

# Sensys Gatso Group AB

## Half year Report

### January - June 2019



MSEK	April - June 2019	April - June 2018	Jan - June 2019	Jan - June 2018
Net Sales	96.9	88.6	175.3	160.2
Order intake	141.5	182.9	241.4	235.7
Operating profit (EBIT)	-8.2	-0.6	-20.4	-15.5
Operating profit (EBITDA)	4.4	8.6	4.3	2.6
Total Comprehensive income	-5.1	7.9	-7.1	6.2
Earnings per share, before and after dilution (SEK)	-0.01	0.00	-0.02	-0.02
Cash flow from operating activities	-2.7	-4.9	-23.3	-1.4

## Comments from the CEO

### **Order intake Q2 contains 75% recurring revenue**

We had yet another good order intake in the quarter of SEK 141 (183) million, which is 40 percent higher than the order intake of SEK 100 million in Q1 2019. The order intake mainly relates to orders received from the USA and Australia. For the first half of the year, the order intake amounts to SEK 241 million, slightly higher than the SEK 236 million last year. The recurring nature of the total order value for the quarter amounts to 75 percent, year to date the total recurring order value amounts to 60 percent.

### **TraaS Sales increased by 24 percent**

Sales for the quarter rose to SEK 97 million (89), up 9 percent. The Net Sales in the first half of the year has grown by approximately 10% compared to last year, to SEK 175 million (160). The recurring part of this revenue, which we call TraaS, ended for the first half of the year at SEK 84 million (68) or 48 percent (42) of total revenue. This increase of 24 percent of our TraaS revenue is fully in line with our strategy to grow this business.

### **Extending our solution portfolio**

In 2019 we are simultaneously implementing large projects in the Netherlands, Australia and the USA, which for the most part were won in 2018. These projects represent innovative solutions for the Sensys Gatso Group, enhancing our knowledge and solution portfolio and which could potentially be leveraged globally. As a result, the costs of mostly direct flexible employee expenses and related administrative costs have increased in the quarter. Whilst increasing our costs to execute the projects, we kept our year to date gross margin at approximately 38 percent (40).

### **Inroads in Latin America**

After the quarter, and for the first time in our history, we have booked two significant orders in Latin America (Colombia). This is a result of our Sales efforts in the region, which started in 2017. We are proud to grow our installed base in a region with an increasing focus on Traffic Safety.

### **Oklahoma picking up momentum**

A major breakthrough for our Managed Services business (TraaS) in 2018 was the starting up of a car insurance enforcement program in the state of Oklahoma, USA. After going through a learning curve, we now see the program picking up momentum, and starting to contribute to the higher Managed Services Sales (TraaS) in the quarter of SEK 25 million (20). During the first half of the year we have gradually increased the number of systems deployed. We are further enhancing the functionality of the software to be able to handle various situations (like location, mobile and fixed deployment). Improving the software, the algorithm behind it and further building up the knowledge in our organisation will improve our time to operation and revenue going forward.

### **Supply from Prodrive back to normal**

The supply from our component supplier Prodrive which suffered from a fire in December 2018, is back to normal delivery timelines. Mitigations have been taken by our supplier, to prevent supply chain interruptions from happening again. As foreseen, the disruption will not negatively impact our revenue for the year, nor the relationships with our customers.

### **Our financial position remains solid**

Our available cash has decreased from SEK 153 million at the end of 2018 to SEK 111 million. As mentioned in our first quarter report this is mainly due to prepayments received in 2018 on various projects, which have been delivered in part in the first quarter. Simultaneously we have built up contract assets, work in progress, relating to projects, impacting our working capital negative. Due to adaptation of the new accounting standard IFRS 16 we have seen a decrease in our Equity/Assets ratio from 71.8 at the end of 2018 to 66.1. Our financial position remains solid. After the quarter, the company has repaid the second installment on the Vendor Loan to the amount of EUR 1 million (SEK 10.5 million) as per the agreement.

### **Outlook**

Our new Traffic Enforcement as a Service (TRaaS) position is being reinforced with a significant growth of 24% during the first half of the year. This strong TRaaS position is increasing our recurring revenue potential going forward. Considering also the good quality of our order intake and our solid financial position, we feel optimistic about the future.

**Ivo Mönnink**  
**CEO, Sensys Gatso Group**

## Financial summary

### Key indicators

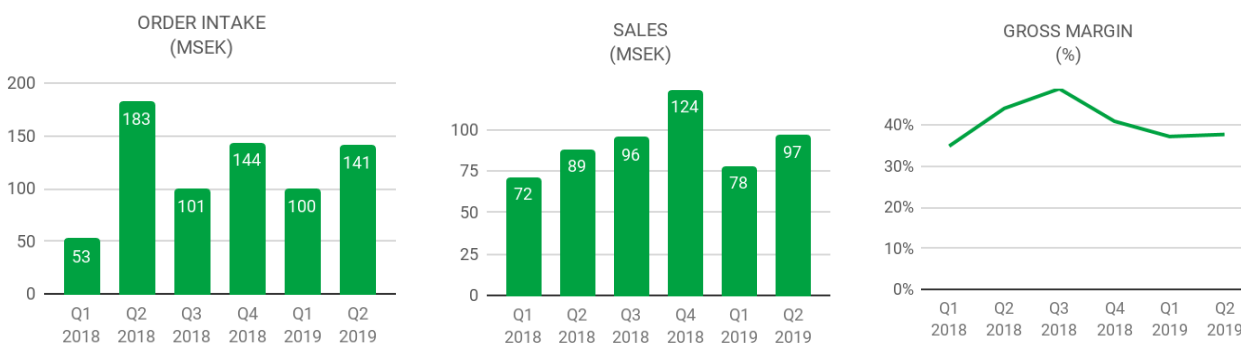
	Apr - June 2019	Apr - June 2018	Jan - June 2019	Jan - June 2018	Jan - Dec 2018
<b>TSEK</b>					
Net sales	96,863	88,557	175,303	160,238	380,349
Order intake	141,457	182,856	241,432	235,654	480,284
Gross margin (%)	37.69	44.01	37.46	39.91	42.46
Operating profit (EBIT)	-8,248	-614	-20,426	-15,488	589
Operating margin (EBIT %)	Neg	Neg	Neg	Neg	0
Operating profit (EBITDA)	4,420	8,584	4,304	2,618	37,563
Profit for the period	-8,248	-1,298	-17,838	-14,372	-2,472
Earnings per share (SEK)	-0.01	0.00	-0.02	-0.02	0.00
Cash flow from operations	-2,697	-4,904	-23,264	-1,377	49,307

IFRS 16 has an impact on comparability of 2019 numbers to the reported 2018 numbers. We refer to the disclosure on page 23.

### EBITDA

	Apr - June 2019	Apr - June 2018	Jan - June 2019	Jan - June 2018	Jan - Dec 2018
<b>TSEK</b>					
Operating profit (EBIT)	-8,248	-614	-20,426	-15,488	589
Depreciation tangible and intangible fixed assets	6,700	3,586	12,939	7,176	14,562
Amortization of acquired intangible assets	5,968	5,612	11,791	10,930	22,412
<b>Operating profit (EBITDA)</b>	<b>4,420</b>	<b>8,584</b>	<b>4,304</b>	<b>2,618</b>	<b>37,563</b>

## Financial results Group



### April – June 2019

Order intake during the second quarter totalled SEK 141.5 million compared to SEK 182.9 million in the same quarter last year. The order intake for the quarter mainly relates to orders received from our customers in the USA and Australia, amongst other smaller repeat orders.

Net sales in the second quarter, amounted to SEK 96.9 million (88.6), with a good global spread. The segment System Sales contributed SEK 79.3 million (69.4) and Managed Services contributed SEK 25.0 million (22.6) to the net sales of the second quarter including inter-segment transactions.

	Apr - June 2019	Jan - June 2019	Jan - Dec 2018	Jan - Dec 2017
<b>TSEK</b>				
Europe	43,520	91,448	172,219	179,012
Americas	22,370	39,404	70,362	55,072
APAC and MEA	30,973	44,451	137,774	59,010
<b>Total Sales</b>	<b>96,863</b>	<b>175,303</b>	<b>380,354</b>	<b>293,094</b>

Of the total sales in the first half year approximately 50 percent relates to recurring revenues based on Service & Maintenance, License and Managed Services revenue, compared to 45 percent for the comparison period 2018. The increase is due to a relative lower System Sales in the period. To support our focus on recurring revenue, we have renamed all our recurring revenues categories to TRaaS, see table below.

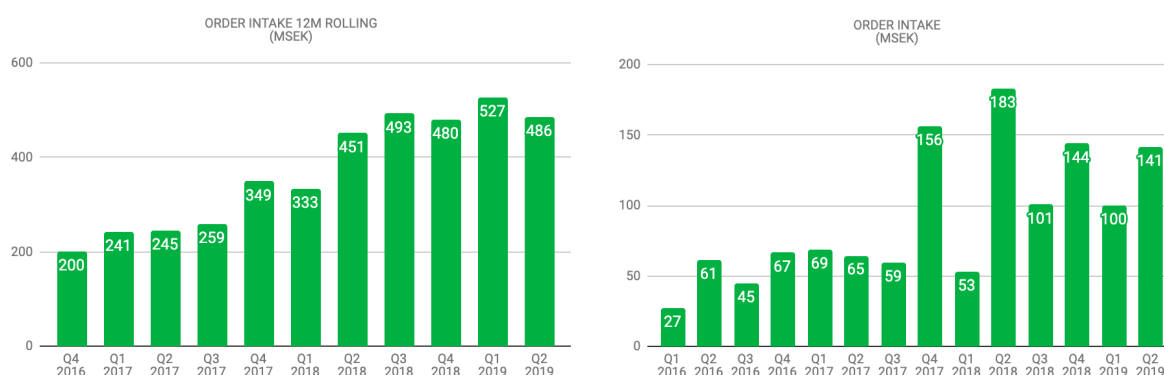
The gross margin for the quarter was 37.7 percent (44.0). The decrease in gross margin compared to the second quarter 2018 is due to the mix in sales between the segments System Sales and Managed Services.

	Apr - June 2019	Apr - June 2018	Jan - June 2019	Jan - June 2018	Jan - Dec 2018
<b>TSEK</b>					
System Sales	48,885	48,926	91,097	92,547	234,902
TRaaS: Service & Maintenance	22,267	17,985	34,347	34,404	67,738
TRaaS: Licenses	1,165	2,074	2,232	3,073	7,841
TRaaS: Managed Services	24,546	19,574	47,627	30,216	69,873
<b>Total Sales</b>	<b>96,863</b>	<b>88,559</b>	<b>175,303</b>	<b>160,240</b>	<b>380,354</b>

The operating expenses totalled SEK 44.8 million (39.6) including amortisation of intangible fixed assets recognized as part of the acquisition to the amount of SEK 6.0 million (5.6). The increase in expenses in the quarter to 44.8 million is caused by an increase of direct employees in the first half of the year related to projects.

The operating profit for the quarter totalled SEK -8.2 million (-0.6) and the profit after taxation totalled SEK -8.2 million (2.1).

## Jan - June 2019



The 12 months rolling order intake is now at 486 (451) million. During 2018 and 2019 the order intake has been consistently higher compared to 2016 and 2017.

During the first half of the year we have received new orders, repeat orders and contract renewals totalling SEK 241.4 million (235.7). This order intake relates mainly to orders received from USA and Australia. The total order intake is at a similar high level compared to last year.

Net sales in the first half of 2019 amounted to SEK 175.3 million (160.2). The segment System Sales contributed SEK 140.9 million (131.6) and Managed Services contributed SEK 42.6 million (33.3) to the net sales of the first half of the year including inter-segment transactions.

The gross margin amounted to 37.5 percent in the first half of 2019 (39.1).

The operating expenses in the first half of the year amounted to SEK 86.1 million (79.4). The increase in the first half of the year is mainly due to an increase of mostly flexible direct employee expenses and related administrative expenses.

The operating profit amounted to SEK -20.4 (-15.5) million and the profit after taxation totalled SEK -17.8 million (-14.4).

### Investments

During the first half of 2019 the investments in fixed assets amounted to SEK 14.8 million (6.8) of which SEK 2.7 million (5.7) relates to intangible fixed assets. The investments in intangible fixed assets mainly relates to the continued development of our FLUX platform.

As a consequence of the implementation of IFRS 16 as of January 1, 2019 costs relating to rent and lease of buildings and other assets have been capitalized on the balance sheet in their respective categories (Right of use Assets). The liabilities have been recorded under the long-term borrowings as Lease liabilities. The short-term part of these liabilities have been presented under the short-term borrowings. The impact of IFRS 16 amounts to an increase in assets and liabilities to the amount of SEK 38.6 million as of January 1, 2019.

### Personnel

The average number of full-time employees was 201 people (160). The number of employees at the end of the period was 231 to be compared with 195 at the end of the financial year 2018. The increase in employees is mainly due to processing staff in the USA, relating to on-boarding of new programs, project temps in Australia relating to the execution of the various projects that were announced in 2018 and increase in development employees for development of various customer specific solutions and our generic platform FLUX.

### Financial position

The Group's equity at the end of the period totalled SEK 446.5 million (426.3), producing an equity/assets ratio of 66.1 percent (70.3). This ratio has been significantly impacted by the implementation of IFRS 16 in 2019, which is reflected in the short-term liabilities to the amount of SEK 9.9 million and in the Long-term liabilities to the amount of SEK 27.6 million.

Net interest-bearing debt amounted to SEK 65.2 million (36.2). The increase of the long-term liabilities is due to the implementation of IFRS 16. The increase in net interest bearing debt is caused by the increase of inventory and working capital in the first half of the year to the amount of SEK 22.6 million and to prepayments from customers in 2018, for deliveries in the first half of the year.

	30 June 2019	30 June 2018	31 Dec 2018	31 Dec 2017
<b>TSEK</b>				
Short-term liabilities	44,224	40,021	10,199	26,193
Long-term liabilities	77,821	59,781	48,692	56,160
Cash and bank	-56,804	-63,579	-76,607	-58,931
<b>Net Interest-bearing debt</b>	<b>65,241</b>	<b>36,223</b>	<b>-17,716</b>	<b>23,422</b>

### The Sensys Gatso share

The number of shares at the end of the period was 860,024,407 (844,913,669). The average number of shares during the year was 860,024,407 (844,913,669).

The table below shows the five largest shareholders in the Company as per end of June 2019. The family office that founded Gatso, which was acquired by Sensys Traffic AB in 2015, is the company's largest shareholder with 19 percent (BNP). (Source Euroclear)

#	Shareholder	Number of shares	Proportion of share capital/ Votes%
1	BNP PARIBAS SEC SERVICES PARIS	164,247,615	19.1
2	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	36,978,360	4.3
3	WALL, PER	23,000,000	2.7
4	BERGSTRAND, INGER	20,659,837	2.4
5	NORDNET PENSIONS FÖRSÄKRING AB	12,017,861	1.4

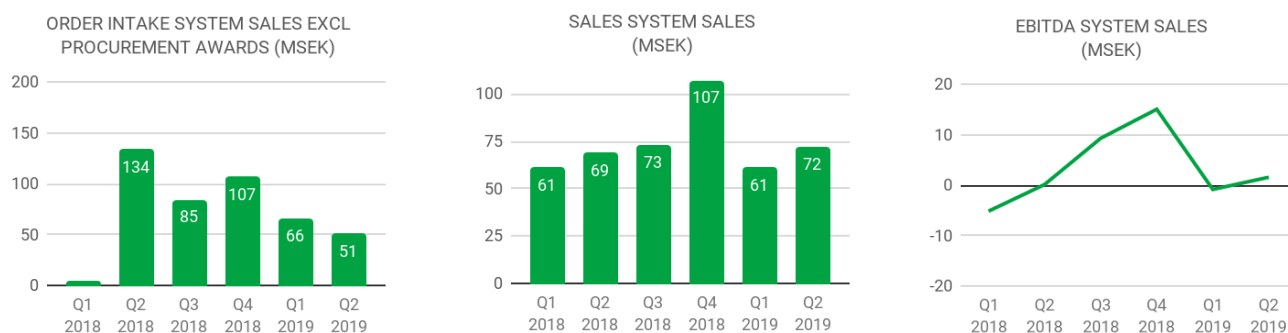
#	Concentration	Proportion of share capital/ Votes%
10	Largest holders	34.4
20	Largest holders	38.8
50	Largest holders	45.6
100	Largest holders	51.0

#	Country	Proportion of share capital/ Votes%
1	Sweden	75,1
2	Netherlands	19.1
3	United States	1.8
4	Switzerland	1.1
5	Denmark	1.0
6	Other	1.9
		<b>100.0</b>



## Business Segments

The two main segments used for internal reporting and managing the different operations are System Sales and Managed Services.



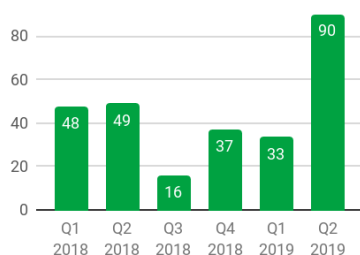
### System Sales

The order intake for the segment System Sales amounted to SEK 51.2 million (SEK 134.0 million, excluding procurement awards) in the quarter. The order intake mainly relates to orders from our customers in Europe and smaller repeat orders from our existing customers. After the period the segment has received new orders from Colombia and a repeat order from France totalling SEK 35.2 million. On July 12, Sensys Gatso announced the completion of the 4th batch to our customer in Saudi Arabia, of which 50% of revenue has been realized and accounted for in the second quarter.

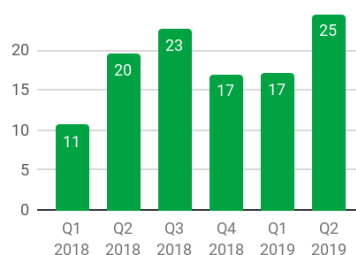
Systems sales amounted to SEK 72.3 million (68.9) in the quarter. Sales in the segment System Sales relates to one-off system sales and recurring revenue from service and maintenance. In this segment the service and maintenance sales provide a solid income evenly spread throughout the year. The one-off system sales in the first quarter relates mainly to systems sales in the regions Europe, Australia and Middle East.

The segment has incurred an EBITDA of 1.6 million (0.1) in the second quarter and SEK 0.8 million in the first half of the year (-5.0).

ORDER INTAKE MANAGED SERVICES EXCL  
PROCUREMENT AWARDS (MSEK)



SALES MANAGED SERVICES  
(MSEK)



EBITDA MANAGED SERVICES  
(MSEK)



## Managed Services

During the quarter we have been awarded with several contract extensions worth SEK 40.5 million with contract periods between 3-5 years and two new contracts worth SEK 49.8 million over a contract period of 5 years.

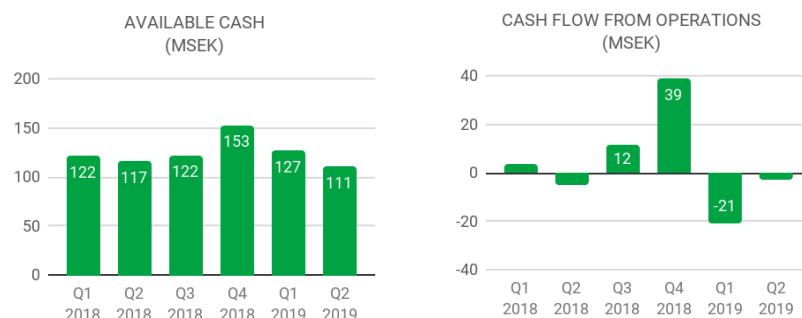
Managed Services sales amounted to SEK 24.5 million (19.6) in the quarter. The increase in sales is due to the startup of new programs announced during the year. The segment has incurred an EBITDA of SEK 2.8 million (8.4). The decrease in EBITDA is a result of increased development efforts and costs related to starting up new programs.

Besides the US operation the segment Managed Services also includes Managed Service programs in Germany and the software development department in Amsterdam, which develop PULS and Xilium.

TSEK	Apr - Jun 2019			Apr - Jun 2018		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	79,389	25,034	104,423	69,412	22,631	92,043
Inter-segment transactions	-7,072	-487	-7,559	-429	-3,057	-3,486
<b>Total Net Sales</b>	<b>72,317</b>	<b>24,547</b>	<b>96,864</b>	<b>68,983</b>	<b>19,574</b>	<b>88,557</b>
<b>EBITDA</b>	<b>1,586</b>	<b>2,834</b>	<b>4,420</b>	<b>143</b>	<b>8,441</b>	<b>8,584</b>
Depreciation and amortization	-4,579	-8,089	-12,668	-3,754	-5,444	-9,198
<b>Operating Profit</b>	<b>-2,993</b>	<b>-5,255</b>	<b>-8,248</b>	<b>-3,611</b>	<b>2,997</b>	<b>-614</b>
Net financial items			-1,594			2,691
<b>Profit before tax</b>			<b>-9,842</b>			<b>2,077</b>
Tax			1,594			-3,375
<b>Profit for the period</b>			<b>-8,248</b>			<b>-1,298</b>

TSEK	Jan - Jun 2019			Jan - Jun 2018		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	140,887	42,618	183,505	131,622	33,273	164,895
Inter-segment transactions	-7,252	-949	-8,201	-1,600	-3,057	-4,657
<b>Total Net Sales</b>	<b>133,635</b>	<b>41,669</b>	<b>175,304</b>	<b>130,022</b>	<b>30,216</b>	<b>160,238</b>
<b>EBITDA</b>	<b>758</b>	<b>3,546</b>	<b>4,304</b>	<b>-4,997</b>	<b>7,615</b>	<b>2,618</b>
Depreciation and amortization	-9,464	-15,266	-24,730	-7,234	-10,872	-18,106
<b>Operating Profit</b>	<b>-8,706</b>	<b>-11,720</b>	<b>-20,426</b>	<b>-12,231</b>	<b>-3,257</b>	<b>-15,488</b>
Net financial items			-2,059			-491
<b>Profit before tax</b>			<b>-22,485</b>			<b>-15,979</b>
Tax			4,647			1,607
<b>Profit for the period</b>			<b>-17,838</b>			<b>-14,372</b>

## Cash flow and financial position



### Cash and available cash

Cash and cash equivalents at the end of the period totalled SEK 56.8 million (63.6). At the end of the period free available cash amounted SEK 111.5 million (117.5) taking into account the total amount of available credit facilities.

The group's credit facility agreements are subject to covenant clauses, whereby the group is required to meet certain financial ratios.

### Cash flow from operating activities

During the quarter Sensys Gatso has had a negative cash flow from operating activities of SEK 2.7 million (-4.9).

For the first 6 months the operating cash flow was negative SEK 23.2 million (-1.4). This is mainly due to prepayments received in 2018 on various projects, which have been delivered in part in the first quarter. Simultaneously we have build up contract assets (work in progress), relating to projects, this has resulted in higher working capital assets. Due to new programs in the USA and Germany we have invested in fixed assets in operations to the amount of SEK 11 million.

### Cash flow from investing activities

The investments in fixed assets amounted to SEK 10.0 million (2.3) in the quarter. The investments in fixed assets during the first half of the year amounted to SEK 14.8 million (6.8).

## Other information

### Significant events during the quarter

- 5 Apr Sensys Gatso Australia receives order for maintenance services worth SEK 12 million
- 16 Apr Sensys Gatso receives five-year contract extension in Albany, New York worth SEK 21.5 million
- 8 May The nomination committee in Sensys Gatso Group update the proposal for the board of directors for the upcoming Annual General Meeting. The nomination committee has submitted the proposal that five (six) Board Members should be appointed, re-election of the chairman Claes Ödman, Jochem Garritsen, Pia Hofstedt and Kerstin Sjöstrand and new election of Christina Hallin.
- 10 May Sensys Gatso is awarded a TRaaS contract from Chester, Iowa worth SEK 5.8 million
- 21 May Sensys Gatso is awarded a TRaaS contract from Mount Rainier, Maryland worth SEK 44 million
- 28 May Sensys Gatso Australia receives an order for upgrading ANPR technology worth SEK 7.3 million
- 24 June Sensys Gatso has received a contract extension from Des Moines, Iowa worth SEK 19 million

### Significant events after the quarter

- 12 July Sensys Gatso Netherlands receives order from France worth SEK 16 million for the T-Series in-vehicle solution
- 12 July Sensys Gatso delivers 4th batch in-vehicle enforcement systems to Saudi Arabia
- 18 July Sensys Gatso receives a contract for traffic enforcement in Bolivar, Colombia worth SEK 9.2 million
- 31 July Sensys Gatso receives a contract for traffic enforcement in Cesar, Colombia worth SEK 10 million

### Significant events during the previous quarters 2019

- 7 Jan Sensys Gatso delivers third batch in-vehicle enforcement systems to Saudi Arabia
- 18 Feb Sensys Gatso USA and Town of Upper Marlboro, US, have mutually agreed to terminate the contract
- 22 Mar Sensys Gatso Australia receives contract extension worth SEK 46 million

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

## Related party transactions

For the period under review no other material business transactions were performed with related parties.

### *After the period*

In 2015 the company has acquired Gatso Beheer BV. The former owners of Gatso Beheer BV have provided the company with a vendor loan to the amount of MEUR 6.84. As part of the new share issue in 2017, a part of the vendor loan installment of 31 July 2018 was converted into shares. In 2018 the remaining part of the first installment was converted into 15,110,738 shares. Sensys Gatso Group AB has repaid the second installment on the Vendor Loan as per the agreement.

### Vendor loan (nominal value in TEUR)

Installment dates	Balance December 31, 2017	Conversion 2018	Repayment 2019	Balance June 30, 2019
31/07/2018	1,645	-1,645	0	0
31/07/2019	1,000		-1,000	0
31/07/2020	1,000			1,000
31/07/2021	1,000			1,000
31/07/2022	840			840
	<b>5,485</b>	<b>-1,645</b>	<b>-1,000</b>	<b>2,840</b>

## Sustainability

Sensys Gatso Group develops, manufactures, markets and sells system solutions and products that increase road safety. Our largest product category includes automated red light, speed and traffic monitoring systems that prevent traffic accidents; saving lives and saving social resources. See more information about our sustainability work in the 2018 Annual Report, available at [www.sensysgatso.com](http://www.sensysgatso.com).

## Review

This report has not been the subject of a summary audit by the Group's auditor.

### **Declaration of the board of directors**

The Board of Directors and the CEO declare that this half-yearly report provides a fair view of the Group's and Company's activities, financial position and financial results, and describes the significant risks and uncertainty factors faced by the Group.

Jönköping, 29 August 2019

**Claes Ödman**  
Chairman of the Board

**Jochem Garritsen**  
Board Member

**Pia Hofstedt**  
Board Member

**Kerstin Sjöstrand**  
Board Member

**Christina Hallin**  
Board member

Ivo Mönnink  
Chief Executive Officer

### **For further information please contact:**

Ivo Mönnink, CEO

e-mail: [i.monnik@sensysgatso.com](mailto:i.monnik@sensysgatso.com)

e-mail IR: [investors@sensysgatso.com](mailto:investors@sensysgatso.com)

Telephone: +46 36 34 29 80

*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 29 August 2019.*

## Group figures

### Consolidated statement of comprehensive income

	Apr - June 2019	Apr - June 2018	Jan - June 2019	Jan - June 2018	Jan - Dec 2018
<b>TSEK</b>					
<b>Net sales</b>	96,863	88,557	175,303	160,238	380,349
Cost of goods sold	-60,360	-49,587	-109,632	-96,282	-218,834
<b>Gross profit</b>	<b>36,503</b>	<b>38,970</b>	<b>65,671</b>	<b>63,956</b>	<b>161,515</b>
Selling expenses	-20,885	-19,160	-39,818	-37,627	-75,098
Administrative expenses	-11,716	-8,092	-21,047	-17,774	-38,579
Development expenses	-11,562	-11,845	-25,492	-23,291	-46,176
Other operating expenses/income	-588	-487	260	-752	-1,073
<b>Operating profit</b>	<b>-8,248</b>	<b>-614</b>	<b>-20,426</b>	<b>-15,488</b>	<b>589</b>
Net financial items	-1,594	2,691	-2,059	-491	-1,685
<b>Profit before tax</b>	<b>-9,842</b>	<b>2,077</b>	<b>-22,485</b>	<b>-15,979</b>	<b>-1,096</b>
Tax	1,594	-3,375	4,647	1,607	-1,376
<b>Profit for the period</b>	<b>-8,248</b>	<b>-1,298</b>	<b>-17,838</b>	<b>-14,372</b>	<b>-2,472</b>
Profit is attributable to owners of Sensys Gatso Group AB	-7,985	-1,706	-16,822	-13,905	-1,897
Profit is attributable to non- controlling interest	-263	408	-1,016	-467	-575
	<b>-8,248</b>	<b>-1,298</b>	<b>-17,838</b>	<b>-14,372</b>	<b>-2,472</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	3,160	9,170	10,697	20,560	18,587
<b>Total other comprehensive income for the period, net after tax</b>	<b>3,160</b>	<b>9,170</b>	<b>10,697</b>	<b>20,560</b>	<b>18,587</b>
<b>Total comprehensive income for the period</b>	<b>-5,088</b>	<b>7,872</b>	<b>-7,141</b>	<b>6,188</b>	<b>16,115</b>
Number of shares (thousands)	860,024	844,914	860,024	844,914	860,024
Earnings per share (SEK)	-0.01	0.00	-0.02	-0.02	0.00



## Consolidated balance sheet

TSEK	30 June 2019	30 June 2018	31 Dec 2018	31 Dec 2017
Assets				
Goodwill	258,495	254,289	251,257	239,166
Customer contracts and relations	17,551	31,281	24,076	35,459
Brand	13,932	16,022	14,654	16,191
Product and software development	32,596	36,967	34,399	38,879
Property, plant and equipment	47,229	9,802	8,666	7,245
Fixed assets in operations	39,759	28,377	33,340	27,856
Deferred tax assets	41,281	38,471	34,003	38,439
Other non-current assets	347	368	351	361
Trade and other receivables	47,455	44,253	56,935	71,322
Inventories and work in progress	94,465	56,611	71,864	63,615
Other current assets	25,222	26,782	25,511	26,805
Cash and bank balances	56,804	63,579	76,607	58,931
<b>Total assets</b>	<b>675,136</b>	<b>606,802</b>	<b>631,663</b>	<b>624,269</b>
Shareholders' equity and liabilities				
Shareholders' equity	446,548	426,260	453,689	420,072
Long-term liabilities	27,573	198	0	252
Long-term liabilities towards shareholders	50,248	59,583	48,692	55,908
Provision	7,258	7,697	6,907	7,725
Deferred tax liabilities	13,345	20,860	16,824	23,226
Short-term liabilities	33,666	22,925	0	10,200
Short-term liabilities towards shareholders	10,558	17,096	10,199	15,993
Trade and other payables	29,457	16,899	27,996	30,695
Other current interest-free liabilities	56,483	35,284	67,356	60,198
<b>Total shareholders' equity and liabilities</b>	<b>675,136</b>	<b>606,802</b>	<b>631,663</b>	<b>624,269</b>

## Consolidated statement of changes in equity

	Apr - June 2019	Apr - June 2018	Jan - June 2019	Jan - June 2018	Jan- Dec 2018
<b>TSEK</b>					
<b>Beginning of period</b>	<b>451,636</b>	<b>418,388</b>	<b>453,689</b>	<b>420,072</b>	<b>420,072</b>
New share issue, net	0	0	0	0	17,502
Net profit for the period	-7,985	-1,706	-16,822	-13,905	-1,897
Minority interest in subsidiaries	-263	408	-1,016	-467	-575
Other comprehensive income	3,160	9,170	10,697	20,560	18,587
<b>Total comprehensive income for the period</b>	<b>-5,088</b>	<b>7,872</b>	<b>-7,141</b>	<b>6,188</b>	<b>16,115</b>
<b>End of period</b>	<b>446,548</b>	<b>426,260</b>	<b>446,548</b>	<b>426,260</b>	<b>453,689</b>

## Cash flow statement

	Apr - June 2019	Apr - June 2018	Jan - June 2019	Jan - June 2018	Jan- Dec 2018
<b>TSEK</b>					
<b>Operating profit</b>	<b>-8,248</b>	<b>-614</b>	<b>-20,426</b>	<b>-15,488</b>	<b>589</b>
Items with no effect on cash flow	13,345	8,186	26,172	15,806	34,457
Financial items	574	2,828	-581	39	-486
Tax paid	-329	-238	-542	-657	-310
<b>Funds contributing from operating activities</b>	<b>5,342</b>	<b>10,163</b>	<b>4,623</b>	<b>-299</b>	<b>34,249</b>
Change in working capital	-8,039	-15,067	-27,887	-1,078	15,058
<b>Cash flow from operating activities</b>	<b>-2,697</b>	<b>-4,904</b>	<b>-23,264</b>	<b>-1,377</b>	<b>49,307</b>
Cash flow from investing activities	-10,011	-2,290	-14,768	-6,797	-21,314
	<b>-12,708</b>	<b>-7,194</b>	<b>-38,032</b>	<b>-8,174</b>	<b>27,993</b>
<b>Financing activities</b>					
New share issue	0		0	0	0
New loan	0		0	0	0
Repayment of loan	-3,344	-39	-5,604	-74	-266
Repayment/usage of credit facilities	13,609	3,991	23,804	12,725	-10,200
Repayment of loan to shareholders	0		0	0	0
<b>Change in cash and bank balances</b>	<b>-2,443</b>	<b>-3,242</b>	<b>-19,832</b>	<b>4,477</b>	<b>17,527</b>
Liquid funds at the beginning of the period	59,067	66,546	76,607	58,931	58,931
Translation differences in liquid funds	180	275	29	171	149
<b>Closing cash and cash equivalents</b>	<b>56,804</b>	<b>63,579</b>	<b>56,804</b>	<b>63,579</b>	<b>76,607</b>

## Parent company

### Statement of comprehensive income

	Apr - June 2019	Apr - June 2018	Jan - June 2019	Jan - June 2018	Jan- Dec 2018
<b>TSEK</b>					
<b>Other sales</b>	826	1,259	1,993	1,663	15,047
Cost of goods sold	0	0	0	0	0
<b>Gross profit</b>	826	1,259	1,993	1,663	15,047
Selling expenses	0	0	0	0	0
Administrative expenses	-2,487	-3,716	-5,035	-6,130	-13,881
Development expenses	0	0	0	0	0
Other operating expenses/income	-19	0	-19	0	0
<b>Operating profit</b>	<b>-1,680</b>	<b>-2,457</b>	<b>-3,061</b>	<b>-4,467</b>	<b>1,166</b>
Net financial items	-216	-497	-460	-3,218	-1,939
<b>Profit before tax</b>	<b>-1,896</b>	<b>-2,954</b>	<b>-3,521</b>	<b>-7,685</b>	<b>-773</b>
Tax	0	-1,343	0	-1,343	-1,343
<b>Profit for the period/Comprehensive income for the period</b>	<b>-1,896</b>	<b>-4,297</b>	<b>-3,521</b>	<b>-9,028</b>	<b>-2,116</b>

## Balance sheet

	30 June	30 June	31 Dec	31 Dec
TSEK	2019	2018	2018	2017
Product and software development	5,811	607	3,824	0
Shares in subsidiaries	413,952	413,952	413,952	413,952
Deferred tax assets	19,761	19,761	19,761	21,104
Receivables from Group	42,365	30,199	42,835	30,000
Other current assets	2,037	453	679	306
Cash and bank balances	16,133	28,894	21,389	37,404
<b>Total assets</b>	<b>500,059</b>	<b>493,866</b>	<b>502,440</b>	<b>502,766</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity	457,269	436,015	460,790	445,043
Long-term liabilities	0	0		0
Long-term liabilities towards shareholders	29,132	38,741	28,141	36,209
Short-term liabilities	0	0		0
Short-term liabilities towards shareholder	10,558	17,096	10,199	15,993
Trade and other payables	0	0	628	0
Trade and other payables from Group	742	414	81	450
Other current interest-free liabilities	2,358	1,600	2,601	5,071
<b>Total shareholders' equity and liabilities</b>	<b>500,059</b>	<b>493,866</b>	<b>502,440</b>	<b>502,766</b>

## Statement of changes in shareholders equity

	Apr - June 2019	Apr - June 2018	Jan - June 2019	Jan - June 2018	Jan - Dec 2017
<b>TSEK</b>					
<b>Beginning of period</b>	<b>459,165</b>	<b>440,312</b>	<b>460,790</b>	<b>445,043</b>	<b>364,113</b>
New share issue, net	0	0	0	0	98,336
Profit for the period/Comprehensive income for the period	-1,896	-4,297	-3,521	-9,028	-17,406
Stock related remuneration	0	0	0	0	0
<b>End of period</b>	<b>457,269</b>	<b>436,015</b>	<b>457,269</b>	<b>436,015</b>	<b>445,043</b>

## Quarterly data

### Consolidated statement of income, quarterly data

	2019		2018				2017		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	
<b>Net sales</b>	<b>96,863</b>	<b>78,440</b>	<b>124,423</b>	<b>95,688</b>	<b>88,557</b>	<b>71,681</b>	<b>83,275</b>	<b>70,885</b>	
Cost of goods sold	-60,360	-49,272	-73,546	-49,006	-49,587	-46,695	-46,881	-47,964	
<b>Gross profit</b>	<b>36,503</b>	<b>29,168</b>	<b>50,877</b>	<b>46,682</b>	<b>38,970</b>	<b>24,986</b>	<b>36,394</b>	<b>22,921</b>	
Costs	-44,751	-41,346	-43,586	-37,896	-39,584	-39,860	-41,093	-41,114	
<b>Operating profit</b>	<b>-8,248</b>	<b>-12,178</b>	<b>7,291</b>	<b>8,786</b>	<b>-614</b>	<b>-14,874</b>	<b>-4,699</b>	<b>-18,193</b>	
Net financial items	-1,594	-465	649	-1,843	2,691	-3,182	-4,350	-810	
<b>Res Profit before tax</b>	<b>-9,842</b>	<b>-12,643</b>	<b>7,940</b>	<b>6,943</b>	<b>2,077</b>	<b>-18,056</b>	<b>-9,049</b>	<b>-19,003</b>	
Tax	1,594	3,053	-129	-2,854	-3,375	4,982	-3,547	2,021	
<b>Profit for the period</b>	<b>-8,248</b>	<b>-9,590</b>	<b>7,811</b>	<b>4,089</b>	<b>-1,298</b>	<b>-13,074</b>	<b>-12,596</b>	<b>-16,982</b>	

## Key indicators and other information, quarterly basis

TSEK	2019	2018				2017		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Operating margin (%) 1)	Neg	Neg	0.06	0.09	Neg	Neg	Neg	Neg
Gross margin (%) 2)	37.69	37.19	40.89	48.79	44.01	34.86	43.70	32.34
Profit margin (%) 3)	Neg	Neg	0.06	0.04	Neg	Neg	Neg	Neg
Equity per share (SEK) 4)5)	0.52	0.53	0.53	0.52	0.50	0.50	0.50	0.49
Cash flow per share (SEK) 6)	0.00	-0.02	0.05	0.01	-0.01	0.00	-0.01	-0.02
Number of employees 7)	231.00	210.00	195.00	188.00	178.00	170.00	169.00	167.00
No. of outstanding shares (thousands)	860,024	860,024	860,024	860,024	844,914	844,914	844,914	657,155
Equity/assets ratio (%)	66.14	66.24	71.82	72.90	70.25	66.78	67.29	58.69
Order intake (SEK thousands)	141,457	99,975	143,941	100,689	182,856	52,798	156,322	59,423

IFRS 16 has an impact on comparability of 2019 numbers to the reported 2018 numbers. We refer to the disclosure on page 23.

- 1) Operating income relative to sales
- 2) Gross margin relative sales
- 3) Profit after taxation relative sales
- 4) Refers to profit and shareholder's equity before and after dilution
- 5) Sensys Gatso has a long-term incentive program for the CEO, that involves a dilution effect
- 6) Operating cash flow relative number of shares
- 7) Total number of employees at the end of the period

## Notes

### 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, generates 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, impacting comparability of our financial performance. With IFRS16 the discounted value of future right of use of leased assets is recorded on the balance sheet as an asset with a corresponding lease liability. The asset is depreciated over time in accordance with the remaining lease period and the redemption of the liability is done through lease payments. The impact of discounting is recorded as an interest expense. Sensys Gatso Groups balance, profit and loss and cash flow is impacted by IFRS16 as follows:

<b>TSEK (as per June 30, 2019)</b>	<b>Including IFRS 16</b>	<b>IFRS 16 Impact</b>	<b>Excluding IFRS 16</b>
<b>Balance</b>			
Property, plant and equipment	47,229	-37,050	10,179
Long-term liabilities	27,573	-27,573	0
Short-term liabilities	33,666	-9,862	23,804

<b>TSEK (Apr-June 2019)</b>	<b>Including IFRS 16</b>	<b>IFRS 16 Impact</b>	<b>Excluding IFRS 16</b>
<b>EBITDA</b>	<b>4,420</b>	<b>3,344</b>	<b>1,076</b>
Depreciation tangible and intangible fixed assets	-12,668	-2,467	-10,201
<b>Operating profit (EBIT)</b>	<b>-8,248</b>	<b>877</b>	<b>-9,125</b>
Net financial items	-1,594	-359	-1,235
<b>Profit before tax</b>	<b>-9,842</b>	<b>518</b>	<b>-10,360</b>



<b>TSEK (Apr-June 2019)</b>	<b>Including IFRS 16</b>	<b>IFRS 16 Impact</b>	<b>Excluding IFRS 16</b>
<b>Cash flow</b>			
Cash flow from operating activities	-2,697	-3,344	-6,041
Cash flow from investing activities	-10,011	0	-10,011
Cash flow from finance activities	10,265	3,344	13,609
<b>Change in cash and bank balances for the period</b>	<b>-2,443</b>	<b>0</b>	<b>-2,443</b>

### 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 2018 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 2018, with the exception of the adoption of the new standard IFRS 16.

During the quarter the subsidiary to the parent company, Sensys Gatso Sweden AB, has made a group contribution to the amount of SEK 9.0 million, which has been adjusted in the comparison 2018 numbers in this report. This has a positive impact on the parent company revenue and equity for 2018 of SEK 9.0 million.

**New standards, amendments and interpretations applicable from January 1, 2019**

IFRS 16 Leases was issued in 2016 to replace IAS 17 Leases and is required to be adopted by 2019. Sensys Gatso's has selected the modified retrospective approach as method for first time adoption of this new accounting standard. This means that the cumulative effect of initially applying the standard is recognised at the date of initial application and there is no restatement of comparative information. The implementation of IFRS 16 has an impact on the comparability of the figures in 2019 with previous years.

For calculating the IFRS16 value for the Right of Use Asset and corresponding Lease Liabilities we have excluded leases with a remaining period shorter than 12 months and leases with a total value smaller than SEK 50,000. The Incremental Borrowing Rate used to calculate the value of the Right of Use Asset and the corresponding Lease Liability is based on the category of lease asset, the duration of the contract and the region.

For more information about the accounting policies applied, please refer to Sensys Gatso's website.

For definitions of key indicators, please refer to the annual report issued for 2018, which is available on the Sensys Gatso website [www.sensysgatso.com](http://www.sensysgatso.com)

## Financial information

### Invitation to a presentation for press and analysts

On 29 August at 10:00 CEO Ivo Mönnink and CFO Simon Mulder will present the Interim Report for the second quarter, 2019 and answer questions in an audiocast. The presentation can be followed online via the link on Sensys' website: [www.sensysgatso.com](http://www.sensysgatso.com) or by <https://tv.streamfabriken.com/sensys-gatso-group-q2-2019>

It is also possible to listen to the presentation and ask questions by phone.

*Dial-in numbers:*

SE: +46 8 50 558 368

UK: +44 33 33 009 272

US: +1 8 335 268 382

The presentation in connection with this report will be published on the website.

## Financial calendar

Interim Report July - September 2019	28 November 2019
Year-End Report January - December 2019	20 February 2020
Annual Report 2019	14-17 April 2020
Interim Report January - March 2020	30 April 2020
AGM	14 May 2020

### **Sensys Gatso Group AB**

Office address Vasavägen 3c,  
SE-554 54 Jönköping  
Postal address Box 2174,  
SE-550 02 Jönköping  
Sweden

T +46 36 34 29 80

F +46 36 12 56 99

[info@sensysgatso.com](mailto:info@sensysgatso.com)

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

Registered No 556215-4459

VAT NO SE556215445901

Registered Office Jönköping