

# Sensys Gatso Group AB

## Half year Report

### January - June 2021



	Apr - June	Apr - June	Jan - June	Jan - June
MSEK	2021	2020	2021	2020
Net Sales	125.8	93.5	203.9	189.1
Order intake	46.9	282.6	108.7	344.2
Operating profit (EBIT)	4.6	-0.9	-9.6	-14.6
Operating profit (EBITDA)	13.5	12.3	8.0	13.3
Total Comprehensive income	-1.0	-17.1	-2.0	-12.4
Earnings per share, before and after dilution (SEK)	0.00	0.00	-0.01	-0.01
Cash flow from operating activities	39.2	1.8	-0.9	11.4

[Q2 Report 2021  
Presentation](#)

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## Comments from the CEO

### Existing customers support our order intake

The order intake arrived this quarter at SEK 47 million, compared to a record breaking SEK 283 million in Q2 last year. This difference is mainly due to two large contracts in Australia and Costa Rica that were part of the high Q2 2020 order intake. This quarter, the order intake mainly consists of repeat orders from our existing customer base. It portrays the importance of a large global installed base that requires system updates, parts, and maintenance to secure the high uptime performance of more than 99% our solutions are renowned for. During almost the whole COVID period, our local Sales Teams worked hard on an active engagement with existing and new customers, all around the world. This has created a healthy sales pipeline for us that will quite likely drive our order intake forward in the near future.

### Total Sales up 35% with US TRaaS Sales up 45%

Net Sales for the quarter reached SEK 126 million, 35% higher than Q2 last year. As expected our recurring Managed Services or TRaaS business has picked up again this quarter, with schools in the USA opening after COVID related closings in Q1. Compared to Q2 last year our US TRaaS business went up by 5%. Compared to the previous quarter our US TRaaS business showed an increase of 45%, from SEK 22 million in Q1 to SEK 33 million in Q2. With higher vaccination rates and more controlled COVID conditions to keep schools open, we expect the Managed Services Sales to normalize going forward.



### Pushing the Costa Rica contract execution

The Costa Rican National Traffic Enforcement contract that we won in Q2 of last year has not yet started. COVID related budgetary constraints currently hamper the timing of the execution of this program. With our local presence we are in continuous communication with all stakeholders in the program to secure the budget to start the execution. During these meetings both our strong legal position in the contract and the willingness of our customer to execute the contract are confirmed. With this, we believe the program will be rolled-out as projected, but on a different timeline. We expect the budget to be allocated in December and first deliveries to start in 2022.

### Saudi Arabia contract in steady delivery mode

In August 2020 we signed a second contract with our Customer in Saudi Arabia for our unique in-vehicle speed enforcement solution worth SEK 275 million. This was the second contract for this solution after the first SEK 66 million contract we signed in September 2018. The final payment we received this August marks the successful completion of this first order. Together with our Customer Tahakom we can now focus on the execution of the much larger second contract. Year to date July, we have delivered 35% of this 275 million total contract value and the deliveries are progressing steadily. The execution and rollout of projects characterized by this size and solution type in combination with complex customer and end customer networks in a dynamic market is challenging. Although this complexity can sometimes slow down deliveries, it is more important that the progress happens steadily and correctly, in order to ensure customer satisfaction. We foresee the remainder of the deliveries under the contract, corresponding to approx. SEK 180 million, to be executed throughout 2021 and the beginning of 2022.

**Establishment of Sensys Gatso LATAM**

In the quarter the new Regional entity Sensys Gatso LATAM S.L. was established with the objective to centrally manage and consolidate our business activities in the important and growing Latin American Region. On July 1st we hired Jose Lozano, a business veteran with 22 years of experience, who started in the new role of Regional Director Latin America. With this we are executing on our strategy to operate closer to our end customers in new and growing regions, just like we did with the Middle East region.

**Investigation in The Netherlands legally dismissed**

In January of this year we informed the market about an investigation by the Fiscal Information and Investigation Service FIOD related to allegations of misconduct in 2014-2015 in Gatsometer B.V., before the acquisition by Sensys Traffic. Naturally we have fully cooperated with the investigative authorities and conducted an in depth internal inquiry into the allegations, the result of which we shared with the FIOD. In the beginning of August we heard the formal outcome of the investigation. FIOD dismissed the allegations and will not proceed with any prosecution. I am very happy with this positive, fast and rare outcome in investigations of this kind. Our company revolves around Integrity - It defines who we are as people, as a partner to our customers and how we design our solutions. Integrity guided us in our communication with the authorities, and with the market.

**Outlook**

Our order backlog remains strong and our costs are in control. With our US TRaaS business picking up again and a healthy sales pipeline in all Regions, 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

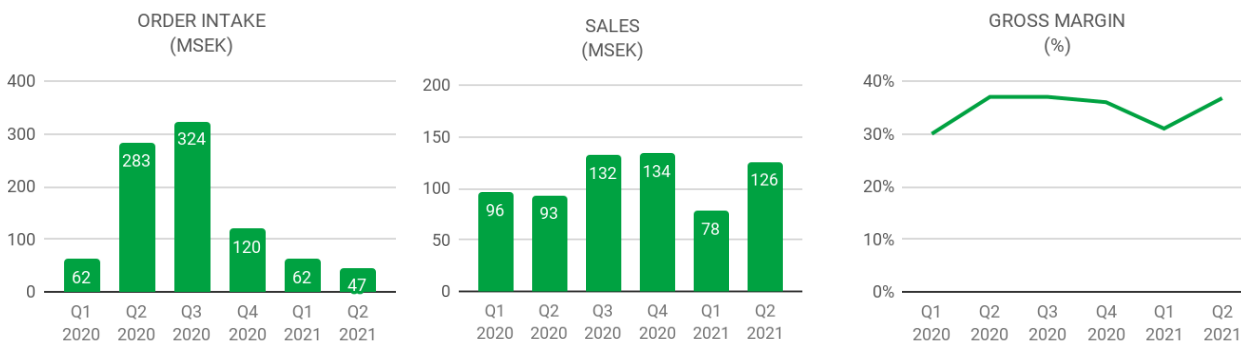
### Key indicators

	Apr - June	Apr - June	Jan - June	Jan - June	Jan - Dec
TSEK	2021	2020	2021	2020	2020
Net sales	125,760	93,456	203,861	189,086	454,933
Order intake	46,915	282,569	108,708	344,194	561,940
Gross margin (%)	36.8	37.5	34.7	33.7	35.6
Operating profit (EBIT)	4,558	-927	-9,580	-14,648	-24,374
Operating margin (EBIT %)	3.6	Neg	Neg	Neg	Neg
Operating profit (EBITDA)	13,467	12,315	7,973	13,331	28,585
Profit for the period	3,571	3,123	-6,215	-12,690	-15,111
Earnings per share, before and after dilution (SEK)	0.00	0.00	-0.01	-0.01	0.00
Cash flow from operations	39,178	1,812	-914	11,449	15,466

### EBITDA

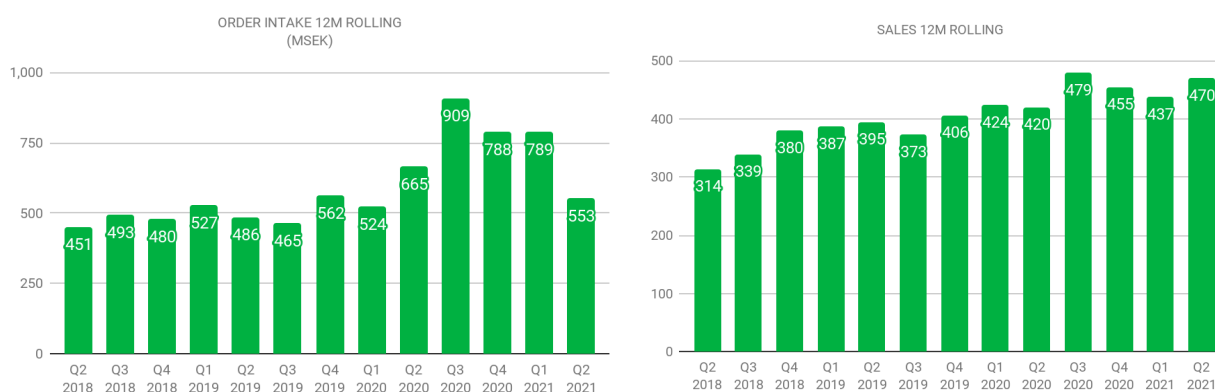
	Apr - June	Apr - June	Jan - June	Jan - June	Jan - Dec
TSEK	2021	2020	2021	2020	2020
Operating profit (EBIT)	4,558	-927	-9,580	-14,648	-24,374
Depreciation tangible and intangible fixed assets	7,517	8,188	14,771	17,879	30,767
Amortization of acquired intangible assets	1,392	5,054	2,782	10,100	22,192
<b>Operating profit (EBITDA)</b>	<b>13,467</b>	<b>12,315</b>	<b>7,973</b>	<b>13,331</b>	<b>28,585</b>

## Financial results Group



### Second quarter April - June 2021

Order intake during the second quarter totalled SEK 46.9 million compared to SEK 282.6 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 as well as a new Traas Managed Services contract for a 5 year period with a total contract value of SEK 15 million. The 12 months rolling order intake arrived at SEK 553 million, compared to SEK 665 million in the second quarter of last year.



Net sales in the quarter amounted to SEK 125.8 million (93.5). The segment System Sales contributed SEK 93.9 million (63.7) and Managed Services contributed SEK 31.9 million (29.8). The 12 months rolling sales arrived at SEK 470 million, compared to SEK 420 million in the second quarter last year. The gross margin for the quarter was 36.8 percent (37.5).

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.

The TRaaS revenues for the quarter amounted to SEK 61.7 million (53.9), an increase of approximately 14 percent. The increase is mainly due to increased level of TRaaS Service and Maintenance in the quarter.

	Apr - June 2021	Apr - June 2020	Jan - June 2021	Jan - June 2020	Jan - Dec 2020
<b>TSEK</b>					
System Sales	64,054	39,528	94,400	82,074	229,153
TRaaS: Service & Maintenance	29,446	22,706	54,031	42,850	79,021
TRaaS: Licenses	381	1,446	1,732	1,611	3,468
TRaaS: Managed Services	31,880	29,776	53,698	62,551	94,686
<b>Total Sales</b>	<b>125,761</b>	<b>93,456</b>	<b>203,861</b>	<b>189,086</b>	<b>406,328</b>
Of which TRaaS:	61,707	53,928	109,461	107,012	177,175
TRaaS % of total Sales:	49%	58%	54%	57%	44%

Of the total sales in the second quarter, 49 percent relates to recurring revenues based on Service & Maintenance, License and Managed Services revenue, compared to 58 percent in the second quarter 2020.

	Apr - June	Apr - June	Jan - June	Jan - June	Jan - Dec
TSEK	2021	2020	2021	2020	2020
Europe	37,665	33,247	61,139	52,333	188,089
Americas	30,870	28,722	52,111	60,510	103,453
APAC and MEA	57,226	31,487	90,611	76,243	114,786
<b>Total Sales</b>	<b>125,761</b>	<b>93,456</b>	<b>203,861</b>	<b>189,086</b>	<b>406,328</b>

The sales in the quarter have a good spread over the regions. The sales in the region Americas is predominantly dependent on TRaaS Managed Services sales. The regions Europe and APAC & MEA are more dependent on One-off system sales and TRaaS Service and Maintenance sales. The increase in sales in the APAC and MEA region is mainly by the deliveries on the Saudi Arabia project.

The operating expenses totalled SEK 41.7 million (35.9) including amortisation of intangible fixed assets recognized. Operating expenses are higher, mainly due to investments in the organization. During the quarter the company has received forgiveness of the Paycheck Protection Program for our US employees. This has resulted in the release of a liability and has positively influenced the result of the quarter to the amount of SEK 4.3 million.

The EBITDA amounted to SEK 13.5 million (12.3). The operating profit (EBIT) for the quarter amounted to SEK 4.6 million (-1.0) and the profit after taxation totalled negative SEK 2.6 million (3.1).

### Half year January - June 2021

The order intake during the first half of the year amounted to SEK 108.7 million, compared to SEK 344 million for the first half year of 2020. The sales for the first half year have increased from SEK 189.1 million in 2020 to 203.9 million in 2021. The gross margin improved from 33.7% to 34.7% in the first half year of 2021.

In the first half year the TRaaS recurring revenues amounted to 54 percent of total revenue compared to 57 percent in the first half year of 2020.

The expenses totalled SEK 80.3 million compared to 78.3 million. The increase in expenses is mainly due to investments in the organization during 2021.

The EBITDA for the first half year amounted to SEK 8.0 million compared to SEK 13.3 million. The Operating Profit (EBIT) amounted to SEK -9.6 million compared to SEK -14.6 million. The result after tax amounted to SEK -6.2 million compared to SEK -12.7 million.

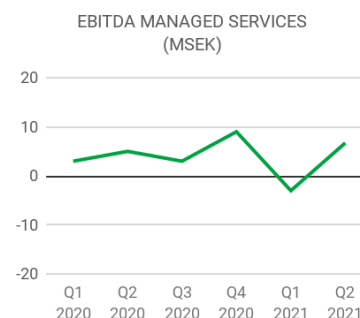
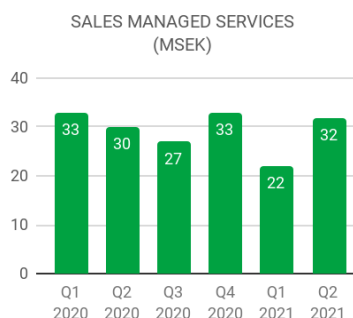
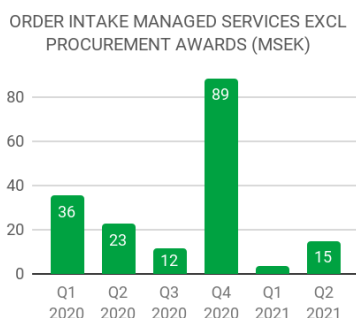
### Personnel

The average number of full-time employees was 236 people (224). The number of employees at the end of the period was 259 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.

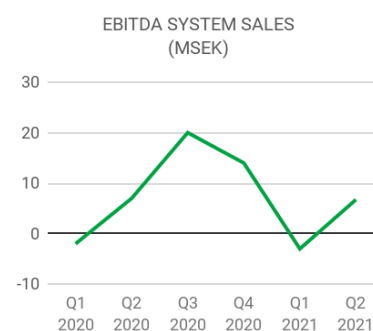
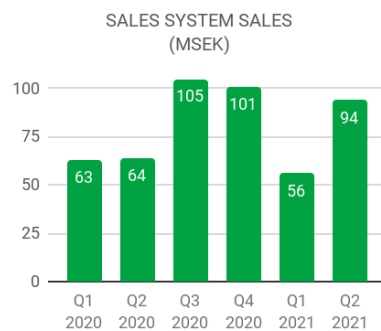
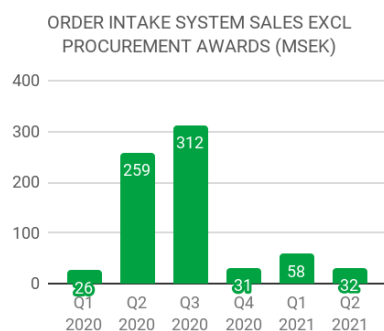


### Managed Services

The order intake during the quarter amounted to 15.0 million (23.0). The order intake in the quarter mainly relates to the announced contract for a 5 year speed enforcement program in Livonia, Louisiana with a total estimated contract value of SEK 15 million.

Managed Services sales amounted to SEK 31.9 million (29.8) in the quarter. The segment has incurred an EBITDA of SEK 6.7 million (5.3). 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 4.7 (8.2) million for the quarter. The segment incurred an operating profit (EBIT) of SEK 2.0 million compared to -2.9 million for the same quarter last year.



## System Sales

The order intake for the segment System Sales amounted to SEK 31.9 million (259.3) in the quarter. The order intake mainly relates to repeat orders and repairs and calibrations and the purchase order received from our customer in Malaysia to the amount of SEK 11 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.

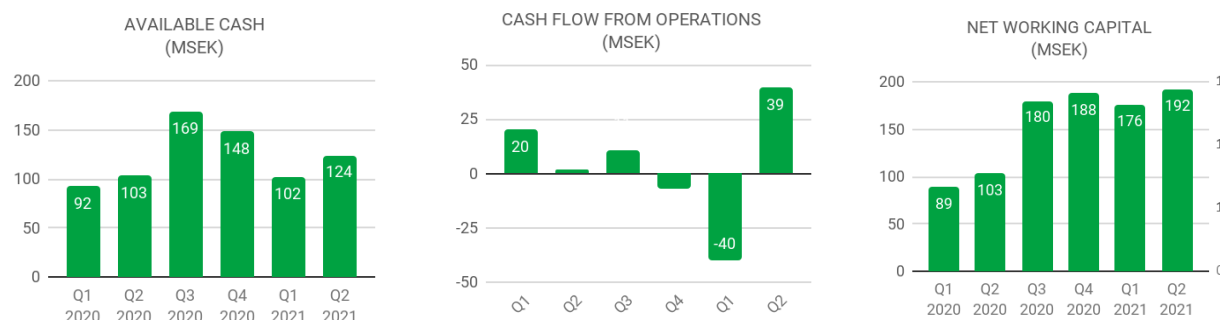
Systems Sales amounted to SEK 93.9 million (63.7) in the quarter, of which SEK 29.4 million (22.7) relates to TRaaS recurring revenues.

The segment has incurred an EBITDA of SEK 6.7 million in the quarter compared to SEK 7.0 million in the same quarter of 2020. The operating profit for the quarter amounted to SEK 2.6 million (2.0).

TSEK	Apr - June 2021			Apr - June 2020		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	94,939	32,209	127,148	63,838	30,755	94,593
Inter-segment transactions	-1,058	-330	-1,388	-158	-979	-1,137
<b>Total Net Sales</b>	<b>93,881</b>	<b>31,879</b>	<b>125,760</b>	<b>63,680</b>	<b>29,776</b>	<b>93,456</b>
<b>EBITDA</b>	<b>6,742</b>	<b>6,725</b>	<b>13,467</b>	<b>7,042</b>	<b>5,273</b>	<b>12,315</b>
Depreciation and amortization	-4,169	-4,740	-8,909	-5,087	-8,154	-13,241
<b>Operating Profit</b>	<b>2,573</b>	<b>1,985</b>	<b>4,558</b>	<b>1,955</b>	<b>-2,881</b>	<b>-926</b>
Net financial items			-1,447			1,797
<b>Profit before tax</b>			<b>3,111</b>			<b>871</b>
Tax			460			2,253
<b>Profit for the period</b>			<b>3,571</b>			<b>3,124</b>

TSEK	Jan - June 2021			Jan - June 2020		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	160,432	54,251	214,683	127,473	63,755	191,228
Inter-segment transactions	-10,268	-554	-10,822	-938	-1,204	-2,142
<b>Total Net Sales</b>	<b>150,164</b>	<b>53,697</b>	<b>203,861</b>	<b>126,535</b>	<b>62,551</b>	<b>189,086</b>
<b>EBITDA</b>	<b>3,823</b>	<b>4,150</b>	<b>7,973</b>	<b>5,469</b>	<b>7,863</b>	<b>13,332</b>
Depreciation and amortization	-9,048	-8,505	-17,553	-10,273	-17,707	-27,980
<b>Operating Profit</b>	<b>-5,225</b>	<b>-4,355</b>	<b>-9,580</b>	<b>-4,804</b>	<b>-9,844</b>	<b>-14,648</b>
Net financial items			2,837			-3,341
<b>Profit before tax</b>			<b>-6,743</b>			<b>-17,989</b>
Tax			528			5,299
<b>Profit for the period</b>			<b>-6,215</b>			<b>-12,690</b>

## Cash flow and financial position



### Cash and available cash

Cash and cash equivalents at the end of the period totalled SEK 91.4 million (53.9). At the end of the period free available cash amounted to SEK 124.3 million (102.9) taking into account the total amount of available credit facilities.

Not taken into consideration in the free available cash is the remainder of the additional Rabobank financing of SEK 12.5 million. This part of the Rabobank financing facility is subject to meeting agreed objectives. During the quarter Rabobank has provided the second and third tranche of the additional financing to the amount of SEK 25 million.

### Cash flow from operating activities

During the quarter Sensys Gatso had a positive cash flow from operating activities of SEK 39.2 million (1.8). For the first half year the cash flow from operations amounted to SEK -0.9 million (11.4). The positive cash flow in the second quarter is a result of payments on deliveries of mainly the Saudi Arabia project.

### Cash flow from investing activities

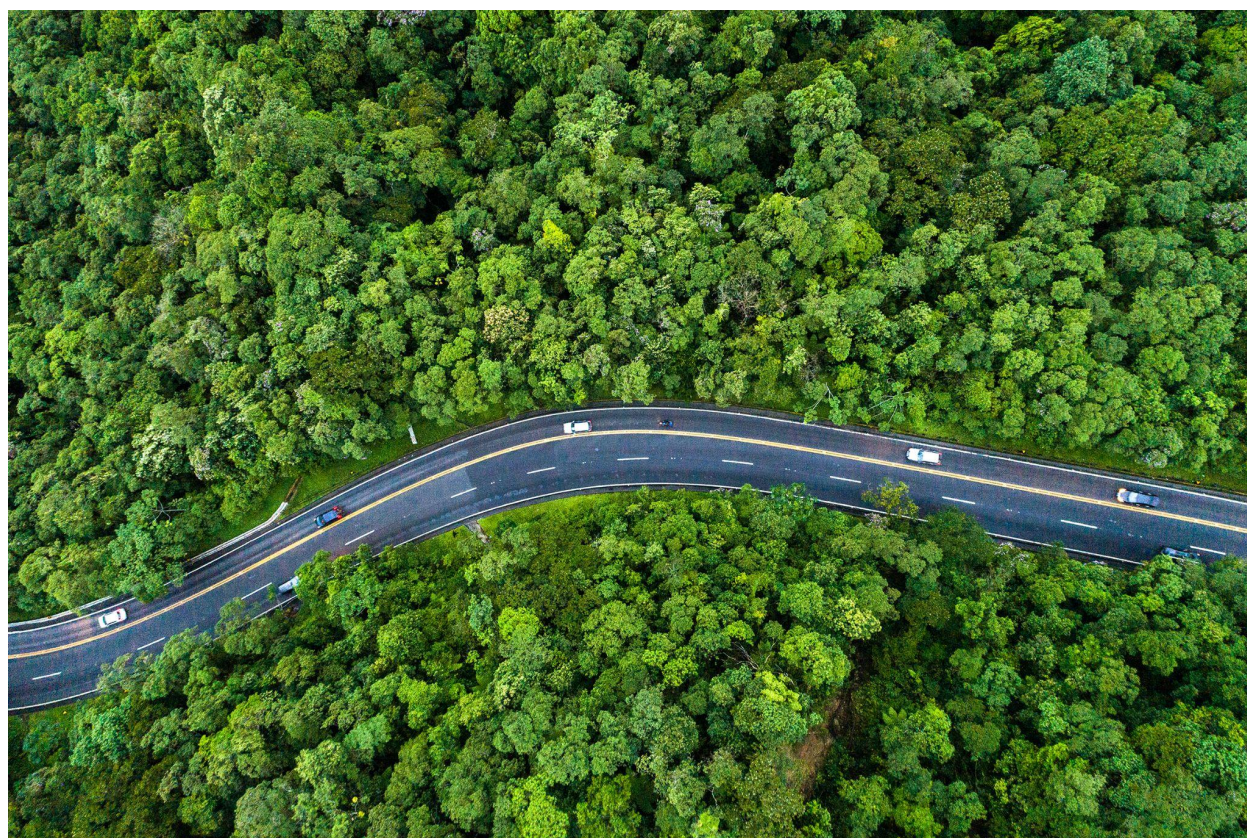
The investments in fixed assets for the quarter amounted to SEK 22.8 million (6.2). For the first half year the investments amounted to SEK 27.9 million (10.2). Of the investments 9.4 million (7.8) in the first half year mainly relates to investments in our platforms FLUX, Xilium and PULS. The investments in Tangible fixed assets in the first half year amounted to SEK 18.5 million (2.4), which mainly relates to investments in equipment for (schoolzone) speed enforcement programs in the US.

### Financial position

The Group's equity at the end of the period totalled SEK 512.6 million (436.5), producing an equity/assets ratio of 68.1 percent (64.3).

Net interest-bearing debt amounted to SEK 37.6 million (73.4). Due to the implementation of IFRS 16 in 2019 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 12.6 million (43.5) at the end of the second quarter.

	30 June	30 June	31 Dec	31 Dec
TSEK	2021	2020	2020	2019
Lease liabilities	24,975	29,831	28,377	33,449
Bank Loans and Credit facilities	65,277	47,156	51,640	46,090
Shareholder loans	38,754	50,312	38,284	49,836
Cash and bank	-91,452	-53,949	-108,489	-52,373
<b>Net Interest-bearing debt</b>	<b>37,554</b>	<b>73,350</b>	<b>9,812</b>	<b>77,002</b>
-/- Lease liabilities	-24,975	-29,831	-28,377	-33,449
<b>Adjusted Net Interest-bearing debt</b>	<b>12,579</b>	<b>43,519</b>	<b>-18,565</b>	<b>43,553</b>



## Significant events and other information

### Significant events during the period

- 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

### Significant events after the period

- 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

A list of Sensys Gatso's press releases can be found on [www.sensysgatso.com](http://www.sensysgatso.com)

### Related party transactions

For the period under review no material business transactions were performed with related parties. We refer to the annual report for a list of common related party transactions during the year.

#### *After the period*

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 informed Gatso Special Products B.V. (lender) that it will make payment on the vendor loan due to the amount of EUR 1 million in the third quarter 2021.

## 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](http://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](http://www.sensysgatso.com).

## Audit

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

**Invitation to a presentation**

On 18 August 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-q2-2021>

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**Declaration of 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, 18 August 2021

**Claes Ödman**  
Chairman of the Board

**Jochem Garritsen**  
Board member

**Pia Hofstedt**  
Board member

**Kerstin Sjöstrand**  
Board member

**Christina Hallin**  
Board member

**Nishant Batra**  
Board member

Ivo Mönnink  
Chief Executive Officer



**For further information please contact:**

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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 18 August, 2021.*

## Group figures

### Consolidated statement of comprehensive income

	Apr - June 2021	Apr - June 2020	Jan - June 2021	Jan - June 2020	Jan - Dec 2020
<b>TSEK</b>					
<b>Net sales</b>	125,760	93,456	203,861	189,086	454,933
Cost of goods sold	-79,526	-58,443	-133,110	-125,407	-293,066
<b>Gross profit</b>	<b>46,234</b>	<b>35,013</b>	<b>70,751</b>	<b>63,679</b>	<b>161,867</b>
Selling expenses	-16,667	-20,018	-32,746	-40,917	-72,177
Administrative expenses	-16,641	-11,816	-30,350	-23,743	-48,300
Development expenses	-9,355	-7,745	-19,113	-17,647	-34,080
Other operating expenses/income (1)	987	3,639	1,878	3,980	3,511
<b>Operating profit</b>	<b>4,558</b>	<b>-927</b>	<b>-9,580</b>	<b>-14,648</b>	<b>10,821</b>
Net financial items	-1,447	1,797	2,837	-3,341	-8,345
<b>Profit before tax</b>	<b>3,111</b>	<b>870</b>	<b>-6,743</b>	<b>-17,989</b>	<b>2,476</b>
Tax	460	2,253	528	5,299	1,478
<b>Profit for the period</b>	<b>3,571</b>	<b>3,123</b>	<b>-6,215</b>	<b>-12,690</b>	<b>3,954</b>
Profit is attributable to owners of Sensys Gatso Group AB	2,613	3,569	-6,335	-11,433	5,051
Profit is attributable to non- controlling interest	958	-446	120	-1,257	-1,097
	<b>3,571</b>	<b>3,123</b>	<b>-6,215</b>	<b>-12,690</b>	<b>3,954</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	-4,615	-20,191	4,247	332	-19,697
<b>Total other comprehensive income for the period, net after tax</b>	<b>-4,615</b>	<b>-20,191</b>	<b>4,247</b>	<b>332</b>	<b>-19,697</b>
<b>Total comprehensive income for the period</b>	<b>-1,044</b>	<b>-17,068</b>	<b>-1,968</b>	<b>-12,358</b>	<b>-15,743</b>
Number of shares (thousands)	921,776	860,024	921,776	860,024	921,776
Earnings per share, before and after dilution (SEK)	0.00	0.00	-0.01	-0.01	0.00

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

## Consolidated balance sheet

TSEK	30 June 2021	30 June 2020	31 Dec 2020	31 Dec 2019
<b>Assets</b>				
Goodwill	245,849	257,391	242,145	257,164
Customer contracts and relations	907	2,904	1,298	10,338
Brand	8,926	11,579	9,857	12,738
Product and software development	42,545	34,053	36,229	29,582
Property, plant and equipment	34,785	39,694	38,551	45,253
Fixed assets in operations	56,970	50,666	47,885	56,110
Deferred tax assets	40,610	45,019	39,983	45,315
Other non-current assets	278	317	289	330
Trade and other receivables	69,737	41,917	68,142	76,137
Inventories and work in progress	129,980	114,876	127,318	86,549
Other current assets	30,937	26,087	47,059	36,464
Cash and bank balances	91,452	53,949	108,489	52,373
<b>Total assets</b>	<b>752,976</b>	<b>678,452</b>	<b>767,245</b>	<b>708,353</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity	512,591	436,497	514,559	448,854
Long-term Lease liabilities	16,458	20,307	19,043	23,110
Long-term Bank loans	32,048	11,791	8,783	0
Long-term Liabilities towards shareholders	28,629	39,832	28,246	39,387
Warranty Provision	10,480	9,947	10,026	10,032
Deferred tax liabilities	4,041	6,188	4,703	9,753
Short-term Lease liabilities	8,517	9,524	9,334	10,339
Short-term Bank liabilities	33,229	35,365	42,857	46,090
Short-term liabilities towards shareholders	10,125	10,480	10,038	10,449
Trade and other payables	27,122	25,696	62,417	47,955
Other current interest-free liabilities	69,736	72,825	57,239	62,384
<b>Total shareholders' equity and liabilities</b>	<b>752,976</b>	<b>678,452</b>	<b>767,245</b>	<b>708,353</b>

1) The other current interest-free liabilities of 2020 includes 4.8MSEK Governmental COVID-19 Relief loan

## Consolidated statement of changes in equity

	Apr - June 2021	Apr - June 2020	Jan - June 2021	Jan - June 2020	Jan - Dec 2020
<b>TSEK</b>					
<b>Beginning of period</b>	<b>513,635</b>	<b>453,564</b>	<b>514,559</b>	<b>448,854</b>	<b>448,854</b>
New share issue	0	0	0	0	84,475
Share issue costs (net after tax effect)	0	0	0	0	-3,255
Other movements	0	0	0	0	227
<i>Comprehensive income</i>					
Net profit for the period	2,613	3,569	-6,335	-11,433	5,051
Minority interest in subsidiaries	958	-446	120	-1,257	-1,097
Other comprehensive income	-4,615	-20,191	4,247	332	-19,696
<b>Total comprehensive income for the period</b>	<b>-1,044</b>	<b>-17,067</b>	<b>-1,968</b>	<b>-12,357</b>	<b>-15,742</b>
<b>End of period</b>	<b>512,591</b>	<b>436,497</b>	<b>512,591</b>	<b>436,497</b>	<b>514,559</b>

## Cash flow statement

	Apr - June 2021	Apr - June 2020	Jan - June 2021	Jan - June 2020	Jan - Dec 2020
<b>TSEK</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>Operating profit</b>	<b>4,558</b>	<b>-927</b>	<b>-9,580</b>	<b>-14,648</b>	<b>10,821</b>
Items with no effect on cash flow	8,300	13,192	20,611	28,562	48,612
Financial items	2,954	3,119	-1,022	-3,344	-4,047
Tax paid	-216	288	-266	874	2,296
<b>Funds contributing from operating activities</b>	<b>15,596</b>	<b>15,672</b>	<b>9,743</b>	<b>11,444</b>	<b>57,682</b>
Change in working capital	23,582	-13,860	-10,657	5	-42,216
<b>Cash flow from operating activities</b>	<b>39,178</b>	<b>1,812</b>	<b>-914</b>	<b>11,449</b>	<b>15,466</b>
Cash flow from investing activities	-22,793	-6,238	-27,883	-10,223	-33,008
	<b>16,385</b>	<b>-4,426</b>	<b>-28,797</b>	<b>1,226</b>	<b>-17,542</b>
<b>Financing activities</b>					
New share issue minus cost	0	0	0	0	70,965
Loan movements (1)	24,766	17,910	24,126	17,910	16,796
Lease payments (IFRS16)	-2,210	-2,601	-4,377	-5,346	-11,549
Repayment/usage of credit facilities	-17,520	-11,512	-9,629	-12,097	-3,233
Repayment of loan to shareholders		0	0	0	0
<b>Change in cash and bank balances</b>	<b>21,421</b>	<b>-629</b>	<b>-18,677</b>	<b>1,693</b>	<b>55,437</b>
Liquid funds at the beginning of the period	69,349	54,209	108,489	52,373	52,372
Translation differences in liquid funds	682	369	1,640	-117	680
<b>Closing cash and cash equivalents</b>	<b>91,452</b>	<b>53,949</b>	<b>91,452</b>	<b>53,949</b>	<b>108,489</b>

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

## Parent company figures

### Statement of comprehensive income

	Apr - June 2021	Apr - June 2020	Jan - June 2021	Jan - June 2020	Jan - Dec 2020
<b>TSEK</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
Other sales	6,172	2,212	10,589	5,781	11,941
Cost of goods sold	0	0	0	0	0
<b>Gross profit</b>	<b>6,172</b>	<b>2,212</b>	<b>10,589</b>	<b>5,781</b>	<b>11,941</b>
Selling expenses	0	0	0	0	0
Administrative expenses	-7,200	-3,485	-12,752	-8,351	-17,205
Development expenses	0	0	0	0	0
Other operating expenses/income	0	0	0	0	0
<b>Operating profit</b>	<b>-1,028</b>	<b>-1,273</b>	<b>-2,163</b>	<b>-2,570</b>	<b>-5,264</b>
Net financial items	1,318	1,689	1,910	141	13,630
<b>Profit before tax</b>	<b>290</b>	<b>416</b>	<b>-253</b>	<b>-2,429</b>	<b>8,366</b>
Tax	0	0	0	0	-1,707
<b>Profit for the period/Comprehensive income for the period</b>	<b>290</b>	<b>416</b>	<b>-253</b>	<b>-2,429</b>	<b>6,659</b>

	30 June	30 June	31 Dec	31 Dec
TSEK	2021	2020	2020	2019
Product and software development	24,870	14,098	19,933	6,896
Shares in subsidiaries	413,952	413,952	413,952	413,952
Deferred tax assets	17,714	18,640	17,714	18,640
Receivables from Group	92,974	34,735	64,537	45,118
Other current assets	3,400	2,623	1,511	1,529
Cash and bank balances	28,648	15,022	62,755	12,866
<b>Total assets</b>	<b>581,558</b>	<b>499,070</b>	<b>580,402</b>	<b>499,001</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity	554,499	464,216	554,752	465,146
Long-term Bank loans	0	0	0	0
Long-term liabilities towards shareholders	8,379	18,871	8,170	18,489
Short-term Bank liabilities	0	0	0	0
Short-term liabilities towards shareholder	10,125	10,480	10,038	10,449
Trade and other payables	1,961	315	1,431	1,412
Trade and other payables from Group	3,463	3,335	2,510	1,331
Other current interest-free liabilities	3,131	1,853	3,501	2,174
<b>Total shareholders' equity and liabilities</b>	<b>581,558</b>	<b>499,070</b>	<b>580,402</b>	<b>499,001</b>

## Statement of changes in shareholders equity

	Apr - June 2021	Apr - June 2020	Jan - June 2021	Jan - June 2020	Jan - Dec 2020
<b>TSEK</b>					
<b>Beginning of period</b>	<b>554,209</b>	<b>462,301</b>	<b>554,752</b>	<b>465,146</b>	<b>465,146</b>
New share issue, net	0	0	0	0	84,475
Share issue costs (net after tax effect)	0	0	0	0	-3,255
Other movements	0	1,500	0	1,500	1,500
Profit for the period/Comprehensive income for the period	290	416	-253	-2,429	6,659
Stock related remuneration	0	0	0	0	227
<b>End of period</b>	<b>554,499</b>	<b>464,217</b>	<b>554,499</b>	<b>464,217</b>	<b>554,752</b>

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 (860,024,407). The average number of shares during the period was 921,776,405 (860,024,407).

The table below shows the ten largest shareholders in the Company as per the end of June 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	41,050,642	4.5
3	NORDNET PENSIONS FÖRSÄKRING AB	33,144,706	3.6
4	WALL, PER	23,000,000	2.5
5	BERGSTRAND, INGER	20,659,837	2.2
6	Handelsbanken fonder	12,833,212	1.4
7	SEB Investment Management	9,159,304	1.0
8	SWEDBANK FÖRSÄKRING AB	8,950,599	1.0
9	FUTUR PENSION	8,657,826	0.9
10	HAMBERG, PETER	7,300,000	0.8

#	Country	Proportion of share capital/ Votes%
1	Sweden	76.4
2	Netherlands	18.0
3	Denmark	1.5
4	United States	0.9
5	Switzerland	0.8
6	Other	2.4
		<b>100.0</b>

## Quarterly data

### Consolidated statement of income

	2021			2020			2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Net sales</b>	125,760	78,101	134,252	131,595	93,456	95,630	157,997	73,028
Cost of goods sold	-79,526	-53,584	-85,260	-82,399	-58,443	-66,964	-103,374	-48,272
<b>Gross profit</b>	46,234	<b>24,517</b>	<b>48,992</b>	<b>49,196</b>	<b>35,013</b>	<b>28,666</b>	<b>54,623</b>	<b>24,756</b>
Costs	-41,676	-38,655	-36,451	-36,268	-35,940	-42,387	-40,726	-42,601
<b>Operating profit</b>	4,558	<b>-14,138</b>	<b>12,541</b>	<b>12,928</b>	<b>-927</b>	<b>-13,721</b>	<b>13,897</b>	<b>-17,845</b>
Net financial items	-1,447	4,284	-884	-4,120	1,797	-5,138	-1,017	-63
<b>Profit before tax</b>	3,111	<b>-9,854</b>	<b>11,657</b>	<b>8,808</b>	<b>870</b>	<b>-18,859</b>	<b>12,880</b>	<b>-17,908</b>
Tax	460	68	-929	-2,892	2,253	3,046	5,532	2,238
<b>Profit for the period</b>	<b>3,571</b>	<b>-9,786</b>	<b>10,728</b>	<b>5,916</b>	<b>3,123</b>	<b>-15,813</b>	<b>18,412</b>	<b>-15,670</b>

### Key indicators and other information

TSEK	2021			2020			2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Operating margin (%)	Neg	Neg	9.34	9.82	Neg	Neg	8.80	Neg
Gross margin (%)	36.76	31.39	36.49	37.38	37.46	29.98	34.57	33.90
Profit margin (%)	neg	neg	7.99	4.50	3.34	Neg	11.65	Neg
Equity per share (SEK)	0.56	0.56	0.56	0.56	0.51	0.53	0.52	0.51
Cash flow per share (SEK)	0.04	-0.04	-0.01	0.01	0.00	0.02	0.05	-0.03
Number of employees	259	262	252	259	255	270	252	255
No. of outstanding shares (thousands)	921,776	921,776	921,776	913,596	860,024	860,024	860,024	860,024
Equity/assets ratio (%)	68.08	68.05	67.07	65.98	64.34	64.49	63.37	61.41
Order intake (SEK thousands)	46,915	61,793	120,458	323,701	282,569	61,625	241,194	79,314

## Segment data

	2021			2020			2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Order intake</b>								
System Sales	31,915	58,061	31,458	312,125	259,326	26,017	185,194	73,554
Managed Services	15,000	3,732	89,000	11,576	23,243	35,608	56,000	5,760
	<b>46,915</b>	<b>61,793</b>	<b>120,458</b>	<b>323,701</b>	<b>282,569</b>	<b>61,625</b>	<b>241,194</b>	<b>79,314</b>

	2021			2020			2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Net sales</b>								
System Sales	93,881	56,282	100,902	105,093	63,680	62,855	129,705	48,124
Managed Services	31,879	21,819	33,350	26,502	29,776	32,775	28,291	24,904
	<b>125,760</b>	<b>78,101</b>	<b>134,252</b>	<b>131,595</b>	<b>93,456</b>	<b>95,630</b>	<b>157,996</b>	<b>73,028</b>

	2021			2020			2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Operating Profit (EBITDA)</b>								
System Sales	6,742	-2,919	13,978	19,835	7,042	-1,553	22,661	-2,217
Managed Services	6,725	-2,575	9,329	2,964	5,273	2,570	4,411	-574
	<b>13,467</b>	<b>-5,494</b>	<b>23,307</b>	<b>22,799</b>	<b>12,315</b>	<b>1,017</b>	<b>27,072</b>	<b>-2,791</b>

## 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](http://www.sensysgatso.com)

## 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

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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.