

Corporate Governance



Corporate Governance Report 2024

Sensys Gatso Group AB is a Swedish public limited liability company with its headquarters in Jönköping, listed on Nasdaq Stockholm, Small Cap. Sensys Gatso applies and follows the Swedish Code of Corporate Governance and hereby submits the 2024 Corporate Governance Report. The company's auditors have carried out statutory audits of the report.

Starting point

Good corporate governance, risk management, internal control and management are key components in a successful business. They are essential for Sensys Gatso's ability to continue to grow with profitability and a hygiene factor in building trust-based relationships with our investors and other stakeholders.

Corporate governance structure

Sensys Gatso's decision-making bodies are the Annual General Meeting, the Board, the chief executive officer (CEO) and the company's auditor. At the ordinary General Meeting, which is to be held within six months of the end of the financial year (the Annual General Meeting), the shareholders appoint a Board and an auditor. The Board appoints the CEO. The auditor reviews the Annual accounts as well as the administration by the Board and the CEO. The Nomination Committee is tasked with proposing Board members, the Chairman of the Board and the auditor for election by the Annual General Meeting.

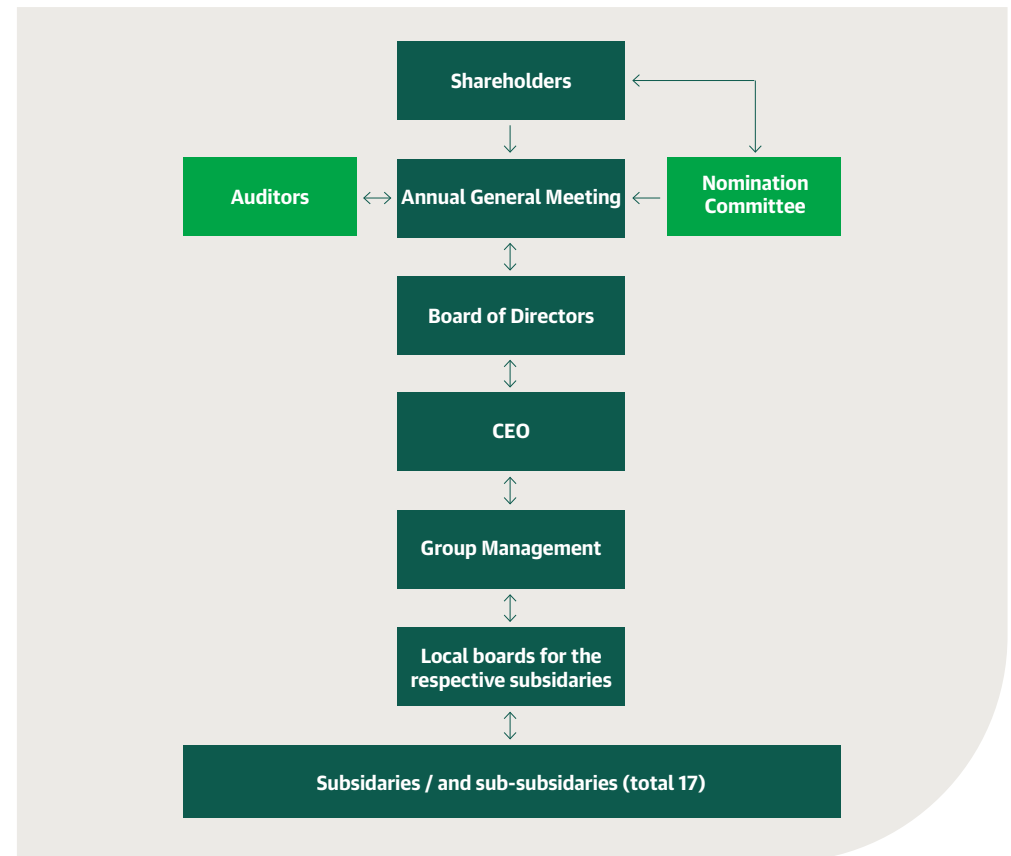
Shares and shareholders

Information on Sensys Gatso's shares and shareholders can be found on page 77. The number of shareholders at year-end was 14,100 (15,635). The largest individual shareholder is Gatso Special Products BV via BNP PARIBAS SA PARIS, W8IMY with a total of 17.7 percent (17.7), and the next largest shareholder is Försäkringsaktiebolaget Avanza Pension with 4.3 percent and the third largest shareholder is Nordnet with 4.1 percent.

General Meeting

The Annual General Meeting (AGM) is Sensys Gatso's highest decision-making body. Shareholders included in the share register on the record date and who have given notice of their participation in time, are entitled to attend the AGM and to vote in person or via a proxy. At the AGM, shareholders exercise their voting rights to resolve on proposals from the Nomination Committee, the Board and the shareholders, as well as on key matters including the adoption of income statements and balance sheets, approval of the appropriation of the company's profit and discharge of the Board and CEO from their liabilities for the Nomination committee and election of the Board of Directors. The AGM also resolves on the composition of the Nomination Committee and its work, and makes decisions on principles for remuneration and other terms of employment for the CEO and other senior executives. In addition, auditors are elected, fees are determined and other statutory matters are addressed. Resolutions are normally approved by a simple majority at the AGM. In cer-

tain matters, however, the Companies Act stipulates that a proposal must be approved by a greater proportion of the votes represented at the AGM. In addition to the AGM, which is held within six months of the end of the financial year, an Extraordinary General Meeting may be announced if the Board considers this to be necessary or if this is requested by a shareholder holding at least 10 percent of the shares.



Annual General Meeting

The 2024 AGM was held on 8 May in Jönköping and also via postal voting in accordance with the Act (2020:198) on temporary exemptions to facilitate the conduct of general and association meetings. A total of 4.04 percent (18.75) of the total number of shares and votes was represented.

The CEO informed the AGM about the position of the company and commented on the results for 2023, and the first quarter of 2024. During the AGM, shareholders were given the opportunity to ask questions.

Minutes from the AGM can be found on the Sensys Gatso website. All resolutions were passed with the required majority. Below is a selection of the resolutions passed at the meeting:

Board of Directors

- » The annual general meeting discharged the members of the Board of Directors and the CEO from liability for the fiscal year 2023.
- » The annual general meeting resolved to re-elect Claes Ödman, Jochem Garritsen, Kerstin Sjöstrand, Pia Hofstedt, Francis Schmeer and Mark Talbot as members of the Board of Directors for the period until the end of the next annual general meeting. The annual general meeting elected Claes Ödman as Chairman of the Board of Directors.

Auditor

- » The annual general meeting resolved to elect BDO Mälardalen AB as auditor for the period until the end of the next annual general meeting. BDO Mälardalen AB has appointed the authorised public accountant Johan Pharmanson auditor in charge.

Remuneration to the members of the Board of Directors and the auditor

- » The annual general meeting resolved that the remuneration to the members of the Board of Directors shall be SEK 1,750,000, to be allocated as follows: SEK 500,000 to the Chairman of the Board of Directors and SEK 250,000 each to the other members of the Board of Directors. The annual general meeting further resolved that remuneration to the auditor shall be paid in accordance with approved invoice within framework of the submitted quotation.

Issuance authorisation

- » In accordance with the Board of Directors' proposal, the annual general meeting resolved to authorise the Board of Directors, for the period until the next annual general meeting, to resolve

on new issues of shares corresponding to not more than ten per cent of the total number of outstanding shares in the company.

Acquisition and transfer of own shares

- » In accordance with the Board of Directors' proposal, the annual general meeting resolved to authorise the Board of Directors, for the period until the next annual general meeting, to resolve on acquisition and transfer of own shares on Nasdaq Stockholm. The company's holding of own shares at any given time must not exceed five per cent of the total number of shares in the company.

Nomination Committee

A Nomination Committee is formed each year at the initiative of the Chairman of the Board. According to the AGM, the Nomination Committee shall represent the four largest shareholders of the company. If a Nomination Committee comprising five members (including the chairman) is not obtained after having contacted the eight largest shareholders, the chairman shall continue to contact the shareholders that are next in turn until a Nomination Committee comprising four members (including the chairman) has been obtained. The work of the Nomination Committee takes place at the end of the financial year and the beginning of the new year. The Nomination Committee is to observe the guidelines that apply to independent Board members under the Swedish Corporate Governance Code when making nominations to the AGM. The Nomination Committee's proposals, with regard to the election and remuneration of Board members, are presented in the notice of the AGM as well as on the company's website. The members of the 2024 Nomination Committee were appointed based on the ownership structure as per 30 September 2023 and known changes thereafter.

The Nomination Committee has consisted of:

- » Jan Johansson (appointed by Inger Bergstrand),
- » Per Wall (for his own holdings),
- » Timo Gatsonides (for his own and others' holdings) and
- » Claes Ödman (in his capacity of Chairman of the Board for the company).

Timo Gatsonides was appointed Chairman of the Nomination Committee. No remuneration has been paid for the work of the Nomination Committee. Sensys Gatso Group deviates from the Code's rule 2.3, second paragraph, which states that neither the CEO nor other members of executive management are to be members of the Nomination Committee. The shareholder controlling

The Nomination Committee ahead of 2025 AGM comprises:

Member of the Nomination Committee	Representing	Participation/votes	Member of the Nomination Committees since
Per Wall	for own holdings	287,500	2017
Jan Johansson	Inger Bergstrand	258,248	2014
Timo Gatsonides	Gatso Special Products BV	2,039,757	2015
Claes Ödman	Chairman of the Board	28,398	2016

the largest number of the votes has appointed Timo Gatsonides, who was the CTO of Sensys Gatso Group and former member of executive management until January 19, 2021. In light of Timo Gatsonides' knowledge of Sensys Gatso and his large direct shareholding through a family company, it was deemed beneficial to the company to deviate from the Code on this point.

The nomination committee applies and complies with the diversity policy in the corporate governance code in its development of the proposal of directors to the board of directors. The goal of the policy is that the board shall take into account the business operations, development phase and other circumstances to prepare an appropriate composition characterized by diversity of and breath of competence, experience and background and to aim for a balanced gender distribution.

At the 2024 AGM, six members were elected, of whom two are women and four are men. As a basis for its proposal for the 2024 AGM, the Nomination Committee makes an assessment of whether the Board is appropriate based on an annual assessment of the Board's work and applying the Company Code. All shareholders are entitled to approach the Nomination Committee with proposals for the AGM. No such proposals were received before the AGM in 2024.

Role and composition of the Board

The company's business is to develop and market traffic enforcement and traffic informatics products. The Board plays a central role in Sensys Gatso's long-term strategy, which is based on four pillars and is focused on profitable growth:

- » Expansion in the US with traffic enforcement as a service
- » Establishment in new markets with traffic enforcement as a service
- » Development of scalable software and flexible hardware
- » Expansion of service offering in our current markets

After the Annual General Meeting, the Board is the Company's highest decision-making body. The work of the Board is governed, among other things, by the Companies Act, the Articles of Association and the Board's Rules of Procedure. The Board establishes goals and strategic guidelines, is responsible for ensuring that the CEO executes Board decisions and has ultimate responsibility for the Company's internal control and risk management. According to the Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of seven members. At the

AGM, six ordinary Board members were elected. More information on the Board members can be found in the table below. The Board of Sensys Gatso consists of:

- » Claes Ödman, Chairman of the Board (re-election)
- » Jochem Garritsen (re-election)
- » Kerstin Sjöstrand (re-election)
- » Pia Hofstedt (re-election)
- » Francis Schmeer (re-election)
- » Mark Talbot (re-election)

All members of Sensys Gatso's Board of Directors are independent in relation to both the company and the company's major shareholders. No member of the Board is employed by the Group. The Nomination Committee's assessment regarding whether each proposed member meets the independence requirements is announced in connection with the Committee's proposal. For further information see below and page 30.

The work of the Board of Directors

The work is based on the Board's Rules of Procedure and follows an annual plan. Each meeting is based on an agenda and relevant background documentation distributed to the members of the Board in advance of the meeting. In addition to the statutory Board meeting in conjunction with the Annual General Meeting, the Board normally meets nine times a year (ordinary meetings, including meetings in connection with the publication of interim and annual reports). Additional Board meetings are convened when necessary. In 2024 the Board held a total of 14 (15) meetings. Matters addressed by the statutory Board meeting included the Board's Rules of Procedure, decisions regarding authorisation of company signatories, instructions for the CEO and the Board's annual planning.

The Audit Committee and the Remuneration Committee comprise the Board in its entirety, as the Board considers this most appropriate, taking the size of the Company into account. The Board evaluates on a yearly basis the need for an internal audit function. Based on the size of the Company the Board resolved to have no internal audit function. The work of the Audit and Remuneration Committees is handled in accordance with the Board's annual plan for its ordinary Board meetings. Ordinary Board meetings include several fixed agenda items such as strategic focus areas and risk management. Extra time is allocated to four Board meetings annually during which special emphasis is placed on strategic issues and future sustainable business. Reporting includes develop-

Board of Directors, as per year end 2024

Board of Directors elected by the AGM	Attendance	Born	Elected	Fee	Number of shares/ votes	Nationality	Function	Independent*
Claes Ödman	14/14	1965	2011	500,000	28,398	Swedish	Chairman of the Board	independent
Kerstin Sjöstrand	14/14	1958	2016	250,000	4,178	Swedish	Board member	independent
Pia Hofstedt	13/14	1961	2016	250,000	8,000	Swedish	Board member	independent
Jochem Garritsen	13/14	1972	2015	250,000	1,376	Dutch	Board member	independent
Francis Schmeer	14/14	1972	2022	250,000	2,875	American	Board member	independent
Mark Talbot	14/14	1970	2023	250,000	500	American	Board member	independent

*Independent in relation to the company and/or the owners.

ments within the operation, the organisation, analyses of risks, sustainability work, financial position and an annual update and review of the company's policies and procedures. The Board takes decisions on matters concerning the Group's strategic focus, finances, investments, acquisitions, sales and organisational issues, as well as rules and instructions. All Board decisions are based on decision-making documentation and are made following discussions mediated by the Chairman of the Board. The Board monitors operations, partly through monthly reports provided by the CEO, and partly through their own work. Informal contact is also maintained among the members of the Board.

The Chairman of the Board leads the work of the Board and follows the activities in dialogue with the CEO. The Chairman of the Board represents the Company in matters concerning shareholder structure and matters of specific importance. The Chairman is responsible for ensuring that the work of the Board is well-organised and efficient, that the Board fulfils its commitments and that it receives satisfactory information and decision-making documentation.

Remuneration Committee

The Remuneration Committee consists of the Board of Directors in its entirety. The Remuneration Committee is a preparatory body for the Board of Directors and does not limit the Board's responsibility for the administration of the Company and for the decisions made. The Committee's tasks include preparing the Board's proposals regarding guidelines for the remuneration of senior executives, to monitor and evaluate completed and ongoing variable remuneration programmes and Sensys Gatso's compliance with the remuneration guidelines resolved by the general meeting.

Audit Committee

Sensys Gatso's Audit Committee consists of the Board of Directors in its entirety. The Audit Committee is a preparatory body for the Board and does not limit the Board's responsibility for the administration of the Company and for the decisions made. The Committee's work includes reviewing the Company's financial reporting and the efficiency of the Company's internal control and risk management. The Audit Committee's work also focuses on the quality and accuracy of the Group's financial reporting and related reporting. The Committee monitors how accounting principles and accounting requirements develop and discusses other significant issues related to the Company's financial accounting and sustainability reporting. The Committee also evaluates the auditors' work, qualifications and independence and follows up in particular on whether the auditor provides the Company with services other than auditing services.

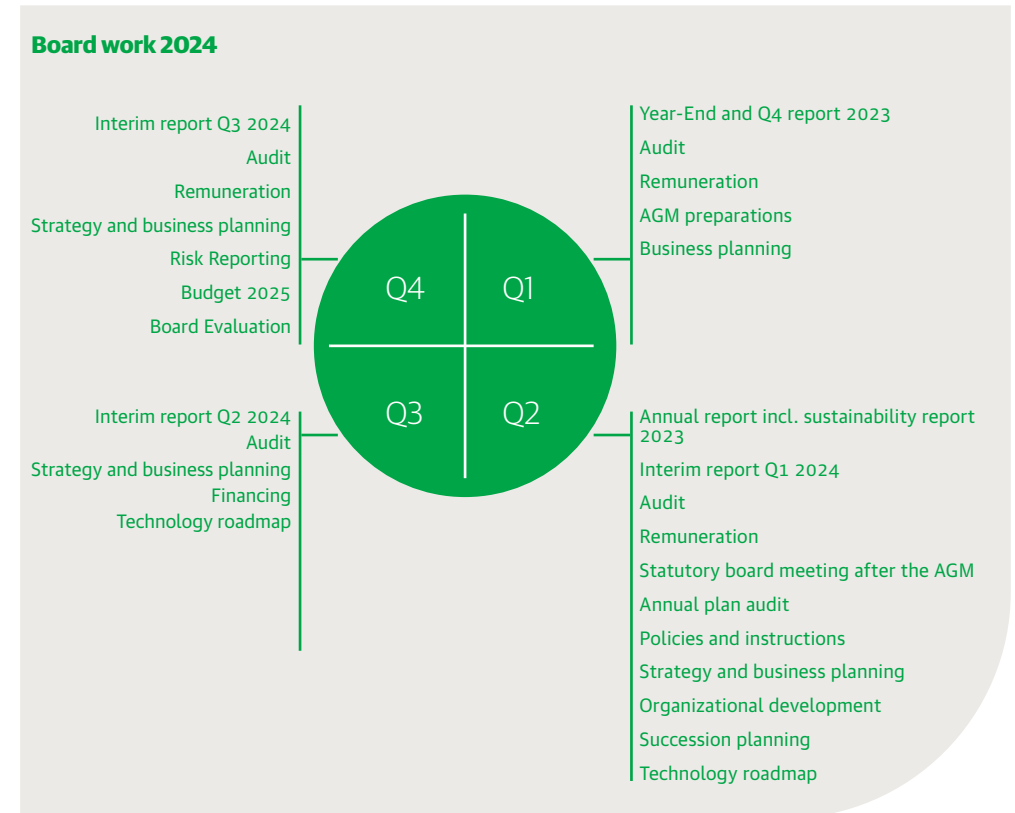
Evaluation of the work of the board

The work of the Board is evaluated annually through a structured process led by the Chairman of the Board. The 2024 evaluation was conducted by means of a questionnaire with the aim of obtaining an understanding of Board members' views on the formats of the work of the Board, the composition of the Board, of Directors, the performance of the Board and areas for improvement. The results of the evaluation have been presented and discussed by the Board. The conclusions from these evaluations and discussions have been reported orally to the Nomination Committee.

Remuneration to the Board

The AGM resolved that Board fees should be paid in the amount of SEK 1,750,000 per year (1,750,000), of which SEK 500,000 (500,000) will be paid to the Chairman of the Board and SEK

250,000 (250,000) per year to the other Board members. Fees payable to Board members are determined annually by the AGM. No separate fees are payable for work on committees. In 2024, remuneration was paid in accordance with note 5.



Ensuring the quality of financial reporting

The Rules of Procedure, as well as the company's policies, which are adopted annually by the Board, include detailed instructions on matters such as what financial reports and information should be provided to the Board. In addition to year-end reports, interim reports and annual reports, the Board reviews and evaluates extensive financial data regarding Sensys Gatso. The Board also processes information on risk assessments, disputes and any irregularities that may have an impact on the financial position of Sensys Gatso. The Board also reviews the most significant accounting principles applied in the Group regarding financial reporting and material changes in accounting principles, as well as reports on internal control and the processes for financial reporting. The Company's auditors report to the Board when necessary and at least twice annually; on at least one of these occasions the company's management is not present. In connection with the Board meeting that deals with the annual financial statements, the Administration Report, the proposed appropriation of profit and the year-end report, the Company's auditor submits a report on observations and remarks from the audit.

The company's auditor, elected at the AGM, examines Sensys Gatso's annual report and consolidated accounts, the administration of the company by CEO and the Board of Directors, as well as the annual accounts of subsidiaries. The auditor also submits an audit report. The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted accounting principles in Sweden. The 2024 AGM appointed BDO Mälardalen AB as auditor with Johan Pharmansson as the auditor in charge. In February 2025, Johan Pharmansson from BDO Mälardalen AB personally presented his report to the Board regarding the auditing assignment and the Company's internal controls for 2024. BDO Mälardalen AB coordinated the audit of the Group's subsidiaries and all activities with a significant scope of operations at the subsidiaries were audited by BDO in the respective countries. The 2024 AGM resolved that remuneration be paid to the auditor in accordance with approved invoicing. The audit fee for 2024 amounted to a total of MSEK 5.8 (3.6) for the entire Group in accordance with Note 25.

CEO and Group Management

The CEO leads the operations in accordance with the instructions to the CEO as adopted by the Board. In consultation with the Chairman, the CEO compiles the necessary information and documentation which provides the basis for the Board's work. The CEO is responsible for ensuring that the Board receives relevant information and the decision-making documentation required for the Board to be able to make well-founded decisions. The CEO presents and justifies proposals for decisions. The CEO leads the work of the Group Management and renders decisions in consultation with other members of the management team. In 2024, Group Management consisted of the CEO, CFO, CCO and CTO. Group Management holds regular meetings to follow up operations, discuss relevant matters and draft proposals for strategic plans and budgets, which the CEO presents to the Board for decisions. Group Management has strategy days with the Board twice a year.

The Sensys Gatso Group's operations comprise five active subsidiaries. The operations of the subsidiaries are controlled by their Boards of Directors. Sensys Gatso has a decentralized structure, with a strong focus on responsibility and performance.

Guidelines for remuneration and other employment terms and conditions for senior executives

The Group Management falls within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting. These guidelines do not apply to any remuneration decided or approved by the General Meeting. Remuneration for employment subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or local practice, taking into account the overall purpose of these guidelines.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

In short, the Company's business strategy is the following.

- » Expansion in the US-market with Traffic Enforcement as a Service
- » Entry into new markets with Traffic Enforcement as a Service
- » Developing scalable software & flexible hardware
- » Extension of the service scope in existing markets

For more information regarding the Company's business strategy, please see www.sensysgatso.com. The Company shall offer total remuneration at the prevailing market rate to enable the recruitment and retention of senior executives.

Types of remuneration, etc.

Remuneration of the Group Management shall consist of a base salary, variable remuneration, pension and other benefits and remuneration. Together, these various parts shall comprise each individual's total remuneration. Additionally, long-term share-related incentive plans can be implemented in the Company. Such plans are resolved by the General Meeting and are therefore excluded from these guidelines. Variable remuneration covered by these guidelines shall aim at promoting the Company's business strategy and long-term interests, including its sustainability. The base salary and variable compensation together constitute the senior executive's annual salary. The base salary shall take into consideration each individual's area of responsibility and experience. The variable compensation shall be linked to predetermined and measurable criteria. The variable compensation is based on the Company's net sales and EBITDA for the financial year, and may be paid to the Group Management. For the CEO and other members of the Group Management the variable compensation can amount to a maximum 50 per cent of their annual base salary. No variable compensation is to be paid out in the event of negative EBITDA. The Board of Directors is responsible for evaluating to what extent the criteria have been satisfied. The criteria shall be designed so as to contribute to the Company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development. The CEO shall benefit from a supplementary pension scheme with a premium that represents approximately 30 percent of the current annual salary. Other members of the Group Management shall have the right to retirement pensions as per the Swedish ITP plan or equivalent. The retirement age is 65 years. Other remuneration and benefits shall be paid at market rate and contribute to enabling each senior executive to fulfill their duties. Such benefits may be of a limited amount. For employment governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or local practice, taking into account the overall purpose of these guidelines.

The CEO's employment contract includes termination conditions. The notice period is six months. If notice is made from the Company's side a severance pay in the form of another three months' salary is paid. The customary notice period of three to six months applies to all other members of the Group Management. The fixed salary shall remain unchanged during the notice period. Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 9 months following termination of employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Company does not have a Remuneration Committee, instead the Board of Directors handle all matters. The matters that would have been handled by a Remuneration Committee are instead handled by the Board of Directors, inter alia, preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors also monitors and evaluates questions regarding the CEO's terms of employment, pension benefits and variable remuneration, and resolves on corresponding terms regarding other senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Board of Directors shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Board of Directors' tasks include preparing the resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines. Remuneration to senior executives can be found in note 5.

Governing documents and internal control

The purpose of internal control is to create an effective decision-making process in which requirements, goals and frameworks are clearly defined. Ultimately, internal control is aimed at protecting the company's assets and thus the shareholders' investment. The Board has overarching responsibility for ensuring that Sensys Gatso maintains satisfactory internal control. The CEO is responsible for ensuring that there is a satisfactory system of internal control covering all material risks in ongoing operations. Each year, the Board adopts governing documents in the form of instructions to the CEO, policies and guidelines including the Code of Conduct, Anti-Corruption Policy, Privacy and Data Protection Policy, Risk Policy, Finance Policy, Information Policy, Insider Policy Information Security Policy, Equality Policy, Corporate Social Responsibility Policy, and Whistle Blower Policy. The company has procedures for training and compliance, assessment and evaluation of internal efficiency. The company's business plan with follow-up is an important means of ensuring internal control. The Board's Rules of Procedure along with the instructions for the CEO provide guidance and clarify what decisions are made by the Board and what decisions are made by the CEO. Given the operations and organisational structure of the Sensys Gatso Group, as well as how financial reporting is organised in other respects, the Board did not find a need for a dedicated audit function in the form of internal audit.

The CEO is responsible for ensuring that the Board of Directors receives the reports required to continually assess the financial position of the company. The Board continually assesses the financial reporting, which includes financial developments, financial position, cash flow and liquidity, as well as other important conditions. The CEO and CFO, who report to the Board, are responsible

for maintaining an effective control environment and the ongoing processes of internal control and risk management. The Board maintains an ongoing dialogue with the Company's auditor regarding the scope and quality of the Company's financial reporting, as well as the effectiveness of the internal control and governance.

The Sensys Gatso Group's operations comprise active subsidiaries. The operations of the subsidiaries are controlled by their Boards of Directors with representatives from Group Management. Sensys Gatso has a decentralized structure and culture, with a strong focus on responsibility and performance.

Our global presence requires that our employees and business partners take responsibility for themselves and for each other. To this end we have created a regulatory framework, our Code of Conduct.

The Code of Conduct is to be followed by everyone in our Group, including our employees, the Board and management. We also inform our business partners about the Code of Conduct, and we expect them to comply with it.

Our Code of Conduct states that we are to act as a reliable and honest partner, living up to our commitments. We believe in long-term business relationships in which we, together with our business partners, create a basis for strong financial results, concern for the environment and social commitment. The Code clarifies our position on issues related to human rights, labour conditions, the environment, business ethics and communication. The Code applies to all Sensys Gatso employees, regardless of their position.

In addition to the code of conduct, the board adopts a large number of policies and guidelines, e.g. anti-corruption policy, whistleblower policy, data and information security policy, risk policy, information policy and insider policy.

Equality policy

Differences between people include not only gender, ethnic origin, age, disability, religion and sexual orientation, but also experience, education, living situation and values. Taken together, such differences create a dynamic diversity that adds new perspectives and ideas. This collective diversity represents the competence within Sensys Gatso, which is a strategic asset in the Group's commercial and operational development. Sensys Gatso views equality and diversity as both self-evident and a strength, and therefore strive to achieve diversity in the composition of the workforce and in recruitment. The purpose of the equality policy is to prevent individuals from being chosen for certain groups purely/primarily due to their gender, or so that a group does not become single gendered. Candidates are appointed to positions based on the defined requirements profile. If candidates are equally qualified, Sensys Gatso shall ensure that the company's work groups are well balanced and that Sensys Gatso uses the time and skills of its employees in a manner that benefits both operations and individual personal development. When filling vacant positions, the company shall also strive to achieve the best possible age and ethnicity distribution.

In practice, this means that management takes responsibility and strives to ensure that the company's groups have a good balance of employees whose time and skills are used in a manner that benefits both operations and individual personal development. The aim is to strive for as even a distribution as possible of all work tasks in the workplace and to act to prevent gender division in different tasks and roles.

During 2024 no incidents have been reported via the whistleblower reporting channel.

Risk assessment

The company continuously monitors risk and updates its analysis and assessment of risks that could lead to errors in the financial reporting. This is achieved mainly through documented procedures and contacts between the CEO and CFO. The financial risk assessment is mainly related to the potential for material misstatement in the reporting of the company's financial position and performance. To minimise these risks, governing documents have been established for accounting and there are procedures for annual reporting and follow-up of reported annual accounts. The financial reporting is managed through the Group's control structure. Management also works continuously to identify and manage significant risks that affect the financial reporting. More information about the company's risk management and financial risks can be found in note 27.

Management identifies those areas that are at increased risk of strategic, financial, or operational errors. In accordance with the risk policy, at least once a year the Board analyses the outcome of the company's risk assessment and risk management to ensure that it covers all significant risk areas.

Control activities

Sensys Gatso has established and documented a number of internal procedures that are both preventive in nature and aimed at avoiding losses or errors in the financial reporting. Control activities involve all levels in the organisation. To ensure completeness and accuracy in the financial reporting, instructions and guidelines are being put into place and communicated to the relevant personnel. Control activities also include follow-up and comparisons of earnings and order intake, account reconciliations and balances, as well as accounting and valuation principles.

Financial reports are prepared for the Group each quarter. The process includes detailed reviews and analyses, as well as specific analyses of revenue recognition, cost follow-up, investments, cash flow, financing and liquidity. The control environment, which is summarised in Sensys Gatso's policies and guidelines, is established based on how the operations are organised, the corporate culture, communication, documentation and follow-up. The main task for management and its employees is, in part, to apply, assess and maintain Sensys Gatso's control procedures and, in part, to perform internal control focused on business-critical issues. The company's auditor reviews a selection of controls and procedures and reports any areas for improvement to the management team and the Board. Nothing has emerged to indicate that the control system would not work as intended.

The Sensys Gatso share is listed on a regulated market, Nasdaq Stockholm, and the company applies and follows the Nasdaq Rulebook for Issuers of Shares, as well as laws, rules, and good practices in the stock market. The share is traded under the ticker symbol SGG.

Code of Conduct, policies and guidelines

The Board yearly review and approve the following corporate policies that supports Sensys Gatso's corporate culture:

- | | |
|-------------------------------|-----------------------------|
| » Code of Conduct | » Privacy Policy |
| » Anti Corruption Policy | » IR & Communication Policy |
| » CSR policy | » Insider Policy |
| » Equality policy | » Social Media Policy |
| » Whistle Blower Policy | » Risk Policy |
| » Information Security Policy | » Finance Policy |

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Sensys Gatso Group AB (publ), corporate identity number 556215-4459.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2024 on pages 23-29 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

BDO Mälardalen AB

Date and signature on the Swedish original

Johan Pharmanson

Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.