

TagMaster acquires Citilog in France

Press release Stockholm, Sweden April 28, 2021

TagMaster AB (publ) (“TagMaster”), a leading supplier of data solutions and advanced sensor systems for intelligent transportation solutions within Traffic and Rail, acquires all outstanding shares in Citilog SAS. (“Citilog”) from Axis AB. The purchase price is approx. €3,4 million on a debt and cash free basis.

Citilog

Citilog was the first company to introduce video-based automatic incident detection in 1997. With more than 20 years of research and development in the field of analytics applied to traffic solutions Citilog has constantly demonstrated a strong commitment to the traffic industry, in line with its vision.

In 2019 Citilog introduced the first incident management analytics module based on Deep Learning technology. Citilog has today a broad portfolio of cutting-edge algorithms (products), based on deep learning, that can be used as both edge solutions and cloud-based solutions. Citilog is focusing on 4 application areas incident management, traffic efficiency, traffic statistic and remote parking enforcement.

Citilog is headquartered in Paris, with a subsidiary in US, and is led by industry veterans who bring years of experience in video-based traffic management solutions for smarter mobility. Citilog has more than 45 000 cameras and sensors deployed in over 60 countries all over the world.

Sales for 2020 was approx. € 5,8 million (mainly software) with an EBITDA of approx. – € 0,6 million. After planned cost optimization during 2021, the EBITDA for Citilog 2022 is expected to be positive and reach margin levels at par with the current group level.

Background and acquisition rationale

The past year confirms the validity of the TagMaster’s chosen strategy of focusing on growth within the Traffic Solutions application segment. 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 Intelligent Transportation Solutions that streamline traffic flows and contribute to the necessary shift to a more sustainable and safe transport system.

Citilogs products are deployed as part of several ITS applications including Incident Management, Traffic Signal Control- and Traffic Statistic. The Incident Detection market is estimated to be \$500 million globally by 2024*, with growth (CAGR >15%) driven largely by the increasing global demand for Smart City solutions.

”TagMaster is very excited about this important step in our growth strategy, as Citilog makes us stronger in the ITS market. Citilog is also adding a wealth of AI and deep learning software capabilities and with the combined expertise of Citilog, 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, Eric Toffin, Citilog, 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 Citilog and TagMaster are leading technology providers in the ITS sector, selling direct and through channel partners to end users such as authorities and road operators. Citilog’s video-based edge analytic will be a very important additional detection technology within TagMasters growing multi-modal ITS data solutions. Accurate detection and actionable data are the foundation for future ITS systems.

The acquisition provides the companies with an enhanced capacity for creating future products and data solutions in the US and Europe, as well as a platform for future business models as selling detection as a service (DaaS). There will be a very clear and direct cooperation with Citilog and Sensys Networks within sales and development, and high margin software will be much larger part of our future group revenue.

TagMaster and Citilog will continue to cooperate with Axis as partners.

The combined entity will have enhanced scale and reach with 2020 proforma revenue and adjusted EBITDA of approx. SEK 345 million and SEK 20 million respectively.

Financing

The acquisition is an all-cash transaction and will be funded through a combination of new debt facilities and cash at hand. Approx. 28 million SEK is secured in a new loan. The purchase price will be paid in full on closing.

The acquisition is expected to close by April 30th 2021.

Advisers

Cirio Advokatbyrå and DS Avocats (Paris) are legal adviser to TagMaster in connection with the acquisition.

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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 20.00 CEST on April 28, 2021.

About TagMaster

TagMaster is an application driven technology company that designs and markets advanced sensor systems and solutions based on radio, radar, magnetic and vision technology for demanding environments. Business areas include Segment Europe and Segment USA sold under the brands TagMaster and Sensys Networks with innovative mobility solutions in order to increase efficiency, security, convenience and to decrease environmental impact within Smart Cities. TagMaster has subsidiaries in UK, France and US 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 Kista. TagMaster is a public company and its shares are traded on Nasdaq First North Premier Growth Market in Stockholm, Sweden. TagMasters certified advisor is FNCA Sweden, phone +46852800399, E-mail: info@fnca.se, www.tagmaster.com

* According to a report by MarketsandMarkets, February 2020