

# Year-end report

January–December 2017 CybAero AB (publ)





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### Period: January–December 2017

- Net sales: SEK 12 thousand (SEK 2.9 million)
- EBITDA: SEK -145 million (SEK -75.5 million)
- Operating loss: SEK -151 million (SEK -86.8 million)
- The company reported a loss after tax of SEK -155 million (SEK -91.3 million).
- Earnings per share: SEK -3.32 (SEK -2.50)
- The Board of Directors proposes that no dividend be paid.

### Period: July–December 2017

- Net sales: SEK 640 thousand (SEK 1.9 million)
  - EBITDA: SEK -117 million (SEK -32.7 million)
  - Operating loss: SEK -116 million (SEK 39.0 million)
  - The company reported a loss after tax of SEK -120 million (SEK -41.7 million).
  - Earnings per share: SEK -3.63 (SEK -1.57)
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### Events during the year

- On March 7, Chairman Claes Drougge resigned from the board and his post as chairman for health reasons. The board appointed Deputy Chairman Michael Auerbach as the new chairman of the board.

- CybAero announced on June 13 that the company's liquidity was strained and capital for day-to-day operations was estimated to be exhausted by the end of June 2017 if additional capital is not raised.

- On June 29, CybAero's annual general meeting was held, where it was resolved to adopt the income statement and balance sheet.

- CybAero and Bracknor Investment Group signed an agreement on a financing solution on June 24 for an amount of up to USD 5.25 million in the form of seven convertible loans. The first three loans were each for USD 850,000, the fourth was for USD 750,000 and the last three were USD 850,000 each.

- The board announced on August 23 that Mikael Smith, CybAero's CFO, was appointed as interim CEO until a new CEO is found. Rolf Schytt took on a new role as COO.

- On August 24, CybAero held an extraordinary general meeting, which resolved to conduct a reverse split, issue convertible loans and reduce the share capital.

- On September 18, CybAero conducted a reverse split in accordance with the resolution passed by the extraordinary general meeting on August 24, 2017. As a result, every 10 shares at that time were merged into one new share (10:1).

- The Board of Directors of CybAero resolved on October 16 to conduct a new share issue, subject to the approval of an extraordinary general meeting, amounting to approximately SEK 45–50 million with pre-emption rights for the company's shareholders. The issue was underwritten for up to approximately

SEK 34 million via subscription and underwriting commitments, which corresponds to approximately 73 percent of the issue amount.

- On October 30, CybAero signed an agreement with Skyworks Global, an American company focusing on the design and development of high-performance gyroplanes.

Skyworks agreed to provide CybAero with a perpetual license to its patented gyronautics technology. In return, CybAero agreed to share common intellectual property rights in the research and development conducted with the help of Skyworks' patents.

In addition, CybAero and Skyworks agreed to enter into discussions on joint product marketing, sales and revenue sharing. The goal is to realize this when a market-ready APID version integrated with the intellectual property rights of Skyworks has been developed.

- On November 14, CybAero held two extraordinary general meetings which resolved to reduce the share capital, approve the board's decision to issue new shares, and elect Tommy Magnusson as a new member of the board.

- On November 17, The Board of Directors of CybAero AB (publ) announced that work on preparing a prospectus in conjunction with CybAero's preferred issue of SEK 46.3 million was complete and that the prospectus had been approved and registered with the Swedish Financial Supervisory Authority (FI).

- CybAero conducted demonstration flights for the Belgian Navy on December 4. Two separate flights were conducted during the demonstration to



showcase the system's operating performance in daylight as well as in the dark.

- On December 5, information was released that CybAero is preparing demonstration flights for a UN body. The flights are planned to be conducted soon. The purpose is to demonstrate the operating performance of CybAero's APID One along with its Air Drop System and its capacity to deliver supplies to crisis areas.

### **Key events after the balance sheet date**

- On January 23, Johan Ahlström became the new CEO of CybAero.
- On February 6, information was released that CybAero had signed a collaboration agreement with Missing People for use of the company's drones in searches for missing people.
- On February 9, CybAero announced restructuring measures to streamline its organization. As a result, the number of employees decreased from 35 to around 20, and some parts of operations will be outsourced in the future. This is estimated to save CybAero SEK 19 million per year.
- In connection with a trading halt on its stock

on February 16, CybAero announced that the company is experiencing a severe liquidity shortage. CybAero also announced that the company is investigating whether more than half of the share capital has been used.

- On March 8, Johan Ahlström resigned as CEO with immediate effect. CybAero board member Tommy Magnusson has been appointed interim CEO.
- On March 28 CybAero announced that the company signed an agreement with Alpha Blue Ocean regarding financing for up to SEK 52.5 million.

## Message from the CEO

Recently, one can say that CybAero has gone through a bit of a turbulent period. Nevertheless, our staff have done their utmost throughout to bring our operations where we want them to be – ready to deliver top-class products. CybAero is a development company operating in an industry that not only has exciting prospects but also is in an early growth stage. This means that we constantly face new challenges, which in turn resulted in delays and sluggish sales processes. But the trend is clear. Unmanned helicopters are increasingly gaining ground, and developments in the industry are progressing rapidly, just as they are for CybAero as well.

In 2017, we worked hard to continue developing our main product, the APID One. This included increasing its robustness and developing various application areas. Our container-based hangar and mobile operation center used for mobile applications such as those in crisis areas are now ready for sale.

We held several successful demonstrations for potential clients in 2017 and early 2018 at Ljungbyhed and Västervik airports.

We are continuing to work on completing the Jolly transaction in China. However, we have judged that the receivable should not remain in the balance sheet because the transaction has been in progress for some time and has yet to be completed.

At the start of 2018, we worked to strengthen CybAero's position in the most important areas. The first step was to review the company's expenses. This resulted in a cost-cutting program presented in February which aimed to bring the company's costs down to a level better suited to its current situation. We worked hard to cut costs and thus reduce the company's burn rate while streamlining our operations through reorganization.

Nevertheless, the company has not had the financial resources required to take its operations to the next level. Trading of the company's stock on First North was halted on February 15 in relation to the financing situation. However, we found a solution, which was announced to the market on Mars 28. This solution enables us to implement the company's new strategy and continue developing our products and services with a longer-term perspective.

As the new CEO, I have overseen the commencement of efforts to put in place a new business strategy and organizational structure for



CybAero. Given my aviation background, developing our APID into a certified aviation product is a natural step to opening up new markets and business opportunities.

Linköping, March 29, 2018



Tommy Magnusson, CEO  
CybAero AB

## Development

During spring, the Engineering Department focused on efforts to improve the operational safety of the helicopter and efforts to correct deviations. The largest operational project of the year has been the development of a new complete mobile solution in the form of CybAero's container-based Mobile Operation Center (MOC), which was launched in Q3. The MOC gives system users significantly greater flexibility and the ability to operate independently from locations lacking stable infrastructure.

Work on the engineering handbook that will serve as the basis for how day-to-day operations are run also continued during the year. The Engineering Department worked on completing a major update to the APID system in the fall. An improvement project to reduce vibrations was highly prioritized in these efforts. The Engineering Department also developed a fire drone in project format in response to market demand. The Engineering Department also participated in the long flight in China and FATs involving Jolly.

## Flight Department

The CybAero Flight Department mainly worked on testing and demonstration flights during the year. CybAero held demos of its APID as well as demos of its new fire drone, which was showcased at events including trade fairs in Revinge and Helsingborg during fall. The APID was demonstrated to the Belgian Navy in Q4 2017, and with the participation of CybAero Flight Department staff and use of CybAero equipment, the department assisted TV4 with images for a newscast involving a commercial drone operator program in Ljungbyhed.

The Flight Department has also played a major role in the MOC project and has conducted FATs on it. In February, FATs were conducted for Jolly in China, and negotiations were then conducted with them on the future course of the process.

The department gained a new head as the former flight manager stepped into the role of the company's COO.

## Production Department

The Production Department has been unable to reach full production due to the strained financial situation of the company during the year. However, the employees in the staff pool created in 2016 were able to support other departments that had greater staff needs.

In addition to the production carried out, the department has also made inventory and logistics changes to raise production reliability and optimize warehouse and inventory management. The department has reviewed and improved procedures for material flows in production to avoid the accumulation of too-high inventory levels.

## Marketing and sales

The year was characterized by intensive marketing and sales efforts. CybAero met UN representatives, to whom CybAero quoted flight missions in war-torn areas for transporting supplies. An airdrop system has been designed and integrated for this purpose. Preparations for the planned demonstration flights were made during the fall. A number of procurement processes for the APID system have been initiated and progressed.

The new Air Services business area completed filming and radiation detection projects.

CybAero has developed a small, customized system for fire and rescue services to facilitate firefighting. The system includes a user-friendly control panel with its own proprietary design and an integrated IR camera. A number of these systems have been sold during 2017.

In the fall, CybAero participated in AidEx, an international event for development and aid professionals in Brussels, where it showcased the APID system and airdrop functionality. The demonstration flight for the Belgian Navy also received a positive response.

## Employees

The average number of employees in 2017 was 42 and consisted of 5 women and 37 men. CybAero has engaged several consultants in addition to these employees.



### Net sales and earnings

- Revenue for 2017 is mainly attributable to capitalized research and development expenditure.
- Net sales for 2017 amounted to SEK 12 thousand (SEK 2.9 million), which is a year-on-year decrease of 99.6 percent. Revenue totaled SEK 4.8 million (SEK 8.0 million).
  - The company reported a loss after tax of SEK -155 million (SEK -91.3 million).
  - Capitalized research and development expenditure was amortized in the amount of SEK 8.5 million (SEK 9.6 million), and an impairment loss of SEK 35 million (SEK 0 million) was recognized for this expenditure.

### Profit or loss for the year and impairment losses

Impairment losses were recognized on balance sheet items during the year with a negative impact on profit or loss for the year in the amount of SEK -91 million (SEK 0 million). The impairment losses mainly consisted of Jolly and intangible assets. The impairment loss on the receivable from the Jolly project was recognized in light of uncertainty regarding whether the asset will generate economic benefits for the company. The uncertainty of the asset is based on the fact that the project has been in progress for several years and has yet to be completed.

### Investments

Gross investments in fixed assets for the period amounted to SEK 10.7 million (SEK 9.8 million). Capitalization of research and development expenditure accounts for SEK 2.3 million (SEK 7.8 million) of investments, while retirements account for SEK 0 million (SEK -4.6 million) of investments. An impairment loss of SEK 33.1 million (SEK 0 million) was also recognized on intangible assets during the year.

### Liquidity and cash flow

CybAero raised cash and cash equivalents during 2017 from its financing agreement with Bracknor Investment Group and from a preferred issue. The company received the proceeds of two tranches exercised from the agreement with Bracknor Investment Group, which raised a total of SEK 13.7 million for the company. The preferred issue raised SEK 34 million for the company before issues expenses of SEK 8.1 million and a loan repayment (SEK 9.0 million). Net cash flow for the period was SEK -35 million (SEK 32.6 million), and the company's cash and cash equivalents at the balance sheet date totaled SEK 2.9 million (SEK 38.0 million).

The company's liquidity is strengthened in 2018 by the financial solution presented in the press release dated March 28, 2018 and on account of sales activities.

### Equity

Equity was affected during the year by the write-down of the quote value of the company's stock, the tranches of the financing agreement with Bracknor Investment Group, and a preferred issue.

According to a resolution at the general meeting on August 24, 2017, the quote value was written down, which freed up capital from restricted share capital in the amount of SEK 66.9 million to unrestricted equity. The capital freed up was used to cover losses not covered by unrestricted equity.

The general meeting also resolved on a private placement of convertibles to Bracknor and gave authorization to the board, which was exercised to resolve on additional convertibles. CybAero received proceeds from Bracknor Investment Group for two tranches totaling SEK 13.7 million. The value of paid but not yet converted promissory notes and the value of a tranche not yet disbursed were measured at the balance sheet date and recognized in equity in the amount of SEK 19.9 million.

The preferred issue resolved on at the general meeting on November 14 raised SEK 34 million for the company before issue expenses (SEK 8.1 million) and was completed and partially registered at the end of the year. The general meeting also resolved on a slight decrease in the quote value of the company's stock, which freed up unrestricted equity in the amount of SEK 3.1 million. The capital freed up was used to cover losses not covered by unrestricted equity.

Overall, the following events changed the company's equity during the year:

- Bracknor Investment Group converted promissory notes into shares (98,471 shares)
- Preferred issue registered (4,283,892 shares)
- Preferred issue not registered at end of year (4,780,916 shares)
- Promissory notes not yet converted into shares by Bracknor (SEK 19 million)
- Decrease in quote value (SEK 66.9 million)
- Decrease in quote value (SEK 3.1 million)

The number of registered shares at the balance sheet date was 10,461,377. The company's equity at the balance sheet date totaled SEK 19.4 million (SEK 127.6 million).

### CybAero's stock

CybAero's stock has been listed on the Nasdaq OMX First North since June 2007. The stock's closing price on December 29, 2017 was SEK 3.41, in comparison to SEK 2.97 in December 2016. A reverse split was conducted in 2017 in accordance with a resolution at the general meeting on August 24.

The company had 10,461,377 registered shares at the end of the period. As a result, the company's market capitalization at the end of the year was SEK 52.0 million (SEK 180.5 million).

## INCOME STATEMENT

Amounts in SEK thousand	1/1/2017 12/31/2017	7/1/2017 12/31/2017	1/1/2017 6/30/2017	1/1/2016 12/31/2016	7/1/2016 12/31/2016	1/1/2016 6/30/2016
<b>SALES</b>						
Net sales	12	-640	652	2,947	1,887	1,060
Capitalized work performed	4,530	1,220	3,311	4,888	3,310	1,578
Other income	225	85	139	64	64	-
<b>Total sales</b>	<b>4,767</b>	<b>665</b>	<b>4,102</b>	<b>7,899</b>	<b>5,261</b>	<b>2,638</b>
<b>OPERATING EXPENSES</b>						
Raw materials and consumables	-50,969	-49,663	-1,306	-7,991	-4,684	-3,307
Other external expenses	-24,357	-13,594	-10,763	-31,145	-14,409	-16,736
Personnel costs	-36,251	-16,275	-19,976	-38,586	-18,676	-19,909
Depreciation/amortization of tangible/intangible assets	-9,833	-2,890	-6,943	-12,464	-6,271	-6,193
Other operating expenses	-34,639	-34,631	-7	-4,549	-235	-4,315
<b>Total operating expenses</b>	<b>-156,048</b>	<b>-117,053</b>	<b>-38,995</b>	<b>-94,735</b>	<b>-44,275</b>	<b>-50,460</b>
<b>Operating profit/loss</b>	<b>-151,281</b>	<b>-116,388</b>	<b>-34,893</b>	<b>-86,836</b>	<b>-39,014</b>	<b>-47,822</b>
<b>PROFIT/LOSS FROM FINANCIAL ITEMS</b>						
Profit/loss from other securities and non-current receivables	-3,552	-3,552	-	-	-	-
Other interest income and similar profit/loss items	-	-	-	-	-	-
Interest expenses and similar profit/loss items	-651	-438	-214	-4,467	-2,725	-1,742
<b>Total profit/loss from financial items</b>	<b>-4,203</b>	<b>-3,989</b>	<b>-214</b>	<b>-4,467</b>	<b>-2,725</b>	<b>-1,742</b>
<b>Profit/loss after financial items and before tax</b>	<b>-155,485</b>	<b>-120,378</b>	<b>-35,107</b>	<b>-91,303</b>	<b>-41,739</b>	<b>-49,564</b>
Tax on profit for the year	-	-	-	-	-	-
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-155,485</b>	<b>-120,378</b>	<b>-35,107</b>	<b>-91,303</b>	<b>-41,739</b>	<b>-49,564</b>



## BALANCE SHEET

Amounts in SEK thousand	12/31/2017	6/30/2017	12/31/2016	6/30/2016
<b>ASSETS</b>				
SUBSCRIBED BUT NOT YET PAID UP CAPITAL	24,926	-	-	741
<b>FIXED ASSETS</b>				
<b>Intangible assets</b>				
Capitalized expenditure for research and development	1,214	36,987	40,011	41,450
<b>Tangible assets</b>				
Machinery and equipment	9,830	9,847	4,719	3,571
<b>Financial assets</b>				
Investments in group companies	50	50	50	50
Other non-current receivables	566	4,030	3,993	3,930
<b>Total fixed assets</b>	<b>11,659</b>	<b>50,914</b>	<b>48,773</b>	<b>49,001</b>
<b>CURRENT ASSETS</b>				
Raw materials and consumables	326	9,800	8,943	12,420
Products in progress	3,559	1,089	3,773	2,334
Accounts receivable	232	25	153	-
Receivables from buyers	0	48,912	48,280	46,558
Receivables from group companies	5	5	2	-
Other receivables	1,644	698	1,855	1,901
Prepaid expenses and accrued income	2,297	1,874	2,161	4,613
Cash and cash equivalents	2,891	4,170	37,978	10,374
<b>Total current assets</b>	<b>10,955</b>	<b>66,572</b>	<b>103,145</b>	<b>78,200</b>
<b>TOTAL ASSETS</b>	<b>47,540</b>	<b>117,486</b>	<b>151,918</b>	<b>127,942</b>

balance sheet continued

Amounts in SEK thousand	12/31/2017	6/30/2017	12/31/2016	6/30/2016
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
<b>Restricted equity</b>				
Share capital	36,615	91,185	91,185	47,992
New share issue in process of registration	36,718	-	-	104
Statutory reserve	493	493	493	493
Development fund	1,056	8,044	6,566	-
<b>Unrestricted equity</b>				
Share premium reserve	390,082	326,343	326,343	269,309
New share issue in process of registration	1,195	-	-	637
Unrestricted reserves/profit or loss brought forward	-290,358	-290,358	-205,621	-199,054
Development fund	-1,056	-8,044		
Profit/loss for the period/year	-155,485	-35,107	-91,303	-49,564
<b>Total equity</b>	<b>19,261</b>	<b>92,557</b>	<b>127,664</b>	<b>69,918</b>
<b>LIABILITIES</b>				
<b>Provisions</b>				
Other provisions	5,703	4,552	6,001	6,461
<b>Total provisions</b>	<b>5,703</b>	<b>4,552</b>	<b>6,001</b>	<b>6,461</b>
<b>Non-current liabilities</b>				
Other debt to credit institutions	-	-	35	70
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>70</b>
<b>Current liabilities</b>				
Debt to credit institutions	-	-	-	-
Accounts payable	15,448	6,794	5,123	4,488
Other interest-bearing liabilities	-	-	-	34,000
Current tax liabilities	606	595	1,103	860
Other liabilities	948	1,144	1,237	1,521
Accrued expenses and deferred income	5,574	11,844	10,754	10,624
<b>Total current liabilities</b>	<b>22,576</b>	<b>20,377</b>	<b>18,218</b>	<b>51,494</b>
<b>Total liabilities and provisions</b>	<b>28,279</b>	<b>24,929</b>	<b>24,254</b>	<b>58,025</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,540</b>	<b>117,486</b>	<b>151,918</b>	<b>127,942</b>

balance sheet continued

Amounts in SEK thousand	12/31/2017	6/30/2017	12/31/2016	6/30/2016
<b>Pledged assets and contingent liabilities</b>				
<b>Pledged assets</b>				
<b>For internal liabilities and provisions</b>				
Floating charges	10,000	10,000	10,000	10,000
Assets subject to retention of title	-	-	116	157
Bank accounts	-	3,488	3,807	3,852
<b>Total</b>	<b>10,000</b>	<b>13,488</b>	<b>13,923</b>	<b>14,009</b>
<b>Other pledged assets and collateral</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Total pledged assets</b>	<b>10,000</b>	<b>13,488</b>	<b>13,923</b>	<b>14,009</b>
Contingent liabilities	None	None	None	None

## CASH FLOW STATEMENT

Amounts in SEK thousand	1/1/2017 12/31/2017	7/1/2017 12/31/2017	1/1/2017 6/30/2017	1/1/2016 12/31/2016	7/1/2016 12/31/2016	1/1/2016 6/30/2016
Profit/loss after net finance income/expenses	-155,485	-103,830	-35,107	-91,303	-41,739	-49,564
Adjustments for non-cash items	42,518	37,062	5,456	12,553	-451	13,004
Change in inventories	8,831	4,931	1,828	3,752	3,637	115
Change in current receivables	18,111	7,755	932	-2,984	608	-3,592
Change in current liabilities	11,094	7,430	2,164	-6,515	906	-7,421
<b>Net cash used in operating activities</b>	<b>-74,931</b>	<b>-46,652</b>	<b>-24,727</b>	<b>-84,497</b>	<b>-37,039</b>	<b>-47,458</b>
<b>INVESTMENT ACTIVITIES</b>						
Purchases of intangible assets	-4,336	-1,026	-3,311	-2,028	1,287	-3,315
Purchases of tangible assets	-6,395	-660	-5,735	-7,754	-7,267	-487
Change in financial assets	3528	-24	-	4,566	4,600	-34
<b>Net cash used in investing activities</b>	<b>-7,203</b>	<b>-1,709</b>	<b>-9,046</b>	<b>-5,217</b>	<b>-1,381</b>	<b>-3,836</b>
<b>FINANCING ACTIVITIES</b>						
Change in equity – new share issue	48,306	48,306	-	137,586	115,245	22,341
Issue expenses	-1,224	-1,224	-	-15,017	-15,017	-
Repayment of borrowings	-35	-	-35	-239	-204	-35
New borrowings	-	-	-	-	-34,000	34,000
<b>Net cash provided by financing activities</b>	<b>47,047</b>	<b>47,082</b>	<b>-35</b>	<b>122,330</b>	<b>66,024</b>	<b>56,306</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>-35,087</b>	<b>-1,278</b>	<b>-33,808</b>	<b>32,616</b>	<b>27,604</b>	<b>5,012</b>
<b>Cash and cash equivalents at start of period</b>	<b>37,978</b>	<b>4,170</b>	<b>37,978</b>	<b>5,362</b>	<b>10,374</b>	<b>5,362</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,891</b>	<b>2,891</b>	<b>4,170</b>	<b>37,978</b>	<b>37,978</b>	<b>10,374</b>

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Statutory reserve	New share issue in progress	Development expenditure fund	Share premium reserve	Profit or loss brought forward	Profit/loss for the year	Total equity
Amounts in SEK thousand								
<b>Opening balance, Jan. 1, 2017</b>	<b>91,185</b>	<b>493</b>	<b>0</b>	<b>6566</b>	<b>326,343</b>	<b>-205,621</b>	<b>-91,303</b>	<b>127,664</b>
Appropriation of profit/loss	-	-	-	-	-	-91,303	91,303	-
Profit/loss, Dec. 31, 2017	-	-	-	-	-	-	-155,485	-155,485
New share issue	11,905	-36,718	-	-	64,935	-	-	113,558
Write-down of share capital	-66,475	-	-	-	-	-	-	-66,475
Transfer development expenditure	-	-	-	-5,510	-	5,510	-	-
<b>Closing balance, Dec. 31, 2017</b>	<b>36,615</b>	<b>493</b>	<b>36,718</b>	<b>1,056</b>	<b>391,278</b>	<b>-291,414</b>	<b>-155,485</b>	<b>19,261</b>
<b>Opening balance, Jan. 1, 2017</b>	<b>91,185</b>	<b>493</b>	<b>0</b>	<b>6,566</b>	<b>326,343</b>	<b>-205,621</b>	<b>-91,303</b>	<b>127,663</b>
Appropriation of profit/loss	-	-	-	-	-	-91,303	91,303	-
Profit/loss, Dec. 31, 2015	-	-	-	-	-	-	-35,107	-35,107
New share issue	-	-	-	-	-	-	-	-
Transfer development expenditure	-	-	-	1,478	-	-1,478	-	-
<b>Closing balance, June 30, 2017</b>	<b>91,185</b>	<b>493</b>	<b>0</b>	<b>8,044</b>	<b>326,343</b>	<b>-298,402</b>	<b>-35,107</b>	<b>92,556</b>
<b>Opening balance, Jan. 1, 2016</b>	<b>43,869</b>	<b>493</b>	<b>-</b>	<b>4,124</b>	<b>269,372</b>	<b>-125,021</b>	<b>-74,034</b>	<b>118,803</b>
Appropriation of profit/loss	-	-	-	-	-	-74,034	74,034	-
Profit/loss, Dec. 31, 2016	-	-	-	-	-	-	-91,303	-91,303
New share issue	47,317	-4,124	-	6,566	56,971	-	-	100,164
Transfer development expenditure	-	-	-	6,566	-	-6,566	-	0
<b>Closing balance, Dec. 31, 2016</b>	<b>91,185</b>	<b>493</b>	<b>0</b>	<b>6,566</b>	<b>326,343</b>	<b>-205,621</b>	<b>-91,303</b>	<b>127,663</b>

**Financial ratios**

	12/31/2017	6/30/2017	12/31/2016	6/30/2016	12/31/2015
<b>MARGINS</b>					
Gross margin, %	-439,797.1%	-100.3%	-171.1%	-211.9%	-123.6%
Operating margin, %	Neg	Neg	Neg	Neg	Neg
Profit margin, %	Neg	Neg	Neg	Neg	Neg
<b>EARNING CAPACITY</b>					
Earning capacity on average capital employed, %	Neg	Neg	Neg	Neg	Neg
Earning capacity on average equity, %	Neg	Neg	Neg	Neg	Neg
<b>CAPITAL STRUCTURE</b>					
Equity ratio, %	40.5%	78.8%	84.0%	54.5%	80.3%
Net debt/equity ratio, %	-15.0%	-4.5%	-29.7%	-14.7%	-4.3%
Risk-bearing capital, %	40.5%	78.8%	84.0%	54.5%	80.3%
Interest coverage	Neg	Neg	Neg	Neg	Neg
<b>MISCELLANEOUS</b>					
Gross investments in fixed assets, SEK '000	10,732	9,065	9,782	3,803	20,994
Wages, salaries, other benefits and social security expenses, SEK '000	35,339	19,404	37,315	19,300	38,575
Average number of employees	42	43	46	49	46
<b>PER SHARE DATA</b>					
Number of shares at end of period (registered)	10,461,377	60,790,156	60,790,156	31,994,819	29,245,819
Number of shares at end of period (diluted)	10,461,377	60,790,156	60,790,156	31,994,819	29,245,819
Average number of shares (registered)	46,886,883	60,790,156	36,564,959	31,536,652	20,977,046
Average number of shares (diluted)	46,886,883	60,790,156	36,564,959	31,536,652	20,977,046
Earnings per share (SEK)	-3.32	-0.58	-2.50	-1.57	-3.53
Diluted earnings per share (SEK)	-3.32	-0.58	-2.50	-1.57	-3.53
Equity per share (SEK)	1.84	1.52	2.10	2.19	4.06
Dividend per share (SEK)	n/a	n/a	n/a	n/a	n/a

## Definitions of financial ratios

### Gross margin

Net sales less purchasing costs as a percentage of net sales.

### Operating margin

Operating profit/loss as a percentage of sales.

### Profit margin

Profit/loss after financial items as a percentage of sales.

### Earning capacity on average capital employed

Profit/loss after net finance income/expenses plus financial expenses as a percentage of average capital employed. Average equity has been calculated as opening plus closing capital employed divided by 2.

**Earning capacity on average equity** Profit/loss after tax as a percentage of average equity.

Average equity has been calculated as opening plus closing equity divided by 2.

### Equity ratio

Equity as a percentage of total assets.

### Net debt/equity ratio

Interest-bearing liabilities less financial interest-bearing assets (including cash and cash equivalents) divided by equity.

### Percentage of risk-bearing capital

The sum of equity and deferred tax liabilities divided by total assets.

### Interest coverage

Profit/loss after net finance income/expenses plus financial expenses divided by financial expenses.

### Average number of shares

A weighted average of the number of outstanding shares during the period. The average has been calculated by adding up the number of shares at the end of each month and dividing by the number of months during the period.

### Earnings per share

Profit/loss after tax divided by the average number of shares.

### Equity per share

Equity divided by the number of shares at the end of the period.



## Other information

### Dividends

The Board of Directors proposes that no dividend be paid.

### Accounting policies

The company's annual report has been prepared in accordance with the Swedish Annual Accounts Act and the general advice of the Swedish Accounting Standards Board in BFNAR 2012:1 Annual Reports and Consolidated Financial Statements (K3).

For detailed information about the company's accounting policies, please see the 2016 Annual Report.

### Planned reporting dates

2017 Annual Report	May 14, 2018
Semi-annual report	August 24, 2018
Year-end report	March 15, 2019

### Annual general meeting

The annual general meeting of CybAero AB will be held on June 15 in Linköping, Sweden.

### Contacts

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Translation: David Friedman & Janet Feenstra

Linköping, March 29, 2018  
The Board of Directors of CybAero  
AB (publ)

*This interim report has not been audited by the company's auditors.*



## About CybAero

*CybAero develops and manufactures Remotely Piloted Aircraft Systems (RPAS) and associated sensor systems for safer and more cost-effective operations in hazardous environments. The company has made a great international impact with its APID One helicopter, which can be adapted for both military and civil applications such as coastal and border surveillance, search and rescue missions, and mapping. CybAero's head office is located in Mjärdevi Science Park in Linköping, Sweden. The company has been listed on the NASDAQ OMX First North since 2007. FNCA Sweden AB is the company's certified adviser.*