

## Interim report for SENSYS® Traffic AB (publ)

### JANUARY – SEPTEMBER 2013

- Order intake SEK 140.1m (34.4), of which third quarter SEK 119.0m (2.0)
- Net sales for the period SEK 30.3m (15.7), of which third quarter SEK 3.3m (1.5)
- Operating loss SEK -14.4m (-43.3), of which third quarter SEK -6.6m (-8.6)
- Loss after tax SEK -14.5m (-37.7), of which third quarter SEK -6.7m (-8.9)
- Earnings per share SEK -0.03 (-0.08), of which third quarter SEK -0.01 (-0.02)
- Cash flow per share SEK 0.00 (-0.05) of which third quarter SEK 0.01 (-0.01).

### SIGNIFICANT EVENTS DURING THE QUARTER

- Contract signed with the Swedish Transport Administration worth SEK 110-550m.
- Prototype phase completed in the Swedish project. First invoicing can thereby be made in the fourth quarter.
- Order from a new market in Asia worth SEK 2m.
- Order from two markets in the Middle East worth SEK 3m.
- System acceptance from the Oman Police Force further to successful delivery of the project.

### CEO COMMENTARY

The most important event of the quarter was that we signed a contract with the Swedish Transport Administration worth SEK 110-550m, which is the largest ever in Sensys's history. The contract secures profitable volumes for Sensys for the next three years, with the possibility of good volumes in both system deliveries and maintenance during the subsequent six option years. We won the procurement partly because of having the best photo quality compared with other tenderers, which will provide us with a valuable reference in other procurement procedures. Deliveries will start in the fourth quarter with revenues of SEK 10-15m in 2013.

Sensys obtained system acceptance as the first of three suppliers to Oman, which implies that we have received 95 percent payment for the implemented project. We will receive the remaining 5 percent when the guarantee period of 36 months has expired. The deliveries were made in accordance with a framework agreement with the Oman Police Force, which means that we can hope to receive further contracts.

The order intake outside Sweden amounted for the quarter to SEK 9m, of which SEK 3.2m came from two new customers. We also received an order worth SEK 2.4m from the United Arab Emirates, where Sensys already has a strong foothold.

Sensys is currently in a strong position with secured liquidity, a large long-term contract with the Swedish Transport Administration, and a growing international position – which in turn provides us with the prerequisites to adopt a more offensive strategy within the traffic safety market. We are therefore now focusing on two types of market: 1) a small number of markets with volume potential similar to the Swedish market, and 2) markets where we already hold a strong position on which to build. We thereby forego markets with lower volume potential, even if procurement procedures are in progress. We believe that this strategy over a three-year period will enable us to be more effective within sales, product development and aftermarket service.

Our expansion within the railway market looks very promising, and is reckoned to continue. In view of that the structure of this market is more homogeneous than road traffic-safety, cultivating and processing this market can take place on a broader front.

### OPERATIONS DURING THE QUARTER

*Sensys Traffic develops, markets and sells systems for traffic safety and traffic informatics that are primarily used to measure and record speed and red-light offences. Individual orders are often of such a size that they perceptibly affect sales and operating results. As a rule, Sensys publishes such orders as soon as they are received.*

The order intake during the third quarter amounted to SEK 119.0m (2.0), and referred mainly to the Swedish Transport Administration's commitment to purchase traffic safety cameras for at least SEK 110m.

Net sales rose to SEK 3.3m (1.5) and were primarily composed of deliveries to the Middle East. The gross margin for the quarter was 20.9 percent (neg).

During the third quarter, work related to the production of Argus III concerning the contract with the Swedish Transport Administration was begun. Deliveries are expected to start in the fourth quarter, and Sensys will apply progressive income recognition.

The operating loss for the period amounted to SEK -6.6m (-8.6), and the loss after tax was SEK -6.7m (-8.9).

#### PERIOD JANUARY – SEPTEMBER

Net sales for the period almost doubled to SEK 30.3m (15.7) and were primarily composed of deliveries to Sensys America for the project in Washington DC. The gross margin for the period was 39.9 percent (neg).

The operating loss for the period amounted to SEK -14.4m (-43.3). The comparative figure for 2012 includes non-recurring costs of SEK 11.6m related to the Telvent project.

The loss after tax was SEK -14.5m (-37.7).

All costs for non-order-specific development are charged to operations.

#### FINANCIAL POSITION

Shareholders' equity amounted at the end of the period to SEK 91.9m (97.5), representing an equity/assets ratio of 84 percent (89).

#### TAXES

The Company's total deferred tax recoverable at the end of the period amounted to SEK 39.1m (39.1). The deferred tax recoverable has been reported as an asset since 2005. Future utilisation of this tax recoverable is dependent on taxable profits. The board of directors has resolved that further deficit deductions should not be capitalised as of the second quarter 2012.

#### INVESTMENTS

Investments during the period were SEK 0m (0).

#### WORKFORCE

The average number of employees was 32 persons (32), and the number of employees at the end of the period was 32 (32).

#### CASH FLOW AND LIQUIDITY

Cash flow from current operations amounted for the period to SEK 1.5m (-22.1), and in the third quarter to SEK 5.7m (-6.9). Liquid resources amounted at the end of the period to SEK 22.9m (12.5), including a short-term deposit of SEK 0.8m (0.6). The Company also has SEK 10m in a blocked bank account for a period of three years as security towards the Swedish Transport Administration.

Outstanding share warrants (TO4) will become due for payment on 31 October 2013, and upon full subscription will provide the Company with SEK 19.2m before issue costs, with a subscription price of SEK 0.60.

#### NUMBER OF SHARES

The number of shares at the end of the period was 510,747,339 (479,837,886). The average number of shares during the period was 497,009,804 (400,434,577).

Upon full subscription of outstanding share warrants (TO4), the number of shares will increase by 31,989,192 new shares.

#### RISKS AND UNCERTAINTY FACTORS

The Company's significant risk and uncertainty factors include business risks related to customers, suppliers and general global conditions. There are also financial risks associated with fluctuations in exchange rates and interest levels.

A summary of the Company's significant financial and business risks is set out on pages 12, 25 and 33 of the Annual Report for 2012. No additional material risks are deemed to have since arisen.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles and definitions applied in this report are unchanged from the most recent annual report. The Company follows the Swedish Annual Accounts Act and Recommendation RFR 2 Reporting for Legal Entities of the Swedish Financial Reporting Board. The application of RFR 2 implies that the Company applies in this interim report all IFRS items and statements made as far as possible within the framework of the Swedish Annual Accounts Act approved by the EU, with consideration being taken for any relationship between accounting and taxation.

In July 2010, Sensys Traffic acquired all shares in a Swedish limited company [aktiebolag] that now has the name Sensys International AB. This company is totally dormant, and has been since it was formed. The objective of the acquisition is only to fulfil conditions in an international procurement process. Sensys does not intend to carry out any business activity through Sensys International AB within the forthcoming year.

In view of that Sensys International AB is dormant, and has never carried out any business, no consolidated accounts have been prepared.

None of the new standards that entered into force in 2013 have affected the Company.

Due to the business having only one operating segment, the Company is not affected by the changes regarding financial reporting introduced in 2009 (IAS 1 and IFRS 8). The change in shareholders' equity corresponds fully with the reported profit/loss (IAS 1).

## AUDIOCAST

CEO Johan Frilund will present the report and answer questions in an audiocast at 15.30 hrs (3.30pm) on 24 October. The presentation may be followed on the Internet via a link to Sensys' website at [www.sensys.se](http://www.sensys.se). It will also be possible to listen to the presentation and pose questions by telephone via the following numbers:

Sweden: 020-089 6377 or 08-505 20424

USA: +1 866 966 5335 or +1 646 843 4608

UK: +0808 109 0700 or +44 (0) 20 3003 2666

Password: Sensys. Please call 10 minutes before the stated time.

## FORTHCOMING FINANCIAL REPORTS

Year-end report, 2013	23 January 2014
Interim report Jan-March 2014	24 April 2014
Annual General Meeting 2013	24 April 2014
Interim report Jan-June	19 August 2014
Interim report Jan-Sept	29 October 2014

## REVIEW

This report has been reviewed by the Company's auditor. The related report is set forth on page 6.

Jönköping, 24 October 2013



Johan Frilund, CEO

For further information, please contact: Johan Frilund, CEO, phone +46 73 274 28 23.

Sensys Traffic is obliged to publish the information contained in this interim report pursuant to the Swedish Securities Market Act. The information was submitted for publication at 2.00pm (14.00 hrs) on 24 October 2013.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME, SEK K	Jan - Sep 2013	Jan - Sep 2012	July - Sep 2013	July - Sep 2012
Net sales	30 276	15 690	3 262	1 522
Cost of goods sold	-18 181	-12 601	-2 578	-1 975
Change in value, Stock	0	-4 558	0	0
<b>Gross profit</b>	<b>12 095</b>	<b>-1 469</b>	<b>684</b>	<b>-453</b>
Selling expenses	-13 762	-26 709	-4 872	-4 543
Administrative expenses	-4 130	-4 182	-1 475	-1 104
Development costs	-8 586	-10 932	-967	-2 516
Other operating income/expenses	0	0	0	0
<b>Operating profit/loss</b>	<b>-14 383</b>	<b>-43 292</b>	<b>-6 630</b>	<b>-8 616</b>
Net financial items	-87	-264	-37	-318
<b>Profit/loss after financial items</b>	<b>-14 470</b>	<b>-43 556</b>	<b>-6 667</b>	<b>-8 934</b>
Tax	0	5 844	0	0
<b>Net profit/loss for the period*</b>	<b>-14 470</b>	<b>-37 712</b>	<b>-6 667</b>	<b>-8 934</b>
Earnings per share	-0.03	-0.08	-0.01	-0.02

1) Non-recurring costs related to Telvent SEK 11.6m for 2012.

CONDENSED STATEMENT OF FINANCIAL POSITION, SEK K	2013-09-30	2012-09-30	2012-12-31
<b>Assets</b>			
Intangible fixed assets	116	208	185
Tangible fixed assets	61	67	81
Financial assets <sup>2)</sup>	39 128	46 748	39 128
Long-term receivables <sup>3)</sup>	10 000	0	0
Accounts receivables	7 731	3 652	14 207
Stock	26 730	39 288	29 651
Other current assets	3 103	3 716	13 409
Cash and bank (incl. shortterm investm)	22 917	22 825	12 456
<b>Total assets</b>	<b>109 786</b>	<b>116 504</b>	<b>109 117</b>
<b>Equity and liabilities</b>			
Shareholders' equity	91 949	102 887	97 452
Trade creditors	3 792	3 642	668
Other current interest-free liabilities	14 045	9 975	10 997
<b>Total equity and liabilities</b>	<b>109 786</b>	<b>116 504</b>	<b>109 117</b>

2) Tax recoverable SEK 39.1m (46.7)

3) Blocked bank account for a period of three years as security towards the Swedish Transport Administration.

CASH FLOW FROM OPERATIONS, SEK K	Jan - Sep 2013	Jan - Sep 2012	July - Sep 2013	July - Sep 2012
<b>Profit/loss after financial items</b>	<b>-14 383</b>	<b>-43 556</b>	<b>-6 630</b>	<b>-8 934</b>
Non-cash items	106	4 717	33	47
Changes in working capital	15 788	16 720	12 270	2 010
<b>Cash flow from operating activities</b>	<b>1 511</b>	<b>-22 119</b>	<b>5 673</b>	<b>-6 877</b>
Investments in intangible non-current assets	-17	0	0	0
New share issue, net after issue costs	8 967	27 097	0	0
<b>Changes in cash and bank balances</b>	<b>10 461</b>	<b>4 978</b>	<b>5 673</b>	<b>-6 877</b>
Cash and cash equivalents at beginning of the period	12 456	17 847	17 244	29 702
Cash and cash equivalents at end of the period	22 917	22 825	22 917	22 825

CHANGES IN EQUITY, SEK K	Jan - Sep 2013	Jan - Sep 2012	July - Sep 2013	July - Sep 2012
<b>At beginning of the period</b>	<b>97 452</b>	<b>113 502</b>	<b>98 616</b>	<b>111 821</b>
New share issue	8 967	27 097	0	0
Profit/loss for the period - Total comprehensive income/loss for the period	-14 470	-37 712	-6 667	-8 934
<b>At end of the period</b>	<b>91 949</b>	<b>102 887</b>	<b>91 949</b>	<b>102 887</b>



STATEMENT OF COMPREHENSIVE INCOME, QUARTERLY DATA	JULY - SEP 2013	APR - JUNE 2013	JAN - MARCH 2013	OCT - DEC 2012	JULY - SEP 2012	APR - JUNE 2012	JAN - MAR 2012	OCT - DEC 2011
Net sales	3 262	19 463	7 551	25 310	1 522	7 506	6 104	8 863
Cost of goods sold	-2 578	-10 408	-5 195	-12 669	-1 975	-5 010	-5 615	-3 616
Value adjustment of inventories	0	0	0	0	0	-4 558	0	-7 500
<b>Gross profit</b>	<b>684</b>	<b>9 055</b>	<b>2 356</b>	<b>12 641</b>	<b>-453</b>	<b>-2 062</b>	<b>489</b>	<b>-2 253</b>
Overhead costs	-7 314	-9 887	-9 279	-10 842	-8 163	-10 493	-22 610	-14 865
<b>Operating profit/loss</b>	<b>-6 630</b>	<b>-832</b>	<b>-6 923</b>	<b>1 799</b>	<b>-8 616</b>	<b>-12 555</b>	<b>-22 121</b>	<b>-17 118</b>
Net financial items	-37	69	-117	386	-318	70	-16	203
<b>Profit/loss before tax</b>	<b>-6 667</b>	<b>-763</b>	<b>-7 040</b>	<b>2 185</b>	<b>-8 934</b>	<b>-12 485</b>	<b>-22 137</b>	<b>-16 915</b>
Tax	0	0	0	-7 620	0	0	5 844	4 352
<b>Profit/loss for the period/ Total comprehensive income/ loss for the period</b>	<b>-6 667</b>	<b>-763</b>	<b>-7 040</b>	<b>-5 435</b>	<b>-8 934</b>	<b>-12 485</b>	<b>-16 293</b>	<b>-12 563</b>

KEY FIGURES AND OTHER INFORMATION	JULY - SEP 2013	APR - JUNE 2013	JAN - MARCH 2013	OCT - DEC 2012	JULY - SEP 2012	APR - JUNE 2012	JAN - MAR 2012	OCT - DEC 2011
Earnings per share, SEK <sup>1</sup>	-0.01	0.00	-0.01	-0.01	-0.02	-0.03	-0.06	-0.04
Equity per share, SEK <sup>1</sup>	0.18	0.19	0.19	0.20	0.21	0.23	0.34	0.39
Cash flow per share, SEK	0.01	0.00	-0.01	-0.02	-0.01	-0.01	-0.04	0.01
Gross margin, %	20.9	46.5	33.5	49.9	Neg	Neg	8.0	Neg
Gross margin excluding write-down of inventories, %	20.9	46.5	33.5	49.9	Neg	33.3	8.0	59.2
Operating margin, %	Neg	Neg	Neg	7.0	Neg	Neg	Neg	Neg
Equity/assets ratio, %	83.7	85.2	87.4	89.3	88.3	89.2	86.9	88.1
Order intake, SEK k	119 000	4 000	17 100	6 400	2 000	29 900	2 500	7 000

<sup>1)</sup> Refers to profit/loss and equity before and after dilution.  
Sensys does not have any outstanding incentive programs that entail a dilution effect.



## Report of Review of Interim Financial Information

### Introduction

We have reviewed this report for the period 1 January 2013 to 30 September 2013 for Sensys Traffic AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review 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.

Jönköping, 24 October 2013

Öhrlings PricewaterhouseCoopers

.....  
Martin Odqvist  
Authorised Public Accountant  
Auditor in Charge

.....  
Magnus Brändström  
Authorised Public Accountant