



### April– June 2016

(Numbers 2015 for Sensys Traffic stand alone)

- Net sales MSEK 100.0 (64.5)
- Order intake MSEK 61.4 (23.0)
- EBITDA MSEK 6.5 (17.8)
- The profit after tax MSEK -0.9 (13.5)
- Earnings per share, before and after dilution, SEK 0.00 (0.02)
- Cash flow from operating activities amounted to MSEK 12.0 (19.1)

### January – June 2016

(Numbers 2015 for Sensys Traffic stand alone)

- Net sales MSEK 264.2 (118.8)
- Order intake MSEK 88.5 (66.2)
- EBITDA MSEK 9.8 (36.7)
- The profit after tax MSEK -20.9 (26.9)
- Earnings per share, before and after dilution, SEK -0.03 (0.05)
- Cash flow from operating activities amounted to MSEK 14.6 (38.8)

#### *Items affecting comparability*

As described in the first quarter interim report, the one-off costs concerning the transformation programme are affecting comparability of the interim financial statements. The adjusted financial figures are as follows:

### April – June 2016

- Adj. EBITDA MSEK 1.8

### January – June 2016

- Adj. EBITDA MSEK 35.2

## COMMENTS FROM THE CEO

In the second quarter, underlying business performed as expected. However, the uncertain macro-political environment has impacted customer behaviour, especially in the Middle East, which has consequently delayed some orders.

During the second quarter, net sales amounted to SEK 100.0 million (64.5), EBITDA amounted to SEK 6.5 million (17.8) and operating profit was SEK -2.9 million (17.5). The initial estimate of the financial effects of the transformation programme amounted to SEK 30 million, which has been taken into account in the first quarter. As a result of new estimations, the EBITDA and operating profit as stated above, have been positively affected by SEK 4.7 million, due to a reversal of the provision. The adjusted EBITDA amounted to SEK 1.8 million, and the adjusted operating profit amounted to SEK -7.5 million.

Order intake amounted to SEK 61.4 million (23.0), which is higher than the previous quarter thanks to the Latvian order that was announced during the period. The order intake during the first half of 2016 has mainly derived from smaller orders besides the order from Latvia. As we have had many smaller orders during the first half of 2016, we are therefore pleased to have received orders after the end of the quarter, one from the UAE worth EUR 1.5 million to be delivered the fourth quarter this year, as well as an order yesterday worth EUR 1 million from Middle East and Northern Africa planned to be fully delivered in the first quarter 2017

During the second quarter we have continued to execute on the transformation program. The estimates on cost savings and the reduction of net working capital remain valid, even though we see a potential for further improvements ahead.

Since last quarter, we are reporting the breakdown of our two business segments, System Sales and Managed Services. In the second quarter, sales in System Sales amounted to SEK 85.3 million, and Managed Services amounted to SEK 14.7 million.

In System Sales, we have started to roll out the order covering traffic safety systems in Latvia and also the order covering speed enforcement systems in Sweden. This clearly shows how timeframes can differ between customers, as the Latvian contract was received in June and delivery could start almost immediately, compared to the Swedish contract which was signed back in October 2015.

In Managed Services, we have started to roll out the order from Southern California covering an upgrade of the red light camera received in October 2015. The contract runs for five years. We are also expanding the installed base in other US cities.

### New Board

With effect from 19 May 2016, Claes Ödman is appointed Chairman of the Board and Kerstin Sjöstrand, Pia Hofstedt and Katarina Staaf have been appointed as new members of the Board. The members of the Board have long and extensive experience in several different sectors both in Sweden and internationally. The Board includes directors with technical, commercial as well as financial expertise.

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We welcome our new board members to Sensys Gatso Group and thank our parting board members for their extensive insight and guidance over the last years.

### Optimistic about future prospects

We maintain our optimistic view of our future prospects and will continue to work in line with our strategy to ensure a larger proportion of recurring revenues and a more streamlined business. We see an increasing interest in our services across our regions and believe that our extended scale and reach will benefit the business on a long-term and sustainable basis.

Torbjörn Sandberg  
CEO, Sensys Gatso Group

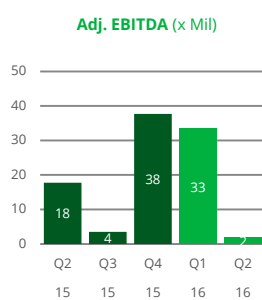
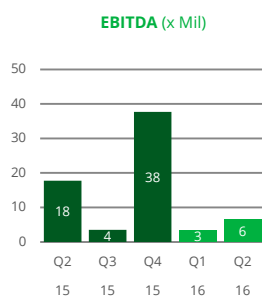
## FINANCIAL SUMMARY

### Key indicators (unadjusted)

| SEK thousands             | Apr – June 2016 | Apr – June 2015 | Jan – June 2016 | Jan – June 2015 | Jan – Dec 2015 | July 2015 – June 2016 |
|---------------------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------------|
| Net sales                 | 100,041         | 64,475          | 264,184         | 118,803         | 397,825        | 543,206               |
| Order intake              | 61,411          | 23,011          | 88,466          | 66,225          | 292,410        | 301,432               |
| Operating profit          | -2,869          | 17,486          | -17,253         | 34,647          | 48,703         | -3,197                |
| Operating margin (%)      | Neg             | 0.27            | Neg             | 29.2            | 12.2           | Neg                   |
| Gross margin (%)          | 36.5            | 45.3            | 30.0            | 49.6            | 41.7           | 33.4                  |
| Profit for the period     | -945            | 13,460          | -20,855         | 26,949          | 40,929         | -6,875                |
| Earnings per share (SEK)  | 0.00            | 0.02            | -0.03           | 0.05            | 0.07           | -0.01                 |
| Cash flow from operations | 12,049          | 19,071          | 14,633          | 38,843          | 37,744         | 10,902                |

Numbers prior 1 August 2015 are for Sensys Traffic AB stand alone.

### EBITDA and Adj. EBITDA

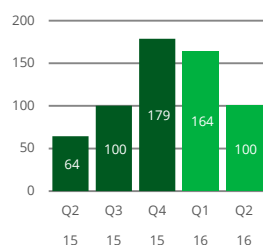


| SEK thousands  | Apr – June 2016 | Apr – June 2015 | Jan – June 2016 | Jan – June 2015 | Jan – Dec 2015 | July 2015 – June 2016 |
|--|-----------------|-----------------|-----------------|-----------------|----------------|-----------------------|
| Operating profit   | -2,869          | 17,486          | -17,253         | 34,647          | 48,703         | -3,197                |
| Depreciation tangible and intangible fixed assets        | 4,101           | 268             | 8,701           | 2,071           | 7,860          | 14,490                |
| Amortization of acquired intangible assets <sup>1)</sup> | 5,228           | 0               | 18,398          | 0               | 19,088         | 37,486                |
| <b>EBITDA</b>  | <b>6,460</b>    | <b>17,754</b>   | <b>9,846</b>    | <b>36,718</b>   | <b>75,651</b>  | <b>48,779</b>         |
| Adjustment for effects transformation program            | -4,664          | 0               | 25,336          | 0               | 0              | 25,339                |
| <b>Adj. EBITDA</b>                                       | <b>1,796</b>    | <b>17,754</b>   | <b>35,182</b>   | <b>36,718</b>   | <b>75,651</b>  | <b>74,118</b>         |

1) Amortisation of intangible fixed assets recognized as part of the acquisition of the Gatso Beheer (PPA, Purchase Price Allocation)

## Financial results group

SALES (x Mil)

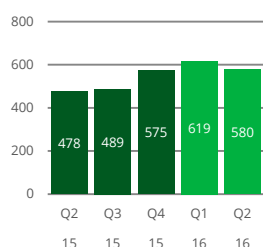


### April – June 2016

Net sales in the second quarter, amounted to SEK 100.0 million (64.5) and consisted primarily of deliveries to customers in Sweden, Australia, France and recurring revenue in the USA. The segment System Sales contributed SEK 85.3 million, and Managed Services contributed SEK 14.7 million to the net sales of the second quarter.

The gross margin for the quarter was 36.5 per cent (45.3). In comparison to the first quarter 2016, we have an increase in gross margin, which is up from 26.1 per cent. The increase in gross margin is a result of the absolute mix in revenue between System Sales and Managed Services.

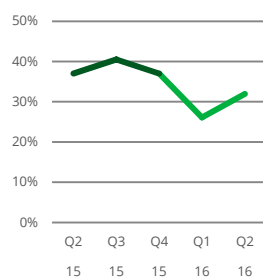
ROLLING SALES (x Mil)



Order intake during the second quarter totalled SEK 61.4 million (23.0) and relates to an order from Latvia and several smaller orders. Order intake has shown an improvement in comparison to the same period last year and the first quarter of 2016.

Expenses totalled SEK 39.4 million (11.7) and includes amortisation on Purchase Price Allocation (PPA) of SEK 5.2 million (0). The amortisation on PPA concerns recognised intangible fixed assets from when Gatso Beheer B.V. was acquired. The amortisation is done over time, whilst the surplus value, accounted for as goodwill, will be subject to impairment tests and adjusted based on the performance of the company.

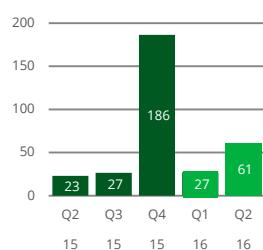
GROSS MARGIN (%)



The operating profit for the second quarter totalled SEK -2.9 million (17.5) and the profit after taxation totalled SEK -0.9 million (13.5). The EBITDA for the period amounts to SEK 6.5 million (17.8).

Taxation in the quarter resulted in a profit of SEK 5.0 million. This result is due to the release of deferred tax liability concerning the PPA and an adjustment on tax calculations of previous periods due to fiscal facilities concerning innovation and development.

ORDER INTAKE (x Mil)



### Jan – June 2016

The initial estimate of the financial effects of the transformation programme amounted to SEK 30 million. We completed the negotiations with Employee Representatives and Trade Unions in Sweden and the Netherlands. As an outcome, the costs have been positively effected by SEK 4.7 million. The new estimated costs for the transformation program amounts to SEK 25.3 million.

The gross margin for the first half year amounted to 30.0 per cent (49.6).

Expenses for the first six months of the year totalled SEK 96.6 million (24.3) and includes amortisation on PPA of SEK 18.4 million (0).

The operating profit for the period totalled SEK -17.3 million (34.6), and the profit after taxation totalled SEK -20.9 million (26.9).

Order intake during the first six months totalled SEK 88.5 million (66.2) and relates mostly to an order from Latvia and France and several smaller orders.

#### *Investments*

During the first half year investments in fixed assets amounted to SEK 12.6 million, of which SEK 4.1 million was made in properties and fixed assets relating mainly to our new head office in Jönköping and our office in Boston. During the period, investments to the amount of SEK 7.0 million were made in fixed assets in operations broadening our Managed Services activities in the USA.

#### *Financial position*

The Group's equity at the end of the period totalled SEK 370.1 million (387.4), producing an equity/assets ratio of 52.9 per cent (49.9). Net debt was SEK 278.7 million (138.5). The net debt position improved compared to the first quarter (322.9) due to repayments of bank loans to the amount of SEK 21.9 million and lower trade and other payables SEK 26.0 million.

#### NET DEBT

| KSEK                   | June 30,<br>2016 |
|------------------------|------------------|
| Short-term liabilities | 179,448          |
| Long-term liabilities  | 150,452          |
| Cash and bank          | -51,154          |
| <b>Net debt</b>        | <b>278,746</b>   |

#### *The Sensys Gatso share*

The number of shares at the end of the period was 657,155,077 (657,155,077). The average number of shares during the period was 657,155,077 (657,155,077).

#### *Personnel*

The average number of full time employees was 174 people (37). The number of employees at the end of the period was 205, whereof a part being part-time employees, to be compared with 202 at the end of 2015. The people being redundant from the transformation program had not yet left the Group by the end of the period.

## Business Segments

During the first quarter we started reporting in two business segments, Systems Sales and Managed Services. These two main segments are used for internal reporting and managing the different operations within the company.

### *System Sales*

In System Sales, the ownership of the equipment is transferred to the customer. Normally, the equipment is sold to a distributor who handles installations and basic support. System Sales also provides additional sales in the form of annual verifications, support and service, which are included in the net sales of the segment. The business is generally highly volatile with few big contracts and many smaller deals, where the former normally entail higher margins. Hence, the mix of large and small contracts has a significant impact on profitability from quarter to quarter. Europe and the Middle East currently provide the best opportunities for growth, whereas APAC and Latin America are assessed to provide additional growth in 2017 and onwards.

Systems Sales amounted to SEK 85.3 million in the second quarter, which is lower than the reported sales in the first quarter. The first quarter revenues were higher due to the delivery of a large Middle East order. During the quarter, deliveries were made to customers in Sweden, Latvia, Australia and France.

Order intake during the second quarter relates to, amongst other smaller orders, an order received from Latvia covering traffic safety systems. The total contract value amounts to EUR 2.5 million of which 50% is estimated to be delivered during 2016 and the remainder during 2017.

### *Managed Service*

The segment operating managed services focuses on large and smaller managed services contracts where the ownership of the equipment remains with the company. The Group is responsible for the entire value chain; system operations, sending out fines and receiving payments on the behalf of our customers. This model is commonly used in the US market, but the company also notices an increasing interest in similar business in other regions such as the Middle East. These systems are recorded on the balance sheet under fixed assets in operations.

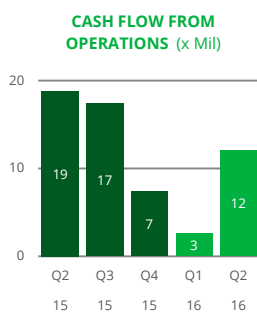
Contracts normally run for 3–5 years with a considerable possibility of extension. Sales have been stable throughout the quarter and in comparison to the first quarter. Managed Services sales amounted to SEK 14.7 million in the second quarter, to be compared with SEK 16.3 million in the first quarter.

## Net sales and operating profit by business segment

| SEK thousands                        | Apr-June 2016 |                 |                | Jan-June 2016  |                 |                |
|--------------------------------------|---------------|-----------------|----------------|----------------|-----------------|----------------|
|                                      | System Sales  | Managed Service | Total          | System Sales   | Managed Service | Total          |
| Total Net sales per business segment | 85,898        | 15,344          | 101,242        | 239,001        | 32,320          | 271,321        |
| Inter-segment transactions           | -583          | -618            | -1,201         | -5,843         | -1,295          | -7,138         |
| <b>Total Net Sales</b>               | <b>85,315</b> | <b>14,726</b>   | <b>100,041</b> | <b>233,158</b> | <b>31,025</b>   | <b>264,183</b> |
| <b>EBITDA</b>                        | <b>3,582</b>  | <b>2,878</b>    | <b>6,460</b>   | <b>2,501</b>   | <b>7,344</b>    | <b>9,845</b>   |
| Depreciation and amortization        |               |                 | -9,329         |                |                 | -27,099        |
| <b>Operating Profit</b>              |               |                 | <b>-2,869</b>  |                |                 | <b>-17,254</b> |
| Net financial items                  |               |                 | -3,105         |                |                 | -4,739         |
| <b>Profit before tax</b>             |               |                 | <b>-5,974</b>  |                |                 | <b>-21,993</b> |
| Tax                                  |               |                 | 5,029          |                |                 | 1,138          |
| <b>Profit for the period</b>         |               |                 | <b>-945</b>    |                |                 | <b>-20,855</b> |

## Currency effects

Due to the international structure of the Group, the Group is affected by currency fluctuations. The main currencies used by the Group are EUR, USD and AUD. The average USD had the biggest fluctuation during the second quarter, resulting in an average 2.9% lower SEK-USD exchange rate, and having a negative effect on sales and results of the segment Managed Services.



## CASH FLOW

Cash flow from operating activities totalled SEK 12.0 million during the second quarter (19.1) and 14.6 million for the first six months of the year (38.8).

Cash and cash equivalents at the end of the period totalled SEK 51.2 million (113.0). The change in the first half year was largely an effect of repayment of bank loans to the amount of SEK 21.9 million and investments in fixed assets in operations reflecting our strategy to increase sales in the segment Managed Services. Due to netting of current account facilities with positive cash balances, the Short-term liabilities decreased by SEK 25.0 million. The total amount of current account facilities not taken up amounts to SEK 54.3 million at the end of the period. After the reporting period, the company has expanded the current account facility with the bank to the amount of approximately SEK 9.5 million gaining flexibility in its finance structure. In addition the company has SEK 10.0 million (10.0) in frozen assets in the bank as a completion guarantee, mainly for the contract with the Swedish Transport Administration. This guarantee expires in the third quarter of 2016.



## OTHER INFORMATION

### Significant events

- The company has finalized the negotiations with the unions according to the transformation plan in the second quarter of 2016 resulting in a reversal of the provision recorded in the first quarter to the amount of SEK 4.7 million.
- Repayment of bank loans in Sweden and the Netherlands amounted to approximately SEK 21.9 million.
- The company invested SEK 8.9 Million in Fixed assets in operations.

### Significant events after the end of the reporting period

- The bank credit facility in the Netherlands was expanded by approximately SEK 9.5 million, giving more flexibility to the company.
- The Group has received an order from the UAE worth EUR 1.5 million, estimated to be delivered during the fourth quarter 2016.
- The Group has received an order from MENA worth EUR 1.0 million. Deliveries under this order will commence as soon as full payment has been received and are planned to be finalised within the first quarter 2017.

Apart from this, from the end of June 2016 until the release of this report, no significant events or information has emerged about conditions, either favourable or unfavourable, that justify any additional disclosures.

### Related party disclosures

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

For further information please contact:  
Torbjörn Sandberg, CEO  
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## DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors and the CEO declare that this half-yearly report provides a fair view of the Group's and Company's activities, financial position and financial results, and describes the significant risks and uncertainty factors faced by the Group.

Jönköping, 25 August 2016

Claes Ödman  
*Chairman*

Kerstin Sjöstrand

Ingemar Skogö

Katarina Staaf

Jochem Garritsen

Pia Hofstedt

Torbjörn Sandberg  
*CEO*

This report, from page 4 to 17, has not been the subject of a summary audit by the Group's auditor.

*This is information that Sensys Gatso Group AB (publ) must make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:30 on 25 August 2016.*

## THE GROUP

### Consolidated statement of comprehensive income

| SEK thousands   | April– June<br>2016 | April – June<br>2015 | Jan– June<br>2016 | Jan – June<br>2015 | Jan – Dec<br>2015 |
|---|---------------------|----------------------|-------------------|--------------------|-------------------|
| Net sales   | 100,041             | 64,475               | 264,184           | 118,803            | 397,825           |
| Cost of goods sold  | -63,546             | -35,274              | -184,882          | -59,842            | -231,997          |
| <b>Gross profit</b>   | <b>36,495</b>       | <b>29,201</b>        | <b>79,302</b>     | <b>58,961</b>      | <b>165,828</b>    |
| Selling expenses  | -15,033             | -6,478               | -40,354           | -11,663            | -62,622           |
| Administrative expenses   | -11,348             | -580                 | -22,902           | -3,820             | -25,515           |
| Development expenses  | -13,022             | -4,226               | -32,662           | -8,065             | -27,110           |
| Other operating expenses/income                                       | 39                  | -431                 | -637              | -766               | -1,878            |
| <b>Operating profit</b>   | <b>-2,869</b>       | <b>17,486</b>        | <b>-17,253</b>    | <b>34,647</b>      | <b>48,703</b>     |
| Net financial items   | -3,105              | -230                 | -4,739            | -97                | -1,422            |
| <b>Profit before tax</b>  | <b>-5,974</b>       | <b>17,256</b>        | <b>-21,992</b>    | <b>34,550</b>      | <b>47,281</b>     |
| Tax   | 5,029               | -3,796               | 1,137             | -7,601             | -6,352            |
| <b>Profit for the period</b>  | <b>-945</b>         | <b>13,460</b>        | <b>-20,855</b>    | <b>26,949</b>      | <b>40,929</b>     |
| <b>Profit is attributable to</b>                                      | <b>89</b>           | <b>13,460</b>        | <b>-19,406</b>    | <b>26,949</b>      | <b>41,405</b>     |
| <b>Owners of Sensys Gatso Group AB</b>                                |                     |                      |                   |                    |                   |
| <b>Non- controlling interest</b>                                      | <b>-1,034</b>       | <b>0</b>             | <b>-1,449</b>     | <b>0</b>           | <b>-476</b>       |
|   | <b>-945</b>         | <b>13,460</b>        | <b>-20,855</b>    | <b>26,949</b>      | <b>40,929</b>     |
| <b>Other comprehensive income</b>                                     |                     |                      |                   |                    |                   |
| Translation differences   | 2,765               | 0                    | 3,606             | 0                  | -11,523           |
| <b>Total other comprehensive income for the period, net after tax</b> | <b>2,765</b>        | <b>0</b>             | <b>3,606</b>      | <b>0</b>           | <b>-11,523</b>    |
| <b>Comprehensive income for the period</b>                            | <b>1,820</b>        | <b>13,460</b>        | <b>-17,249</b>    | <b>26,949</b>      | <b>29,406</b>     |
| Number of shares  | 657,155             | 541,234              | 657,155           | 541,234            | 657,155           |
| Earnings per share  | 0.00                | 0.02                 | -0.03             | 0.05               | 0.06              |

## Consolidated balance sheet

| SEK thousands   | 30 June<br>2016 | 30 June<br>2015 | 31 Dec<br>2015 |
|---|-----------------|-----------------|----------------|
| <b>Assets</b>   |                 |                 |                |
| Goodwill  | 243,267         | 0               | 237,203        |
| Customer contracts                                    | 80,162          | 0               | 92,821         |
| Brand   | 18,885          | 0               | 19,393         |
| Intangible non-current assets                         | 45,048          | 138             | 48,131         |
| Property, plant and equipment                         | 10,857          | 989             | 5,999          |
| Fixed assets in operations                            | 32,228          | 0               | 32,420         |
| Financial non-current assets                          | 25,689          | 30,033          | 26,070         |
| Long-term trade and other receivables                 | 377             | 10,000          | 376            |
| Trade and other receivables                           | 93,880          | 42,269          | 132,501        |
| Inventories   | 65,366          | 16,046          | 75,434         |
| Other current assets                                  | 33,090          | 3,095           | 29,020         |
| Cash and bank balances                                | 51,154          | 112,957         | 76,189         |
| <b>Total assets</b>                                   | <b>700,003</b>  | <b>215,527</b>  | <b>775,557</b> |
| <b>Shareholders' equity and liabilities</b>           |                 |                 |                |
| Shareholders' equity                                  | 370,103         | 168,213         | 387,352        |
| Long-term liabilities                                 | 19,227          | 0               | 18,750         |
| Long-term liabilities to shareholders                 | 79,747          | 0               | 76,746         |
| Provision   | 11,746          | 6,680           | 14,116         |
| Deferred tax liabilities                              | 39,732          | 0               | 44,293         |
| Short-term liabilities                                | 31,079          | 28              | 78,034         |
| Short-term liabilities to shareholders                | 37,666          | 0               | 41,135         |
| Trade and other payables                              | 37,916          | 27,993          | 56,401         |
| Other current interest-free liabilities <sup>1)</sup> | 72,787          | 12,613          | 58,730         |
| <b>Total shareholders' equity and liabilities</b>     | <b>700,003</b>  | <b>215,527</b>  | <b>775,557</b> |

1) Including SEK 24,5 million in transformation program provision

## Consolidated statement of changes in equity

| SEK thousands   | April - June<br>2016 | April - June<br>2015 | Jan - June<br>2016 | Jan - June<br>2015 | Jan - Dec<br>2015 |
|---|----------------------|----------------------|--------------------|--------------------|-------------------|
| <b>Beginning of period</b>                            | <b>368,283</b>       | <b>154,753</b>       | <b>387,352</b>     | <b>141,264</b>     | <b>141,264</b>    |
| New share issue, net                                  | 0                    | 0                    |                    | 0                  | 208,727           |
| Non controlling interest on acquisition of subsidiary | 0                    | 0                    | 0                  | 0                  | 7,955             |
| Net profit for the period                             | 89                   | 13,460               | -19,406            | 26,949             | 41,405            |
| Movement of minority interest in subsidiaries         | -1,034               | 0                    | -1,449             | 0                  | -476              |
| Other comprehensive income                            | 2,765                | 0                    | 3,606              | 0                  | -11,523           |
| Total comprehensive income for the period             | 1,820                | 13,460               | -17,249            | 26,949             | 29,406            |
| <b>End of period</b>                                  | <b>370,103</b>       | <b>168,213</b>       | <b>370,103</b>     | <b>168,213</b>     | <b>387,352</b>    |

## Cash flow statement

| SEK thousands                                       | April – June<br>2016 | April – June<br>2015 | Jan – June<br>2016 | Jan – June<br>2015 | Jan – Dec<br>2015 |
|---|----------------------|----------------------|--------------------|--------------------|-------------------|
| <b>Operating profit</b>                             | <b>-2,869</b>        | <b>17,486</b>        | <b>-17,253</b>     | <b>34,647</b>      | <b>48,703</b>     |
| Items with no effect on cash flow                   | -3,679               | 1,871                | 44,456             | 2,071              | 31,299            |
| Financial items                                     | -2,938               | -422                 | -4,572             | -766               | -1,422            |
| Tax paid  | -1,774               | 0                    | -2,578             | 0                  | -4,822            |
| <b>Funds contributing from operating activities</b> | <b>-11,260</b>       | <b>18,935</b>        | <b>20,053</b>      | <b>35,952</b>      | <b>73,758</b>     |
| Change in working capital                           | 23,309               | 136                  | -5,420             | 2,891              | -36,014           |
| <b>Cash flow from operating activities</b>          | <b>12,049</b>        | <b>19,071</b>        | <b>14,633</b>      | <b>38,843</b>      | <b>37,744</b>     |
| Cash flow from investing activities                 | -7,401               | -6,281               | -12,578            | -6,281             | -79,552           |
|   | <b>4,648</b>         | <b>12,790</b>        | <b>2,055</b>       | <b>32,562</b>      | <b>-41,808</b>    |
| <b>Financing activities</b>                         |                      |                      |                    |                    |                   |
| New loan  | 0                    | 0                    | 493                | 0                  | 50,000            |
| Repayment of loan                                   | -15,682              | 0                    | -21,932            | 0                  | -6,250            |
| Repayment of loan to shareholders                   | 0                    | 0                    | -3,100             | 0                  | -3,825            |
| <b>Change in cash and bank balances</b>             | <b>-11,034</b>       | <b>12,790</b>        | <b>-22,484</b>     | <b>32,562</b>      | <b>-1,883</b>     |
| Liquid funds at the beginning of the period         | 65,190               | 100,403              | 76,189             | 80,513             | 80,513            |
| Translation differences in liquid funds             | -3,002               | -236                 | -2,551             | -118               | -2,441            |
| <b>Closing cash and cash equivalents</b>            | <b>51,154</b>        | <b>112,957</b>       | <b>51,154</b>      | <b>112,957</b>     | <b>76,189</b>     |

## PARENT COMPANY

### Statement of comprehensive income

| SEK thousands  | April – June<br>2016 | April – June<br>2015 | Jan – June<br>2016 | Jan – June<br>2015 | Jan – Dec<br>2015 |
|--|----------------------|----------------------|--------------------|--------------------|-------------------|
| Net sales  | 34,108               | 64,475               | 53,017             | 118,803            | 187,560           |
| Other sales  | 1,731                | 0                    | 4,127              | 0                  | 2,724             |
| Cost of goods sold   | -20,646              | -35,274              | -38,215            | -59,842            | -96,077           |
| <b>Gross profit</b>  | <b>15,193</b>        | <b>29,201</b>        | <b>18,929</b>      | <b>58,961</b>      | <b>94,207</b>     |
| Selling expenses   | -3,850               | -6,478               | -6,267             | -11,663            | -27,057           |
| Administrative expenses  | -6,780               | -580                 | -12,788            | -3,820             | -12,624           |
| Development expenses   | -2,516               | -4,226               | -10,270            | -8,065             | -16,445           |
| Other operating expenses/income                                  | -22                  | -431                 | 23                 | -766               | -1,897            |
| <b>Operating profit</b>  | <b>2,025</b>         | <b>17,486</b>        | <b>-10,373</b>     | <b>34,647</b>      | <b>36,184</b>     |
| Net financial items  | -2,308               | -230                 | -3,704             | -97                | 2,359             |
| <b>Profit before tax</b>   | <b>-283</b>          | <b>17,256</b>        | <b>-14,077</b>     | <b>34,550</b>      | <b>38,543</b>     |
| Tax  | 0                    | -3,796               | 0                  | -7,601             | -6,348            |
| <b>Profit for the period/Comprehensive income for the period</b> | <b>-283</b>          | <b>13,460</b>        | <b>-14,077</b>     | <b>26,949</b>      | <b>32,195</b>     |

## Balance sheet

| SEK thousands                                     | 30 June<br>2016 | 30 June<br>2015 | 31 Dec<br>2015 |
|---|-----------------|-----------------|----------------|
| Intangible non-current assets                     | 0               | 138             | 0              |
| Property, plant and equipment                     | 3,692           | 989             | 1,710          |
| Financial non-current assets                      | 24,954          | 30,033          | 24,954         |
| Shares in subsidiaries                            | 395,911         | 0               | 395,911        |
| Non-Current receivables                           | 0               | 10,000          | 2,500          |
| Trade and other receivables                       | 32,390          | 42,269          | 46,585         |
| Receivables from Group companies                  | 6,851           | 0               | 2,725          |
| Inventories                                       | 19,562          | 16,046          | 21,187         |
| Other current assets                              | 13,820          | 3,095           | 3,552          |
| Cash and bank balances                            | 44,965          | 112,957         | 70,724         |
| <b>Total assets</b>                               | <b>542,145</b>  | <b>215,527</b>  | <b>569,848</b> |
| <b>Shareholders' equity and liabilities</b>       |                 |                 |                |
| Shareholders' equity                              | 368,109         | 168,213         | 382,186        |
| Long-term liabilities                             | 18,750          | 0               | 18,750         |
| Long-term liabilities to related parties          | 60,914          | 0               | 58,466         |
| Provision   | 6,430           | 6,680           | 7,144          |
| Short-term liabilities                            | 12,500          | 28              | 25,000         |
| Short-term liabilities to related parties         | 37,666          | 0               | 36,560         |
| Trade and other payables                          | 13,468          | 27,993          | 14,207         |
| Trade from Group companies                        | 610             | 0               | 865            |
| Other current interest-free liabilities           | 23,698          | 12,613          | 26,670         |
| <b>Total shareholders' equity and liabilities</b> | <b>542,145</b>  | <b>215,527</b>  | <b>569,848</b> |

## Change in shareholders' equity

| SEK thousands   | April - June<br>2016 | April - June<br>2015 | Jan - June<br>2016 | Jan - June<br>2015 | Jan - Dec<br>2015 |
|---|----------------------|----------------------|--------------------|--------------------|-------------------|
| <b>Beginning of period</b>                                | <b>368,392</b>       | <b>154,753</b>       | <b>382,186</b>     | <b>141,264</b>     | <b>141,264</b>    |
| New share issue, net                                      | 0                    | 0                    | 0                  | 0                  | 208,727           |
| Profit for the period/Comprehensive income for the period | -283                 | 13,460               | -14,077            | 26,949             | 32,195            |
| <b>End of period</b>                                      | <b>368,109</b>       | <b>168,213</b>       | <b>368,109</b>     | <b>168,213</b>     | <b>382,186</b>    |

## 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*

In the first quarter of 2016, the company recorded a one-off cost of SEK 30 million concerning the transformation programme. The initial amount was an estimate by management based on the transformation programme. Although the transformation programme will be completed to a great extent in the fourth quarter of 2016, management has made a new estimate based on the outcome of final negotiations with the workers' council and the unions, where 32 people have been laid off (mainly assembly). Due to this outcome, the company recorded a reversal in the provision of SEK 4.7 Million. Management will continue to make efforts to lower costs. The provision was recorded under the other current interest-free liabilities.

#### *Comparative figures*

The financial figures up to and including July 2015 are the financial figures of Sensys Traffic AB stand alone.

#### *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 6 quarters.

### Consolidated statement of income, quarterly data

|                              | 2016          |                | 2015          |               |               |               |
|------------------------------|---------------|----------------|---------------|---------------|---------------|---------------|
|                              | Q2            | Q1             | Q4            | Q3            | Q2            | Q1            |
| Net sales                    | 100,041       | 164,143        | 178,687       | 100,335       | 64,475        | 54,328        |
| Cost of goods sold           | -63,546       | -121,336       | -112,531      | -59,624       | -35,274       | -24,567       |
| <b>Gross profit</b>          | <b>36,495</b> | <b>42,807</b>  | <b>66,156</b> | <b>40,711</b> | <b>29,201</b> | <b>29,761</b> |
| Costs                        | -39,364       | -57,191        | -44,709       | -48,102       | -11,715       | -12,599       |
| <b>Operating profit</b>      | <b>-2,869</b> | <b>-14,384</b> | <b>21,447</b> | <b>-7,391</b> | <b>17,486</b> | <b>17,162</b> |
| Net financial items          | -3,105        | -1,634         | -1,526        | 201           | -230          | 132           |
| <b>Res Profit before tax</b> | <b>-5,974</b> | <b>-16,018</b> | <b>19,921</b> | <b>-7,190</b> | <b>17,256</b> | <b>17,294</b> |
| Tax                          | 5,029         | -3,892         | -48           | 1,297         | -3,796        | -3,805        |
| <b>Profit for the period</b> | <b>-945</b>   | <b>-19,910</b> | <b>19,873</b> | <b>-5,893</b> | <b>13,460</b> | <b>13,489</b> |

## Key indicators and other information, quarterly data

|  | 2016    |         |         | 2015    |         |         |
|--|---------|---------|---------|---------|---------|---------|
|  | Q2      | Q1      | Q4      | Q3      | Q2      | Q1      |
| Operating margin. % <sup>1)</sup>      | Neg     | Neg     | 12.0    | Neg     | 27.1    | 31.6    |
| Gross margin. % <sup>2)</sup>          | 36.5    | 26.1    | 37.0    | 40.5    | 45.3    | 54.8    |
| Profit margin. % <sup>3)</sup>         | Neg     | Neg     | 11.1    | Neg     | 20.9    | 24.8    |
| Equity per share. SEK <sup>4)5)</sup>  | 0.56    | 0.56    | 0.6     | 0.55    | 0.31    | 0.29    |
| Cash flow per share. SEK <sup>6)</sup> | 0.01    | 0.01    | 0.01    | -0.05   | 0.03    | 0.04    |
| Number of employees <sup>7)</sup>      | 205     | 209     | 202     | 202     | 41      | 41      |
| No. of outstanding shares, thousands   | 657,155 | 657,155 | 657,155 | 657,155 | 541,234 | 541,234 |
| Equity/assets ratio. %                 | 52.9    | 48.7    | 49.9    | 47.1    | 78.0    | 80.2    |
| Order intake, SEK thousands            | 61,411  | 27,055  | 186,434 | 26,532  | 23,011  | 43,214  |

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 has no outstanding incentive schemes that involve a dilution effect

6) Operating cash flow relative number of shares

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

For definitions of key indicators, please refer to the annual report issued for 2015, which is available on the company's website [www.sensysgatso.com](http://www.sensysgatso.com)

### *EBITDA and Adj EBITDA*

*(Earnings before interest, taxes, depreciation and amortization.)*

The Company made a large acquisition on July 31st 2015, generating considerable amounts of amortization of intangible assets compared to previous years. Due to this, we believe that, in order to assist in understanding the operational business and growth, it is useful to consider EBITDA when comparing with previous years and other companies.

The adjusted EBITDA figures concern the EBITDA adjusted for the effects of the transformation program as a one of cost, mainly consisting of employees

### *Risks and uncertainty*

Significant risks and uncertainties faced by the company 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 company's risks, please refer to the 2015 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 2015.

There are no new accounting principles applicable from 2015 that affect the Sensys Gatso Group. For more information about the accounting policies applied, please refer to Sensys Gatso's website.

## FINANCIAL INFORMATION

### Invitation to a presentation for press and analysts

On 25 August at 09:30, CEO Torbjörn Sandberg and CFO Niki Gatsonides will present the report and answer questions in an audiocast. The presentation can be followed online via the link on Sensys' website: [www.sensysgatso.com](http://www.sensysgatso.com)

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/67889415>

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: +1 866 904 9624

UK: +44 (0) 844 571 8931

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: 67889415 or "Sensys" to register.

Please call ten minutes before the time specified.

### Financial calendar

#### *Future reporting dates*

|   |                  |
|---|------------------|
| Interim report July – September, 2016   | 24 November 2016 |
| Interim report October – December, 2016 | 23 February 2017 |
| Annual General Meeting, 2016            | 18 May 2017      |
| Interim report Jan – March, 2017        | 18 May 2017      |

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Sensys Gatso Group AB is a global leader in traffic management solutions for nations, cities and fleet owners. Sensys Gatso Group has subsidiaries in Australia, Germany, the Netherlands, Sweden and the USA, and a branch office in the United Arab Emirates. The Sensys Gatso Group's shares are listed on Nasdaq Stockholm. The Group has 202 employees and is the result of a merger of Sensys Traffic AB and Gatso Beheer B.V. following the acquisition of Gatso Beheer.

For further information, visit [www.sensysgatso.com](http://www.sensysgatso.com)