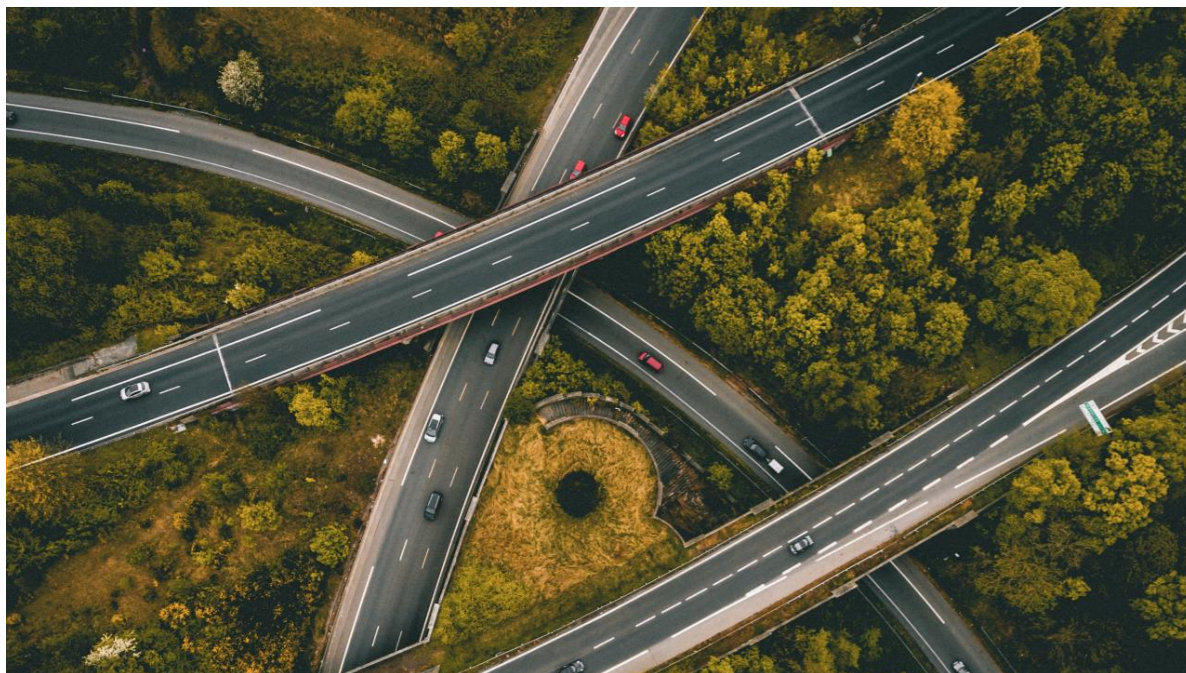


Sensys Gatso Group AB

Interim Report

July - September 2018



July – September 2018

- Net sales MSEK 95.7 (70.9)
- Order intake MSEK 100.7 (59.4)
- EBITDA MSEK 18.2 (-8.9)
- EBIT Operating profit MSEK 8.8 (-18.2)
- Total Comprehensive income MSEK 1.2 (-25.0)
- Earnings per share, before and after dilution, SEK 0.00 (-0.03)
- Cash flow from operating activities amounted to MSEK 11.6 (-10.2)

January – September 2018

- Net sales MSEK 255.9 (209.8)
- Order intake MSEK 336.3 (192.6)
- EBITDA MSEK 20.9 (-21.3)
- Operating profit MSEK -6.7 (-50.1)
- Total Comprehensive income MSEK 7.4 (-61.7)
- Earnings per share, before and after dilution, SEK -0.01 (-0.07)
- Cash flow from operating activities amounted to MSEK 10.3 (-31.9)

COMMENTS FROM THE CEO

A strong quarter with high activity

In the third quarter, net sales rose to SEK 95.7 million (70.9), up 35 percent. For the first three-quarters of the year, net sales increased by 22 percent to SEK 255.9 million (209.8). Our strong order intake that started in Q4 2017, was the main contributor to our top-line growth. Our activity level was high, and the order intake continued to be robust during the third quarter. The order intake for the quarter was SEK 100.7 million (59.4). New orders and procurement awards were received from Australia, The Netherlands, France, Saudi Arabia and the US. Our improved top-line and tight management of cost in the quarter resulted in an increased operating income, EBITDA, of SEK 18.2 million (-8.9). For the first three quarters our operating income, EBITDA, has grown to SEK 20.9 million (-21.3). The main performance driver this quarter was our Managed Services business in the strong US market.

Scalability in the US market

Our go-to-market strategy in the US is focused on Managed Services including software, equipment, maintenance and services. Our software products Puls and Xilium help our customers to manage traffic data and provide for a back-office function. With the latter we can offer our customers flexible solutions to manage their enforcement process; from analysing the offences till sending out the citations and collecting the fines. This scalable software platform provides us with opportunities to diversify into new verticals like i.e. uninsured vehicle and parking enforcement.

During the quarter, we renewed rental, maintenance and service contracts for customers with limited investments in equipment for Sensys Gatso. We also signed several new contracts for Managed Services in the US and the Speed Enforcement program in Iowa was resumed. In addition, after the close of the third quarter, we finally got the green light to turn on our Uninsured Vehicle Enforcement Diversion (UVED) Managed Services program in Oklahoma. The contract was awarded in November 2017 and operations have started in November 2018.

High gross margin and costs in control

Recurring revenues from contracts improved our gross margin to 49 percent (32) in the third quarter and to 43 percent (38) for the first three quarters. We are operating in competitive and often tender driven markets with volatility in the tender cycles. Tight cost control will remain a priority. The past quarters we have focussed on minimizing overhead costs and we have achieved an overall stable cost level which amounts to approximately SEK 40 million for the third quarter. During the year our total number of full-time employees has increased from 154 to 168. The increase in employees relates for the most part to the hiring of direct employees to support the increase in our business in the US and Australia, which are part of Cost of Goods Sold.

Continuous innovation

As communicated at our AGM in May of this year we continue our history of innovation. Our global development team has been working to create a new scalable and flexible platform to create our best solution yet. We will present this new platform in December, at the 2018 Gulf Traffic in Dubai. The development efforts related to this new platform are being capitalized on the balance sheet as an intangible asset.

Available cash and solid financial position

Our available cash at the end of the quarter was SEK 122.4 million (53.9). During the quarter, we have seen a strong operating performance with efficient capital management. This resulted in a positive operating cash flow of SEK 11.6 million (-10.2) for the quarter and SEK 10.2 million (-31.9) for the first three-quarters. We closed the quarter with a solid financial

CONTENTS

Comments from the CEO	2
Financial summary	4
Other information	10
Group figures	13
Parent company	16
Quarterly data	17
Notes	18
Financial information	20

position. The equity/assets' ratio improved to 73 percent (53) thanks to the net profit for the quarter and the conversion of part of the vendor loan.

Outlook

Activity creates results. The strong order intake that started in Q4 2017 continued the first three quarters. Our dedicated teams in Europe and the US were driving us to a good performance in the third quarter. So far, in the fourth quarter with new contracts from France and Australia, we continue to see high interest for our enforcement solutions. Our business mix is improving across various regions and solutions.

We are in the business of saving lives in traffic, across the world. With our strong heritage and our highly committed people we continue to be a solid business partner for creating innovative solutions for sustainable cities, safe rural roads and managed highways. With an improving top-line and tight cost control we aim for a gradual improvement of our profitability.

Ivo Mönnink
CEO, Sensys Gatso Group

FINANCIAL SUMMARY

Key indicators

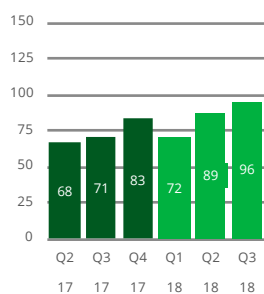
	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
SEK thousands	2018	2017	2018	2017	2017
Net sales	95,688	70,885	255,926	209,817	293,094
Order intake	100,689	59,423	336,343	192,596	348,918
Gross margin (%)	48.8	32.3	43.2	38.0	39.6
Operating profit, EBIT	8,786	-18,193	-6,702	-50,065	-54,764
Operating margin, EBIT (%)	9.2	Neg	Neg	Neg	Neg
EBITDA	18,241	-8,914	20,859	-21,256	-15,864
Profit for the period	4,089	-16,982	-10,281	-49,249	-61,846
Earnings per share (SEK)	0.00	-0.03	-0.01	-0.07	-0.07
Cash flow from operations	11,649	-10,184	10,272	-31,949	-39,250

EBITDA

	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
SEK thousands	2018	2017	2018	2017	2017
Operating profit	8,786	-18,193	-6,702	-50,065	-54,764
Depreciation tangible and intangible fixed assets	3,723	4,025	10,899	12,452	17,175
Amortization of acquired intangible assets ¹	5,732	5,254	16,662	16,357	21,725
EBITDA	18,241	-8,914	20,859	-21,256	-15,864

1) Amortisation of intangible fixed assets recognized as part of the acquisition of the Gatso Beheer BV.

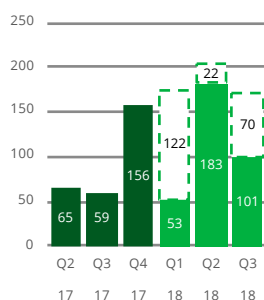
SALES (x Mil)



GROSS MARGIN (%)



ORDER INTAKE (x Mil)



Financial results Group

July – September 2018

Net sales in the third quarter, amounted to SEK 95.7 million (70.9) and consisted primarily of deliveries and services to customers in the Middle East, USA, Australia and various smaller orders from existing customers globally. The segment System Sales contributed SEK 77.4 million (59.1) and Managed Services contributed SEK 23.3 million (11.9) to the net sales of the second quarter including inter-segment transactions.

The gross margin for the quarter was 48.8 percent (32.3).

Order intake during the third quarter totalled SEK 100.7 million (59.4) and mainly relates to orders received from our customers in USA, Australia and France amongst other smaller orders. On top of that we have received a procurement award from our Australian customer with a total potential order intake value of SEK 70.0 million.

The operating expenses totalled SEK 37.9 million (41.1) including amortisation of intangible fixed assets recognized as part of the acquisition to the amount of SEK 5.7 million.

The operating profit for the third quarter totalled SEK 8.8 million (-18.2) and the profit after taxation totalled SEK 4.1 million (-17.0).

During the third quarter the investments in fixed assets amounted to SEK 6.0 million (4.6) and mainly relate to investments in Fixed Assets in Operations.

January – September 2018

Net sales for the period January to September 2018 amounted to SEK 255.9 million compared to SEK 209.8 million for the corresponding period in 2017. The segment System Sales contributed SEK 209.1 million (169.8), and Managed Services contributed SEK 56.6 million (43.9) to the net sales including inter-segment transactions.

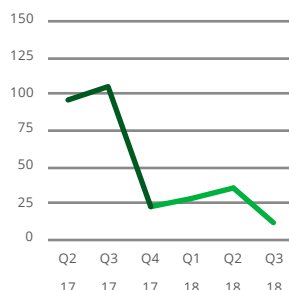
The gross margin for the period was 43.2 percent (38.0). The increase in margins is due to a relative higher sale in the Segment System Sales.

The operating expenses amounted to SEK 117.3 million for the period January to September 2018 compared to SEK 129.9 million for the corresponding period in 2017. The company's total depreciation and amortization for the period from January to September 2018 amounted to SEK 27.6 million compared to SEK 28.8 million for the corresponding period 2017.

Investments

During the period January to September 2018 the investments in fixed assets amounted to SEK 12.8 million (7.4) which SEK 8.8 million (4.7) relates to tangible fixed assets and SEK 3.6 million (2.7) relates to intangible fixed assets. The investment in tangible fixed assets mainly relates to upgrading the Haarlem testing facilities and part of the offices and investments in fixed assets in operations.

**NET INTEREST BEARING
DEBTS (x Mil)**



Financial position

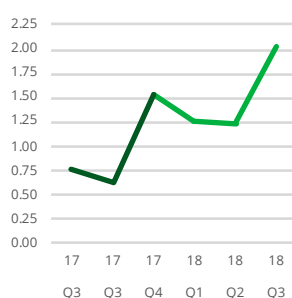
The Group's equity at the end of the period totalled SEK 444.9 million (324.9), producing an equity/assets ratio of 73.1 percent (58.7). Net interest-bearing debt amounted to SEK 12.8 million (105.6). The net interest bearing debt has been affected by the new share issue in the fourth quarter of 2017 which resulted in a net cash inflow of SEK 87.2 million. In September the short-term part of the vendor loan to the amount of SEK 17.5 million was converted into 15,110,738 new shares. The conversion price amounted to SEK 1.1583 per share.

KSEK	30 Sep 2018	30 Sep 2017	31 Dec 2017
Short-term liabilities	26,308	63,531	26,193
Long-term liabilities	48,836	52,442	56,160
Cash and bank	-62,388	-10,330	-58,931
Net debt	12,756	105,643	23,422

The Sensys Gatso share

The number of shares at the end of the period was 860,024,407 (657,155,077). The average number of shares during the period was 845,728,771 (657,155,077). The table below shows the five largest shareholders in the Company as per end of September 2018. The family office that founded Gatso, which was acquired by Sensys Traffic AB in 2015, is the company's largest shareholder with 19 percent (BNP). Source Euroclear

SHARE PRICE



#	Shareholder	Number of shares	Proportion of share capital/ Votes%
1	BNP PARIBAS SEC SERVICES PARIS	164,533,215	19.13
2	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	36,021,689	4.19
3	BNY MELLON SA/NV (FORMER BNY)	27,662,968	3.22
4	WALL, PER	23,000,000	2.67
5	BERGSTRAND, INGER	21,004,714	2.44

#	Country	Proportion of share capital/ Votes%
1	Sweden	67.9
2	Netherlands	19.2
3	United States	4.3
4	Belgium	3.4
5	United Kingdom	1.2
6	Other	4.0

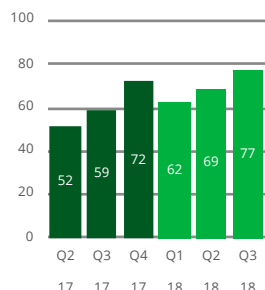
Personnel

The average number of full-time employees was 168 people (154). The number of employees at the end of the period was 188 (167), whereof a part being part-time employees, to be compared with 169 at the end of the financial year 2017. The increase in employees is mainly due to processing staff in the USA, relating to onboarding of new programs.

Business Segments

The two main IFRS-segments used for internal reporting and managing the different operations are System Sales and Managed Services.

SALES SYSTEM SALES
(x Mil)



System Sales

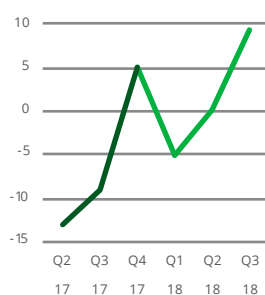
Systems sales amounted to SEK 77.4 million (59.1) in the third quarter of 2018. The system sales for the period January to September 2018 amounted SEK 209.1 million compared to SEK 169.8 million for the corresponding period in 2017. 18 percent of the year-to-date order intake value was recurring revenues in the shape of service and maintenance contracts.

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. The one-off system sales in 2018 relate to systems sales to the Middle East, Eastern Europe and repeat orders from our existing customers.

The order intake for the segment Systems Sales amounted to SEK 84.7 million (41.5) in the quarter. In the period January to September 2018 the order intake for the segment amounted to SEK 266.4 million, mainly relating to orders from our customers in The Netherlands, Middle East and Australia. During the quarter we have received a procurement award from Australia with a total potential order intake value of SEK 70.0 million.

The segment has incurred an EBITDA of SEK 9.3 million (-9.1) in the third quarter. Compared to the third quarter 2017 this is an improvement of EBITDA of SEK 18.4 million. The EBITDA for the first three quarters amounted SEK 4.3 million compared to SEK -30.7 for the same period last year.

EBITDA SYSTEM SALES
(x Mil)



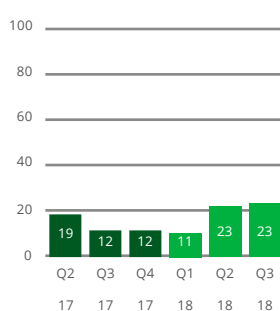
Managed Service

Managed Services sales amounted to SEK 23.2 million (12.0) in the third quarter of 2018. Managed Services sales for the period January to September 2018 amounted SEK 56.6 million (43.9). The increase in sales is due to the onboarding of several new programs in 2018, intensified collection efforts and the reactivation of the Iowa speed programs.

During the quarter we have been awarded with two new contracts for a total value of SEK 16 million and with contract periods of 5 years.

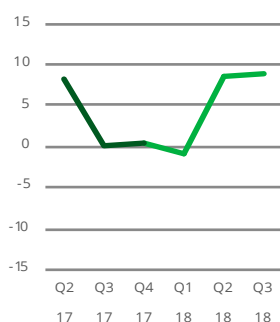
The segment has incurred an EBITDA of SEK 9.0 million (0.2) in the third quarter. Compared to the third quarter 2017 this is an improvement of EBITDA of SEK 8.8 million. The EBITDA for the first three quarters amounted SEK 16.6 million compared to SEK 9.5 for the same period last year.

SALES MANAGED SERVICES (x Mil)



The segment Managed Services also includes software development costs relating Managed Services activities and the onboarding of several new programs.

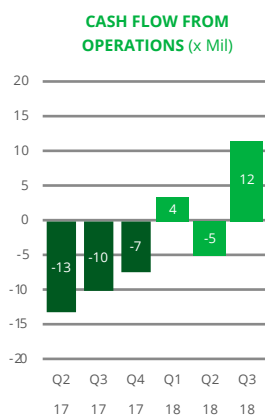
EBITDA MANAGED SERVICES (x Mil)



SEK thousands	July - Sep 2018			July - Sep 2017		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	77,459	23,280	100,739	59,105	11,950	71,055
Inter-segment transactions	-4,515	-536	-5,051	-181	0	-181
Total Net Sales	72,944	22,744	95,688	58,924	11,950	70,874
EBITDA	9,290	8,951	18,241	-9,114	200	-8,914
Depreciation and amortization	-855	-8,600	-9,455	-2,378	-6,901	-9,279
Operating Profit	8,435	351	8,786	-11,492	-6,701	-18,193
Net financial items			-1,843			-810
Profit before tax			6,943			-19,003
Tax			-2,854			2,021
Profit for the period			4,089			-16,982

SEK thousands	Jan - Sep 2018			Jan - Sep 2017		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	209,081	56,558	265,639	169,798	43,929	213,727
Inter-segment transactions	-6,115	-3,593	-9,708	-3,919	0	-3,919
Total Net Sales	202,966	52,965	255,931	165,879	43,929	209,808
EBITDA	4,293	16,566	20,859	-30,708	9,453	-21,255
Depreciation and amortization	-8,089	-19,472	-27,561	-6,750	-22,060	-28,810
Operating Profit	-3,796	-2,906	-6,702	-37,458	-12,607	-50,065
Net financial items			-2,334			-6,201
Profit before tax			-9,036			-56,266
Tax			-1,245			7,017
Profit for the period			-10,281			-49,249

Cash flow



Cash and available cash

Cash and cash equivalents at the end of the period totalled SEK 62.3 million (10.3). At the end of the period free available cash amounted SEK 122.4 million (53.9) taking into account the total amount of available credit facilities.

The group's credit facility agreements are subject to covenant clauses, whereby the group is required to meet certain financial ratios. Sensys Gatso has agreed to new covenant ratios with both the SEB and Rabobank for 2018 and onward.

Cash flow from operating activities

During the quarter Sensys Gatso has had a positive cash flow from operating activities of SEK 11.6 million (-10.2) in 2018. The cash flow from operating activities for the first three quarters amounted SEK 10.3 million compared to SEK -31.9 million for the same period last year.

Cash flow from investing activities

The investments in fixed assets amounted to SEK 6.0 million (0.9) in the second quarter.

OTHER INFORMATION

Significant events during the third quarter 2018

- *16 Jul* – Sensys Gatso wins managed services contracts take-over, estimated value SEK 8 million.
- *16 Jul* – Sensys Gatso signs framework agreement for point-to-point solution in the Netherlands. Add-on agreement to the framework agreement that was signed on June 7.
- *18 Jul* - Sensys Gatso receives order worth SEK 12 million with an opportunity of more from Australia
- *18 Jul* – Sensys Gatso receives order worth SEK 25 million in Australia
- *25 Jul* – Sensys Gatso wins managed services contracts worth SEK 8 million
- *2 Aug* – Sensys Gatso receives an order from Australia worth SEK 5,9 million
- *21 Aug* - Sensys Gatso has received an additional order for in-vehicle safety systems worth EUR 1.5 million, corresponding to SEK 16 million, from France.
- *22 Aug* - The Speed Enforcement program in Iowa resumes.
- *10 Sep* - Sensys Gatso Group has carried out conversion of a vendor note which has resulted in a change in the number of shares and votes in Sensys Gatso Group. After the conversion there are in total 860,024,407 shares in the company, entitling to a total of 860,024,407 votes.
- *13 Sep* – Sensys Gatso appoints new General Manager for the Swedish subsidiary Sensys Gatso Sweden AB
- *24 Sep* – Sensys Gatso delivers in-vehicle enforcement systems to Saudi Arabia, first order of SEK 66 million in the framework agreement from March 22, 2018.

Significant events in the previous quarters 2018

- *16 Jan* – Sensys Gatso appoints new CFO and CCO
- *24 Jan* – Sensys Gatso wins 5-year contract for managed services in Ohio, US, the value is estimated to SEK 5 million
- *5 Feb* – Sensys Gatso receives an order from Qatar worth SEK 10 million
- *7 Feb* – Sensys Gatso has decided to fully provision with SEK 5 million on an outstanding receivable regarding projects deliveries in the Middle East from 2016.
- *23 Feb* – Sensys Gatso wins procurement contract in Finland, estimated value SEK 30 million.
- *22 Mar* – Sensys Gatso receives an order for in-vehicle traffic enforcement systems from the Middle East, potential order value of EUR 10 million, corresponding to SEK 100 million
- *3 Apr* – Sensys Gatso is granted contract extension in Tuscaloosa, Alabama, estimated contract value over three years USD 0.580 million.
- *3 Apr* – Sensys Gatso receives contract extension in Maitland, Florida, estimated contract value of USD 0.620 million over three years.
- *24 Apr* – Sensys Gatso receives contract extension in Winter Park, Florida, estimated contract value of just over USD 1 million over three years.
- *2 May* – Order from Australia worth SEK 9 million
- *2 May* – Iowa, US, Supreme Court, reverses 2017 decision authorizing Iowa Department of Transportation to Regulate Cities' Automated Traffic Enforcement Cameras.
- *7 May* – The State of Iowa, US, passes top priority bills and closes 2018 legislative session.

- 11 May – Sensys Gatso receives contract extension from Australia worth AUD 2.5 million
- 17 May – Resolutions from the AGM
- 21 May – Sensys Gatso signs contract for traffic safety in Finland, estimated value up to SEK 30 million over three years.
- 28 May – Sensys Gatso wins Managed Services contract for Upper Marlboro, Maryland worth estimated SEK 9 million.
- 28 May – Sensys Gatso receives award for traffic safety in Belgium. The procurement award is estimated to be worth up to SEK 27 million.
- 7 Jun – Sensys Gatso receives a procurement award for Point-to-Point systems in the Netherlands of SEK 66 million.
- 22 Jun – Sensys Gatso wins managed services takeover contract in New Miami, OH, US, worth estimated SEK 18 million over five years.

Significant events after the end of the reporting period

- 2 Oct – Sensys Gatso wins Managed Services contract in Germany worth estimated SEK 5 million over five years.
- 9 Oct – Sensys Gatso wins order from Australia worth SEK 5.8 million.
- 26 Oct – Sensys Gatso gets the green light to turn on its Uninsured Vehicle Enforcement Diversion (UVED) managed services program in Oklahoma, US.
- 29 Oct – Nomination Committee appointed for Annual General Meeting 2019 and information about the AGM
- 31 Oct – Sensys Gatso receives Finnish order worth 0.56 MEUR.

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

Related party disclosures

In connection with the acquisition of Gatso Beheer in 2015 a vendor note of approximately EUR 6.8 million was issued as part of the consideration. As stated in the press release issued on June 23, 2015 the vendor loan may under certain circumstances be converted into new shares in Sensys Gatso Group. The first instalment of EUR 3 million of the vendor loan fell due on July 31, 2018. Approximately EUR 1.6 million of this instalment is still outstanding and will now, in accordance with the terms and conditions of the vendor loan, be converted into 15 110 738 new shares to be issued to Gatso Special Products. The conversion price amounts to SEK 1.1583 per share.

After the new shares have been registered the number of shares and votes in Sensys Gatso Group will amount to 860 024 407, which will imply a dilution of 1.79 percent.

For the period under review no other material business transactions were performed with related parties.

AGM 2019

The AGM for 2019 will take place on Thursday May 9, 2019, 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.

Sustainability

Sensys Gatso Group develops, manufactures, markets and sells system solutions and products that increase road safety. Our largest product category includes automated speed and traffic monitoring systems that prevent traffic accidents; saving lives and saving social resources. See more information about our sustainability work in the 2017 Annual Report, available at www.sensysgatso.com.

Auditors review

This report has been the subject of a limited review by the Group's auditor. The review report is on page 21.

For further information please contact:
Ivo Mönnink, CEO
e-mail: i.monnik@sensysgatso.com

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 22 November 2018.

GROUP FIGURES

Consolidated statement of comprehensive income

SEK thousands	July - Sep 2018	July - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Net sales	95,688	70,885	255,926	209,817	293,094
Cost of goods sold	-49,006	-47,964	-145,288	-130,029	-176,910
Gross profit	46,682	22,921	110,638	79,788	116,184
Selling expenses	-17,563	-20,202	-55,190	-62,279	-83,528
Administrative expenses	-9,419	-9,659	-27,193	-31,749	-40,266
Development expenses	-10,739	-10,988	-34,030	-35,233	-47,105
Other operating expenses/income	-175	-265	-927	-592	-49
Operating profit	8,786	-18,193	-6,702	-50,065	-54,764
Net financial items	-1,843	-810	-2,334	-6,201	-10,552
Profit before tax	6,943	-19,003	-9,036	-56,266	-65,316
Tax	-2,854	2,021	-1,245	7,017	3,470
Profit for the period	4,089	-16,982	-10,281	-49,249	-61,846
Profit is attributable to owners of Sensys Gatso Group AB	3,819	-15,795	-10,086	-47,637	-58,067
Profit is attributable to non- controlling interest	270	-1,187	-197	-1,612	-3,779
Other comprehensive income	4,089	-16,982	-10,283	-49,249	-61,846
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	-2,920	-8,059	17,640	-12,477	-3,041
Total other comprehensive income for the period, net after tax	-2,920	-8,059	17,640	-12,477	-3,041
Total comprehensive income for the period	1,169	-25,041	7,357	-61,726	-64,887
Number of shares (thousands)	860,024	657,155	860,024	657,155	844,914
Earnings per share (SEK)	0.00	-0.03	-0.01	-0.07	-0.07

Consolidated balance sheet

	30 Sep	30 Sep	31 Dec
SEK thousands	2018	2017	2017
Assets			
Goodwill	251,026	233,134	239,166
Customer contracts and relations	27,340	38,168	35,459
Brand	15,215	16,340	16,191
Intangible non-current assets	35,091	39,257	38,879
Property, plant and equipment	9,706	7,692	7,245
Fixed assets in operations	27,858	26,566	27,856
Deferred tax assets	34,769	48,414	38,439
Other non-current assets	358	356	361
Trade and other receivables	52,040	57,799	71,322
Inventories and work in progress	67,318	56,794	63,615
Other current assets	27,237	18,742	26,805
Cash and bank balances	62,388	10,330	58,931
Total assets	610,346	553,592	624,269
Shareholders' equity and liabilities			
Shareholders' equity	444,931	324,897	420,072
Long-term liabilities	158	283	252
Long-term liabilities towards shareholders	48,678	52,159	55,908
Provision	7,199	8,375	7,725
Deferred tax liabilities	18,651	24,387	23,226
Short-term liabilities	16,128	27,752	10,200
Short-term liabilities towards shareholders	10,180	35,779	15,993
Trade and other payables	28,573	28,677	30,695
Other current interest-free liabilities	35,848	51,283	60,198
Total shareholders' equity and liabilities	610,346	553,592	624,269

Consolidated statement of changes in equity

	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
SEK thousands	2018	2017	2018	2017	2017
Beginning of period	426,260	349,938	420,072	386,623	386,623
New share issue, net	17,502	0	17,502	0	98,336
Net profit for the period	3,819	-15,795	-10,086	-47,637	-58,067
Minority interest in subsidiaries	270	-1,187	-197	-1,612	-3,779
Other comprehensive income	-2,920	-8,059	17,640	-12,477	-3,041
Total comprehensive income for the period	18,671	-25,041	24,859	-61,726	33,449
End of period	444,931	324,897	444,931	324,897	420,072

Cash flow statement

	July - Sep 2018	July - Sep 2017	Jan- Sep 2018	Jan- Sep 2017	Jan -Dec 2017
SEK thousands	2018	2017	2018	2017	2017
Operating profit	8,786	-18,193	-6,702	-50,065	-54,764
Items with no effect on cash flow	9,582	9,074	25,389	27,717	35,425
Financial items	-2,269	-1,943	-2,230	-3,376	4,894
Tax paid	1,371	-66	715	-1,559	766
Funds contributing from operating activities	17,470	-11,128	17,171	-27,283	-13,679
Change in working capital	-5,821	944	-6,899	-4,666	-25,571
Cash flow from operating activities	11,649	-10,184	10,272	-31,949	-39,250
Cash flow from investing activities	-5,976	-873	-12,773	-7,451	-13,003
	5,673	-11,057	-2,501	-39,400	-52,253
Financing activities					
New share issue	17,502	0	17,502	0	87199
New loan	0	0	0	0	0
Repayment of loan	-40	-6,287	-114	-18,862	-18,896
Repayment/usage of credit facilities	-6,797	4,573	5,928	27,601	10,049
Repayment of loan to shareholders	-17,502	7079	-17,502	7079	0
Change in cash and bank balances	-1,164	-5,692	3,313	-23,582	26,099
Liquid funds at the beginning of the period	63,579	14,626	58,931	31,643	31,643
Translation differences in liquid funds	-27	1,396	144	2,269	1,189
Closing cash and cash equivalents	62,388	10,330	62,388	10,330	58,931

PARENT COMPANY

Statement of comprehensive income

	July - Sep 2018	July - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
SEK thousands					
Other sales	2,250	1,098	5,072	5,100	6,275
Cost of goods sold	0	0	0	0	0
Gross profit	2,250	1,098	5,072	5,100	6,275
Selling expenses	0	0	0	0	0
Administrative expenses	-2,642	-3,956	-9,931	-16,165	-18,052
Development expenses	0	0	0	0	0
Other operating expenses/income	0	5	0	0	0
Operating profit	-392	-2,853	-4,859	-11,065	-11,777
Net financial items	-390	322	-3,608	-1,032	-2,645
Profit before tax	-782	-2,531	-8,467	-12,097	-14,422
Tax	0	-2,984	-1,343	-2,984	-2,984
Profit for the period/Comprehensive income for the period	-782	-5,515	-9,810	-15,081	-17,406

Balance sheet

	30 Sep 2018	30 Sep 2017	31 Dec 2017
SEK thousands			
Intangible non-current assets	2,409	0	0
Shares in subsidiaries	413,952	413,952	413,952
Deferred tax assets	19,761	21,104	21,104
Receivables from Group	30,183	1,236	30,000
Other current assets	855	360	306
Cash and bank balances	26,234	1,546	37,404
Total assets	493,394	438,198	502,766
Shareholders' equity and liabilities			
Shareholders' equity	452,735	349,032	445,043
Long-term liabilities	0		0
Long-term liabilities towards shareholders	28,089	33,025	36,209
Short-term liabilities	0	0	0
Short-term liabilities towards shareholder	10,180	35,779	15,993
Trade and other payables	260	623	0
Trade and other payables from Group	234	13,955	450
Other current interest-free liabilities	1,896	5,784	5,071
Total shareholders' equity and liabilities	493,394	438,198	502,766

Change in shareholders' equity

SEK thousands	30 Sep 2018	30 Sep 2017	31 Dec 2017	Jan-Sep 2017	Jan-Dec 2017
Beginning of period	436,015	354,547	349,032	364,113	364,113
New share issue, net	17,502	0	98,336	0	98,336
Profit for the period/Comprehensive income for the period	-782	-5,515	-2,325	-15,081	-17,406
End of period	452,735	349,032	445,043	349,032	445,043

QUARTERLY DATA

Consolidated statement of income, quarterly data

	2018			2017		
	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	95,688	88,557	71,681	83,275	70,885	68,189
Cost of goods sold	-49,006	-49,587	-46,695	-46,881	-47,964	-36,297
Gross profit	46,682	38,970	24,986	36,394	22,921	31,892
Costs	-37,896	-39,584	-39,860	-41,093	-41,114	-46,471
Operating profit	8,786	-614	-14,874	-4,699	-18,193	-14,579
Net financial items	-1,843	2,691	-3,182	-4,350	-810	-3,944
Res Profit before tax	6,943	2,077	-18,056	-9,049	-19,003	-18,523
Tax	-2,854	-3,375	4,982	-3,547	2,021	2,622
Profit for the period	4,089	-1,298	-13,074	-12,596	-16,982	-15,901

Key indicators and other information, quarterly basis

	2018			2017		
	Q3	Q2	Q1	Q4	Q3	Q2
Operating margin (%) ¹⁾	0.09	Neg	Neg	Neg	Neg	Neg
Gross margin (%) ²⁾	48.79	44.01	34.86	43.70	32.34	46.77
Profit margin (%) ³⁾	0.04	Neg	Neg	Neg	Neg	Neg
Equity per share (SEK) ⁴⁾⁵⁾	0.52	0.50	0.50	0.50	0.49	0.53
Cash flow per share (SEK) ⁶⁾	0.01	-0.01	0.00	-0.01	-0.02	-0.02
Number of employees ⁷⁾	188.00	178	170	169	167	166
No. Of outstanding shares (thousands)	860,024	844,914	844,914	844,914	657,155	657,155
Equity/assets ratio (%)	72.90	70.25	66.78	67.29	58.69	62.11
Order intake (SEK thousands)	100,689	182,856	52,798	156,322	59,423	64,603

1) Operating income relative to sales

2) Gross margin relative sales

3) Profit after taxation relative sales

4) Refers to profit and shareholder's equity before and after dilution

5) Sensys Gatso has a long-term incentive program for the CEO, that involves a dilution effect

6) Operating cash flow relative number of shares

7) Total number of employees at the end of the period

NOTES

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.

Items affecting comparability

Sensys Gatso Group AB has as of January 1st, 2017 transferred its business operations to the fully owned subsidiary Sensys Gatso Sweden AB, why the business of the parent company now consists of owning and managing participations in subsidiaries, as well as managing some key tasks for the Group. Part of senior management is also represented here.

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, generates 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 rise, 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 2017 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 2017, with the exception of the adoption of the new standards IFRS 15 and IFRS 9.

New standards, amendments and interpretations applicable from January 1, 2018

IFRS 15 "Revenue from contracts with customers" introduces new requirements for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations.

The new standard provides more detailed guidance in many areas not previously covered by the applicable IFRS, including recognition procedures for contracts with one or more parts, variable pricing, customers' right of return, etc. The standard has been adopted by the EU. The standard has been applied from the 2018 financial year.

In 2017, workshops were held and an investigation conducted to identify potential differences between IAS 18 and IFRS 15.

Based on the findings, follow-ups and analyses were conducted based on the five-step model in IFRS 15.

The following this analysis, the assessment is that there were no material differences between the currently applicable accounting policies, IFRS 15 and the previously used accounting policy IAS18. The sales of products is recognised when the transfer of risk under the contract has been effected which, according to the analysis performed, also meets the criteria for the transfer of control under IFRS 15.

Accordingly, the final assessment is that the introduction of IFRS 15 had no material effect on the Group's financial position. The Group has elected to apply the modified transitional method for the application of IFRS 15 from 1 January 2018. This will only impact the disclosure requirements that have to be met.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there is no significant change to classification and measurement. Hedge accounting rules are modified. The standard is effective for annual periods beginning on or after January 1, 2018, comparative periods has not been restated. The adaptation of IFRS 9 has not had a significant impact on the financial reports in the Group.

New standards, amendments and interpretations not yet adopted

IFRS 16 Leases was issued in 2016 to replace IAS 17 Leases and is required to be adopted by 2019. Under the new standard all lease contracts, with limited exceptions, are recognised in financial statements by way of right of use assets and corresponding lease liabilities. Compared with the existing accounting for operating leases, it will also impact the classification and timing of expenses and consequently the classification between cash flow from operating activities and cash flow from financing activities. A key aspect being considered in Sensys Gatso's review of the new standard is whether to apply any transitional options such as the modified retrospective approach, which would mean that the cumulative effect of initially applying the standard is recognised at the date of initial application and there is no restatement of comparative information. In 2018 we have started the analysis of the impact of IFRS 16. The evaluations are still being performed and the effect has not yet been determined.

For more information about the accounting policies applied, please refer to Sensys Gatso's website.

For definitions of key indicators, please refer to the annual report issued for 2017, which is available on the Sensys Gatso website www.sensysgatso.com

FINANCIAL INFORMATION

Invitation to a presentation for press and analysts

On 22 November at 09:30 CEO Ivo Mönnink and CFO Simon Mulder will present the interim report of the third quarter 2018 and answer questions in an audiocast. The presentation can be followed online via the link on Sensys' website: www.sensysgatso.com or by <https://digital.vevent.com/rt/fronto2~sensys-q3-2018>.

In order to participate in the audiocast you will need to register yourself. This registration is done by an e-mail address, when accessing the link above.

It is also possible to listen to the presentation and ask questions by phone; you can register via the two following options:

Pre-registration via web link

To take part in the telephone conference, we would ask you to pre-register in good time ahead of the event via the following web link:

<http://emea.directeventreg.com/registration/4464719>

Open the link and follow the instructions. When registration has been completed, a confirmation email will be sent to the email address specified during registration. This email will contain phone number and a code (Direct Event Passcode). Select the appropriate number to call.

To take part in the conference, when prompted, enter the code followed by "#".

Directly by phone:

As an alternative to online registration to take part in the event via the telephone conference function, the following phone numbers may be called:

Sweden: +46 (0)8 566 194 25

USA: +1 9 175 039 901

UK: +44 (0) 844 571 89 31

You will be prompted to enter an event code; ignore this, and wait instead (1–2 min) until the operator speaks, and then state your: Conference ID: [4464719](http://emea.directeventreg.com/registration/4464719) or "Sensys" to register.

Please call ten minutes before the time specified.

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Financial calendar

Future reporting dates

Year-End Report January – December 2018	21 Feb 2019
Interim Report Jan – March 2019	25 April 2019
AGM 2019	9 May 2019
Interim Report Jan – June 2019	29 Aug 2019
Interim Report Jan – Sep 2019	28 Nov 2019



AUDITOR'S REPORT ON REVIEW OF INTERIM REPORT

To the Board of Directors of Sensys Gatso Group AB (publ.), reg.nr. 556215-4459

Introduction

We have reviewed the condensed interim report (interim report) for Sensys Gatso Group AB (publ.) as of 30 September 2018 and the nine-month period which ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Stockholm, 21 November 2018

BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant