

Year-End Report for SENSYS® Traffic AB (publ)

JANUARY – DECEMBER 2013

- Order intake SEK 169.7m (40.8), of which fourth quarter SEK 29.6m (6.4)
- Net sales SEK 62.5m (41.0), of which fourth quarter SEK 32.2m (25.3)
- Operating loss SEK -10.7m (-41.5), of which fourth quarter operating profit SEK 3.7m (1.8)
- Loss after tax SEK -10.5m (-43.1), of which fourth quarter profit after tax SEK 3.9m (-5.4)
- Earnings per share SEK -0.02 (-0.09), of which fourth quarter SEK 0.01 (-0.02)
- Cash flow per share SEK 0.04 (-0.07), of which fourth quarter SEK 0.03 (-0.02).

SIGNIFICANT EVENTS DURING THE QUARTER

- Delivery of standard series to the Swedish Transport Administration, giving rise to SEK 16.0m being recorded as income. The project has thereby entered a series production phase with estimated delivery start in the second quarter 2014.
- Orders totalling SEK 16.4m received from existing customers in the United States and Malta.
- Orders totalling SEK 11.1m received from two new customers in Saudi Arabia and Jordan.

CEO COMMENTARY

The major event in 2013 was that Sensys signed a contract with the Swedish Transport Administration for the replacement and expansion of the Swedish ATC system. Standard series for the ATC systems were completed during the past quarter as planned, which paves the way for suborders for series deliveries. Prior to commencing deliveries, a service organisation is being built up to handle the installation, operational start-up and maintenance of the ATC systems in Sweden, with the ambition that such service will provide Sensys with a stable income flow for several years to come. It also gives us the opportunity to develop the products and operations through a dialogue with the Swedish Transport Administration, which in turn should also strengthen our position within our international activities.

With the Swedish ATC contract, our total order intake quadrupled in 2013 to SEK 169.7m from SEK 40.8m in 2012. The value of the Swedish contract is estimated to be SEK 100-500m over a period of nine years. This provides us with a stable platform, both financially and from a production aspect, from which we can continue to cultivate the international market. We have chosen to focus on certain markets where there is a large potential for our products. My goal is that we shall continue to grow and achieve durable profitability.

I believe that we are also moving in the right direction with regards to our international business. Our total order intake in the fourth quarter amounted to SEK 29.6m (6.4) and came entirely from markets outside Sweden. Orders from international markets thereby increased by 53 percent to SEK 57.4m. In Malta, we obtained a contract with our existing customer by developing a new business model together with the customer. This type of solution is part of our strategy to create operator-adapted business models that also provide Sensys with a more stable cash-flow profile. We obtained orders during the year, against tough competition, totalling SEK 17.2m from five new customers in the Middle East and Asia.

OPERATIONS DURING THE QUARTER

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

The order intake during the fourth quarter increased to SEK 29.6m (6.4), and referred mainly to contracts in the Middle East and the United States.

Net sales rose to SEK 32.2m (25.3) and were composed of deliveries to the United States and the delivery of prototypes and standard series to the Swedish Transport Administration. The Company records income in the contract with the Swedish Transport Administration on a progressive basis in tandem with deliveries taking place to the customer.

The gross margin for the quarter was 46.3 percent (49.9).

The operating profit for the fourth quarter amounted to SEK 3.7m (1.8), and the profit after tax was SEK 3.9m (loss: -5.4). A revaluation of the Company's deferred tax recoverable was made in the fourth quarter,

resulting in a tax cost for the Company of SEK 6.6m. The revaluation was a consequence of the Swedish Parliament's decision to reduce the corporate tax rate for 2013 to 22 percent.

FULL-YEAR 2013

The total order intake for 2013 quadrupled to SEK 169.7m (40.8), with the contract signed with the Swedish Transport Administration representing the greater part. Net sales during the year increased by 52 percent to SEK 62.5m (41.0), and were composed of large deliveries to the United States for the project in Washington DC, and of pre-deliveries to the Swedish Transport Administration. The gross margin strengthened to 43.2 percent (27.2).

The operating loss for the full-year 2013 amounted to SEK -10.5m (-41.5), and the loss after tax was SEK -10.5m (-43.1).

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

DIVIDEND

The board of directors will propose to the Annual General Meeting of Shareholders that no dividend be paid for 2013.

FINANCIAL POSITION

Shareholders' equity amounted at the end of 2013 to SEK 114.0m (97.5), representing an equity/assets ratio of 79 percent (89).

TAXES

The Company's total deferred tax recoverable at the end of 2013 amounted to SEK 39.1m (39.1).

The deferred tax recoverable has been reported as an asset since 2005. Future utilisation of this tax recoverable is dependent on future taxable profits. The board of directors has resolved that further deficit deductions should not be capitalised as of the second quarter 2012.

INVESTMENTS

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

WORKFORCE

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

CASH FLOW AND LIQUIDITY

Cash flow from current operations amounted in 2013 to SEK 19.7m (-32.5), and in the fourth quarter to SEK 15.0m (-10.4). Liquid resources amounted at the end of the year to SEK 49.2m (12.5), including a short-term deposit of SEK 0.8m (0.6). The Company also has a 30 month deposit of SEK 10m as security towards the Swedish Transport Administration.

Share warrants (TO4) that became due for payment on 31 October 2013 were subscribed 95 percent, which increased the number of shares by 30,486,975 shares and provided the Company with SEK 18.1m after issue costs.

NUMBER OF SHARES

The number of shares at the end of the period was 541,234,314 (479,837,886). The average number of shares during the period was 505,680,411 (400,434,577).

Further to subscription to share warrants (TO4), the number of shares increased by 30,486,975 shares.

RISKS AND UNCERTAINTY FACTORS

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

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

ACCOUNTING PRINCIPLES

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles and definitions applied in this report are unchanged from the most recent annual report. In the fourth quarter, income related to the order from the Swedish Transport Administration has been reported in accordance with the so-called percentage of completion method. The Company follows the Swedish Annual Accounts Act and Recommendation RFR 2 Reporting for Legal Entities of the Swedish Financial Reporting Board. The application of RFR 2 implies that the Company applies in this year-end report all IFRS items and statements made as far as possible within the framework of the Swedish Annual Accounts Act approved by the EU, with consideration being taken for any relationship between accounting and taxation.

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

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

In view of that the Company only has one operating segment, no separate segment-reporting is made. The change in shareholders' equity corresponds fully with the reported profit/loss (IAS 1).

AUDIO CAST

CEO Johan Frilund will present this report and answer questions in an audiocast at 15.30 hrs (3.30pm) on 23 January. The presentation may be followed on the Internet via a link to Sensys' website at www.sensys.se. It will also be possible to listen to the presentation and pose questions by telephone via the following numbers:

Sweden: 020-089 6377

USA: +1 866 966 5335

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

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

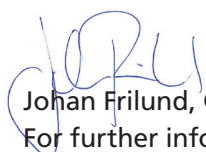
FORTHCOMING FINANCIAL REPORTS

Interim report Jan-March 2014	24 April 2014
Annual General Meeting	24 April 2014
Interim report Jan-June 2014	19 August 2014
Interim report Jan-Sept 2014	29 October 2014

It is estimated that the Annual Report for 2013 will be published in the beginning of April 2014 at www.sensys.se and sent to shareholders who so wish.

This report has not been reviewed by the Company's auditor.

Jönköping, 23 January 2014



Johan Frilund, CEO

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

Sensys Traffic is obliged to publish the information contained in this interim report pursuant to the Swedish Securities Market Act. The information was submitted for publication at 2pm (14.00 hrs) on 23 January 2014.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME, SEK K	Jan - Dec 2013	Jan - Dec 2012	Oct - Dec 2013	Oct - Dec 2012
Net sales	62 467	41 000	32 192	25 310
Cost of goods sold	-35 477	-25 270	-17 296	-12 669
Change in value, Stock	0	-4 558	0	0
Gross profit	26 990	11 172	14 896	12 641
Selling expenses ¹⁾	-19 033	-31 908	-5 272	-5 199
Administrative expenses	-5 875	-5 359	-1 744	-1 177
Development costs	-12 747	-15 398	-4 161	-4 466
Operating profit/loss	-10 665	-41 493	3 719	1 799
Net financial items	142	122	228	386
Profit/loss after financial items	-10 523	-41 371	3 947	2 185
Tax	0	-1 776	0	-7 620
Net profit/loss for the period*	-10 523	-43 147	3 947	-5 435
Earnings per share	-0,02	-0,09	0,01	-0,01

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

CONDENSED STATEMENT OF FINANCIAL POSITION, SEK K	2013-12-31	2012-12-31
Assets		
Intangible fixed assets	92	185
Tangible fixed assets	45	81
Financial assets ²⁾	39 128	39 128
Long-term receivables ³⁾	10 000	0
Accounts receivables	27 889	14 207
Stock	16 126	29 651
Other current assets	2 109	13 409
Cash and bank (incl. shortterm investm)	49 223	12 456
Total assets	144 612	109 117
Equity and liabilities		
Shareholders' equity	113 970	97 452
Trade creditors	4 637	668
Other current interest-free liabilities	26 005	10 997
Total equity and liabilities	144 612	109 117

2) Tax recoverable SEK 39.1m (39.1)

3) Blocked bank account for a period of 30 month as security towards the Swedish Transport Administration.

CASH FLOW FROM OPERATIONS, SEK K	Jan - Dec 2013	Jan - Dec 2012	Oct - Dec 2013	Oct - Dec 2012
Profit/loss after financial items	-10 523	-41 371	3 947	2 185
Non-cash items	151	4 756	39	38
Changes in working capital	30 119	4 127	11 014	-12 592
Cash flow from operating activities	19 747	-32 488	15 000	-10 369
Investments in intangible non-current assets	-21	0	0	0
Increase of long-term receivable	-10 000	0	-10 000	0
New share issue, net after issue costs	27 041	27 097	18 074	0
Changes in cash and bank balances	36 767	-5 391	23 074	-10 369
Cash and cash equivalents at beginning of the period	12 456	17 847	26 149	22 825
Cash and cash equivalents at end of the period	49 223	12 456	49 223	12 456
CHANGES IN EQUITY, SEK K	Jan - Dec 2013	Jan - Dec 2012	Oct - Dec 2013	Oct - Dec 2012
At beginning of the period	97 452	113 502	91 949	102 887
New share issue	27 041	27 097	18 074	0
Profit/loss for the period - Total comprehensive income/loss for the period	-10 523	-43 147	3 947	-5 435
At end of the period	113 970	97 452	113 970	97 452

STATEMENT OF COMPREHENSIVE INCOME, QUARTERLY DATA	OCT - DEC 2013	JULY - SEP 2013	APR - JUNE 2013	JAN - MARCH 2013	OCT - DEC 2012	JULY - SEP 2012	APR - JUNE 2012	JAN - MAR 2012
Net sales	32 192	3 262	19 463	7 551	25 310	1 522	7 506	6 104
Cost of goods sold	-17 296	-2 578	-10 408	-5 195	-12 669	-1 975	-5 010	-5 615
Value adjustment of inventories	0	0	0	0	0	0	-4 558	0
Gross profit	14 896	684	9 055	2 356	12 641	-453	-2 062	489
Overhead costs	-11 177	-7 314	-9 887	-9 279	-10 842	-8 163	-10 493	-22 610
Operating profit/loss	3 719	-6 630	-832	-6 923	1 799	-8 616	-12 555	-22 121
Net financial items	228	-37	69	-117	386	-318	70	-16
Profit/loss before tax	3 947	-6 667	-763	-7 040	2 185	-8 934	-12 485	-22 137
Tax	0	0	0	0	-7 620	0	0	5 844
Profit/loss for the period/ Total comprehensive income/ loss for the period	3 947	-6 667	-763	-7 040	-5 435	-8 934	-12 485	-16 293

KEY FIGURES AND OTHER INFORMATION	OCT - DEC 2013	JULY - SEP 2013	APR - JUNE 2013	JAN - MARCH 2013	OCT - DEC 2012	JULY - SEP 2012	APR - JUNE 2012	JAN - MAR 2012
Earnings per share, SEK ¹	0.01	-0.01	0.00	-0.01	-0.02	-0.02	-0.03	-0.06
Equity per share, SEK ¹	0.21	0.18	0.19	0.19	0.20	0.21	0.23	0.34
Cash flow per share, SEK	0.03	0.01	0.00	-0.01	-0.02	-0.01	-0.01	-0.04
Gross margin, %	46.3	20.9	46.5	33.5	49.9	Neg	Neg	8.0
Gross margin excluding write-down of inventories, %	46.3	20.9	46.5	33.5	49.9	Neg	33.3	8.0
Operating margin, %	11.6	Neg	Neg	Neg	7.0	Neg	Neg	Neg
Equity/assets ratio, %	78.8	83.7	85.2	87.4	89.3	88.3	89.2	86.9
Order intake, SEK k	28 700	119 000	4 000	17 100	6 400	2 000	29 900	2 500

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