

Strong growth and better component situation

First quarter 2023

- Net sales increased during the first quarter by 18,7% to 94,4 MSEK (79,5). The organic and currency adjusted growth amounted to 12,9 %.
- Gross margin was 70,4% (66,3)
- Adjusted EBITDA increased during the first quarter and amounted to 7,9 MSEK (-0,9) corresponding to an adjusted EBITDA margin by 8,3% and -1,2%.
- Operating profit/loss was 39 TSEK (-7,9 MSEK), corresponding to operating margin of 0,0% (-9,9).
- Profit/loss for the quarter was 0,3 MSEK (-8,6).
- Result per share basic and diluted was 0,02 SEK (-0,59).
- Cash flow from operating activities for the period was 15,6 MSEK (-2,6). The positive cash flow from operating activities is mainly explained by the decrease in accounts receivable.

Amounts in TSEK	2023 Jan-March	2022 Jan-March	R12M April-March	2022 Full Year
Net sales	94 390	79 513	373 480	358 603
Net sales growth, %	18,7	6,9	12,5	9,7
Gross margin, %	70,4	66,3	69,2	68,3
Adjusted EBITDA	7 879	-935	35 784	26 970
Adjusted EBITDA margin, %	8,3	-1,2	9,6	7,5
Equity ratio, %	61,5	53,0	-	60,9
Cash flow from operating activities, MSEK	15,6	-2,6	11,5	-6,7
Net debt/EBITDA, R12M	-	-	0,2	0,8
Number of employees at end of period	117	132	-	120

For description and reconciliation of key figures, see pages 19–20.

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 quarter, we experienced good demand for our solutions in combination with an improved situation in terms of component supply and therefore deliver a stable first quarter. The group's sales increased by almost 19 percent compared to the first quarter of 2022, mainly in Europe with an increase of just under 26 percent. In the United States, sales increased by 7 percent, which, however, in local currency means a small decrease.

During the latter part of the quarter, we saw an improved delivery situation for critical components and semiconductors, which improved our delivery capability. However, we have during the period had continued high costs for spot purchases, which is explained by previously ordered components being delivered during the first quarter, while we have seen that the need for new spot purchases has decreased towards the end of the quarter.

We have also happily noted that the lack of capacity at our main European supplier, which previously hampered our delivery power, has been remedied and we are seeing more normal product deliveries. The move of our production from Mexico to local manufacturing in Oakland, California, is now complete, which means we meet the Buy America requirements of the 2021 Infrastructure Investment and Jobs Act. That gives us a big advantage in the US market.

Although, we were still affected by cost increases for both electronic components and consumables during the quarter, we managed to increase our gross margin by just over 4 percentage points to 70.4 percent via price adjustments towards customers, internal efficiency and a favorable product mix,

We completed the efficiency program in France during the quarter, which aims to increase organizational efficiency, simplified structures and reduce costs while continuing to develop industry-leading products and increase our commercial capacity. The program will result in annual cost savings of just over SEK 11 million with full effect from the second quarter of this year, which nets approximately SEK 7 million after the investments in our sales organization.

After completing the efficiency program our latest acquisition, Citilog, shows growth with good profitability. Cost efficiency is necessary to enable investment in technology leadership and to strengthen our resilience.

During the period, we have continued to invest in technology leadership within our focus areas and we are developing more complex solutions that give our offer increased competitiveness. The focus is increasingly directed towards solutions that contribute to a more sustainable transport system where analysis, AI and Deep Learning play an important role. We also see that our investment in energy-saving sensor systems, where most of our solutions can be powered by solar energy and batteries, as well as the simplicity of the sensor systems, configuration via tablet or mobile, creates more business opportunities.

The group's turnover during the first quarter amounted to SEK 94.4 million, which is an increase of 18.7 percent compared to the same period in 2022. The quarter's organic turnover change, with adjustment for exchange rate effects of SEK 4.6 million, amounted to SEK 10.2 million corresponding to an increase of 12.9 percent. The Traffic Solutions business amounted to SEK 77.4 million, which is an increase of approximately 13.5 percent compared to the corresponding quarter in 2022. During the quarter, Traffic Solutions accounted for 82 percent of sales, while Rail Solutions accounted for 18 percent.

The gross margin landed at 70.4 percent with an adjusted EBITDA result of SEK 7.9 million, which corresponds to an adjusted EBITDA margin of 8.3 percent. Cash flow from current operations amounted to SEK 15.6 million and the group's solvency ratio was 61.5 percent at the end of the period.

Our stock has increased sequentially during the quarter by approximately ten percent as a result of the effort to maintain a high level of service towards our customers and to manage imbalances in the delivery supply chain. The work to reduce the working capital has continued focus and accounts receivable have decreased by approximately 21 percent during the quarter.

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 striving for higher growth. The fact that we work to improve the traffic environment in cities and metropolitan areas around the world puts us in a very good position considering the massive investment packages that have been launched in Europe and the USA and which are largely focused on green investments.

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.

Reporting

During the business year 2023 TagMaster will report at the following dates:

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

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

For further information contact:

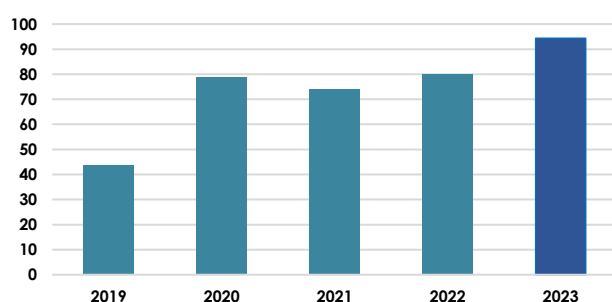
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This information is information that TagMaster AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 a.m. CET on April 28, 2023.

Summary result information

Amounts in TSEK	2023 Jan-March	2022 Jan-March	Change %	R12M April-March	2022 Full year
Net sales	94 390	79 513	18,7	373 480	358 603
Other revenue/ Capitalised work for own account	607	1 654	-63,3	2 485	3 532
Gross profit	66 409	52 700	26,0	258 470	244 761
Gross margin, %	70,4	66,3	-	69,2	68,3
Operating expenses ¹	-59 136	-55 289	7,0	-228 977	-225 130
Adjusted EBITDA	7 879	-935	-	35 784	26 970
Adjusted EBITDA margin, %	8,3	-1,2	-	9,6	7,5
Items affecting comparability	-	-	-	-3 806	-3 806
EBITDA	7 879	-935	-	31 978	23 164
EBITDA margin, %	8,3	-1,2	-	8,6	6,5
Amortisation of other non-current intangible assets ²	-591	-752	-21,4	-2 771	-2 932
Depreciation	-2 398	-1 823	31,5	-9 152	-8 577
EBITA	4 890	-3 510	-	20 055	11 655
EBITA margin, %	5,2	-4,4	-	5,4	3,3

Net sales January-March 2019-2023 (MSEK)



Organic change, net sales

Amounts in TSEK	2023 Jan-March	%	2022 Jan-March	%
Net sales comparison period previous year	79 513		74 405	
Organic change	10 225	12,9	-8 568	-11,5
Change through acquisitions	-	-	8 691	11,7
Exchange rate change	4 652	5,9	4 985	6,7
Total change	14 877	18,7	5 108	6,9
Net sales	94 390		79 513	

For description and reconciliation of key figures, see pages 19–20.

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 first quarter amounted to SEK 62.9 million, which is an increase of 25.6 percent compared to the same period in 2022. The increase is explained by good demand, better availability of components and less production disruptions compared to the first quarter of 2022.

The gross margin during the first quarter amounted to 69.2 percent, which is an increase of 7.2 percentage points compared to the first quarter of 2022. During the quarter, the company continued to make component purchases via the spot market to ensure delivery according to customer expectations. The cost of this has negatively affected the gross margin by approximately 2.6 percentage points, corresponding to approximately SEK 1.6 million. Large parts of these costs stem from orders placed in 2022 but where delivery took place in the first quarter, while we saw that new spot purchases decreased towards the end of the quarter.

Adjusted EBITDA for the first quarter amounted to SEK 8.4 million, which corresponds to an adjusted EBITDA margin of 13.4 percent.

Traffic Solutions accounted for 73 percent of sales in the segment, while Rail Solutions accounted for 27 percent.

The previously announced efficiency program in France aimed at increasing organizational efficiency, simplified structures and reducing costs, while continuing to develop industry-leading products and increasing our commercial capabilities, was completed during the quarter. These measures will result in annual cost savings amounting to just over SEK 11 million with full effect in the second quarter of 2023 and net approximately SEK 7 million after increased investments in the sales organization. The measures have resulted in the latest acquisition, the French subsidiary Citilog, showing growth and good profitability during the first quarter.

During the quarter, Segment Europe received major orders for RFID systems for subway projects in London, for tram systems in Barcelona, traffic systems in Oxford, access systems for waste stations in Sussex and Incident Detection systems in Australia.

During the quarter, Jean-Christophe Vangenoten was hired as Vice President Sales in the Infomobility application area with the aim of strengthening the sales organization and leading the work in France and England.

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

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

Amounts in TSEK	2023 Jan-March	2022 Jan-March	Change, %
Net sales	62 882	50 058	25,6
Gross profit	43 539	31 048	40,2
Gross margin, %	69,2	62,0	-
Adjusted EBITDA	8 420	-4 432	-
Adjusted EBITDA margin, %	13,4	-8,9	-
Number of employees at end of period	80	94	-

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 segment USA for the first quarter amounted to SEK 31.5 million, which is an increase of 7 percent but a decrease of 4.1 percent in local currency, compared to the first quarter of 2022. The gross margin during the quarter amounted to 72.6 percent, which is a decrease of 0.9 percentage points compared to the same period last year.

The lower gross margin is due to changes in the product and customer mix as well as more expensive components as purchases for the American operations are still made on the spot market. Segment USA announced in the fourth quarter of 2022 a price increase to compensate for increased component prices, and the assessment is that these new prices will have full impact in the second quarter of 2023.

Adjusted EBITDA for the first quarter amounted to SEK -2.5 million, which corresponds to an adjusted EBITDA margin of -8.0 percent. In the US segment, the Traffic Solutions business accounts for 100 percent of sales.

Segment USA received major orders during the quarter, for detection systems for exit detection in Australia, adaptive traffic light systems in South Africa and several systems in the USA such as in Louisiana, Illinois and Buffalo.

During the quarter, Sensys began deliveries of the recently launched FlexMag mini sensor to Lafayette, Louisiana, where several of the city's and state's traffic operators are following the launch to learn how the time-saving installation process works. 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 previously mentioned pilot project on I25 in Denver, Colorado, where the state traffic authority wants to reduce traffic congestion during rush hours with the help of smart sensors, shows shortened travel times by up to 20 percent. Previous similar installations in Australia show that speed increases by 35-60 percent and that accidents decrease by 20-50 percent when using Sensys' smart sensors.

During the quarter, Sensys expanded the collaboration with its partner Tacel in Canada to include more regions in eastern Canada.

Sensys Networks has during the quarter continued to launch Citilog's solutions for automatic incident detection, based on AI and Deep Learning, to both existing customers and new prospective customers across the US with a focus on Highway safety applications. During the year, tests will be conducted at several locations in California. The company's assessment is that this type of application will be allocated funding from the infrastructure package, which was passed by the US Congress at the end of 2021. The fact that Sensys Networks is now producing locally means that the company meets the latest Buy America requirements of the 2021 Infrastructure Investment and Jobs Act and thus qualify for federal funding through the Federal Highway Administration (FHWA).

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

Amounts in TSEK	2023 Jan-March	2022 Jan-March	Change, %
Net Sales	31 508	29 455	7,0
Gross profit	22 870	21 652	5,6
Gross margin, %	72,6	73,5	-
Adjusted EBITDA	-2 530	2 000	-226,5
Adjusted EBITDA margin, %	-8,0	6,8	-
Number of employees at end of period	37	38	-

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

January 1–March 31, 2023

Net sales

Net sales for the quarter amounted to 94,3 (79,5) MSEK, which is an increase of 18,7 percent compared to the corresponding quarter previous year. The quarter's organic sales change, with an adjustment for exchange rate effects of 4,7 MSEK, amounted to 10,2 MSEK. The increase is mainly explained by higher sales for the European Segment of 12,8 MSEK of which 1,2 MSEK are related to positive currency exchange effects.

Operating profit

Operating profit for the quarter was 39 TSEK (-7,9 MSEK), which is an increase of 7,9 MSEK compared to the corresponding quarter 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 quarter was 70,4 percent comparable to 66,3 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 for the quarter were consistent with the corresponding quarter previous year. Personnel costs amounted to 44,1 MSEK (42,2) and the cost level has mainly been affected by the weakening of the Swedish krona against, to the most part, EUR and USD, as just over 80 percent of the group's salaries are paid in foreign currency.

Adjusted EBITDA

Adjusted EBITDA increased during the quarter to 7,9 (0,9) MSEK corresponding to a margin of 8,3 percent (-1,2). The increased margin is due to increased net sales and higher gross profit margin.

Financial items

Financial items for the quarter amounted to -0,6 (-0,7) MSEK. Financial expenses charged to the quarter were interest expenses on liabilities to credit institutions of -0,7 (-0,5) MSEK and exchange revaluations of these liabilities of 0,2 (-0,6) MSEK and exchange revaluations of loans to foreign subsidiaries at the amount of 0,2 (0,3) 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 0,9 (-0,0) MSEK, which was an effect of valued previous year's tax loss carry-forward.

Profit for the period

Profit for the period amounted to 0,3 (-8,6) MSEK. Earnings per share before and after dilution amounted to 0,02 (-0,59) 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 31 March 2023 amounted to 76,4 (67,7) MSEK, of which overdraft facilities amounted to 30,4 (31,5) MSEK. The overdraft facility in SEK at the amount of 20,5 MSEK was utilized by 10,9 MSEK at the end of March 2023 and the overdraft facility in USD at the amount of 2,0 MUSD was unutilized on 31 March 2023.

At the end of the period cash and cash equivalents amounted to 46,0 (36,2) MSEK.

Cash flow

Cash flow from operating activities for the first quarter amounted to 15,6 (-2,6) MSEK. The positive cash flow from operating activities is mainly explained by the decrease in accounts receivable.

Cash flow from investing activities amounted to -0,3 (-0,4) MSEK and consists of investment in tangible assets.

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

Cash flow for the quarter amounted to 9,7 (-7,5) MSEK.

Investments

During the first quarter investments in tangible fixed assets have been made with -0,3 (-0,4) MSEK. No investments in intangible fixed assets have been made.

Goodwill and other intangible assets

The Group's carrying amount of goodwill on March 31, 2023, was 109,7 (109,2) MSEK. Other intangible assets amounted to 59,4 (64,9) MSEK and relate to capitalized development expenditure of 22,0 (24,9) MSEK and customer relations of 30,2 (32,8) MSEK and trademark of 7,2 (7,3) MSEK. The decrease of 5,0 MSEK compared to carrying amount of goodwill on December 31, 2022, refers to amortisation at the amount of -5,4 MSEK and translation differences of 0,4 MSEK.

Right-of-use assets and lease liabilities

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

The cost of short-term leases for the first quarter amounted to 0,7(1,1) MSEK.

Other non-current receivables

Other non-current receivables as of March 31, 2023, amounted to 6,3 (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 March 31, 2023, amounted to 43,1 (41,5) MSEK and mainly referred tax losses carry-forward that have been assigned a value.

Inventories

Inventories as of March 31, 2023, amounted to 56,0 (50,8). The increase of 5,2 MSEK 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 March 31, 2023, amounted to 59,4 (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 March 31, 2023, the Group's liabilities to credit institutions amounted to 44,6 (48,2) MSEK and consist of acquisition loans of 33,7 (38,4) MSEK and additional utilized overdraft facilities of 10,9 (9,9) MSEK. During the first

quarter, the acquisition loan was repaid by 4,6 (4,2) MSEK. Other changes during the period were mainly currency revaluations of 0,2 (-0,6) MSEK.

Equity

Equity as of March 31, 2023, amounted to 252,6 (252,2) MSEK, corresponding to 17,25 (17,22) SEK per outstanding share. There were no outstanding stock options or convertible programs on March 31, 2023.

Financial position

The equity ratio amounted to 61,5 (60,9) percent on March 31, 2023, and equity to 252,6 (252,2) MSEK. Total assets on March 31, 2023, amounted to 411,0 (413,9) 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 quarter amounted to 31,8 (24,9) MSEK, of which invoicing of intra-group services amounted to 1,0 (0,6) MSEK. As of March 31, 2023, available liquidity amounted to 48,1 (39,9) MSEK, of which the overdraft credit amounted to 30,4 (37,8) 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 117 (132).

Future outlook

The current uncertainty in the world requires a humble attitude towards the immediate future. The global supply chain for both semiconductors and other components is still unstable, even though the company sees stabilizing tendencies. This may lead to the sales of some of the company's products being negatively affected even in 2023. In the medium term, TagMaster sees that the massive investment packages launched in Europe and the USA, which are largely focused on green investments in sustainable transport solutions, will benefit 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 not been reviewed by the company auditor.

Declaration

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

Summary consolidated income statement

Amounts in TSEK	2023 Jan-March	2022 Jan-March	2022 Jan-Dec
Net sales	94 390	79 513	358 603
Other revenue	607	1 654	3 532
Change in inventories during manufacture and finished goods	336	388	3 338
Goods for resale, raw materials and consumables	-28 317	-27 201	-117 180
Other external expenses	-14 847	-12 967	-54 998
Personnel expenses	-44 107	-42 223	-168 673
Depreciation of property, plant and equipment and amortisation of intangible assets	-7 840	-6 957	-30 269
Other operating expenses	-182	-98	-1 458
Operating profit/loss	39	-7 892	-7 105
Financial net	-587	-717	-4 712
Profit/loss before tax	-548	-8 609	-11 817
Tax	897	-5	35 971
Profit for the period	349	-8 614	24 154
Net income attributable to:			
Shareholders in the Parent Company	349	-8 614	24 154
Earnings per share, SEK			
Basic earnings per share	0,02	-0,59	1,65
Diluted earnings per share	0,02	-0,59	1,65

Consolidated statement of other comprehensive income

Profit for the period	349	-8 614	24 154
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences when translating foreign operations	28	4 040	27 188
<i>Items not to be reclassified to the income statement</i>			
Remeasurement of the net pension obligation	-	-	1 351
Tax on the above	-	-	-401
Comprehensive income for the period	377	-4 575	52 292
Comprehensive income attributable to:			
Shareholders in the Parent Company	377	-4 575	52 292

¹Adjusted retroactively for the reversed split 1:25

Summary consolidated statement of financial position

Amounts in TSEK	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Non-current assets			
Intangible assets	169 063	173 987	174 106
Property, plant, and equipment	2 896	3 085	3 038
Right-of-use assets	7 132	10 252	8 656
Other non-current receivables	6 266	1 524	6 066
Deferred tax assets	43 142	6 250	41 513
	228 498	195 097	233 378
Current assets			
Inventories	55 958	36 736	50 753
Trade receivables	59 370	72 260	75 201
Other receivables	21 169	17 741	18 374
Cash and cash equivalents	46 034	47 024	36 223
	182 531	173 761	180 552
TOTAL ASSETS	411 029	368 858	413 930
SHAREHOLDERS' EQUITY			
Share capital	18 309	18 309	18 309
Other contributed capital	241 459	241 459	241 459
Translation reserve	21 385	-1 791	21 357
Retained earnings including profit for the period	-28 547	-62 614	-28 896
	252 606	195 362	252 229
Non-current liabilities			
Liabilities to credit institutions	15 303	31 713	19 900
Deferred tax liabilities	2 838	3 738	2 702
Other provisions	10 267	16 209	11 002
Lease liabilities	921	5 336	1 825
Other non-current liabilities	4 808	11 527	4 779
	34 137	68 523	40 207
Current liabilities			
Trade payables	23 743	19 918	19 869
Current tax liabilities	1 512	2 065	240
Liabilities to credit institutions	29 283	18 297	28 382
Other provisions	4 495	2 378	4 495
Lease liabilities	6 719	5 252	7 173
Other liabilities	58 534	57 063	61 334
	124 286	104 973	121 494
TOTAL EQUITY AND LIABILITIES	411 029	368 858	413 930

Summary consolidated statement of changes in equity

Amounts in TSEK	2023-03-31	2022-12-31
Opening shareholders' equity	252 229	199 937
Profit for the period	349	24 154
Other comprehensive income	28	28 138
Closing shareholders' equity	252 606	252 229

Equity attributable to shareholders in the Parent Company.

Summary consolidated statement of cash flows

Amounts in TSEK	2023 Jan-March	2022 Jan-March	2022 Jan-Dec
Operating activities			
Operating profit/loss	39	-7 892	-7 105
Adjustments for non-cash items	7 708	6 957	29 423
Interest paid	-807	-667	-2 988
Interest received	0	0	0
Tax paid	0	-1 036	-1 036
Tax received	0	0	0
Cash flow from operating activities before changes in working capital	6 940	-2 638	18 294
Increase(-)/Decrease(+) in inventories	-5 140	268	-10 644
Increase(-)/Decrease(+) in operating receivables	13 213	-8 888	-12 017
Increase(-)/Decrease(+) in operating liabilities	577	8 631	-2 318
Cash flow from operating activities	15 590	-2 627	-6 685
Investing activities			
Investments in property, plant and equipment	-269	-351	-1 376
Net of paid-in and repaid deposits	-	-	96
Cash flow from investing activities	-269	-351	-1 280
Financing activities			
Repayment of loans	-4 613	-4 227	-17 870
Change in bank overdraft facilities	1 000	1 180	9 857
Lease liabilities	-1 989	-1 444	-7 031
Cash flow from financing activities	-5 602	-4 491	-15 044
Cash flow for the period	9 719	-7 469	-23 009
Exchange rate differences in cash and cash equivalents	92	973	5 712
Cash and cash equivalents at the beginning of the period	36 223	53 520	53 520
Cash and cash equivalents at the end of the period	46 034	47 024	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 2023–31 March 2023	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	62 882	31 508	-	-	94 390
Cross-segment transactions	490	1 126	-	-1 616	-
	63 372	32 634	-	-1 616	94 390
Gross profit	43 539	22 870	-	-	66 409
Adjusted EBITDA	8 420	-2 530	1 989	-	7 879
Items affecting comparability	-	-	-	-	-
EBITDA	8 420	-2 530	1 989	-	7 879
Depreciations and amortisations	-3 111	-4 729	-	-	-7 840
Operating profit/loss	5 309	-7 259	1 989	-	39
Other segment information					
Gross profit margin, %	69,2	72,6	-	-	70,4
Adjusted EBITDA margin, %	13,4	-8,0	-	-	8,3
EBITDA margin, %	13,4	-8,0	-	-	8,3
Number of employees at the end of the period	80	37	-	-	117

1 January 2022–31 March 2022	TagMaster Europe	TagMaster USA	Central	Eliminations	Total Group
Revenue					
External revenue	50 058	29 455	-	-	79 513
Cross-segment transactions	-	953	-	-953	-
	50 058	30 409	-	-953	79 513
Gross profit	31 048	21 652	-	-	52 700
Adjusted EBITDA	-4 432	2 000	1 497	-	-935
Items affecting comparability	-	-	-	-	-
EBITDA	-4 432	2 000	1 497	-	-935
Depreciations and amortisations	-3 289	-3 668	-	-	-6 957
Operating profit/loss	-7 721	-1 668	1 497	-	-7 892
Other segment information					
Gross profit margin, %	62,0	73,5	-	-	66,3
Adjusted EBITDA margin, %	-8,9	6,8	-	-	-1,2
EBITDA margin, %	-8,9	6,8	-	-	-1,2
Number of employees at the end of the period	94	38	-	-	132

Summarized parent company income statement

Amounts in TSEK	2023 Jan-March	2022 Jan-March	2022 Jan-Dec
Net sales	31 753	24 854	92 990
Other operating income	590	654	2 051
	32 343	25 508	95 041
Goods for resale and consumables	-15 481	-9 802	-38 427
Other external expenses	-5 499	-5 469	-23 259
Personnel expenses	-7 352	-6 700	-26 235
Depreciation of property, plant and equipment and amortisation of intangible assets	-26	-26	-106
Other operating expenses	-	-	-
Operating profit/loss	3 985	3 511	7 014
Financial expenses	-248	-750	-3 906
Profit after financial items	3 737	2 761	3 108
Change in untaxed reserves	-	-	-815
Tax on net profit for the year	-770	-560	-517
Profit for the period *	2 967	2 201	1 776

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

Summary parent company balance sheet

Amounts in TSEK	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Intangible assets	115	192	134
Property, plant, and equipment	29	58	36
Financial assets	287 599	287 602	287 599
Inventories	16 378	8 908	12 850
Trade receivables	12 146	22 222	12 496
Receivables from Group companies	18 759	17 131	18 281
Other receivables	9 425	5 456	5 774
Cash and bank balances	17 760	2 075	514
TOTAL ASSETS	362 211	343 644	337 684
EQUITY AND LIABILITIES			
Equity	265 507	262 965	262 540
Provisions	1 611	1 673	1 611
Untaxed reserves	4 864	4 049	4 864
Non-current liabilities to credit institutions	15 303	31 713	19 900
Current liabilities to credit institutions	29 283	18 297	28 382
Trade payables	13 149	7 835	8 307
Current tax liability	1 274	2 065	-
Liabilities to Group companies	19 412	537	92
Other liabilities	11 808	14 510	11 988
TOTAL EQUITY AND LIABILITIES	362 211	343 644	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 2021 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

At the end of March 2023, the fair value, determined on the basis of level 2, of the Group's interest swap amounted to 304 TSEK. Other financial assets and liabilities were valued at amortised cost.

6. Breakdown of revenue from contracts with customers

	1 January 2023–31 March 2023			1 January 2022–31 March 2022		
	TagMaster Europe	TagMaster USA	Total Group	TagMaster Europe	TagMaster USA	Total Group
Geographical region						
Sweden	657	-	657	694	-	694
EMEA	39 983	14 113	54 096	32 960	8 168	41 128
Asia Pacific	10 603	2 211	12 814	7 088	542	7 630
Americas	11 639	15 184	26 823	9 316	20 745	30 061
Total	62 882	31 508	94 390	50 058	29 455	79 513
Customer category						
Traffic Solutions	45 942	31 508	77 450	38 786	29 455	68 241
Rail Solutions	16 940	-	16 940	11 272	-	11 272
Total	62 882	31 508	94 390	50 058	29 455	79 513
Time of revenue recognition						
At a particular time	59 449	30 006	89 455	47 049	28 838	75 887
Over time	3 433	1 502	4 935	3 009	617	3 626
Total	62 882	31 508	94 390	50 058	29 455	79 513

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 amortisation	-	-	-53 311	-33 202	-	-86 513
Carrying amount	99 286	9 881	24 873	32 759	7 306	174 105
1 January-31 March 2023						
Carrying amount, opening balance	99 286	9 881	24 873	32 759	7 306	174 105
Amortisation for the period	-	-	-3 034	-2 405	-	-5 439
Translation difference for the period	393	132	129	-199	-58	397
Carrying amount	99 679	10 013	21 968	30 155	7 248	169 063
At 31 March 2023						
Cost	99 679	10 013	78 313	65 762	7 248	261 015
Accumulated amortisation	-	-	-56 345	-35 607	-	-91 952
Carrying amount	99 679	10 013	21 968	30 155	7 248	169 063

Group key ratios

Result, amounts in TSEK	2023 Jan-March	2022 Oct-Dec	2022 Jul-Sep	2022 April-June	2022 Jan-March	R12M April-March	2022 Full year
Net sales	94 390	104 602	86 543	87 945	79 513	373 480	358 603
Net sales growth, %	18,7	25,2	8,2	-1,1	6,9	12,5	9,7
Organic net sales change, %	12,9	18,5	0,4	-10,2	-11,5	1,6	-2,7
Gross profit	66 409	71 618	58 490	61 954	52 700	258 470	244 761
Gross margin, %	70,4	68,5	67,6	70,4	66,3	69,2	68,3
Adjusted EBITDA	7 879	14 677	5 215	8 012	-935	35 784	26 970
Adjusted EBITDA margin, %	8,3	14,0	6,0	9,1	-1,2	9,6	7,5
EBITDA	7 879	10 871	5 215	8 012	-935	31 978	23 164
EBITDA margin, %	8,3	10,4	6,0	9,1	-1,2	8,6	6,5
EBITA	4 890	7 498	2 250	5 417	-3 510	20 055	11 655
EBITA margin %	5,2	7,2	2,6	6,2	-4,4	5,4	3,3
Operating profit	39	2 552	-2 619	854	-7 892	826	-7 105
Operating margin, %	0,0	2,4	-3,0	1,0	-9,9	0,2	-2,0
Profit/loss before tax	-548	2 991	-4 808	-1 391	-8 609	-3 756	-11 817
Net profit for the period	349	37 981	-4 521	-692	-8 614	33 117	24 154
Earnings per share before dilution, SEK ¹	0,02	2,59	-0,31	-0,05	-0,59	2,26	1,65
Earnings per share after dilution, SEK ¹	0,02	2,59	-0,31	-0,05	-0,59	2,26	1,65

Financial position, amounts i TSEK

Equity	252 606	252 229	221 166	210 971	195 362	252 606	252 229
Average equity	252 418	236 697	216 068	203 166	197 650	223 984	226 083
Equity ratio, %	61,5	60,9	56,1	55,1	53,0	61,5	60,9
Net debt (-) receivable	6 192	21 057	22 126	2 092	13 574	6 192	21 057
Return on equity %	0,1	16,0	-2,1	-0,3	-4,4	14,8	10,7

Share data

Net sales per share, SEK ¹	6,44	7,14	5,91	6,00	5,43	25,50	24,48
Equity per share, SEK ¹	17,25	17,22	15,10	14,40	13,34	17,25	17,22
Market price on closing day, SEK	14,25	10,95	14,45	16,50	18,40	14,25	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 ¹	14 648	14 648	14 648	14 648	14 648	14 648	14 648

Personnel information, amounts i TSEK

Sales per employee	793	850	690	682	591	3 012	2 824
Average number of employees	119	123	126	129	135	124	127
Number of employees at end of period	117	120	125	126	132	117	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.

PERFORMANCE AND MARGIN MEASURES		2023 Jan-March	2022 Jan-March	R12M April-March	2022 Jan-Dec
A	Net sales	94 390	79 513	373 480	358 603
	Change in inventories during manufacture and finished goods	336	388	3 286	3 338
	Goods for resale, raw materials and consumables	-28 317	-27 201	-118 296	-117 180
B	Gross profit	66 409	52 700	258 470	244 761
C	Operating profit (EBIT)	39	-7 892	826	-7 105
	Amortisation of intangible assets related to acquisitions	-4 851	-4 382	-19 228	-18 760
D	EBITA	4 890	-3 510	20 055	11 655
	Depreciation of other intangible assets	-591	-752	-2 771	-2 932
	Depreciation of property, plant and equipment	-2 398	-1 823	-9 152	-8 577
E	EBITDA	7 879	-935	31 978	23 164
	Non-recurring costs	-	-	3 806	3 806
E	Adjusted EBITDA	7 879	-935	35 784	26 970
(B/A)	Gross profit margin, %	70,4	66,3	69,2	68,3
(C/A)	EBIT margin, %	0,0	-9,9	0,2	-2,0
(D/A)	EBITA margin, %	5,2	-4,4	5,4	3,3
(E/A)	EBITDA margin, %	8,3	-1,2	8,6	6,5
(F/A)	Adjusted EBITDA margin, %	8,3	-1,2	9,6	7,5
RETURN ON EQUITY, %		2023 Jan-March	2022 Jan-March	R12M April-March	2022 Full year
(A)	Net profit for the period	349	-8 614	33 117	24 154
(B)	Opening equity for the period	252 229	199 937	195 362	199 937
(C)	Closing equity for the period	252 606	195 362	252 606	252 229
D	Average equity	252 418	197 650	223 984	226 083
(A)/(D)	Return on equity, %	0,1	-4,4	14,5	10,7
EQUITY RATIO, %		2023-03-31	2022-12-31	2022-12-31	2022-12-31
(A)	Equity	252 606	195 362	252 606	252 229
(B)	Balance sheet total	411 029	368 858	411 029	413 930
(A/B)	Equity ratio, %	61,5	53,0	61,5	60,9
	Liabilities to credit institutions	44 586	50 010	44 586	48 282
	Lease liabilities	7 640	10 588	7 640	8 998
	Cash	-46 034	-47 024	-46 034	-36 223
NET DEBT		2023-03-31	2022-12-31	2022-12-31	2022-12-31
(A)	Net debt (-) receivable	6 192	13 574	6 192	21 057
(A)/(E)	Net debt/adjusted EBITDA, multiple (rolling 12 m)	-	-	0,2	0,8