

Record high gross margin and strong development for Traffic Solutions segment Europe

July-September 2023

- Net sales increased during the quarter by 0,4 % to 86,9 MSEK (86,5). The organic and currency adjusted growth amounted to -4,1 %.
- Adjusted EBITDA increased during the quarter by 110,5 % and amounted to 11,0 MSEK (5,2) corresponding to an adjusted EBITDA margin by 12,6 % (6,0).
- Operating profit was 0,2 MSEK (-2,6), corresponding to an operating margin of 0,3 % (-3,0).
- Profit/loss for the quarter was 0,2 MSEK (-4,5).
- Result per share basic and diluted was 0,01 SEK (-0,31).
- Cash flow from operating activities for the period was 4,1 MSEK (-16,6).
- On August 31st TagMaster, through its US subsidiary Sensys Networks, acquired the radar division (RTMS) from Image Sensing Systems (ISS). The purchase price was 4,8 MUSD (51,5 MSEK).

January-September 2023

- Net sales increased during the nine-month period by 10,0 % to 279,5 MSEK (254,0). The organic and currency adjusted growth amounted to 3,8 %.
- Adjusted EBITDA increased during the period by 180,7 % and amounted to 34,5 MSEK (12,3) corresponding to an adjusted EBITDA margin by 12,3 % (4,8).
- Operating profit/loss was 8,0 MSEK (-9,7), corresponding to an operating margin of 2,8 % (-3,8).
- Profit/loss for the period was 6,8 MSEK (-13,8).
- Result per share basic and diluted was 0,47 SEK (-0,94).
- Cash flow from operating activities for the period was 25,1 MSEK (-7,9).

Amounts in TSEK	2023 July-Sept	2022 July-Sept	2023 Jan-Sept	2022 Jan-Sept	R12M Oct-Sept	2022 Full Year
Net sales	86 896	86 543	279 451	254 002	384 053	358 603
Net sales growth, %	0,4	8,2	10,0	4,4	13,8	9,7
Gross margin, %	73,1	67,6	71,6	68,2	70,8	68,3
Adjusted EBITDA	10 979	5 215	34 512	12 293	49 189	26 970
Adjusted EBITDA margin, %	12,6	6,0	12,3	4,8	12,8	7,5
Equity ratio, %	59,9	56,1	-	-	-	60,9
Cash flow from operating activities, MSEK	4,1	-16,6	25,1	-7,9	26,3	-6,7
Net debt/EBITDA, R12M	-	-	-	-	1,0	0,8
Number of employees at end of period	118	125	-	-	-	120

For description and reconciliation of key figures, see pages 22 - 23.

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 and US 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 third quarter, we received further evidence that our strategic investment in the Traffic Solutions area is the right way to go. Revenue for Traffic Solutions increased by approximately 7 percent compared to the same period last year and accounted for 90 percent of the group's total revenue. To further increase the pace, we completed an acquisition within Traffic Solutions during the quarter, when our American operations acquired the radar business from Image Sensing Systems (ISS).

The good development for Traffic Solution was achieved despite that a couple of major customer projects within Segment USA were postponed until 2024. Despite this, the delivered a record high gross margin during the quarter combined with good cost control which gave a doubled result compared to the third quarter of 2022.

One reason for the good development is that the availability of materials has improved during the quarter and that lead times for critical electronic components are decreasing, which improves our delivery capability. However, prices are still at high levels.

Our growth strategy within Traffic Solutions consists partly of organic growth, partly through carefully selected acquisitions according to a model where we prioritize certain selected technology areas. During the quarter, we acquired the radar business from Image Sensing Systems (ISS) via an asset purchase where we obtain all assets related to the ISS radar division.

Through the acquisition, we strengthen our American operations' offering by being able to offer both sensor solutions for ground installation and a series of high-performance radar-based sensor solutions for installation above ground. We will therefore be better positioned to meet the growing demand for multi-sensor solutions. We see great potential in continuing to develop both the products and sales in the US market, also through our global partner network outside the US.

During the quarter, we continued to invest in the group's joint sales organization and with the work to further integrate our operations. By building ONE TagMaster, we simplify and speed up processes with the aim of being able to better scale up our commercial offer within our various sales units. In concrete terms, it is about integrating CRM systems and our marketing, developing our sales effort and spending more time with our prospective and existing customers both digitally and physically.

The group's turnover during the third quarter amounted to SEK 86.9 million, which is an increase of 0.4 percent compared to the same period in 2022. The quarter's organic turnover change, with adjustment for exchange rate effects and acquisitions, amounted to SEK -3.6 million, corresponding to a decrease of 4.1 percent. The Traffic Solutions business amounted to SEK 78 million, which is an increase of approximately 7 percent compared to the corresponding quarter last year. During the quarter, Traffic Solutions accounted for 90 percent of sales, while Rail Solutions accounted for 10 percent. The positive development for our Traffic Solution business underlines our strategic focus to invest further organically and via acquisitions.

The gross margin at group level landed at 73.1 percent with an adjusted EBITDA result of SEK 11.0 million, which corresponds to an adjusted EBITDA margin of 12.6 percent. The improved gross margin is driven by a combination of a favorable currency situation, implemented price adjustments and efficiency in our supply chain. Cash flow from current operations amounted to SEK 4.1 million and the group's equity ratio was 59.9 percent at the end of the period.

Our stock has decreased sequentially somewhat during the quarter, but including the acquisition of ISS radar operations, it has increased by approximately 37 percent. Accounts receivable have marginally decreased during the quarter and are at a lower level compared to the same period in 2022. 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 to make TagMaster a stronger and more resilient company while aiming for a higher growth curve.

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

February 2, 2024:	Earnings release 2023
Week 13 2024:	Annual Report 2023 available on web site
May 2, 2024:	Annual general meeting, Kista
April 25, 2024:	Interim report first quarter 2024
July 12, 2024:	Interim report second quarter 2024
October 23, 2024:	Interim report third quarter 2024
February 5, 2025:	Earnings release 2024

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

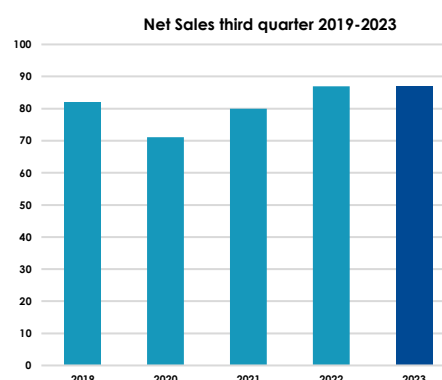
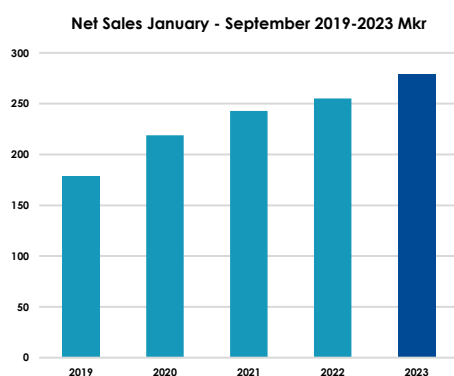
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Summary result information

Amounts in TSEK	2023	2022	%	R 12M	2022	%
	July-Sept	July-Sept		Oct-Sept	Full Year	
Net sales	86 896	86 543	0,4	384 052	358 603	7,1
Other revenue	738	796	-7,2	3 068	3 532	-13,1
Gross profit	63 547	58 490	8,6	271 824	244 761	11,1
Gross margin, %	73,1	67,6	-	70,8	68,3	-
Operating expenses ¹	-55 551	-54 070	2,7	-231 753	-225 130	2,9
Adjusted EBITDA	10 979	5 215	110,5	49 189	26 970	82,4
Adjusted EBITDA margin, %	12,6	6,0	-	12,8	7,5	-
Non-recurring items	-2 245	-	-	-6 051	-3 806	-
EBITDA	8 734	5 215	67,5	43 138	23 164	86,2
EBITDA margin, %	10,1	6,0	-	11,2	6,5	-
Amortisation of other non-current intangible assets	-627	-683	-8,2	-2 572	-2 932	-12,3
Depreciation	-2 558	-2 283	12,0	-9 984	-8 577	16,4
EBITA	5 549	2 250	146,6	30 582	11 655	162,4
EBITA margin, %	6,4	2,6	-	8,0	3,3	-



Organic change, net sales

Amounts in TSEK	2023	%	2022	%	2023	%	2022	%
	July-Sept		July-Sept		Jan-Sept		Jan-Sept	
Net sales comparison period previous year	86 543		80 017		254 002		243 354	
Organic change	-3 550	-4,1	358	0,4	9 781	3,8	-21 260	-8,7
Change through acquisitions	1 514	1,7	-	-	1 514	0,6	12 066	5,0
Exchange rate change	2 389	2,8	6 168	7,7	14 155	5,6	19 842	8,2
Total change	353	0,4	6 526	8,2	25 450	10,0	10 648	4,4
Net sales	86 896		86 543		279 451		254 002	

For description and reconciliation of key figures, see pages 22-23.

¹ Personnel expenses, other external expenses and other operating expenses

² Amortisation 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 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 during the quarter

Sales for segment Europe for the third quarter amounted to SEK 52.9 million, which is an increase of 33.8 percent and 29.7 percent in local currency, compared to the third quarter of 2022. The increase is explained by good demand, better availability of components and less production disruptions compared to the third quarter of 2022.

The gross margin amounted to 72.4 percent, which is an increase of 4.2 percentage points compared to the third quarter of 2022. During the quarter, the company's component purchases via the spot market have decreased significantly and the lead times for most of electronic components are decreasing.

Adjusted EBITDA for the third quarter amounted to SEK 7.6 million, which corresponds to an adjusted EBITDA margin of 14.3 percent.

Traffic Solutions accounted for 84 percent of sales in the segment, while Rail Solutions accounted for 16 percent.

The French subsidiary Citilog, which was acquired in 2021, showed continued growth and good profitability during the third quarter and contributes positively to both the gross margin and the EBITDA margin. The joint sales force of Citilog and US group colleague Sensys Networks is developing well and now covers most of the important geographies outside the US.

During the quarter, Citilog has, among other things, received an order to deliver its AI- and Deep Learning-controlled video-based solution for automatic incident management to the ongoing infrastructure project Förbifart Stockholm. The system must handle at least 450 tunnel cameras and be delivered in the years 2023 to 2027.

Segment Europe during the quarter received major orders for RFID systems for train projects in France, for tram systems in South Korea, police systems in Cheshire UK, access systems for airports in Saudi Arabia and Incident Detection systems in Australia.

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

TagMaster's investment in active travel (cycling and pedestrian traffic) within the Infomobility application area continues both on the product development side and in marketing. During the quarter, among other things, CityRadar, which counts bicycles and pedestrians, was delivered to the Estonian Traffic Authority for a first project. TagMaster assesses that most of markets in Europe will expand their infrastructure investments for this type of urban traffic. It opens for new business opportunities for the TagMaster's new counting & classifying products in both Great Britain, France and the rest of Europe.

Amounts in TSEK	2023 July-Sept	2022 July-Sept	Change, %	2023 Jan-Sept	2022 Jan-Sept	Change, %
Net Sales	52 879	39 525	33,8	176 288	143 518	22,8
Gross profit	38 309	26 943	42,2	124 666	95 509	30,5
Gross margin, %	72,4	68,2	-	70,7	66,5	-
Adjusted EBITDA	7 581	-4 826	-	26 246	-6 444	-
Adjusted EBITDA margin, %	14,3	-12,2	-	14,9	-4,5	-
Number of employees at end of period	79	88	-10,2	-	-	-

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 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 third quarter amounted to SEK 34.0 million, which is a decrease of 27.7 percent and -32.6 percent in local currency, compared to the third quarter of 2022. During the quarter, volumes were negatively affected due to a couple major customer projects postponed until 2024.

The gross margin amounted to 74.2 percent, which is an increase of 7.1 percentage points compared to the third quarter of 2022. The higher margin is due to changes in product and customer mix as well as stabilized purchase prices for components. Previously announced price adjustments, which are to compensate for increased component prices, are also deemed to have had a full impact during the quarter.

Adjusted EBITDA for the third quarter amounted to SEK 1.2 million, which corresponds to an adjusted EBITDA margin of 3.6 percent.

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

During the quarter, segment USA acquired the radar business from the American company Image Sensing Systems (ISS). The addition of ISS radar operations (RTMS) to Sensys Networks' current product and service offering represents an important step in Sensys Networks' continued focus on growth in the US market. With the current acquisition, Sensys Networks will be better positioned to meet the growing demand for multi-sensor solutions. The acquisition adds, in addition to industry-leading products, solid competence in sales and a strong expansion of the distribution network in the USA. The radar products have also been sold in smaller volumes outside the USA, including by TagMaster in France, and the intention is to utilize the TagMaster group's partner network to significantly increase volumes outside the USA in the medium term.

Segment USA, during the quarter, received major orders for detection systems for traffic light detection in Saudi Arabia, adaptive traffic light systems in South Africa and Canada, and several systems in the US such as in Michigan, Indiana and Colorado. Detection systems for red light enforcement have also been sold to several partners in the USA.

During the quarter, the launch of the new wireless sensors, FlexMag mini sensor, continued. With the FlexMag Mini, road operators can get accurate detection for any application with minimal lane closures while 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.

The fact that Sensys Networks now produces locally in the USA 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). The combination of infrastructure investments and an investment in a greener transport flow opens for new business opportunities for Sensys Networks in the American market.

Amounts in TSEK	2023 July-Sept	2022 July-Sept	Change, %	2023 Jan-Sept	2022 Jan-Sept	Change, %
Net Sales	34 017	47 017	-27,7	103 163	110 484	-6,6
Gross profit	25 238	31 547	-20,0	75 540	77 634	-2,7
Gross margin, %	74,2	67,1	-	73,2	70,3	-
Adjusted EBITDA	1 227	8 167	-85,0	2 214	13 870	-84,0
Adjusted EBITDA margin, %	3,6	17,4	-	2,1	12,6	-
Number of employees at end of period	39	37	5,4	-	-	-

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

July–September 2023

Net sales

Net sales for the quarter amounted to 86,9 (86,5) MSEK, which is an increase of 0,4 percent compared to the corresponding quarter previous year. The quarter's organic sales change, with an adjustment for exchange rate effects of 2,4 MSEK and change through acquisition of 1,5 MSEK, amounted to -3,6 MSEK. The organic decrease in net sales was attributable to the group's American segment, whose turnover decreased by 13,0 MSEK of which 0,8 MSEK was made up of positive exchange rate effects and 1,5 MSEK in additional turnover through acquisitions. The European segment's organic net sales increase amounted to 11,8 MSEK.

Operating profit

Operating profit for the quarter was 0,2 MSEK (-2,6), which is an increase of 2,8 MSEK compared to the corresponding quarter previous year. The increased operating profit, despite higher cost levels, is explained by the higher gross margin. The gross margin for the quarter was 73,1 percent comparable to 67,6 percent for the corresponding quarter previous year. The increase is mainly explained by changes in the product and customer mix. Adjusted for currency exchange effects, the Group's operating expenses, Other external expenses and Personnel expenses, for the quarter were consistent with the corresponding quarter previous year. Operating expenses amounted to 55,2 MSEK (53,5) and the cost level has mainly been affected by the weakening of the Swedish krona against, to the most part, EUR and USD.

Adjusted EBITDA

Adjusted EBITDA increased during the quarter to 11,0 (5,2) MSEK corresponding to a margin of 12,6 percent (6,0). The increased margin is due to the higher gross profit margin.

Financial items

Financial items for the quarter amounted to -0,9 (-2,2) MSEK. Financial expenses charged to the quarter were interest expenses on liabilities to credit institutions of -1,0 (-0,5) MSEK and exchange revaluations of these liabilities of -0,2 (-1,9) MSEK and exchange revaluations of loans to foreign subsidiaries at the amount of 0,2 (0,3) MSEK.

Tax

Group's tax amounted to 0,9 (0,3) MSEK, which was an effect of changes in temporary differences, tax revenue based on the French subsidiary Citilog's development expenditure incurred, and estimated tax on the parent company's result amounting to 0,7 MSEK.

Profit for the period

Profit/loss for the period amounted to 0,2 (-4,5) MSEK. Earnings per share before and after dilution amounted to 0,01 (-0,31) SEK.

January–September 2023

Net sales

Net sales for the nine-month period amounted to 279,5 (254,0) MSEK, which is an increase of 10,0 percent compared to the corresponding period previous year. The period's organic sales change, with an adjustment for exchange rate effects of 14,2 MSEK and change through acquisition of 1,5 MSEK, amounted to 9,8 MSEK.

Operating profit/loss

Operating profit/loss for the period was 8,0 MSEK (-9,7), which is an increase of 17,7 MSEK compared to the corresponding period previous year. The increased operating profit, despite higher cost levels, is explained by the increased net sales and higher gross margin. The gross margin for the nine-month period was 71,6 percent comparable to 68,2 percent for the corresponding period previous year. The increase is mainly explained by changes in the product and customer mix. Adjusted for currency exchange effects, the Group's operating expenses, Other external expenses and Personnel expenses, for the period were consistent with the corresponding period previous year. Operating expenses amounted to 170,0 MSEK (163,2) and the cost level has mainly been affected by the weakening of the Swedish krona against, to the most part, EUR and USD.

Adjusted EBITDA

Adjusted EBITDA decreased to 34,5 (12,3) MSEK, corresponding to a margin of 12,3 % (4,8). The increased adjusted ebitda margin is derived from increased turnover with a higher gross margin.

Financial items

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

During the second quarter the Group's interest rate swap has been closed which resulted in an interest income of 330 TSEK.

Tax

Group's tax amounted to 2,0 (1,0) MSEK. The tax expense for the period is attributable to estimated corporate tax on the parent company's result of 2,3 MSEK, changes in temporary differences and tax revenue based on the French subsidiary Citilog's development expenditure incurred.

Profit for the period

Profit/loss for the period amounted to 6,8 (-) M13,8SEK. Earnings per share before and after dilution amounted to 0,47 (-0,94) 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.

Consolidated balance sheet and cash flow

Liquidity and cash flow

The Group's available liquidity on 30 September 2023 amounted to 59,7 (67,7) MSEK, of which overdraft facilities amounted to 37,1 (31,5) MSEK. The overdraft facility in SEK at the amount of 20,5 MSEK was utilized by 5,1 (9,3) MSEK at the end of September 2023 and the overdraft facility in USD at the amount of 2,0 MUSD was unutilized on 30 September 2023.

At the end of the period cash and cash equivalents amounted to 22,6 (36,2) MSEK.

Cash flow July-September 2023

Cash flow from operating profit activities for the third quarter amounted to 4,1 (-16,6) MSEK. Where of 1,4 MSEK referred to a payment of tax revenue based on the French subsidiary Citilog's development expenditure incurred.

Cash flow from investing activities amounted to -51,9 (-0,1) MSEK, where of -51,5 was related to the RTMS acquisition.

Cash flow from financing activities amounted to 24,2 (-1,4) MSEK. 37,7 MSEK (36,6 MSEK after reductions of financing costs) refers to the loan raised to finance the acquisition of RTMS, changes in overdraft facilities of -5,4 (5,1) MSEK, amortization of loans of -4,7 (-4,5) MSEK and amortization of leasing liabilities of -2,2 (-2,0) MSEK.

Cash flow for the quarter amounted to -23,6 (-18,0) MSEK.

Cash flow January-September 2023

Cash flow from operating profit activities for the nine-month period amounted to 25,1 (-7,9) MSEK. The positive cash flow from operating activities is mainly explained by the decrease in accounts receivable.

Cash flow from investing activities amounted to 51,5 (-0,9) MSEK, where of -51,5 was related to the RTMS acquisition.

Cash flow from financing activities amounted to -11,7 (-12,9) MSEK. 37,7 MSEK (36,6 MSEK after reductions of financing costs) refers to the loan raised to finance the acquisition of RTMS, changes in overdraft facilities of -4,7 (5,1) MSEK, amortization of loans of -14,0 (-13,1) MSEK and amortization of leasing liabilities of -6,1 (-4,9) MSEK.

Cash flow for the nine-month period amounted to -14,6 (-21,6) MSEK.

Investments

During the nine-month period investments in tangible fixed assets were made with 0,8 (0,9) MSEK. No investments in intangible fixed assets have been made. The increase is in its entirety related to the acquisition of RTMS, see note 7 for details.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on September 30, 2023, was 120,6 (109,2) MSEK. Other intangible assets amounted to 73,9 (64,9) MSEK and relate to capitalized development expenditure of 24,2 (24,8) MSEK and customer relations of 39,7 (32,8) MSEK and trademark of 10,1 (7,3) MSEK. The increase of 20,5 MSEK compared to carrying amount of goodwill on December 31, 2022, referred to amortisation at the amount of -16,9 MSEK, translation differences of 6,8 MSEK and 30,6 MSEK related to the US subsidiary's Sensys Networks acquisition of the radar division, RTMS, from Image Sensing Systems (ISS). For details concerning the acquisition and other changes in Intangible assets, see page 11 Business combinations and note 7 Intangible assets.

Right-of-use assets and lease liabilities

The carrying amount of right-of-use assets (lease agreements for premises) amounted to 5,6 (8,7) MSEK. The corresponding leasing liabilities amounted to 6,1 (9,0) MSEK.

The cost of short-term leases for the nine-month period year amounted to 2,3 (2,5) MSEK.

Other non-current receivables

Other non-current receivables as of September 30, 2023, amounted to 3,5 (6,1) MSEK and consisted to the most part 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 September 30, 2023, amounted to 47,8 (41,5) MSEK and mainly referred tax losses carry-forward that have been assigned a value.

Inventories

Inventories as of September 30, 2023, amounted to 91,1 (50,8) MSEK. Additional inventories related to the acquisition of RTMS amounted to 24,5 MSEK. The remaining increase compared to December 31, 2022, was a result of the structured purchases made to mitigate the imbalances in the supply chain caused by the component shortage.

Accounts receivable

Accounts receivable as of September 30, 2023, amounted to 64,6 (75,2) MSEK. The accounts receivable related to the high sales during the last part of 2022 were settled during the first quarter resulting in a decrease to normalized levels.

Liabilities to credit institutions

As of September 30, 2023, the Group's liabilities to credit institutions amounted to 67,1 (48,2) MSEK and consist of acquisition loans of 62,0 (38,4) MSEK and additional utilized overdraft facilities of 5,1 (9,9) MSEK. During the nine-month period, the acquisition loan was repaid by 14,0 (13,1) MSEK. As part of the financing of Sensys Networks' acquisition of RTMS, the acquisition loan has been increased by 37,7 MSEK (3,5 MUSD). The term of the extended loan facility is four years with first amortization on September 30, 2024. The interest rate for the extended loan facility amounts to SOFR plus a margin of between 2,4 and 3,3 percentage points depending on net debt divided by consolidated EBITDA. Other changes during the period were currency revaluations and changes in cash overdraft facilities.

Equity

Equity as of September 30, 2023, amounted to 269,8 (252,2) MSEK, corresponding to 18,42 (17,22) SEK per outstanding share. There were no outstanding stock options or convertible programs on September 30, 2023.

Financial position

The equity ratio amounted to 59,9 (60,9) percent on September 30, 2023, and equity to 269,8 (252,2) MSEK. Total assets on September 30, 2023, amounted to 450,4 (413,9) MSEK.

Comparative figures regarding the balance sheet relate to 2022-12-31. For the cash flow and income statement, comparative figures refer to 2022-09-30.

Business combinations

On August 31st TagMaster, through its US subsidiary Sensys Networks, acquired the radar division (RTMS) from Image Sensing Systems (ISS). The purchase price was 51,5 MSEK (4,8 MUSD) on a debt and cash free basis.

The addition of radar operations to Sensys Networks' product and service offering represents a step in the group's focus on growth in the American market.

The entire consideration has been transferred in cash and cash equivalents and the transaction was funded through a combination of new debt facilities and cash at hand. Acquisition-related expenses of 2,2 MSEK have been recognized as other expenses in the income statement.

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

Fair value	TSEK
<i>Non-current assets</i>	
Capitalised development expenditure	7 857
Customer relationships	13 239
Trademark	2 476
Equipment	560
<i>Current assets</i>	
Inventories	22 204
<i>Non-current liabilities</i>	
Other provisions	-1 890
Identifiable assets and liabilities, net	44 446
Transferred remuneration	51 464
Goodwill	7 018

Net cash flow related to acquisition of Citilog SAS

Transferred remuneration	51 464
Net cash flow	51 464

Note that the purchase price allocation above is preliminary and can be subject to changes. Goodwill arose on the acquisition, as the transferred remuneration also included amounts related to synergies, revenue increases, development of future markets and the combined workforce of the division. These benefits have not been recognized separately from goodwill because they do not meet the criteria for recognition of identifiable intangible assets.

From the acquisition date RTMS contributed with revenue of 1,5 MSEK and operating loss of -0,9 MSEK.

Parent Company

The operations of the parent company TagMaster AB are consistent with the operations of the Group as a whole. Net sales for the nine-month period amounted to 90,0 (69,2) MSEK, of which invoicing of intra-group services amounted to 2,7 (1,9) MSEK. As of September 30, 2023, available liquidity amounted to 41,8 (37,9) MSEK, of which the overdraft credit amounted to 37,1 (37,6) 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 118 (125).

Future outlook

The current uncertainty in the world requires a humble attitude towards the immediate future. TagMaster manages the business accordingly, with a focus on long-term growth, cost management and operational efficiency. In the medium term, TagMaster sees the massive investment packages that have been launched in Europe and the USA and which are largely focused on green investments in sustainable transport solutions benefiting the company's business.

TagMaster's growth strategy consists of growing organically and through acquisitions in existing and adjacent technology areas with the aim of expanding the product and solution offering as well as market presence. TagMaster's data solutions and sensor products are developed with the aim of preventing traffic congestion, reducing transport emissions of pollutants and increasing safety by streamlining existing and future traffic flows. 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.

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.

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 31, 2023

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 2023 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 31, 2023

Mazars AB

Anders Bergman

Authorized Public Accountant

Summary consolidated income statement

Amounts in TSEK	2023 July-Sept	2022 July-Sept	2023 Jan-Sept	2022 Jan-Sept	2022 Jan-Dec
Net sales	86 896	86 543	279 451	254 002	358 603
Other revenue	738	796	2 605	3 069	3 532
Change in inventories during manufacture and finished goods	773	1 192	1 905	1 706	3 338
Goods for resale, raw materials and consumables	-24 121	-29 245	-81 150	-82 564	-117 180
Other external expenses	-14 721	-12 701	-43 548	-39 602	-54 998
Personnel expenses	-40 483	-40 818	-126 407	-123 622	-168 673
Depreciation of property, plant and equipment and amortisation of intangible assets	-8 517	-7 835	-24 267	-21 950	-30 269
Other operating expenses	-347	-551	-589	-695	-1 458
Operating profit/loss	218	-2 619	7 999	-9 657	-7 105
Financial net	-859	-2 188	-3 204	-5 151	-4 712
Profit/loss before tax	-641	-4 808	4 795	-14 808	-11 817
Tax	860	287	2 035	981	35 971
Profit for the period	219	-4 521	6 830	-13 827	24 154
			0	0	
Net income attributable to:					
Shareholders in the Parent Company	219	-4 521	6 830	-13 827	24 154
			0	0	
Earnings per share, SEK					
Basic earnings per share	0,01	-0,31	0,47	-0,94	1,65
Diluted earnings per share	0,01	-0,31	0,47	-0,94	1,65

Consolidated statement of other comprehensive income

Profit for the period	219	-4 521	6 830	-13 827	24 154
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences when translating foreign operations	-3 254	14 716	10 767	35 056	27 188
<i>Items not to be reclassified to the income statement</i>					
Remeasurement of the net pension obligation	0	0	0	0	1 351
Tax on the above	0	0	0	0	-401
Comprehensive income for the period	-3 035	10 195	17 597	21 229	52 292
Comprehensive income attributable to:					
Shareholders in the Parent Company	-3 035	10 195	17 597	21 229	52 292

Summary consolidated statement of financial position

Amounts in TSEK	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Non-current assets			
Intangible assets	194 573	185 023	174 106
Property, plant, and equipment	3 194	2 998	3 038
Right-of-use assets	5 603	10 790	8 656
Other non-current receivables	3 543	1 898	6 066
Deferred tax assets	47 814	7 025	41 513
	254 727	207 734	233 378
Current assets			
Inventories	91 119	49 378	50 753
Trade receivables	64 571	75 046	75 201
Other receivables	17 333	23 660	18 374
Cash and cash equivalents	22 603	38 645	36 223
	195 626	186 729	180 552
TOTAL ASSETS	450 353	394 463	413 930
SHAREHOLDERS' EQUITY			
Share capital	18 309	18 309	18 309
Other contributed capital	241 459	241 459	241 459
Translation reserve	32 124	29 225	21 357
Retained earnings including profit for the period	-22 066	-67 827	-28 896
	269 826	221 166	252 229
Non-current liabilities			
Liabilities to credit institutions	34 520	25 149	19 900
Deferred tax liabilities	3 639	4 100	2 702
Other provisions	9 680	16 230	11 002
Lease liabilities	1 761	4 453	1 825
Other non-current liabilities	4 915	13 118	4 779
	54 515	63 050	40 207
Current liabilities			
Trade payables	22 389	17 762	19 869
Current tax liabilities	98	1 935	240
Liabilities to credit institutions	32 564	24 460	28 382
Other provisions	4 495	2 378	4 495
Lease liabilities	4 388	6 709	7 173
Other liabilities	62 077	57 003	61 334
	126 012	110 247	121 494
TOTAL EQUITY AND LIABILITIES	450 353	394 463	413 930

Summary consolidated statement of changes in equity

Amounts in TSEK	2023-09-30	2022-09-30	2022-12-31
Opening shareholders' equity	252 229	199 937	199 937
Profit for the period	6 830	-13 827	24 154
Other comprehensive income	10 767	35 056	28 138
Closing shareholders' equity	269 826	221 166	252 229

Equity attributable to shareholders in the Parent Company.

Summary consolidated statement of cash flows

Amounts in TSEK	2023 July-Sept	2022 July-Sept	2023 Jan-Sept	2022 Jan-Sept	2022 Jan-Dec
Operating activities					
Operating profit/loss	218	-2 619	7 999	-9 657	-7 105
Adjustments for non-cash items	10 721	7 812	27 709	21 950	29 423
Interest paid	-985	-631	-2 456	-2 088	-2 988
Interest received	267	0	584	0	0
Tax paid	0	0	-1 505	-1 036	-1 036
Tax received	1 377	0	1 377	0	0
Cash flow from operating activities before changes in working capital	11 598	4 562	33 708	9 169	18 294
Increase(-)/Decrease(+) in inventories	-2 757	-1 795	-15 971	-8 273	-10 644
Increase(-)/Decrease(+) in operating receivables	-426	-12 359	14 336	-8 579	-12 017
Increase(-)/Decrease(+) in operating liabilities	-4 305	-6 971	-6 959	-216	-2 318
Cash flow from operating activities	4 110	-16 563	25 114	-7 899	-6 685
Investing activities					
Acquisition of subsidiaries, less acquired cash and cash equivalents	-51 464	-	-51 464	-	-
Investments in property, plant and equipment	-450	-104	-841	-870	-1 376
Net of paid-in and repaid deposits	-	-	906	-	96
Cash flow from investing activities	-51 914	-104	-51 399	-870	-1 280
Financing activities					
Borrowings	36 473	-	36 473	-	-
Repayment of loans	-4 729	-4 508	-13 984	-13 106	-17 870
Change in bank overdraft facilities	-5 402	5 113	-4 717	5 113	9 857
Lease liabilities	-2 171	-1 957	-6 052	-4 867	-7 031
Cash flow from financing activities	24 171	-1 352	11 720	-12 860	-15 044
Cash flow for the period	-23 633	-18 019	-14 565	-21 629	-23 009
Exchange rate differences in cash and cash equivalents	-345	2 393	944	6 754	5 712
Cash and cash equivalents at the beginning of the period	46 581	54 272	36 223	53 520	53 520
Cash and cash equivalents at the end of the period	22 603	38 645	22 603	38 645	36 223

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 2023 - 30 September 2023	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	176 288	103 163	-	-	279 451
Cross-segment transactions	2 892	2 690	-	-5 581	0
	179 180	105 852	-	-5 581	279 451
Gross profit	124 666	75 540	-	-	200 206
Adjusted EBITDA	26 246	2 214	-	6 051	34 512
Non-recurring items	-	-2 245	-	-	-2 245
EBITDA	26 246	-31	-	6 051	32 267
Depreciations and amortizations	-9 596	-14 671	-	-	-24 267
Operating profit/loss	16 650	-14 702	-	6 051	7 999
Other segment information					
Gross profit margin, %	70,7	73,2	-	-	71,6
Adjusted EBITDA margin, %	14,9	2,1	-	-	12,3
EBITDA margin, %	14,9	0,0	-	-	11,5
<i>Non-recurring items:</i>					
Acquisition-related expenses	-	-	-2 245	-	-2 245
Number of employees at the end of the period	79	39	-	-	118
1 January 2022 - 30 September 2022	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	143 518	110 484	-	-	254 002
Cross-segment transactions	379	5 040	-	-5 419	0
	143 897	115 524	-	-5 419	254 002
Gross profit	95 509	77 634	-	-	173 143
Adjusted EBITDA	-6 444	13 870	4 867	-	12 293
Non-recurring items	-	-	-	-	0
EBITDA	-6 444	13 870	4 867	-	12 293
Depreciations and amortizations	-9 821	-12 129	0	-	-21 950
Operating profit/loss	-16 265	1 741	4 867	-	-9 657
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

Summarized parent company income statement

Amounts in TSEK	2023 Jan-Sept	2022 Jan-Sept	2022 Jan-Dec
Net sales	90 025	69 188	92 990
Other operating income	2 444	1 893	2 051
	92 469	71 081	95 041
Goods for resale and consumables	-40 145	-27 470	-38 427
Other external expenses	-16 987	-17 002	-23 259
Personnel expenses	-20 816	-19 371	-26 235
Depreciation of property, plant and equipment and amortisation of intangible assets	-79	-79	-106
Other operating expenses	-4	0	0
Operating profit/loss	14 438	7 159	7 014
Financial expenses	-2 622	-5 049	-3 906
Profit after financial items	11 816	2 110	3 108
Change in untaxed reserves	-	-	-815
Tax on net profit for the year	-2 350	-430	-517
Profit for the period *	9 466	1 680	1 776

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

Summary parent company balance sheet

Amounts in TSEK	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Intangible assets	76	153	134
Property, plant, and equipment	15	44	36
Financial assets	287 599	287 602	287 599
Inventories	19 620	12 396	12 850
Trade receivables	11 612	13 977	12 496
Receivables from Group companies	46 837	17 857	18 281
Other receivables	5 886	6 437	5 774
Cash and bank balances	4 697	305	514
TOTAL ASSETS	376 342	338 771	337 684
EQUITY AND LIABILITIES			
Equity	272 008	262 444	262 540
Provisions	1 611	1 673	1 611
Untaxed reserves	4 864	4 049	4 864
Non-current liabilities to credit institutions	34 520	25 149	19 900
Current liabilities to credit institutions	32 564	24 460	28 382
Trade payables	10 639	7 384	8 307
Current tax liability	-	1 935	-
Liabilities to Group companies	6 623	206	92
Other liabilities	13 513	11 471	11 988
TOTAL EQUITY AND LIABILITIES	376 342	338 771	337 684

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 2022 Annual Report.

Amendments and interpretations of existing standards that became effective in 2023 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 2022 Annual Report, page 54.

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 2022 Annual Report on pages 55–56 and in the Director's report, pages 40–43. 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 60 of the 2022 Annual Report. There are no other significant transactions with related parties.

5. Fair value of financial instruments

All financial assets and liabilities were valued at amortised cost. During the second quarter the interest swap, valued at fair value, was closed.

6. Breakdown of revenue from contracts with customers

	1 January 2023 – 30 September 2023			1 January 2022 – 30 September 2022		
	TagMaster Europe	TagMaster USA	Total Group	TagMaster Europe	TagMaster USA	Total Group
Geographical region						
Sweden	1 731	0	1 731	2 117	0	2 117
EMEA	107 688	42 670	150 358	95 642	34 506	130 148
Asia Pacific	29 781	7 094	36 876	19 573	7 560	27 133
Americas	37 087	53 399	90 486	26 186	68 417	94 604
Total	176 288	103 163	279 451	143 518	110 484	254 002
Customer category						
Traffic Solutions	135 259	103 163	238 422	109 387	110 484	219 870
Rail Solutions	41 029	-	41 029	34 131	-	34 131
Total	176 288	103 163	279 451	143 518	110 484	254 002
Time of revenue recognition						
At a particular time	166 731	98 112	264 843	134 638	107 567	242 205
Over time	9 557	5 051	14 608	8 880	2 917	11 797
Total	176 288	103 163	279 451	143 518	110 484	254 002

7. Intangible non-current assets

	Goodwill	Goodwill associated with assets and liabilities	Capitalized development expenditure	Customer relationships	Trademarks	Total Group
At 1 January 2023						
Cost of acquisition, opening balance	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
1 January-30 September 2023						
Carrying amount, opening balance	99 286	9 881	24 873	32 759	7 306	174 105
Business combinations	-	7 018	7 857	13 239	2 476	30 590
Amortization for the period	-	-	-9 389	-7 489	-32	-16 910
Translation difference for the period	4 077	375	852	1 184	300	6 788
Carrying amount	103 363	17 274	24 193	39 693	10 050	194 573
At 30 September 2023						
Cost	103 363	17 274	78 956	81 830	10 082	291 505
Accumulated amortization	-	-	-54 763	-42 137	-32	-96 932
Carrying amount	103 363	17 274	24 193	39 693	10 050	194 573

Group key ratios

Result, amounts i TSEK	2023 July-Sept	2023 April-June	2023 Jan-March	2022 Oct-Dec	2022 July-Sept	R12M Oct-Sept	Full Year 2022
Net sales	86 896	98 165	94 390	104 602	86 543	384 053	358 603
Net sales growth, %	0,4	11,6	18,7	25,2	8,2	13,8	9,7
Organic net sales change, %	-4,1	6,2	12,9	18,5	0,4	6,3	-2,7
Gross profit	63 547	70 250	66 409	71 618	58 490	271 824	244 761
Gross margin, %	73,1	71,6	70,4	68,5	67,6	70,8	68,3
Adjusted EBITDA	10 979	15 653	7 879	14 677	5 215	49 189	26 970
Adjusted EBITDA margin, %	12,6	15,9	8,3	14,0	6,0	12,8	7,5
EBITDA	8 734	15 653	7 879	10 871	5 215	43 138	23 164
EBITDA margin, %	10,1	15,9	8,3	10,4	6,0	11,2	6,5
EBITA	5 549	12 644	4 890	7 498	2 250	30 580	11 655
EBITA margin %	6,4	12,9	5,2	7,2	2,6	8,0	3,3
Operating profit	218	7 742	39	2 552	-2 619	10 551	-7 105
Operating margin, %	0,3	7,9	0,0	2,4	-3,0	2,7	-2,0
Profit/loss before tax	-641	5 984	-548	2 991	-4 808	7 786	-11 817
Net profit for the period	219	6 262	349	37 981	-4 521	44 811	24 154
Earnings per share before dilution ¹ , SEK	0,01	0,43	0,02	2,59	-0,31	3,06	1,65
Earnings per share after dilution ¹ , SEK	0,01	0,43	0,02	2,59	-0,31	3,06	1,65

Financial position, amounts i TSEK

Equity	269 826	272 861	252 606	252 229	221 166	269 826	252 229
Average equity	271 343	262 733	252 418	236 697	216 068	245 496	226 083
Equity ratio, %	59,9	63,9	61,5	60,9	56,1	59,9	60,9
Net debt (-) receivable	50 631	235	6 192	21 057	22 126	50 631	21 057
Return on equity	0,1	2,4	0,1	16,0	-2,1	18,3	10,7

Share data

Net sales per share, SEK	5,93	6,70	6,44	7,14	5,91	26,22	24,48
Equity per share, SEK	18,42	18,63	17,25	17,22	15,10	18,42	17,22
Market price on closing day, SEK	18,10	13,95	14,25	10,95	14,45	18,10	10,95
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	14 648	14 648	14 648	14 648	14 648	14 648	14 648

Personnel information, amounts i TSEK

Sales per employee	749	854	793	850	690	3 174	2 824
Average number of employees	116	115	119	123	126	121	127
Number of employees at end of period	118	113	117	120	125	118	120

¹Number 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, amortisation and impairments as a percentage of net sales.	Operating margin is used to measure operating profitability.
EBITDA	Operating profit (EBIT) before depreciation, amortisation 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, amortisation of goodwill and depreciation, amortisation 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.

		2023 Jan-Sept	2022 Jan-Sept	R12M Oct-Sept	2022 Jan-Dec
A	Net sales	279 451	254 002	384 053	358 603
	Change in inventories during manufacture and finished goods	1 905	1 706	3 537	3 338
	Goods for resale, raw materials and consumables	-81 150	-82 564	-115 766	-117 180
B	Gross profit	200 206	173 143	271 824	244 761
C	Operating profit (EBIT)	7 999	-9 657	10 551	-7 105
	Amortisation of intangible assets related to acquisitions	-15 084	-13 814	-20 031	-18 760
D	EBITA	23 083	4 157	30 582	11 655
	Depreciation of other intangible intangible assets	-1 826	-2 186	-2 572	-2 932
	Depreciation of property, plant and equipment	-7 357	-5 950	-9 984	-8 577
E	EBITDA	32 266	12 293	43 138	23 164
	Non-recurring costs	2 245	-	6 051	3 806
E	Adjusted EBITDA	34 511	12 293	49 189	26 970
(B/A)	Gross profit margin, %	71,6	68,2	70,8	68,3
(C/A)	EBIT margin, %	2,9	-3,8	2,7	-2,0
(D/A)	EBITA margin, %	8,3	1,6	8,0	3,3
(E/A)	EBITDA margin, %	11,5	4,8	11,2	6,5
(F/A)	Adjusted EBITDA margin, %	12,3	4,8	12,8	7,5

Return on equity, %

		2023 Jan-Sept	2022 Jan-Sept	R12M Oct-Sept	2022 Jan-Dec
(A)	Net profit for the period	6 830	-13 827	44 811	24 154
(B)	Opening equity for the period	252 229	199 937	221 166	199 937
(C)	Closing equity for the period	269 826	221 166	269 826	252 229
D	Average equity	261 027	210 551	245 496	226 083
(A)/(D)	Return on equity, %	2,6	-6,6	18,3	10,7

Equity ratio, %

		2023-09-30	2022-09-30	2023-09-30	2022-12-31
(A)	Equity	269 826	221 166	269 826	252 229
(B)	Balance sheet total	450 353	394 463	450 353	413 930
(A/B)	Equity ratio, %	59,9	56,1	59,9	60,9

Net debt

		2023-09-30	2022-09-30	2023-09-30	2022-12-31
	Liabilities to credit institutions	67 084	49 609	67 084	48 282
	Lease liabilities	6 149	11 162	6 149	8 998
	Cash	-22 603	-38 645	-22 603	-36 223
(A)	Net debt (-) receivable	50 631	22 126	50 631	21 057
(A)/(E)	Net debt/adjusted EBITDA, multiple (rolling 12 m)			1,0	0,8