

Sensys Gatso Group AB

Year-End Report

October - December 2021



	Oct - Dec 2021	Oct - Dec 2020	Jan - Dec 2021	Jan - Dec 2020
MSEK				
Net Sales	172.5	134.3	506.8	454.9
Order intake	195.4	120.5	368.2	788.4
Operating profit (EBIT)	27.2	12.5	45.9	10.8
Operating profit (EBITDA)	37.5	23.3	83.5	59.4
Total Comprehensive income	21.3	-8.0	45.5	-15.7
Earnings per share, before and after dilution (SEK)	0.02	0.01	0.04	0.01
Cash flow from operating activities	11.3	-7.0	9.1	15.5

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Comments from the CEO

Continued strong profitable growth, with 22% EBITDA margin

After a strong Q3, I am proud to announce that the entire team at Sensys Gatso delivered an even better result in the fourth quarter. The EBITDA arrived at SEK 38 million, 61% higher than last year. Our EBITDA margin arrived at 22% of Net Sales, 7 percentage points ahead of our long term target of 15%. The main reason for the strong performance this quarter is an increase in the gross margin of 42% compared to 37% a year ago. This in turn relates to the increased sales of our recurring TRaaS business. On top came the outstanding uptime performance of more than 99% of our Dutch TRaaS business, which resulted in a customer bonus payout in this quarter. For the full year the EBITDA arrived at SEK 84 million, 41% higher than in 2020 and 16% of Net Sales. The Operating profit EBIT landed for the full year at SEK 46 million, four times higher than last year. All in all a steady profit improvement throughout the year and proof of the effectiveness of our strategic focus on the profitable recurring TRaaS business.

Proven TRaaS business model pushes growth

We also had a strong sales performance in the fourth quarter with SEK 173 million, 28% higher than last year. An important contributor has been Saudi Arabia of which we have delivered an additional 15% in the quarter. To date we have delivered in total 55% of the contract. The remaining SEK 124 million of the contract is expected to be delivered throughout 2022.

For the full year, our total Sales grew 11% to SEK 507 million. The strategic recurring TRaaS business demonstrated higher growth levels with 28% in the quarter and 14% growth for the full year. In the USA we added three new contracts in 2021 and to date in 2022 another three. This demonstrates the anticipated interest from cities to implement Automated Traffic Enforcement.

Software and data enable further US Growth

Our installed base in the USA generated more than 540 million data points of cars passing by our cameras in the last three years. This vast amount of anonymous data points, combined with data from other sources, generates valuable information for Sensys Gatso and our customers. By using data analytics, we can optimize the locations of our cameras to help reduce traffic incidents with the maximum effect.

Information from our installed base is also an effective sales enabler to predict the impact of Sensys Gatso's Automated Traffic Enforcement solutions for future customers.

Our revised business plan for the US market centers around this proactive sales model. With the recently signed transportation authorization bill that includes, for the first time ever, explicit federal funding support for speed cameras, we also have positive momentum for Automated Traffic Enforcement in many new states and cities for Sensys Gatso.

Momentum in LATAM

We have recently entered the Colombian market with the Joint Venture between Sensys Gatso and Capatest. Colombia is a full TRaaS market, very similar to how our business in the USA is operated. The main difference is that contract periods are typically much longer, even up to 25 or 30 years. In the joint venture we combine Sensys Gatso's TRaaS Managed Services Model with local knowledge and experience in Traffic Enforcement. Two existing enforcement contracts currently operated by Capatest, supported with Sensys Gatso solutions, will be added to the Joint Venture once Sensys Gatso Colombia is fully operational, expected by the second half of 2022. The contracts will be operated over the remaining contract period of 17 years.

The Costa Rica national contract has still not started due to budget constraints at our customer. Together with our consortium partners, we have shifted the deployment of our solution in Costa Rica to municipalities. A successful implementation will possibly assist in starting the national project.

Meanwhile we have received our first order from Ecuador, a new market in the LATAM region. The active projects in Colombia, Costa Rica and Ecuador are evidence of the increased momentum we see in the LATAM region.

Order backlog of SEK 840 million

During the quarter, the order intake arrived at SEK 195 million, 62% higher than last year. This is mainly driven by order intake of our joint venture in Colombia in which we have a controlling interest and where we consolidate the revenue for the remaining 17 years in the contracts. With a full year order intake of SEK 388 million in 2021 and 788 in 2020, we now have a backlog of SEK 840 million to be delivered mainly in 2022.

Supply chain costs stable throughout 2022

At Sensys Gatso we have long lead times for our sales, delivery and operations processes. Critical components are therefore sourced way in advance and have already been secured for 2022. Assembly of our systems takes place in our European factories, where most of the added value for our System Sales is realized. Our System Sales and Managed Services business models are hardly affected by increases in energy costs. Today we expect no delivery issues in our supply chain and our supply chain costs to remain relatively stable throughout 2022.

Outlook

I am proud of the outstanding result the global Sensys Gatso team has delivered in 2021. In challenging COVID circumstances, with lockdowns in many countries, the team realized an EBITDA of no less than SEK 38 million this quarter, 61% higher than last year and 22% of Net Sales. For the full year we arrived at SEK 84 million EBITDA, 41% higher than last year. This result is driven by the steady growth we see from our higher margin TRaaS business. It proves that our strategic focus on this recurring business segment is paying off.

Our financial position is solid with more than SEK 100 million cash freely available. Further, we have SEK 161 million of our working capital assets connected to active contracts and deliveries.

With investments of SEK 39 million in our software platforms and in fixed assets in TRaaS operations in the USA, together with a new data driven sales approach in the USA, we are gearing up for future growth.

We are ending the year with a backlog of SEK 840 million, most of which will be delivered to our customers in 2022.

Based on this we retain our long-term plan to grow our net sales to more than SEK 1 billion, of which TRaaS revenues will be more than SEK 600 million, in 2025. We also retain our ambition to increase our EBITDA margin to more than 15 percent in 2025.

Ivo Mönnink
CEO, Sensys Gatso Group

Financial summary

Key indicators

	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
TSEK	2021	2020	2021	2020	2019
Net sales	172,512	134,252	506,789	454,933	406,325
Order intake	195,358	120,458	368,248	788,353	561,940
Gross margin (%)	41.6	36.5	40.6	35.6	35.7
Operating profit (EBIT)	27,244	12,541	45,908	10,821	-24,392
Operating margin (EBIT %)	15.8	9.3	9.1	2.4	Neg
Operating profit (EBITDA)	37,504	23,307	83,502	59,438	28,585
Profit for the period	18,988	10,728	34,991	3,954	-15,111
Earnings per share, before and after dilution (SEK)	0.02	0.01	0.04	0.01	-0.02
Cash flow from operations	11,308	-6,984	9,147	15,466	-3,740

EBITDA

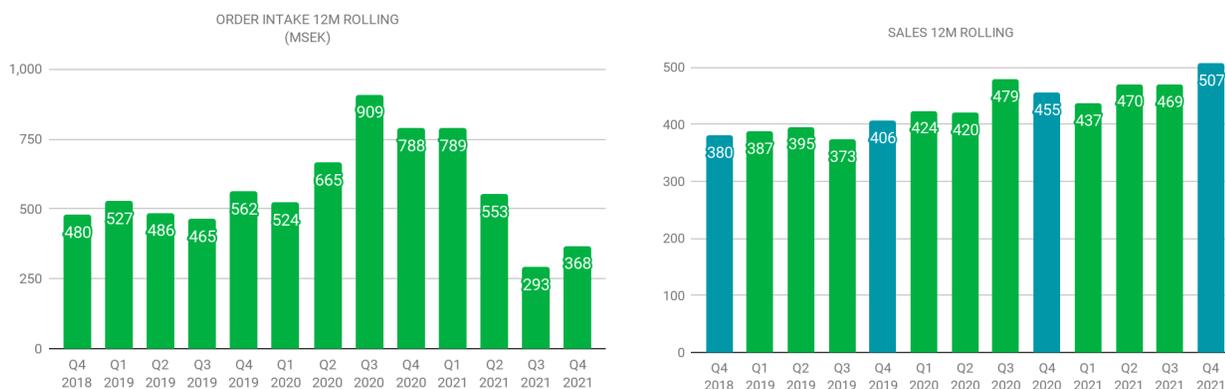
	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
TSEK	2021	2020	2021	2020	2019
Operating profit (EBIT)	27,244	12,541	45,908	10,821	-24,374
Depreciation tangible and intangible fixed assets	8,865	9,366	32,022	34,582	30,767
Amortization of acquired intangible assets	1,395	1,400	5,572	14,034	22,192
Operating profit (EBITDA)	37,504	23,307	83,502	59,437	28,585
Operating margin (EBITDA %)	21.7	17.4	16.5	13.1	7.0

Financial results Group



Fourth quarter October – December 2021

Order intake during the fourth quarter totalled SEK 195.4 million compared to SEK 120.5 million in the same quarter last year. The order intake for the quarter mainly relates to the two TRaaS Managed Services contracts to be operated by Sensys Gatso Colombia, a 51% Joint Venture controlled by Sensys Gatso and in partnership with Capatest Colombia SAS. These two contracts have a total contract value of SEK 145 million over a 17 year period. The other order intake mainly relates to announced orders from our customers in Ecuador, Middle East and Northern Cyprus totalling SEK 16 million. The 12 months rolling order intake arrived at SEK 368 million, compared to SEK 788 million, including Saudi Arabia SEK 275 million and Costa Rica SEK 192 million, in the fourth quarter of last year.



Net sales in the quarter amounted to SEK 172.5 million (134.3). The segment System Sales contributed SEK 133.8 million (100.9) and Managed Services contributed SEK 38.7 million (33.4). The full year sales of 2021 arrived at SEK 506.8 million, compared to SEK 454.9 million in 2020.

The gross margin for the quarter was 41.6 percent (36.5). The increase in profitability in the fourth quarter is caused by higher TRaaS Sales with a higher margin.

The TRaaS sales for the quarter of SEK 72.4 million equates to 42% of total sales. The TRaaS sales have grown compared to the fourth quarter of 2020 by SEK 13.7 million, corresponding to 23% growth. For the full year the TRaaS Sales amounted to SEK 247.6 million compared to SEK 217.2 million, corresponding to 14% growth year over year.

	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
TSEK	2021	2020	2021	2020	2019
System Sales	100,093	75,549	259,194	237,744	229,153
TRaaS: Service & Maintenance	32,599	24,519	113,045	91,162	79,021
TRaaS: Licenses	1,110	832	5,206	3,623	3,468
TRaaS: Managed Services	38,710	33,352	129,344	122,405	94,686
Total Sales	172,512	134,252	506,789	454,934	406,328
Of which TRaaS:	72,419	58,703	247,595	217,190	177,175
TRaaS % of total Sales:	42%	44%	49%	48%	44%

	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
TSEK	2021	2020	2021	2020	2019
Europe	45,035	53,766	145,008	153,033	188,089
Americas	38,076	27,923	126,067	119,044	103,453
APAC and MEA	89,401	52,563	235,714	182,857	114,786
Total Sales	172,512	134,252	506,789	454,934	406,328

The sales in the quarter remained to have a good spread over the regions.

During the quarter there has been a high sales activity and execution on orders received from the APAC and MEA region. The increased sales in the region mainly relates to deliveries to our Saudi customer during the quarter.

The sales region Americas, which is predominantly recurring revenue, has seen an increase compared to the same quarter last year of approximately SEK 10 million. The full year sales in this region have increased by approximately SEK 7 million.

The operating expenses for the quarter totalled SEK 44.6 million (36.5) including amortisation of intangible fixed assets related to the acquisition of Gatso Beheer of SEK 5.6 million. The increase in expenses is mainly due to increased sales expenses related to increased travel activities in the fourth quarter as well as increased administrative expenses that also include costs for setting up the joint venture in Colombia.

The EBITDA in Q4 amounted to SEK 37.5 million (23.3), an increase of approximately SEK 14 million. The operating profit (EBIT) for the quarter amounted to SEK 27.2 million (12.5), an increase of approximately SEK 15 million. The profit after taxation totalled SEK 19.0 million (10.7).

January – December 2021

The order intake of the year amounted to SEK 368.2 million, compared to SEK 788.4 including Saudi Arabia SEK 275 million and Costa Rica SEK 192 million in 2020. The sales year to date are 11% higher than full year 2020 sales. The sales arrived at SEK 506.8 million compared to SEK 454.9 million.

The gross margin improved from 40.6 percent to 35.6 percent. The increase in margins is caused by more TRaaS revenue for the year to date with a typically higher margin. TRaaS Sales have grown 14% in 2021, to SEK 247.6 million (217.2).

The expenses for the full year have increased due to increased sales activity and related expenses for setting up for instance Sensys Gatso Colombia. The expenses for 2021 totalled SEK 160.0 million compared to 151.0 million. The full year expenses includes the release of the Paycheck Protection Program for our US employees amounting to SEK 4.3 million (Segment Managed Services). In 2020 the other operating expenses included COVID-19 relief received from the Dutch Government to the amount of SEK 3.5 million (Segment System Sales).

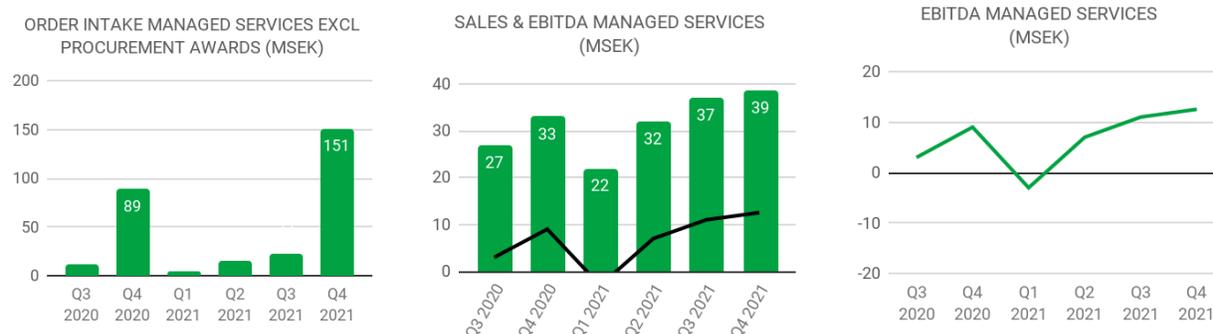
The EBITDA for the year amounted to SEK 83.5 million compared to SEK 48.7 million, an increase of 72%. The Operating Profit (EBIT) amounted to SEK 45.9 million compared to SEK 10.8 million, an increase of 324%. The result after tax amounted to SEK 35.0 million compared to SEK 4.0 million in 2020 corresponding to Earnings Per Share of SEK SEK 0.04.

Personnel

The average number of full-time employees was 240 people (235). The number of employees at the end of the period was 263 compared to 252 at the end of 2020. The increase in employees mainly relates to TRaaS Employees in the US and software developers.

Business Segments

The two main segments used for internal reporting and managing the different operations are System Sales and Managed Services. TRaaS is recurring revenue from service and maintenance within System Sales and Managed Services.



Managed Services

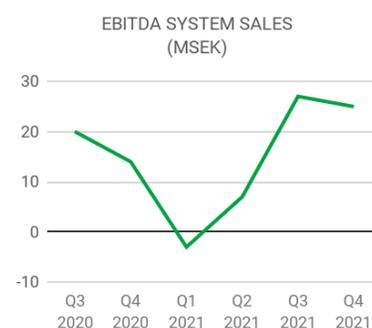
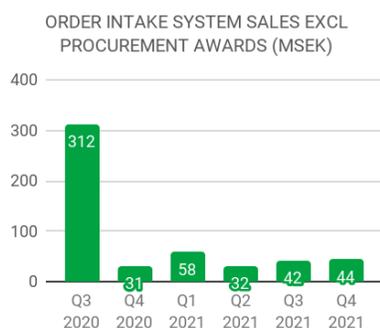
The order intake during the quarter amounted to 151.0 million (89.0). The full year order intake for the segment amounted to 187.5 (159.4) million. The order intake in the quarter relates to the announcement of the establishment of Sensys Gatso Colombia, a 51% Joint Venture controlled by Sensys Gatso and in partnership with Capatest Colombia SAS. This newly established joint venture will operate two existing TRaaS Managed Services contracts with a total contract value of SEK 145 million over a period of 17 years. During the quarter we have also announced the award of a five-year Puls and Xilium Software license Contract Extension from the Turkish Republic of Northern Cyprus, worth SEK 6 million.

Managed Services sales amounted to SEK 38.7 million (33.4) in the quarter. The increase of sales has been caused by onboarding new programs in the USA. For the full year the Managed Services sales arrived at 129.3 million compared to 122.4 million in 2020, an increase of 5.6%.

The segment has incurred an EBITDA of SEK 12.5 million (9.3). For the full year 2021 the EBITDA amounted to SEK 27.1 million compared to SEK 20.2 million in 2020. The depreciation of this segment amounted to SEK 5.3 (5.8) million for the quarter. Full year depreciation amounted to SEK 17.8 (28.3) million. Due to the improved EBITDA performance and lower depreciation expenses the Operating profit (EBIT) has improved to SEK 9.3 (-8.1) million.

	Oct - Dec 2021	Oct - Dec 2020	Jan - Dec 2021	Jan - Dec 2020	Jan - Dec 2019
TSEK					
Total Net sales per business segment	38,904	33,611	130,287	124,158	96,581
Inter-segment transactions	-194	-261	-942	-1,753	-1,717
Total Net Sales	38,710	33,350	129,345	122,405	94,864
EBITDA	12,538	9,329	27,051	20,154	7,383
Depreciation and amortization	-5,347	-5,825	-17,800	-28,278	-33,121
Operating Profit	7,191	3,504	9,251	-8,124	-25,738

1) The full year numbers of 2021 includes 4,3 MSEK Paycheck Protection Program



System Sales

The order intake for the segment System Sales amounted to SEK 44.4 million (31.5) in the quarter. Full year order intake amounted to SEK 176.5 (628.9) million. The comparison number includes the order from Saudi of SEK 275 million and Costa Rica of SEK 192 million. In the quarter we received system sales orders from the Middle East and our new customer in Ecuador amongst smaller repeat orders. In addition we received a five year contract extension from our Swedish customer, securing five more years of maintenance.

Sales in the segment System Sales relates to one-off system sales and recurring revenue from service and maintenance. In this segment the service and maintenance sales provide a solid income evenly spread throughout the year.

Systems Sales amounted to SEK 133.8 million (100.9) in the quarter, of which SEK 32.6 million (24.5) relates to TRaaS recurring revenues. For the full year the sales arrived at SEK 332.5 (311.5) million of which SEK 91.2 (79.0) million relates to TRaaS recurring revenues.

The segment has incurred an EBITDA of SEK 25.0 (14.0) million in the quarter and SEK 56.5 (39.3) million for the full year 2021. The Operating Profit (EBIT) arrived at SEK 20.1 (9.0) million for the quarter and SEK 36.7 (18.9) million for the full year.

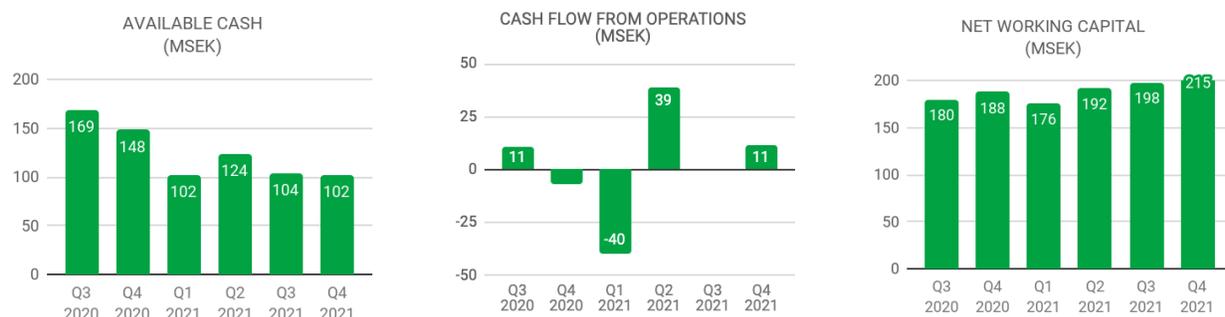
	Oct - Dec 2021	Oct - Dec 2020	Jan - Dec 2021	Jan - Dec 2020	Jan - Dec 2019
TSEK					
Total Net sales per business segment	133,363	102,702	387,428	340,505	344,882
Inter-segment transactions	439	-1,801	-9,984	-7,977	-33,421
Total Net Sales	133,802	100,901	377,444	332,528	311,461
EBITDA	24,966	13,978	56,451	39,284	21,184
Depreciation and amortization	-4,913	-4,941	-19,794	-20,339	-19,838
Operating Profit	20,053	9,037	36,657	18,945	1,346

Consolidated Segment report

TSEK	Oct - Dec 2021			Oct - Dec 2020		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	133,363	38,904	172,267	102,702	33,611	136,313
Inter-segment transactions	439	-194	245	-1,801	-261	-2,062
Total Net Sales	133,802	38,710	172,512	100,901	33,350	134,251
EBITDA	24,966	12,538	37,504	13,978	9,329	23,307
Depreciation and amortization	-4,913	-5,347	-10,260	-4,941	-5,825	-10,766
Operating Profit	20,053	7,191	27,244	9,037	3,504	12,541
Net financial items			263			-884
Profit before tax			27,507			11,657
Tax			-8,519			-929
Profit for the period			18,988			10,728

TSEK	Jan - Dec 2021			Jan - Dec 2020		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	387,428	130,287	517,715	340,505	124,158	464,663
Inter-segment transactions	-9,984	-942	-10,926	-7,977	-1,753	-9,730
Total Net Sales	377,444	129,345	506,789	332,528	122,405	454,933
EBITDA	56,451	27,051	83,502	39,284	20,154	59,438
Depreciation and amortization	-19,794	-17,800	-37,594	-20,339	-28,278	-48,617
Operating Profit	36,657	9,251	45,908	18,945	-8,124	10,821
Net financial items			1,401			-8,345
Profit before tax			47,309			2,476
Tax			-12,318			1,478
Profit for the period			34,991			3,954

Cash flow and financial position



Cash and available cash

Cash and cash equivalents at the end of the period totalled SEK 72.5 million (108.5). At the end of the period free available cash amounted to SEK 101.8 million (147.7) taking into account the total amount of available credit facilities.

Cash flow from operating activities

During the quarter Sensys Gatso had a positive cash flow from operating activities of SEK 11.3 million (-7.0). For the full year the cash flow from operations amounted to SEK 9.1 million (15.5). Net working capital at the end of the year amounted to approximately SEK 215 million compared to SEK 188 million due to build up of inventory, work in progress and trade receivables, mainly related to the Saudi project.

Cash flow from investing activities

The investments in fixed assets for the quarter amounted to SEK 7.7 million (9.4). Year to date in 2021 the investments amounted to SEK 42.0 million (33.0). The investments mainly relate to software development efforts for our software platforms FLUX, Xilium and PULS to the amount of SEK 17.9 million (14.0). Further, we have made SEK 20.6 million of investments in Fixed Assets in Operations (13.7). This mainly relates to starting up new speed programs in the US.

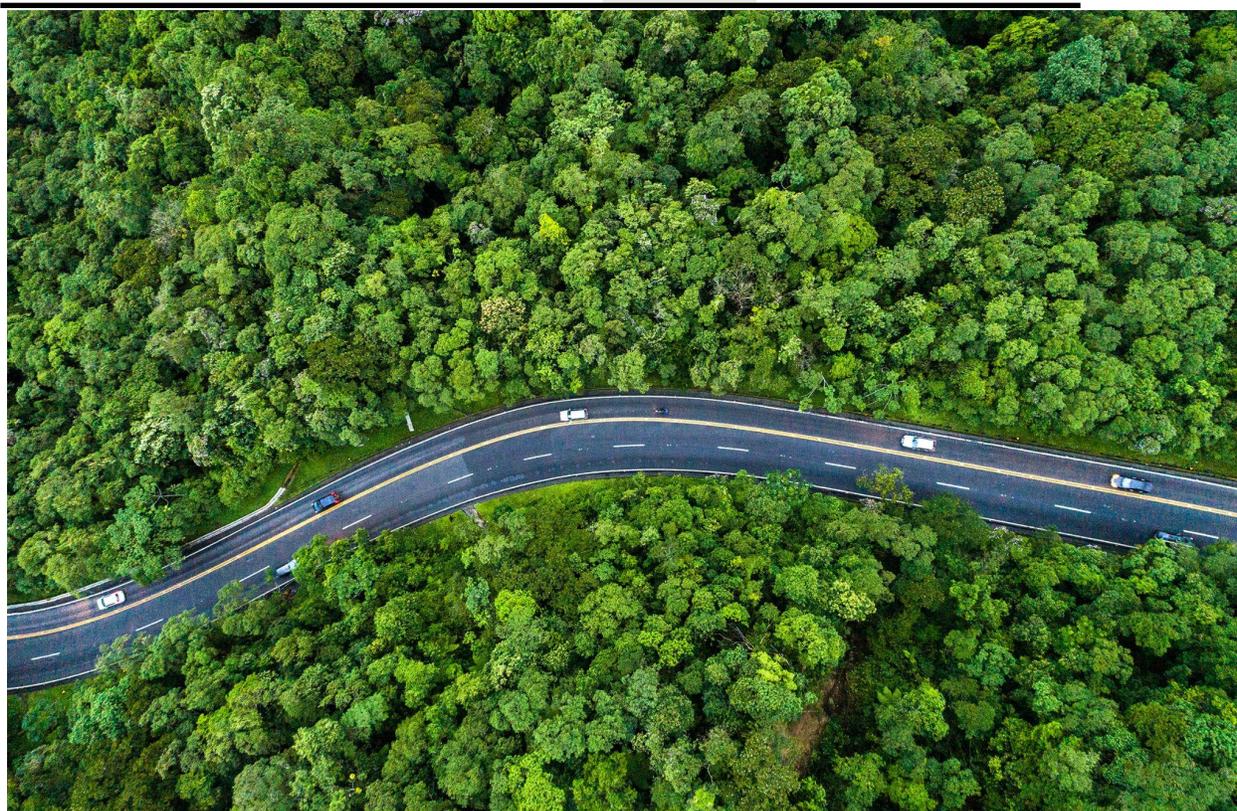
	Oct - Dec 2021	Oct - Dec 2020	Jan - Dec 2021	Jan - Dec 2020	Jan - Dec 2019
TSEK	2021	2020	2021	2020	2019
Software platforms FLUX, Xilium and Puls	4,138	3,661	17,863	13,971	3,653
Fixed assets in operations	2,483	3,120	20,621	13,713	36,296
Other intangible and tangible fixed assets	1,075	2,578	3,472	5,324	5,056
Total investments	7,696	9,359	41,956	33,008	45,005

Financial position

The Group's equity at the end of the period totaled SEK 561.3 million (554.8), producing an equity/assets ratio of 70.2 percent (67.7).

Net interest-bearing debt amounted to SEK 43.9 million (9.8). Due to the implementation of IFRS 16 the lease liabilities of operational lease contracts are recorded in the balance sheet as Long-term and short-term lease liabilities. These classifications have an impact on the calculation of Net Interest Bearing Debt. In the calculation of the Adjusted net interest-bearing debt the Lease liabilities are discarded. The Adjusted net interest-bearing debt amounted to SEK 20.9 million (-18.6) at the end of the fourth quarter.

	31 Dec 2021	31 Dec 2020	31 Dec 2019
TSEK			
Lease liabilities	22,943	28,377	33,449
Bank Loans and Credit facilities	64,402	51,640	46,090
Shareholder loans	28,981	38,284	49,836
Cash and bank	-72,463	-108,489	-52,373
Net Interest-bearing debt	43,863	9,812	77,002
-/- Lease liabilities	-22,943	-28,377	-33,449
Adjusted Net Interest-bearing debt	20,920	-18,565	43,553



Significant events and other information

Significant events during the quarter

- 25 Oct Sensys Gatso establishes Sensys Gatso Colombia through a Joint Venture agreement with Capatest Colombia SAS
- 1 Nov Sensys Gatso chosen to implement Low Emission Zone enforcement program in the City of Haarlem
- 9 Nov Sensys Gatso LATAM receives first order from new market Ecuador, worth approximately SEK 5 million
- 10 Nov Sensys Gatso receives additional order from the United Arab Emirates worth SEK 5 million
- 18 Nov Sensys Gatso Australia signs extension agreements for supply and maintenance of ANPR traffic safety systems to the state of New South Wales
- 23 Nov Sensys Gatso is Awarded a Five-Year Puls and Xilium Software license Contract Extension from Turkish Republic of Northern Cyprus, worth SEK 6 million
- 28 Dec Sensys Gatso receives a 5 year extension of the service agreement from the Swedish Transport Administration

Significant events after the quarter

- 18 Jan Sensys Gatso has won a five-year TRaaS contract from Pelham Manor, New York worth SEK 7.9 million
- 19 Jan Sensys Gatso USA has won a five-year TRaaS contract from Gates Mills, Ohio worth SEK 9.2 million
- 2 Feb Sensys Gatso USA has won a five-year TRaaS contract from Oelwein, Iowa worth SEK 9.3 million

Significant events during the previous quarters

- 19 Jan Sensys Gatso Group appoints Pär Degerman as new CTO
- 21 Jan Sensys Gatso has received a procurement award for red-light and speed enforcement in Belgium worth SEK 60 million
- 26 Feb Sensys Gatso receives an order from Fareco Group worth SEK 6.8 million
- 20 Mar Sensys Gatso Australia receives order for traffic safety systems and services worth SEK 16 million
- 11 May Sensys Gatso USA is awarded a five-year TRaaS contract from Livonia, Louisiana worth SEK 15 million
- 24 May Sensys Gatso receives second order from Malaysia worth SEK 11 million under the procurement award for traffic enforcement equipment

- 5 July Sensys Gatso Group increases focus on the Latin America Region
- 26 Jul Sensys Gatso Australia receives order for traffic safety systems and services worth SEK 11 million and enables SGG's global solution development model
- 3 Aug Sensys Gatso receives final payment for first order from Tahakom, Saudi Arabia
- 4 Aug Sensys Gatso USA Receives Five-year TRaaS Contract from Hoschton, Georgia, worth SEK 10 million
- 5 Aug Investigation into Sensys Gatso Netherlands legally dismissed
- 21 Sept Sensys Gatso receives five-year TRaaS contract, valued at SEK 12 million for speed photo enforcement in the Village of Mayfield, Ohio
- 23 Sept Sensys Gatso receives orders from the United Arab Emirates worth SEK 5 million

A list of Sensys Gatso’s press releases can be found on www.sensysgatso.com

Related party transactions

In connection with the acquisition of Gatso Beheer B.V. in 2015 a vendor loan of approximately EUR 6.8 million was issued as part of the consideration. The vendor loan may under certain circumstances be converted into new shares in Sensys Gatso Group. The remaining part of the vendor loan amounted to a total of EUR 840 thousand on December 31, 2021. Sensys Gatso Group has made a payment according to the vendor loan agreement during 2021 of EUR 1 million during the quarter to Gatso Special Products B.V. (lender). We refer to the annual report for a list of common related party transactions during the year.

Sustainability

Sensys Gatso solutions promote reduced negative environmental impacts from vehicles. Sensys Gatso solutions not only help save lives by preventing road crashes – our products and services also contribute to the reduction of carbon emissions and lower pollution levels. Emissions from transportation accounts for about 1/5 of global carbon emissions, where road transportation accounts for 72 percent. Lower speeds, however, lead to the reduction of both carbon emissions and the release of pollutants, called NOx particles. Reducing speed limits from, for example, 75mph to 60mph result in a 25 percent reduction in emissions. Read more about how Sensys Gatso solutions promote reduced negative environmental impacts from vehicles in the 2020 Annual Report on page 12-15 available at www.sensysgatso.com



Several global trends continued to favor Sensys Gatso, not the least the world’s drive for sustainable cities, reduced environmental impacts from vehicles and the fulfillment of the UN’s 2030 sustainable development goals. Making roads safer by changing human behaviour in traffic is fundamental to our business strategy. Our TRaaS business model supports our customers in the transformation towards sustainable and safe environments. Sensys Gatso develops, produces, markets and sells

software driven system solutions and products to improve traffic safety. Our largest product category includes automatic speed and red light monitoring systems designed to prevent traffic accidents and thereby save lives. However, our solutions not only help save lives by preventing road crashes – our products and services also contribute to the reduction of carbon emissions and lower pollution levels. Our customers include police and road authorities globally, as well as, to some extent, private operators contracted by government agencies. We have a close relationship with our customers and together we find customized solutions for local needs and objectives. Our long term relationship with customers often results in add-on sales over time. Our supply chain is European and the development and production of our systems is in part provided by third party suppliers in Sweden, and partly at our own production facility in Haarlem, the Netherlands. All together we engage approximately 10 employees in Haarlem and another 80 different suppliers in Sweden and the Netherlands. Given our European centric development model, we, as a company, are required to follow EU environmental legislations and regulations, such as WEEE and RoHS. Several global trends continued to favor Sensys Gatso, not the least the world's drive for sustainable cities, reduced environmental impacts from vehicles and the fulfillment of the UN's 2030 sustainable development goals. This is the bigger picture, read our sustainability report in the 2020 Annual report on page 16-20 available at www.sensysgatso.com.

AGM 2022

The AGM for 2022 will take place on Thursday May 12, 2022, in Jönköping. Please, go to www.sensysgatso.com/ for more information about the nomination committee and how to proceed as a shareholder to get an issue handled by the AGM.

Dividend

No dividend is proposed for the financial year 2021. The dividend policy is that generated net profit will be re-invested in the company to finance the growth plan. When the growth plan is fully financed, dividend will materialize after assessment of the company's financial position, organic growth opportunities, investments, acquisition opportunities and cash-flow.

Audit

This report has not been reviewed by the company's auditor.

Invitation to a presentation

On 23 February at 10 am CET Sensys Gatso Group invites press, analysts, shareholders, and stakeholders to participate in a presentation/audiocast. The company's CEO Ivo Mönnink and CFO Simon Mulder will present the financial results in English. The presentation in connection with this report will be published on the website.

The presentation/audiocast can be joined online or via telephone and will be available on the company's webpage <https://www.sensysgatso.com>

Link to the presentation/audiocast: <https://tv.streamfabriken.com/sensys-gatso-group-q4-2021>

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This information is information that Sensys Gatso Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.30 on 23 February, 2022.

Group figures

Consolidated statement of comprehensive income

	Oct - Dec 2021	Oct - Dec 2020	Jan - Dec 2021	Jan - Dec 2020	Jan - Dec 2019
TSEK					
Net sales	172,512	134,252	506,789	454,933	406,325
Cost of goods sold	-100,710	-85,260	-300,854	-293,066	-261,278
Gross profit	71,802	48,992	205,935	161,867	145,047
Selling expenses	-18,189	-15,137	-66,057	-72,177	-81,157
Administrative expenses	-19,360	-14,348	-63,823	-48,300	-41,067
Development expenses	-8,811	-7,883	-36,268	-34,080	-47,849
Other operating expenses/income (1)	1,802	917	6,121	3,511	634
Operating profit	27,244	12,541	45,908	10,821	-24,392
Net financial items	263	-884	1,401	-8,345	-3,137
Profit before tax	27,507	11,657	47,309	2,476	-27,529
Tax	-8,519	-929	-12,318	1,478	12,418
Profit for the period	18,988	10,728	34,991	3,954	-15,111
Profit is attributable to owners of Sensys Gatso Group AB	18,249	10,072	32,578	5,051	-13,386
Profit is attributable to non- controlling interest	739	656	2,413	-1,097	-1,725
	18,988	10,728	34,991	3,954	-15,111
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	2,335	-18,700	10,468	-19,697	8,867
Total other comprehensive income for the period, net after tax	2,335	-18,700	10,468	-19,697	8,867
Total comprehensive income for the period	21,323	-7,972	45,459	-15,743	-6,244
Number of shares (thousands)	921,776	921,776	921,776	921,776	860,024
Earnings per share, before and after dilution (SEK)	0.02	0.01	0.04	0.01	-0.02

1) The full year numbers of 2021 includes 4,3MSEK (3.5) Governmental COVID-19 relief

Consolidated balance sheet

TSEK	31 Dec 2021	31 Dec 2020	31 Dec 2019
Assets			
Goodwill	251,127	242,145	257,164
Customer contracts and relations	501	1,298	10,338
Brand	8,011	9,857	12,738
Product and software development	48,023	36,229	29,582
Property, plant and equipment	33,191	38,551	45,253
Fixed assets in operations	59,022	47,885	56,110
Deferred tax assets	36,238	39,983	45,315
Other non-current assets	266	289	330
Trade and other receivables	141,282	68,142	75,419
Inventories and work in progress	96,787	127,318	86,549
Other current assets	50,583	47,059	34,706
Cash and bank balances	72,463	108,489	52,373
Total assets	797,494	767,245	705,877
Shareholders' equity and liabilities			
Shareholders' equity	561,803	514,559	448,854
Long-term Lease liabilities	15,970	19,043	23,110
Long-term Bank loans	23,292	8,783	0
Long-term Liabilities towards shareholders	20,454	28,246	39,387
Warranty Provision	10,823	10,026	10,032
Deferred tax liabilities	3,379	4,703	9,753
Short-term Lease liabilities	6,973	9,334	10,339
Short-term Bank liabilities	41,110	42,857	46,090
Short-term liabilities towards shareholders	8,527	10,038	10,449
Trade and other payables	37,118	62,417	47,237
Other current interest-free liabilities	68,045	57,239	60,626
Total shareholders' equity and liabilities	797,494	767,245	705,877

Consolidated statement of changes in equity

TSEK	Oct - Dec 2021	Oct - Dec 2020	Jan - Dec 2021	Jan - Dec 2020	Jan - Dec 2019
Beginning of period	539,409	513,056	514,559	448,854	454,796
New share issue	0	9,475	0	84,475	0
Share issue costs (net after tax effect)	0	0	0	-3,255	0
Stock related costs	1,071	0	1,785	227	302
<i>Comprehensive income</i>					
Net profit for the period	18,249	10,072	32,578	5,051	-13,386
Minority interest in subsidiaries	739	656	2,413	-1,097	-1,725
Translation differences	2,335	-18,700	10,468	-19,696	8,867
Total comprehensive income for the period	21,323	-7,972	45,459	-15,742	-5,942
End of period	561,803	514,559	561,803	514,559	448,854

Cash flow statement

	Oct - Dec 2021	Oct - Dec 2020	Jan - Dec 2021	Jan - Dec 2020	Jan - Dec 2019
TSEK					
Operating profit	27,244	12,541	45,908	10,821	-24,392
Items with no effect on cash flow	11,107	9,294	38,556	48,612	57,561
Financial items	-9,277	-1,723	-14,710	-4,047	-1,817
Tax paid/received	500	1,250	473	2,296	425
Funds contributing from operating activities	29,574	21,362	70,227	57,682	31,777
Change in working capital	-18,266	-28,346	-61,080	-42,216	-35,517
Cash flow from operating activities	11,308	-6,984	9,147	15,466	-3,740
Cash flow from investing activities	-7,695	-9,359	-41,956	-33,008	-45,005
	3,613	-16,343	-32,809	-17,542	-48,745
Financing activities					
New share issue minus cost	0	0	0	70,965	0
Loan movements (1)	-1,920	-718	19,421	16,796	0
Lease payments (IFRS16)	-2,613	-2,765	-11,032	-11,549	-11,689
Repayment/usage of credit facilities	7,504	-44	-1,747	-3,233	46,090
Repayment of loan to shareholders	0	0	-10,231	0	-10,199
Change in cash and bank balances	6,584	-19,870	-36,398	55,437	-24,543
Liquid funds at the beginning of the period	65,500	127,517	108,489	52,372	76,607
Translation differences in liquid funds	379	842	372	680	309
Closing cash and cash equivalents	72,463	108,489	72,463	108,489	52,373

1) The full year numbers 2020 includes 4.8MSEK received Governmental COVID-19 relief

Parent company figures

Statement of comprehensive income

	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
TSEK	2021	2020	2021	2020	2019
Other sales	5,596	4,004	21,966	11,941	7,981
Cost of goods sold	0	0	0	0	0
Gross profit	5,596	4,004	21,966	11,941	7,981
			0		
Selling expenses	0	0	0	0	0
Administrative expenses	-11,774	-5,255	-30,853	-17,205	-13,665
Development expenses	0	0	0	0	0
Other operating expenses/income	0	0	0	0	-24
Operating profit	-6,178	-1,251	-8,887	-5,264	-5,708
Net financial items	12,327	13,245	15,293	13,630	10,883
Profit before tax	6,149	11,994	6,406	8,366	5,175
Tax	-1,329	508	-1,329	-1,707	-1,121
Profit for the period/Comprehensive income for the period	4,820	12,502	5,077	6,659	4,054

Balance sheet

	31 Dec	31 Dec	31 Dec
TSEK	2021	2020	2019
Product and software development	30,665	19,933	6,896
Shares in subsidiaries	415,688	413,952	413,952
Deferred tax assets	16,384	17,714	18,640
Receivables from Group	90,411	64,537	45,118
Other current assets	2,888	1,511	1,529
Cash and bank balances	24,819	62,755	12,866
Total assets	580,855	580,402	499,001
Shareholders' equity and liabilities			
Shareholders' equity	561,614	554,752	465,146
Long-term Bank loans	0	0	0
Long-term liabilities towards shareholders	0	8,170	18,489
Short-term Bank liabilities	0	0	0
Short-term liabilities towards shareholder	8,527	10,038	10,449
Trade and other payables	3,601	1,431	1,412
Trade and other payables from Group	1,759	2,510	1,331
Other current interest-free liabilities	5,354	3,501	2,174
Total shareholders' equity and liabilities	580,855	580,402	499,001

Statement of changes in shareholders equity

TSEK	Oct - Dec 2021	Oct - Dec 2020	Jan - Dec 2021	Jan - Dec 2020	Jan - Dec 2019
Beginning of period	555,724	532,548	554,752	465,146	460,790
New share issue, net	0	9,475	0	84,475	0
Share issue costs (net after tax effect)	0	0	0	-3,255	0
Other movements		0	0	1,500	0
Profit for the period/Comprehensive income for the period	4,819	12,502	5,077	6,659	4,054
Stock related remuneration	1,071	227	1,785	227	302
End of period	561,614	554,752	561,614	554,752	465,146

The other movements in 2020 relate to additional Parent Company Contribution from the Swedish Subsidiary Sensys Gatso Sweden AB relating to the year 2019.

The Sensys Gatso share

The number of shares at the end of the period amounted to 921,776,405 (921,776,405). The average number of shares during the period was 921,776,405 (879,244,986).

The table below shows the ten largest shareholders in the Company as per the end of December 2021. The family office that founded Gatso, which was acquired by Sensys Traffic AB in 2015, is the company's largest shareholder with 17 percent (BNP). (Source Euroclear).

#	Shareholder	Number of shares	Proportion of share capital/ Votes%
1	BNP PARIBAS SEC SERVICES PARIS	164,428,138	17.8
2	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	38,419,781	4.2
3	NORDNET PENSIONS FÖRSÄKRING AB	33,363,059	3.6
4	WALL, PER	23,000,000	2.5
5	BERGSTRAND, INGER	20,659,837	2.2
6	SEB Investment Management	10,177,068	1.1
7	FUTUR PENSION	8,134,962	0.9
8	HAMBERG, PETER	7,500,000	0.8
9	MELLGREN, CLAES	7,367,357	0.8
10	Handelsbanken fonder	7,345,168	0.8

#	Country	Proportion of share capital/ Votes%
1	Sweden	76.2
2	Netherlands	17.9
3	Denmark	1.7
4	Finland	0.9
5	United states	0.8
6	Other	2.5
		100.0

Quarterly data

Consolidated statement of income

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	172,512	130,416	125,760	78,101	134,252	131,595	93,456	95,630
Cost of goods sold	-100,710	-67,034	-79,526	-53,584	-85,260	-82,399	-58,443	-66,964
Gross profit	71,802	63,382	46,234	24,517	48,992	49,196	35,013	28,666
Costs	-44,558	-35,138	-41,676	-38,655	-36,451	-36,268	-35,940	-42,387
Operating profit	27,244	28,244	4,558	-14,138	12,541	12,928	-927	-13,721
Net financial items	263	-1,699	-1,447	4,284	-884	-4,120	1,797	-5,138
Profit before tax	27,507	26,545	3,111	-9,854	11,657	8,808	870	-18,859
Tax	-8,519	-4,327	460	68	-929	-2,892	2,253	3,046
Profit for the period	18,988	22,218	3,571	-9,786	10,728	5,916	3,123	-15,813

Key indicators and other information

TSEK	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating margin (%)	15.79	21.66	3.62	Neg	9.34	9.82	Neg	Neg
Gross margin (%)	41.62	48.60	36.76	31.39	36.49	37.38	37.46	29.98
Profit margin (%)	11.01	17.04	2.84	neg	7.99	4.50	3.34	Neg
Equity per share (SEK)	0.61	0.59	0.56	0.56	0.56	0.56	0.51	0.53
Cash flow per share (SEK)	0.01	0.00	0.04	-0.04	-0.01	0.01	0.00	0.02
Number of employees	263	254	259	262	252	259	255	270
No. of outstanding shares (thousands)	921,776	921,776	921,776	921,776	921,776	913,596	860,024	860,024
Equity/assets ratio (%)	70.45	71.89	68.08	68.05	67.07	65.98	64.34	64.49
Order intake (SEK thousands)	195,358	64,182	46,915	61,793	120,458	323,701	282,569	61,625

Segment data

Order intake	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
System Sales	44,358	42,182	31,915	58,061	31,458	312,125	259,326	26,017
Managed Services	151,000	22,000	15,000	3,732	89,000	11,576	23,243	35,608
	195,358	64,182	46,915	61,793	120,458	323,701	282,569	61,625

Net sales	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
System Sales	133,802	93,480	93,881	56,282	100,902	105,093	63,680	62,855
Managed Services	38,710	36,936	31,879	21,819	33,350	26,502	29,776	32,775
	172,512	130,416	125,760	78,101	134,252	131,595	93,456	95,630

EBITDA	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
System Sales	24,966	27,051	6,742	-2,308	13,978	19,835	7,042	-1,553
Managed Services	12,538	10,974	6,725	-3,186	9,329	2,964	5,273	2,570
	37,504	38,025	13,467	-5,494	23,307	22,799	12,315	1,017

Notes and definitions

Key Indicator definitions

KPI	Definition
Gross margin	Gross profit as a percentage of net sales
Operating profit (EBIT)	Profit for the period before net financial items and tax
Operating margin (EBIT)	Operating profit (EBIT) as a percentage of net sales
Operating profit (EBITDA)	Operating profit (EBIT) before depreciation and amortisation
Operating margin (EBITA)	Operating profit (EBITDA) as a percentage of net sales
Net margin	Profit for the period as a percentage of net sales
Return on equity	Profit for the period as a percentage of (average) shareholders' equity
Equity/Assets ratio	Total Shareholders' equity as a percentage of total assets
Earnings per share	Profit for the period divided by the (average) number of outstanding shares
Interest-bearing liabilities	All interest-bearing debts (the sum of on balance lease liabilities, bank loans & credit facilities and shareholder loans)
Adjusted interest-bearing liabilities	Interest-bearing liabilities adjusted for on balance lease liabilities
Net interest-bearing debt	Interest-bearing liabilities less cash and bank balances
Adjusted Net interest-bearing debt	Interest-bearing liabilities adjusted for on balance lease liabilities less cash and bank balances
(Net) Working capital	The balance of current assets (inventory & work in progress, trade receivables, other current assets and cash) less current liabilities (trade payables and other current interest-free liabilities)
Order intake	The sum of purchase orders received in the period
Purchase order	Received order to deliver goods or services
Procurement award	Contract with estimated sales volume against fixed conditions over a period of time without purchase order obligations
Number of employees	The number of employees (fixed and variable) at the end of the period
Average number of employees (FTE)	The number of average full time equivalent employees during a period
Free available cash	Cash and bank balances plus remainder of the credit facilities made available to the company
12M Rolling	Sum of the last 12 months

General

Nature of operations

Sensys Gatso Group develops, markets, sells and operates world-leading system solutions and products to improve traffic safety. Our largest product category includes automatic speed and red-light monitoring systems designed to prevent traffic accidents and thereby saving lives and social resources. All products are based on our unique, high precision, target-tracking radars offering high legal certainty. The market for traffic safety systems is a global niche market with

healthy underlying growth.

EBITDA (Earnings before interest, taxes, depreciation and amortization)

The Intangible fixed assets, relating to the Purchase Price Allocation on the acquisition of Gatso Beheer BV, generate considerable amounts of amortisation. Due to this, we believe that, in order to assist in understanding the operational business and growth, it is useful to consider EBITDA when assessing the financial performance.

Volatility

The Group's revenue is affected by the volatility of the System Sales business. Due to the variance in bigger and smaller contracts and the time at which opportunities occur, revenue can be affected significantly during a quarter. To assist in understanding the operational business and to get a better view of the Group's performance, we provide quarterly data over six quarters.

Risks and uncertainty

Significant risks and uncertainties faced by the group primarily consist of commercial risks associated with customers and suppliers, and financial risks in its international business due to changes in exchange- and interest rates, as well as liquidity, financing and credit risks. Currency risks also arise in the translation of foreign net assets and earnings. Sensys Gatso Group's overall goal is as far as possible to avoid taking financial risks that may arise through changes in foreign currency rates, interest levels and market prices, as well as liquidity, financing and credit risks.

For more information about the group's risks, please refer to note 25 of the 2020 Annual Report. There are not considered to be any significant risks in addition to these.

Accounting policies

Sensys Gatso Group applies International Financial Reporting Standards (IFRS) as endorsed by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Accounts Act.

The Parent Company's interim report was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 – Accounting for Legal Entities.

The accounting policies adopted are consistent with those of the previous financial year as presented in the annual report for 2020.

For more information about the accounting policies applied and definitions of key indicators, please refer to the annual report issued for 2020, which is available on the Sensys Gatso [website](http://www.sensysgatso.com) www.sensysgatso.com

TRaaS Revenue description

TRaaS is recurring revenue from Service and Maintenance within System Sales and Managed Services. Recurring service revenues are collectively referred to as Traffic Enforcement as a Service revenues (TRaaS). The group identifies the following TRaaS revenue streams:

- » TRaaS: Service & Maintenance
- » TRaaS: Managed Services
- » TRaaS: Licenses

TRaaS: Service & Maintenance

The Group's service organisation installs, commissions and maintains traffic enforcement systems and conducts services and provides support to our customers. The services and maintenance revenues are sold in conjunction with delivery of systems in contract over a longer period of time or ad hoc as service needs arise at our customers. Revenues for service and maintenance contracts are recognised over a period of time depending on the duration of the contracts. Ad hoc services are recognized on an ongoing basis as the services are carried out.

TRaaS: Managed Services

The Managed Services department delivers technology, processes violations, issues citations, collects fines and delivers helpdesk support. Revenues are recognised over a period of time based on the contract duration. Typically the group has a performance obligation to deliver enforcement services. Revenues are recognised based on delivering the enforcement services and are mainly dependent on traffic volumes.

TRaaS: Licenses

Licence revenues relates to software license fees. The performance obligation is to provide the software and maintain it over a period of time. The revenues are recorded over the contract period.

Financial calendar

Upcoming financial events

Calendar	
Q1 Interim Report January - March 2022	29 April 2022
Annual General Meeting 2022	12 May 2022
Q2 Interim Report January - June 2022	18 August 2022
Q3 Interim Report January - September 2022	17 November 2022
Q4 Year-End Report January - December 2022	23 February 2023

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Our Vision

Our vision is to be an innovator in traffic management by providing software and services for a safer and more sustainable environment.

Our Strategy

Sensys Gatso's long-term four-pillar strategy is focused on profitable growth:

- ❖ Expansion in the US-market with TRaaS
- ❖ Entry into new markets with TRaaS
- ❖ Developing scalable software & flexible hardware
- ❖ Extension of the service scope in existing markets

Our long-term financial goals for 2025

- ❖ Total net sales >1 000 MSEK
- ❖ of which TraaS recurring revenues >600 MSEK
- ❖ EBITDA-margin >15%

Our Purpose

People make mistakes.
 And those mistakes have consequences.
 Dramatic consequences.
 Each day, over 3,500 people die. Not through sickness or old age.
 But through traffic crashes.

We battle this each day.
 A battle against overconfidence and acceptance.
 We are all excellent drivers. In our minds.
 Until we actually get behind the wheel and drive.
 A traffic accident? It happens.
 It's part of driving in traffic.

No.
 We refuse to accept this.
 It's our calling to come up with solutions.
 This is why Gatso refused to accept human measurement errors.
 And why Sensys fought against the idea that traffic victims are just the reality of sharing the road.

A combination of these strengths was clearly meant to be. And so Sensys Gatso was born.
 With a joint mission to improve traffic behavior.
 Through intelligent, effective, and reliable enforcement.
 All around the world.

From clear violation recording to sending out the fine.
 And from tailor-made products to five star maintenance.
 With our unique software at the heart of it all.

This is how we've made traffic enforcement a service.
 And how we always create the best solutions for our customers.
 Sensys Gatso. Making traffic safer.