

# Year-End Report 2015

## October – December 2015

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

- Net sales amounted to SEK 178.7 million (58.7)
- Order intake amounted to SEK 186.4 million (114.5)
- EBITDA amounted to SEK 37.7 million (20,7)
- The operating profit totalled SEK 21.4 million (20.5)
- The operating margin was 12.0 per cent (34.8)
- The profit after taxation totalled SEK 19.9 million (16.3)
- Earnings per share, before and after dilution, totalled SEK 0.03 (0.03)
- Cash flow from operating activities amounted to SEK 7.4 million (17.4)

## January – December 2015

(Consolidated numbers from August to December 2015 only. Numbers prior 1 August 2015 are for Sensys Traffic AB stand alone)

- Acquisition of Gatso Beheer BV forming Sensys Gatso Group effective from August 1<sup>st</sup>, 2015
- Net sales amounted to SEK 397.8 million (160.6)
- Order intake amounted to SEK 292.4 million (166.2)
- EBITDA amounted to SEK 75.7 million (35.4)
- The operating profit totalled SEK 48.7 million (34.6)
- The operating margin was 12.2 per cent (21.5)
- The profit after taxation totalled SEK 40.9 million (27.3)
- Earnings per share, before and after dilution, totalled SEK 0.07 (0.05)
- Cash flow from operating activities amounted to SEK 34.7 million (33.5)

## Key indicators

SEK thousands	Oct - Dec 2015	Oct - Dec 2014	Jan - Dec 2015	Jan - Dec 2014
Net sales	178,687	58,743	397,825	160,580
Order intake	186,434	114,502	292,410	166,243
Operating profit	21,447	20,470	48,703	34,553
Operating margin (%)	12.0	34.8	12.2	21.5
Gross margin (%)	37.0	59.5	41.7	49.4
Profit for the period	19,873	16,265	40,929	27,294
Earnings per share (SEK)	0.03	0.03	0.07	0.05
Cash flow from operations	7,376	17,400	34,724	33,514

Consolidated numbers from August to December 2015 only. Numbers prior 1 August 2015 are for Sensys Traffic AB stand alone.

## EBITDA

SEK thousands	Oct - Dec 2015	Oct - Dec 2014	Jan - Dec 2015	Jan - Dec 2014
Operating profit	21,447	20,470	48,703	34,553
Depreciation tangible and intangible fixed assets	4,675	189	7,860	866
Amortization of acquired intangible assets <sup>1,2</sup>	11,564	0	19,088	0
<b>EBITDA</b>	<b>37,686</b>	<b>20,659</b>	<b>75,651</b>	<b>35,419</b>

Note 1. Amortization of the fair value adjustments of intangible assets recognized as part of the acquisition of the Gatso Beheer.

Note 2. Amortization on intangible assets related to the acquisition of Gatso Beheer (PPA) split into categories Jan – Dec 2015, other intangibles SEK 2.5 million, brand SEK 0.9 million and customer contracts SEK 15.7 million.

## Comments from the CEO

When looking back at an exciting 2015, I can conclude that Sensys Gatso is a significantly stronger and larger company now compared to the same period last year. The merger with Gatso Beheer was a necessary step to further strengthen our market position and to capture sales growth. The next step is to streamline the merged company, so that the strengthened market position is reflected in our earnings as well.

During the fourth quarter net sales amounted to SEK 178.7 million (58.7) for the combined company, the EBITDA amounted to SEK 37.7 million (20.7) and operating profit was SEK 21.4 million (20.5). For the full year net sales amounted to SEK 397.8 million (160.6). The EBITDA amounted to SEK 75.7 million (35.4), and the operating profit totalled SEK 48.7 million (34.6), corresponding to an operating margin of 12.2% (21.5).

The operating margin for the full year has been affected by one-time costs related to the business acquisition of Gatso as well as amortizations of intangible assets identified in the combination of the businesses.

### Transforming the business – the new Sensys Gatso

In order to meet our ambition to become an even more focused and efficient software and services company, Sensys Gatso aims at reducing costs and improving financial performance in the Dutch and Swedish operations by launching cost reduction and efficiency program. This transformation program will include a reorganization of the system units into centres of excellence in Sweden and the Netherlands, while we will also streamline the supply chain and significantly downsize the assembly operations in the Netherlands.

The program will be reaching full effect in the first quarter of 2017. The final cost and savings of the program is however dependent on the outcome of the negotiations with employee representatives and relevant trade unions that is commencing immediately. More details are enclosed later in the report.

### Acquisition of Gatso Beheer – impacting operating profit

As a result of the business combination of Gatso Beheer the group has in their Purchase Price Allocation (PPA) analysis recognized identifiable intangible assets of SEK 164.6 million (customer contracts, brands, other). These assets will be amortized over their useful lives. Amortization relating to these assets will total SEK 54 million in 2016, and we will disclose the difference between normal amortization and amortization related to the PPA. Goodwill will be subject to annual impairment tests. More details are enclosed later in the report.

### 2016 - a year of transformation

The key to future success is to continue landing services contracts and broaden our services business whilst transforming the organization to become an efficient software and services company. Our ambition is that half of the Group's sales shall, within 2 – 3 years, come from software and services in the areas of safe rural roads, managed highways and sustainable cities.

Looking back at 2015 we continued to deliver on our strategic priorities and we have a clear roadmap of initiatives to continue executing on our strategy to leverage on our global customer reach and a broad product portfolio. At the same time, I believe we have considerable opportunities to continuously improve the business in 2016, even if the short term outlook will be affected by the transformation program and post acquisition effects.

Torbjörn Sandberg  
CEO, Sensys Gatso Group

## Transformation program - 2016

The Board has decided to launch a transformation program covering the Dutch and Swedish operations aimed at reducing costs and improving capital efficiency whilst transforming the organisation into a focused software and services company.

The estimated cost for the program is SEK 30 million. Estimated annual cost savings amounts to SEK 20 million and the net working capital will be reduced by SEK 30 million. The program will be reaching full effect in the first quarter 2017.

The final results of the program depends on the outcome of negotiations with Employee Representatives and Trade Unions.

## Purchase price allocation (PPA)

The valuation of Gatso Beheer BV was based on market value. The amount paid exceeded the book value of Gatso Beheer group with SEK 343.5 million by August 1<sup>st</sup>. The difference between the fair value and the book value of the net assets have been allocated to intangible assets (customer contracts, brand and other) and goodwill. The identified assets will be amortized over their useful lives. Goodwill will not be amortized but instead tested for impairment annually.

Out of the total consideration of SEK 388 million only SEK 75 million, was financed through items affecting cash flow, and the residual was financed through issue of new shares and loans from the seller.

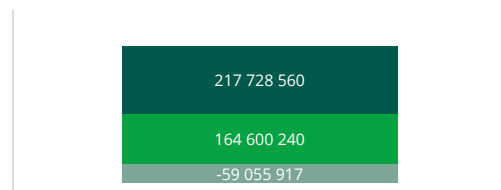
The intangible assets identified in the acquisition of Gatso Beheer consists of:

- Customer contracts: SEK 110.9 million, which will be amortized over 1 to 7 years depending on how long the contracts generate revenue
- The Gatso brand: SEK 20.7 million, which will be amortized over 10 years
- Software rights: SEK 32.9 million, which will be amortized over 4 to 8 years.
- Deferred taxes and minority interest will be deducted from the total value.

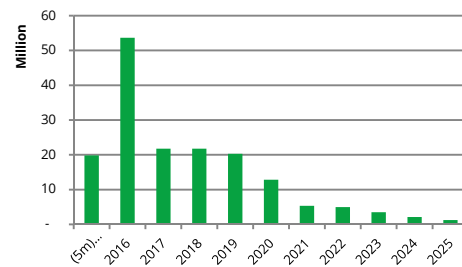
The goodwill is related to synergy effects and the competence of the employees expected to be gained from the acquisition, and totalled SEK 217.7 million.

### PPA

■ Assets for depreciations ■ Goodwill ■ Deferred taxes and minority interests



### Amortization Intangible Assets (PPA) over time



## Significant events during the fourth quarter

Sensys Gatso received orders totalling SEK 186.4 million.

- Order from Sweden of SEK 55 million to be delivered from the fourth quarter 2015 through the fourth quarter 2016.
- Order from of Australia of SEK 51 million where SEK 20 m worth of equipment is to be delivered during the first half of 2016 and the remaining SEK 31 million is for maintenance to be delivered up to June 2018.
- Awarded an order from a municipality in Southern California, USA, on a five-year operator managed services contract worth SEK 20 million over the period.
- Orders from the Middle East worth SEK 23 million to be delivered during the fourth quarter 2015 and the first quarter 2016.<sup>1</sup>
- Order from France worth SEK 7 million to be delivered during the first half of 2016.<sup>1</sup>

Note 1: Sensys Gatso Group released on the 7th of December that an order worth SEK 14 million had been received from France which was not entirely correct. This was in fact two orders, one worth SEK 7 million from France and another order worth SEK 7 million from the Middle East. This does not have any financial impact on the company. Measures have been taken to avoid such mistakes going forward.

Sensys Gatso appointed Timo Gatsonides as CTO to drive the technology strategy for the Group's offering aimed at Safe Rural Roads, Managed Highways and Sustainable Cities.

## THE GROUP

### October - December 2015

Order intake during the fourth quarter totalled SEK 186.4 million (114.5) and relates primarily from the Sweden, Australia, and Middle East. Net sales amounted to SEK 178.7 million (58.7) and consisted primarily of deliveries to the Swedish traffic safety program and to the Middle East.

### January - December 2015

(Consolidated numbers from August to December 2015 only).

Order intake for the full year amounted to SEK 292.4 million (166.2). Net sales, for which the consolidated numbers only refer to August to December, amounted to SEK 397.8 million (160.6). Pro forma sales for the full year amounted to SEK 560 million.

Sales were primarily related to deliveries to the Swedish Transport Administration, France and to customers in the Middle East.

## Financial results

### October - December 2015

Expenses totalled SEK 44.7 million (14.5) and include SEK 11.4 million (0) in amortization of intangible assets recognized as part of the business combination of Gatso Beheer. EBITDA amounted to SEK 37.6 million (20.7) for the quarter and operating profit totalled SEK 21.4 million (20.5). Profit after taxation totalled SEK 19.9 million (16.3)

Gross margin for the quarter was 37.0 per cent (59.5).

### January - December 2015

Expenses for the period totalled SEK 117.1 million (44.8) and includes expenses attributable to the acquisition of Gatso Beheer totalling SEK 27.0 million whereof SEK 7.9 m million are one-time transaction costs posted as administrative costs, and SEK 19.1 million being an effect of amortization of intangible assets recognized as part of the business combination of Gatso Beheer.

EBITDA amounted to SEK 75.7 million (35.4) for the period and operating profit totalled SEK 48.7 million (34.6). Profit after taxation totalled SEK 40.9 million (27.3).

Gross margin for the period was 41.7 per cent (49.4).

## Dividend

At the AGM, the Board of Directors will propose that no dividend will be paid for 2015.

## Financial position

The Group's equity at the end of the period totalled SEK 387.4 million (141.3), producing an equity/assets ratio of 49.9 per cent (79.3). Net debt was SEK 97.3 million (0). The increase in debt is attributable to the acquisition of Gatso Beheer BV.

## Cash flow

Cash flow from operating activities totalled SEK 34.7 million (33.5) during the period and SEK 7.4 million (17.4) for the fourth quarter. The cash flow from working capital was SEK -40.9 million (-1.9) for the period and for the fourth quarter SEK -31.3 m (-3.3).

The cash flow from operating activities and the change in working capital are significantly influenced by larger orders in the fourth quarter.

Cash and cash equivalents at the end of the period totalled SEK 76.2 million (80.5). In addition the company has SEK 10.0 million (10.0) in frozen assets in the bank as a completion guarantee, among others for the contract with the Swedish Transport Administration. This guarantee expires in July 2016.

In connection with the acquisition of Gatso Beheer, Sensys arranged a long-term loan of SEK 50 million as well as a bank overdraft facility of SEK 25 million. The long-term loan has a term of three years and will be repaid by July 2018.

## The Sensys Gatso share

The number of shares at the end of the period was 657,155,077 (541,234,314).

The average number of shares during the period was 589.825.757 (541,234,314).

In July, in connection with the acquisition of Gatso Beheer, Sensys issued 115,920,763 new shares.

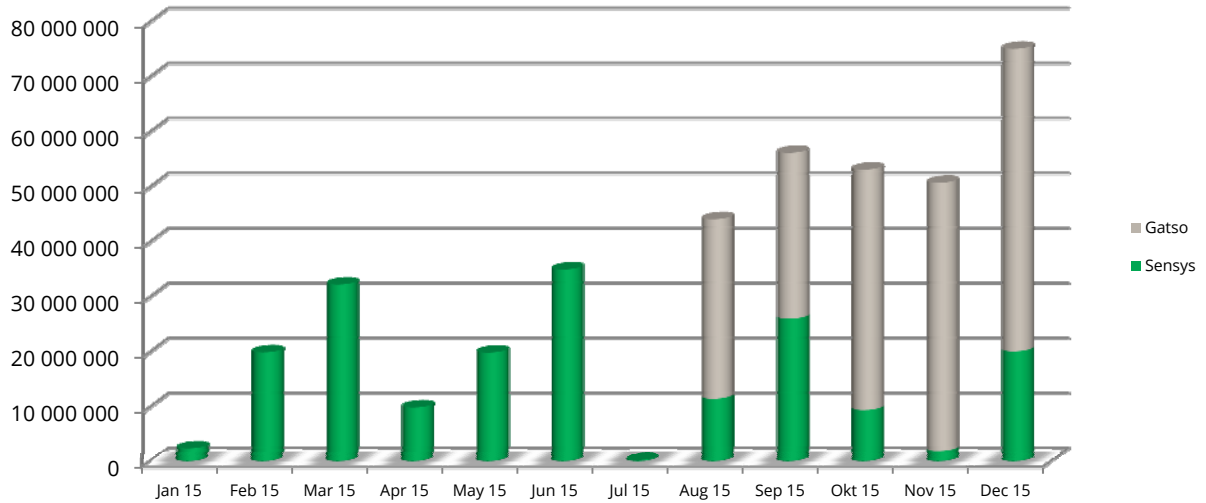
The extraordinary general meeting in July also authorized the board to repurchase a maximum of 5

per cent of the total number of issued shares. During 2015 no repurchase of issued shares has been done.

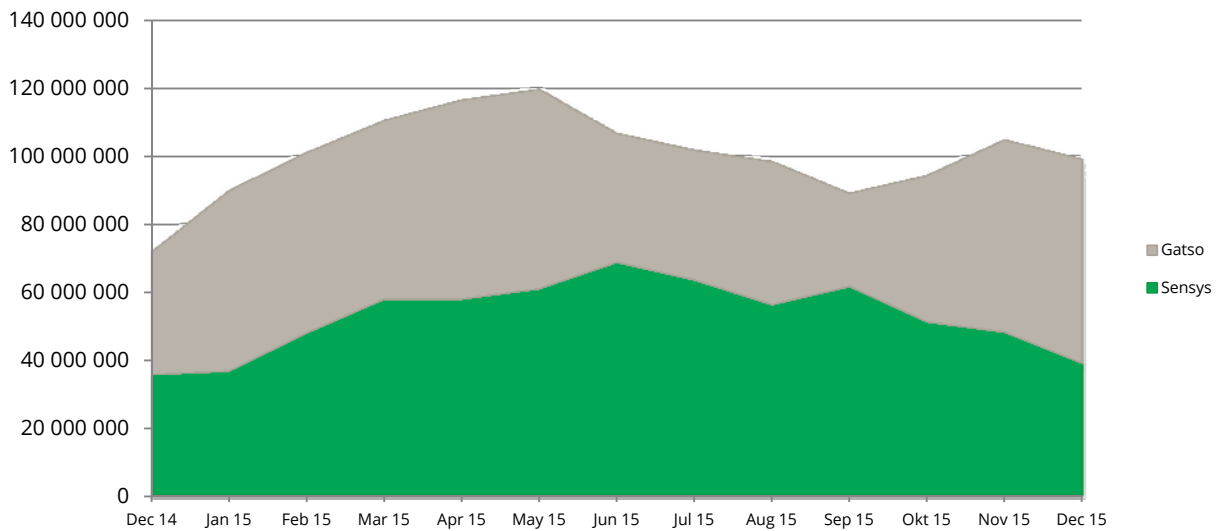
## Personnel

The average number of employees was 154 people (40). The number of employees at the end of the period was 154 (41).

**Revenue, SEK**



**EBITDA 12 month rolling EBITDA in SEK (proforma)**



## PARENT COMPANY

The Sensys Gatso Group AB operation consists of development, marketing and sale of systems that are mainly used for speed and red-light enforcement. The company also provides service and maintenance.

### October - December 2015

Order intake during the fourth quarter totalled SEK 65.6 million (114.5). Net sales amounted to SEK 33.9 million (58.7) and the gross margin was 49.1 per cent (59.5).

### January - December 2015

Order intake during the period amounted to SEK 147.3 million (166.2). Net sales for the period amounted to SEK 190.3 million (160.6) and the gross margin for the period was 49.5 per cent (49.4). Profit before taxation amounted to SEK 38.5 million (35.1) and profit before taxation for the fourth quarter amounted to SEK -1.9 million (20.9).

## Investments

Investments during the period totalled SEK 396.8 million (2.2), of which SEK 395.8 million relates to the acquisition of shares in subsidiaries. Investments during the fourth quarter totalled SEK 1.0 million, of which SEK 0.9 relates investment in property.

The number of employees during the period was 40 (42).

## 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 2014, with the addition of the following principles:

## Principles of consolidation and goodwill

Subsidiaries are all entities over which the group has control. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity issued by the group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred. Contingent considerations are recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries are adjusted to conform to the group's accounting principles.

The results and financial positions of foreign operations that have a functional currency different from the presentation currency are translated into the presentation as follows: assets and liabilities are translated at the closing rate at the end of the balance sheet date and income and expenses are translated at average exchange rates. On consolidation, exchange differences arising from the translation of the net investment are recognised in other comprehensive income.

Goodwill is not subject to amortisation and is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. For the purpose of assessing impairment, goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

## Parent company

Shares in subsidiaries are recognised at acquisition cost less any impairment. The acquisition cost includes acquisition-related costs and any contingent consideration. When there is an indication that shares in subsidiaries have decreased in value, an estimate of the recoverable amount is made. If this amount is lower than the carrying amount, impairment is made. Impairment losses are recognised in the items "Income from participations in Group companies".

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

## Risks and uncertainty

The Group's significant risk and uncertainties has changed in various ways due to the acquisition of Gatso Beheer BV. Today the Group's significant risk and uncertainties consist primarily of financial risks, operational risk and business risks associated with customers and suppliers. Through the company's international operations, the Sensys Gatso Group is subject to financial risk arising from currency fluctuations in export sales, translation exposure and transactional exposure. The most prominent are currency risk arising from export sales. The main part of the transaction exposure are related to the currency exchange rates between SEK/EUR, EUR/USD and EUR/AUD. This exposure is reduced by hedging the flow of sensitive currencies, based on individual

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This report has not been subject of a review by the Company's auditor.

This is information that Sensys Gatso Group AB (publ) must publish pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act.

The information was submitted for publication on 25 February 2016 at 08:30.

assessment. Currency risk also arises in translation of foreign net assets and earnings.

The increase of interest risks are due to the raise of new loans. Loans are issued at fixed- and variable rates between 1 and 3.4 per cent with a duration of one to seven years. There is also loan without duration to related parties with a fixed interest rate of 6 per cent. In relation to the acquisition of Gatso Beheer there was a loan given by the sellers. There are also credit risks and liquidity risks to consider, which are managed thorough rolling forecasts and compliance with the Goups internal targets regarding these risks.

## Significant events after the end of the reporting period

- From January 1, 2016 we will start reporting in two business segment, Systems Sales and Managed Services. In Systems Sales the ownership of the equipment is transferred to the customer, while in Operating Managed Services the ownership remains with us, two significantly different business models.
- In January 4, 2016, Sensys Gatso moved to mid cap on the Nasdaq Stockholm.
- In February 2016, Sensys Gatso Group received an order worth SEK 6.5 million from France.
- After the year end the board has decided to launch a transformation program that will have significant financial impact during 2016.



## Invitation to presentation for press and analysts

On 25 February at 09:30, CEO Torbjörn Sandberg and CFO Niki Gatsonides will present the report and answer questions in an audio cast. The presentation can be followed on the Internet via the link on Sensys Gatsos' website: [www.sensysgatso.com](http://www.sensysgatso.com). It is also possible to listen to the presentation and ask questions by phone, via the following numbers:

Sweden: +46 (0)8 50 33 64 34  
USA: +1 631 510 7498  
UK: +44 (0) 8 444 933 800

Password: 49721386 or Sensys.

Please call ten minutes before the time specified.

## Future reporting dates

Interim report January – March 2016	19 May 2016
Annual General Meeting, 2015	19 May 2016
Interim report April – June, 2016	26 August 2016
Interim report July – September, 2016	24 November 2016

Sensys Gatso is a global leader in traffic management solutions for nations, cities and fleet owners. Sensys Gatso has subsidiaries in Australia, Germany, the Netherlands, Sweden, and the USA, and a branch office in the United Arab Emirates. The Sensys Gatso Group's shares are listed at NASDAQ Stockholm. The Group has 154 employees and is the result of a merger of Sensys Traffic AB and Gatso Beheer B.V. following Sensys Traffic's acquisition of Gatso Beheer.

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

## THE GROUP

### Income statement

SEK thousands	Oct - Dec 2015	Oct - Dec 2014	Jan - Dec 2015	Jan - Dec 2014
Net sales	178,687	58,743	397,825	160,580
Cost of goods sold	-112,531	-23,797	-231,997	-81,242
<b>Gross profit</b>	<b>66,156</b>	<b>34,946</b>	<b>165,828</b>	<b>79,338</b>
Selling expenses	-29,956	-6,255	-62,622	-20,524
Administrative expenses	-8,493	-2,887	-25,515	-6,224
Development expenses	-8,728	-5,173	-27,110	-17,847
Other operating expenses/income	2,468	-161	-1 878	-190
<b>Operating profit</b>	<b>21,447</b>	<b>20,470</b>	<b>48,703</b>	<b>34,553</b>
Net financial items	-1,526	461	-1,422	517
<b>Profit before tax</b>	<b>19,921</b>	<b>20,931</b>	<b>47,281</b>	<b>35,070</b>
Tax	-48	-4,666	-6,352	- 7,776
<b>Profit for the period</b>	<b>19,873</b>	<b>16,265</b>	<b>40,929</b>	<b>27,294</b>
<b>Profit attributable to Owners of Sensys Gatso Group AB</b>	<b>20,349</b>	<b>16,265</b>	<b>41,405</b>	<b>27,294</b>
<b>Non- controlling interest</b>	<b>-476</b>	<b>0</b>	<b>-476</b>	<b>0</b>
	<b>19,873</b>	<b>16,265</b>	<b>40,929</b>	<b>27,294</b>
<b>Other comprehensive income</b>				
Translation differences	-5,291	0	-11,532	0
<b>Comprehensive income for the period</b>	<b>14,582</b>	<b>16,265</b>	<b>29,397</b>	<b>27,294</b>
Number of shares	657,155	541,234	589,826	541,234
Earnings per share	0.03	0.03	0.07	0.05

### EBITDA

SEK thousands	Oct - Dec 2015	Oct - Dec 2014	Jan - Dec 2015	Jan - Dec 2014
Operating profit	21,447	20,470	48,703	34,553
Depreciation tangible and intangible fixed assets	4,675	189	7,860	866
Amortization of acquired intangible assets <sup>1,2</sup>	11,564	0	19,088	0
<b>EBITDA</b>	<b>37,686</b>	<b>20,659</b>	<b>75,651</b>	<b>35,419</b>

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Note 2. Amortization on intangible assets related to the acquisition of Gatso Beheer".

Depreciation of PPA split into categories Jan - Dec 2015, other intangibles SEK 2.5 million, brand SEK 0.9 million and customer contracts SEK 15.7 million.

## Cash flow from operation

SEK thousands	Oct - Dec 2015	Oct - Dec 2014	Jan - Dec 2015	Jan - Dec 2014
<b>Operating profit</b>	<b>21,447</b>	<b>20,470</b>	<b>48,703</b>	<b>34,553</b>
Items with no effect on cash flow	17,183	189	26,948	866
Change in working capital incl. net financial items	-31,254	-3,259	-40,927	-1,905
<b>Cash flow from operating activities</b>	<b>7,376</b>	<b>17,400</b>	<b>34,724</b>	<b>33,514</b>
Investment in tangible non-current assets	-14,047	0	-14,079	-1,674
Investment in intangible non-current assets	-419	0	-419	-550
New loan	0	0	50,000	0
Repayment of loan	-6,250	0	-6,250	0
Investment in subsidiaries	0	0	-68,300	0
<b>Change in cash and bank balances</b>	<b>-13,340</b>	<b>17,400</b>	<b>-4,324</b>	<b>31,290</b>
Opening cash and cash equivalents	89,529	63,113	80,513	49,223
Closing cash and cash equivalents	76,189	80,513	76,189	80,513

## Balance sheet

SEK thousands	31/12/2015	31/12/2014
<b>Assets</b>		
Goodwill	237,203	0
Customer contracts	92,821	0
Brand	19,393	0
Intangible non-current assets	48,130	275
Property, plant and equipment	38,419	1,221
Financial non-current assets <sup>1)</sup>	26,070	31,385
Long-term trade and other receivables <sup>2)</sup>	376	10,000
Trade and other receivables <sup>2)</sup>	137,551	34,357
Inventories	75,434	17,903
Other current assets	23,970	2,467
Cash and bank balances	76,189	80,513
<b>Total assets</b>	<b>775,556</b>	<b>178,121</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	387,352	141,264
Long-term liabilities	43,750	0
Long-term liabilities towards related parties	76,746	0
Provision	14,366	5,077
Defferred tax liabilities	44,293	0
Short-term liabilities	53,034	8,414
Short-term liabilities towards related parties	41,135	0
Trade and other payables	56,401	11,207
Other current interest-free liabilities	58,479	12,159
<b>Total shareholders' equity and liabilities</b>	<b>775,556</b>	<b>178,121</b>

<sup>1)</sup> Tax asset SEK 26.1 million (31.3).

<sup>2)</sup> SEK 10 million in frozen assets in bank representing among other projects, the completion guarantee for the Swedish Transport Administration. This guarantee will end in July 2016.

## Consolidated statement of changes in equity

SEK thousands	Oct - Dec 2015	Oct - Dec 2014	Jan - Dec 2015	Jan - Dec 2014
<b>Beginning of period</b>	<b>364,815</b>	<b>124,999</b>	<b>149,219</b>	<b>113,970</b>
Adjustment of opening balance related to non-controlling interest				
Non-controlling interest	7,955	0	0	0
<b>Adjusted opening balance</b>	<b>372,770</b>	<b>124,999</b>	<b>149,219</b>	<b>113,970</b>
New share issue, net	0	0	208,727	0
Net profit for the period	20,349	16,265	41,405	27,294
Net profit of non-controlling interest	-476	0	-476	0
Other comprehensive income	-5,291	0	-11,523	0
Total comprehensive income for the period		16,265		27,294
<b>End of period</b>	<b>387,352</b>	<b>141,264</b>	<b>387,352</b>	<b>141,264</b>

## Income statement, quarterly data

	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	178,687	100,335	64,475	54,328	58,743	43,043	44,249	14,545
Cost of goods sold	-112,531	-59,624	-35,274	-24,567	-23,797	-22,160	-26,232	-9,036
<b>Gross profit</b>	<b>66,156</b>	<b>40,711</b>	<b>29,201</b>	<b>29,761</b>	<b>34,946</b>	<b>20,882</b>	<b>18,017</b>	<b>5,509</b>
Costs	-44,709	-48,102	-11,715	-12,599	-14,476	-8,425	-11,335	-10,486
<b>Operating profit</b>	<b>21,447</b>	<b>-7,391</b>	<b>17,486</b>	<b>17,162</b>	<b>20,470</b>	<b>12,457</b>	<b>6,682</b>	<b>-4,977</b>
Net financial items	-1,526	201	-230	132	461	-22	-24	23
<b>Profit before tax</b>	<b>19,921</b>	<b>-7,190</b>	<b>17,256</b>	<b>17,294</b>	<b>20,931</b>	<b>12,435</b>	<b>6,658</b>	<b>-4,954</b>
Tax	-48	1,297	-3,796	-3,805	-4,666	-2,735	-1,465	0
<b>Profit for the period/ Comprehensive income for the period</b>	<b>19,873</b>	<b>-5,893</b>	<b>13,460</b>	<b>13,489</b>	<b>16,265</b>	<b>9,700</b>	<b>5,193</b>	<b>-4,954</b>

## Key indicators and other information

	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating margin. %	12.0	neg	27.1	31.6	34.8	28.9	15.1	Neg
Gross margin. %	37.0	40.5	45.3	54.8	59.5	48.5	40.7	37.9
Profit margin. %	11.1	Neg	20.9	24.8	27.7	22.5	11.7	Neg
Equity per share. SEK <sup>1)2)</sup>	0.59	0.55	0.31	0.29	0.26	0.23	0.21	0.20
Cash flow per share. SEK	0.01	-0.05	0.03	0.04	0.03	0.02	0.01	0.01
Number of employees	154	163	41	41	40	41	40	40
No. Of outstanding shares, thousands	651,155	651,155	541,234	541,234	541,234	541,234	541,234	541,234
Equity/assets ratio. %	49.9	47.1	78.0	80.2	79.3	74.6	72.7	79.4
Order input, SEK thousands	186,434	26,532	23,011	43,214	114,502	23,237	15,050	13,454

<sup>1)</sup> Refers to profit and shareholder's equity before and after dilution.

<sup>2)</sup> Sensys has no outstanding incentive schemes that involve a dilution effect.

For definitions of key indicators, please refer to the annual report issued for 2014, which is available on the company's website [www.sensysgatso.com](http://www.sensysgatso.com)

## The acquisition of Gatso Beheer

On July 31<sup>st</sup>, after regulatory approvals, Sensys became the owner to 100 percent of Gatso Beheer BV. Gatso Beheer BV with 140 employees, based in Holland, is a supplier of traffic safety equipment and service with a managed service business in the US.

### The consideration consists of the following components; (SEK Million)

Cash paid	75.0
New Shares	214.5
Loan from the seller (present value)	60.6
Contingent consideration	37.9
<b>Total consideration</b>	<b>388.0</b>
Fair Value of net assets acquired	141.5
Goodwill	246.5

### The assets and liabilities arising from the acquisition (SEK Million)

	Fair Value
<b>Cash and cash equivalents</b>	6.7
Property, plant and equipment	33.9
Customer contracts	111.5
Brand	20.9
Financial assets	0.9
Intangible assets	53.4
Inventory	65.4
Receivables	46.5
Liabilities	-138.4
Non-controlling interest	-8.2
Deferred tax liabilities	-51.1
<b>Net assets</b>	<b>141.5</b>
Cash purchase consideration	75.0
Cash and cash equivalents in the acquired company	-6.7
Transaction costs	7.9
<b>Change in consolidated cash and cash equivalents on acquisition</b>	<b>76.2</b>

## Purchase price for Gatso Beheer

Payment for the acquisition took the form of a cash payment of SEK 75 million, an equity share issue in which 115,920,763 new shares were issued at a subscription price of SEK 1.2077 per share and a promissory note to the seller to the order of SEK 64.8 million (EUR 6.84 million based on Riksbanken's EUR/SEK exchange rate of 30 July 2015).

The promissory note has a term of seven years and is repaid in five instalments, SEK 28.4 million (3 EUR

million) as of 31/07/2018, SEK 9.5 million (EUR 1 million) in years four , five and six after execution of the transaction, and SEK 7.9 million (0.8 EUR million) seven years after execution of the transaction.

The nominal purchase price for Gatso Beheer thus totals SEK 279.8 million, while the purchase price taken to the books totals 387.9 million. Out of the difference of 108.1 million, 37.9 million is the additional purchase price. The remaining difference of 70.2 million represents the difference in value of the shares due to the difference between subscription share price (SEK 1.2077 per share) and the share price at the day of closing of the transaction (SEK 1.8500 per share).

In addition to the nominal purchase price of 279.8 million, there is an additional purchase price of SEK 37.9 million based on performance in certain projects. These conditions are based on actual gross profit in certain projects 12 month after closing of the transaction, the minimum payment is zero and maximum is SEK 37.9 million.

Acquired intangible assets amounted to SEK 425.0 million (with a minority interest in Gatso USA of 20 percent SEK -8.2 m), of which goodwill amounted to SEK 246.5 million comprises expected synergies arising from the acquisition and the assembled workforce, which is not separately recognized. Synergies have primarily been identified to arise by a) combining Sensys and Gatso technologies, and b) increasing Sensys's total market in excess of Gatso's own market. Goodwill is not tax deductible.

Additionally, SEK 111.5 million was assigned to customer contract with useful life of 1 to 7 years and SEK 20.9 million was assigned to trademarks that are subject to depreciation in 10 years. The remaining SEK 53.4 million was assigned to capitalized development expenses and other assets with useful lives of 4 to 8 years.

From the date of acquisition, Gatso Beheer has contributed SEK 210.3 million of net sales with an EBIT of 20.4 million in 2015 (five months). If the acquisition had taken place at the beginning of the year, the contribution of net sales would have been SEK 370 million with an EBIT of SEK 2.6 million.

We have during the forth quarter evaluated the non controlling interest in Gatso Beheer. We have used a full goodwill method and the value amounts to SEK -8.2 million.

The analysis of the acquired net assets is preliminary and the fair values might be subject to changes.

## PARENT COMPANY

### Income statement

SEK thousands	Oct - Dec 2015	Oct - Dec 2014	Jan - Dec 2015	Jan - Dec 2014
Net sales	33,941	58,743	190,284	160,580
Cost of goods sold	-17,288	-23,797	-96,077	-81,242
<b>Gross profit</b>	<b>16,653</b>	<b>34,946</b>	<b>94,207</b>	<b>79,338</b>
Selling expenses	-8,560	-6,255	-27,057	-20,524
Administrative expenses	-6,880	-2,887	-12,624	-6,224
Development expenses	-4,678	-5,173	-16,445	-17,847
Other operating expenses/income	-426	-161	-1,896	190
<b>Operating profit</b>	<b>-3,891</b>	<b>20,470</b>	<b>36,185</b>	<b>34,553</b>
Net financial items	1,992	461	2,359	517
<b>Profit before tax</b>	<b>-1,899</b>	<b>20,931</b>	<b>38,544</b>	<b>35,070</b>
Tax	2,549	-4,666	-6,348	-7,776
<b>Profit for the period/Comprehensive income for the period</b>	<b>650</b>	<b>16,265</b>	<b>32,196</b>	<b>27,294</b>

### Balance sheet

SEK thousands	31/12/2015	31/12/2014
<b>Assets</b>		
Intangible non-current assets	0	275
Property, plant and equipment	1,711	1,221
Financial non-current assets <sup>1)</sup>	24,954	31,385
Shares in daughter companies	395,911	0
Long-term trade and other receivables	2,500	10,000
Trade and other receivables <sup>2)</sup>	46,585	34,357
Receivables from Group	2,724	0
Inventories	21,187	17,903
Other current assets	3,551	2,467
Cash and bank balances	70,724	80,513
<b>Total assets</b>	<b>569,847</b>	<b>178,121</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	382,186	141,264
Long-term liabilities	102,216	0
Short-term liabilities	36,560	0
Trade and other payables	14,208	11,207
Trade from Group	864	0
Other current interest-free liabilities	33,813	25,650
<b>Total shareholders' equity and liabilities</b>	<b>569,847</b>	<b>178,121</b>

<sup>1)</sup> Tax asset SEK 24.9 million (31.3).

<sup>2)</sup> SEK 10 million in frozen assets in bank representing completion guarantee for the Swedish Transport Administration. The guarantee will end in July 2016.

## Change in shareholders' equity

SEK thousands	Oct - Dec 2015	Oct - Dec 2014	Jan - Dec 2015	Jan - Dec 2014
<b>Beginning of period</b>	<b>381,536</b>	<b>124,999</b>	<b>141,264</b>	<b>113,970</b>
New share issue, net	0	0	208,726	0
Profit for the period/Comprehensive income for the period	650	16,265	32,196	27,294
<b>End of period</b>	<b>382,186</b>	<b>141,264</b>	<b>382,186</b>	<b>141,264</b>