | 5 215                 | 8 012                  | -935                  | 5 079               | 8 353                 | 17 372               | 33 958            |
| Adjusted EBITDA margin, %                            | 6,0                   | 9,1                    | -1,2                  | 6,1                 | 10,4                  | 5,1                  | 10,4              |
| EBITDA   | 5 215                 | 8 012                  | -935                  | 5 079               | 8 353                 | 17 372               | 34 108            |
| EBITDA margin, %                                     | 6,0                   | 9,1                    | -1,2                  | 6,1                 | 10,4                  | 5,1                  | 10,4              |
| EBITA  | 2 250                 | 5 417                  | -3 510                | 2 512               | 5 777                 | 6 668                | 24 789            |
| EBITA margin %                                       | 2,6                   | 6,2                    | -4,4                  | 3,0                 | 7,2                   | 2,0                  | 7,6               |
| Operating profit                                     | -2 619                | 854                    | -7 892                | -1 673              | 1 680                 | -11 331              | 9 570             |
| Operating margin, %                                  | -3,0                  | 1,0                    | -9,9                  | -2,0                | 2,1                   | -3,4                 | 2,9               |
| Profit/loss before tax                               | -4 808                | -1 391                 | -8 609                | -2 809              | 794                   | -17 617              | 6 747             |
| Net profit for the period                            | -4 521                | -692                   | -8 614                | -4 263              | 1 680                 | -18 091              | 5 858             |
| Earnings per share before dilution, SEK <sup>1</sup> | -0,31                 | -0,05                  | -0,59                 | -0,29               | 0,11                  | -1,24                | 0,40              |
| Earnings per share after dilution, SEK <sup>1</sup>  | -0,31                 | -0,05                  | -0,59                 | -0,29               | 0,11                  | -1,24                | 0,40              |

### Financial position

|                         |         |         |         |         |         |         |         |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|
| Equity                  | 221 166 | 210 971 | 195 362 | 199 937 | 199 002 | 221 166 | 199 937 |
| Average equity          | 216 068 | 203 166 | 197 650 | 199 470 | 195 866 | 210 084 | 189 065 |
| Equity ratio, %         | 56,1    | 55,1    | 53,0    | 54,4    | 52,1    | 56,1    | 54,4    |
| Net debt (-) receivable | 22 126  | 2 092   | 13 574  | 10 738  | 24 660  | 22 126  | 10 738  |
| Return on equity        | -2,2    | -0,3    | -4,4    | -2,1    | 0,9     | -8,6    | 3,1     |

### Share data

|  |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|
| Net sales per share, SEK <sup>1</sup>                      | 5,91   | 6,00   | 5,43   | 5,70   | 5,46   | 23,04  | 22,32  |
| Equity per share, SEK <sup>1</sup>                         | 15,10  | 14,40  | 13,34  | 13,65  | 13,59  | 15,10  | 13,65  |
| Market price on closing day, SEK                           | 14,45  | 16,50  | 18,40  | 24,90  | 29,00  | 14,45  | 24,90  |
| Recalculated market price on closing day, SEK <sup>1</sup> | 14,45  | 16,50  | 18,40  | 24,90  | 29,00  | 14,45  | 24,90  |
| Number of shares at end of period                          | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 |
| Average number of shares, thousands <sup>12</sup>          | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 | 14 648 |

### Personnel information

|                                      |     |     |     |     |     |       |       |
|--------------------------------------|-----|-----|-----|-----|-----|-------|-------|
| Sales per employee                   | 690 | 682 | 591 | 605 | 567 | 2 567 | 2 254 |
| Average number of employees          | 126 | 129 | 135 | 137 | 141 | 132   | 145   |
| Number of employees at end of period | 125 | 126 | 132 | 137 | 138 | 125   | 137   |

<sup>1</sup>Adjusted retroactively for the reversed split 1:25

<sup>2</sup>Number of shares, basic and diluted, is the same as there are no options or convertibles outstanding that may give rise to dilution

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

**Financial performance measures not defined in accordance with IFRS**

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

|              |   | 2022<br>Jan-Sept | 2021<br>Jan-Sept | R12M<br>Oct-Sept | 2021<br>Jan-Dec |
|--------------|---|------------------|------------------|------------------|-----------------|
| <b>A</b>     | Net sales   | 254 002          | 243 354          | 337 533          | 326 886         |
|              | Change in inventories during manufacture and finished goods | 1 706            | 1 797            | 741              | 832             |
|              | Goods for resale, raw materials and consumables             | -82 564          | -82 366          | -104 383         | -104 186        |
| <b>B</b>     | <b>Gross profit</b>   | 173 143          | 162 785          | 233 890          | 223 532         |
| <b>C</b>     | Operating profit (EBIT)                                     | -9 657           | 11 243           | -11 331          | 9 570           |
|              | Amortisation of intangible assets related to acquisitions   | -13 814          | -11 034          | -17 999          | -15 219         |
| <b>D</b>     | <b>EBITA</b>  | 4 157            | 22 277           | 6 668            | 24 789          |
|              | Depreciation of other intangible assets                     | -2 186           | -2 181           | -2 982           | -2 977          |
|              | Depreciation of property, plant and equipment               | -5 950           | -4 571           | -7 721           | -6 342          |
| <b>E</b>     | <b>EBITDA</b>   | 12 293           | 29 029           | 17 372           | 34 108          |
|              | Non-recurring costs   | -                | -150             | -                | -150            |
| <b>E</b>     | <b>Adjusted EBITDA</b>                                      | 12 293           | 28 879           | 17 372           | 33 958          |
| <b>(B/A)</b> | <b>Gross profit margin, %</b>                               | 68,2             | 66,9             | 69,3             | 68,4            |
| <b>(C/A)</b> | <b>EBIT margin, %</b>                                       | -3,8             | 4,6              | -3,4             | 2,9             |
| <b>(D/A)</b> | <b>EBITA margin, %</b>                                      | 1,6              | 9,2              | 2,0              | 7,6             |
| <b>(E/A)</b> | <b>EBITDA margin, %</b>                                     | 4,8              | 11,9             | 5,1              | 10,4            |
| <b>(F/A)</b> | <b>Adjusted EBITDA margin, %</b>                            | 4,8              | 11,9             | 5,1              | 10,4            |

**Return on equity, %**

|                |                               | 2022<br>Jan-Sept | 2021<br>Jan-Sept | R12M<br>Oct-Sept | 2021<br>Jan-Dec |
|----------------|-------------------------------|------------------|------------------|------------------|-----------------|
| <b>(A)</b>     | Net profit for the period     | -13 827          | 10 122           | -18 091          | 5 858           |
| <b>(B)</b>     | Opening equity for the period | 199 937          | 177 758          | 199 002          | 178 194         |
| <b>(C)</b>     | Closing equity for the period | 221 166          | 199 002          | 221 166          | 199 937         |
| <b>D</b>       | <b>Average equity</b>         | 210 551          | 188 380          | 210 084          | 189 065         |
| <b>(A)/(D)</b> | <b>Return on equity, %</b>    | -6,6             | 5,4              | -8,6             | 3,1             |

**Equity ratio, %**

|              |                        | 2022-09-30 | 2021-09-30 | 2022-09-30 | 2021-12-31 |
|--------------|------------------------|------------|------------|------------|------------|
| <b>(A)</b>   | Equity                 | 221 166    | 199 002    | 221 166    | 199 937    |
| <b>(B)</b>   | Balance sheet total    | 394 463    | 381 904    | 394 463    | 367 396    |
| <b>(A/B)</b> | <b>Equity ratio, %</b> | 56,1       | 52,1       | 56,1       | 54,4       |

**Net debt**

|            |                                    | 2022-09-30 | 2021-09-30 | 2022-09-30 | 2021-12-31 |
|------------|------------------------------------|------------|------------|------------|------------|
|            | Liabilities to credit institutions | 49 609     | 56 996     | 49 609     | 52 358     |
|            | Lease liabilities                  | 11 162     | 13 283     | 11 162     | 11 900     |
|            | Cash                               | -38 645    | -45 619    | -38 645    | -53 520    |
| <b>(A)</b> | <b>Net debt (-) receivable</b>     | 22 126     | 24 660     | 22 126     | 10 738     |

|                |  |  |  |     |     |
|----------------|--|--|--|-----|-----|
| <b>(A)/(E)</b> | <b>Net debt/adjusted EBITDA, multiple (rolling 12 m)</b> |  |  | 1,3 | 0,3 |
|----------------|--|--|--|-----|-----|