

Press release August 30, 2017



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The Board of Sensys Gatso Group has resolved to launch a rights issue to facilitate growth

The Board of Directors of Sensys Gatso Group AB ("Sensys Gatso" or "the Company"), a global leader in traffic safety solutions, has resolved to launch a rights issue of approximately SEK 100 million with pre-emptive rights for Sensys Gatso's shareholders, subject to the approval by an Extraordinary General Meeting to be held on 25 September 2017. The rationale behind the proposed share issue is to strengthen the Company's financial structure and to facilitate growth based on Sensys Gatso's competitive platform. SEK 21.6 million (21 percent) of the rights issue is covered by subscription undertakings from the Company's two largest shareholders Gatso Special Products BV and Inger Bergstrand as well as the Board of Directors and the former Chairman of the Board, Peter Svensson. Furthermore, the Company's largest shareholder Gatso Special Products BV has committed to guarantee approximately 17 percent of the rights issue. Hence, the rights issue is secured to approximately 38 percent.

The rights issue in brief

- The main purpose of the rights issue of approximately SEK 100 million, before rights issue costs, is to strengthen the Company's financial structure and to address and benefit from the strategic growth opportunities that have been identified by the Board.
- The rights issue is secured by subscription undertakings to approximately 21 percent and, in addition, a guarantee undertaking from the largest shareholder to an additional approximately 17 percent. Hence, the rights issue is secured to approximately 38 percent.
- Each existing share entitles to one (1) subscription right. Seven (7) subscription rights entitle to subscription for two (2) new shares. The subscription price amounts to SEK 0.55 per new share.
- Record date for participation in the rights issue is 29 September 2017.
- Provided that the rights issue will be approved at the Extraordinary General Meeting on 25 September 2017, the subscription period will run from 3 October 2017 up to and including 17 October 2017.

Claes Ödman, Chairman of the Board, comments:

- *Over the past years, the Company has devoted resources and energy on the integration between Sensys and Gatso. The result of these efforts is a platform for growth – in a market where we have a unique position and a competitive product portfolio – from which we are now ready to enter the next phase of the company's development. To lead this phase, we have recently appointed Ivo Mönnink as CEO. It is the Board's assessment that the Company needs to strengthen its capital base to benefit from the strategic growth*

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opportunities that we see. The Board further believes that the industry will face additional structural deals, and wants to be part of them. The Company has strong support from its main shareholders, who have undertaken to subscribe for their respective pro rata share of the rights issue and to issue a guarantee undertaking, corresponding to in total approximately 38 percent.

Background and reasons

On 1 August 2015, Sensys Traffic and Gatso Beheer were merged into Sensys Gatso Group, a global leader in traffic safety solutions. Following the merger, the Company initiated a transformation program with the aim to integrate and streamline the operations and to create a competitive platform for growth. While the integration work has burdened the Company's earnings, it has been necessary in order to secure the Company's future growth opportunities.

The integration work was completed during the first half of 2017, and the Company is now ready for the next phase in its development. The Board believes that Sensys Gatso has an attractive platform for growth, based on a competitive product portfolio and a strong market position. To lead the work in the next phase and facilitate growth, the Board has appointed a new CEO, Ivo Mönnink.

In light of the above, the Board, on 30 August 2017, resolved on a rights issue of approximately SEK 100 million, before rights issue costs, with preferential rights for the Company's shareholders, subject to approval from the Extraordinary General Meeting to be held on 25 September 2017. The notice to the Extraordinary General Meeting will be issued through a separate press release.

The main purpose of the rights issue is to strengthen the Company's financial structure and to address and benefit from the strategic growth opportunities that have been identified by the Board. In addition to the market prospects based on Sensys Gatso's platform, the Board also believes that the traffic safety industry will undergo further consolidation. In order for the Company to be part of possible deals, its capital base needs to be fortified. Furthermore, the share issue will enable the Company to target important contracts. 50 percent of the proceeds from the rights issue will be used for working capital, while the other 50 percent will be used to facilitate growth based on the Company's platform.

Terms and conditions of the rights issue

The record day for the right to participate in the rights issue is 29 September 2017. Shareholders will receive one (1) subscription right for each share held on the record day. Seven (7) subscription rights gives the right to subscribe to two (2) new shares for the subscription price of SEK 0.55 per share and the subscription period will run from 3 October 2017 up to and including 17 October 2017.

If not all of the shares are subscribed for by exercise of subscription rights, the Board shall, up to the maximum amount of the share issue, resolve on allotment of shares subscribed for without the exercise of subscription rights where in such case, allotment shall be made in the following order: (i) those who have subscribed for new shares by the exercise of subscription rights (irrespective of whether or not they were shareholders on the record date) pro rata in relation to the number of new shares subscribed for by exercise of subscription rights, (ii) others who have notified the Company of their interest in subscribing for shares without the exercise of subscription rights, pro rata in relation to such declared interest and (iii) those who have made a guarantee undertaking regarding subscription of new shares. To the extent allotment according to the above cannot be made pro rata, allotment shall be made by drawing of lots.

The rights issue will increase the Company's share capital by no more than SEK 9,387,929.65 to a maximum of SEK 42,245,683.50. The number of shares will increase by no more than 187,758,593 new shares to a maximum of 844,913,670 shares, corresponding to an increase of no more than approximately 28.6 percent. The

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ownership percentage of shareholders who choose not to participate in the rights issue will be diluted by up to approximately 22.3 percent, but have the option of obtaining financial compensation for the dilution effect by selling their subscription rights.

Subscription and guarantee undertakings

The Company's largest shareholders support the rights issue. Gatso Special Products BV, Inger Bergstrand, the Board of Directors and Peter Svensson, together representing approximately 21 percent of the Company's share capital, have expressed their support for the rights issue and have undertaken to subscribe for their respective pro rata share of the rights issue. In addition, based on its belief in the Company and its growth prospects, the main shareholder Gatso Special Products BV has committed to guarantee approximately 17 percent of the rights issue. Gatso Special Products BV will receive no compensation for its guarantee undertaking. Therefore, in total, approximately 38 percent of the rights issue is covered by subscription and guarantee undertakings.

In July 2017 Gatso Special Products BV granted the Company a bridge loan of SEK 7 million. In addition, Gatso Special Products BV granted the Company a vendor loan in connection with the acquisition of Gatso Beheer (please see press release from 23 June 2015) of which a loan instalment of EUR 3 million is due in 31 July 2018. Gatso Special Products BV's subscription and guarantee undertakings are conditional upon that the Board approves that payment for the shares subscribed for under the undertakings are made through set-off of the claims referred to above.

Preliminary timetable

- 25 September 2017: Extraordinary General Meeting in Sensys Gatso Group in order to approve the Board's resolution on the rights issue
- 27 September 2017: Last day of trading in the share with right to participate in the rights issue
- 28 September 2017: First day of trading in the share without right to participate in the rights issue
- 28 September 2017: Estimated day for publication of the prospectus
- 29 September 2017: Record date, shareholders who are registered in the share register this day will obtain subscription rights that entitle to participation in the rights issue
- 3 – 13 October 2017: Trading in subscription rights. Shareholders who do not want to subscribe for shares in the rights issue can sell their subscription rights during this period in order to realise their value
- 3 – 17 October 2017: Subscription period

Financial and legal advisors

Erik Penser Bank is financial advisor and Hannes Snellman Attorneys is legal advisor to Sensys Gatso Group in connection with the rights issue.

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 20.15 on 30 August 2017.

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The subscription rights, paid subscribed shares and shares in Sensys Gatso have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities legislation of any state or other jurisdiction in the United States and no subscription rights, paid subscribed shares or shares may be offered, subscribed for, exercised, pledged, sold, resold, granted, delivered or otherwise transferred, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States. There will be no public offering of such securities in the United States.

The securities referred to herein have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the rights issue or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

This press release contains certain forward-looking information that reflects Sensys Gatso's present view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.

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