

Sensys Gatso Group AB

Year-End Report

October - December 2022

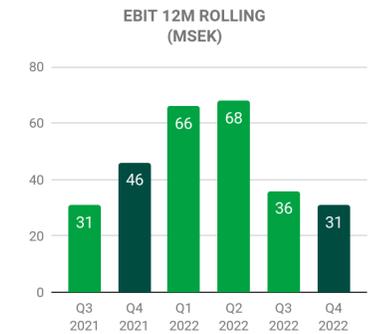
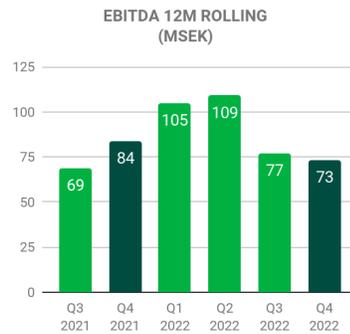
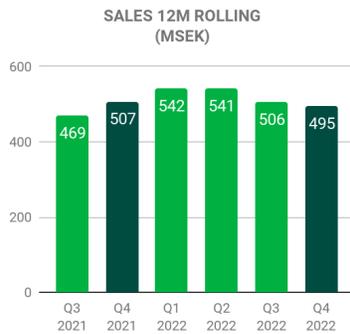
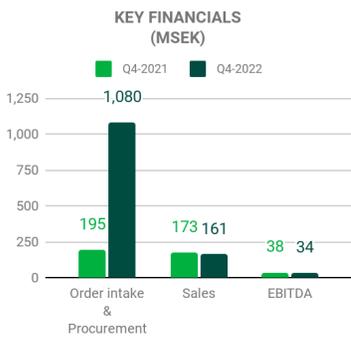


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Comments from the CEO

Historic order intake exceeding SEK 1 billion in the quarter

2022 has been a year in which our customers have clearly shown their appreciation of our traffic enforcement solutions by placing large orders in Europe, Australia and the USA. The order intake in Q4 arrived at a historic SEK 1,080 million, up more than 450% compared to last year.

One large, long term contract is the main driver of the large order intake this quarter, the Swedish Trafikverket procurement award of SEK 850 million. This has been added in full to the order intake in Q4. Of this twelve year contract, 50 percent is recurring TRaaS business. Next to this large order we booked two TRaaS orders from Australia for a total value of SEK 47 million. Additionally, two TRaaS orders were booked from the USA, for a total value of SEK 128 million. Altogether the total TRaaS part of the order intake this quarter is SEK 600 million or 56 percent of the total order intake. For the full year 2022, the order intake arrived at SEK 1.5 billion. This is three times higher than in 2021 and by far the highest order intake in the 65 year history of Sensys Gatso. More importantly, 58% percent of the order intake in 2022 is recurring TRaaS revenue, clearly showing we are executing on our strategy to grow our TRaaS business.

TRaaS Sales up 28% in the quarter

Our net sales in the quarter amounted to SEK 161 million, which is 6% lower than last year's sales of SEK 173 million. While total sales for 2022 came in 2% lower than previous year at SEK 495 million (compared to SEK 507 million), our strategic focus on Traffic Enforcement as a Service (TRaaS) resulted in a significant increase in recurring revenue streams.

In fact, our TRaaS sales arrived at SEK 93 million for the quarter, up by 28% from previous year. For the full year, our TRaaS sales were SEK 312 million, which is 26% higher than in 2021. As a result of this focus, our share of TRaaS sales is now 63% of total sales, compared to 49% in 2021. This clearly demonstrates that our strategy to focus on TRaaS recurring revenue streams is paying off.

US TRaaS sales up 21% in the quarter

We grew our US TRaaS Managed Services business by 21% from SEK 39 million to SEK 47 million in the quarter. For the full year 2022, the growth was 36%, from SEK 129 million to SEK 176 million. This recurring revenue level provides our US organization with a solid baseline to further build on. With new US leadership and a new strategic plan in execution, our future looks promising in this large and strategic market for Sensys Gatso.

First revenues from our Tasmania TRaaS project in Australia

In May 2022 Sensys Gatso received a 3 year SEK 74 million contract order from the Tasmania Police, for an automated traffic enforcement program. Our solution provides for Sensys Gatso sensor technology, deployed in vehicles and trailers operated by our highly trained staff. Next to this we provide a hosted adjudication system based on our Puls and Xilium software, tailored to the needs of our customer. The enforcement by our customer, using our solutions has successfully been implemented and contributed in Q4 to the TRaaS managed services revenue to the amount of SEK 9 million, in line with our expectations. This successful implementation is a promising development of our TRaaS business model outside of the USA.

Investing to support growth

As part of our new strategic plan for the US market, we are investing in front-end sales people and activities to support the growth we foresee in this important market. Also the implementation of a new ERP system this year has contributed to a temporary increase of our expenses this quarter. We foresee the implementation to be completed for the most part by the end of Q1 2023.

New projects in LATAM

The momentum we have in the LATAM region continues. In this region our strong Sensys Gatso brand name and global delivery experience carry significant value for our customers.

In Uruguay we have secured a part of the National Tender through our local partner. Due to our ability

to deliver a fast solution, we could deliver the full order in the fourth quarter.

Since 2021 we have been engaging with a strong local partner in Ecuador, resulting in 3 new projects that have been delivered in the fourth quarter of this year.

Costa Rica continues to be in an uncertain situation due to the government budget. Meanwhile we continue to work together with municipalities, to start our business in Costa Rica with local projects.

Saving lives in Ghana

The other large deal this quarter came from Ghana, where our 40% joint venture closed a SEK 800 million contract after several years of discussions and negotiations with our customer, the Ghana government.

Sensys Gatso's purpose is to save lives by changing the behavior of drivers in traffic, all around the world. From our 65 years of global experience in traffic enforcement, we know that the single most important contributor to fatalities and injuries in traffic is speed. Speed kills, as we know.

Especially in countries where many different traffic participants use the same roads, the numbers can be astronomical. A clear example of such a situation is Ghana, where in 2021 nearly 3,000 people lost their lives in traffic. And unfortunately, this number is increasing. Next to the fatalities, nearly 16,000 people were injured in the same period. This not only poses incredible social and emotional distress, it also causes significant costs to the Ghaneees society of 1.6% of GDP annually. Not surprisingly the Ghana government has made traffic safety a spearpoint of their political program for the coming years.

We are very proud that Sensys Gatso, through its 40% share in our joint venture NTMEL, can contribute to this by introducing a full TRaaS program in Ghana. In this program we will design, build, finance, operate and maintain a national road safety program during the upcoming 11 years. The value of the contract is SEK 800 million, of which Sensys Gatso has a 40 percent profit share. We expect the program to contribute to our revenue in the second half of 2024, predominantly with sales of equipment and license fees for the use of Sensys Gatso's software platform.

Gross Margin up 7 percentage points in the quarter

The gross margin for the quarter was strong at 48.5 percent. This is 7 percentage points higher than last year at 41.6 percent. The increase in gross margin is caused by more TRaaS revenue with a typically higher margin and improved System sales margins this quarter. For the full year 2022, the margin improved with 5 percentage points, from 40.6 percent to 45.5 percent. On a rolling 12-month basis, the gross margin improved by 2 percentage points from 43 percent in Q3 to 45 percent in Q4.

Free available cash up SEK 70 million

The cash-flow from operating activities in the fourth quarter amounted to SEK 13.2 million up from SEK 11.3 million last year. For the full year 2022, Sensys Gatso generated a positive cash flow from operating activities of SEK 126 million. This is an increase of SEK 117 million compared to SEK 9 million previous year. After Investment and Financing activities, the group added 70 million to its available cash position. The positive movement mainly relates to payment of trade receivables and use of inventories. With our strong available cash position and our low level of debt, the company has a healthy financial position to support future growth.

Outlook

With SEK 1.5 billion of order intake in 2022, this year has been the most successful year in the 65 year history of Sensys Gatso. Long-term contracts with governmental customers in our home markets Sweden, The Netherlands and Australia secure our revenue for many years to come. I am especially proud to see our strategic focus on the recurring TRaaS business paying off. Our full TRaaS business in the USA has grown this year by more than 40 percent and we added new TRaaS revenue in Australia during the year. Together with our TRaaS business growth, our gross margin is growing, contributing to our already strong financial position. We therefore retain our long-term plan to, by 2025, grow our net sales to more than SEK 1 billion, of which TRaaS revenues is more than SEK 600 million. We also retain our ambition to increase our EBITDA margin to more than 15% in 2025.

Ivo Mönnink
CEO, Sensys Gatso Group

Financial summary

	Q4	Q4	YTD	YTD
MSEK	2022	2021	2022	2021
Net Sales	161	173	495	507
Order intake	1,080	195	1,456	368
Operating profit (EBITDA)	34	38	73	84
Operating profit (EBIT)	22	27	31	46
Total Comprehensive income	9.6	21.3	61.0	45.5
Earnings per share, before and after dilution (SEK)	0.01	0.02	0.02	0.04
Cash flow from operating activities	6.7	11.3	125.6	9.1

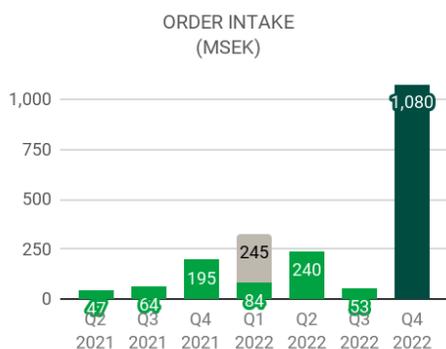
Financial results Group

October - December 2022

Order intake

Order intake during the fourth quarter totaled SEK 1,079.5 million compared to SEK 195.4 million in the same quarter last year.

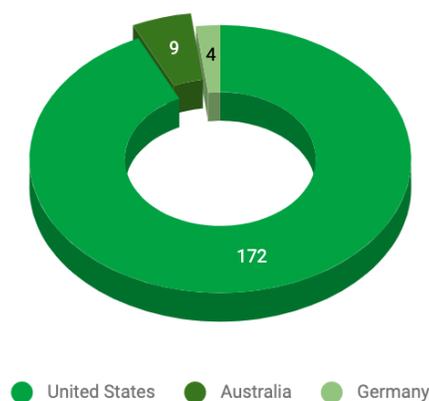
The order intake for the quarter mainly relates to the order received from the Swedish procurement award to the amount of SEK 850 million. On top of that we have seen a good order intake from the US with one contract renewal and extension as well as a new contract signing. The total order intake for the US arrived at SEK 127.5 million offering TRaaS Managed Services solutions. In Australia we have extended our service and maintenance contracts on two big projects totalling SEK 47.0 million, securing our recurring revenue base.



TRaaS Sales

The TRaaS sales for the quarter of SEK 93.0 million (72.4) equates to 58% of total sales. The absolute TRaaS sales have grown compared to the same quarter last year by SEK 20.6 million, corresponding to 28% growth. This growth is mainly related to growth of our US TRaaS Managed Services business and revenue from our Tasmania Police TRaaS Managed Services project, amounting to SEK 9 million for the full year. The increase in TRaaS Managed Services sales amounts to 43% compared to the same quarter last year.

TRaaS MANAGED SERVICES FY-2022



Net Sales and gross margin

Net sales in the quarter amounted to SEK 161.3 million (172.5). The gross margin for the quarter was 48.5% (41.6).



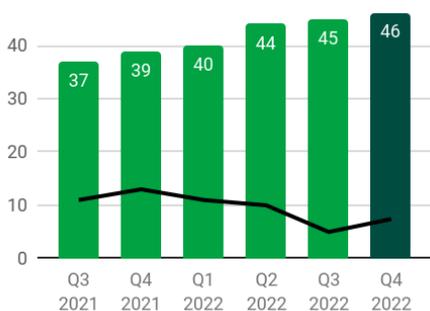
	Q4	Q4	FY	FY
MSEK	2022	2021	2022	2021
System Sales	68	100	183	259
TRaaS: Service & Maintenance	36	33	123	113
TRaaS: Licenses	1.8	1.1	4.1	5.2
TRaaS: Managed Services	56	39	185	129
Total Sales	161	173	495	507
Of which TRaaS:	93	72	312	248
TRaaS % of total Sales:	58%	42%	63%	49%

Business segment Managed Services

The sales development for the business segment Managed Services - consisting of Sensys Gatso USA and several projects in Germany - has continued to grow in the fourth quarter.

The sales have increased from SEK 38.7 million to SEK 46.2 million in 2022, equalling an increase of approximately 19%. The increase in sales is attributable to higher volumes on our USA TRaaS programs and a stronger US Dollar to Swedish Krona translation. During the fourth quarter we have continued our investments related to our new sales strategy. The EBITDA landed at SEK 7.4 million compared to approximately SEK 12.5 million in the comparative period 2021.

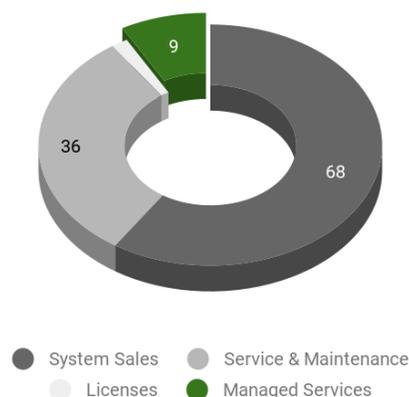
SALES & EBITDA MANAGED SERVICES (MSEK)



Business segment System Sales

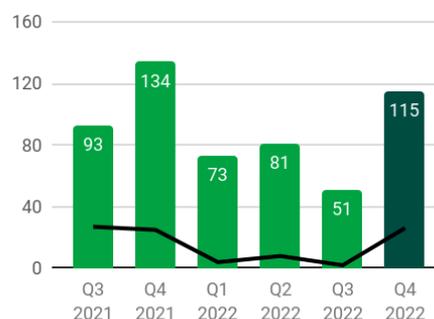
The business segment System Sales, mainly consisting of our Dutch, Swedish and Australian operational companies, have seen a strong fourth quarter, which landed at SEK 115.1 million. During the quarter the Managed Services Tasmanian Police Project contributed with SEK 9 million in sales. The overall sales are lower than Q4 last year (133.8) due to postponed Saudi project deliveries. These are expected to resume in 2023.

SEGMENT SYSTEM SALES Q4-2022



The EBITDA for the segment arrived at SEK 26.2 compared to SEK 25.0 million for the same quarter last year, due to margin improvements.

SALES & EBITDA SYSTEM SALES (MSEK)



Sales regions

Sales in the Americas region have increased during the quarter, whilst in Europe has operated at a similar level and APAC/MEA region the sales have decreased compared to the same quarter last year. Increased sales in the Americas region is due to increased volumes in Managed Services Sales in the USA. The sales in the APAC/MEA region in the fourth quarter of 2021 is mainly driven by Saudi project deliveries.

	Q4 2022	Q4 2021	YTD 2022	YTD 2021
MSEK	2022	2021	2022	2021
Europe	48.6	45.0	123.2	145.0
Americas	79.6	38.1	206.9	126.1
APAC and MEA	33.1	89.4	164.4	235.7
Total Sales	161.3	172.5	494.6	506.8

Operating expenses

The operating expenses for the quarter totalled SEK 55.7 million (44.6). The increase in expenses is mainly due to increased sales expenses related to the implementation of the new proactive sales model in the US market as well as temporary costs relating to upgrading our ERP system.

Profitability

The EBITDA in the quarter amounted to SEK 33.6 million (37.5). The operating profit (EBIT) for the quarter amounted to SEK 22.3 million (27.2).

MSEK	Q4	Q4	YTD	YTD
	2022	2021	2022	2021
Operating profit (EBIT)	22.3	27.2	30.8	45.9
Depreciation & Amortization	11.4	10.3	42.5	37.6
Operating profit (EBITDA)	33.6	37.5	73.3	83.5
Operating margin (EBITDA %)	20.9	21.7	14.8	16.5

Translation effects

Throughout 2022 the foreign currencies US Dollar, Euro and Australian Dollar fluctuated significantly against the Swedish Krona. Due to this, the sales in the fourth quarter have been positively impacted by SEK 16.2 million, mainly relating to a stronger US Dollar. The impact on Profit for the period with SEK 4.7 million was less significant.

MSEK	2022 numbers		
	2022 FX	2021 FX*	Diff
	Q4	Q4	
Net sales	161.3	145.1	16.2
Cost of goods sold	-83.1	-74.6	-8.6
Gross profit	78.2	70.6	7.6
Costs	-55.9	-53.8	-2.1
Operating profit	22.3	16.7	5.5
Net financial items	-10.1	-9.2	-0.8
Profit before tax	12.2	7.6	4.6
Tax	-2.0	-2.1	0.1
Profit for the period	10.2	5.5	4.7

*) 2021 FX: these are the 2022 numbers calculated at Q3 2021 currencies

Personnel

The average number of full-time employees was 258 (240). The number of employees at the end of the period was 284 compared to 263 at the end of 2021.

January - December 2022

The order intake for the year to date amounted to SEK 1,456.6 million (368.2). The increase relates to the announced orders and procurement awards relating to Sweden, Netherlands, USA, Australia and Ecuador predominantly.

The sales year to date at SEK 494.6 million is slightly lower than Q4 2021 (506.8). The sales for the year have been impacted positively by translation effects, whilst on the other hand deliveries to our Saudi customer have been moved out to 2023. From this sales, 63% (49%) relates to TRaaS recurring revenues.

The gross margin landed at 45.5% compared to 40.6% in 2021, due to the increased TRaaS sales in relation to the total sales and improved margins in the segment system sales.

The expenses totalled SEK 194.1 million compared to SEK 160.0 million. The increase in the expenses is caused by translation effects, investments in our sales force as well as temporary costs related to the implementation of our new ERP system.

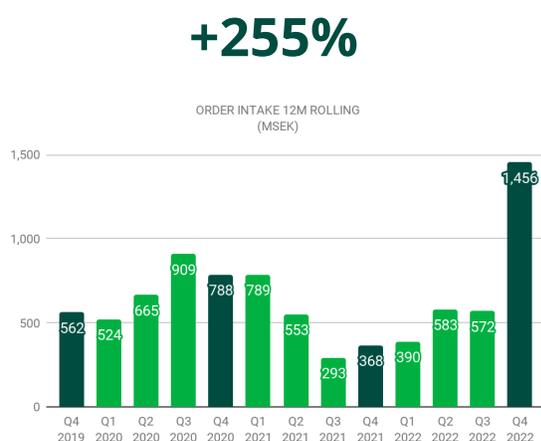
The EBITDA for the year amounted to SEK 73.3 million compared to SEK 83.5 million. The operating profit (EBIT) amounted to SEK 30.8 million compared to SEK 45.9 million. The profit for the period amounted to SEK 20.1 million compared to SEK 35.0 million.

TSEK	FY	FY
	2022	2021
Order intake	1,456,104	368,248
Net sales	494,575	506,789
TRaaS revenue (%)	63.0	48.9
Gross margin (%)	45.5	40.6
Expenses	194,082	160,027
Operating profit (EBITDA)	73,344	83,502
Operating profit (EBIT)	30,823	45,908
Profit for the period	20,055	34,991

Rolling 12 months

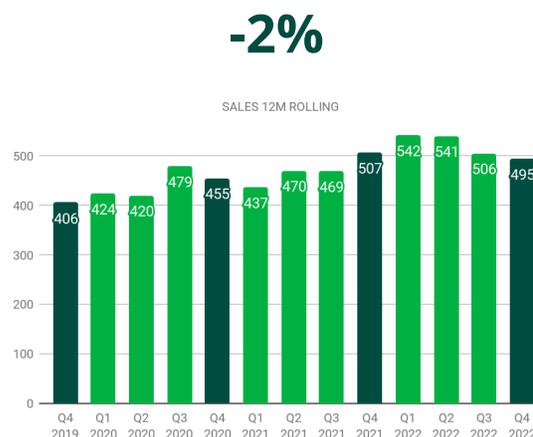
Order intake

The order intake rolling 12 months amounted to SEK 1,456 million, compared to SEK 572 million for the previous quarter. The order intake excludes the Dutch procurement award of SEK 245 million, which was won in Q1, and which will be added to the order intake once the orders are formally allocated.



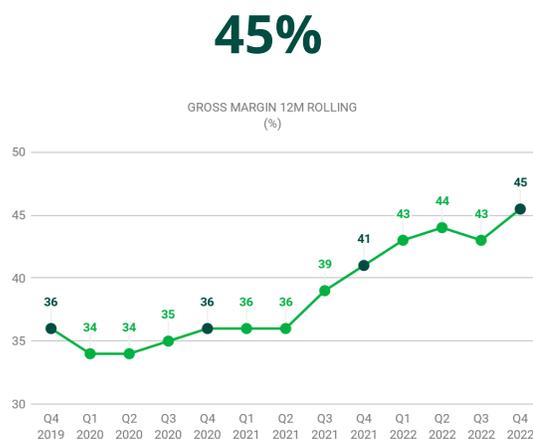
Net sales

The 12 months rolling sales are 2% lower than previous quarter 12 months rolling numbers. The sales arrived at SEK 495 million compared to SEK 506 million.



Gross margin

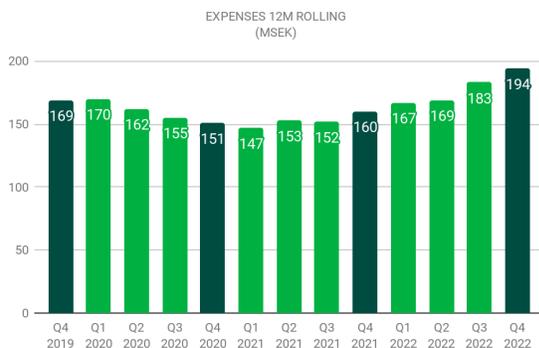
The gross margin further improved by 2 percentage points from 43% to 45%. The increase in margins is caused by more TRaaS revenue with a typically higher margin and improved System sales margins.



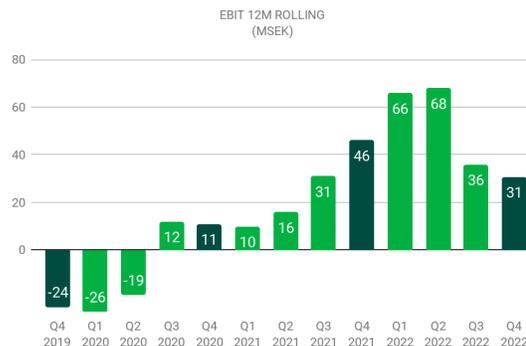
Operating Expenses

The expenses have increased due to increased sales activity and related expenses as well as impact of currency translation due to strong US dollar and Australian dollar. The rolling 12 months expenses totalled SEK 194 million compared to SEK 183 million in the previous quarter.

+6%



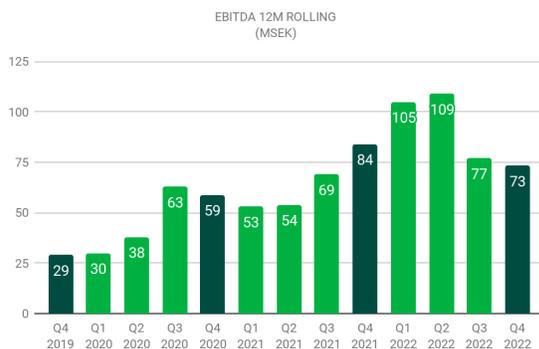
-14%



EBITDA & EBIT

The EBITDA for the 12 months rolling amounted to SEK 73 million compared to SEK 77 million, a decrease of 4%. The EBIT for the 12 months rolling amounted to SEK 31 million compared to SEK 36 million in the third quarter, a decrease of 14%.

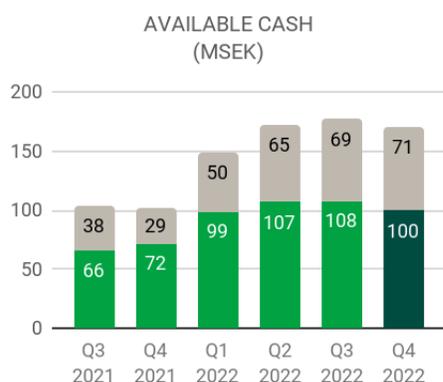
-4%



Cash flow and financial position

Cash and available cash

Cash and cash equivalents at the end of the period totalled SEK 99.7 million (72.5). At the end of the period free available cash amounted to SEK 171 million (101) taking into account the total amount of remaining credit facilities amounting to SEK 71 million (29).



Cash flow from operating activities

For the year 2022 Sensys Gatso had a positive cash flow from operating activities of SEK 126 million (9). After Investment and Financing activities, the group added 70 million to its available cash position. The positive movement mainly relates to payment of trade receivables and use of inventories to the amount of SEK 85 million.



Note: This cash flow is based on the indirect model. The indirect method uses increases and decreases in balance sheet line items to modify the operating section of the cash flow statement from the accrual method to the cash method of accounting.

Cash flow from investing activities

The investments in fixed assets for the quarter amounted to SEK 13.2 million (7.7) and SEK 45.0 million for the full year 2022 (42.0).

MSEK	Q4 2022	Q4 2021	YTD 2022	YTD 2021
Software platforms FLUX, Xilium and Puls	7.7	4.1	21.6	17.9
Fixed assets in operations	5.2	2.5	18.8	20.6
Other intangible and tangible fixed assets	0.3	1.1	4.6	3.5
Total investments	13.2	7.7	45.0	42.0

Financial position

The Group's equity at the end of the period totalled SEK 626.1 million (561.8), producing an equity/assets ratio of 75.6% (70.5). The interest-bearing debt for the quarter ended in a net cash positive amount of SEK 24.0 million (-43.9). Excluding lease liabilities, we ended the quarter at SEK 46.6 million net cash compared to SEK -20.9 million last year.

MSEK	Q4 2022	Q4 2021	FY 2020
Lease liabilities	22.6	22.9	28.4
Bank Loans and Credit facilities	30.8	64.4	51.6
Shareholder loans	22.3	29.0	38.3
Cash and bank	-99.7	-72.5	-108.5
Net Interest-bearing debt	-24.0	43.9	9.8
-/- Lease liabilities	-22.6	-22.9	-28.4
Adjusted Net Interest-bearing debt	-46.6	20.9	-18.6

Significant events and other information

Significant events during the previous quarters

- 18 Jan Sensys Gatso USA has won a five-year TRaaS contract from Pelham Manor, New York worth SEK 7.9 million
- 19 Jan Sensys Gatso USA has won a five-year TRaaS contract from Gates Mills, Ohio worth SEK 9.2 million
- 2 Feb Sensys Gatso USA has won a five-year TRaaS contract from Oelwein, Iowa worth SEK 9.3 million
- 4 Mar Sensys Gatso has received a purchase order for red-light and speed enforcement in Belgium worth SEK 6 million
- 18 Mar Sensys Gatso has been selected as vendor to a procurement contract in the Netherlands, with an estimated revenue of SEK 250 million
- 12 Apr Sensys Gatso receives three-year TRaaS contract extension, valued at SEK 44 million for speed photo enforcement in Des Moines, Iowa
- 13 Apr Sensys Gatso signs procurement contract in the Netherlands
- 5 May Sensys Gatso Group strengthens USA business with new USA President & Managing Director
- 31 May Sensys Gatso Australia receives TRaaS enforcement as a Service (TRaaS) order for a new Automated Traffic Offense Enforcement Program in Tasmania to the value of SEK 73.5 million
- 20 June Sensys Gatso receives a five-year TRaaS contract valued at SEK 100 million for speed photo enforcement in Cedar Rapids, Iowa
- 29 June Sensys Gatso receives a TRaaS contract extension in the Netherlands, valued at SEK 10 million
- 16 Sept Sensys Gatso receives an order from Ecuador, worth SEK 20 million
- 28 Sept Sensys Gatso receives an order from Uruguay, worth SEK 9 million

Significant events during the quarter

- 8 Oct Sensys Gatso wins procurement award from the Swedish Transport Administration, worth up to SEK 850 million
- 19 Oct Sensys Gatso confirms the Swedish Transport Administration's procurement award, worth up to SEK 850 million
- 14 Nov Sensys Gatso Australia receives contract extension of maintenance services for traffic safety systems from the state of Victoria, worth SEK 21 million
- 16 Nov Sensys Gatso announces contract signed with the Swedish Transport Administration worth up to SEK 850 million
- 24 Nov Sensys Gatso Australia receives Project Orders for the extension of maintenance services for ANPR traffic safety systems from the state of New South Wales, worth SEK 26 million
- 1 Dec Sensys Gatso receives TRaaS contract worth SEK 7.5 million for traffic safety in Marshalltown, IA; expands its footprint in the state
- 22 Dec Sensys Gatso receives a seven-year TRaaS contract valued at approximately SEK 120 million for red light and school-zone speed enforcement in Pawtucket, Rhode Island
- 23 Dec Sensys Gatso, through its 40% joint venture share in NTMEL, signs an 11 year TRaaS contract with the Government of Ghana estimated at SEK 800 million in revenues

Significant events after the quarter

- 26 Jan Sensys Gatso receives five year TRaaS contract for traffic safety in Fort Dodge IA, valued at approximately SEK 12 million
- 27 Jan Sensys Gatso Netherlands receives a 3-year TRaaS Service and Maintenance contract in Latvia, worth SEK 10 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.

Repayment of vendor loan

In connection with the acquisition of Gatso Beheer B.V. in 2015 a vendor note of approximately EUR 6.8 million was issued as part of the consideration. During the third quarter the company made payment on the final install of the Vendor Loan to the amount of EUR 840.000, concluding the acquisition financing.

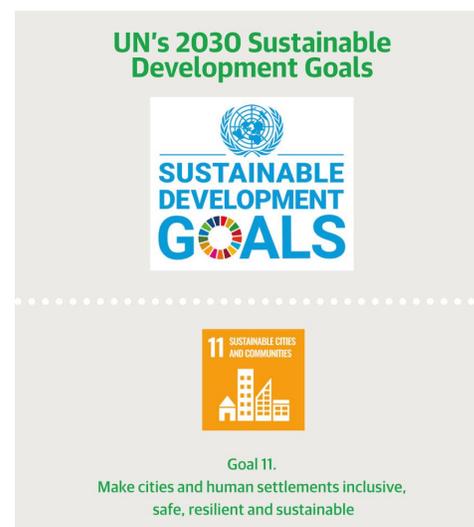
Sustainability

Sensys Gatso solutions promote reduced negative environmental impacts from vehicles. Sensys Gatso solutions not only help save lives by preventing road crashes – our products and services also contribute to the reduction of carbon emissions and lower pollution levels. Emissions from transportation accounts for about 1/5 of global carbon emissions, where road transportation accounts for 72%. Lower speeds, however, lead to the reduction of both carbon emissions and the release of pollutants, called NOx particles. Reducing speed limits from, for example, 75mph to 60mph result in a 25% reduction in emissions. Read more about how Sensys Gatso solutions promote reduced negative environmental impacts from vehicles in the 2021 Annual Report on page 12-13 available at www.sensysgatso.com

Several global trends continued to favor Sensys Gatso, not the least the world's drive for sustainable cities, reduced environmental impacts from vehicles and the fulfillment of the UN's 2030 sustainable development goals. Making roads safer by changing human behavior in traffic is fundamental to 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 software driven 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 save lives. However, our solutions not only help save lives by preventing

road crashes – our products and services also contribute to the reduction of carbon emissions and lower pollution levels. Our customers include police and road authorities globally, as well as, to some extent, 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 add-on sales over time. Our supply chain is European and the development and production of our systems is in part provided by third party suppliers in Sweden, and partly at our own production facility in Haarlem, the Netherlands. All together we engage approximately 10 employees in Haarlem and another 80 different suppliers in Sweden and the Netherlands. Given our European centric development model, we, as a company, are required to follow EU environmental legislations and regulations, such as WEEE and RoHS. Several global trends continued to favor Sensys Gatso, not the least the world's drive for sustainable cities, reduced environmental impacts from vehicles and the fulfillment of the UN's 2030 sustainable development goals. This is the bigger picture, read our sustainability report in the 2021 Annual report on page 16-19 available at www.sensysgatso.com.

AGM 2023

The AGM for 2023 will take place on Monday May 15, 2023, in Jönköping. Please, go to www.sensysgatso.com/ for more information about the nomination committee and how to proceed as a shareholder to get an issue handled by the AGM.

Dividend

No dividend is proposed for the financial year 2022. The dividend policy is that generated net profit will be re-invested in the company to finance the growth plan. When the growth plan is fully financed, dividend will materialize after assessment of the company's financial position, organic growth opportunities, investments, acquisition opportunities and cash-flow.

Audit

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

If you wish to participate via teleconference please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.

<https://conference.financialhearings.com/teleconference/?id=5002172>

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 08.30 on 23 February, 2023.

Invitation to a presentation

On 23 February at 10 am CET Sensys Gatso Group invites press, analysts, shareholders, and stakeholders to participate in an 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>

If you wish to participate via webcast please use the link below.

<https://ir.financialhearings.com/sensys-gatso-group-q4-2022>

Upcoming financial events

Calendar	
Q1 Interim Report January - March 2023	26 April 2023
AGM 2023	15 May 2023
Q2 Interim Report January - June 2023	17 August 2023
Q3 Interim Report January - September 2023	16 November 2023
Q4 Year-End Report January - December 2023	22 February 2024

Financial Statements and key figures

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 (EBIT)	Operating profit (EBIT) as a percentage of net sales
Operating profit (EBITDA)	Operating profit (EBIT) before depreciation and amortization
Operating margin (EBITA)	Operating profit (EBITDA) as a percentage of net sales
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)
Net Operating Working Capital	(Net) Working Capital less cash and borrowings
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

Notes

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 amortization. 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.

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 25 of the 2021 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 2021.

For more information about the accounting policies applied and definitions of key indicators, please refer to the annual report issued for 2021, which is available on the Sensys Gatso website www.sensysgatso.com

TRaaS Revenue description

TRaaS is recurring revenue from Service and Maintenance within System Sales and Managed Services. Recurring service revenues are collectively referred to as Traffic Enforcement as a Service revenues (TRaaS). The group identifies the following TRaaS revenue streams:

- » TRaaS: Service & Maintenance
- » TRaaS: Managed Services
- » TRaaS: Licenses

TRaaS: Service & Maintenance

The Group's service organization installs, commissions and maintains traffic enforcement systems and conducts services and provides support to our customers. The services and maintenance revenues are sold in conjunction with delivery of systems in contract over a longer period of time or ad hoc as service needs arise at our customers. Revenues for service and maintenance contracts are recognised over a period of time

depending on the duration of the contracts. Ad hoc services are recognized on an ongoing basis as the services are carried out.

TRaaS: Managed Services

The Managed Services department delivers technology, processes violations, issues citations, collects fines and delivers helpdesk support. Revenues are recognised over a period of time based on the contract duration. Typically the group has a performance obligation to deliver enforcement services. Revenues are recognised based on delivering the enforcement services and are mainly dependent on traffic volumes.

TRaaS: Licenses

License revenues relate to software license fees. The performance obligation is to provide the software and maintain it over a period of time. The revenues are recorded over the contract period.

Consolidated statement of comprehensive income

	Oct - Dec	Oct - Dec	FY	FY	FY
TSEK	2022	2021	2022	2021	2020
Net sales	161,308	172,512	494,575	506,789	454,933
Cost of goods sold	-83,127	-100,710	-269,670	-300,854	-293,066
Gross profit	78,181	71,802	224,905	205,935	161,867
Selling expenses	-20,481	-18,189	-81,703	-66,057	-72,177
Administrative expenses	-19,918	-19,360	-77,193	-63,823	-48,300
Development expenses	-13,666	-8,811	-43,934	-36,268	-34,080
Other operating expenses/income (1)	-1,846	1,802	8,748	6,121	3,511
Operating profit	22,270	27,244	30,823	45,908	10,821
Net financial items	-10,077	263	2,255	1,401	-8,345
Profit before tax	12,193	27,507	33,078	47,309	2,476
Tax	-2,000	-8,519	-13,023	-12,318	1,478
Profit for the period	10,193	18,988	20,055	34,991	3,954
				0	
Profit is attributable to owners of Sensys Gatso Group AB	10,479	18,249	18,556	32,578	5,051
Profit is attributable to non- controlling interest	-286	739	1,499	2,413	-1,097
	10,193	18,988	20,055	34,991	3,954
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences	-569	2,335	40,988	10,467	-19,697
Total other comprehensive income for the period, net after tax	-569	2,335	40,988	10,467	-19,697
Total comprehensive income for the period	9,624	21,323	61,043	45,458	-15,743
Number of shares (thousands)	921,776	921,776	921,776	921,776	921,776
Earnings per share, before and after dilution (SEK)	0.01	0.02	0.02	0.04	0.04

1) The full year numbers of 2021 includes 4,3MSEK (3.5) Governmental COVID-19 relief

Consolidated balance sheet

TSEK	31 Dec 2022	31 Dec 2021	31 Dec 2020
Assets			
Goodwill	276,735	251,127	242,145
Customer contracts and relations	0	501	1,298
Brand	6,354	8,011	9,857
Product and software development	63,084	48,023	36,229
Property, plant and equipment	33,946	33,191	38,551
Fixed assets in operations	70,630	59,022	47,885
Deferred tax assets	39,916	36,238	39,983
Other non-current assets	256	266	289
Trade and other receivables	67,449	141,282	68,142
Inventories and work in progress	85,177	96,787	127,318
Other current assets	84,986	50,583	47,059
Cash and bank balances	99,718	72,463	108,489
Total assets	828,251	797,494	767,245
Shareholders' equity and liabilities			
Shareholders' equity	626,068	561,803	514,559
Long-term Lease liabilities	12,096	14,247	19,043
Long-term Bank loans	21,982	23,292	8,783
Long-term Liabilities towards shareholders	22,257	20,454	28,246
Warranty Provision	9,207	10,823	10,026
Deferred tax liabilities	9,451	3,379	4,703
Short-term Lease liabilities	10,497	8,696	9,334
Short-term Bank liabilities	8,843	41,110	42,857
Short-term liabilities towards shareholders	0	8,527	10,038
Trade and other payables	20,392	37,118	62,417
Other current interest-free liabilities	87,458	68,045	57,239
Total shareholders' equity and liabilities	828,251	797,494	767,245

Consolidated statement of changes in equity

	Oct - Dec	Oct - Dec	FY	FY	FY
TSEK	2022	2021	2022	2021	2020
Beginning of period	616,938	539,409	561,803	514,559	448,854
New share issue	0	0	0	0	84,475
Share issue costs (net after tax effect)	0	0	0	0	-3,255
Stock related costs	-494	1,071	2,689	1,785	227
<i>Comprehensive income</i>					
Net profit for the period	10,479	18,249	18,556	32,578	5,051
Minority interest in subsidiaries	-286	739	1,499	2,413	-1,097
Translation differences	-569	2,335	40,988	10,468	-19,696
Total comprehensive income for the period	9,624	21,323	61,576	45,459	-15,742
End of period	626,068	561,803	626,068	561,803	514,559

Translation differences

The translation differences year to date amounting to SEK 41.0 million mainly relate to the translation of the Goodwill in Euro, US Dollar and Australian Dollar connected to the acquisition of Gatso Beheer BV. The goodwill has increased by SEK 26 million compared to the end of 2021.

Consolidated cash flow statement

	Oct - Dec	Oct - Dec	FY	FY	FY
TSEK	2022	2021	2022	2021	2020
Operating profit	22,270	27,244	30,823	45,908	10,821
Items with no effect on cash flow	10,357	11,107	40,900	38,556	48,612
Financial items	-8,390	-9,277	1,646	-14,710	-4,047
Tax paid/received	-8,822	500	-12,099	473	2,296
Funds contributing from operating activities	15,415	29,574	61,270	70,227	57,682
Change in working capital	-8,680	-18,266	64,280	-61,080	-42,216
Cash flow from operating activities	6,735	11,308	125,550	9,147	15,466
Cash flow from investing activities	-13,222	-7,695	-45,008	-41,956	-33,008
	-6,487	3,613	80,542	-32,809	-17,542
Financing activities					
New share issue minus cost	0	0	0	0	70,965
Loan movements	3,101	-1,920	-2,886	19,421	16,796
Lease payments (IFRS16)	-2,935	-2,613	-11,136	-11,032	-11,549
Repayment/usage of credit facilities	-78	7,504	-32,267	-1,747	-3,233
Repayment of loan to shareholders	0	0	-8,888	-10,231	0
Change in cash and bank balances	-6,399	6,584	25,365	-36,398	55,437
Liquid funds at the beginning of the period	107,803	65,500	72,463	108,489	52,372
Translation differences in liquid funds	-1,686	379	1,890	372	680
Closing cash and cash equivalents	99,718	72,463	99,718	72,463	108,489

Consolidated Segment report

TSEK	Oct - Dec 2022			Oct - Dec 2021		
	System Sales	Managed Service	Total	System Sales	Managed Service	Total
Total Net sales per business segment	115,493	47,655	163,148	133,363	38,904	172,267
Inter-segment transactions	-396	-1,444	-1,840	439	-194	245
Total Net Sales	115,097	46,211	161,308	133,802	38,710	172,512
EBITDA	26,220	7,425	33,645	24,966	12,538	37,504
Depreciation and amortization	-5,729	-5,647	-11,376	-4,913	-5,347	-10,260
Operating Profit	20,491	1,778	22,269	20,053	7,191	27,244
Net financial items			-10,076			263
Profit before tax			12,193			27,507
Tax			-2,000			-8,519
Profit for the period			10,193			18,988

Managed Services

TSEK	Oct - Dec	Oct - Dec	FY	FY	FY
	2022	2021	2022	2021	2020
Total Net sales per business segment	47,655	38,904	179,050	130,287	124,158
Inter-segment transactions	-1,444	-194	-3,745	-942	-1,753
Total Net Sales	46,211	38,710	175,305	129,345	122,405
EBITDA	7,425	12,538	33,409	27,051	20,154
Depreciation and amortization	-5,647	-5,347	-22,171	-17,800	-28,278
Operating Profit	1,778	7,191	11,238	9,251	-8,124

1) The full year numbers of 2021 includes 4,3 MSEK Paycheck Protection Program

System Sales

TSEK	Oct - Dec	Oct - Dec	FY	FY	FY
	2022	2021	2022	2021	2020
Total Net sales per business segment	115,493	133,363	319,790	387,428	340,505
Inter-segment transactions	-396	439	-523	-9,984	-7,977
Total Net Sales	115,097	133,802	319,267	377,444	332,528
EBITDA	26,220	24,966	39,935	56,451	39,284
Depreciation and amortization	-5,729	-4,913	-20,351	-19,794	-20,339
Operating Profit	20,491	20,053	19,584	36,657	18,945

Consolidated key indicators

	Oct - Dec	Oct - Dec	FY	FY	FY
TSEK	2022	2021	2022	2021	2020
Net sales	161,308	172,512	494,575	506,789	454,933
Order intake	1,079,505	195,358	1,456,104	368,248	788,353
Gross margin (%)	48.5	41.6	45.5	40.6	35.6
Operating profit (EBIT)	22,270	27,244	30,823	45,908	10,821
Operating margin (EBIT %)	13.8	15.8	6.2	9.1	2.4
Operating profit (EBITDA)	33,645	37,504	73,344	83,502	59,438
Profit for the period	10,193	18,988	20,055	34,991	3,954
Earnings per share, before and after dilution (SEK)	0.01	0.02	0.02	0.00	0.04
Cash flow from operations	6,735	11,308	125,550	9,147	15,466

Consolidated EBITDA

	Oct - Dec	Oct - Dec	FY	FY	FY
TSEK	2022	2021	2022	2021	2020
Operating profit (EBIT)	22,270	27,244	30,823	45,908	10,821
Depreciation tangible and intangible fixed assets	10,080	8,865	36,966	32,022	34,582
Amortization of acquired intangible assets	1,295	1,395	5,555	5,572	14,034
Operating profit (EBITDA)	33,645	37,504	73,344	83,502	59,437
Operating margin (EBITDA %)	20.9	21.7	14.8	16.5	13.1

Parent company statement of comprehensive income

	Oct - Dec	Oct - Dec	FY	FY	FY
TSEK	2022	2021	2022	2021	2020
Other sales	6,143	5,596	24,647	21,966	11,941
Cost of goods sold		0	0	0	0
Gross profit	6,143	5,596	24,647	21,966	11,941
Selling expenses	0	0	0	0	0
Administrative expenses	-9,249	-11,774	-35,443	-30,853	-17,205
Development expenses	0	0	0	0	0
Other operating expenses/income	0	0	0	0	0
Operating profit	-3,106	-6,178	-10,796	-8,887	-5,264
Net financial items	986	12,327	3,405	15,293	13,630
Profit before tax	-2,120	6,149	-7,391	6,406	8,366
Tax	0	-1,329	0	-1,329	-1,707
Profit for the period/Comprehensive income for the period	-2,120	4,820	-7,391	5,077	6,659

Parent company balance sheet

	31 Dec	31 Dec	31 Dec
TSEK	2022	2021	2020
Product and software development	45,535	30,665	19,933
Shares in subsidiaries	419,886	415,688	413,952
Deferred tax assets	16,384	16,384	17,714
Receivables from Group	55,206	90,411	64,537
Other current assets	2,363	2,888	1,511
Cash and bank balances	30,379	24,819	62,755
Total assets	569,753	580,855	580,402
Shareholders' equity and liabilities			
Shareholders' equity	559,204	561,614	554,752
Long-term Bank loans	0	0	0
Long-term liabilities towards shareholders	0	0	8,170
Short-term Bank liabilities	0	0	0
Short-term liabilities towards shareholder	0	8,527	10,038
Trade and other payables	3,247	3,601	1,431
Trade and other payables from Group	2,792	1,759	2,510
Other current interest-free liabilities	4,510	5,354	3,501
Total shareholders' equity and liabilities	569,753	580,855	580,402

Parent company statement of changes in shareholders equity

TSEK	Oct - Dec 2022	Oct - Dec 2021	FY 2022	FY 2021	FY 2020
Beginning of period	559,564	555,724	561,614	554,752	465,146
New share issue, net	0	0	0	0	84,475
Share issue costs (net after tax effect)	0	0	0	0	-3,255
Other movements	0	0	0	0	1,500
Profit for the period/Comprehensive income for the period	-2,120	4,819	-7,391	5,077	6,659
Stock related remuneration	1,760	1,071	4,981	1,785	227
End of period	559,204	561,614	559,204	561,614	554,752

Quarterly data

Consolidated statement of income

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	161,308	95,364	124,498	113,405	172,512	130,416	125,760	78,101
Cost of goods sold	-83,127	-51,172	-73,466	-61,905	-100,710	-67,034	-79,526	-53,584
Gross profit	78,181	44,192	51,032	51,500	71,802	63,382	46,234	24,517
Costs	-55,911	-48,372	-43,901	-45,898	-44,558	-35,138	-41,676	-38,655
Operating profit	22,270	-4,180	7,131	5,602	27,244	28,244	4,558	-14,138
Net financial items	-10,077	3,470	5,068	3,794	263	-1,699	-1,447	4,284
Profit before tax	12,193	-710	12,199	9,396	27,507	26,545	3,111	-9,854
Tax	-2,000	-4,382	-3,681	-2,960	-8,519	-4,327	460	68
Profit for the period	10,193	-5,092	8,518	6,436	18,988	22,218	3,571	-9,786

Consolidated key indicators and other information

TSEK	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating margin (%)	13.81	-4.38	5.73	4.94	15.79	21.66	3.62	Neg
Gross margin (%)	48.47	46.34	40.99	45.41	41.62	48.60	36.76	31.39
Profit margin (%)	6.32	-5.34	6.84	5.68	11.01	17.04	2.84	neg
Equity per share (SEK)	0.68	0.67	0.66	0.62	0.61	0.59	0.56	0.56
Cash flow per share (SEK)	0.01	0.03	0.03	0.06	0.01	0.00	0.04	-0.04
Number of employees	284	276	256	253	263	254	259	262
No. of outstanding shares (thousands)	921,776	921,776	921,776	921,776	921,776	921,776	921,776	921,776
Equity/assets ratio (%)	75.59	76.20	75.75	73.78	70.45	71.89	68.08	68.05
Order intake (SEK thousands)	1,079,505	53,380	239,692	83,527	195,358	64,182	46,915	61,793

Consolidated segment data

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake								
System Sales	952,005	53,380	95,692	57,127	44,358	42,182	31,915	58,061
Managed Services	127,500	0	144,000	26,400	151,000	22,000	15,000	3,732
	1,079,505	53,380	239,692	83,527	195,358	64,182	46,915	61,793

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales								
System Sales	115,097	50,674	80,520	72,978	133,802	93,480	93,881	56,282
Managed Services	46,211	44,690	43,978	40,427	38,710	36,936	31,879	21,819
	161,308	95,364	124,498	113,405	172,512	130,416	125,760	78,101

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
EBITDA								
System Sales	26,220	1,668	7,629	4,208	24,966	27,051	6,742	-2,308
Managed Services	7,425	4,502	10,029	11,453	12,538	10,974	6,725	-3,186
	33,645	6,170	17,658	15,661	37,504	38,025	13,467	-5,494

The Sensys Gatso share

The number of shares at the end of the period amounted to 921,776,405 (921,776,405). The average number of shares during the period was 921,776,405 (921,776,405).

The table below shows the ten largest shareholders in the Company as per the end of December, 2022. The family office that founded Gatso, which was acquired by Sensys Traffic AB in 2015, is the company's largest shareholder with 17% (BNP). (Source Euroclear).

#	Shareholder	Number of shares	Proportion of share capital/ Votes%
1	BNP PARIBAS SA PARIS, W8IMY (GC)	164,428,138	17.8
2	AVANZA PENSION	38,597,000	4.2
3	NORDNET PENSIONS FÖRSÄKRING AB	36,479,503	4.0
4	WALL, PER ANDERS CURT	23,000,000	2.5
5	BERGSTRAND, INGER	20,659,837	2.2
6	MELLGREN, CLAES	9,105,325	1.0
7	Handelsbanken fonder	9,007,368	1.0
8	HAMBERG, KARL PETER GUDMUND	8,000,000	0.9
9	SEB Investment Management	7,099,368	0.8
10	DAHLIN, LARS	7,000,000	0.8

#	Country	Proportion of share capital/ Votes%
1	Sweden	75.4
2	Netherlands	17.9
3	Denmark	1.7
4	United states	1.4
5	Finland	1.0
6	Other	2.6
		100.0

Purpose, Vision and Strategy

Our Purpose

People make mistakes.
 And those mistakes have consequences.
 Dramatic consequences.
 Each day, over 3,500 people die. Not through
 sickness or old age.
 But through traffic crashes.

We battle this each day.
 A battle against overconfidence and acceptance.
 We are all excellent drivers. In our minds.
 Until we actually get behind the wheel and drive.
 A traffic accident? It happens.
 It's part of driving in traffic.

No.
 We refuse to accept this.
 It's our calling to come up with solutions.
 This is why Gatso refused to accept human
 measurement errors.
 And why Sensys fought against the idea that traffic
 victims are just the reality of sharing the road.

A combination of these strengths was clearly
 meant to be. And so Sensys Gatso was born.
 With a joint mission to improve traffic behavior.
 Through intelligent, effective, and reliable
 enforcement.
 All around the world.

From clear violation recording to sending out the
 fine.
 And from tailor-made products to five star
 maintenance.
 With our unique software at the heart of it all.

This is how we've made traffic enforcement a
 service.
 And how we always create the best solutions for
 our customers.
 Sensys Gatso. Making traffic safer.

Our Vision

Our vision is to be an innovator in traffic
 management by providing software and services
 for a safer and more sustainable environment.

Our Strategy

Sensys Gatso's long-term four-pillar strategy is
 focused on profitable growth:

- ❖ Expansion in the US-market with TRaaS
- ❖ Entry into new markets with TRaaS
- ❖ Developing scalable software & flexible hardware
- ❖ Extension of the service scope in existing markets

Our long-term financial goals for 2025

- ❖ Total net sales >1 000 MSEK
- ❖ of which TRaaS recurring revenues >600 MSEK
- ❖ EBITDA-margin >15%

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