

## TagMaster acquires Sensys Networks in the US

Press release, Stockholm, Sweden, May 3, 2019

**TagMaster AB (publ) (“TagMaster”), a leading supplier of advanced sensor systems for Smart Cities within Traffic and Rail, has signed an agreement to acquire Sensys Networks Inc. (“Sensys Networks”). The purchase price is USD 16 million on a debt free, cash free basis, with an adjustment of net working capital as of the closing date against a normalized net working capital.**

### Sensys Networks

Sensys Networks, established 2003, is a leading provider of advanced data solutions for Intelligent Transportation Systems (ITS). Sensys Networks offers a comprehensive wireless platform, addressing today’s most challenging traffic and parking data needs. This end-to-end solution, comprised of sensors, edge gateways and highly sophisticated data management software (SNAPS), has been deployed in hundreds of cities globally, addressing the growing need for data driven traffic and parking solutions.

Sensys Networks is headquartered in Berkeley, California, and is led by industry veterans who bring years of experience in wireless communications, carrier grade infrastructure, enterprise software and transportation management for the public sector.

Sales for 2018 was approx. USD 15 million with an EBITDA of approx. – USD 1.7 million. After cost reductions, implemented during January 2019, the EBITDA for Sensys Networks 2019 is expected to be positive.

### Background and acquisition rationale

The past year confirms the validity of the TagMaster’s chosen strategy of focusing on growth within the Traffic Solutions business segment. While Rail projects demonstrate high profitability, the major growth is in Traffic Solutions. Cities and other densely-populated areas worldwide face challenges of rapid growth, rising populations, climate change, declining air quality and forced urban development, which places new demands on transportation systems. Meeting these challenges requires Smart City solutions that streamline traffic and transportation systems, making day-to-day life simpler, safer and more efficient.

Sensys Networks’ products are deployed as part of several ITS applications including Traffic Signal Control, Traveler Information Systems, Tolling and Road Pricing, Safety and Enforcement. The ITS market is estimated to be \$66B globally by 2024<sup>[1]</sup>, with growth driven largely by the increasing global demand for Smart City solutions.

“TagMaster is very excited about this important step in our growth strategy, as Sensys Networks makes us stronger in the ITS and Smart City markets. With the combined expertise of Sensys Networks and TagMaster, we have excellent revenue growth opportunities in both US and European markets” says Jonas Svensson, CEO, TagMaster.

Commenting on the acquisition, Amine Haoui, Sensys Networks CEO, said “We are very pleased to be joining the TagMaster group. We recognise and welcome the strength that the union will bring to both brands and the synergies that are immediately apparent with the other TagMaster companies.”

### The combined company

Both Sensys Networks and TagMaster are leading technology providers in the Smart Cities sector, selling direct and through channel partners to end users such as authorities and road operators.

The acquisition provides the companies with an enhanced capacity for creating future products and solutions in the US and Europe, as well as a platform to deliver next-generation infrastructure to smartphone (“I2X”) applications for connected travelers and autonomous vehicles. I2X has significant market potential from agencies, OEMs, fleets and other smartphone enabled travelers.

The combined entity will have enhanced scale and reach with 2018 proforma revenue and EBITDA of SEK 326 million and SEK -2.7 million respectively. The EBITDA for 2019 is expected to be positive.

### Financing

The acquisition will be funded through a combination of new debt facilities, an equity issue with preferential rights to existing shareholders and a directed equity issue to new qualified shareholders with deviation from existing shareholders preferential rights. Approx. SEK 55 million in new debt financing has been secured. The equity issue with preferential rights to existing shareholders and the directed equity issue are expected to amount to approx. SEK 130 million. A smaller part of the financing will be used as working capital post acquisition.

The board of directors intends to decide upon the equity share issues, with and without deviation from the existing shareholders preferential rights, as soon as possible and in connection with that such resolutions will be publicly disclosed.

The acquisition is conditional upon financing and customary closing conditions and is expected to close during the second quarter of 2019.

### Advisers

Cirio Advokatbyrå is legal adviser to TagMaster in connection with the acquisition and the equity financing, Mayer Brown LLP is legal advisor in connection with the acquisition and Redeye AB is acting financial advisor in connection with the equity financing.

### For further information please contact:

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This information is information that TagMaster AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was

submitted for publication, through the agency of the contact person set out above, at 9.20 on May 3, 2019.

### **About TagMaster**

*TagMaster is an application driven technology company that designs and markets advanced sensor systems and solutions based on radio and vision technology (RFID, Radar and ANPR) for demanding environments. Business areas include Traffic Solutions and Rail Solutions sold under the brands TagMaster, CitySync, Balogh, CA Traffic, Magsys and Hikob with innovative mobility solutions in order to increase efficiency, security, convenience and to decrease environmental impact within Smart Cities. TagMaster has dedicated agencies in the US and in China and exports mainly to Europe, The Middle East, Asia and North America via a global network of partners and systems integrators. TagMaster was founded in 1994 and has its headquarters in Stockholm. TagMaster is a public company and its shares are traded on First North stock exchange in Stockholm, Sweden. TagMasters certified advisor is Erik Penser Bank phone +4684638300, E-mail: [certifiedadviser@penser.se](mailto:certifiedadviser@penser.se)*

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[1] According to a report by Grand View Reseach [www.grandviewresearch.com](http://www.grandviewresearch.com)