

Record quarter for TagMaster

October-December 2022

- Net sales increased during the fourth quarter by 25.2% to 104,6 MSEK (83,5). The currency adjusted growth amounted to 18,5 percent.
- Adjusted EBITDA increased during the fourth quarter by 189,0% to 14,7 MSEK (5,1), corresponding to an adjusted EBITDA margin by 14,0 % (6,1).
- Operating profit/loss was 2,6 MSEK (-1,7) which correspond to operating margin of 2,4% (-2,0).
- Profit/loss for the quarter was 38,0 MSEK (-4,3) of which 30,7 MSEK is an effect of valued previous years tax loss carry-forward.
- Result per share, basic and diluted was 2,59 (-0,29) SEK.
- Cash flow from operating activities for the period was 1,2 MSEK (13,7).

January-December 2022

- Net sales increased during the year by 9,7% to 358,6 MSEK (326,9). The currency adjusted growth amounted to 1,0 percent.
- Adjusted EBITDA decreased during the year by 20,6% to 27,0 MSEK (34,0), corresponding to an adjusted EBITDA margin by 7,5% (10,4).
- Operating profit/loss was -7,1 MSEK (9,6) which correspond to operating margin of -2,0% (2,9).
- Profit for the year was 24,2 MSEK (5,9) of which 30,7 MSEK is an effect of valued previous years tax loss carry-forward.
- Result per share, basic and diluted was 1,65 SEK (0,4).
- Cash flow from operating activities for the year was -6,7 MSEK (26,2).
- The Board does not propose dividends 2022.

Amounts in TSEK	2022 Oct-Dec	2021 Oct-Dec	2022 Full Year	2021 Full Year
Net sales	104 602	83 531	358 603	326 886
Net sales growth, %	25,2	23,2	9,7	14,1
Gross margin, %	68,5	72,7	68,3	68,4
Adjusted EBITDA	14 677	5 079	26 970	33 958
Adjusted EBITDA margin, %	14,0	6,1	7,5	10,4
Equity ratio, %	-	-	60,9	54,4
Cash flow from operating activities, MSEK	1,2	13,7	-6,7	26,2
Net debt/EBITDA, R12M	-	-	0,8	0,3
Number of employees at end of period	-	-	120	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

During the quarter, we experienced good demand for our solutions and sales for the quarter were record high. Sales increased by just over 18 percent compared to same period 2021 and the margin on adjusted EBITDA level of 14 percent is the highest we have achieved in a single quarter. Both Segment Europe and Segment USA show growth during the quarter.

TagMaster, like so many other technology companies, was affected during the quarter by a continued component shortage and by a capacity shortage at our main supplier. Through focused sourcing and great flexibility, we still manage to maintain high delivery power towards our customers, which contributes to our strong growth.

During the quarter, we were affected by cost increases for both electronic components and consumables. With price increases to customers and internal efficiency, we managed to reach an acceptable gross margin of 68.5 percent during the period, which is, however, lower than in the fourth quarter of 2021.

Considering the challenging purchasing situation and the deficiency of capacity in our outsourced production, we are very satisfied with the continued good gross margin. For the full year, we have the same gross margin as last year. It shows that our offer can withstand price increases without losing attractiveness.

During the third quarter, an efficiency program was initiated in France aimed at increasing organizational efficiency, simplified structure and reduce costs while continuing to invest in the development of industry-leading products and increased commercial capacity. These measures were executed during the fourth quarter and will result in annual cost savings of just over SEK 11 million with full effect from the second quarter 2023, and net approximately SEK 7 million after increased investments in sales. Among other things, the efficiency program has led to our latest acquisition, Citilog, reaching profitability during the fourth quarter. Associated non-recurring costs amounted to SEK 3.8 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. We also see that our investment in energy-saving sensor systems, where most of our solutions can be powered by solar energy, as well as the simplicity of the sensor systems, configuration via tablet or mobile, creates more business opportunities. Cost efficiency is also necessary to enable investments in technology leadership and strengthen our endurance and increased competitiveness.

The group's turnover during the fourth quarter amounted to SEK 104.6 million, which is an increase of 25.2 percent compared to the same period in 2021. The quarter's organic turnover change, with adjustment for exchange rate effects of SEK 5.6 million, amounted to SEK 15.5 million kronor corresponding to an increase of 18.5 percent. The Traffic Solutions business amounted to SEK 86.4 million, which is an increase of approximately 47 percent compared to the corresponding quarter in 2021. During the quarter, Traffic Solutions accounted for 83 percent of sales, while Rail Solutions accounted for 17 percent.

In the quarter, the gross margin was 68.5 percent with an adjusted EBITDA result of SEK 14.7 million, which corresponds to an adjusted EBITDA margin of 14 percent. The cash flow from current operations amounted to SEK 1.2 million and the group's solvency ratio was 60.9 percent at the end of the period.

The cash flow was affected negatively by changes in working capital linked to increases in stock and that a large part of the invoicing took place at the end of the quarter and that accounts receivable thus increased. Our stock increased during the quarter by approximately 3 percent as a result of our investment in 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 going forward.

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

April 28, 2023:	Interim report first quarter 2023
May 16, 2023:	Annual general meeting, Kista
July 14, 2023:	Interim report second quarter 2023
October 31, 2023:	Interim report third quarter 2023
February 2, 2024:	Earnings release 2023

Annual General Meeting 2023

The Board has decided that the Annual General Meeting will be held on May 16, 2023 in Kista. Invitation will be given in due course.

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

For further information contact:

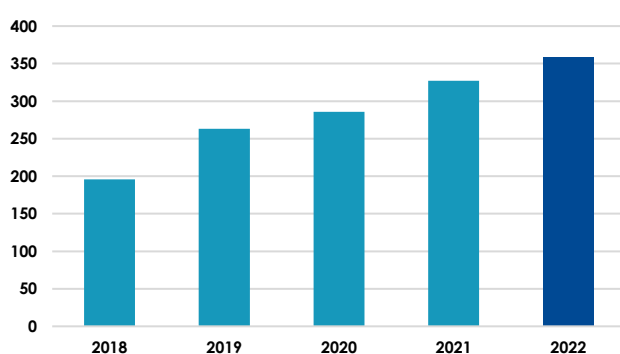
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This information is information that TagMaster AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 a.m. CET on February 2, 2023.

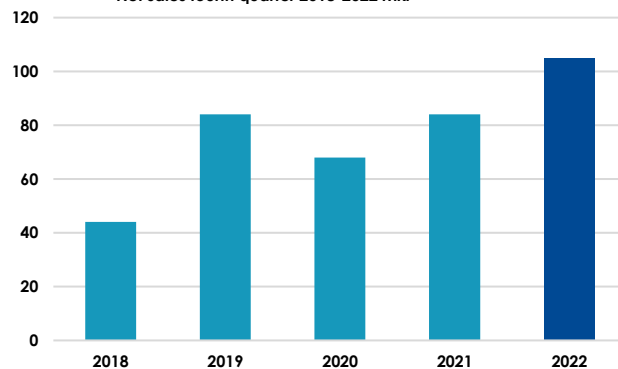
Summary result information

Amounts in TSEK	2022			2021		
	Oct-Dec	Oct-Dec	%	Full year	Full Year	%
Net sales	104 602	83 531	25,2	358 603	326 886	9,7
Other revenue	464	1 595	-70,9	3 532	9 382	-62,4
Gross profit	71 618	60 747	17,9	244 761	223 532	9,5
Gross margin, %	68,5	72,7	-	68,3	68,4	-
Operating expenses ¹	-61 210	-57 263	6,9	-225 130	-198 806	13,2
Adjusted EBITDA	14 677	5 079	189,0	26 970	33 958	-20,6
Adjusted EBITDA margin, %	14,0	6,1	-	7,5	10,4	-
Items affecting comparability	-3 806	0	-	-3 806	150	-
EBITDA	10 871	5 079	-	23 164	34 108	-32,1
EBITDA margin, %	10,4	6,1	-	6,5	10,4	-
Amortisation of other non-current intangible assets ²	-746	-796	-6,3	-2 932	-2 977	-1,5
Depreciation	-2 627	-1 771	48,3	-8 577	-6 342	35,2
EBITA	7 498	2 512	198,5	11 655	24 789	-53,0
EBITA margin, %	7,2	3,0	-	3,3	7,6	-

Net sales January-December 2018-2022 Mkr



Net sales fourth quarter 2018-2022 Mkr



Organic change, net sales

Amounts in TSEK	2022		2021		2022		2021	
	Oct-Dec	%	Oct-Dec	%	Jan-Dec	%	Jan-Dec	%
Net sales comparison period previous year	83 531		67 788		326 886		286 453	
Organic change	15 462	18,5	4 289	6,3	-8 783	-2,7	17 155	6,0
Change through acquisitions	-	-	10 089	14,9	12 066	3,7	33 965	11,9
Exchange rate change	5 609	6,7	1 366	2,0	28 434	8,7	-10 687	-3,7
Total change	21 071	25,2	15 743	23,2	31 717	9,7	40 433	14,1
Net sales	104 602		83 531		358 603		326 886	

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

¹ Other external expenses, Other operating expenses and Personnel expenses

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

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 56.8 million for the fourth quarter, which is an increase of 5.8 percent compared to the same period in 2021. The increase is explained by a better situation in our product flows and less production disruptions compared to the previous quarter.

The gross margin during the fourth quarter amounted to 72.6 percent, which is a decrease of 0.5 percentage points compared to the fourth quarter of 2021. During the quarter, the company continued to make component purchases via the spot market to maintain delivery capacity. The cost of this has affected the gross margin negatively by approximately 2.3 percentage points, corresponding to approximately SEK 1.3 million.

Adjusted EBITDA for the fourth quarter amounted to SEK 5.4 million, which corresponds to an adjusted EBITDA margin of 9.5 percent.

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

The previously announced efficiency program in France where we intend to increase organizational efficiency, simplified structure and reduce costs while continuing to develop industry-leading products and increase our commercial capacity has been executed in the fourth quarter. These measures will result in annual cost savings amounting to just over SEK 11 million with full effect in the second quarter 2023 and net approximately SEK 7 million after increased investments in sales. The measures have resulted in Citilog showing profitability during the fourth quarter. Associated non-recurring costs amounted to SEK 3.8 million.

During the quarter, Segment Europe received major orders for RFID systems for tram systems in Belgium, traffic systems for Scotland, access systems for ports in Nigeria and Incident Detection systems in Hong Kong.

With all European production gathered into one unit in Sweden, the various national companies get a more sales-oriented focus and when component prices stabilize, there are good opportunities to lower product costs. The purpose of the move of production is also to reduce transports and its impact on the environment.

During the quarter, TagMaster FR and Tagmaster UK have continued the project together with Citilog concerning tests of camera solutions for Counting & Classifying. With software solutions in 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. In addition to joint sales force for Citilog and Sensys Networks within Incident Management, the group utilizes Citilog's AI and Deep Learning competence to develop new industry-leading products and services within Infomobility.

During the quarter, the TagMaster company Citilog launched a new organization with a more sales-focused strategy, simplified business model and reduced risk profile.

Amounts in TSEK	2022 Oct-Dec	2021 Oct-Dec	Change, %	2022 Jan-Dec	2021 Jan-Dec	Change, %
Net Sales	56 829	53 722	5,8	200 347	203 535	-1,6
Gross profit	41 284	39 274	5,1	136 794	137 957	-0,8
Gross margin, %	72,6	73,1	-	68,3	67,8	-
Adjusted EBITDA	5 405	2 720	98,7	-1 040	14 194	-107,3
Adjusted EBITDA margin, %	9,5	5,1	-	-0,5	7,0	-
Number of employees at end of period	82	99	-17,2	-	-	-

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 VP sales and marketing, all reporting to the local president.

Business during the quarter

Sales for the USA segment for the fourth quarter amounted to SEK 47.8 million, which is an increase of 60.3 percent and 45.6 percent in local currency, compared to the fourth quarter of 2021. The gross margin during the quarter amounted to 63.5 percent, which is a decrease of 8.5 percentage points compared to the fourth quarter of 2021.

The lower gross margin is due to product and customer mix as well as more expensive components as more purchases are made on the spot market, but also to extra product warranty provisions linked to Covid-related quality problems at the former Mexican outsourcing partner. During the quarter, Segment USA has announced a price increase that will compensate for increased component prices, and the assessment is that these new prices will have full impact during the second quarter 2023.

Adjusted EBITDA for the fourth quarter amounted to SEK 7.1 million, which corresponds to an adjusted EBITDA margin of 14.9 percent.

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

During the quarter, Segment USA received major orders for detection systems for traffic lights in Saudi Arabia and the USA as well as adaptive traffic light systems for installation in Kazakhstan.

Traditional ground detection is characterized by accuracy, but cumbersome and time-consuming to install. The loops that are laid out 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 in detection accuracy, quick installation and minimal maintenance. The FlexMag Mini is the smallest sensor yet made to withstand extreme conditions and takes only between two and five minutes to install, which was highlighted during the quarter in articles in US industry magazines.

Sensys Networks has launched Citilog's automated incident detection solutions, based on AI and Deep Learning, to both existing customers and new prospective customers across the US with a focus on Highway Safety applications. The company's assessment is that this type of application will be allocated funding from the infrastructure package, which was passed at the end of 2021.

As all traffic detection equipment from Sensys Networks is now produced locally, it means 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).

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

Amounts in TSEK	2022 Oct-Dec	2021 Oct-Dec	Change, %	2022 Jan-Dec	2021 Jan-Dec	Change, %
Net Sales	47 772	29 809	60,3	158 256	123 350	28,3
Gross profit	30 333	21 474	41,3	107 968	85 575	26,2
Gross margin, %	63,5	72,0	-	68,2	69,4	-
Adjusted EBITDA	7 128	865	724,1	20 998	14 568	44,1
Adjusted EBITDA margin, %	14,9	2,9	-	13,3	11,8	-
Number of employees at end of period	38	38	0,0	-	-	-

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.

Consolidated net sales and earnings

October – December 2022

Net sales

Net sales for the quarter amounted to 104,6 (83,5) MSEK, which is an increase of 25,2 percent compared to the corresponding quarter previous year. The quarter's organic sales change, with an adjustment for exchange rate effects of 5,6 MSEK amounted to 15,5 MSEK. The increase is mainly explained by higher sales for the US Segment of 18,0 MSEK of which 4,4 MSEK is related to positive currency exchange effects.

Operating profit

Operating profit for the quarter was 2,6 (-1,7) MSEK, which is an increase of 4,3 MSEK compared to the corresponding quarter previous year. The increased operating profit, despite higher cost levels is explained by the increased net sales. The reduced gross margin, 68,5 percent compared to 72,7 percent, is mainly explained by increased costs for component purchases (spot costs) and extra costs for reconstruction, related to the component shortage, amounting to approximately 2 MSEK. Other factors that affected the margin negatively are the product and customer mix. The US Segment announced price increases have not taken full effect during the quarter. The increased amortisation is related to currency translations and additional amortisation related to the US Segment lease agreement.

Items affecting comparability

During the third quarter, an efficiency program was announced in France. The implementation of the program has resulted in additional personnel expenses of 3,8 MSEK, which were expensed during the fourth quarter.

Adjusted EBITDA

Adjusted EBITDA increased during the quarter to 14,7 (5,1) MSEK corresponding to a margin by 14,0% (6,1). The increased margin, as well as higher operating profit, is due to increased net sales related to the US Segment.

Financial items

Financial items for the quarter amounted to 0,4 (-1,1) MSEK. Financial expenses charged to the quarter are interest expenses on liabilities to credit institutions of -0,7 (-0,6) MSEK and exchange revaluations of these liabilities of 1,3 (-0,7) MSEK and exchange revaluations of loans to foreign subsidiaries at the amount of 0,2 (0,2) 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 34 990 (-1 454) TSEK of which 30 721 TSEK is an effect of valued previous year's tax loss carry-forward.

Profit for the period

Profit for the period amounted to 38,0 (-4,3) MSEK, of which 30,7 MSEK is an effect of valued previous year's tax loss carry-forward. Earnings per share before and after dilution amounted to 2,59 (-0,29) SEK.

January - December 2022

Net sales

Net sales for the full year amounted to 358,6 (326,9) MSEK, which is an increase of 9,7 percent compared to the corresponding period previous year. The full year organic sales change, with an adjustment for exchange rate effects of 28,4 MSEK and acquisitions of 12,1 MSEK amounted to -8,8 MSEK.

Operating profit/loss

Operating profit/loss for the full year period was -7,1 (9,6) MSEK, which is a decrease of 16,7 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, whose operating loss for the full year amounted to -10,6 (-9,5) MSEK. The gross margin for the full year for the group is in line with previous year. 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 that was included in the groups operating profit.

Exchange rate effects, additional depreciation of segment US leases and full year amortisation related to Citilog have resulted in higher amortisation compared to the corresponding period previous year. These circumstances together explain the reduced operating profit for the full year 2022.

Items affecting comparability

During the third quarter, an efficiency program was announced in France. The implementation of the program has resulted in additional personnel expenses of 3,8 MSEK, which were charged to the fourth quarter.

Adjusted EBITDA

Adjusted EBITDA decreased to 27,0 (34,0) MSEK, corresponding to a margin of 7,5% (10,4). The reduced margin is as for the lower operating profit, due to higher cost levels.

Financial items

Financial items for the full year amounted to -4,7 (-2,8) MSEK. Financial expenses charged to the year are interest expenses on liabilities to credit institutions of -2,2 (-2,3) MSEK. Exchange revaluations of these liabilities had an effect on the financial net of -3,7 (-3,0) 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 1,6 (2,4) MSEK.

The Group's interest rate swap has been revalued at fair value, which had an impact on the financial net for the year of 0,7 (0,4) MSEK.

Tax

Group's tax amounted to 35 971 (-889) TSEK of which 30 721 TSEK is an effect of valued previous year's loss carry-forward.

Profit for the year

Profit for the year amounted to 24,2 (5,9) MSEK of which 30,7 MSEK is an effect of valued previous year's tax loss carry-forward. Earnings per share before and after dilution amounted to 1,65 (0,40) SEK.

Post balance sheet events

No events that are to be regarded as material have occurred after the balance sheet date.

Consolidated balance sheet and cash flow

Liquidity and cash flow

The Group's available liquidity amounted to 67,7 (92,1) MSEK, of which overdraft facilities amounted to 31,5 (38,6) MSEK. The overdraft facility in SEK at the amount of 20,5 MSEK was utilized by 9,3 MSEK at the end of December 2022 and overdraft facility in USD at the amount of 2,0 MUSD was utilized by 0,6 MSEK at 31 December 2022.

At the end of the period cash and cash equivalents amounted to 36,2 (53,5) MSEK.

Cash flow October – December 2022

Cash flow from operating profit activities for the fourth quarter amounted to 1,2 (13,7) MSEK.

Cash flow from investing activities amounted to -0,5 (-0,1) MSEK and consist of investment in tangible assets.

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

Cash flow for the quarter amounted to -1,4 (6,7) MSEK.

Cash flow January – December 2022

Cash flow from operating profit activities for the full year amounted to -6,7 (26,2) MSEK.

Cash flow from investing activities amounted to -1,3 (-33,6) MSEK and consist of investment in tangible assets.

Cash flow from financing activities amounted to -15,0 (4,9) MSEK and are changes in overdraft facilities of 9,9 (-4,4) MSEK, amortization of loans of -17,9 (-13,2) MSEK and amortization of leasing liabilities of -7,0 (-5,2) MSEK.

Cash flow for the full year amounted to -23,0 (-2,4) MSEK.

Investments

During the fourth quarter investments in tangible and intangible fixed assets have been made with 0,5 (0,2) MSEK.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on December 31, 2022, was 109,2 (98,9) MSEK. Other intangible assets amounted to 64,9 (77,2) MSEK and relate to capitalized development expenditure of 24,9 (34,1) MSEK and customer relations of 32,8 (36,9) MSEK and trademark of 7,3 (6,3) MSEK. The decrease of 2,1 MSEK compared to carrying amount of goodwill on December 31, 2021 refers to amortization at the amount of -21,7 MSEK and translation differences of 19,6 MSEK.

Right-of-use assets and lease liabilities

The carrying amount of right-of-use assets (lease agreements for premises) amounted to 8,7 (11,6) MSEK. The corresponding leasing liabilities amounted to 9,0 (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.

Other non-current receivables

Other non-current receivables as of December 31, 2022 amounted to 6,1 (1,4) MSEK. The increase is explained by a reclassification of the french subsidiary Citiogs tax receivables (based on discontinued development costs) that are expected to be paid later than twelve months after the end of the reporting period.

Deferred tax assets

Deferred tax assets as of December 31, 2022 amounted to 41,5 (5,2) MSEK and mainly refers to tax loss carry-forward that for the most part has been assigned a value. During 2022 deferred tax assets related to tax loss carry forward for TagMaster UK and Sensys Networks Inc of 12,5 MSEK and 18,2 MSEK respectively been capitalised. The measurement of tax loss carry-forwards is based on estimates of future taxable income in the subsidiaries.

Inventories

Inventories as of December 31, 2022, amount to 50,8 (36,6). The increase of 14,2 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 December 31, 2022 amounted to 75,2 (62,7). The increase is explained by high sales during the last part of the quarter.

Liabilities to credit institutions

As of December 31, 2022, the Group's liabilities to credit institutions amounted to 48,2 (52,3) MSEK and consist of acquisition loans of 38,4 (52,3) MSEK and additional utilized overdraft facilities of 9,9 (0,0) MSEK. During the full year, the acquisition loan was repaid by 17,8 (13,2) MSEK. Other changes during the period are mainly currency revaluations of 3,7 MSEK.

Equity

Equity as of December 31, 2022, amounted to 252,2 (199,9) MSEK, corresponding to 17,22 (13,65) SEK per outstanding share. There were no outstanding stock options or convertible programs on December 31, 2022.

Financial position

The equity ratio amounted to 60,9 (54,4) percent on December 31, 2022, and equity to 252,2 (199,9) MSEK. Total assets on December 31, 2022, amounted to 413,9 (367,4) MSEK.

Parent Company

The operations of the parent company TagMaster AB are consistent with the operations of the group as a whole. Net sales for the full year amounted to 93,0 (85,0) MSEK, of which invoicing of intra-Group services amounted to 2,7 (3,2) MSEK. As of December 31, 2022, available liquidity amounted to 32,0 (44,1) MSEK, of which the overdraft credit amounts to 31,5 (38,6) MSEK. No significant investments have been made in intangible or tangible fixed assets.

Other information

Personnel

At the end of the period, the number of employees was 120 (137).

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 amounts 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. Throughout the year, the company has been adversely affected by capacity problems, due to equipment upgrades, which occurred at the company's main European supplier. These problems have eased during the fourth quarter and hopefully completely resolved during the first quarter of 2023. 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 has continued to focus on cost control and cash flow.

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 may lead to the sales of some of the company's products being negatively affected even in 2023.

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 company 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 not been reviewed by the company auditor.

Declaration

The Board of Directors and the CEO assure that the interim report provides a fair overview of the parent company's and the group's operations, position and results and describes significant risks and uncertainties that the parent company and the companies included in the group face.

Summary consolidated income statement

Amounts in TSEK	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Net sales	104 602	83 531	358 603	326 886
Other revenue	464	1 595	3 532	9 382
Change in inventories during manufacture and finished goods	1 633	-965	3 338	832
Goods for resale, raw materials and consumables	-34 617	-21 819	-117 180	-104 186
Other external expenses	-13 206	-15 489	-52 808	-51 458
Personnel expenses	-45 051	-41 338	-168 673	-145 887
Depreciation of property, plant and equipment and amortisation of intangible assets	-8 319	-6 752	-30 269	-24 538
Other operating expenses	-2 953	-436	-3 648	-1 461
Operating profit/loss	2 552	-1 673	-7 105	9 570
Financial net	439	-1 137	-4 712	-2 823
Profit/loss before tax	2 991	-2 809	-11 817	6 747
Tax	34 990	-1 454	35 971	-889
Profit for the period	37 981	-4 263	24 154	5 858
Net income attributable to:				
Shareholders in the Parent Company	37 981	-4 263	24 154	5 858
Earnings per share, SEK				
Basic earnings per share ¹	2,59	-0,29	1,65	0,40
Diluted earnings per share ¹	2,59	-0,29	1,65	0,40

Consolidated statement of other comprehensive income

Profit for the period	37 981	-4 263	24 154	5 858
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences when translating foreign operations	-7 868	4 595	27 188	15 718
<i>Items not to be reclassified to the income statement</i>				
Remeasurement of the net pension obligation	1 351	249	1 351	249
Tax on the above	-401	-82	-401	-82
Comprehensive income for the period	31 063	499	52 292	21 743
Comprehensive income attributable to:				
Shareholders in the Parent Company	31 063	499	52 292	21 743

¹Adjusted retroactively for the reversed split 1:25

Summary consolidated statement of financial position

Amounts in TSEK	2022-12-31	2021-12-31
ASSETS		
Non-current assets		
Intangible assets	174 106	176 178
Property, plant, and equipment	3 038	3 031
Right-of-use assets	8 656	11 605
Other non-current receivables	6 066	1 358
Deferred tax assets	41 513	5 192
	233 378	197 364
Current assets		
Inventories	50 753	36 570
Trade receivables	75 201	62 738
Other receivables	18 374	17 204
Cash and cash equivalents	36 223	53 520
	180 552	170 032
TOTAL ASSETS	413 930	367 396
SHAREHOLDERS' EQUITY		
Share capital	18 309	18 309
Other contributed capital	241 459	241 459
Translation reserve	22 307	-5 831
Retained earnings including profit for the period	-29 846	-54 000
	252 229	199 937
Non-current liabilities		
Liabilities to credit institutions	19 900	35 506
Deferred tax liabilities	2 702	2 815
Other provisions	11 002	16 246
Lease liabilities	1 825	6 296
Other non-current liabilities	4 779	11 361
	40 207	72 224
Current liabilities		
Trade payables	19 869	14 569
Current tax liabilities	240	2 541
Liabilities to credit institutions	28 382	16 852
Other provisions	4 495	2 378
Lease liabilities	7 173	5 604
Other liabilities	61 334	53 291
	121 493	95 235
TOTAL EQUITY AND LIABILITIES	413 930	367 396

Summary consolidated statement of changes in equity

Amounts in TSEK	2022-12-31	2021-12-31
Opening shareholders' equity	199 937	178 194
Profit for the period	24 154	5 858
Other comprehensive income	28 138	15 885
Closing shareholders' equity	252 229	199 937

Equity attributable to shareholders in the Parent Company.

Share Information

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

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

Summary consolidated statement of cash flows

Amounts in TSEK	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Operating activities				
Operating profit/loss	2 552	-1 673	-7 105	9 570
Adjustments for non-cash items	7 473	9 089	29 423	26 385
Interest paid	-900	-720	-2 988	-2 484
Interest received	0	0	0	69
Tax paid	0	0	-1 036	0
Tax received	0	0	0	0
Cash flow from operating activities before changes in working capital	9 125	6 696	18 294	33 540
Change in inventories	-2 371	3 362	-10 644	5 671
Change in operating receivables	-3 438	16 117	-12 017	427
Change in operating liabilities	-2 102	-12 431	-2 318	-13 393
Cash flow from operating activities	1 214	13 744	-6 685	26 245
Investing activities				
Acquisition of subsidiaries, less acquired cash and cash equivalents	-	-	-	-30 286
Conditional purchase considerations settlement	-	-	-	-2 008
Investments in property, plant and equipment	-506	-159	-1 376	-1 265
Net of paid-in and repaid deposits	96	17	96	-40
Cash flow from investing activities	-410	-142	-1 280	-33 599
Financing activities				
Borrowings	-	-	-	27 728
Repayment of loans	-4 764	-4 092	-17 870	-13 185
Change in bank overdraft facilities	4 744	-1 352	9 857	-4 400
Lease liabilities	-2 164	-1 495	-7 031	-5 197
Cash flow from financing activities	-2 184	-6 939	-15 044	4 946
Cash flow for the period	-1 380	6 663	-23 009	-2 408
Exchange rate differences in cash and cash equivalents	-1 042	1 238	5 712	4 142
Cash and cash equivalents at the beginning of the period	38 645	45 619	53 520	51 786
Cash and cash equivalents at the end of the period	36 223	53 520	36 223	53 520

Operating segment revenue and profit

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

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

1 January 2022 - 31 December 2022	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	200 347	158 256	-	-	358 603
Cross-segment transactions	1 542	8 869	-	-10 411	0
	201 889	167 125	-	- 10 411	358 603
Gross profit	136 794	107 968	-	-	244 761
Adjusted EBITDA	-1 040	20 998	7 012	-	26 970
Items affecting comparability	-3 806	0	-	-	-3 806
EBITDA	-4 846	20 998	7 012	-	23 164
Depreciations and amortizations	-13 310	-16 959	-	-	-30 269
Operating profit/loss	-18 156	4 039	7 012	-	-7 105

Other segment information

Gross margin, %	68,3	68,2	-	-	68,3
Adjusted EBITDA margin, %	-0,5	13,3	-	-	7,5
EBITDA margin, %	-2,4	13,3	-	-	6,5
Items affecting comparability:					
Restructuring expenses	-3 806	-	-	-	-3 806
Number of employees at the end of the period	82	38	-	-	120

1 January 2021 - 31 December 2021	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	203 535	123 350	-	-	326 886
	203 535	123 350	-	-	326 886
Gross profit	137 957	85 575	-	-	223 532
Adjusted EBITDA	14 194	14 568	5 196	-	33 959
Items affecting comparability	-2 078	2 689	-462	-	150
EBITDA	12 116	17 257	4 734	-	34 108
Depreciations and amortizations	-11 142	-13 396	-	-	-24 538
Operating profit/loss	974	3 861	4 734	-	9 570

Other segment information

Gross margin, %	67,8	69,4	-	-	68,4
Adjusted EBITDA margin, %	7,0	11,8	-	-	10,4
EBITDA margin, %	6,0	14,0	-	-	10,4
Items affecting comparability:					
Restructuring expenses	-2 078	-	-	-	-2 078
Acquisition-related expenses	-	-	-462	-	-462
Forgiven loan	-	6 891	-	-	6 891
Covid-related quality problems at sub-contractor	-	-4 202	-	-	-4 202
Number of employees at year-end	99	38	-	-	137

Summarized parent company income statement

Amounts in TSEK	2022 Jan-Dec	2021 Jan-Dec
Net sales ¹	92 990	84 975
Other operating income	2 051	845
	95 041	85 820
Goods for resale and consumables	-38 427	-29 230
Other external expenses	-23 259	-18 966
Personnel expenses	-26 235	-26 055
Depreciation of property, plant and equipment and amortisation of intangible assets	-106	-106
Other operating expenses	0	-301
Operating profit/loss	7 014	11 162
Financial expenses	-3 906	-1 661
Profit after financial items	3 108	9 501
Change in untaxed reserves	-815	-2 435
Tax on net profit for the year	-517	-1 487
Profit for the period²	1 776	5 579

1) Item includes intercompany services at the amount of 2 674 (3 183) TSEK

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

Summary parent company balance sheet

Amounts in TSEK	2022-12-31	2021-12-31
ASSETS		
Intangible assets	134	213
Property, plant, and equipment	36	65
Financial assets	287 599	287 601
Inventories	12 850	10 580
Trade receivables	12 496	15 358
Receivables from Group companies	18 281	18 696
Other receivables	5 774	5 155
Cash and bank balances	514	5 557
TOTAL ASSETS	337 684	343 225
EQUITY AND LIABILITIES		
Equity	262 540	260 765
Provisions	1 611	1 673
Untaxed reserves	4 864	4 049
Non-current liabilities to credit institutions	19 900	35 506
Current liabilities to credit institutions	28 382	16 852
Trade payables	8 307	6 565
Current tax liability	0	2 541
Liabilities to Group companies	92	461
Other liabilities	11 988	14 813
TOTAL EQUITY AND LIABILITIES	337 684	343 225

Notes to the financial statements

1. Accounting policies

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

The accounting policies and calculation methods 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 December 2022, the fair value, determined on the basis of level 2, of the group's interest swap amounts to 421 TSEK. Other financial assets and liabilities are valued at amortised cost.

6. Breakdown of revenue from contracts with customers

	1 January 2022 – 31 December 2022			1 January 2021 – 31 December 2021		
	TagMaster Europe	TagMaster USA	Total Group	TagMaster Europe	TagMaster USA	Total Group
Geographical region						
Sweden	3 068	-	3 068	3 129	-	3 129
EMEA	133 240	54 146	187 385	129 103	49 069	178 172
Asia Pacific	26 853	9 163	36 016	42 535	4 625	47 160
Americas	37 187	94 948	132 135	28 768	69 656	98 424
Total	200 347	158 256	358 604	203 535	123 350	326 886
Customer category						
Traffic Solutions	147 997	158 256	306 253	135 854	123 350	259 204
Rail Solutions	52 350	-	52 350	67 681	-	67 681
Total	200 347	158 256	358 603	203 535	123 350	326 886
Time of revenue recognition						
At a particular time	187 909	152 333	340 242	193 988	120 072	314 060
Over time	12 438	5 923	18 361	9 547	3 278	12 825
Total	200 347	158 256	358 603	203 535	123 350	326 886

7. Intangible non-current assets

	Goodwill	Goodwill associated with assets and liabilities	Capitalized development expenditure	Customer relationships	Trademarks	Total Group
At 1 January 2022						
Cost of acquisition, opening balance	89 818	9 081	75 016	57 330	6 331	237 576
Accumulated amortization	-	-	-40 944	-20 454	-	-61 398
Carrying amount	89 818	9 081	34 072	36 876	6 331	176 178
1 January-31 December 2022						
Carrying amount, opening balance	89 818	9 081	34 072	36 876	6 331	176 178
Amortization for the period	-	-	-12 367	-9 325	-	-21 692
Translation difference for the period	9 468	800	3 168	5 208	975	19 619
Carrying amount	99 286	9 881	24 873	32 759	7 306	174 106
At 31 December 2022						
Cost	99 286	9 881	78 184	65 961	7 306	260 618
Accumulated amortization	-	-	-53 311	-33 202	-	-86 513
Carrying amount	99 286	9 881	24 873	32 759	7 306	174 106

Group key ratios

Result, amounts in TSEK	2022 Oct-Dec	2022 July-Sept	2022 April-June	2022 Jan-Mars	2021 Oct-Dec	Full Year 2022	Full Year 2021
Net sales	104 602	86 543	87 945	79 513	83 531	358 603	326 886
Net sales growth, %	25,2	8,2	-1,1	6,9	23,2	9,7	14,1
Organic net sales change, %	18,5	0,4	-10,2	-11,5	6,3	-2,7	6,0
Gross profit	71 618	58 490	61 954	52 700	60 747	244 761	223 532
Gross margin, %	68,5	67,6	70,4	66,3	72,7	68,3	68,4
Adjusted EBITDA	14 677	5 215	8 012	-935	5 079	26 970	33 958
Adjusted EBITDA margin, %	14,0	6,0	9,1	-1,2	6,1	7,5	10,4
EBITDA	10 871	5 215	8 012	-935	5 079	23 164	34 108
EBITDA margin, %	10,4	6,0	9,1	-1,2	6,1	6,5	10,4
EBITA	7 498	2 250	5 417	-3 510	2 512	11 655	24 789
EBITA margin %	7,2	2,6	6,2	-4,4	3,0	3,3	7,6
Operating profit	2 552	-2 619	854	-7 892	-1 673	-7 105	9 570
Operating margin, %	2,4	-3,0	1,0	-9,9	-2,0	-2,0	2,9
Profit/loss before tax	2 991	-4 808	-1 391	-8 609	-2 809	-11 817	6 747
Net profit for the period	37 981	-4 521	-692	-8 614	-4 263	24 154	5 858
Earnings per share before dilution, SEK ¹	2,59	-0,31	-0,05	-0,59	-0,29	1,65	0,40
Earnings per share after dilution, SEK ¹	2,59	-0,31	-0,05	-0,59	-0,29	1,65	0,40

Financial position, amounts in TSEK

Equity	252 229	221 166	210 971	195 362	199 937	252 229	199 937
Average equity	236 697	216 068	203 166	197 650	199 470	226 083	189 065
Equity ratio, %	60,9	56,1	55,1	53,0	54,4	60,9	54,4
Net debt (-) receivable	21 057	22 126	2 092	13 574	10 738	21 057	10 738
Return on equity	16,0	-2,1	-0,3	-4,4	-2,1	10,7	3,1

Share data

Net sales per share, SEK ¹	7,14	5,91	6,00	5,43	5,70	24,48	22,32
Equity per share, SEK ¹	17,22	15,10	14,40	13,34	13,65	17,22	13,65
Market price on closing day, SEK	10,95	14,45	16,50	18,40	24,90	10,95	24,90
Recalculated market price on closing day, SEK ¹	10,95	14,45	16,50	18,40	24,90	10,95	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 ¹²	14 648	14 648	14 648	14 648	14 648	14 648	14 648

Personnel information, amounts in TSEK

Sales per employee	850	690	682	591	605	2 824	2 254
Average number of employees	123	126	129	135	137	127	145
Number of employees at end of period	120	125	126	132	137	120	137

¹Adjusted retroactively for the reversed split 1:25

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

Key ratios	Definition/calculation	Purpose
Gross profit	Net sales minus costs of goods and services sold.	The key ratio is used in other calculations.
Gross margin	Net sales less costs of goods and services sold (gross profit) as a percentage of net sales.	The gross margin is used to measure production profitability.
Operating margin	Operating profit (EBIT) after depreciation, amortization and impairments as a percentage of net sales.	Operating margin is used to measure operating profitability.
EBITDA	Operating profit (EBIT) before depreciation, amortization and impairments.	EBITDA together with EBIT provides an overall picture of profit generated from operating activities.
Items affecting comparability	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 items affecting comparability	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	2021	2022	2021
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
A	Net sales	104 602	83 531	358 603	326 886
	Change in inventories during manufacture and finished goods	1 633	-965	3 338	832
	Goods for resale, raw materials and consumables	-34 617	-21 819	-117 180	-104 186
B	Gross profit	71 618	60 747	244 761	223 532
C	Operating profit (EBIT)	2 552	-1 673	-7 105	9 570
	Amortisation of intangible assets related to acquisitions	-4 946	-4 185	-18 760	-15 219
D	EBITA	7 498	2 512	11 655	24 789
	Depreciation of other intangible assets	-746	-796	-2 932	-2 977
	Depreciation of property, plant and equipment	-2 627	-1 771	-8 577	-6 342
E	EBITDA	10 871	5 079	23 164	34 108
	Items affecting comparability	3 806	0	3 806	-150
E	Adjusted EBITDA	14 677	5 079	26 970	33 958
(B/A)	Gross profit margin, %	68,5	72,7	68,3	68,4
(C/A)	EBIT margin, %	2,4	-2,0	-2,0	2,9
(D/A)	EBITA margin, %	7,2	3,0	3,3	7,6
(E/A)	EBITDA margin, %	10,4	6,1	6,5	10,4
(F/A)	Adjusted EBITDA margin, %	14,0	6,1	7,5	10,4

Return on equity, %

		2022	2021	2022	2021
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
(A)	Net profit for the period	37 981	-4 263	24 154	5 858
(B)	Opening equity for the period	221 166	199 002	199 937	178 194
(C)	Closing equity for the period	252 229	199 937	252 229	199 937
D	Average equity	236 697	199 470	226 083	189 065
(A)/(D)	Return on equity, %	16,0	-2,1	10,7	3,1

Equity ratio, %

		2022-12-31	2021-12-31
(A)	Equity	252 229	199 937
(B)	Balance sheet total	413 930	367 396
(A/B)	Equity ratio, %	60,9	54,4

Net debt

		2022-12-31	2021-12-31
	Liabilities to credit institutions	48 282	52 358
	Lease liabilities	8 998	11 900
	Cash	36 223	-53 520
(A)	Net debt (-) receivable	21 057	10 738
(A)/(E)	Net debt/adjusted EBITDA, multiple (rolling 12 m)	0,8	0,3