Sensys Gatso Group AB
Vasavägen 3c
554 54 Jönköping
P0 Box 2174
SE-550 02 Jönköping, Sweden
T +46 36 34 29 80
F +46 36 12 56 99

www.sensysgatso.com
Company Reg. No 556215-4459
VAT Reg. No SE 556215445901

THE BOARD'S PROPOSAL FOR RESOLUTION ON INTRODUCTION OF A LONG TERM INCENTIVE PROGRAM FOR THE COMPANY'S CEO (ITEM 8)

The Board of Directors of Sensys Gatso Group AB (publ) org. no. 556215- 4459 (the "**Company**") proposes the introduction of a long term incentive program for the Company's new CEO, Ivo Mönnink (the "**Participant**") in accordance with the following.

The Board of Directors proposes that the Extraordinary General Meeting resolves to implement a long term incentive program for the Participant ("**LTIP**") in accordance with items 8a – b below. The resolutions under items 8a – b below are proposed to be conditional upon each other and for that reason it is proposed that all resolutions are to be passed as one resolution.

LTIP is a program under which the Participant will be granted, free of charge, options ("**Options**") subject to three year vesting that entitle to acquire not more than 6,000,000 shares in the Company, in accordance with the terms stipulated below. As part of the implementation of LTIP, a total of 7,980,000 warrants (including warrants for hedging of social security costs) will be issued in accordance with item 8b below.

1 Proposal regarding adoption of a long term incentive program for the new CEO (item 8a)

1.1 The rationale for the proposal

LTIP is intended for the Company's new CEO, Ivo Mönnink. The Board of Directors of the Company believes that an equity based incentive program is a central part of an attractive and competitive remuneration package in order to attract, retain and motivate the CEO and to stimulate him on delivering exceptional performance on behalf of all shareholders. LTIP is adapted to the Company's current position and needs. The Board of Directors is of the opinion that LTIP will increase and strengthen the Participant's dedication to the Company's operations, improve Company loyalty and that will be beneficial to both the Company and its shareholders.

1.2 Conditions for Options

The following conditions shall apply for the Options.

- The Options shall be granted free of charge to the Participant.

- The Board of Directors shall resolve upon the allocation of Options (the date of granting being the **"Granting Date"**).
- Each Option entitles the holder to acquire one share in the Company for a pre-determined exercise price. The exercise price will correspond 130 percent of the Volume Weighted Average Price ("VWAP") of the Company's shares on Nasdaq Stockholm for the period from and including 28 September 2017 to and including 11 October 2017. The calculated exercise price shall be converted to the nearest whole öre.
- The Options shall vest over a three year period, whereby all Options shall vest on the third anniversary of the Granting Date, provided that the Participant, with some customary exceptions (including good-leaver provisions, retirement and permanent incapacity to work due to illness or accident), is still employed by Company at the time.
- The latest point in time at which vested Options may be exercised shall be the fifth anniversary of the Granting Date.
- At the Board of Directors' sole discretion, the number of Options can be re-calculated in the event that changes occur in the Company's equity capital structure, such as a bonus issue, merger, rights issue, share split or reverse share split, reduction of the share capital or similar measures, to achieve an outcome as neutral as possible for the Participant.
- The Options are non-transferable and may not be pledged.
- In the event that the control over the Company changes so that one party or several parties acting in concert, gains control over more than 50 percent of the total number of votes in the Company, all Options shall vest immediately.

1.3 Allocation

The Board of Directors shall resolve upon allocation of Options. The Participant can be allotted a maximum of 6,000,000 Options in total.

1.4 Preparation, administration and the right to amend the terms of the Options

The Board of Directors is responsible for preparing the detailed terms and conditions of LTIP, in accordance with the above mentioned terms and guidelines. In connection therewith, the Board of Directors shall be entitled to make adjustments to meet foreign regulations or market conditions, including resolving on cash or other settlement if deemed favourable for the Company based on foreign tax regulations.

1.5 Preparation of the proposal

LTIP has been initiated by the Board of Directors based on an evaluation of comparable incentive programs, carried out by an external consultant.

1.6 Dilution

The maximum number of shares that may be issued pursuant to an exercise of Options under the LTIP is 7,980,000 shares (including exercise of warrants for hedging of social security costs), corresponding to a maximum dilution of approximately 1.2 percent. The dilution resulting from LTIP on the key performance indicator "Earnings per share" will be marginal.

The Company does not have any current, outstanding share related incentive programs.

1.7 Scope and costs of the program

LTIP will be accounted for in accordance with "IFRS 2 – Share-based payments". IFRS 2 stipulates that the Options shall be expensed as personnel costs over the vesting period and will be accounted for directly against equity. Personnel costs in accordance with IFRS 2 do not affect the Company's cash flow. Social security costs will be expensed in the income statement according to UFR 7 during the vesting period.

Assuming a share price at the time of allocation of SEK 0.80 and that all Options are vested and exercised up-front, the annual cost for LTIP according to IFRS 2 is estimated to approximately SEK 200,000 per year before tax. Since the social security costs associated with LTIP are covered by hedging measures through the issue of warrants which will be exercised by a financial intermediary in connection with the exercise of the Options, the social security costs associated with LTIP will be fully covered. The hedging measures will instead result in an additional dilution of the Company's current shareholders (which is included in the dilution calculations presented under the heading "Dilution" above). Further, the costs associated with the establishment of LTIP are estimated to a total of SEK 200,000. In addition, minor brokerage costs will arise in connection with the exercise of hedging warrants by a financial intermediary.

The costs associated with LTIP are only expected to have a marginal effect on the Company's key performance indicators.

1.8 Delivery of shares under LTIP

In order to ensure the delivery of shares under LTIP and for hedging of social security costs, the Board of Directors proposes that the Extraordinary General Meeting resolves to issue warrants in accordance with item 8b below.

2 Proposal regarding issue of warrants (item 8b)

In order to ensure the delivery of shares under LTIP and for hedging of social security costs, the Board of Directors proposes that the Extraordinary General Meeting resolves to issue a maximum of 7,980,000 warrants, whereby the Company's share capital may be increased by not more than SEK 399,000 in accordance with the following:

1. The right to subscribe for the warrants shall, with deviation from the shareholders' pre-emptive rights, only vest with Sensys Gatso Sweden AB, a wholly-owned subsidiary of the Company. The reason for the deviation from the shareholders' pre-emptive rights is the implementation of LTIP. Sensys Gatso Sweden AB shall be entitled to transfer the warrants to the Participant or to a financial intermediary in connection with exercise.
2. The warrants shall be issued free of charge and shall be subscribed for no later than 31 October 2017.
3. The detailed terms of the warrants are set out in Schedule 1 hereto.
4. The exercise price for subscription for shares based on the warrants shall correspond to the share's quota value.
5. The Chairman of the Board of Directors shall be authorized to make such minor adjustments that may be required to register the issuance.

A valid resolution in respect of item 8 above requires that the proposal is supported by shareholders holding at least nine-tenths of both the votes cast and the shares represented at the Extraordinary General Meeting.