

Sensys Gatso Group AB

Year-End Report

October - December 2020



	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019
MSEK				
Net Sales	134.3	158.0	454.9	406.3
Order intake	120.5	241.2	788.4	561.9
Operating profit (EBIT)	12.5	13.9	10.8	-24.4
Operating profit (EBITDA)	23.3	27.1	59.4	28.6
Total Comprehensive income	-8.0	7.8	-15.5	-6.0
Earnings per share, before and after dilution (SEK)	0.01	0.02	0.00	-0.02
Cash flow from operating activities	-7.0	43.4	15.5	-3.7

[→ Q4 Report 2020
Presentation](#)

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Comments from the CEO

Order Intake up 40%

The order intake for the fourth quarter arrived at a solid SEK 121 million. More important than the absolute size of the order intake is the quality of it. With TRaaS contracts signed in the USA and Netherlands, the major part of the order intake came from recurring revenue contracts. The renewal of the Dutch TRaaS contract stands out this quarter for its longevity. We received the second renewal of this contract in November, extending it to a total contract length of 12 years. This speaks for our long standing customer relationship, based on our excellent hit rate and uptime performance. In the USA two of the three contracts we signed in the quarter were school zone speed enforcement contracts, a strategic objective for us.

Looking at the full year of 2020, we booked a record high order intake of 788 million on a 12-months rolling base. This is 40% higher than the already strong 2019 year. The excellent global spread of the full year order intake as well as the high level of TRaaS order intake, is paving the way for strong profitable sales growth in the years to come.

TRaaS Sales up by 23%

The total Sales for the quarter came in at SEK 134 million. We are pleased with this sales level, given that not all school zone speed enforcement programs in the USA have fully restarted in Q4 as a result of the pandemic. Of the Sales in the quarter, 44% relates to TRaaS, mainly from programs in the USA. This is an improvement of 12 percentage points compared to Q4 last year at 32%.

Overall the total global Sales for the year grew by 12% to SEK 455 million compared to SEK 406 million in 2019. Given the market challenges in 2020, we consider this an excellent growth level. The global distribution of our Sales by Region is well balanced in 2020, with 26% coming from Americas, 34% from Europe and 40% from APAC and MEA. In 2020 TRaaS accounted for SEK 217 million, 48% of total Sales. Compared to 2019, with SEK 177 million of TRaaS Sales, this is an increase of 23%.

Positive EBIT of SEK 11 million

We finished the year at a high EBITDA level of nearly SEK 60 million, or 13% of Sales. This is a doubling of our EBITDA compared to 2019. We are particularly proud to have reached this result in a year of global economic downturn due to the COVID-19 crisis. Right from the start of the pandemic, we came together as a global team and continued our business, almost as usual. It has taught us that our investments in customer relations, in our internal organisation and in our agile way of working are paying off in times of global distress. Due to this favourable situation we could keep our sales levels high and our margins up. On top, we managed the cost side of our company well, even with the average number of full time employees during the year increasing with 27, to support our growing business. Our total expenses decreased with 11 percent during the year. With higher sales, stable margins and lower expenses we are proud to have realized a positive EBIT of SEK 11 million in 2020, an improvement of SEK 35 million compared to last year.

Strong position in Costa Rica contract

During the quarter it became apparent that the Costa Rican economy has been severely impacted by the COVID-19 pandemic. The budget already allocated to our customer for the execution of our contract was withheld by the Ministry of Finance. The Costa Rican government clearly recognises the benefits of our traffic enforcement program for the general public, but has other financial priorities in the short term. Given our strong contractual position and the willingness of the government to ultimately implement a national traffic safety program, we believe the program will be rolled-out as projected, albeit later than initially expected. Right now, our best estimate is that first deliveries will start in the second half of 2021.

Saudi Arabia deliveries restarted

In August 2020 we received a contract from our customer in the Kingdom of Saudi Arabia for our in-vehicle solution. With a total contract value of SEK 275 million, this represents the largest single contract ever awarded to Sensys Gatso. We are pleased to have started the deliveries of this program in Q3. Due to logistics challenges at our customer, only 15% of the contract revenue is accounted for in 2020. We have restarted deliveries in February and foresee the remainder of the deliveries under the contract to be executed throughout 2021.

Investigation in The Netherlands

In January the Fiscal Information and Investigation Service in the Netherlands started an investigation into Sensys Gatso Netherlands B.V. (formerly known as Gatsometer BV). The investigation relates to allegations of misconduct in Gatsometer B.V., before the acquisition by Sensys Traffic AB. The investigation is at the very initial phase of collecting information and verifying details related to a certain contract dating back to 2015. Although not a MAR obligation, we decided nevertheless to inform the market about this initial investigation. We have initiated our own internal audit which has not provided any indications of possible wrong-doing. We will proactively share our findings with the investigating authority. Although we are positive about the outcome, it will not be possible to assess if there are any consequences for the company, until a final conclusion has been reached by the investigating authority.

Pär Degerman joins Sensys Gatso as CTO

We are pleased that Pär Degerman has joined Sensys Gatso in February as our new CTO, replacing Timo Gatsonides, who decided to pursue other opportunities. Timo's vast experience in our industry and his inclusive leadership style have helped us to get to our current leading market position. Timo Gatsonides will remain with the company in an advisory role.

Pär Degerman has an international technical background from Scania and Einride where he has served as CTO of the company. Pär holds a Master of Science as well as a Licentiate degree from Linköping University. He has strong skills in building a modern engineering organization and he brings additional knowledge about the automotive and traffic industry to our company. I am confident that he will be able to help align the company with the changing market needs, creating long term shareholder value. Pär will introduce himself and share his technology vision on our business during the Q1 market presentation.

Outlook

Our order book is stronger than ever before, our TRaaS business continues to grow, leading to higher margins. Together with tightly managed costs, our EBITDA margin has nearly doubled from 7% in 2019 to 13% in 2020.

Even with some short term revenue impact related to COVID-19, we retain our long-term plan to grow our net sales from SEK 454 million in 2020 to more than SEK 1 billion, of which TRaaS revenues is more than SEK 600 million, in 2025. We also retain our ambition to increase the profitability from 13 percent EBITDA margin in 2020 to more than 15 percent in 2025.

Ivo Mönnink
CEO, Sensys Gatso Group

Financial summary

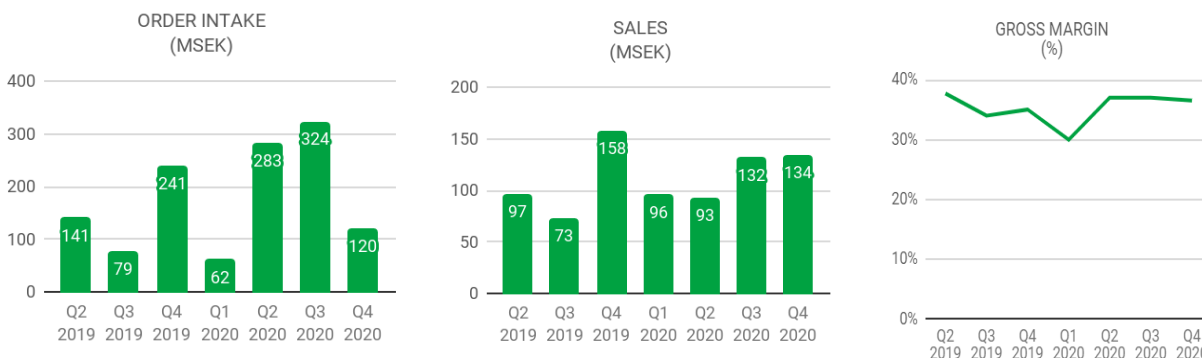
Key indicators

	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
TSEK	2020	2019	2020	2019	2018
Net sales	134,252	157,997	454,933	406,328	380,349
Order intake	120,458	241,194	788,353	561,940	480,284
Gross margin (%)	36.5	34.6	35.6	35.7	42.5
Operating profit (EBIT)	12,541	13,897	10,821	-24,374	589
Operating margin (EBIT %)	9.3	8.8	2.4	Neg	0.2
Operating profit (EBITDA)	23,307	27,072	59,438	28,585	37,563
Profit for the period	10,728	18,412	3,954	-15,111	-2,472
Earnings per share, before and after dilution (SEK)	0.01	0.02	0.00	-0.02	0.00
Cash flow from operations	-6,984	43,395	15,466	-3,740	49,307

EBITDA

	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
TSEK	2020	2019	2020	2019	2018
Operating profit (EBIT)	12,541	13,897	10,821	-24,374	589
Depreciation tangible and intangible fixed assets	9,366	8,804	34,582	30,767	14,562
Amortization of acquired intangible assets	1,400	4,371	14,034	22,192	22,412
Operating profit (EBITDA)	23,307	27,072	59,438	28,585	37,563

Financial results Group



Fourth quarter October – December 2020

Order intake during the fourth quarter totalled SEK 120.5 million compared to SEK 241.2 million in the same quarter last year. The order intake for the quarter mainly relates to TRaaS contract renewals and new contracts in the USA and the Netherlands for a total amount of SEK 94.7 million over a contract period between 4-5 years.

Net sales in the fourth quarter amounted to SEK 134.3 million (158.0). The segment System Sales contributed SEK 100.9 million (129.7) and Managed Services contributed SEK 33.4 million (28.3).

Of the total sales in the fourth quarter, 44 percent relates to TRaaS recurring revenues based on Service & Maintenance, License and Managed Services revenue, compared to 32 percent in Q4 2019.

The gross margin for the quarter was 36.5 percent (34.6).

The operating expenses totalled SEK 36.5 million (40.7) including amortisation of intangible fixed assets recognized. Operating expenses are lower, mainly due to lower amortisation of intangible fixed assets in connection with Purchase Price Allocation of the acquisition of Gatso Beheer BV. The amortisation has decreased from SEK 4.4 million in the fourth quarter of 2019 to SEK 1.4 million in 2020.

The EBITDA amounted to SEK 23.3 million (27.1).

The operating profit (EBIT) for the quarter amounted to SEK 12.5 million (13.9) and the profit after taxation totalled SEK 10.7 million (18.4).

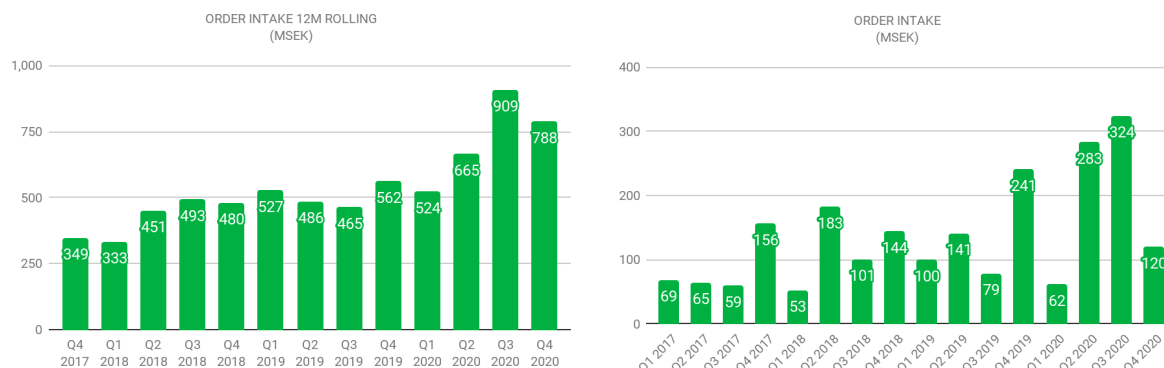
January – December 2020

The 12 months rolling order intake of the fourth quarter amounted to SEK 788.4 million (561.9). Big contributors to this order intake level are;

- The contract from Costa Rica in the second quarter of this year to the amount of SEK 192 million and
- The order from our Saudi Arabian customer in the third quarter of 2020 for the in-vehicle solution for an amount of SEK 275 million.

- New contracts and renewals in the USA to the amount of SEK 159 million over contract periods of 5 years.

The order intake of the fourth quarter ended at 120.5 million (241.2).



TRaaS is recurring revenue from Service and Maintenance within System Sales and Managed Services. TRaaS revenues for the quarter amounted to SEK 58.7 million (50.0), an increase of approximately 17 percent.

	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019	Jan - Dec 2018
TSEK					
System Sales	75,549	108,039	237,743	229,153	235,908
TRaaS: Service & Maintenance	24,519	21,149	91,162	79,021	67,729
TRaaS: Licenses	832	864	3,623	3,468	6,722
TRaaS: Managed Services	33,352	27,945	122,405	94,686	69,990
Total Sales	134,252	157,997	454,933	406,328	380,349
Of which TRaaS:	58,703	49,958	217,190	177,175	144,441
TRaaS % of total Sales:	44%	32%	48%	44%	38%

Of the total sales in 2020, 48 percent relates to recurring revenues based on Service & Maintenance, License and Managed Services revenue, compared to 44 percent in 2019.

	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
TSEK	2020	2019	2020	2019	2018
Europe	53,766	57,859	153,032	188,089	172,219
Americas	27,923	40,811	119,044	103,453	70,362
APAC and MEA	52,563	59,327	182,857	114,786	137,774
Total Sales	134,252	157,997	454,933	406,328	380,354

Sales year to date has shown a good spread throughout the regions Europe, Americas and APAC & MEA. In comparison the company's sales are less dependent on the European market. The full year sales amounted to 454.9 million compared to 406.3, which represents a 12% growth.

The gross margin in 2020 amounted to 35.6 percent (34.6).

The operating expenses totalled SEK 150.0 million (169.4) The operating expenses have decreased compared to last year due to lower amortisation of intangible fixed assets related to Purchase Price Allocation of the acquisition of Gatso Beheer BV (in 2015) at SEK 14.0 million compared to SEK 22.2 million previous year. During the year the company received the COVID-19 relief from the Dutch government to the amount of SEK 3.5 million, which has been recorded as a benefit in the operating expenses. The COVID-19 relief received from the US government (Payment Protection Program) to the amount of 4.5 million is recorded on the balance sheet as this is, from a legal perspective, a loan until forgiveness is granted. The process of applying for forgiveness will be initiated in 2021.

The EBITDA in the year amounted to SEK 59.4 million (28.6) and the EBITDA-margin increased to 13.1 percent (7.0).

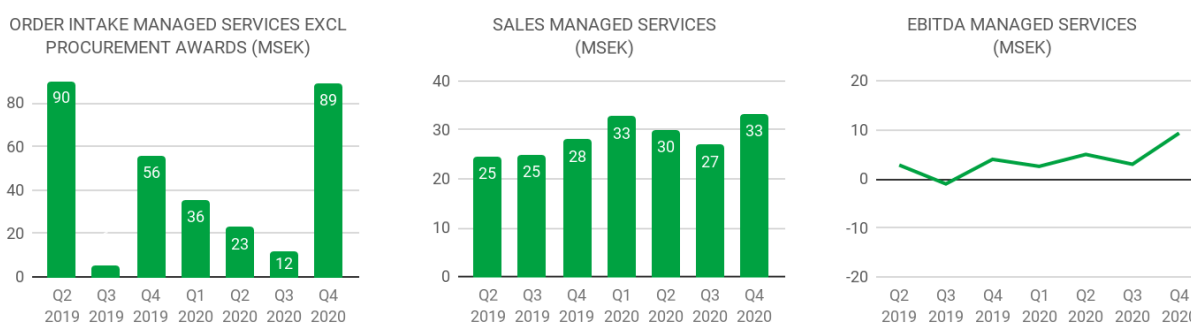
The operating profit for the year totalled SEK 10.8 million (-24.4) and the profit after taxation totalled SEK 4.0 million (-15.1).

Personnel

The average number of full-time employees was 229 people (202). The number of employees at the end of the year was 252 (252).

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

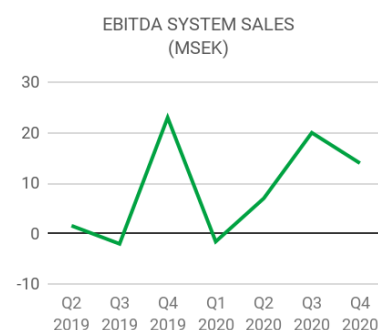
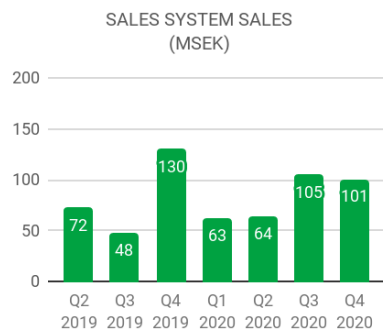
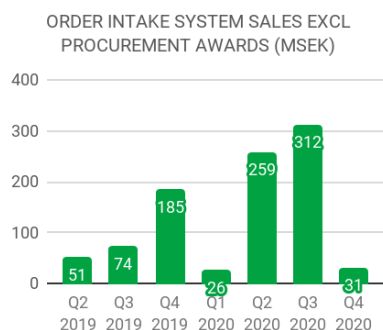
The order intake for the quarter amounted to SEK 89 million (56). During the quarter we have received two new contracts for school zone speed and red-light with a total contract value of SEK 66 million over a five year contract period. We also received a contract extension for a period of 4 years with a total contract value of SEK 23 million.

Managed Services sales amounted to SEK 33.4 million (28.3) in the quarter. The segment has incurred an EBITDA of SEK 9.3 million (4.4). 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, mainly relating to fixed assets in operations, amounted to SEK 5.8 million for the period. This is including the amortisation of intangible fixed assets of SEK 0.1 million relating to the acquisition of Gatso Beheer B.V.

The segment incurred an operating profit (EBIT) of SEK 3.5 million compared to -3.7 million for the same quarter last year.

The sales for the year increased from SEK 94.9 million to SEK 122.4 million, which corresponds to an increase of 29% year over year. The EBITDA for 2020 landed at 20.2 million (7.4), which is an increase of 173%. This has resulted in an operating profit to the amount of SEK -8.1 million (-25.7).



System Sales

The order intake for the segment System Sales amounted to SEK 31.5 million in the quarter. The order intake mainly relates to repeat orders and repairs and calibrations. During the period we have received a four year contract extension in The Netherlands with a total contract value of SEK 5.7 million, demonstrating our strong contract retention based on high customer satisfaction.

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. The one-off System Sales in this quarter relates mainly to Systems Sales in Middle East and Australia.

Systems Sales amounted to SEK 100.9 million (129.7) in the quarter, of which SEK 25.4 million (22.0) relates to TRaaS recurring revenue, i.e. 25 percent (17).

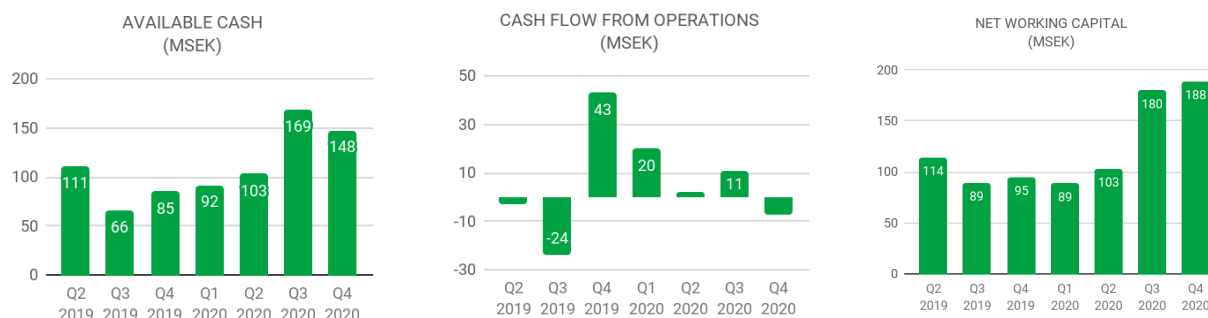
The segment has incurred an EBITDA of SEK 14.0 million in the quarter compared to SEK 22.7 million in the same quarter of 2019.

The operating profit for the quarter amounted to SEK 9.0 million (17.6). Year to date the operating profit amounted to SEK 18.9 million (1.3).

TSEK	Oct - Dec 2020			Oct - Dec 2019		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	102,702	33,611	136,313	151,533	28,767	180,300
Inter-segment transactions	-1,801	-261	-2,062	-21,828	-476	-22,304
Total Net Sales	100,901	33,350	134,251	129,705	28,291	157,996
EBITDA	13,978	9,329	23,307	22,661	4,411	27,072
Depreciation and amortization	-4,941	-5,825	-10,766	-5,092	-8,083	-13,175
Operating Profit	9,037	3,504	12,541	17,569	-3,672	13,897
Net financial items			-884			-1,017
Profit before tax			11,657			12,880
Tax			-929			5,532
Profit for the period			10,728			18,412

TSEK	Jan - Dec 2020			Jan - Dec 2019		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	340,505	124,158	464,663	344,882	96,581	441,463
Inter-segment transactions	-7,977	-1,753	-9,730	-33,421	-1,717	-35,138
Total Net Sales	332,528	122,405	454,933	311,461	94,864	406,325
EBITDA	39,284	20,154	59,438	21,184	7,383	28,567
Depreciation and amortization	-20,339	-28,278	-48,617	-19,838	-33,121	-52,959
Operating Profit	18,945	-8,124	10,821	1,346	-25,738	-24,392
Net financial items			-8,345			-3,137
Profit before tax			2,476			-27,529
Tax			1,478			12,418
Profit for the period			3,954			-15,111

Cash flow and financial position



Cash and available cash

Cash and cash equivalents at the end of the period totalled SEK 108.5 million (52.4). At the end of the period free available cash amounted to SEK 147.7 million (84.9) 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 37.5 million. This facility releases 12.5 million every 6 months if covenants are met.

Cash flow from operating activities

During the quarter Sensys Gatso had a negative cash flow from operating activities of SEK -7.0 million (15.9). The negative operating cash flow is mainly due to building up inventories and work in progress for deliveries to our Saudi customer.

Cash flow from investing activities

The investments in fixed assets for the quarter amounted to SEK 9.4 million (21.2). The total amount of investments during 2020 in fixed assets amounted to SEK 33.0 million (45.0) of which SEK 19.0 million (41.4) related to tangible fixed assets and SEK 14 million (3.7) related to intangible fixed assets. The investments in intangible fixed assets mainly relates to the continued development of our FLUX platform.

Financial position

The Group's equity at the end of the period totalled SEK 514.6 million (448.9), producing an equity/assets ratio of 67.3 percent (63.4).

Net interest-bearing debt amounted to SEK 9.8 million (77.0). 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 -18.6 million (43.6) at the end of 2020.

TSEK	31 Dec 2020	31 Dec 2019	31 Dec 2018
Lease liabilities	28,377	33,449	0
Bank Loans and Credit facilities	51,640	46,090	0
Shareholder loans	38,284	49,836	58,891
Cash and bank	-108,489	-52,373	-76,607
Net Interest-bearing debt	9,812	77,002	-17,716
-/- Lease liabilities	-28,377	-33,449	0
Adjusted Net Interest-bearing debt	-18,565	43,553	-17,716

Significant events and other information

Significant events during the quarter

- 2 Nov Sensys Gatso receives four year TRaaS contract extension, valued at SEK 5.7 million, for section control in the Netherlands
- 16 Nov Sensys Gatso Receives Five-Year TRaaS Contract Extension in Abington, Pennsylvania worth SEK 23 million
- 25 Nov Sensys Gatso receives a five-year TRaaS contract valued at SEK 34 million for school zone photo enforcement in the city of East Providence, Rhode Island
- 2 Dec Sensys Gatso receives approval for five-year TRaaS contract from Jamestown, New York valued at SEK 32 million for school zone speed enforcement

Significant events after the quarter

- 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

Significant events during the previous quarters

- 7 Jan Sensys Gatso receives five-year TRaaS contract, valued at SEK 28 million, for a new school zone speed enforcement program from St. Mary's, Georgia, USA
- 7 Feb Sensys Gatso expects to receive notice of award in Costa Rica, Central America, valued at SEK 192 million
- 12 Feb Sensys Gatso confirms notice of award in Costa Rica, Central America, valued at SEK 192 million
- 8 May Sensys Gatso receives order from the Swedish Transport Administration worth SEK 24 million
- 15 May Sensys Gatso confirms contract signature in Costa Rica, Central America, valued at SEK 192 million
- 2 June Sensys Gatso receives five year TRaaS contract, valued at SEK 21 million for school zone photo enforcement in the city of Parma, Ohio
- 11 June Sensys Gatso receives four year TRaaS contract extension, valued at SEK 8 million, for section control in the Netherlands
- 22 June Sensys Gatso completed growth financing with Rabobank of SEK 50 million
- 10 July Sensys Gatso has received a procurement award for red-light and mobile speed enforcement in Malaysia worth SEK 14 million

- 15 July Sensys Gatso receives Purchase Order for upgrade of technology under an existing TRaaS maintenance services contract to the value of SEK 6.4 million
- 3 Aug Sensys Gatso receives contract from Saudi Arabia worth SEK 275 million
- 6 Aug Gatso Special Products B.V. informs Sensys Gatso Group about the intention to convert the installment of EUR 1 million of the Vendor loan into shares
- 22 Aug Sensys Gatso USA Announces the Fulfillment and Finish of the Oklahoma Uninsured Vehicle Enforcement Diversion (UVED) Contract
- 9 Sep Sensys Gatsos directed new share issue heavily oversubscribed, thereby raising proceeds of SEK 75 million
- 29 Sep Sensys Gatso Receives Five-Year TRaaS Contract Extension in Edgewood, Florida worth SEK 7 million

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

Conversion of vendor loan

In connection with the acquisition of Gatso Beheer B.V. in 2015 a vendor note 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 2.84 million per September 30, 2020. In the fourth quarter a part of the installment due on 31 July 2020 to the amount of EUR 1 million has been converted into 8.180.523 shares. As per the end of the year, the remaining part of the vendor loan amounts to EUR 1.84 million.

Sustainability

Making the roads safer by changing human behaviour in traffic is 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 system solutions and products to improve traffic safety. Our largest product category includes automatic speed and redlight monitoring systems designed to prevent traffic accidents and thereby saving lives and reducing costs to society. Our customers consist of police and road authorities all around the world, and to some extent of 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 additional sales over time. The production of our solutions is partly done by third party suppliers in Sweden, and partly at our own production facility in Haarlem, the Netherlands - overall engaging approximately 10 employees in Haarlem and 80 different suppliers in Sweden and the Netherlands. Sensys Gatso is committed to UN Global Compact ten principles and reports on progress. Sensys Gatso is all about making traffic safer in the world's drive for sustainable cities and the UN 2030 Sustainable Development Goals (SDG). Sensys Gatso's business is focused on SDG goal number 11, building sustainable cities and communities.

This is where we can make the biggest difference. See more information in our Sustainability Report in the 2019 Annual Report, available at www.sensysgatso.com.

AGM 2021

The AGM for 2021 will take place on Tuesday May 11, 2021, in Jönköping. Please, go to www.sensysgatso.com/ for more information about the nomination committee and how to proceed as a shareholder to get an issue handled by the AGM.

Dividend

No dividend is proposed for the financial year 2020.

The dividend policy is that generated net profit will be re-invested in the company to finance the growth plan. When the growth plan is fully financed, dividend will materialize after assessment of the company's financial position, organic growth opportunities, investments, acquisition opportunities and cash-flow.

Audit

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

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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 25 February 2021.

Group figures

Consolidated statement of comprehensive income

TSEK	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019	Jan - Dec 2018
Net sales	134,252	157,997	454,933	406,325	380,349
Cost of goods sold	-85,260	-103,374	-293,066	-261,278	-218,834
Gross profit	48,992	54,623	161,867	145,047	161,515
Selling expenses	-15,137	-20,217	-72,177	-81,157	-75,098
Administrative expenses	-14,348	-9,175	-48,300	-41,067	-38,579
Development expenses	-7,883	-11,588	-34,080	-47,849	-46,176
Other operating expenses/income (1)	917	254	3,511	634	-1,073
Operating profit	12,541	13,897	10,821	-24,392	589
Net financial items	-884	-1,017	-8,345	-3,137	-1,685
Profit before tax	11,657	12,880	2,476	-27,529	-1,096
Tax	-929	5,532	1,478	12,418	-1,376
Profit for the period	10,728	18,412	3,954	-15,111	-2,472
Profit is attributable to owners of Sensys Gatso Group AB	10,072	17,991	5,051	-13,386	-1,897
Profit is attributable to non- controlling interest	656	421	-1,097	-1,725	-575
	10,728	18,412	3,954	-15,111	-2,472
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	-18,700	-10,638	-19,470	9,154	18,587
Total other comprehensive income for the period, net after tax	-18,700	-10,638	-19,470	9,154	18,587
Total comprehensive income for the period	-7,972	7,774	-15,516	-5,957	16,115
Number of shares (thousands)	921,776	860,024	921,776	860,024	860,024
Earnings per share, before and after dilution (SEK)	0.01	0.02	0.00	-0.02	0.00

1) The full year numbers of 2020 includes 3.5MSEK Governmental COVID-19 relief

Consolidated balance sheet

TSEK	31 Dec 2020	31 Dec 2019	31 Dec 2018
Assets			
Goodwill	242,145	257,164	251,257
Customer contracts and relations	1,298	10,338	24,076
Brand	9,857	12,738	14,654
Product and software development	36,229	29,582	34,399
Property, plant and equipment	38,551	45,253	8,666
Fixed assets in operations	47,885	56,110	33,340
Deferred tax assets	39,983	45,315	34,003
Other non-current assets	289	330	351
Trade and other receivables	65,436	76,137	56,935
Inventories and work in progress	139,809	96,939	71,864
Other current assets	34,568	26,074	25,511
Cash and bank balances	108,489	52,373	76,607
Total assets	764,539	708,353	631,663
Shareholders' equity and liabilities			
Shareholders' equity	514,559	448,854	453,689
Long-term Lease liabilities	19,043	23,110	0
Long-term Bank loans	8,783	0	0
Long-term Liabilities towards shareholders	28,246	39,387	48,692
Warranty Provision	10,026	10,032	6,907
Deferred tax liabilities	4,703	9,753	16,824
Short-term Lease liabilities	9,334	10,339	0
Short-term Bank liabilities	42,857	46,090	0
Short-term liabilities towards shareholders	10,038	10,449	10,199
Trade and other payables	59,711	47,955	27,996
Other current interest-free liabilities	57,239	62,384	67,356
Total shareholders' equity and liabilities	764,539	708,353	631,663

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

Consolidated statement of changes in equity

	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019	Jan - Dec 2018
TSEK	2020	2019	2020	2019	2018
Beginning of period	513,056	439,973	448,854	453,689	420,072
New share issue	9,475	0	84,475	0	17,502
Share issue costs (net after tax effect)	0	0	-3,255	0	0
Other movements	0	1,107	0	1,107	0
<i>Comprehensive income</i>					
Net profit for the period	10,072	17,991	5,051	-13,371	-1,897
Minority interest in subsidiaries	656	421	-1,097	-1,725	-575
Other comprehensive income	-18,700	-10,638	-19,469	9,154	18,587
Total comprehensive income for the period	-7,972	8,881	-15,515	-4,835	16,115
End of period	514,559	448,854	514,559	448,854	453,689

Goodwill impairment test

Goodwill is not subject to amortisation but is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be subject to impairment. Due to the COVID-19 pandemic, Sensys Gatso has tested the goodwill for impairment during the second quarter and in the fourth quarter of 2020.

The tests were performed on each of the cash generating units (CGU), Segment System Sales and Segment Managed Services, to assess whether any need for impairment for goodwill exists in line with the applied accounting policies.

The impairment test data is based on similar assumptions as disclosed in our annual report 2019. The forecast used for the CGU's is based on the five year business plan for each unit, approved by the board of directors, as a starting point. The budgets and forecasts were built-up from the entities in collaboration between entity General Managers and Group Management.

The movement in goodwill valuation in 2020 of the segments System Sales and Managed Services relates to currency effects. No impairments were taken in 2020 (Full year 2019:0).

Cash flow statement

	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019	Jan - Dec 2018
TSEK					
Operating profit	12,541	13,897	10,821	-24,392	589
Items with no effect on cash flow	9,294	17,147	48,612	57,561	34,457
Financial items	-1,723	2,516	-4,047	-1,817	-486
Tax paid	1,250	1,451	2,296	425	-310
Funds contributing from operating activities	21,362	35,011	57,682	31,777	34,249
Change in working capital	-28,346	8,384	-42,216	-35,517	15,058
Cash flow from operating activities	-6,984	43,395	15,466	-3,740	49,307
Cash flow from investing activities	-9,359	-21,202	-33,008	-45,005	-21,314
	-16,343	22,193	-17,542	-48,745	27,993
Financing activities					
New share issue minus cost	0	0	70,965	0	17,502
Loan movements (1)	-718	0	16,796	0	0
Lease payments (IFRS16)	-2,765	-4,032	-11,549	-11,689	-266
Repayment/usage of credit facilities	-44	-139	-3,233	46,090	-10,200
Repayment of loan to shareholders	0	0	0	-10,199	-17,502
Change in cash and bank balances	-19,870	18,022	55,437	-24,543	17,527
Liquid funds at the beginning of the period	127,517	33,983	52,372	76,607	58,931
Translation differences in liquid funds	842	368	680	309	149
Closing cash and cash equivalents	108,489	52,373	108,489	52,373	76,607

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

Parent company figures

Statement of comprehensive income

	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019	Jan - Dec 2018
TSEK	2020	2019	2020	2019	2018
Other sales	4,004	-17,981	11,941	7,981	6,040
Cost of goods sold	0	0	0	0	0
Gross profit	4,004	-17,981	11,941	7,981	6,040
Selling expenses	0	0	0	0	0
Administrative expenses	-5,255	31,086	-17,205	-13,665	-13,881
Development expenses	0	0	0	0	0
Other operating expenses/income	0	0	0	-24	0
Operating profit	-1,251	-1,278	-5,264	-5,708	-7,841
Net financial items	13,245	11,630	13,630	10,883	7,068
Profit before tax	11,994	10,352	8,366	5,175	-773
Tax	508	-1,121	-1,707	-1,121	-1,343
Profit for the period/Comprehensive income for the period	12,502	9,231	6,659	4,054	-2,116

	31 Dec	31 Dec	31 Dec
TSEK	2020	2019	2018
Product and software development	19,933	6,896	3,824
Shares in subsidiaries	413,952	413,952	413,952
Deferred tax assets	17,714	18,640	19,761
Receivables from Group	64,537	43,787	42,835
Other current assets	1,325	1,027	679
Cash and bank balances	62,755	12,866	21,389
Total assets	580,216	497,168	502,440
Shareholders' equity and liabilities			
Shareholders' equity	554,752	465,146	460,790
Long-term Bank loans	0	0	0
Long-term liabilities towards shareholders	8,170	18,489	28,141
Short-term Bank liabilities	0	0	0
Short-term liabilities towards shareholder	10,038	10,449	10,199
Trade and other payables	1,431	1,412	628
Trade and other payables from Group	99	0	81
Other current interest-free liabilities	5,726	1,672	2,601
Total shareholders' equity and liabilities	580,216	497,168	502,440

Statement of changes in shareholders equity

	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019	Jan - Dec 2018
TSEK					
Beginning of period	532,548	455,613	465,146	460,790	445,043
New share issue, net	9,475	0	84,475	0	17,502
Share issue costs (net after tax effect)	0	0	-3,255	0	0
Other movements	0	0	1,500	0	0
Profit for the period/Comprehensive income for the period	12,502	9,231	6,659	4,054	-2,116
Stock related remuneration	227	302	227	302	361
End of period	554,752	465,146	554,752	465,146	460,790

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 2020 amounted to 921,776,405 (860,024,407). The average number of shares during the year was 879,244,986 (860,024,407). The earnings per share before and after dilution for the full year 2020 amounted to SEK 0.00.

The table below shows the five largest shareholders in the Company as per end of 2020. 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) In the fourth quarter the family office has increased their share holding by 8,180,523 shares due to the conversion of the vendor note.

#	Shareholder	Number of shares	Proportion of share capital/ Votes%
1	BNP PARIBAS SEC SERVICES PARIS	164,428,138	17.8
2	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	45,301,759	4.9
3	NORDNET PENSIONS FÖRSÄKRING AB	25,827,630	2.8
4	WALL, PER	23,000,000	2.5
5	BERGSTRAND, INGER	20,659,837	2.2
6	Handelsbanken fonder	13,470,639	1.5
7	BNY MELLON SA/NV (FORMER BNY), W8IMY	10,599,225	1.2
8	SEB Investment Management	9,957,982	1.1
9	SWEDBANK FÖRSÄKRING AB	8,905,849	1.0
10	FUTUR PENSION	7,876,650	0.9

#	Country	Proportion of share capital/ Votes%
1	Sweden	74.3
2	Netherlands	17.9
3	Belgium	1.3
4	United States	1.3
5	Denmark	1.1
6	Other	4.1
		100.0

Quarterly data

Consolidated statement of income

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	134,252	131,595	93,456	95,630	157,997	73,028	96,863	78,440
Cost of goods sold	-85,260	-82,399	-58,443	-66,964	-103,374	-48,272	-60,360	-49,272
Gross profit	48,992	49,196	35,013	28,666	54,623	24,756	36,503	29,168
Costs	-36,451	-36,268	-35,940	-42,387	-40,726	-42,601	-44,751	-41,346
Operating profit	12,541	12,928	-927	-13,721	13,897	-17,845	-8,248	-12,178
Net financial items	-884	-4,120	1,797	-5,138	-1,017	-63	-1,594	-465
Profit before tax	11,657	8,808	870	-18,859	12,880	-17,908	-9,842	-12,643
Tax	-929	-2,892	2,253	3,046	5,532	2,238	1,594	3,053
Profit for the period	10,728	5,916	3,123	-15,813	18,412	-15,670	-8,248	-9,590

Key indicators and other information

TSEK	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating margin (%)	9.34	9.82	Neg	Neg	8.80	Neg	Neg	Neg
Gross margin (%)	36.49	37.38	37.46	29.98	34.57	33.90	37.69	37.19
Profit margin (%)	7.99	4.50	3.34	Neg	11.65	Neg	Neg	Neg
Equity per share (SEK)	0.56	0.56	0.51	0.53	0.52	0.51	0.52	0.53
Cash flow per share (SEK)	-0.01	0.01	0.00	0.02	0.05	-0.03	0.00	-0.02
Number of employees	252	259	255	270	252	255	231	210
No. of outstanding shares (thousands)	921,776	913,596	860,024	860,024	860,024	860,024	860,024	860,024
Equity/assets ratio (%)	67.30	65.98	64.34	64.49	63.37	61.41	66.14	66.24
Order intake (SEK thousands)	120,458	323,701	282,569	61,625	241,194	79,314	141,457	99,975

Segment data

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake								
System Sales	31,458	312,125	259,326	26,017	185,194	73,554	51,157	66,487
Managed Services	89,000	11,576	23,243	35,608	56,000	5,760	90,300	33,488
	120,458	323,701	282,569	61,625	241,194	79,314	141,457	99,975

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales								
System Sales	100,902	105,093	63,680	62,855	129,705	48,124	72,316	61,318
Managed Services	33,350	26,502	29,776	32,775	28,291	24,904	24,547	17,122
	134,252	131,595	93,456	95,630	157,996	73,028	96,863	78,440

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating Profit (EBITDA)								
System Sales	13,978	19,835	7,042	-1,553	22,661	-2,217	1,586	-828
Managed Services	9,329	2,964	5,273	2,570	4,411	-574	2,834	712
	23,307	22,799	12,315	1,017	27,072	-2,791	4,420	-116

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.

Comparability of figures

As of 1 January 2019 IFRS16 has been implemented. Financial numbers before the financial year 2019 are without IFRS16. For comparison to the 2018 financial numbers we refer to the interim reports of 2019 and the annual report of 2019.

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 24 of the 2019 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 2019.

For more information about the accounting policies applied and definitions of key indicators, please refer to the annual report issued for 2019, which is available on the Sensys Gatso [website](http://www.sensysgatso.com) www.sensysgatso.com

Financial calendar and invitation to the presentation

Invitation to a presentation for press and analysts

On 25 February at 10 am CET Sensys Gatso Group invites to 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-q4-2020>

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Upcoming financial events

Calendar	
Q1 Interim Report January- March 2021	27 April 2021
AGM	11 May 2021
Q2 Interim Report January- June 2021	18 August 2021
Q3 Interim Report January - September 2021	24 November 2021
Q4 Year-End Report January - December 2021	23 February 2022

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