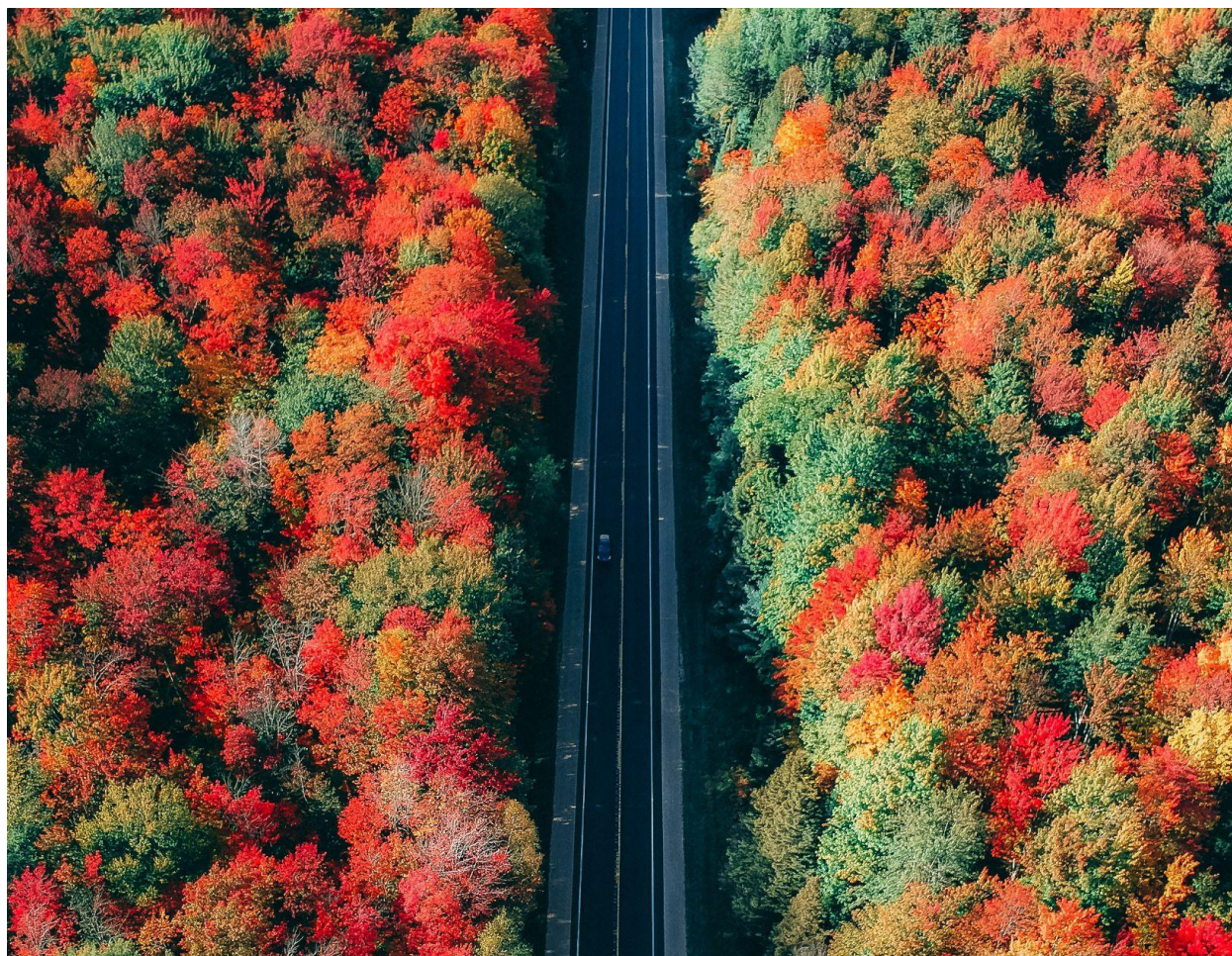


Sensys Gatso Group AB

Interim Report

January - September 2021



MSEK	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020
Net Sales	130.4	131.6	334.3	320.7
Order intake	64.2	323.7	172.9	667.9
Operating profit (EBIT)	28.2	12.9	18.7	-1.7
Operating profit (EBITDA)	38.0	22.8	46.0	36.1
Total Comprehensive income	26.1	4.8	24.1	-7.5
Earnings per share, before and after dilution (SEK)	0.02	0.01	0.02	-0.01
Cash flow from operating activities	-0.2	11.0	-2.2	22.5

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Comments from the CEO

Operating profit (EBIT) SEK 28 million, up 119%

Due to the excellent gross margin of 49%, together with our steady cost structure, the EBITDA reached SEK 38 million, close to 30% of net sales. This underlines the credibility of our long term EBITDA goal, indicating that with the right product mix, our ambition to target at least 15% EBITDA margin by 2025 is realistic. Year to date our EBITDA is up by 28% from SEK 36 million in 2020 to SEK 46 million in 2021.

In the quarter we invested in the development of our software platforms Puls, Xilium and FLUX. We also invested in Fixed Assets, necessary to operate our TRaaS programs in the USA. Taking the depreciation over these essential investments to support our future growth into account, we nevertheless reached an operating profit level (EBIT) of SEK 28.2 million, 119% higher than last year. Year to date our EBIT is at SEK 18.7 million, 72% higher than full year 2020.

Order intake picking up after the quarter

The order intake arrived this quarter at SEK 64 million, compared to a record breaking SEK 324 million in Q3 last year. This difference is mainly due to the SEK 275 million Saudi contract won in Q3 2020. We are pleased with the regional spread of the order intake this quarter, with orders coming from Australia, the Middle East as well two new TRaaS contracts in the United States. We also benefited this quarter from our global existing customer base that placed repeat orders and orders for parts and system calibrations for a total of SEK 33 million, making up 52% of our Q3 order intake. After the quarter the order intake announced in press releases amounted to SEK 181 million, mainly relating to the TRaaS recurring revenue contracts in our 51% Joint Venture Sensys Gatso Colombia.

Solid Order Backlog of SEK 850 million

End of 2020 we communicated a record high 12 months rolling order intake of SEK 788 million. The conversion of order intake to revenue is dependent on our customer needs and ability to implement our solutions. Since 2017 we have recorded an order intake of SEK 2.35 billion that has converted into SEK 1.5 billion of revenue to date. We have a solid order backlog as of the third quarter of 2021, which amounts to approximately SEK 850 million. Of this backlog, 46% relates to system sales projects and 54% relates to TRaaS recurring revenue such as Managed Services, Service and Maintenance and licenses. The system sales order backlog is expected to be delivered in the near future. The TRaaS order backlog has a recurring nature and will convert into revenue over the remaining contract periods.

SEK 109 million invested for future growth

In the third quarter of last year the company raised 75 million in a directed share issue to support our future growth. This capital has been employed in our Fixed Assets in Operations in the USA, supporting our TRaaS Managed Services programs for the amount of SEK 23 million. In the same period we have significantly invested in the core development of our software platforms to the amount of SEK 17 million. A further SEK 69 million has been employed in Net Working Capital to finance larger System deliveries. This will convert into cash in the upcoming quarters. In total over the last four quarters the company has invested SEK 109 million for future growth.

US TRaaS Sales up 40%

Net Sales for the quarter arrived at SEK 130 million, an equal level compared to last year. More importantly, our total recurring TRaaS business increased by 28%. Year to date this strategic growth pillar now represents 52% of our total Sales. Within our total TRaaS business, the full TRaaS business model we operate in the USA, is a strategic growth pillar. This US TRaaS business reached SEK 37 million this quarter, up by nearly 40%. Compared to the previous quarter, our US TRaaS business showed an increase of 15%. The continued growth of our TRaaS business in the USA is in line with our strategy and business plan and indicates a normalization of this important recurring revenue stream after the COVID related school closings in 2020 and 2021.

USA TRaaS growth push

During the quarter we reevaluated our USA business plan with the objective to further enhance growth. On November 15th, President Joe Biden signed into law a transportation authorization bill that includes, for the first time ever, explicit federal funding support for speed cameras. This represents a major win for the photo enforcement industry, in which we operate. With this federal monetary and political support, the US market for photo enforcement is gaining positive momentum, also for Sensys Gatso.

There are now 25 states that allow for Automated Traffic Enforcement. Within these states, hundreds of cities potentially qualify as customers for Sensys Gatso. Currently we serve 35 cities in 11 states with our TRaaS model. With a targeted data driven sales approach, investments into our organization, in software developments to drive efficiencies and of course in traffic enforcement equipment to support growth of our TRaaS operation, we feel confident we can further push our profitable recurring revenue growth in the dynamic US market.

Buffalo Contract suspended, not terminated

During the quarter the Buffalo schoolzone program was suspended due to heated political discussion surrounding mayoral elections. This suspension was an unprecedented event in the 15 years we have operated our business in the USA. Subsequently the incumbent mayor, under whom our automated school zone speed enforcement program was awarded, has won the Buffalo mayoral re-elections. To date we have not received a termination letter from the city authorities and therefore the program could be restarted following the reinstatement of the elected mayor.

40% of Saudi Arabia contract delivered

Year to date in Q3 we have delivered 40% of this SEK 275 million contract for our unique Vehicle-in-Motion solution. The slower than initially expected delivery schedule is related to complexity at the side of the end-customer. After having visited our customer lately, we expect another 15% of the systems still to be delivered this year and the remainder throughout 2022.

Sensys Gatso Colombia established

After the quarter we announced the establishment of Sensys Gatso Colombia, a joint venture with Capatest Colombia SAS, a leading local provider of automated traffic enforcement solutions. With this Joint Venture we combine our TRaaS business model with the local knowledge and experience in Traffic Enforcement from Capatest. As part of the agreement Sensys Gatso will provide back office processing software Xilium, PULS analytics software, enforcement hardware and the Sensys Gatso Brand name. Two existing enforcement contracts currently operated by Capatest, for the amount of approximately SEK 145 million, over the remaining 17 year contract period will be added to the Joint Venture once Sensys Gatso Colombia is fully operational. This is expected by the second half of 2022. With this new venture we deliver on our promise to grow our TRaaS business in new regions.

Outlook

Our sales outlook is strong, our costs are in control and we demonstrated this quarter an improving profitability development. We see that our TRaaS business is back on its growth track. This is especially due to the Covid school closings in the USA that for now seem to be behind us. With our positive TRaaS business momentum in the new LATAM region and our overall solid margin development and order backlog, we feel confident about our future. We retain our long-term plan to grow our net sales to more than SEK 1 billion, of which TRaaS revenues will be more than SEK 600 million, in 2025. We also retain our ambition to increase our EBITDA margin to more than 15 percent in 2025.

Ivo Mönnink

CEO, Sensys Gatso Group

Financial summary

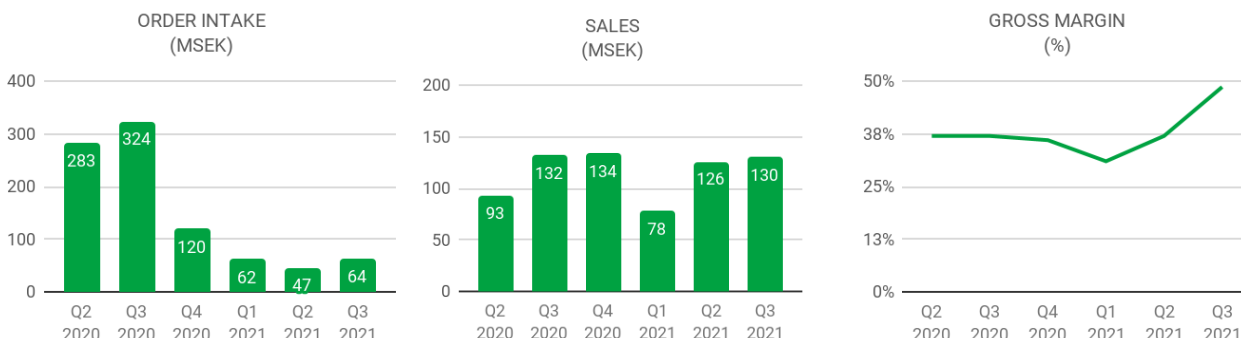
Key indicators

	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
TSEK	2021	2020	2021	2020	2020
Net sales	130,416	131,595	334,277	320,681	454,933
Order intake	64,182	323,701	172,890	667,895	788,353
Gross margin (%)	48.6	37.4	40.1	35.2	35.6
Operating profit (EBIT)	28,244	12,928	18,664	-1,720	10,821
Operating margin (EBIT %)	21.7	10.0	5.6	Neg	2.4
Operating profit (EBITDA)	38,025	22,799	45,998	36,130	59,438
Profit for the period	22,218	5,916	16,003	-6,774	3,954
Earnings per share, before and after dilution (SEK)	0.02	0.01	0.02	-0.01	0.00
Cash flow from operations	-247	11,001	-1,161	22,450	15,466

EBITDA

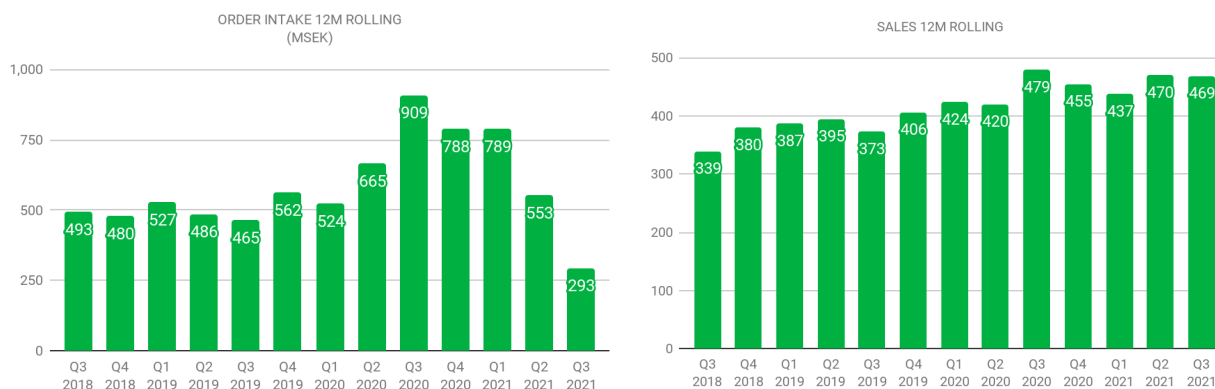
	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
TSEK	2021	2020	2021	2020	2020
Operating profit (EBIT)	28,244	12,928	18,664	-1,720	-24,374
Depreciation tangible and intangible fixed assets	8,386	7,337	23,157	25,216	30,767
Amortization of acquired intangible assets	1,395	2,534	4,177	12,634	22,192
Operating profit (EBITDA)	38,025	22,799	45,998	36,130	28,585

Financial results Group



Third quarter July – Sep 2021

Order intake during the third quarter totalled SEK 64.2 million compared to SEK 323.7 million in the same quarter last year. The order intake for the quarter mainly relates to repeat and smaller orders from our existing installed base, two new system sales orders from our customers in Australia and Middle East totalling SEK 16 million as well as two new TRaaS Managed Services contracts for a 5 year period with a total contract value of SEK 15 million. The 12 months rolling order intake arrived at SEK 293 million, compared to SEK 909 million in the third quarter of last year. After the quarter the order intake announced in press releases amounted to SEK 181 million, mainly relating to the TRaaS recurring revenue contracts in our 51% Joint Venture Sensys Gatso Colombia.



Net sales in the quarter amounted to SEK 130.4 million (131.6). The segment System Sales contributed SEK 93.4 million (105.1) and Managed Services contributed SEK 36.9 million (26.5). The 12 months rolling sales arrived at SEK 469 million, compared to SEK 479 million in the third quarter last year.

The gross margin for the quarter was 48.6 percent (37.4). The increase in profitability in the third quarter is caused by higher TRaaS Sales with a higher margin. The TRaaS sales for the quarter amounted to 50% of sales. During the quarter we have received the final payment on the first Saudi Project of 2018.

The TRaaS revenues for the quarter amounted to SEK 65.7 million (51.5), an increase of approximately 28 percent. The increase is mainly due to the increased level of TRaaS Managed Services in the quarter. Year to date the increase in TRaaS recurring revenue is due to increased TRaaS Service and Maintenance sales.

	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
TSEK					
System Sales	64,701	80,121	159,101	162,195	237,744
TRaaS: Service & Maintenance	26,415	23,793	80,446	66,643	91,162
TRaaS: Licenses	2,364	1,180	4,096	2,791	3,623
TRaaS: Managed Services	36,936	26,502	90,634	89,053	122,405
Total Sales	130,416	131,596	334,277	320,682	454,934
Of which TRaaS:	65,715	51,475	175,176	158,487	217,190
TRaaS % of total Sales:	50%	39%	52%	49%	48%

Of the total sales in the third quarter, 50 percent relates to recurring revenues based on Service & Maintenance, License and Managed Services revenue, compared to 39 percent in the third quarter 2020. Year to date the TRaaS recurring revenue amounts to 52 percent of total revenue compared to 49 percent year to date Q3 2020.

	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
TSEK					
Europe	38,834	46,934	99,973	99,267	153,033
Americas	35,880	30,611	87,991	91,121	119,044
APAC and MEA	55,702	54,051	146,313	130,294	182,857
Total Sales	130,416	131,596	334,277	320,682	454,934

The sales in the quarter remain to have a good spread over the regions.

The region APAC and MEA has been at a similar level compared to the third quarter last year. This sales level is driven by deliveries on the Saudi project and Australian projects. During the quarter we have received the final payment on the first Saudi Project of 2018. This final payment has a positive impact on sales and margin in the quarter of SEK 6 million. The regions Europe and APAC & MEA are more dependent on One-off system sales and TRaaS Service and Maintenance sales.

The sales in the Americas region are predominantly dependent on TRaaS Managed Services sales. The sales in the US have increased as new programs have come online and contribute to the topline sales.

The operating expenses for the quarter totalled SEK 35.1 million (36.3) including amortisation of intangible fixed assets. Operating expenses are lower, mainly due to the other operating income which includes foreign exchange effects on transactions.

The EBITDA amounted to SEK 38.0 million (22.8). The operating profit (EBIT) for the quarter amounted to SEK 28.2 million (12.9) and the profit after taxation totalled SEK 22.2 million (5.9).

January – September 2021

The order intake during the first three quarters of the year amounted to SEK 172.9 million, compared to SEK 323.7 in 2020. The sales year to date are at a similar level compared to 2020, ending at 334.3 compared to 320.7.

The gross margin improved from 35.2 percent to 40.1 percent. The increase in margins is caused by more TRaaS Service and Maintenance revenue for the year to date with a typically higher margin.

The expenses are in line with 2020 numbers. The expenses year to date totalled SEK 115.5 million compared to 114.6 million. Year to date third quarter the other operating income and expenses also includes the release of the Paycheck Protection Program for our US employees amounting to SEK 4.3 million (Segment Managed Services). In 2020 the other operating expenses included COVID-19 relief received from the Dutch Government to the amount of SEK 3.5 million (Segment System Sales).

The EBITDA for the first three quarters amounted to SEK 46.0 million compared to SEK 36.1 million. The Operating Profit (EBIT) amounted to SEK 18.7 million compared to SEK -1.7 million. The result after tax amounted to SEK 16.0 million compared to SEK -6.8 million.

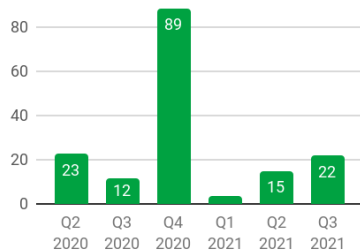
Personnel

The average number of full-time employees was 235 people (235). The number of employees at the end of the period was 254 compared to 252 at the end of 2020. The increase in employees mainly relates to software development capacity.

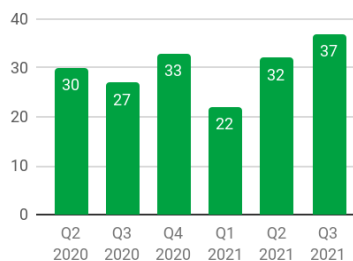
Business Segments

The two main segments used for internal reporting and managing the different operations are System Sales and Managed Services. TRaaS is recurring revenue from service and maintenance within System Sales and Managed Services.

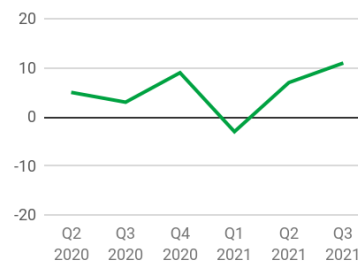
ORDER INTAKE MANAGED SERVICES EXCL. PROCUREMENT AWARDS (MSEK)



SALES MANAGED SERVICES (MSEK)



EBITDA MANAGED SERVICES (MSEK)



Managed Services

The order intake during the quarter amounted to 22.0 million (7.0). The order intake in the quarter relates to two announced contracts for 5 year speed enforcement programs in Georgia and Ohio.

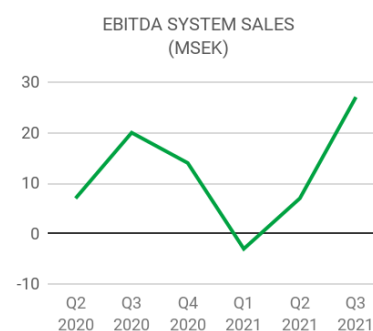
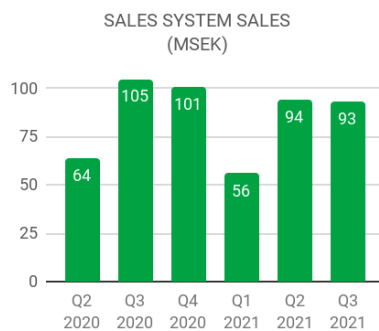
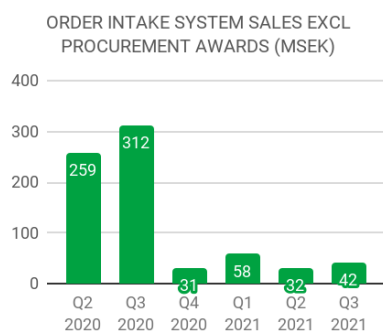
Managed Services sales amounted to SEK 36.9 million (26.5) in the quarter. The increase of sales has been caused by reopening of schools in the USA and resuming speed enforcement in these vulnerable school zones. At this point in time our School Zone speed program in Buffalo has not resumed enforcement due to local elections and politics.

The segment has incurred an EBITDA of SEK 11.0 million (3.0). Besides the US operation the segment Managed Services also includes Managed Service programs in Germany and the software development department in Amsterdam, which develop the software platforms PULS and Xilium.

The depreciation of this segment amounted to SEK 4.8 (4.7) million for the quarter. The segment incurred an operating profit (EBIT) of SEK 6.2 million compared to -1.8 million for the same quarter last year.

	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
TSEK					
Total Net sales per business segment	37,130	26,791	91,381	90,546	124,158
Inter-segment transactions	-194	-289	-748	-1,493	-1,753
Total Net Sales	36,936	26,502	90,633	89,053	122,405
EBITDA ¹⁾	10,974	2,964	15,124	10,826	20,154
Depreciation and amortization	-4,819	-4,746	-12,450	-22,453	-28,278
Operating Profit	6,155	-1,782	2,674	-11,627	-8,124

1) The full year numbers of 2021 includes 4,3 MSEK Paycheck Protection Program



System Sales

The order intake for the segment System Sales amounted to SEK 42.2 million (312.1) in the quarter. The order intake mainly relates to repeat orders and repairs and calibrations and the purchase orders received from our customers in Australia and the Middle East for a combined total of SEK 16 million.

Sales in the segment System Sales relates to one-off system sales and recurring revenue from service and maintenance. In this segment the service and maintenance sales provide a solid income evenly spread throughout the year.

Systems Sales amounted to SEK 93.5 million (105.1) in the quarter, of which SEK 26.4 million (23.8) relates to TRaaS recurring revenues.

The segment has incurred an EBITDA of SEK 27.1 million in the quarter compared to SEK 19.8 million in the same quarter of 2020. The operating profit for the quarter amounted to SEK 22.1 million (14.7).

	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
TSEK					
Total Net sales per business segment	93,632	110,332	254,067	238,805	340,505
Inter-segment transactions	-152	-5,238	-10,423	-6,176	-7,977
Total Net Sales	93,480	105,094	243,644	232,629	332,528
EBITDA (1)	27,051	19,835	30,874	25,305	39,284
Depreciation and amortization	-4,962	-5,125	-14,884	-15,398	-20,339
Operating Profit	22,089	14,710	15,990	9,907	18,945

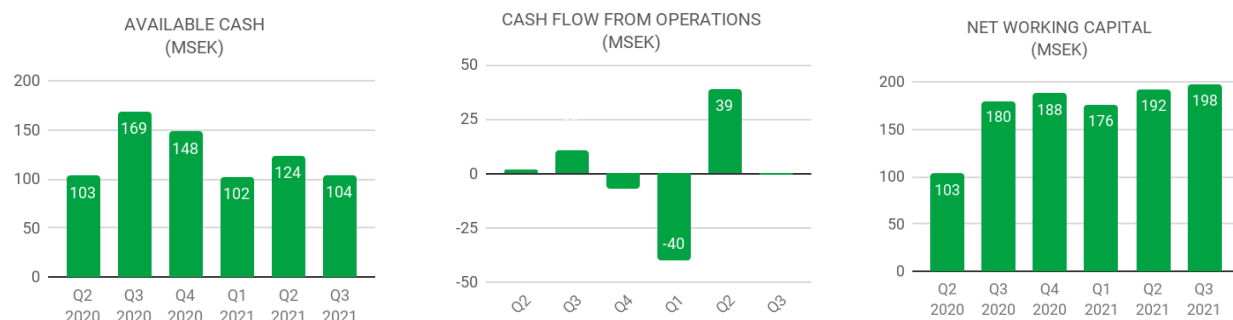
1) The full year numbers of 2020 includes 3,5MSEK Dutch Governmental COVID-19 relief

Consolidated Segment report

TSEK	July - Sep 2021			July - Sep 2020		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	93,632	37,130	130,762	110,332	26,791	137,123
Inter-segment transactions	-152	-194	-346	-5,238	-289	-5,527
Total Net Sales	93,480	36,936	130,416	105,094	26,502	131,596
EBITDA	27,051	10,974	38,025	19,835	2,964	22,799
Depreciation and amortization	-4,962	-4,819	-9,781	-5,125	-4,746	-9,871
Operating Profit	22,089	6,155	28,244	14,710	-1,782	12,928
Net financial items			-1,699			-4,120
Profit before tax			26,545			8,808
Tax			-4,327			-2,892
Profit for the period			22,218			5,916

TSEK	Jan - Sep 2021			Jan - Sep 2020		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	254,067	91,381	345,448	238,805	90,546	329,351
Inter-segment transactions	-10,423	-748	-11,171	-6,176	-1,493	-7,669
Total Net Sales	243,644	90,633	334,277	232,629	89,053	321,682
EBITDA	30,874	15,124	45,998	25,305	10,826	36,131
Depreciation and amortization	-14,884	-12,450	-27,334	-15,398	-22,453	-37,851
Operating Profit	15,990	2,674	18,664	9,907	-11,627	-1,720
Net financial items			1,138			-7,461
Profit before tax			19,802			-9,181
Tax			-3,799			2,407
Profit for the period			16,003			-6,774

Cash flow and financial position



Cash and available cash

Cash and cash equivalents at the end of the period totalled SEK 65.5 million (127.5). At the end of the period free available cash amounted to SEK 103.7 million (168.8) taking into account the total amount of available credit facilities.

Cash flow from operating activities

During the quarter Sensys Gatso had a break-even cash flow from operating activities of SEK -0.2 million (11.0). For the first three quarters of the year the cash flow from operations amounted to SEK -2.2 million (22.5). The year to date cash flow from operating activities is SEK 25 million lower compared to 2020. This is mainly caused by pre-financing of the Saudi project, where the company has built-up inventory to accelerate deliveries once payments on previous deliveries have been made. Our current track record with our Saudi customer is that payments come in, albeit at a slower pace than we typically see with other customers. Based on the receipt of the final payment of the first Saudi project in the third quarter we are confident that we will be able to continue shipping in 2021 and 2022.

Cash flow from investing activities

The investments in fixed assets for the quarter amounted to SEK 8.6 million (11.3). Year to date third quarter 2021 the investments amounted to SEK 34.3 million (22.3). During the quarter the investments mainly relate to software development efforts for our software platforms FLUX, Xilium and PULS to the amount of SEK 5.3 million (2.5). Year to date we have made SEK 18.1 million of investments in Fixed Assets in Operations (10.6). This mainly relates to speed programs in the US.

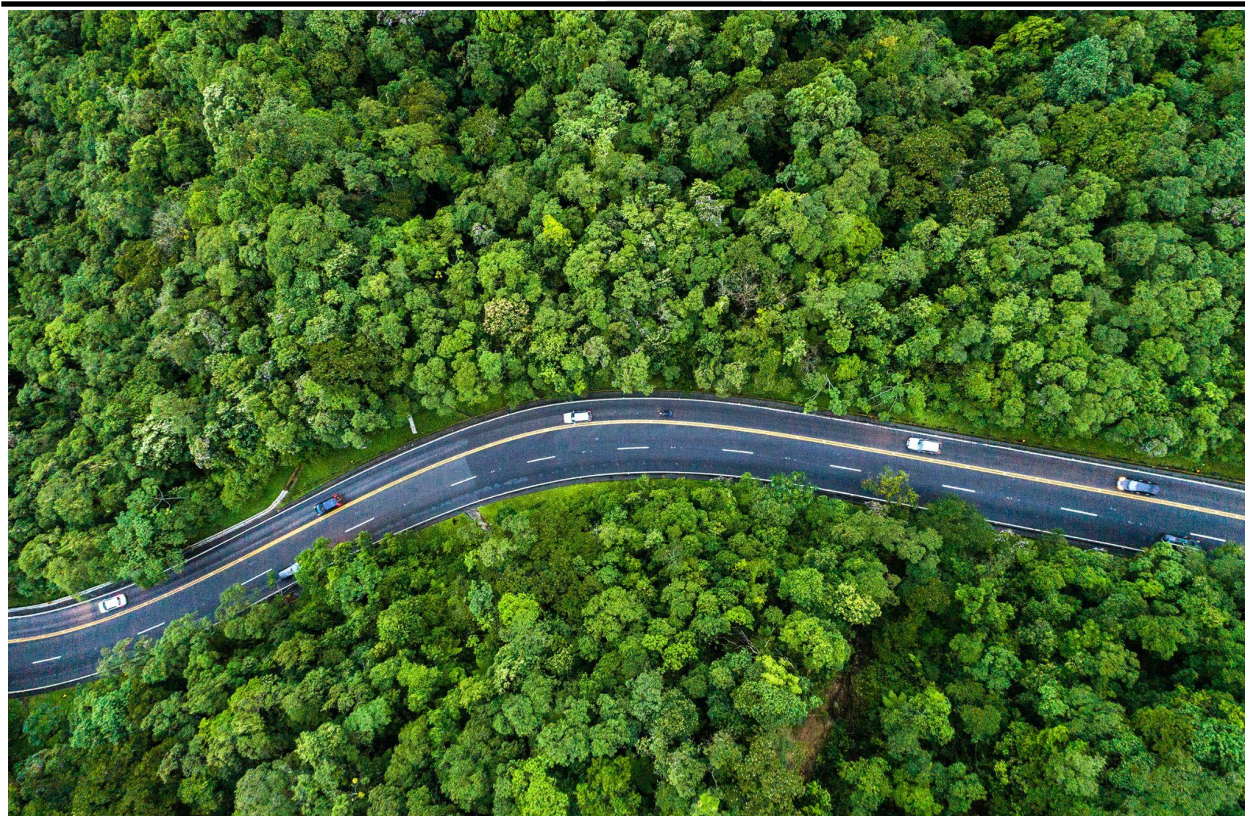
	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
TSEK	2021	2020	2021	2020	2020
Software platforms FLUX, Xilium and Puls	5,323	2,508	13,726	10,310	13,971
Fixed assets in operations	2,067	7,938	18,138	10,593	15,484
Other intangible and tangible fixed assets	1,245	876	2,397	1,401	3,553
Total investments	8,635	11,322	34,261	22,304	33,008

Financial position

The Group's equity at the end of the period totaled SEK 539.4 million (513.1), producing an equity/assets ratio of 71.9 percent (66.0).

Net interest-bearing debt amounted to SEK 44.7 million (5.0). Due to the implementation of IFRS 16 the lease liabilities of operational lease contracts are recorded in the balance sheet as Long-term and short-term lease liabilities. These classifications have an impact on the calculation of Net Interest Bearing Debt. In the calculation of the Adjusted net interest-bearing debt the Lease liabilities are discarded. The Adjusted net interest-bearing debt amounted to SEK 22.2 million (-22.7) at the end of the third quarter.

TSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020	31 Dec 2019
Lease liabilities	22,585	27,709	28,377	33,449
Bank Loans and Credit facilities	58,774	54,101	51,640	46,090
Shareholder loans	28,876	50,674	38,284	49,836
Cash and bank	-65,500	-127,517	-108,489	-52,373
Net Interest-bearing debt	44,735	4,967	9,812	77,002
-/- Lease liabilities	-22,585	-27,709	-28,377	-33,449
Adjusted Net Interest-bearing debt	22,150	-22,742	-18,565	43,553



Significant events and other information

Significant events during the quarter

- 5 July Sensys Gatso Group increases focus on the Latin America Region
- 26 July Sensys Gatso Australia receives order for traffic safety systems and services worth SEK 11 million and enables SGG's global solution development model
- 3 Aug Sensys Gatso receives final payment for first order from Tahakom, Saudi Arabia
- 4 Aug Sensys Gatso USA Receives Five-year TRaaS Contract from Hoschton, Georgia, worth SEK 10 million
- 5 Aug Investigation into Sensys Gatso Netherlands legally dismissed
- 21 Sep Sensys Gatso receives five-year TRaaS contract, valued at SEK 12 million for speed photo enforcement in the Village of Mayfield, Ohio
- 23 Sep Sensys Gatso receives orders from the United Arab Emirates worth SEK 5 million

Significant events after the quarter

- 25 Oct Sensys Gatso establishes Sensys Gatso Colombia through a Joint Venture agreement with Capatest
- 1 Nov Sensys Gatso chosen to implement Low Emission Zone enforcement program in the City of Haarlem
- 9 Nov Sensys Gatso LATAM receives first order from new market Ecuador, worth approximately SEK 5 million
- 10 Nov Sensys Gatso receives additional order from the United Arab Emirates worth SEK 5 million
- 18 Nov Sensys Gatso Australia signs extension agreements for supply and maintenance of ANPR traffic safety systems to the state of New South Wales
- 23 Nov Sensys Gatso is Awarded a Five-Year Puls and Xilium Software license Contract Extension from Turkish Republic of Northern Cyprus, worth SEK 6 million

Significant events during the previous quarters

- 19 Jan Sensys Gatso Group appoints Pär Degerman as new CTO
- 21 Jan Sensys Gatso has received a procurement award for red-light and speed enforcement in Belgium worth SEK 60 million
- 26 Feb Sensys Gatso receives an order from Fareco Group worth SEK 6.8 million
- 20 Mar Sensys Gatso Australia receives order for traffic safety systems and services worth SEK 16 million
- 11 May Sensys Gatso USA is awarded a five-year TRaaS contract from Livonia, Louisiana worth SEK 15 million
- 24 May Sensys Gatso receives second order from Malaysia worth SEK 11 million under the procurement award for traffic enforcement equipment

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

Related party transactions

In connection with the acquisition of Gatso Beheer B.V. in 2015 a vendor loan of approximately EUR 6.8 million was issued as part of the consideration. The vendor loan may under certain circumstances be converted into new shares in Sensys Gatso Group. The remaining part of the vendor loan amounted to a total of EUR 1.84 million per June 30, 2021. Sensys Gatso Group has made a payment according to the vendor loan agreement of EUR 1 million during the quarter to Gatso Special Products B.V. (lender) as communicated in the second quarter. We refer to the annual report for a list of common related party transactions during the year.

Sustainability

Sensys Gatso solutions promote reduced negative environmental impacts from vehicles. Sensys Gatso solutions not only help save lives by preventing road crashes – our products and services also contribute to the reduction of carbon emissions and lower pollution levels. Emissions from transportation accounts for about 1/5 of global carbon emissions, where road transportation accounts for 72 percent. Lower speeds, however, lead to the reduction of both carbon emissions and the release of pollutants, called NOx particles. Reducing speed limits from, for example, 75mph to 60mph result in a 25 percent reduction in emissions. Read more about how Sensys Gatso solutions promote reduced negative environmental impacts from vehicles in the 2020 Annual Report on page 12-15 available at www.sensysgatso.com



Several global trends continued to favor Sensys Gatso, not the least the world's drive for sustainable cities, reduced environmental impacts from vehicles and the fulfillment of the UN's 2030 sustainable development goals. Making roads safer by changing human behaviour in traffic is fundamental to our business strategy. Our TRaaS business model supports our customers in the transformation towards sustainable and safe environments. Sensys Gatso develops, produces, markets and sells software driven 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 save lives. However, our solutions not only help save lives by preventing road crashes – our products and services also contribute to the reduction of carbon emissions and lower pollution levels. Our customers include police and road authorities globally, as well as, to some extent, private operators contracted by government agencies. We have a close relationship with our customers and together we find customized solutions for local needs and objectives. Our long term relationship with customers often results in add-on sales over time. Our supply chain is European and the development and production of our systems is in part provided by third party suppliers in Sweden, and partly at our own production facility in Haarlem, the Netherlands. All together we engage approximately 10 employees in Haarlem and another 80 different suppliers in Sweden and the Netherlands. Given our European centric development model, we, as a company, are required to follow EU environmental legislations and regulations, such as WEEE and RoHS. Several global trends continued to favor Sensys Gatso, not the least the world's drive for sustainable cities, reduced environmental impacts from vehicles and the fulfillment of the UN's 2030 sustainable development goals. This is the bigger picture, read our sustainability report in the 2020 Annual report on page 16-20 available at www.sensysgatso.com.

Audit

This report has been the subject of a limited review by the Group's auditor. The review report is added on page 33.

Invitation to a presentation

On 24 November at 10 am CET Sensys Gatso Group invites press, analysts, shareholders, and stakeholders to participate in a presentation/audiocast. The company's CEO Ivo Mönnink and CFO Simon Mulder will present the financial results in English. The presentation in connection with this report will be published on the website.

The presentation/audiocast can be joined online or via telephone and will be available on the company's webpage <https://www.sensysgatso.com>

Link to the presentation/audiocast: <https://tv.streamfabriken.com/sensys-gatso-group-q3-2021>

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This information is information that Sensys Gatso Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.30 on 24 November, 2021.

Group figures

Consolidated statement of comprehensive income

TSEK	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
Net sales	130,416	131,595	334,277	320,681	454,933
Cost of goods sold	-67,034	-82,399	-200,144	-207,806	-293,066
Gross profit	63,382	49,196	134,133	112,875	161,867
Selling expenses	-15,122	-16,123	-47,868	-57,040	-72,177
Administrative expenses	-14,113	-10,209	-44,463	-33,952	-48,300
Development expenses	-8,344	-8,550	-27,457	-26,197	-34,080
Other operating expenses/income (1)	2,441	-1,386	4,319	2,594	3,511
Operating profit	28,244	12,928	18,664	-1,720	10,821
Net financial items	-1,699	-4,120	1,138	-7,461	-8,345
Profit before tax	26,545	8,808	19,802	-9,181	2,476
Tax	-4,327	-2,892	-3,799	2,407	1,478
Profit for the period	22,218	5,916	16,003	-6,774	3,954
Profit is attributable to owners of Sensys Gatso Group AB	20,664	6,412	14,329	-5,021	5,051
Profit is attributable to non- controlling interest	1,554	-496	1,674	-1,753	-1,097
	22,218	5,916	16,003	-6,774	3,954
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	3,886	-1,102	8,133	-770	-19,697
Total other comprehensive income for the period, net after tax	3,886	-1,102	8,133	-770	-19,697
Total comprehensive income for the period	26,104	4,814	24,136	-7,544	-15,743
Number of shares (thousands)	921,776	913,596	921,776	913,596	921,776
Earnings per share, before and after dilution (SEK)	0.02	0.01	0.02	-0.01	0.00

1) The full year numbers of 2021 includes 4,3MSEK (3.5) Governmental COVID-19 relief

Consolidated balance sheet

TSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020	31 Dec 2019
Assets				
Goodwill	248,836	256,350	242,145	257,164
Customer contracts and relations	691	1,534	1,298	10,338
Brand	8,461	10,962	9,857	12,738
Product and software development	45,337	34,995	36,229	29,582
Property, plant and equipment	32,266	37,093	38,551	45,253
Fixed assets in operations	57,713	53,388	47,885	56,110
Deferred tax assets	38,990	42,833	39,983	45,315
Other non-current assets	272	311	289	330
Trade and other receivables	86,016	71,226	68,142	76,137
Inventories and work in progress	126,155	113,275	127,318	86,549
Other current assets	40,092	28,106	47,059	36,464
Cash and bank balances	65,500	127,517	108,489	52,373
Total assets	750,329	777,590	767,245	708,353
Shareholders' equity and liabilities				
Shareholders' equity	539,409	513,056	514,559	448,854
Long-term Lease liabilities	14,068	18,618	19,043	23,110
Long-term Bank loans	25,168	9,882	8,783	0
Long-term Liabilities towards shareholders	20,402	29,592	28,246	39,387
Warranty Provision	10,435	10,660	10,026	10,032
Deferred tax liabilities	3,707	5,329	4,703	9,753
Short-term Lease liabilities	8,517	9,091	9,334	10,339
Short-term Bank liabilities	33,606	44,219	42,857	46,090
Short-term liabilities towards shareholders	8,474	21,082	10,038	10,449
Trade and other payables	24,047	39,453	62,417	47,955
Other current interest-free liabilities	62,496	76,608	57,239	62,384
Total shareholders' equity and liabilities	750,329	777,590	767,245	708,353

Consolidated statement of changes in equity

	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
TSEK					
Beginning of period	512,591	436,497	514,559	448,854	448,854
New share issue	0	75,000	0	75,000	84,475
Share issue costs (net after tax effect)	0	-3,255	0	-3,255	-3,255
Stock related costs	714	0	714	0	227
<i>Comprehensive income</i>					
Net profit for the period	20,664	6,412	14,329	-5,021	5,051
Minority interest in subsidiaries	1,554	-496	1,674	-1,753	-1,097
Other comprehensive income	3,886	-1,102	8,133	-770	-19,696
Total comprehensive income for the period	26,104	4,814	24,136	-7,543	-15,742
End of period	539,409	513,056	539,409	513,056	514,559

Cash flow statement

	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
TSEK	2021	2020	2021	2020	2020
Operating profit	28,244	12,928	18,664	-1,720	10,821
Items with no effect on cash flow	6,838	10,756	27,449	39,318	48,612
Financial items	-4,411	1,020	-5,433	-2,324	-4,047
Tax paid	239	172	-27	1,046	2,296
Funds contributing from operating activities	30,910	24,876	40,653	36,320	57,682
Change in working capital	-31,157	-13,875	-42,814	-13,870	-42,216
Cash flow from operating activities	-247	11,001	-2,161	22,450	15,466
Cash flow from investing activities	-8,636	-13,426	-34,261	-23,649	-33,008
	-8,883	-2,425	-36,422	-1,199	-17,542
Financing activities					
New share issue minus cost	0	70,965	0	70,965	70,965
Loan movements (1)	-2,785	-396	21,341	17,514	16,796
Lease payments (IFRS16)	-2,784	-3,438	-8,419	-8,784	-11,549
Repayment/usage of credit facilities	378	8,908	-9,251	-3,189	-3,233
Repayment of loan to shareholders	-10,231	0	-10,231	0	0
Change in cash and bank balances	-24,305	73,614	-42,982	75,307	55,437
Liquid funds at the beginning of the period	91,452	53,949	108,489	52,373	52,372
Translation differences in liquid funds	-1,647	-46	-7	-162	680
Closing cash and cash equivalents	65,500	127,517	65,500	127,518	108,489

1) The full year numbers 2020 includes 4.8MSEK received Governmental COVID-19 relief

Parent company figures

Statement of comprehensive income

	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
TSEK	2021	2020	2021	2020	2020
Other sales	5,781	2,156	16,370	7,937	11,941
Cost of goods sold	0	0	0	0	0
Gross profit	5,781	2,156	16,370	7,937	11,941
Selling expenses	0	0	0	0	0
Administrative expenses	-7,327	-3,599	-19,079	-11,950	-17,205
Development expenses	0	0	0	0	0
Other operating expenses/income	0	0	0	0	0
Operating profit	-1,546	-1,443	-2,709	-4,013	-5,264
Net financial items	1,056	244	2,966	385	13,630
Profit before tax	-490	-1,199	257	-3,628	8,366
Tax	0	-2,215	0	-2,215	-1,707
Profit for the period/Comprehensive income for the period	-490	-3,414	257	-5,843	6,659

	30 Sep	30 Sep	31 Dec	31 Dec
TSEK	2021	2020	2020	2019
Product and software development	27,883	16,389	19,933	6,896
Shares in subsidiaries	413,952	413,952	413,952	413,952
Deferred tax assets	17,714	17,205	17,714	18,640
Receivables from Group	79,398	31,414	64,537	45,118
Other current assets	4,508	2,074	1,511	1,529
Cash and bank balances	27,831	89,123	62,755	12,866
Total assets	571,286	570,157	580,402	499,001
Shareholders' equity and liabilities				
Shareholders' equity	555,724	532,548	554,752	465,146
Long-term Bank loans	0	0	0	0
Long-term liabilities towards shareholders	0	8,510	8,170	18,489
Short-term Bank liabilities	0	0	0	0
Short-term liabilities towards shareholder	8,474	21,082	10,038	10,449
Trade and other payables	1,740	1,184	1,431	1,412
Trade and other payables from Group	2,050	4,131	2,510	1,331
Other current interest-free liabilities	3,298	2,702	3,501	2,174
Total shareholders' equity and liabilities	571,286	570,157	580,402	499,001

Statement of changes in shareholders equity

	July - Sep 2021	July - Sep 2020	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
TSEK					
Beginning of period	555,499	464,217	554,752	465,146	465,146
New share issue, net	0	75,000	0	75,000	84,475
Share issue costs (net after tax effect)	0	-3,255	0	-3,255	-3,255
Other movements	0	0	0	1,500	1,500
Profit for the period/Comprehensive income for the period	-489	-3,414	258	-5,843	6,659
Stock related remuneration	714	0	714	0	227
End of period	555,724	532,548	555,724	532,548	554,752

The other movements in 2020 relate to additional Parent Company Contribution from the Swedish Subsidiary Sensys Gatso Sweden AB relating to the year 2019.

The Sensys Gatso share

The number of shares at the end of the period amounted to 921,776,405 (913,595,882). The average number of shares during the period was 921,776,405 (865,976,793).

The table below shows the ten largest shareholders in the Company as per the end of September 2021. The family office that founded Gatso, which was acquired by Sensys Traffic AB in 2015, is the company's largest shareholder with 17 percent (BNP). (Source Euroclear).

#	Shareholder	Number of shares	Proportion of share capital/ Votes%
1	BNP PARIBAS SEC SERVICES PARIS	164,428,138	17.8
2	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	41,770,303	4.5
3	NORDNET PENSIONS FÖRSÄKRING AB	31,395,138	3.4
4	WALL, PER	23,000,000	2.5
5	BERGSTRAND, INGER	20,659,837	2.2
6	SEB Investment Management	10,811,317	1.2
7	FUTUR PENSION	8,264,962	0.9
8	SWEDBANK FÖRSÄKRING AB	7,996,199	0.9
9	HAMBERG, PETER	7,400,000	0.9
10	FÖRSÄKRINGSAKTIEBOLAGET SKANDIA (PUB)	6,896,303	0.8

#	Country	Proportion of share capital/ Votes%
1	Sweden	76.7
2	Netherlands	17.9
3	Denmark	1.6
4	Finland	0.9
5	Switzerland	0.7
6	Other	2.2
		100.0

Quarterly data

Consolidated statement of income

	2021			2020			2019		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Net sales	130,416	125,760	78,101	134,252	131,595	93,456	95,630	157,997	
Cost of goods sold	-67,034	-79,526	-53,584	-85,260	-82,399	-58,443	-66,964	-103,374	
Gross profit	63,382	46,234	24,517	48,992	49,196	35,013	28,666	54,623	
Costs	-35,138	-41,676	-38,655	-36,451	-36,268	-35,940	-42,387	-40,726	
Operating profit	28,244	4,558	-14,138	12,541	12,928	-927	-13,721	13,897	
Net financial items	-1,699	-1,447	4,284	-884	-4,120	1,797	-5,138	-1,017	
Profit before tax	26,545	3,111	-9,854	11,657	8,808	870	-18,859	12,880	
Tax	-4,327	460	68	-929	-2,892	2,253	3,046	5,532	
Profit for the period	22,218	3,571	-9,786	10,728	5,916	3,123	-15,813	18,412	

Key indicators and other information

TSEK	2021			2020			2019		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Operating margin (%)	21.66	3.62	Neg	9.34	9.82	Neg	Neg	8.80	
Gross margin (%)	48.60	36.76	31.39	36.49	37.38	37.46	29.98	34.57	
Profit margin (%)	17.04	2.84	neg	7.99	4.50	3.34	Neg	11.65	
Equity per share (SEK)	0.59	0.56	0.56	0.56	0.56	0.51	0.53	0.52	
Cash flow per share (SEK)	0.00	0.04	-0.04	-0.01	0.01	0.00	0.02	0.05	
Number of employees	254	259	262	252	259	255	270	252	
No. of outstanding shares (thousands)	921,776	921,776	921,776	921,776	913,596	860,024	860,024	860,024	
Equity/assets ratio (%)	71.89	68.08	68.05	67.07	65.98	64.34	64.49	63.37	
Order intake (SEK thousands)	64,182	46,915	61,793	120,458	323,701	282,569	61,625	241,194	

Segment data

	2021			2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Order intake								
System Sales	42,182	31,915	58,061	31,458	312,125	259,326	26,017	185,194
Managed Services	22,000	15,000	3,732	89,000	11,576	23,243	35,608	56,000
	64,182	46,915	61,793	120,458	323,701	282,569	61,625	241,194

	2021			2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales								
System Sales	93,480	93,881	56,282	100,902	105,093	63,680	62,855	129,705
Managed Services	36,936	31,879	21,819	33,350	26,502	29,776	32,775	28,291
	130,416	125,760	78,101	134,252	131,595	93,456	95,630	157,996

	2021			2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
EBITDA								
System Sales	27,051	6,742	-2,919	13,978	19,835	7,042	-1,553	22,661
Managed Services	10,974	6,725	-2,575	9,329	2,964	5,273	2,570	4,411
	38,025	13,467	-5,494	23,307	22,799	12,315	1,017	27,072

Notes and definitions

Key Indicator definitions

KPI	Definition
Gross margin	Gross profit as a percentage of net sales
Operating profit (EBIT)	Profit for the period before net financial items and tax
Operating margin	Operating profit (EBIT) as a percentage of net sales
Operating profit (EBITDA)	Operating profit (EBIT) before depreciation and amortisation
Net margin	Profit for the period as a percentage of net sales
Return on equity	Profit for the period as a percentage of (average) shareholders' equity
Equity/Assets ratio	Total Shareholders' equity as a percentage of total assets
Earnings per share	Profit for the period divided by the (average) number of outstanding shares
Interest-bearing liabilities	All interest-bearing debts (the sum of on balance lease liabilities, bank loans & credit facilities and shareholder loans)
Adjusted interest-bearing liabilities	Interest-bearing liabilities adjusted for on balance lease liabilities
Net interest-bearing debt	Interest-bearing liabilities less cash and bank balances
Adjusted Net interest-bearing debt	Interest-bearing liabilities adjusted for on balance lease liabilities less cash and bank balances
(Net) Working capital	The balance of current assets (inventory & work in progress, trade receivables, other current assets and cash) less current liabilities (trade payables and other current interest-free liabilities)
Order intake	The sum of purchase orders received in the period
Purchase order	Received order to deliver goods or services
Procurement award	Contract with estimated sales volume against fixed conditions over a period of time without purchase order obligations
Number of employees	The number of employees (fixed and variable) at the end of the period
Average number of employees (FTE)	The number of average full time equivalent employees during a period
Free available cash	Cash and bank balances plus remainder of the credit facilities made available to the company
12M Rolling	Sum of the last 12 months

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.

EBITDA (Earnings before interest, taxes, depreciation and amortization)

The Intangible fixed assets, relating to the Purchase Price Allocation on the acquisition of Gatso Beheer BV, generate considerable amounts of amortisation. Due to this, we believe that, in order to assist in understanding the operational business and growth, it is useful to consider EBITDA when assessing the financial performance.

Volatility

The Group's revenue is affected by the volatility of the System Sales business. Due to the variance in bigger and smaller contracts and the time at which opportunities occur, revenue can be affected significantly during a quarter. To assist in understanding the operational business and to get a better view of the Group's performance, we provide quarterly data over six quarters.

Risks and uncertainty

Significant risks and uncertainties faced by the group primarily consist of commercial risks associated with customers and suppliers, and financial risks in its international business due to changes in exchange- and interest rates, as well as liquidity, financing and credit risks. Currency risks also arise in the translation of foreign net assets and earnings. Sensys Gatso Group's overall goal is as far as possible to avoid taking financial risks that may arise through changes in foreign currency rates, interest levels and market prices, as well as liquidity, financing and credit risks.

For more information about the group's risks, please refer to note 25 of the 2020 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 2020.

For more information about the accounting policies applied and definitions of key indicators, please refer to the annual report issued for 2020, which is available on the Sensys Gatso [website](http://www.sensysgatso.com) www.sensysgatso.com

TRaaS Revenue description

TRaaS is recurring revenue from Service and Maintenance within System Sales and Managed Services. Recurring service revenues are collectively referred to as Traffic Enforcement as a Service revenues (TRaaS). The group identifies the following TRaaS revenue streams:

- » TRaaS: Service & Maintenance
- » TRaaS: Managed Services
- » TRaaS: Licenses

TRaaS: Service & Maintenance

The Group's service organisation installs, commissions and maintains traffic enforcement systems and conducts services and provides support to our customers. The services and maintenance revenues are sold in conjunction with delivery of systems in contract over a longer period of time or ad hoc as service needs arise at our customers. Revenues for service and maintenance contracts are recognised over a period of time depending on the duration of the contracts. Ad hoc services are recognized on an ongoing basis as the services are carried out.

TRaaS: Managed Services

The Managed Services department delivers technology, processes violations, issues citations, collects fines and delivers helpdesk support. Revenues are recognised over a period of time based on the contract duration. Typically the group has a performance obligation to deliver enforcement services. Revenues are recognised based on delivering the enforcement services and are mainly dependent on traffic volumes.

TRaaS: Licenses

Licence revenues relates to software license fees. The performance obligation is to provide the software and maintain it over a period of time. The revenues are recorded over the contract period.

Financial calendar

Upcoming financial events

Calendar	
Q3 Interim Report January - September 2021	24 November 2021
Q4 Year-End Report January - December 2021	23 February 2022
Q1 Interim Report January - March 2022	29 April 2022
Annual General Meeting 2022	12 May 2022
Q2 Interim Report January - June 2022	18 August 2022
Q3 Interim Report January - September 2022	17 November 2022
Q4 Year-End Report January - December 2022	23 February 2023

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Our Vision

Our vision is to be an innovator in traffic management by providing software and services for a safer and more sustainable environment.

Our Strategy

Sensys Gatso's long-term four-pillar strategy is focused on profitable growth:

- ❖ Expansion in the US-market with TRaaS
- ❖ Entry into new markets with TRaaS
- ❖ Developing scalable software & flexible hardware
- ❖ Extension of the service scope in existing markets

Our long-term financial goals for 2025

- ❖ Total net sales >1 000 MSEK
- ❖ of which TraaS recurring revenues >600 MSEK
- ❖ EBITDA-margin >15%

Our Purpose

People make mistakes.
 And those mistakes have consequences.
 Dramatic consequences.
 Each day, over 3,500 people die. Not through sickness or old age.
 But through traffic crashes.

We battle this each day.
 A battle against overconfidence and acceptance.
 We are all excellent drivers. In our minds.
 Until we actually get behind the wheel and drive.
 A traffic accident? It happens.
 It's part of driving in traffic.

No.
 We refuse to accept this.
 It's our calling to come up with solutions.
 This is why Gatso refused to accept human measurement errors.
 And why Sensys fought against the idea that traffic victims are just the reality of sharing the road.

A combination of these strengths was clearly meant to be. And so Sensys Gatso was born.
 With a joint mission to improve traffic behavior.
 Through intelligent, effective, and reliable enforcement.
 All around the world.

From clear violation recording to sending out the fine.
 And from tailor-made products to five star maintenance.
 With our unique software at the heart of it all.

This is how we've made traffic enforcement a service.
 And how we always create the best solutions for our customers.
 Sensys Gatso. Making traffic safer.

Auditor's Report on review of interim report

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

Introduction

We have reviewed the condensed interim financial information (interim report) for Sensys Gatso Group AB (publ.) as of September 30, 2021 and the nine-month period which ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim 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 International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Stockholm November 23, 2021

BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant