

Sensys Gatso Group AB

Interim Report

January - September 2020



MSEK	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019
Net Sales	131.6	73.0	320.7	248.3
Order intake	323.7	79.3	606.3	320.7
Operating profit (EBIT)	12.9	-17.8	-1.7	-38.3
Operating profit (EBITDA)	22.8	-2.8	36.1	1.5
Total Comprehensive income	4.8	-6.6	-7.5	-13.7
Earnings per share, before and after dilution (SEK)	0.01	-0.02	-0.01	-0.04
Cash flow from operating activities	11.0	-23.9	22.5	-47.1

Table of contents

Comments from the CEO	3
Financial summary	5
Financial results Group	6
Third quarter July – September 2020	6
January – September 2020	7
Business Segments	10
Managed Services	10
System Sales	11
Cash flow and financial position	13
Significant events and other information	15
Group figures	18
Consolidated statement of comprehensive income	18
Consolidated balance sheet	19
Consolidated statement of changes in equity	20
Cash flow statement	21
Parent company figures	22
Statement of comprehensive income	22
Statement of changes in shareholders equity	24
The Sensys Gatso share	25
Quarterly data	26
Consolidated statement of income	26
Key indicators and other information	26
Segment data	27
Notes and definitions	28
Key Indicator definitions	28
General	28
Financial calendar and invitation to the presentation	30
Auditor’s report on review of interim report	31

Comments from the CEO

Breaking through MSEK 900 order intake level

With the record high order intake this quarter of SEK 324 million, more than four times higher than last year, we achieved a strong sales outlook. When we look at the 12-months rolling order intake, we arrived at a record high of SEK 909 million, 95% higher than last year. We are operating in a business environment with long-term relations and contracts from our governmental customers. To assess our future sales position, we consider this 12-months rolling order intake number one of our key performance indicators. With three large sales orders in the past 9 months factored in, it is encouraging to see this performance indicator making such a significant upswing.

Sales up by 80%

We had yet another strong sales quarter with total sales up by 80%. This is proving the resilience of our business to the COVID-19 pandemic. Year to date we are now nearly 30% ahead of last year. TRaaS Sales were up by 19% in the quarter. This is somewhat below our expectations and mainly related to the temporary school closings in the USA, caused by the pandemic. To ensure proper education and social participation of children, some schools have reopened as of September. We are pleased that we can contribute again to safer school zones with our School zone speed enforcement solutions.

Costa Rica deployment shifted

In February of this year Sensys Gatso, together with our consortium partners, signed a contract with the Costa Rican government for the country's Nationwide Intelligent Transportation System. At the time, the 2020 budget for the execution of the project was approved by the Government. Due to Covid-19 circumstances, the parliament could not convene to approve the 2021 part of the budget. We expect this to occur latest in December of this year. At the moment we expect the deployment of this SEK 192 million contract to be shifted into the beginning of 2021.

EBITDA-margin 17% and EBIT up by SEK 31 million

With our high sales volume this quarter, the gross margin significantly improved by 3.5 percentage points to 37.4%. In addition, our operating expenses were SEK 6 million lower than last year. This resulted in a strong and profitable quarter. The EBITDA arrived at SEK 23 million, or 17% of sales. The operating profit EBIT increased by nearly SEK 31 million to SEK 13 million.

Directed share issue oversubscribed

In September we issued new shares to raise equity capital for the amount of SEK 75 million. This directed share issue enabled us to diversify the shareholder base in the Company among long term investors and at the same time take advantage of the opportunity to raise capital in a time- and cost-efficient manner.

The net proceeds from the oversubscribed Directed New Share Issue will primarily be used to support and accelerate the company's growth plan, which includes investments in expanding in current and new markets to make traffic safer and cities more sustainable.

Strong Financial position

During the quarter we had a positive cash flow from operating activities of SEK 11 million. Our free available cash at the end of the period now amounts to a solid SEK 169 million, up by SEK 103 million compared to last year. This includes the equity capital funding of SEK 75 million and the first tranche of SEK 12,5 million of the SEK 50 million new Rabobank facility agreement.

Outlook

In Q1 of this year, the COVID-19 pandemic started to impact all of us. Fortunately, we have seen in the past 6 months that our business has been minimally impacted. Some shifts in timing of deployment and temporary pausing of enforcement do not pose structural issues to our often long term contracts and customer relationships. Our order book was even reinforced in this quarter with the largest order in our history coming from the Middle East region. With higher sales, improved margins, and controlled expenses, our profitability has increased significantly. We therefore retain our long-term ambition to grow our net sales to more than SEK 1 billion in 2025. Sixty percent, or more than SEK 600 million, of this revenue is to come from our recurring TRaaS business. We also hold-on to our ambition to increase our EBITDA margin to more than 15 percent by 2025.

Ivo Mönnink
CEO, Sensys Gatso Group

Financial summary

Key indicators

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
TSEK					
Net sales	131,595	73,028	320,681	248,331	406,328
Order intake	323,701	79,314	639,896	320,746	561,940
Gross margin (%)	37.4	33.9	35.0	36.4	35.7
Operating profit (EBIT)	12,928	-17,845	-1,720	-38,271	-24,374
Operating margin (EBIT %)	9.82	Neg	Neg	Neg	Neg
Operating profit (EBITDA)	22,799	-2,791	36,131	1,513	28,585
Profit for the period	5,916	-15,670	-6,774	-33,508	-15,096
Earnings per share (SEK)	0.01	-0.02	0.00	-0.04	-0.02
Cash flow from operations	11,001	-23,869	22,450	-47,133	-3,738

EBITDA

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
TSEK					
Operating profit (EBIT)	12,928	-17,845	-1,720	-38,271	-24,392
Depreciation tangible and intangible fixed assets	6,342	9,024	22,189	21,963	30,767
Amortization of acquired intangible assets	3,529	6,030	15,661	17,821	22,192
Operating profit (EBITDA)	22,799	-2,791	36,131	1,513	28,567

Financial results Group



Third quarter July – September 2020

Order intake during the third quarter totalled SEK 323.7 million compared to SEK 79.3 million in the same quarter last year. The order intake for the quarter mainly relates to signing the contract with our Saudi Arabian customer with a total contract value of SEK 275 million. We have also received a procurement award from a new customer in Malaysia worth SEK 14 million and a TRaaS contract extension in the US with a total contract value of SEK 7 million over the contract period.

Net sales in the third quarter amounted to SEK 131.6 million (73.0). The segment System Sales contributed SEK 110.3 million (52.5) and Managed Services contributed SEK 26.8 million (25.2). The sales in the segment system sales is driven by deliveries to Saudi Arabia, which represents 10% of the total contract volume. Our managed services business in the US has seen some lower volumes than expected due to the school closings since April and lower volumes of holiday traffic in general. The schools have, partially, reopened in the US as of September. For the programs operated by Sensys Gatso this means that we have partially resumed enforcement in these school zones.

Of the total sales in the third quarter, 39 percent relates to TRaaS recurring revenues based on Service & Maintenance, License and Managed Services revenue, compared to 59 percent in Q3 2019. The TRaaS recurring revenue percentages is influenced by the high systems sales in the quarter, related to the Saudi Arabian contract.

The gross margin for the quarter was 37.4 percent (33.9). The third quarter gross margin is in line with the second quarter of 2020, due to high volumes and production efficiencies in the segment systems sales.

The operating expenses totalled SEK 36.3 million (42.6) including amortisation of intangible fixed assets recognized. Operating expenses are lower, mainly due to lower amortisation in connection with the acquisition of Gatso Beheer BV. The amortisation has decreased from SEK 6.0 million in the third quarter of 2019 to SEK 2.5 million in 2020.

The EBITDA increased by SEK 25.6 million, amounting to SEK 22.8 million (-2.8) and the EBITDA-margin increased to 17.3% (-0.0).

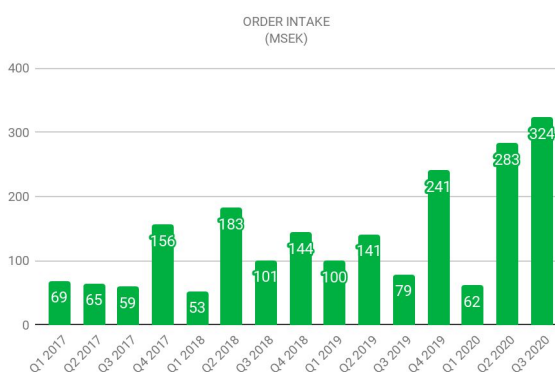
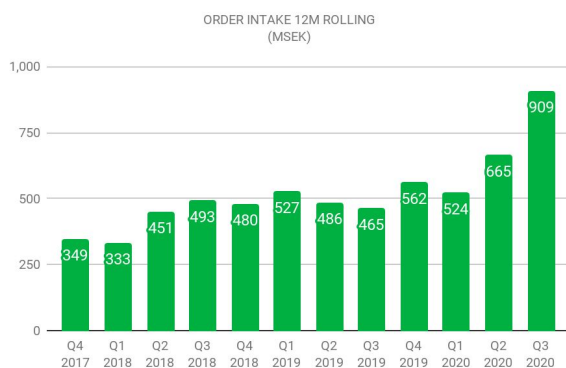
The operating profit (EBIT) for the quarter increased by SEK 39.7 million, totalling SEK 12.9 (-17.8) million and the profit after taxation totalled SEK 8.1 million (-4.5).

January – September 2020

The 12 months rolling order intake of the third quarter amounted to SEK 909 million (465). Big contributors to this order intake level are;

- The contracts received in Australia in the fourth quarter of 2019 for a total contract value of SEK 167 million
- 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.

The order intake of the third quarter ended at a record high order intake to the amount of 324 million (79).



TRaaS is recurring revenue from Service and Maintenance within System Sales and Managed Services. TRaaS revenues amounted to SEK 51.5 million (43.0), an increase of approximately 20 percent.

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
TSEK					
System Sales	80,121	30,017	162,195	121,114	229,153
TRaaS: Service & Maintenance	23,793	17,735	66,643	57,872	79,021
TRaaS: Licenses	1,180	372	2,791	2,604	3,468
TRaaS: Managed Services	26,502	24,904	89,053	66,741	94,686
Total Sales	131,596	73,028	320,682	248,331	406,328
Of which TRaaS:	51,475	43,011	158,487	127,217	177,175
TRaaS % of total Sales:	39%	59%	49%	51%	44%

Of the total sales year to date in 2020, 49 percent relates to recurring revenues based on Service & Maintenance, License and Managed Services revenue, compared to 51 percent in the first three quarters of 2019. The year to date revenue of TRaaS Managed Services increased from SEK 66,7 million to SEK 89,1 million, by approximately 33%.

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
TSEK					
Europe	46,934	38,782	99,267	130,230	188,089
Americas	30,611	23,238	91,121	62,642	103,453
APAC and MEA	54,051	11,008	130,294	55,459	114,786
Total Sales	131,596	73,028	320,682	248,331	406,328

Sales in the quarter and year to date is driven by sales in the regions Americas and APAC & MEA.

In the quarter, and year to date, the sales from the APAC and MEA Region have accelerated compared to 2019. The sales from the region reached SEK 54 million in the quarter and SEK 130 million year to date. The growth in this region is driven by the delivery and execution of the Australian in-vehicle project and the sales and delivery to our Saudi Arabian customer.

The sales in the region Americas has seen higher levels, which mainly relates to our US operation. The higher level of sales is due to the contribution of the new orders won in 2019, that contribute to Sales in 2020. Because of COVID-19 driven temporary school closings in March, no citations have been issued for our school zone speed programs in the second quarter. In the third quarter a part of the school zone programs were reinstated, enforcing around the most critical and vulnerable school zone areas.

The gross margin for the first three quarters of the year was 35.0 percent (33.9).

The operating expenses totalled SEK 114.6 million (128.7) The operating expenses year to date have decreased compared to the same period last year due to lower amortisation of intangible fixed assets related to the acquisition of Gatso Beheer BV (in 2015) of SEK 3.5 million and the COVID-19 relief received from the Dutch government to the amount of SEK 3.5 million.

The EBITDA in the first three quarters amounted to SEK 36.1 million (1.5) and the EBITDA-margin increased to 11.3 percent (0.6).

The operating profit for the quarter totalled SEK -1.7 million (-38.3) and the profit after taxation totalled SEK -4.6 million (-33.6).

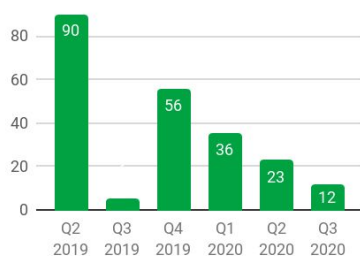
Personnel

The average number of full-time employees was 235 people (220). The number of employees at the end of the period was 259 to be compared with 255 at the end of the same period last year.

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.

ORDER INTAKE MANAGED SERVICES EXCL
PROCUREMENT AWARDS (MSEK)



SALES MANAGED SERVICES
(MSEK)



EBITDA MANAGED SERVICES
(MSEK)



Managed Services

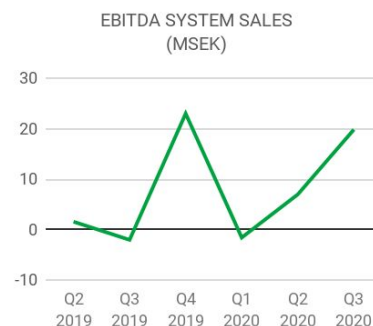
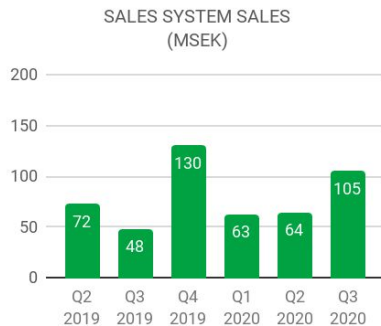
During the quarter we have received an extension of a TRaaS contract with a total contract value of SEK 7 million over a 5 year contract period.

Managed Services sales amounted to SEK 26.5 million (25.2) in the quarter. The segment has incurred an EBITDA of SEK 3.0 million (-0.6).

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 4.7 million. This is including the depreciation of intangible fixed assets of SEK 1.2 million relating to the acquisition of Gatso Beheer B.V.

The segment incurred an operating profit (EBIT) of SEK -1,8 million compared to -10.3 million for the same quarter last year. Year to date the operating profit amounted to SEK -11,6 million (-22,1). The improvement in the operating profit of SEK 10,5 million is due to the increased revenue levels in 2020. The revenue of the segment has increased by 33% compared to the first three quarters of 2019.



System Sales

The order intake for the segment System Sales amounted to SEK 312 million in the quarter. The order intake mainly relates to the order from our customer in Saudi Arabia to the amount of SEK 275 million and a procurement award from our new customer in Malaysia for a total amount of SEK 14 million, amongst other smaller orders from existing customers.

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 105.1 million (48.1) in the quarter, of which SEK 25.0 million (18.1) relates to TRaaS recurring revenue, i.e. 24 percent (38).

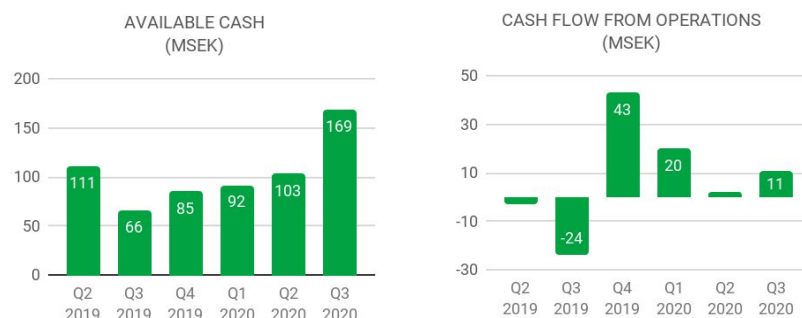
The segment has incurred an EBITDA of SEK 19.8 million in the third quarter compared to SEK -2.2 million in the same quarter of 2019.

The operating profit for the quarter amounted to SEK 14.7 million (-7,5). The improvement in the operating profit is due to the increased revenue levels and higher efficiency on delivery of bigger volumes and repeat orders. Year to date the operating profit amounted to SEK 9.9 million (-16.2).

TSEK	July - Sep 2020			July - Sep 2019		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	110,332	26,791	137,123	52,464	25,196	77,660
Inter-segment transactions	-5,238	-289	-5,527	-4,340	-292	-4,632
Total Net Sales	105,094	26,502	131,596	48,124	24,904	73,028
EBITDA	19,835	2,964	22,799	-2,217	-574	-2,791
Depreciation and amortization	-5,125	-4,746	-9,871	-5,281	-9,773	-15,054
Operating Profit	14,710	-1,782	12,928	-7,498	-10,347	-17,845
Net financial items			-4,120			-63
Profit before tax			8,808			-17,908
Tax			-2,892			2,238
Profit for the period			5,916			-15,670

TSEK	Jan - Sep 2020			Jan - Sep 2019		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	237,805	90,546	328,351	193,351	67,814	261,165
Inter-segment transactions	-6,176	-1,493	-7,669	-11,593	-1,241	-12,834
Total Net Sales	231,629	89,053	320,682	181,758	66,573	248,331
EBITDA	25,305	10,826	36,131	-1,464	2,972	1,508
Depreciation and amortization	-15,398	-22,453	-37,851	-14,746	-25,036	-39,782
Operating Profit	9,907	-11,627	-1,720	-16,210	-22,064	-38,274
Net financial items			-7,461			-2,123
Profit before tax			-9,181			-40,397
Tax			2,407			6,885
Profit for the period			-6,774			-33,512

Cash flow and financial position



Cash and available cash

Cash and cash equivalents at the end of the period totalled SEK 127.5 million (34.0). At the end of the period free available cash amounted to SEK 168.8 million (66.1) 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 positive cash flow from operating activities of SEK 11.0 million (-23.9).

Cash flow from investing activities

The investments in fixed assets for the quarter amounted to SEK 14.7 million (9.0). The total amount of investments during 2020 in fixed assets amounted to SEK 24.9 million (23.8) of which SEK 14.6 million (21.0) related to tangible fixed assets and SEK 10.3 million (2.8) 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 514.5 million (440.9), producing an equity/assets ratio of 66.0 percent (61.4).

Net interest-bearing debt amounted to SEK 5.0 million (109.2). 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 -22.7 million (73.5) at the end of the third quarter.

TSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
Lease liabilities	27,709	35,702	33,449
Bank Loans and Credit facilities	54,101	56,284	46,090
Shareholder loans	50,674	51,171	49,836
Cash and bank	-127,517	-33,983	-52,373
Net Interest-bearing debt	4,967	109,174	77,002
-/- Lease liabilities	-27,709	-35,702	-33,449
Adjusted Net Interest-bearing debt	-22,742	73,472	43,553

Significant events and other information

Significant events during the quarter

- 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

Significant events after 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

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

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.

After the period

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.

After the period 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.

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.

Audit

This report has been the subject of a limited review by the Group's auditor. The review report is on page 31.

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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 26 November 2020.

Group figures

Consolidated statement of comprehensive income

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
TSEK					
Net sales	131,595	73,028	320,681	248,331	406,325
Cost of goods sold	-82,399	-48,272	-207,806	-157,904	-261,278
Gross profit	49,196	24,756	112,875	90,427	145,047
Selling expenses	-16,123	-21,122	-57,040	-60,940	-81,157
Administrative expenses	-10,209	-10,845	-33,952	-31,892	-41,067
Development expenses	-8,550	-10,769	-26,197	-36,261	-47,849
Other operating expenses/income (1)	-1,386	135	2,594	395	634
Operating profit	12,928	-17,845	-1,720	-38,271	-24,392
Net financial items	-4,120	-63	-7,461	-2,122	-3,137
Profit before tax	8,808	-17,908	-9,181	-40,393	-27,529
Tax	-2,892	2,238	2,407	6,885	12,418
Profit for the period	5,916	-15,670	-6,774	-33,508	-15,111
Profit is attributable to owners of Sensys Gatso Group AB	6,412	-14,540	-5,021	-31,362	-13,386
Profit is attributable to non- controlling interest	-496	-1,130	-1,753	-2,146	-1,725
	5,916	-15,670	-6,774	-33,508	-15,111
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	-1,102	9,095	-770	19,792	9,154
Total other comprehensive income for the period, net after tax	-1,102	9,095	-770	19,792	9,154
Total comprehensive income for the period	4,814	-6,575	-7,544	-13,716	-5,957
Number of shares (thousands)	913,596	860,024	913,596	860,024	860,024
Earnings per share (SEK)	0.01	-0.02	-0.01	-0.04	-0.02

1) The year to date numbers January - September 2020 includes 3.5MSEK Governmental COVID-19 relief

Consolidated balance sheet

TSEK	30 Sep 2020	30 Sep 2019	31 Dec 2019
Assets			
Goodwill	256,350	264,973	257,164
Customer contracts and relations	1,534	14,599	10,338
Brand	10,962	13,691	12,738
Product and software development	34,995	30,435	29,582
Property, plant and equipment	37,093	45,931	45,253
Fixed assets in operations	53,388	45,381	56,110
Deferred tax assets	42,833	40,803	45,315
Other non-current assets	311	346	330
Trade and other receivables	71,226	85,612	76,137
Inventories and work in progress	113,275	112,013	96,939
Other current assets	28,106	28,680	26,074
Cash and bank balances	127,517	33,983	52,373
Total assets	777,590	716,447	708,353
Shareholders' equity and liabilities			
Shareholders' equity	513,056	439,973	448,854
Long-term Lease liabilities	18,618	25,647	23,110
Long-term Bank loans	9,882	0	0
Long-term Liabilities towards shareholders	29,592	40,441	39,387
Provision	10,660	6,751	10,032
Deferred tax liabilities	5,329	11,766	9,753
Short-term Lease liabilities	9,091	10,055	10,339
Short-term Bank liabilities	44,219	56,284	46,090
Short-term liabilities towards shareholders	21,082	10,730	10,449
Trade and other payables	39,453	42,350	47,955
Other current interest-free liabilities	76,608	72,450	62,384
Total shareholders' equity and liabilities	777,590	716,447	708,353

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

Consolidated statement of changes in equity

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
TSEK	2020	2019	2020	2019	2019
Beginning of period	436,497	446,548	448,854	453,689	453,689
New share issue	75,000	0	75,000	0	0
Share issue costs	-3,255	0	-3,255	0	0
Other movements	0	0	0	0	1,107
<i>Comprehensive income</i>					
Net profit for the period	6,412	-14,540	-5,020	-31,362	-13,371
Minority interest in subsidiaries	-496	-1,130	-1,753	-2,146	-1,725
Other comprehensive income	-1,102	9,095	-770	19,792	9,154
Total comprehensive income for the period	4,814	-6,575	-7,543	-13,716	-4,835
End of period	513,056	439,973	513,056	439,973	448,854

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.

A test was 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

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
TSEK					
Operating profit	12,928	-17,845	-1,720	-38,271	-24,392
Items with no effect on cash flow	10,756	14,242	39,318	40,414	57,561
Financial items	1,020	-3,752	-2,324	-4,333	-1,817
Tax paid	172	-484	1,046	-1,026	425
Funds contributing from operating activities	24,876	-7,839	36,320	-3,216	31,777
Change in working capital	-13,875	-16,030	-13,870	-43,917	-35,517
Cash flow from operating activities	11,001	-23,869	22,450	-47,133	-3,740
Cash flow from investing activities	-13,426	-9,035	-23,649	-23,803	-45,005
	-2,425	-32,904	-1,199	-70,936	-48,745
Financing activities					
New share issue minus cost	70,965	0	70,965	0	0
New loan (1)	-396	0	17,514	0	0
Repayment of loan	-3,438	-2,053	-8,784	-7,657	-11,689
Repayment/usage of credit facilities	8,908	22,425	-3,189	46,229	46,090
Repayment of loan to shareholders	0	-10,199	0	-10,199	-10,199
Change in cash and bank balances	73,614	-22,731	75,307	-42,563	-24,543
Liquid funds at the beginning of the period	53,949	56,804	52,372	76,607	76,607
Translation differences in liquid funds	-46	-90	-162	-61	309
Closing cash and cash equivalents	127,517	33,983	127,517	33,983	52,373

1) The year to date numbers January - September 2020 includes 4.8MSEK received Governmental COVID-19 relief

Parent company figures

Statement of comprehensive income

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
TSEK	2020	2019	2020	2019	2019
Other sales	2,156	3,444	7,937	6,039	7,981
Cost of goods sold	0	0	0	0	0
Gross profit	2,156	3,444	7,937	6,039	7,981
Selling expenses	0	0	0	0	0
Administrative expenses	-3,599	-4,808	-11,950	-10,445	-13,665
Development expenses	0	0	0	0	0
Other operating expenses/income	0	-5	0	-24	-24
Operating profit	-1,443	-1,369	-4,013	-4,430	-5,708
Net financial items	244	-287	385	-747	10,883
Profit before tax	-1,199	-1,656	-3,628	-5,177	5,175
Tax	-2,215	0	-2,215	0	-1,121
Profit for the period/Comprehensive income for the period	-3,414	-1,656	-5,843	-5,177	4,054

	30 Sep	30 Sep	31 Dec	31 Dec
TSEK	2020	2019	2019	2018
Product and software development	16,389	5,929	6,896	3,824
Shares in subsidiaries	413,952	413,952	413,952	413,952
Deferred tax assets	17,205	19,761	18,640	19,761
Receivables from Group	31,414	33,188	43,787	42,835
Other current assets	2,074	1,663	1,027	679
Cash and bank balances	89,123	14,779	12,866	21,389
Total assets	570,157	489,272	497,168	502,440
Shareholders' equity and liabilities				
Shareholders' equity	532,548	455,613	465,146	460,790
Long-term Bank loans	0	0	0	0
Long-term liabilities towards shareholders	8,510	18,983	18,489	28,141
Short-term Bank liabilities	0	0	0	0
Short-term liabilities towards shareholder	21,082	10,730	10,449	10,199
Trade and other payables	1,184	1,546	1,412	628
Trade and other payables from Group	4,131	0	0	81
Other current interest-free liabilities	2,702	2,400	1,672	2,601
Total shareholders' equity and liabilities	570,157	489,272	497,168	502,440

Statement of changes in shareholders equity

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
TSEK					
Beginning of period	464,217	457,269	465,146	460,790	460,790
New share issue, net	75,000	0	75,000	0	0
Share issue costs	-3,255		-3,255		
Other movements	0	0	1,500	0	
Profit for the period/Comprehensive income for the period	-3,414	-1,656	-5,843	-5,177	4,054
Stock related remuneration		0	0	0	302
End of period	532,548	455,613	532,548	455,613	465,146

The other movements in the period January - September 2020 relate to additional Parent Company Contribution from the Swedish Subsidiary Sensys Gatso Sweden AB relating to the year 2019.

The Sensys Gatso share

The number of shares at the end of the period was 913,595,882 (860,024,407). The average number of shares during the year was 865,976,793 (860,024,407).

The table below shows the five largest shareholders in the Company as per end of September 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) After the period 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	156,247,615	17.1
2	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	40,039,852	4.4
3	NORDNET PENSIONS FÖRSÄKRING AB	23,039,797	2.5
4	WALL, PER	23,000,000	2.5
5	BERGSTRAND, INGER	20,659,837	2.3

#	Concentration	Proportion of share capital/ Votes%
10	Largest holders	33.7
20	Largest holders	39.0
50	Largest holders	46.8
100	Largest holders	53.3

#	Country	Proportion of share capital/ Votes%
1	Sweden	75.5
2	Netherlands	17.2
3	Belgium	1.4
4	United States	1.2
5	Denmark	1.1
6	Other	3.6
		100.0

Quarterly data

Consolidated statement of income

	2020				2019			2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	131,595	93,456	95,630	157,997	73,028	96,863	78,440	124,423
Cost of goods sold	-82,399	-58,443	-66,964	-103,374	-48,272	-60,360	-49,272	-73,546
Gross profit	49,196	35,013	28,666	54,623	24,756	36,503	29,168	50,877
Costs	-36,268	-35,940	-42,387	-40,726	-42,601	-44,751	-41,346	-43,586
Operating profit	12,928	-927	-13,721	13,897	-17,845	-8,248	-12,178	7,291
Net financial items	-4,120	1,797	-5,138	-1,017	-63	-1,594	-465	649
Profit before tax	8,808	870	-18,859	12,880	-17,908	-9,842	-12,643	7,940
Tax	-2,892	2,253	3,046	5,532	2,238	1,594	3,053	-129
Profit for the period	5,916	3,123	-15,813	18,412	-15,670	-8,248	-9,590	7,811

Key indicators and other information

TSEK	2020				2019			2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Operating margin (%)	9.82	Neg	Neg	8.80	Neg	Neg	Neg	5.86
Gross margin (%)	37.38	37.46	29.98	34.57	33.90	37.69	37.19	40.89
Profit margin (%)	4.50	0.03	Neg	11.65	Neg	Neg	Neg	6.28
Equity per share (SEK)	0.56	0.51	0.53	0.52	0.51	0.52	0.53	0.53
Cash flow per share (SEK)	0.01	0.00	0.02	0.05	-0.03	0.00	-0.02	0.05
Number of employees	259	255	270	252	255	231	210	195
No. of outstanding shares (thousands)	913,596	860,024	860,024	860,024	860,024	860,024	860,024	860,024
Equity/assets ratio (%)	65.98	64.34	64.49	63.37	61.41	66.14	66.24	71.82
Order intake (SEK thousands)	323,701	282,569	33,626	241,194	79,314	141,457	99,975	143,941

Segment data

	2020			2019			2018	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Order intake								
System Sales	312,125	259,326	26,017	185,194	73,554	51,157	66,487	106,941
Managed Services	11,576	23,243	35,608	56,000	5,760	90,300	33,488	37,000
	323,701	282,569	61,625	241,194	79,314	141,457	99,975	143,941

	2020			2019			2018	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales								
System Sales	105,093	63,680	62,855	129,705	48,124	72,316	61,318	107,393
Managed Services	26,502	29,776	32,775	28,291	24,904	24,547	17,122	17,030
	131,595	93,456	95,630	157,996	73,028	96,863	78,440	124,423

	2020			2019			2018	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Operating Profit (EBITDA)								
System Sales	19,835	7,042	-1,553	22,661	-2,217	1,586	-828	15,046
Managed Services	2,964	5,273	2,570	4,411	-574	2,834	712	1,658
	22,799	12,315	1,017	27,072	-2,791	4,420	-116	16,704

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 26 November 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-q3-2020>

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Upcoming financial events

Calendar	
Year-End Report January - December 2020	25 February 2021
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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Auditor's report on review of interim report

To the Board of Directors of Sensys Gatso Group AB (publ.), reg.nr. 556215-4459

Introduction

We have reviewed the condensed interim financial information (interim report) for Sensys Gatso Group AB (publ.) as of September 30, 2020 and the nine-month period which ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of an interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm November 25, 2020

BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant