

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

Third quarter 2022

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

January-September 2022

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

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

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

About TagMaster

TagMaster is an application oriented technical company developing and selling advanced sensor systems and solutions based on radio, radar, magnetic and camera technologies for demanding environments. TagMaster works in two segments - Segment Europe and Segment USA - with the trademarks TagMaster, Citilog and Sensys Networks - with innovative mobility solutions for increased efficiency, security, safety, comfort and to reduce environmental impact in Smart Cities. TagMaster has subsidiaries in England, France, US and Sweden and exports mostly to Europe, The Middle East, Asia and North America through a global network of partners and system integrators. TagMaster was founded in 1994 and has its head office in Stockholm. TagMaster is a listed company and the share is traded at Nasdaq First North Premier Growth Market in Stockholm. TagMasters certified adviser (CA) is FNCA.

Comments by the CEO

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

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

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

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

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

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

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

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

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

Our strategy and the value-creating potential have not changed due to the short-term limitations in the supply chain, and our investment in growth via innovation, commercial focus and acquisition means that we have a positive view of the company's development for the coming years.

Jonas Svensson
CEO

TagMaster in brief

TagMaster develops and delivers solutions for Smart Cities based on advanced sensor technology. These solutions aim to improve traffic flow, reduce emissions, and optimize transport operations, on both road and rail.

Vision

We will be the most innovative provider of mobility solutions to Smart Cities.

Mission

We will deliver reliable and easy-to-use detection and identification solutions for demanding environments with useful and accurate information.

Business model

By combining the various technologies the Group operates with, TagMasters aim is to offer better solutions to increase the efficiency, safety, convenience, and to reduce environmental impact within Smart Cities. The technologies are offered as a package with software to create smart technologies and "one-stop-shop solutions". TagMaster takes long-term responsibility for the products and solutions provided, which creates value and stability for TagMasters customers and profitability for TagMaster.

Financial Targets

Growth: 20% total growth (organic and acquired)

Adjusted EBITDA: >12%

Cashflow/EBITDA: > 90% (over a period)

Strategic priorities

- Commercial strength - drive growth through excel sales performance and commercial digitization
- Customer-driven innovation – make investments required for leadership within selected technologies, enhanced customer value and lower production costs
- Constant operational improvements – ensure an efficient and flexible supply chain, further strengthen TagMaster's quality position and continue improvements to reduce costs
- Expanded product offering – continuously move up in the value chain, from not merely offering products to offering broader systems and solutions for the customer and extending our offering through M&A

Financial Calendar

February 2, 2023:	Earnings release 2022
May 16, 2023:	Annual general meeting, Kista
April 28, 2023:	Interim report first quarter 2023
July 14, 2023:	Interim report second quarter 2023
October 27, 2023:	Interim report third quarter 2023
February 2, 2024:	Earnings release 2023

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

For further information contact:

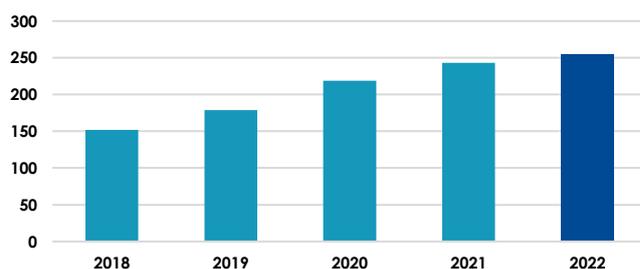
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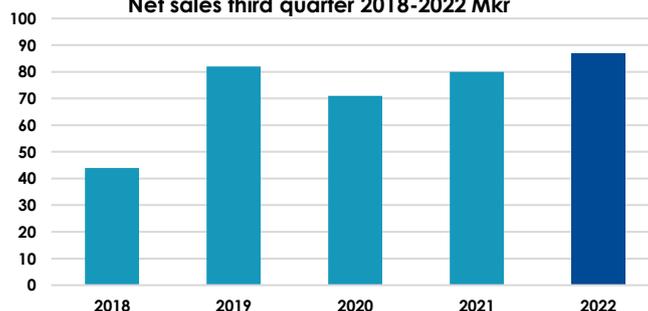
Summary result information

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

Net sales January-September 2018-2022 Mkr



Net sales third quarter 2018-2022 Mkr



Organic change, net sales

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

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.

Consolidated net sales and earnings

July 1 – September 30, 2022

Net sales

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

Operating profit

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

Adjusted EBITDA

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

Financial items

Financial items for the quarter amounted to -2,2 (-0,9) MSEK. Financial expenses charged to the quarter are interest expenses on liabilities to credit institutions of -0,5 (-0,6) MSEK and exchange revaluations of these liabilities of -1,9 (-0,9) MSEK and exchange revaluations of loans to foreign subsidiaries at the amount of 0,3 (0,6) MSEK.

The Group's interest rate swap has been revalued at fair value, which had a minor impact on the financial net for the quarter.

Tax

Group's tax amounted to 287 (885) TSEK. The tax expense for the quarter is attributable to estimated corporate tax on the parent company's result and to changes in temporary differences.

Profit for the period

Profit for the period amounted to -4,5 (1,7) MSEK. Earnings per share before and after dilution amounted to -0,31 (0,11) SEK.

January 1 - September 30, 2022

Net sales

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

Operating profit/loss

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

Adjusted EBITDA

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

Financial items

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

The Group's interest rate swap has been revalued at fair value, which had an impact on the financial net for the period of 0,7 (0,3) MSEK.

Tax

Group's tax amounted to 981 (565) TSEK. The tax expense for the period is attributable to estimated corporate tax on the parent company's result and to changes in temporary differences.

Profit for the period

Profit for the period amounted to -13,8 (10,1) MSEK. Earnings per share before and after dilution amounted to -0,94 (0,69) SEK.

Post balance sheet events

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

Segment TagMaster Europe

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

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

Business in the quarter

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

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

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

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

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

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

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

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

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

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

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

Segment TagMaster USA

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

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

Business during the quarter

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

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

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

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

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

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

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

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

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

Amounts in TSEK	2022	2021	Change,	2022	2021	Change,
	July-Sept	July-Sept	%	Jan-Sept	Jan-Sept	%
Net Sales	47 017	35 176	33,7	110 484	93 541	18,1
Gross profit	31 547	26 662	18,3	77 634	64 101	21,1
Gross margin, %	67,1	75,8	-	70,3	68,5	-
Adjusted EBITDA	8 167	6 426	27,1	13 870	13 703	1,2
Adjusted EBITDA margin, %	17,4	18,3	-	12,6	14,6	-
Number of employees at end of period	37	38	-2,6	-	-	-

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

Consolidated balance sheet and cash flow

Liquidity and cash flow

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

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

Cash flow July 1 – September 30, 2022

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

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

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

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

Cash flow January 1 – September 30, 2022

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

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

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

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

Investments

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

Goodwill and other intangible assets

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

Right-of-use assets and lease liabilities

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

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

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

Inventories

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

Accounts receivables

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

Liabilities to credit institutions

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

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

Equity

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

Financial position

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

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

Parent Company

The operations of the parent company TagMaster AB are consistent with the operations of the group as a whole. Net sales for the nine-month period amounted to 69,2 (56,7) MSEK, of which invoicing of intra-Group services amounted to 1,9 (0,5) MSEK. As of September 30, available liquidity amounted to 37,9 (41,3) MSEK, of which the overdraft credit amounts to 37,6 (37,0) MSEK. No significant investments have been made in intangible or tangible fixed assets.

Other information

Personnel

At the end of the period, the number of employees was 125 (138).

Effects of Covid-19 and the war in Ukraine

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

Future outlook

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

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

Auditor's review

This report has been reviewed by the company auditor.

Declaration

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

Kista October 27, 2022

Jonas Svensson

Chief Executive Officer

Auditors review report*Introduction*

We have reviewed the condensed interim financial information (interim report) of TagMaster AB (publ), corporate ID number 556487-4534, as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the year-end interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 27, 2022

Mazars AB

Anders Bergman

Authorized Public Accountant

Summary consolidated income statement

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

Consolidated statement of other comprehensive income

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

¹Adjusted retroactively for the reversed split 1:25

Summary consolidated statement of financial position

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

Summary consolidated statement of changes in equity

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

Equity attributable to shareholders in the Parent Company.

Share Information

Thousands	2022-09-30	2021-09-30	2021-12-31
Number of outstanding shares at beginning of period	14 648	366 188	366 188
Reversed split	-	-351 540	-351 540
Number of outstanding shares at end of period	14 648	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 July-Sept	2021 July-Sept	2022 Jan-Sept	2021 Jan-Sept	2021 Jan-Dec
Operating activities					
Operating profit/loss	-2 619	1 680	-9 657	11 243	9 570
Adjustments for non-cash items	7 812	7 553	21 950	17 296	26 385
Interest paid	-631	-817	-2 088	-1 764	-2 484
Interest received	0	69	0	69	69
Tax paid	0	0	-1 036	0	0
Tax received	0	0	0	0	0
Cash flow from operating activities before changes in working capital	4 562	8 485	9 169	26 844	33 540
Change in inventories	-1 795	-14	-8 273	2 309	5 671
Change in operating receivables	-12 359	-7 128	-8 579	-15 690	427
Change in operating liabilities	-6 971	-6 665	-216	-962	-13 393
Cash flow from operating activities	-16 563	-5 322	-7 899	12 501	26 245
Investing activities					
Acquisition of subsidiaries, less acquired cash and cash equivalents	-	-	-	-30 286	-30 286
Conditional purchase considerations settlement	-	-	-	-2 008	-2 008
Investments in property, plant and equipment	-104	-255	-870	-1 106	-1 265
Net of paid-in and repaid deposits	-	-57	-	-57	-40
Cash flow from investing activities	-104	-312	-870	-33 457	-33 599
Financing activities					
Borrowings	-	-76	-	27 728	27 728
Repayment of loans	-4 508	-4 017	-13 106	-9 093	-13 185
Change in bank overdraft facilities	5 113	-2 799	5 113	-3 048	-4 400
Lease liabilities	-1 957	-1 652	-4 867	-3 702	-5 197
Cash flow from financing activities	-1 352	-8 544	-12 860	11 885	4 946
Cash flow for the period	-18 019	-14 178	-21 629	-9 071	-2 408
Exchange rate differences in cash and cash equivalents	2 393	1 022	6 754	2 904	4 142
Cash and cash equivalents at the beginning of the period	54 272	58 775	53 520	51 786	51 786
Cash and cash equivalents at the end of the period	38 646	45 619	38 645	45 619	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 - 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	-	12 292
Non-recurring items	-	-	-	-	-
EBITDA	-6 444	13 870	4 867	-	12 292
Depreciations and amortizations	-18 282	-3 668	-	-	-21 950
Operating profit/loss	-24 726	10 202	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

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

Other segment information

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

Non-recurring items:

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

Summarized parent company income statement

Amounts in TSEK	2022 Jan-Sept	2021 Jan-Sept	2021 Jan-Dec
Net sales ¹	69 188	56 712	84 975
Other operating income	1 893	236	845
	71 081	56 948	85 820
Goods for resale and consumables	-27 470	-21 091	-29 230
Other external expenses	-17 002	-12 108	-18 966
Personnel expenses	-19 371	-19 143	-26 055
Depreciation of property, plant and equipment and amortisation of intangible assets	-79	-79	-106
Other operating expenses	0	-492	-301
Operating profit/loss	7 159	4 035	11 162
Financial expenses	-5 049	-886	-1 661
Profit after financial items	2 110	3 149	9 501
Change in untaxed reserves	-	-	-2 435
Tax on net profit for the year	-430	-650	-1 487
Profit for the period²	1 680	2 499	5 579

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

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

Summary parent company balance sheet

Amounts in TSEK	2022-09-30	2021-09-30	2021-12-31
ASSETS			
Intangible assets	153	233	213
Property, plant, and equipment	44	73	65
Financial assets	287 602	288 006	287 601
Inventories	12 396	11 110	10 580
Trade receivables	13 977	7 925	15 358
Receivables from Group companies	17 857	23 096	18 696
Other receivables	6 437	4 810	5 155
Cash and bank balances	305	4 298	5 557
TOTAL ASSETS	338 771	339 552	343 225
EQUITY AND LIABILITIES			
Equity	262 444	257 687	260 765
Provisions	1 673	1 588	1 673
Untaxed reserves	4 049	1 614	4 049
Non-current liabilities to credit institutions	25 149	39 095	35 506
Current liabilities to credit institutions	24 460	17 901	16 852
Trade payables	7 384	5 643	6 565
Current tax liability	1 935	1 686	2 541
Liabilities to Group companies	206	351	461
Other liabilities	11 471	13 987	14 813
TOTAL EQUITY AND LIABILITIES	338 771	339 552	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 September, 2022, the fair value, determined on the basis of level 2, of the group's interest swap amounts to 495 TSEK. Other financial assets and liabilities are valued at amortised cost.

6. Breakdown of revenue from contracts with customers

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

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-30 September 2022						
Carrying amount, opening balance	89 818	9 081	34 072	36 876	6 331	176 178
Amortization for the period	-	-	-9 142	-6 858	-	-16 000
Translation difference for the period	11 890	614	3 631	7 255	1 455	24 845
Carrying amount	101 708	9 695	28 561	37 273	7 786	185 023
At 30 September 2022						
Cost	101 708	9 695	78 647	64 585	7 786	262 421
Accumulated amortization	-	-	-50 086	-27 312	-	-77 398
Carrying amount	101 708	9 695	28 561	37 273	7 786	185 023

Group key ratios

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

Financial position

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

Share data

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

Personnel information

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

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

Financial performance measures not defined in accordance with IFRS

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

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

Return on equity, %

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

Equity ratio, %

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

Net debt

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

(A)/(E)	Net debt/adjusted EBITDA, multiple (rolling 12 m)			1,3	0,3
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