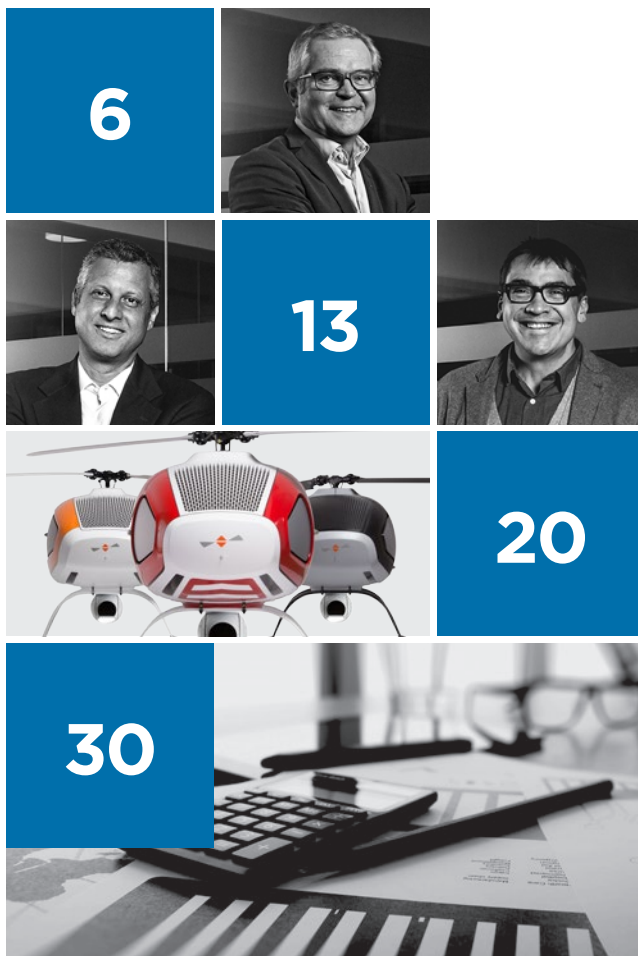
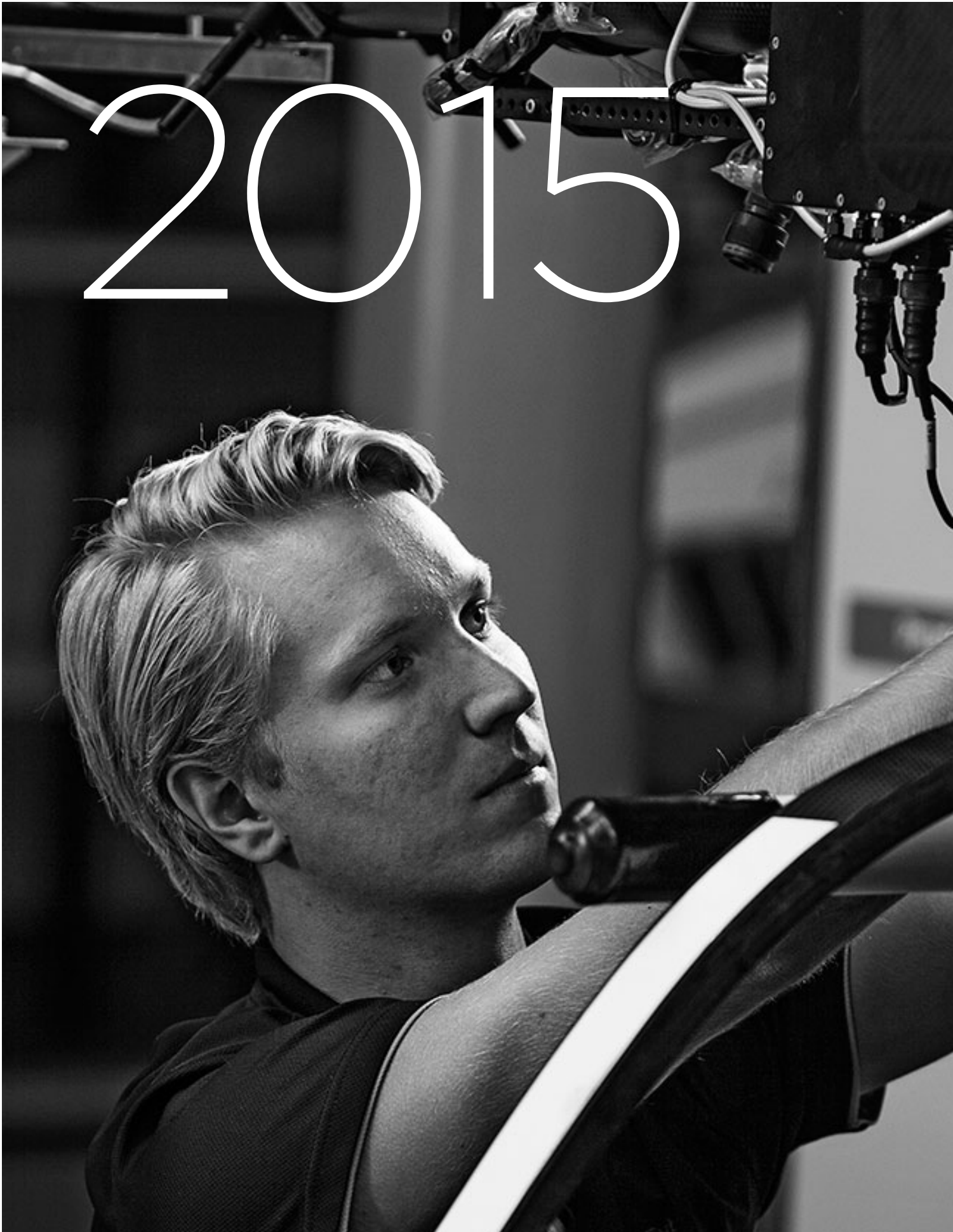




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Q1

FEBRUARY

The company commences factory testing of the first system for China Customs.

MARCH

The new APID One product line is unveiled at the Swedish National Museum of Science and Technology in Stockholm and CybAero receives the first call-off order for five systems from Chinese AVIC.

Q2

APRIL

Demonstration flights are conducted in Hainan, China.

MAY

Our new test center opens.

JUNE

CybAero announces initiation of process for listing on the NASDAQ Stockholm.

Factory testing is conducted for China Customs.

A private placement is aborted because the timing was unfavorable.

Q3

AUGUST

CybAero conducts several demonstration flights over Guangdong Province in southern China with representatives from one of China's largest state power grid companies.

SEPTEMBER

U.S. venture capital fund Subversive Capital acquires the remainder of AeroVironment's holding in CybAero, thus becoming one of the largest shareholders.

A preferred issue of 10,748,606 shares was conducted and was oversubscribed by 82%.

OCTOBER

CybAero conducts a series of flight tests in the Baltic Sea with takeoff and landing on a vessel in motion.

NOVEMBER

CybAero demonstrates search and rescue missions for the Swedish Sea Rescue Society's UAV meeting on Käsö in the archipelago of Gothenburg.

DECEMBER

CybAero appoints FNCA Sweden AB as its certified adviser.

Q4

CybAero enters into a strategic agreement with Albright Stonebridge Group to strengthen the international marketing of CybAero's products and services.

The board appoints Anna Öhrwall Rönnbäck as the new board chair, effective December 30, 2015.

An extraordinary general meeting resolves for CybAero to conduct a private placement of 2,749,000 shares to Subversive Capital LCC, making it CybAero's largest shareholder with approximately 11.2% of its capital. Michael Auerbach and Adam Rothstein from Subversive Capital are elected to the board.

We make a difference

CybAero is in an exciting position. The change is crystal clear to those of us who have been on board from day one. We are going from small to large, from innovation to product and from Mjärdevi to the world. 2015 was a year when we made significant progress in many areas. It was characterized by several events, both at CybAero and internationally, which will shape CybAero's future in many ways.



Roll-out of the APID One

After years of development, we were very proud to unveil our new APID One product line on March 31. The unveiling was at the Swedish National Museum of Science and Technology in Stockholm with chairman of the museum's board and astronaut, Christer Fuglesang, also receiving a unit of our old APID 60. It will eventually be exhibited at the museum and thus become a part of Swedish aviation history.

The APID One is a Vertical Takeoff and Landing Remotely Piloted Aircraft System (VTOL RPAS), with one of our three new helicopter versions serving as the core: Ranger, Rescue or Defence. Our systems solve many challenges around the world - from border surveillance and humanitarian aid to the monitoring and inspection of tangible assets.

The global UAV market is still in its infancy. With our experience and cutting edge expertise, we can face the major changes in society that are underway, and we can contribute to increasing safety around the world.

First order from AVIC

March 31 was an important day for CybAero. In addition to the launch of the APID One, we received our first call-off order from Chinese AVIC on the same day. The order was for CybAero's APID One Ranger model and includes five systems for civil and commercial applications. This was the first order under an eight-year framework agreement which calls for AVIC purchasing at least 20 helicopter systems during the first three years and then at least 50 more systems over the next five years. The first system will be delivered in 2016 and we expect additional call-off orders during the year.

A company on the rise

We continued to improve the company and our products and systems during the year. Additional advancements and upgrades postponed delivery to China Customs until early 2016. The unmanned systems we will be delivering will be the first in the world to have landing systems that enable unmanned helicopters to automatically land on vessels in motion.

New strategic shareholder

11.2%

Subversive Capital LLC



The increased investments in the system and the postponed delivery naturally had a negative impact on both sales and earnings. However, we are confident that this has been well-invested time and money and that CybAero will now be able to provide a system that is on the forefront worldwide in terms of performance and functionality.

After meeting the additional requirements and completing the upgrades, we have developed a system that we believe is on the cutting edge of the industry. We are in a phase where we can both raise revenue and cut costs by streamlining our operations and organizational structure.

Our need to shape our organizational structure in a way that enables us to make the most of our potential is also growing as the company expands. In 2015, we made great strides in that direction, and we are seeing strong dedication from employees both new and old. That bodes well for 2016, as we review our organizational structure on an ongoing basis to ensure it is as cost-effective as possible with the right staffing for each function.

New major shareholder

U.S.-based investor Subversive Capital LLC became a shareholder of CybAero in September 2015 by acquiring AeroVironment's shares and by participating fully in the company's preferred issue. In addition, an extraordinary general meeting on December 30 resolved to conduct a private placement to Subversive Capital, making Subversive Capital our largest shareholder, with ownership of approximately 11.2%. Adam Rothstein and Michael Auerbach from Subversive Capital were elected to CybAero's board of directors in conjunction with this meeting as well. Their commercial and political experience and networks will help spur CybAero's continuing growth. In addition to his involvement with Subversive Capital, Michael Auerbach also serves as Senior Vice President of Albright Stonebridge Group (ASG), with which we entered into a strategic partnership. ASG is a global strategic advisory firm with vast knowledge of the markets we focus on. (Read more in the in-depth report on page 12)

Focus on deliveries

We worked hard on improving and refining our products and systems in 2015. The company's full focus has been on completing the highly advanced and sophisticated system we will deliver to China Customs, the first client for this system. The delays we have encountered in this project are related to the technical advancements involved in achieving the highest possible functionality and operational safety for the system. We now have a world-class system that opens up interesting business opportunities. We need to continue working hard and moving quickly to reach and retain a leading position. Our objective is to open up new markets and areas of application, both in established industries and new ones. 2015 was industrious, intense and exciting. In 2016, we will begin to reap the rewards of all our hard work.

Mikael Hult
CEO
CybAero AB



We continued to improve the company and our products and systems during the year

We see possibilities from a different perspective

About CybAero

CybAero develops and manufactures high-quality, effective systems that enable clients to operate from the air without putting people and property at risk. Our Vertical Takeoff and Landing Remotely Piloted Aircraft Systems (VTOL RPAS) consist of remotely piloted helicopters, ground stations, sensors and data links. The systems are adapted to the specific needs of each client and can be used for civil applications, such as coastal and border surveillance, search and

rescue missions and mapping, as well as in the defence sector.

The company was founded in 2003, although research collaboration between Linköping University and the Swedish Defence Research Agency (FOI) had laid the foundations as early as 1992. We have around 55 employees. Our core business consists of delivering proprietary systems and related services based on a high level of expertise and proficiency. We deliver our

systems directly to end users and to strategic partners. Our head office is located in the Mjärdevi Science Park in Linköping, Sweden. In addition to CybAero, an aviation cluster is situated here with over 60 high-tech companies and advanced research at Linköping University, FOI and other research institutes. This gives us access to highly educated employees with the right expertise and experience and proximity to interesting research. The company has been listed on the NASDAQ OMX First North since 2007.

Vision

Remotely piloted, unmanned aerial operations - easy, safe and effective.

Mission

We enable our clients to operate by air, regardless of surroundings and situation, and without risking human safety and property.

Business concept

CybAero offers complete Remotely Piloted Aircraft Systems & Services for commercial, civil and defence markets globally. Our high-quality systems are easy to operate and maintain.



Our core values

Client focus

- > Client focus drives us in all we do to create satisfied clients, apply business acumen, reinforce our position as a market leader and ensure maximum profitability.

Creativity and expertise

- > A creative working environment along with skills development create the conditions for the continuing innovation and advancement of the

company, its products and individual development.

Quality

- > Quality is an expression of our objective to provide reliable products and services. The needs and expectations of clients serve as the foundation for everything CybAero does, from product development and production to delivery and client support.

Professionalism

- > Professionalism is based on our core areas of expertise in design, engineering, production, system integration and configuration management for unmanned helicopter systems, as well as our business acumen.

Work satisfaction

- > Work satisfaction is the cornerstone of engaged employees and is based on respect and cooperation.

Strategies

Development

- > Proprietary platform in design, engineering and system integration.
- > Close relationships with clients.
- > Ability to understand the needs of clients and transform them into product properties.
- > Close partnerships with suppliers of key subsystems.
- > Systematic and ongoing skills development for our staff in areas such as aeronautics, system integration and customization.

Marketing and sales

- > Partnerships that give us geographic reach and build our brand globally.
- > Presence at relevant trade fairs.
- > Demonstration flights.
- > Network of local agents.

Production

- > Own production capacity (mainly for final assembly).
- > Subcontractors of subsystems with capacity to meet rapid expansion, integration and configuration management for unmanned helicopter systems.

- > Own test facility to conduct better receiving inspection of subsystems and components, capacity for endurance testing, testing of client-specific solutions and complete factory testing of function and performance prior to delivery.

User-friendliness

- > Serviceable and maintainable design that provides clients with better availability in the field.
- > Payload flexibility.
- > Mostly standard components used.



Development

Our focus during the year has been on completing our new product, the APID One, and our automatic landing system. We also worked on strengthening production and reliability. Our new test center is a valuable asset in this work, as it enables testing in sub-systems, which can be tested under structured and systematic conditions.

The client helicopter projects that were in progress during the year mainly involved verifying capabilities and performance, especially in terms of speed, flight time and maneuvera-

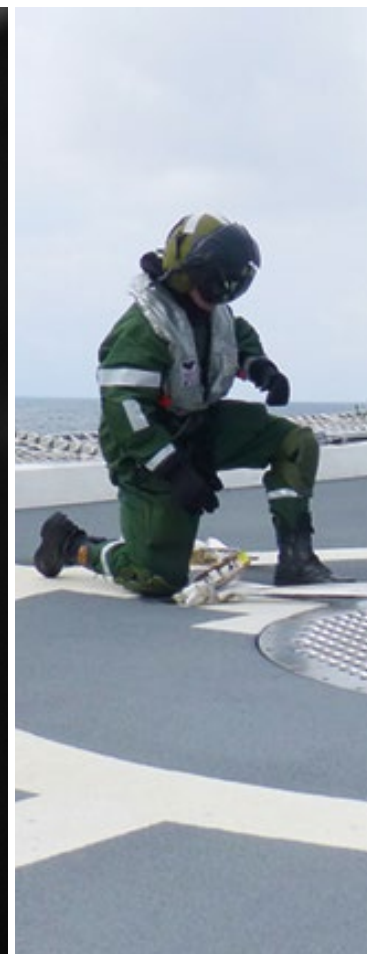
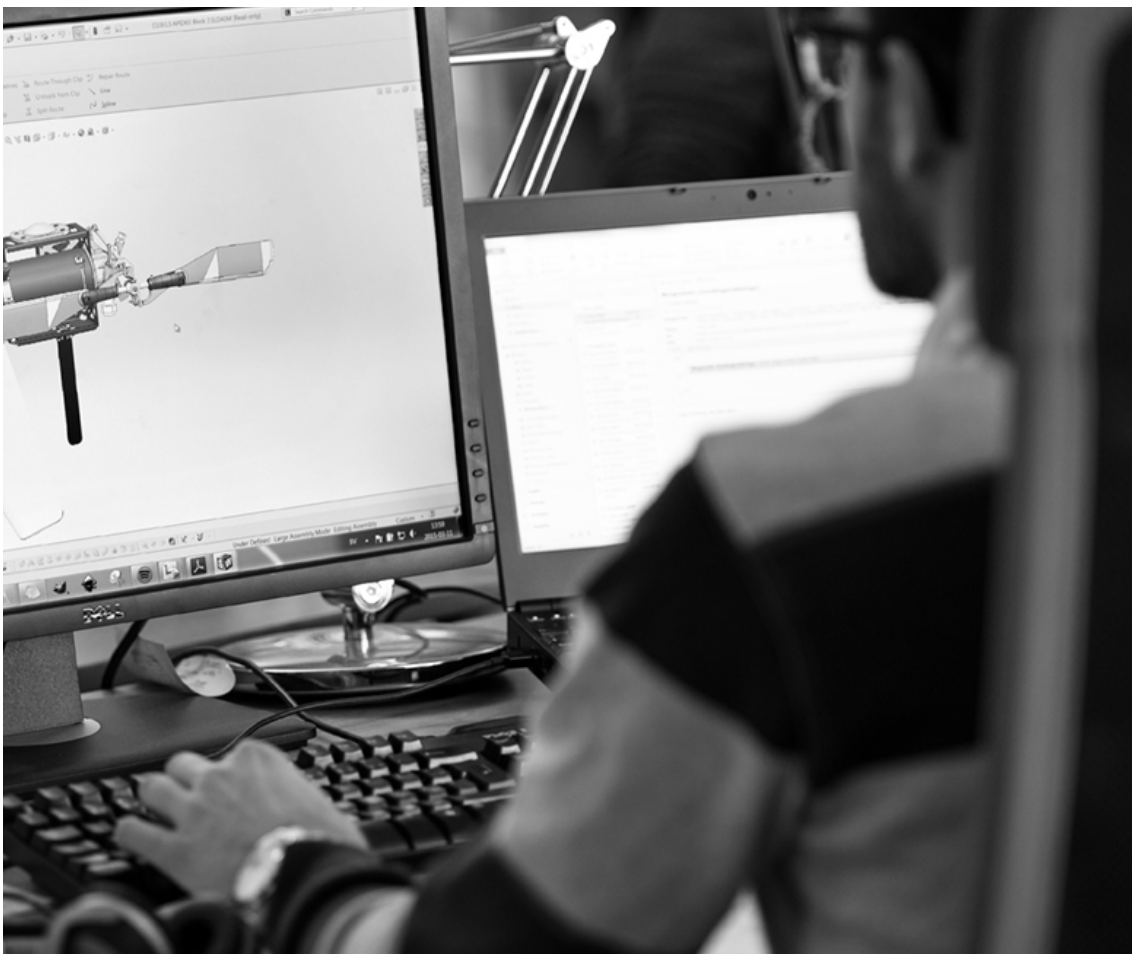
bility. On the system side, we have worked hard on refining and completing our unique system to enable automatic landing on vessels and other moving platforms. Also, extensive flight tests were conducted in the field, both at land and at sea. Our human resources were bolstered by the addition of employees with system knowledge, years of experience in technical documentation and testing skills.

We strengthen our development department on an ongoing basis with skills development and add new employees with cutting edge expertise.

Production

We put a lot of work into storage and capacity calculations during the year. Production is now dimensioned to enable a production rate of two systems a month.

We organized our production flow using the kanban system to enable delivery at this rate. Work on this system is underway and it will be completed in 2016. Product documentation has been improved during the year and processes have been created and developed to rationalize and quality assure manufacturing, assembly



and testing. In addition, staff have been trained both internally and externally to meet higher statutory and certification requirements.

With its own manufacturing capabilities, mainly in final assembly, CybAero has control over the completion of the helicopter platform and the entire VTOL RPAS. System integration with key subsystems and the coordination of customization work in the company's own test center is key.

CybAero's test center was completed in May. The test center spans around 300 square meters and allows multiple

systems to be tested simultaneously. The test center enhances CybAero's capabilities to conduct quality controls on subsystems and components and provides capacity for endurance testing. These tests were largely conducted by suppliers in the past. The implementation of several client-specific solutions and complete factory testing of function and performance were highly successful.

Quality and certification

Process development and continuous improvements are high priorities in

CybAero's day-to-day work and play a crucial role in ensuring efficiency and long-term profitability.

We are jointly building a management system within CybAero to quality assure both our products and our business and meet international demands on the basis of our internal quality targets.

Structuring and developing aviation safety procedures is a high priority for our quality efforts, and we observe applicable sections of the European Aviation Safety Agency's (EASA) civil aviation standards and are aiming for certification.



Photo: Joakim Johansson, FMV T&E

Extensive flight tests were conducted in the field, both at land and at sea



An investment in the future

There was no doubt in their minds. Michael Auerbach and Adam Rothstein from venture capital fund Subversive Capital found CybAero at a time when it had a complete system solution and had just begun to step up to the global market. The perfect time to invest. But the decision to invest was based on more than just CybAero's financial potential. They both shared a genuine interest in unmanned aviation and the doors that could be opened by this technology.

Michael Auerbach has been following the development of unmanned aviation for a long time. In addition to his involvement with Subversive Capital, Michael Auerbach also serves as Senior Vice President of Albright Stonebridge Group, a leading global strategic advisory firm run by former US Secretary of State Madeleine



Michael Auerbach,
Subversive
Capital LLC



Adam Rothstein,
Subversive
Capital LLC

who have government backgrounds about the challenges of delivering supplies to areas such as Syria, where the infrastructure and safe modes of transportation are largely missing. I understood that UAVs would be essential for meeting these challenges, specifically VTOLS (vertical takeoff and landing) which do not require a runway," Michael Auerbach explains.

Path to CybAero

Michael Auerbach and Adam Rothstein began analyzing the global UAV market soon after they started Subversive Capital. They were looking for a VTOL UAV with non-military features that could be used in several areas of application, including humanitarian aid. It was soon glaringly obvious that Sweden-based CybAero was the most interesting company in this area.

"CybAero has a complete UAV, but above all a complete RPAS, which we concluded had strong commercial viability," says Adam Rothstein. The APID One has long reach and multi-faceted features. So CybAero had already solved several challenges. There were plenty of opportunities and few obstacles.

Subversive Capital LLC became a new major shareholder of the company in August 2015 by first acquiring California-based AeroVironment's shares in CybAero and then by participating fully in CybAero's preferred issue in September 2015. This was followed by a private placement conducted in December 2015, which gave Subversive Capital 2,749,000 shares,

and Michael and Adam were elected to CybAero's board of directors. For Michael and Adam, this is a long-term investment, but above all they are getting involved in a company and an innovation they think will make a big difference globally.

"The APID One will change the market for remotely piloted aircraft and fill the void that has existed for commercial systems," Adam explains. This technology is groundbreaking for industries such as agriculture, emissions monitoring, surveillance and security at sea, as well as transportation systems for humanitarian aid missions. CybAero has embarked on a journey we want to be a part of for a long time to come," Adam continues.

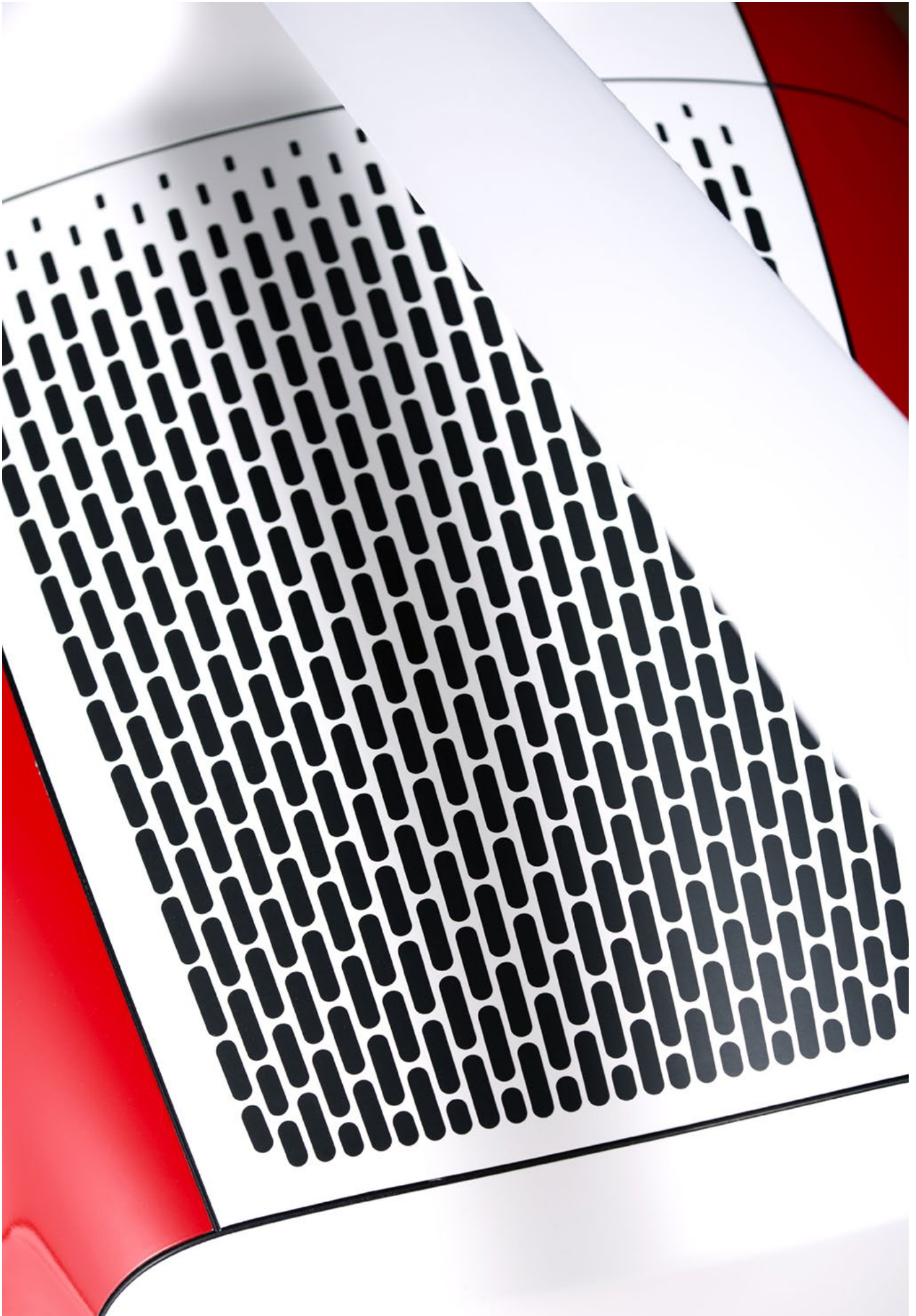
Strategic partnership

CybAero signed a strategic agreement with Albright Stonebridge Group in conjunction with the investment in 2015. Its purpose is to strengthen the international marketing of CybAero's products and services. ASG assesses and manages risks, identifies and seizes opportunities, and solves political and regulatory challenges.

"2016 will be a crucial year. CybAero will make deliveries to its first clients, and they will generate referrals for future business. Now we need to find new clients in a market that is already vast and constantly growing. ASG can assist with this by identifying opportunities, opening doors and developing strategies," Michael concludes.

Albright. Advising clients on groundbreaking technologies is a key business area for ASG. The idea to invest in a helicopter-based Remotely Piloted Aircraft System (RPAS) was borne from a discussion with her.

"My interest in CybAero was kindled during discussions with colleagues



Pioneers on a new market



Our market segment is VTOL RPAS with a lifting capacity of approximately 200 kg. CybAero is currently one

of only a few companies in this segment. The new capabilities offered by remotely piloted aircraft have spurred a significant increase in interest from civil and commercial clients as well as from the armed forces of various countries. The total market is estimated to increase exponentially over the coming years and most likely increase tenfold within a ten-year period, in part because the regulatory framework for

flights in controlled airspace is in the process of being adapted for remotely piloted aircraft.

Unmanned Aerial Vehicles (UAV) or Remotely Piloted Aircraft Systems (RPAS) are now a reality and new areas of application are constantly being added. RPAS systems are traditionally associated with those similar to airplanes with fixed wings and these fixed-wing systems currently dominate the total market, but helicopter systems such as Vertical Takeoff and Landing (VTOL) RPAS are expected to substantially increase their market share.

Unmanned aircraft based on helicopter technology create entirely new markets and areas of application which drives growth in CybAero's segment. This is partly because existing manned aircraft systems can now be replaced with unmanned systems, but mostly because VTOL RPAS systems enable operations in completely new areas of application, such as in areas and conditions where takeoff and landing is not possible for fixed wing systems. As a result, CybAero's potential clients consist of existing users of manned systems, existing users of RPAS and new clients that need a new, more efficient method to complete their tasks in different areas.



The total market is estimated to increase exponentially



Areas of application

The new capabilities offered by VTOL RPAS have resulted in a significant increase in interest for civil and commercial applications. CybAero's systems can be used for applications such as firefighting and search and rescue operations, as well as in agriculture, forestry and wildlife conservation.

Surveillance and search & rescue operations

Interest from the public sector in helicopter systems is increasing for applications such as the surveillance of borders, infrastructure and buildings.

Other key areas of applications include the inspection and monitoring of forest fires, search and rescue operations, traffic monitoring as well as certain environmental monitoring and preventative measures. Potential clients of these types of applications include police forces, customs, coast guards as well as sea, mountain and other search and rescue services.

Another advantageous use of the systems is in the search for missing people or other search and rescue operations. With the help of sensors, VTOL RPAS can quickly find a missing person in areas such as forests, trans-

mit position data to a rescue operation coordinator, and use laser pointers and floodlights to make it easier for the rescue team to find that person's location.

The commercial market's interest in VTOL RPAS is increasing for new applications such as in the surveillance of power lines, pipelines and production facilities, as well as for various telecom applications, such as by strengthening a damaged or overloaded mobile network.

Several examples of where commercial and governmental interests meet and where various operations can be



streamlined with the help of VTOL RPAS can be found within wildlife conservation in the monitoring of stocks of wildlife and species.

Civil maritime applications

Maritime applications are an area of application with great potential for remotely piloted helicopters. CybAero has worked hard in recent years to establish its system in this segment. CybAero will begin with the first delivery to China Customs in early 2016.

Defence applications

The ability of VTOL RPAS to take off from and land on small areas has

great potential for maritime applications. With vessels as a base, VTOL systems can be used for applications such as maritime reconnaissance and patrol, as well as various humanitarian operations. VTOL RPAS systems also have the ability to play an active role in submarine tracking systems.

CybAero was chosen over competition from other international providers by the Swedish Defence Materiel Administration (FMV) to conduct test and demonstration flights in the second quarter of 2016. The flights will be conducted from one of Sweden's Visby class corvettes. The purpose of the flights is to test the strategic and tactical benefit of these systems onboard Swedish Navy vessels.

Armed forces

Use by the armed forces of various countries has thus far driven the development of unmanned aircraft systems and this currently represents the widest use of large RPAS. CybAero sees significant potential in delivering VTOL RPAS to armed forces, where there are many different areas of application

such as intelligence data collection and various surveillance applications. The systems can be used for applications such as signals intelligence or carrying payloads active during flight, but also to deploy payloads that become active where deployed.

Agriculture

Applications in agriculture as well as in filmmaking and photography have dominated the commercial market so far. In agriculture, RPAS systems are primarily used in Japan, France and the UK, where the scanning, measurement and inspection of large agricultural areas with various forms of cameras/measurement instruments have increased the efficiency, productivity and profitability of fertilizers. This has also contributed to environmental improvements by, for example, optimizing the use of pesticides.

Research

Helicopter systems can also be used for research applications through the deployment of measurement instruments and data collection for scientific studies.



CybAero's systems
have several different
areas of application

Global sales network

In 2015, we initiated large-scale efforts to broaden our marketing and sales. We strengthened our organizational structure and began establishing a global sales network. Our focus remains on performance of our framework agreement with Chinese AVIC for delivery of a total of 70 systems.

We approached around a dozen new strategic markets as well. We also entered into negotiations with several new potential partners. We are optimistic that some of these will result in concrete business in 2016.

We entered into negotiations with several new potential partners



Business environment

Interest in unmanned aircraft is constantly on the rise. The market will increase as the international regulatory framework changes and allows more remotely piloted aircraft flights. The segment CybAero operates in is forecast to have the greatest long-term market potential given that the size and weight of the aircraft enable simple and quick transport and meet the endurance and reach requirements of clients.

Airspace is generally divided up into controlled and uncontrolled areas. The controlled airspace has air traffic control that communicates with air traffic, while the commander of the aircraft has sole responsibility for the movement of the aircraft in uncontrolled airspace. Uncontrolled airspace requires the aircraft to be capable of discovering, and being discovered by, other air traffic and have the capability to take action to avoid close contact. If it does not have this capability, it will not be granted clearance to traffic uncontrolled airspace, and will be sent to a controlled or specially designated airspace.

For RPAS operations, flights out of sight require clearance from the national government authority (for flights separate from controlled airspace). Presently, flights with large RPAS systems are therefore almost exclusively conducted in specially designated airspace and in most cases with special clearance.

Ongoing international initiatives aim to introduce regulatory frameworks which will allow flights with RPAS in controlled and uncontrolled airspace. The use of RPAS will be primed to increase significantly with stable and clear rules for RPAS flights. It is estimated that permission to conduct regular flights in controlled airspace in the EU will be granted by the end of the coming five-year period. Substantial international resources are currently being invested in the capability to introduce technology that monitors flights in controlled airspace such as the MIDair Collision Avoidance System (MIDCAS), systems for safe data communication via satellite and standardized flight safety rules

Market to double

According to US investment bank Goldman Sachs (March 2016), the civil RPAS market will experience substantial growth over the next five years, going from a very small market to one the equivalent of SEK 175 billion. Military clients are expected to remain the single largest client group in the foreseeable future. In addition, other public buyers such as customs and coast guards are forecast to make substantial purchases. In the US alone, these buyers are estimated to purchase systems for the equivalent of SEK 25 billion within the same period.

In commercial applications, the potential is considered excellent for raising efficiency and security and for cutting costs in areas such as construction inspection, precision spraying and the monitoring of pipelines and powerlines.

Great market potential

Signs of segmentation can be seen on the VTOL RPAS market in three main product segments based on load-carrying capacity as well as range and endurance.

- 1 Multirotor RPAS with a lifting capacity of up to 100 kg. This is the segment with the largest number of startups at this time. These RPAS, referred to as quadcopters, are almost exclusively battery-operated and have air endurance below 60 minutes.
- 2 Single or double rotor RPAS with a lifting capacity of up to 200 kg. These RPAS mostly run on fossil fuels and have long reach and good air endurance. The investment costs to establish a company on this market are relatively high, but nevertheless, there are still some startups in this product segment.
- 3 RPAS with a lifting capacity of over 200 kg. This market is dominated by a small number of manufacturers with long-standing experience in building large and complex manned helicopter systems.

CybAero's APID system is in the middle segment, which is where CybAero forecasts the greatest long-term market potential. The size and weight of the systems in this segment enable relatively easy transport and the system can be operational within approximately 15 minutes after unpacking. These properties open up new markets where larger VTOL systems are either too large or too

expensive. However, the clients of these markets have high endurance and reach requirements, which means that the smallest systems will disappear quickly. The systems in this segment are also sufficiently large to be able to carry necessary antennas, transponders, and sense and avoid systems, which gives them the ability to fly outside of sight and carry sufficiently large payloads for many areas of application.

CybAero forecasts that VTOL systems in the middle product segment will account for a substantial share of the growth on this market.

Competitors

The competitors of VTOL UAV systems are mainly existing manned systems. The competitors of CybAero's APID system are suppliers of similar RPAS, mainly in their own product segment.

In the first case, the crucial factor in the long-term forecast are the costs related to RPAS in comparison to manned systems. Another advantage of RPAS is the ability to conduct operations in risky environments such as fires and gas leaks, and in the case of VTOL systems, to hover and fly close to fixed objects without any risk to the pilot.

There are a small number of competitors in the same product segment as CybAero's VTOL RPAS

- > Schiebel – Camcopter S100
- > UMS Skeldar – Skeldar





APID One - groundbreaking technology

CybAero's business concept is to provide effective, high-quality air-borne sensor systems based on unmanned helicopter platforms, which create more effective solutions with lower costs and lower environmental impact than manned helicopter systems. CybAero's APID One is the new generation of CybAero's proprietary helicopter platform.

Customized system solutions

After manufacturing unmanned helicopter platforms in a basic design we have now developed a complete system consisting of a platform and different payload, data link and ground station options. This gives us the opportunity to better customize the systems to the needs of clients. The APID system has many possible configurations, which provides even greater customization capabilities for defence clients and users in the civil and commercial markets.

The system's flexibility to perform a wide variety of advanced operations makes the APID system unique on the world market.

State-of-the-art design and function

The design behind the APID One is based on the concept of providing an aerial sensor system with excellent aerodynamic properties and superb adaptability to the unique needs of our clients. This carefully developed



APID One - a complete system

The APID One is a Vertical Takeoff and Landing Remotely Piloted Aircraft System (VTOL RPAS). It is a remotely piloted aerial sensor system with excellent aerodynamic properties and superb adaptability to the unique needs of our clients. The system is based on a helicopter platform that can be adapted to the specific needs of each client, regardless of whether they are for commercial, civil or defence applications. There is also a payload which can contain various types of sensors as well as a data link and ground station for operators.





design makes it easier to change sensor systems quickly.

The APID One is designed for simple packaging and transport. Its ergonomic design makes it easy to handle, and its tailor-made design of canopies, airframes and avionics means the system is easy to maintain and service.

CybAero's operations focus on the strategic choices made to put in place its own capacity and testing, mainly for aircraft systems, system integra-

tion, production/final assembly and customization.

- > Proprietary platform in design, engineering and system integration.
- > Own test facility for receiving inspection of subsystems and components, capacity for endurance testing, testing of client-specific solutions and complete factory testing of function and performance prior to delivery.
- > Own production capacity, mainly for final assembly.

-  Helicopter platform
-  Payload >
-  Datalink
-  Ground station

Selection of payloads

			
UV camera	Multispectral camera	IR camera	
			
EO camera	Gas camera	Night vision camera	Radio link
			
Jammer	Satellite communication	Ground communication	SAR/LIDAR
			
Laser pointer	Range finder	Spotlight	Speaker

New opportunities for our clients

CybAero's potential clients consist of both existing users of manned systems and existing users of RPAS, as well as new clients that need a new and more efficient method to complete their tasks in different areas.

CybAero's clients can be divided into three main groups based on different areas of application for the systems:

- > Civil applications, where the clients are often government authorities and public sector organizations, mainly in areas such as surveillance and security, border surveillance, and coast guards. Our systems can also be used by search and rescue

services to save time and reach inaccessible areas.

- > Commercial applications, such as those used by forestry or electric companies that need to monitor large areas or areas from long distances. The systems can also be used in agriculture to raise the yield on existing acreage and by development companies for land surveying and mapping.
- > Defence applications such as reconnaissance missions and the protection of convoys and bases. The clients are the armed forces of different countries, both land-based and sea-based.

Our largest clients

China Customs

In January 2014, CybAero received an order from China Customs for three systems to be used from vessels. CybAero beat out intense competition from both domestic competitors and global leaders to win the order, which is worth approximately SEK 50 million.

AVIC

The framework agreement with Chinese group AVIC (Aviation Industry Corporation of China) was announced on July 2, 2014. AVIC is one of the largest companies in the world with

ABOUT CHINA CUSTOMS

China Customs is a government agency that supervises and manages all arrivals in and departures from the customs territory of the mainland of the People's Republic of China. It exercises a centralized management structure. Its essential tasks are customs control, revenue collection, fighting smuggling and foreign trade statistics compilation. It shoulders such major responsibilities as duty collection, customs control, supervision and management of bonded operations, foreign trade statistics compilation, audit-based control, customs intellectual property rights protection, fighting smuggling, and port management.

ABOUT AVIC

The Aviation Industry Corporation of China (AVIC) was founded on November 6th, 2008 through the restructuring and consolidation of the China Aviation Industry Corporation I (AVIC I) and the China Aviation Industry Corporation II (AVIC II). AVIC is centered on aviation and provides complete services to customers in many sectors - from research and development to operation, manufacturing and financing. AVIC's business units cover defense, transport aircrafts, engines, helicopters, avionics and systems, general aviation, research and development, flight testing, trade and logistics, assets management, finance services, engineering and construction, automobiles and more. AVIC has over 140 subsidiaries, nearly 30 listed companies and more than 500,000 employees. In 2014, AVIC ranked 178th among the newly published Fortune Top 500 enterprises.



over 500,000 employees and operations including the development and production of aircraft. The framework agreement calls for AVIC purchasing at least 20 helicopter systems during the first three years and then at least 50 more systems over the following five years. The agreement is worth at least SEK 700-800 million depending on the final design of the systems.

Each system includes a helicopter, ground station and datalink to be used in civil and commercial contexts such as in customs, coast guards, as well as in the energy and agriculture sectors. In addition, the helicopter

platform can be modified with several different sensor packages.

Demonstration flights

CybAero conducted several demonstration flights throughout the year.

> In April, CybAero conducts demonstration flights in Hainan, China with its client AVIC. These demonstration flights are the first in a series of planned flights for select clients in China. The flights included various types of operations, and the helicopters were really put to the test.

- > In August, CybAero conducts several demonstration flights over Guangdong Province in southern China with representatives from one of China's largest state power grid companies.
- > In October, CybAero conducts a series of demanding flight tests in the Baltic Sea with takeoff and landing on a waterborne vessel in motion.
- > In November, CybAero demonstrates search and rescue missions for the Swedish Sea Rescue Society's UAV meeting on Kånsö in the archipelago of Gothenburg.



CybAero conducted several demonstration flights throughout the year

HR progress during the year

From 30 to 55 employees in 2015 with several different areas of expertise. Having a workforce that has nearly doubled in size has created major opportunities. During the year, CybAero's HR department focused on improving the company's staff structure and employer branding.

CybAero recruited in several areas in 2015, including aviation and testing, technology/development, sales and quality assurance. The growth of our organizational structure increases the need to expand the support functions, processes and structures essential for a larger company.

The chance to be involved in the growth of the company in the exciting phase it is currently in has been one of the key reasons why many people applied for positions at CybAero during the year. All employees need to fit into their roles and help shape the company's day-to-day activities. This may involve creating their own positions or modifying existing positions for the best possible results. This process has also created a need for new managerial positions.

CybAero strives for diversity and a good balance of senior and junior employees. Recruited employees came

from companies both small and large in several relevant industries. Thanks to collaboration with Linköping University, CybAero brought in several student thesis projects, and four of the students were hired after their projects were completed. Several of CybAero's employees have been with us for many years because they have excellent opportunities for advancement as the company grows.

To assure the quality of skills, the company has an orientation program where new employees are assigned a mentor. Employees participate in both internal and external training, such as leadership training, specific flight training and working environment training.

A step out into the world

CybAero caters to an international market and conducted dialogues with clients including China Customs and AVIC in 2015. U.S. Venture capital



fund Subversive Capital became involved with CybAero as an investor as well, spurring several changes, including transitioning to English as the company language. Many company employees will also be doing more international work in the future.

Challenges for 2016

Several key processes and organi-



CYBAERO'S HR MODEL

CybAero employs the ARUBA model, which provides an overall perspective on HR issues.

> **Attract**

CybAero has participated in several career fairs and skills provision networks. Targeted marketing has been employed to attract thesis projects to the company.

> **Recruit**

CybAero recruited from a wide range of fields throughout the year, including engineering, development, sales and administration. Many new employees have a background in the region's strong technology industry.

> **Grow**

At CybAero, each employee plays a crucial role in identifying and tackling the challenges encountered as the company grows. We are also active in both internal and external training.

> **Retain**

Over the years, CybAero has highly prioritized the working environment and creating even better conditions for employees, for instance by providing various benefits.

> **End**

When an employee is transferred or his or her employment ends, CybAero strives to create as positive an experience as possible for all parties, in part by ensuring good communication.

zational forms have been devised throughout 2015 as the company has grown. CybAero has worked on formulating overall company policies in relevant key areas, which will form the basis for our challenges in 2016, as the company plans to use its new capacity and skills base to reach new clients and markets. The company will now focus even more on sales

targets and finding a sales method that can be applied broadly when we meet clients in various relevant markets in the future. But CybAero will also continue to improve its strong corporate culture. We have dedicated employees who are passionate about improvement, and we will focus on creating the best possible conditions for them.

CybAero has recruited in several areas in 2015

Stock and ownership structure

General information

CybAero AB (publ), with corporate ID number 556639-6817, is a Swedish public limited liability company (svenskt publikt aktiefbolag) and conducts its business under this legal form, which is governed by the Swedish Companies Act (aktiefbolagslagen). The company was founded on December 19, 2002 and adopted its current trade name, CybAero AB, on June 18, 2003. The company's head office was simultaneously moved to Linköping Municipality, where it is located to this day. The company went public on January 31, 2007, which was when a requirement to register with the Swedish Central Securities Depository (VPC) was incorporated into the company's articles of association.

Stock performance

CybAero's stock has been listed on the NASDAQ OMX First North since June 13, 2007 under the ticker CBA. A round lot of the company's stock is 1 share. An average of 117,309 shares in CybAero per trading day were traded in 2015, with a volume-weighted average price of SEK 13.55 per share, which corresponds to a daily trading volume of approximately SEK 1,589 thousand.

Shares and share capital

CybAero's shares are denominated in Swedish kronor (SEK) and have been

issued under Swedish law, and the shareholder rights associated with the shares may only be changed in accordance with the procedures set out in the Swedish Companies Act (2005:551). CybAero had issued a total of 29,245,819 shares as of December 31, 2015, each with a quote value of SEK 1.50. All shares entitle the holder to an equal share in the company's assets, profits, dividends and any surpluses in the event of liquidation. All shares also come with equal voting rights (one vote per share). The total share capital at December 31, 2015 was SEK 43,868,728.50. Under the company's current articles of association, which were adopted at the extraordinary general meeting on December 30, 2015, the minimum number of shares in the company is 29,000,000 and the maximum is 116,000,000. The minimum value of the company's share capital is SEK 43,500,000 and the maximum is SEK 174,000,000. The chart below shows changes in share capital since the company was registered.

Authorizations

The annual general meeting on May 9, 2015 resolved to authorize the board to issue a maximum of 3,000,000 shares with or without pre-emption rights for shareholders, corresponding to maximum dilution of 14 percent.

This authorization is valid until the 2016 Annual General Meeting.

Warrants

CybAero has three current warrant programs, which serve as incentive programs for senior executives, other employees and the board. The first warrant program covers 105,000 warrants, each entitling the holder to subscribe for one new share at a subscription price of SEK 12.62 per share, with a subscription period from April 1, 2016 to June 30, 2016. The second warrant program covers 291,500 warrants, each entitling the holder to subscribe for one new share at a subscription price of SEK 21.09 per share, with a subscription period from January 15, 2016 to January 31, 2016.

The third warrant program covers 220,328 warrants, each entitling the holder to subscribe for one new share at a subscription price of SEK 24.91 per share, with a subscription period from April 15, 2018 to April 30, 2018.

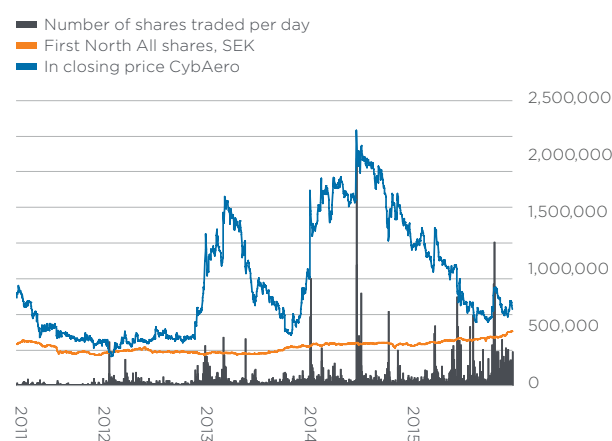
Ownership structure

CybAero had a total of 6,734 shareholders as at December 31, 2015. None of the company's major shareholders have voting power in the company that deviates from their share in the company's share capital.

CybAero's shareholders as at Dec. 31, 2015

Shareholder	Number of shares	Share of votes and capital, %
Försäkringsaktiefbolaget Avanza Pension	2,565,739	8.8
State Street Bank & Trust Com, Boston	1,553,571	5.3
Rambas AB	969,367	3.3
Subversive Capital LLC	830,041	2.8
Nordnet Pensionsförsäkring AB	728,660	2.5
Mikael Hult via company and private	618,478	2.1
Amer Al-Khalili	455,425	1.6
Henrik Lewander	435,000	1.5
JP Morgan Bank Luxembourg	213,444	0.7
Netfonds ASA, NQI	212,775	0.7
Other	20,663,319	70.7
Total	29,245,819	100%

Stock performance 2011-2015



Share capital changes

Year	Month	Event	Change in no. of shares	Total no. of shares	Change in share capital	Total share capital	Quote value
2003	Jan	Founding of company	+100,000	100,000	+100,000	100,000	1
2004	Sep	New share issue	+25,000	125,000	+25,000	125,000	1
2005	Sep	New share issue	+20,625	145,625	+20,625	145,625	1
2005	Dec	Loan conversion	+77,750	223,375	+77,750	223,375	1
2005	Dec	1-10 split	+2,010,375	2,233,750	0	223,375	0.1
2006	Mar	New share issue	+521,590	2,755,340	+52,159	275,534	0.1
2006	Mar	New share issue	+60,100	2,815,440	+6,010	281,544	0.1
2006	Apr	New share issue	+594,500	3,409,940	+59,450	340,994	0.1
2006	Apr	New share issue	+105,450	3,515,390	+10,545	351,539	0.1
2006	Apr	Stock dividend	0	3,515,390	+148,461	500,000	0.142
2006	Nov	New share issue	+341,000	3,856,390	+48,501	548,502	0.142
2007	Jan	New share issue	+624,880	4,481,270	+88,878	637,380	0.142
2007	Jun	New share issue ¹⁾	+1,100,000	5,581,270	+156,455	793,835	0.142
2007	Jun	Warrant redemption	+111,000	5,692,270	+15,788	809,623	0.142
2008	Jan	Warrant redemption	+300,000	5,992,270	+42,670	852,293	0.142
2008	May	Preferred issue	+5,992,270	11,984,540	+852,293	1,704,584	0.142
2008	Dec	Preferred issue ²⁾	+10,285,530	22,270,070	+1,462,931	3,167,515	0.142
2009	Sep	Private placement	+1,302,079	23,572,149	+185,197	3,352,712	0.142
2009	Sep	Warrant redemption ³⁾	+3,897,491	27,469,640	+554,347	3,907,059	0.142
2010	Okt	Private placement	+1,994,598	29,464,238	+283,696	4,190,755	0.142
2011	Mar	Private placement	+600,000	30,064,238	+85,339	4,276,094	0.142
2011	Jun	Preferred issue	+15,032,119	45,096,357	+2,138,047	6,414,141	0.142
2012	Feb	Preferred issue ⁴⁾	+28,548,178	73,644,535	+4,060,462	10,474,603	0.142
2012	May	Warrant redemption ⁵⁾	+415,676	74,060,211	+59,122	10,533,725	0.142
2012	Aug	Warrant redemption ⁶⁾	+1,393,373	75,453,908	+198,228	10,731,953	0.142
2012	Nov	Warrant redemption ⁷⁾	+11,444,531	86,898,439	+1,627,778	12,359,731	0.142
2013	Mar	Stock dividend	0	86,898,439	+675,034	13,034,765	0.15
2013	Apr	Share issue for adjustment purposes	1	86,898,440	+1	13,034,766	0.15
2013	May	Reverse share split	-78,208,596	8,689,844	0	13,034,766	1.50
2013	Dec	Preferred issue ⁸⁾	+2,712,460	11,402,304	+4,068,690	17,103,456	1.50
2014	Mar	Conversion of convertible loans ⁹⁾	+1,062,699	12,465,003	+1,594,048	18,697,504	1.50
2014	May	Private placement	+1,800,000	14,265,003	+2,700,000	21,397,504	1.50
2014	Aug	Warrant redemption ¹⁰⁾	+235,400	14,500,403	+353,100	21,750,604	1.50
2014	Aug	Conversion of convertible loans ¹¹⁾	+1,062,699	15,563,102	+1,594,048	23,344,653	1.50
2014	Nov	Private placement	+1,600,000	17,163,102	+2,400,000	25,744,653	1.50
2015	Jan	Warrant redemption ¹²⁾	+1,334,111	18,497,213	+2 001 166	27,745,819	1.50
2015	Sep	Preferred issue ¹³⁾	+10,748,606	29,245,819	+16,122,909	43,868,728	1.50
2015	Dec	Private placement ¹⁴⁾	+2,749,000	31,994,819	+4,123,500	47,992,228	1.50

1) First North listing

2) Units, two shares plus a warrant

3) From 2008 preferred issue of units

4) Units, two shares plus a warrant

5) From 2012 preferred issue of units, first redemption

6) From 2012 preferred issue of units, second redemption

7) From 2012 preferred issue of units, final redemption

8) Units, two shares plus a TO 8 warrant

9) AeroVironment converts convertible loan no. 1

10) Redemption - 2012/2014 incentive program

11) AeroVironment converts convertible loan no. 2

12) From 2013 preferred issue of units

13) Including overallotment option

14) Placed with Subversive Capital LLC. The issue was registered on February 1, 2016.

Directors' report

The Board of Directors and CEO of CybAero AB (publ), with corporate identity number 556639-6817, hereby submit the annual report for the financial year from January 1 to December 31, 2015.

General information about CybAero's business

CybAero develops and manufactures Remotely Piloted Aircraft Systems (RPAS) and associated sensor systems for safe and effective aerial operations. The systems can be adapted to the specific needs of each client and can be used for both civil and defence applications. The company has made a great international impact with its APID system for applications such as coastal and border surveillance, search and rescue missions, and mapping.

CybAero's core expertise lies in developing unique components and systems for Vertical Takeoff and Landing Unmanned Aerial Vehicles (VTOL UAV) and making a functioning aircraft system out of them. CybAero delivers helicopter systems to both end

users and strategic partners, which in turn use them as platforms to build customized systems for delivery to end users.

CybAero was founded in 2003, although a research project in collaboration between Linköping University and the Swedish Defence Research Agency (FOI) laid the foundations for CybAero's business as early as 1992. CybAero's head office is located in the aviation capital of Sweden, Linköping, the location of an aviation cluster with over 60 high-tech companies and cutting-edge research at Linköping University and other research institutes. This gives CybAero access to highly educated employees with the right expertise and experience. The company has around 55 employees and has been listed for trading on the NASDAQ OMX First North in Stockholm since 2007.

Revenues for 2015 are mainly attributable to the contract with China Customs and other obligations to China Customs.

Net sales for 2015 reached SEK 4.8 million (SEK 46.8 million), which is a

90 percent year-on-year decrease. Total revenue came in at SEK 12.4 million (SEK 55.6 million).

The lower net sales figures are a result of delays and increased costs of project deliveries due to extensive development, testing, system integration and delivery preparations. As a result of higher costs, revenue recognition under the percentage-of-completion method was not possible to the same degree as in 2014.

The company reported a loss after tax of SEK -74.0 million (SEK -34.2 million). This loss is a direct result of lower revenue and that CybAero was in a very intense phase of expansion, which led to an increase in the number of employees, and consequently higher personnel costs.

Significant events during the financial year

Product

Our APID One product line was unveiled on March 31 after years of development in the form of a roll-out at the Swedish National Museum of Science and Technology in Stockholm. The company donated a unit of its earlier product, the APID 60, to the

The company's business, results of operations and financial position

Financial overview	2015	2014	2013	2012
Net sales	4,809	46,799	24,391	15 932*
Operating margin, %	neg	neg	neg	neg
Total assets	147,946	123,189	44,213	43,116
Return on capital employed, %	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg
Equity ratio, %	80,3	75,2	29,3	45,6

Definitions: see note 16.

* Total revenue was reported in previous reports.

museum's collections in connection with the roll-out. Sweden's first astronaut and chairman of the museum's board Christer Fuglesang accepted the donation on behalf of the museum. We received our first call-off order for five systems from Chinese AVIC in conjunction with the roll-out. The call-off order came under the framework agreement for 70 systems signed in 2014 and calls for deliveries over the following eight years.

Our new test center opened in May, which enables us to conduct extensive, systematic and thorough testing on parts and the whole system. Factory testing was conducted during the year on the systems to be delivered to China Customs. Development of the systems and advancements requested by our clients have resulted in a delay of over a year. The final tests are being conducted in early 2016 and the first system will then be delivered to the end user for integration on a vessel.

Research and Development

Substantial resources were invested in development during the year, in particular in our new APID One platform and our landing system which enables our aircraft to automatically land on moving platforms, mainly vessels. Capitalization of research and development expenditure accounts for SEK 18.4 million (SEK 24.1 million) of investments.

Marketing

We conducted several demonstration flights throughout the year, both in Sweden and abroad (mainly China). A demonstration of search and rescue missions was held at the Swedish Sea

Rescue Society's UAV meeting in the archipelago of Gothenburg.

In September, CybAero showcased the company at an international defence and security exhibition in London, DSEI. Several important contacts were made at the exhibition and the APID One attracted much interest and publicity.

In December, the company entered into a strategic agreement with Albright Stonebridge Group to strengthen the international marketing of CybAero's products and services.

Financing

In January, warrants (TO8) were redeemed from the preferred issue in 2013, which involved 1.3 million shares and brought in around SEK 16 million for the company before issue expenses. The share issue increased the number of shares from 17,163,102 to 18,497,213 and share capital increased from SEK 25,744,653 to SEK 27,745,819.

In September, the company conducted a preferred issue of 10,748,606 shares, which brought in around SEK 75 million for the company before issue expenses. The share issue increased the number of shares from 18,497,213 to 29,245,819 and share capital increased from SEK 27,745,819 to SEK 43,868,728. The issue was oversubscribed by 82%. In the same month, U.S. venture capital fund Subversive Capital acquired the remainder of AeroVironment's holding in CybAero.

An extraordinary general meeting held on December 30 resolved on a private placement of 2,749,000 shares

to Subversive Capital LLC in the U.S. This private placement was not yet registered at the balance sheet date, but was registered on February 1, 2016. The share issue increased the number of shares from 29,245,819 to 31,994,819 and share capital increased from SEK 43,868,728 to SEK 47,992,228. Subversive is a long-term owner. The private placement in December made Subversive the company's largest shareholder with approximately 11.2% of its capital. The remaining 88.8% of the company's shares are divided between several shareholders, with no single shareholding exceeding 10%.

In June, the board resolved to initiate the process for listing CybAero on the NASDAQ Stockholm. No schedule for the listing has been set yet. In the same month, a private placement was aborted because the timing was unfavorable.

In December, CybAero appointed FNCA Sweden AB as its certified adviser.

Warrants

CybAero has three current warrant programs, which serve as incentive programs for senior executives, other employees and the board. The first warrant program covers 105,000 warrants, each entitling the holder to subscribe for one new share at a subscription price of SEK 12.62 per share, with a subscription period from April 1, 2016 to June 30, 2016. The second warrant program covers 291,500 warrants, each entitling the holder to subscribe for one new share at a subscription price of SEK 21.09 per share, with a subscription period from >

January 15, 2016 to January 31, 2016. The third warrant program covers 220,328 warrants, each entitling the holder to subscribe for one new share at a subscription price of SEK 24.91 per share, with a subscription period from April 15, 2018 to April 30, 2018.

Board and management

On December 30, the board appointed Anna Öhrwall Rönnbäck as the new board chair, effective December 30, 2015. The extraordinary general meeting on December 30 elected Michael Auerbach and Adam Rothstein as regular members of the board of directors.

The board had 23 documented meetings during the year, two of which were strategy meetings. The processes for the board's work have been refined and the board strives to follow the Swedish Corporate Governance Code.

Non-financial disclosures

CybAero strives for diversity and a more even gender distribution. At the end of the year, 21% (22%) of the company's employees were women. Staff turnover was 14% (17%) in 2015. The company believes that employees add value and that is why it invested in skills development, working environment improvements, benefits and leadership development in 2015 to retain existing employees and be able to attract new ones. Employees are offered individual pension contributions, private health insurance and 12 months of pension contributions during parental leave.

Significant events after the end of the financial year

Anna Öhrwall Rönnbäck resigned from the board of directors and nominations committee effective January 31, 2016. Claes Drougge was reappointed as the chairman of the board after stepping down on December 30th. The board appointed Michael

Auerbach as a new member of the nominations committee.

In February, the board initiated on a restructuring plan to cut costs and improve the company's efficiency.

CybAero completed an extensive testing campaign in the last week of April with its ship-based system, the APID One. The client of the campaign was the Swedish Defence Materiel Administration (FMV) in collaboration with the Swedish Navy. The campaign was ongoing for over a year and was rounded off with numerous flights during the week of April 25 from HMS Karlstad, a Swedish Visby class corvette. The capabilities tested during the test campaign included the system's ability to autonomously take off and land on a fast moving ship. The system landed on the corvette completely autonomously at a speed of 25 knots. The wind speed was up to 15 m/s. In addition, the APID One system performed missions such as identifying objects in the water. The tests proceeded according to plan and are considered highly successful by all parties involved.

CybAero raised a loan of SEK 34 million (USD 4.25 million) in late April/early May with a maturity of one year and an interest rate of 12%. The lenders are a consortium of institutional and qualified investors, including Erik Penser Bank and lenders arranged by Redeye AB. The Board of CybAero is of the opinion, based on the current business plan, that the loan together with expected client payments will cover the company's capital needs for the coming twelve months.

In late March, CybAero commenced the remaining factory testing on the system poised for delivery to China Customs. These tests were not yet complete at the time of publication of

this annual report. The board expects they will be concluded by latest the end of June.

Expected future growth and significant risks and uncertainties

The board of directors forecasts continuing strong growth for the company on the basis of its contract with Chinese AVIC, a great increase in the number of inquiries received and market indicators, which are being processed actively. The company has set a long-term target of being able to reach 30 percent of the world market in its product segment.

Managing the company's expansion to meet the great increase in interest from the market and to meet this target is considered one of CybAero's greatest challenges. Recruitment of new staff has gone well so far, but could become more difficult as recruitment needs increase. In addition, the company's expansion could be limited by the fact that its new main product, the APID One system, is in an early phase in the product cycle where certain subsystems and components may require additional testing.

One potential risk for the company is if there is no major increase in demand for the company's products as expected, or if this increase in demand is delayed or fails to be as strong as anticipated.

Proposed appropriation of the company's profit or loss

The board of directors proposes that the unrestricted equity of SEK 70,317,209 be appropriated as follows:

Carry forward	70,317,209
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For more information about the results of operations and financial position of the company, please see the following income statement and balance sheets and their notes.

Income statement

Amounts in SEK	Note	2015	2014
Net sales		4,808,984	46,798,777
Capitalized work performed		7,221,124	8,634,900
Other income		342,056	156,850
		12,372,164	55,590,528
Operating expenses			
Raw materials and consumables		-10,752,315	-37,829,331
Other external expenses		-25,927,021	-16,166,423
Personnel costs	2	-36,294,697	-23,451,952
Depreciation/amortization and impairment of tangible and intangible assets		-11,358,747	-11,355,170
Other operating expenses		-507,933	-447,240
Operating profit/loss	3	-72,468,549	-33,659,588
Profit/loss from financial items			
Interest income and similar profit/loss items		9,542	20,553
Interest expenses and similar profit/loss items		-1,574,809	-562,960
Profit/loss after financial items		-74,033,816	-34,201,995
Profit/loss before tax		-74,033,816	-34,201,995
Tax on profit for the year	4	-	-
PROFIT/LOSS FOR THE YEAR		-74,033,816	-34,201,995

Balance sheet

Amounts in SEK	Note	2015	2014
ASSETS			
Subscribed but not yet paid up capital	10	22,404,350	-
Fixed assets			
Intangible assets			
Capitalized expenditure for research and development	5	46,450,560	39,929,589
		46,450,560	39,929,589
Tangible assets			
Equipment, tools, fixtures and fittings	6	3,472,479	1,472,404
		3,472,479	1,472,404
Financial assets			
Investments in group companies	7	50,000	50,000
Other non-current receivables	8	3,896,337	434,700
		3,946,337	484,700
Total fixed assets		53,869,376	41,886,693
Current assets			
Inventories etc.			
Raw materials and consumables		14,062,978	4,585,604
Products in progress		2,405,191	826,922
		16,468,169	5,412,526
Current receivables			
Accounts receivable		143,465	1,496,762
Receivables from group companies		161,551	-
Receivables from buyers	9	45,634,521	43,599,273
Other receivables		2,055,226	5,248,156
Prepaid expenses and accrued income		1,847,256	1,450,274
		49,842,019	51,794,466
Cash and bank balances			
Cash and bank balances		5,361,603	24,094,853
		5,361,603	24,094,853
Total current assets		71,671,791	81,301,844
TOTAL ASSETS		147,945,517	123,188,537

Balance sheet continued

Amounts in SEK	Note	2015	2014
EQUITY AND LIABILITIES			
Equity	10		
Restricted equity			
Share capital (29,245,819 shares)		43,868,729	25,744,654
New share issue in process of registration		4,123,500	-
Statutory reserve		493,206	493,206
		48,485,435	26,237,860
Unrestricted equity			
Share premium reserve		252,357,117	191,389,428
New share issue in process of registration		17,014,651	-
Profit or loss brought forward		-125,020,743	-90,818,748
Profit/loss for the year		-74,033,816	-34,201,995
		70,317,209	66,368,685
		118,802,644	92,606,545
Provisions			
Other provisions	11	3,761,124	540,158
		3,761,124	540,158
Non-current liabilities			
Other debt to credit institutions	12	104,986	281,023
		104,986	281,023
Current liabilities			
Debt to credit institutions		168,998	950,180
Accounts payable		11,504,208	15,675,033
Other liabilities		1,478,951	916,251
Accrued expenses and deferred income		12,124,606	12,219,346
		25,276,763	29,760,811
TOTAL EQUITY AND LIABILITIES		147,945,517	123,188,537

Pledged assets and contingent liabilities

Amounts in SEK	2015	2014
Pledged assets		
For internal liabilities and provisions		
Floating charges	10,000,000	10,000,000
Assets subject to retention of title	186,654	256,649
Bank accounts	3,818,344	356,510
	14,004,998	10,613,159
Other pledged assets and collateral	none	none
TOTAL PLEDGED ASSETS	14,004,998	10,613,159
CONTINGENT LIABILITIES	none	none

Cash flow statement

Amounts in SEK	Note	2015	2014
Operating activities			
Profit/loss after financial items	13	-74,033,816	-34,201,995
Adjustments for non-cash items	15	14,589,966	11,355,170
Cash flow from operating activities before changes in working capital		-59,443,850	-22,846,825
Changes in working capital			
Increase(-)/decrease(+) in inventories		-9,950,660	-592,326
Increase(-)/decrease(+) in accounts receivable		2,111,998	-48,772,511
Increase(+)/decrease(-) in accounts payable		-3,701,867	19,878,373
Net cash provided by/used in operating activities		-70,984,379	-52,333,289
Cash flows from investing activities			
Purchase of tangible assets		-2,626,876	-960,782
Purchase of intangible assets		-18,367,153	-24,142,392
Investments in financial assets		-3,461,637	-
Net cash provided by/used in investing activities		-24,455,666	-25,103,174
Cash flows from financing activities			
New share issue		77,664,014	93,871,740
Repayment of borrowings		-957,219	-574,301
Net cash provided by/used in financing activities		76,706,795	93,297,439
Cash flow for the year		-18,733,250	15,860,976
Cash and cash equivalents start of year		24,094,853	8,233,877
CASH AND CASH EQUIVALENTS END OF YEAR	14	5,361,603	24,094,853

Notes

Note 1 Accounting policies

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

Assets, provisions and liabilities have been measured at cost unless otherwise specified below.

Intangible assets

Expenditure for research and development

Expenditure for research, i.e. planned and systematic efforts to obtain new scientific or technological knowledge and insights, is recognized as an expense as incurred.

The capitalization model (aktiveringsmodellen) is used for recognizing expenditure for research. As a result, expenditure incurred during the development phase is recognized as an asset when all of the following conditions are met:

- > It is technically possible to complete the intangible asset in such a way that it can be used or sold.
- > The company intends to complete the intangible asset and use it or sell it.
- > Feasibility of the intangible asset for use or sale has been established.
- > It is probable that the intangible asset will generate future economic benefits.
- > There are necessary and adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- > The expenditure attributable to the intangible asset can be calculated reliably.

Internally generated intangible assets are recognized at cost less amortization and impairment losses.

The cost for an internally generated intangible asset consists of all directly attributable expenses (e.g. materials, wages and salaries).

Indirect manufacturing costs that account for more than an insignificant portion of the total expenditure for manufacturing and which are in a more than negligible amount are included in cost.

Other intangible assets

Other intangible assets acquired are measured at cost less accumulated amortization and impairment losses.

Expenses for internally generated goodwill and trademarks are recognized as an expense in the income statement as incurred.

Amortization

Intangible assets are amortized on a straight-line basis over the estimated useful life of the asset. The amortization is recognized as an expense in the income statement.

Internally generated intangible assets

Useful life

Capitalized expenditure for research and development 5 years

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses. In addition to the purchase price, cost also includes expenditure directly attributable to the acquisition.

Indirect manufacturing costs that account for more than an insignificant portion of the total expenditure for manufacturing and which are in a more than negligible amount have been included in cost.

Subsequent expenditure

Subsequent expenditure that meets the asset criteria are included in the carrying amount of the asset.

Expenditure for regular maintenance and repairs is recognized as an expense as incurred.

Depreciation

Tangible assets are depreciated on a straight-line basis over the estimated useful life of the asset, because this reflects the expected consumption of the future economic benefits of the asset. The depreciation is recognized as an expense in the income statement.

Useful life

Equipment, tools, fixtures and fittings 5 years

Impairment losses on tangible and intangible assets and investments in group companies

The company assesses on each balance sheet date whether there is any indication that an asset's value is lower than its carrying amount. If such an indication is found, the recoverable amount of the asset is calculated.

If the recoverable amount cannot be calculated for an individual asset, the recoverable amount for the entire cash-generating unit to which the asset belongs is calculated.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use is calculated using the present value of the future cash flows expected to be derived from the asset in the ordinary course of business as well as when it is disposed of or retired. The discount rate used is a pre-tax interest rate and reflects market assessments of the time value of money and the risks specific to the asset. A previous impairment loss is only reversed if the reasons that served as the basis for the calculation of the recoverable amount at the time of the most recent impairment have changed.

Leases

All leases are recognized as operating leases.

Operating leases

Lease payments under operating leases, including the higher upfront lease payment, but excluding expenses for services such as insurance and maintenance, are recognized as an expense on a straight-line basis over the lease period.

Foreign currencies

Items in foreign currencies

Monetary items in foreign currencies are translated using the exchange rate on the balance sheet date.

Exchange rate differences arising upon the settlement or translation of monetary items are recognized in the income statement during the financial year they arise.

Inventories

Inventories are measured at the lower of cost and net realizable value, with the risk of obsolescence taken into account. Cost is calculated using the first-in first-out (FIFO) principle. In addition to expenses for purchases, cost also includes expenses for bringing the goods to their current location and into their current condition.

The cost of semi-finished and finished goods produced by the company consists of direct manufacturing costs and indirect costs that account for more than an insignificant portion of the total expenditure for manufacturing. Measurement has taken normal capacity utilization into account.

Financial assets and liabilities

Financial assets and liabilities are recognized in accordance with Chapter 11 (Financial instruments subject to cost measurement) in BFNAR 2012:1.

Recognition in and derecognition from the balance sheet

A financial asset or liability is recognized in the balance sheet when the company becomes a party pursuant to the contract terms and conditions of the instrument. A financial asset is derecognized from the balance sheet when the contractual rights to receive the cash flows of the asset have lapsed or been extinguished. This is also the case when the risks and rewards of ownership have been substantially transferred to another party and the company no longer has control over the financial asset. A financial liability is derecognized from the balance sheet when the contractual obligation is discharged or extinguished.

Measurement of financial assets

Financial assets are measured on initial recognition at cost, including any transaction costs directly attributable to the acquisition of the asset.

Accounts receivable and other receivables classified as current assets are measured individually at the amount expected to be received.

Financial assets are measured after initial recognition at cost less impairment losses and plus impairment gains.

Investments in subsidiaries, affiliates and jointly controlled companies are recognized at cost less accumulated impairment losses (plus impairment gains). In addition to the purchase price, cost also includes expenditure directly attributable to the acquisition.

Employee benefits**Post-employment employee benefits***Classification*

Post-employment benefit plans are classified as defined contribution or defined benefit plans.

In the case of defined contribution plans, fixed contributions are paid to another company, normally an insurance company, and the company no longer has any obligation to the employee once the contribution has been paid. The amount of post-employment employee benefits is determined by the contributions that have been paid and the return on capital generated by the contributions.

In the case of defined benefit plans, the company has an obligation to pay the agreed benefits to current and past employees. The company substantially bears the risk that the benefits will be higher than expected (actuarial risk) and the risk that the return on the assets does not meet expectations (investment risk). There is still an investment risk even if the assets have been transferred to another company.

Defined contribution plans

The contributions for defined contribution plans are recognized as expenses. Unpaid contributions are recognized as liabilities.

Defined benefit plans

The company has chosen to apply the simplification rules of BFNAR 2012:1.

In cases where pension obligations are exclusively dependent on the value of an asset held, the pension obligation is recognized as a provision equal to the carrying amount of the asset.

Tax

The tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is income tax for the current financial year which refers to the taxable profit or loss for the year and the portion of the income tax of previous financial years that has not been recognized yet. Deferred tax is income tax for taxable profit or loss with respect to future financial years as a result of past transactions or events.

Deferred tax liabilities are recognized for all taxable temporary differences. However, deferred tax attributable to untaxed reserves is not recognized separately, because untaxed reserves are recognized under their own line item in the balance sheet. Deferred tax assets are recognized for deductible temporary differences and for the ability to utilize tax loss carryforwards in the future. Deferred tax assets and liabilities are measured on the basis of how the carrying amount of the respective asset or liability is expected to be recovered or discharged. The amounts are based on the tax rates and tax laws enacted before the balance sheet date and their present value has not been calculated.

Deferred tax assets have been measured at no higher than the amount that will probably be recovered on the basis of current and future taxable profit or loss. Their measurement is reassessed at each balance sheet date.

Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as the result of an event that has occurred and it is probable that an outflow of resources is required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured on initial recognition at the best estimate of the amount that would be required to settle the obligation on the balance sheet date. Provisions are reassessed at each balance sheet date.

Revenue**Rendering of services and construction contracts - fixed price**

The revenue and expenses in respect of fixed-price transactions are recognized as revenue and expenses by reference to the stage of completion at the balance sheet date (percentage-of-completion method).

The stage of completion is calculated as the ratio of costs for work performed on a transaction at the balance sheet date to the estimated total costs in respect of the transaction.

An expected loss is recognized as an expense, because it is likely that the total expenses in respect of the transaction will exceed the total revenue in respect of the transaction.

Interest, royalties and dividends

Revenue is recognized when the economic rewards of the transaction are likely to flow to the company and when the revenue can be calculated reliably.

Interest is recognized as revenue using the effective interest method.

Consolidated financial statements

The company is the parent company of a group (see Note 7) but does not prepare consolidated financial statements in consideration of the rules of Chapter 7 Section 3a Swedish Annual Accounts Act. The subsidiary is of negligible significance within the meaning of the requirement to present a true and fair view. No purchases and sales have taken place between the company and its subsidiary. The profit/loss reported does not include any internal profit.

Note 2 Employees, personnel costs and remuneration of board and auditors

Average number of employees

	2015	men	2014	men
Sweden	46	80.0%	32	91.0%
Total	46	80.0%	32	91.0%

Reporting of gender distribution in executive management positions

	2015	2014
	Percentage of women	Percentage of women
Board	14.0%	17.0%
Other senior executives	33.0%	25.0%

Wages, salaries, other benefits and social security expenses, including pension costs

	2015	2014
Wages, salaries and benefits	23,773,802	15,904,041
Social security expenses	11,574,295	6,761,405
(share of pension costs) ¹⁾	(3,236,802)	(1,535,306)

1) SEK 1,116,024 (past year SEK 506,233) of the company's pension costs are for the company's management, consisting of 4 (3) individuals and the company's outstanding pension obligations to them are 0 (past year 0).

Distribution of wages, salaries and other benefits between board members/CEO

	2015		2014	
	Board and CEO	Other employees	Board and CEO	Other employees
Wages, salaries and other benefits *)	375,000	23,398,802	200,000	15,704,041
(bonuses etc.)	(-)	(-)	(-)	(-)

SEK 3,483,465 (SEK 1,895,262) of the wages, salaries and benefits paid to other employees are for other senior executives apart from the board and CEO.

Senior executive benefits

	2015			
	Base pay, directors' fees	Variable remuneration	Other benefits	Pension costs
Chairman of Board Claes Drougge	-*	-	-	-
Board Member Mikael Hult	-*	-	-	-
Board Member				
Anna Öhrwall Rönnbäck	75,000	-	-	-
Board Member Göran Larsbrink	75,000	-	-	-
Board Member Mats Westin	75,000	-	-	-
Board Member Jan Ahlgren	75,000	-	-	-
Board Member Mats Jacobsson	75,000	-	-	-
CEO	-*	-	-	-
Total	375,000	-	-	-

2014

	Base pay, directors' fees	Variable remuneration	Other benefits	Pension costs
Chairman of Board Claes Drougge	-*	-	-	-
Board Member Mikael Hult	-*	-	-	-
Board Member				
Anna Öhrwall Rönnbäck	50,000	-	-	-
Board Member Göran Larsbrink	50,000	-	-	-
Board Member Mats Westin	50,000	-	-	-
Board Member Jan Ahlgren	50,000	-	-	-
CEO	-*	-	-	-
Total	200,000	-	-	-

*) Fees of SEK 150,000 (SEK 100,000) have been paid to Chairman of the Board Claes Drougge by invoice. Fees of SEK 75,000 (SEK 50,000) have been paid to board member Mikael Hult by invoice. Remuneration for CEO services in the amount of SEK 2,280,000 (SEK 2,280,000) has been paid to Mikael Hult by invoice.

Note 3 Operating leases

Leases where the company is the lessee

Future minimum lease payments for non-cancellable operating leases

	2015	2014
Within one year	2,947,848	2,618,000
Between one and five years	11,791,392	10,472,000
More than five years	-	-
	14,739,240	13,090,000
Expensed lease payments for the financial year	3,444,080	1,673,246

The company's leases are for premises and cars.

Note 4 Tax on profit for the year

Breakdown of effective tax

	2015		2014	
	Percent	Amount	Percent	Amount
Profit/loss before tax		-74,033,816		-34,201,995
Tax according to applicable tax rate for parent company	22.0%	16,287,439	22.0%	7,524,439
Increase in tax loss carryforwards without corresponding recognition of deferred tax	-22.0%	-16,287,439	-22.0%	-7,524,439
Effective tax recognized	0.0%	-	0.0%	-

Tax loss carryforwards totaled SEK 209,059,697 (SEK 131,420,020).

Note 5 Capitalized expenditure for research and development

	2015	2014
Accumulated costs		
At start of year	92,309,361	68,166,969
New acquisitions	18,367,153	24,142,392
Reclassifications	-1,379,979	-
At end of year	109,296,535	92,309,361
Accumulated amortization		
At start of year	-52,379,772	-41,347,433
Reclassifications	275,996	-
Amortization for the year	-10,742,199	-11,032,339
At end of year	-62,845,975	-52,379,772
Carrying amount at end of year	46,450,560	39,929,589

Note 6 Equipment, tools, fixtures and fittings

	2015	2014
Accumulated costs		
At start of year	2,842,227	1,881,445
New acquisitions	2,626,876	960,782
Disposals and retirements	-418,174	-
At end of year	5,050,929	2,842,227
Accumulated depreciation		
At start of year	-1,369,823	-1,048,509
Reversal of depreciation on disposals and retirements	407,921	-
Depreciation for the year on costs	-616,548	-321,314
At end of year	-1,578,450	-1,369,823
Carrying amount at end of year	3,472,479	1,472,404

Note 7 Investments in group companies

	2015	2014
Accumulated costs		
At start of year	50 000	50 000
Carrying amount at end of year	50 000	50 000

Specification of the company's shareholdings in group companies

Subsidiary/Corp. ID no./ Head office in	Number of shares	Interest in %)	2015	2014
			Carrying amount	Carrying amount
CybAero Värdepapper AB, 556893-8608, Linköping	100	100.00	50,000	50,000
			50,000	50,000

Note 8 Other non-current receivables

	2015	2014
Accumulated costs		
At start of year	434,700	434,700
Additional receivables	3,461,637	-
Carrying amount at end of year	3,896,337	434,700

Note 9 Receivables from buyers

	2015	2014
Revenue earned	45,634,521	43,599,273
Total	45,634,521	43,599,273

Note 10 Equity

12/31/2015

	Restricted equity				Unrestricted equity			Total equity
	Share capital	New share issue in process of registration	Statutory reserve	Share premium reserve	New share issue in process of registration	Profit/loss brought forward incl. profit/loss for the year		
Opening balance	25,744,654	-	493,206	191,389,428	-	-125,020,743	92,606,545	
Effect of retroactive application	-	-	-	-	-	-	-	
Effect of error corrections	-	-	-	-	-	-	-	
Adjusted opening balance	25,744,654	-	493,206	191,389,428	-	-125,020,743	92,606,545	
Profit/loss for the year						-74,033,816	-74,033,816	
<i>Transactions with owners</i>								
New share issue	18,124,075	4,123,500	-	60,967,690	17,014,651	-	100,229,915	
Total	18,124,075	4,123,500	-	60,967,690	17,014,651	-	100,229,915	
At end of year	43,868,729	4,123,500	493,206	252,357,117	17,014,651	-199,054,559	118,802,644	

Note 11 Other provisions

	2015	2014
Pension obligations	561,124	540,158
Expected loss – project delivery	3,200,000	-
	3,761,124	540,158
Carrying amount at start of year	540,158	540,158
Provisions made during the year	3,220,966	-
Carrying amount at end of year	3,761,124	540,158

Note 12 Non-current liabilities

	2015	2014
<i>Liabilities that mature later than one year from the balance sheet date</i>		
Other liabilities to credit institutions	104,986	281,023

Note 13 Interest paid and dividends received

	2015	2014
Interest received	9,542	20,554
Interest paid	-1,574,809	-562,960

Note 16 Definitions of financial ratios

Operating margin:	Operating profit/loss / Net sales
Return on capital employed:	(Operating profit/loss + finance income) / Average capital employed.
Finance income:	Items in net finance income and expenses attributable to assets (which are included in capital employed).
Capital employed:	Total assets - non-interest-bearing liabilities.
Non-interest-bearing liabilities:	Liabilities that do not bear interest. Pension liabilities are considered interest-bearing.
Return on equity:	Profit/loss for the year attributable to parent company's shareholders / Average equity attributable to the parent company's shareholders.
Equity ratio:	Total equity / Total assets.

Note 14 Cash and cash equivalents

	2015	2014
<i>The following subcomponents are included in cash and cash equivalents:</i>		
Cash on hand	1,366	1,248
Bank balances	5,360,237	24,093,605
	5,361,603	24,094,853

The above items have been classified as cash and cash equivalents on the basis that:

- They have an insignificant risk of changes in value.
- They are easily convertible to cash.
- They have a maximum term of 3 months from their acquisition date.

Note 15 Other disclosures on cash flow statement

	2015	2014
Adjustments for non-cash items		
Depreciation/amortization	11,358,747	11,355,170
Capital gains/losses on disposal of fixed assets	10,253	-
Other provisions	3,220,966	-
	14,589,966	11,355,170

Linköping, May 4, 2016

Mikael Hult
CEO

Claes Drougge
Chairman of the Board

Jan Ahlgren

Michael Auerbach

Mats Jacobson

Göran Larsbrink

Adam Rothstein

Mats Westin

The auditor's report is modified and have been submitted May 11, 2016. We have not recommended adoption of the income statement or the balance sheet.

Elisabeth Carelind
Authorized Public Accountant

Mats Rehnström
Approved Public Accountant

Audit report

To the annual meeting of the shareholders of CybAero AB (publ), corp. id 556639-6817

Report on the annual accounts

We have audited the annual accounts of CybAero AB (publ) for the year 2015. The annual accounts of the company are included in the printed version of this document on pages 30 - 41.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about

the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The asset Receivables from buyers in the balance sheet amounts to SEK 45.6m. The previous year, the receivable was SEK 43.6m. As can be read from the Directors' report the development of the systems as well as the upgrades asked for from the customers have caused a delay in excess of one year. Furthermore, it can be read from the Directors' report that the final tests shall be performed in early 2016. These circumstances are in our opinion of relevance for the valuation of the asset as they have led payments related to the receivable

to be outstanding and in our opinion it cannot be eliminated that the circumstances ultimately may mean that the customer will deny, in whole or in part, the obligation to pay the receivable. Due to this there is a need for a write-down of Receivables from buyers. The size of the write-down is difficult to assess, but in our opinion the amount is material.

Capitalized expenditure for research and development in the balance sheet amounts to SEK 46.5m per December 31, 2015. One of the criteria for recognizing such expenditure as an asset is that there are sufficient financial resources at hand in order to realize the expected economic benefits of the intangible asset.

As a consequence of the uncertainty associated with the payment of systems in combination with the fact that additional financing of sufficient size is not at hand and the negative earnings, we conclude that the capitalized expenditure for research and development in the balance sheet is not accounted for in compliance with the Annual Accounts Act. Furthermore, a charge should have been made in the income statement with an amount equal to the write-down.

The Directors' report lacks information with respect to the negative income subsequent to the year-end. This means, together with what has been presented above, that in our opinion the Directors' report does not contain sufficient information regarding the uncertainties relating to the company's ability to function as a going concern.

Qualified opinion

In our opinion, due to the facts described in the section “Basis for qualified opinion”, the annual accounts do not present fairly the financial position of CybAero AB (publ) as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act.

Due to the circumstances described above, the Directors’ report is not consistent with the other parts of the annual accounts.

We therefore disapprove of the annual meeting of shareholders adopting the income statement and balance sheet.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have also audited the proposed appropriations of the company’s profit or loss and the administration of the Board of Directors and the Managing Director of CybAero AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor’s responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the

company’s profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company’s profit or loss we examined whether the proposal is in accordance with the Companies Act. As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion and our opinion.

Basis for adverse opinion

As can be read from “Report on the annual accounts” we conclude that the annual accounts do not present fairly the financial performance and the financial position.

Adverse opinion and opinion

As a consequence of the facts described in the section “Basis for adverse opinion” we disapprove of the profit to be appropriated in accordance with the proposal in the Directors’ report.

We recommend to the annual meeting of shareholders the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Other information

We would like to draw the attention to what can be read from the subsection “Basis for qualified opinion” in the section “Report on the annual accounts”. Due to the facts at hand, an obligation may have occurred during 2015 or the current financial year for the Board of Directors to compile a special balance sheet in accordance with chapter 25, paragraph 13, in the Companies Act. The assessment of whether such an obligation is at hand or not is associated with an uncertainty, and is amongst other things dependent on the size of the need for a write-down mention in the subsection “Basis for qualified opinion” in the section “Report on the annual accounts”.

[Linköping 11 May 2016](#)

Elisabeth Carelind
Authorized Public Accountant
KPMG AB

Mats Rehnström
Approved Public Accountant
KPMG AB



Photo: Pia Eriksson, FMV T&E

Management



CEO
Mikael Hult (1955)

Mikael Hult has been involved with CybAero since 2004, serving as CEO until 2010 and since 2013. Mr. Hult has previous long-standing experience from start-up companies, including Instrutec AB, PS Presentation System AB and Surgivision AB. Mr. Hult has also been involved with Innovationssystemet i Sverige for about 8 years, as a business consultant for Mjärdevi Science Park AB (1997-1999), as a business consultant and investment manager at Teknikbrostiftelsen Linköping (1997-2001) and as the CEO of Mjärdevi Business Incubator AB (2001-2004).



Interim CFO
Ulrika Andersson (1972)

Ulrika Andersson previously served as Authorized Public Accountant at baks & co and Approved Public Accountant at PWC. Ms. Andersson will serve as interim CFO until further notice.



Marketing Manager
Malin Danckwardt-Lillieström (1978)

Malin Danckwardt-Lillieström has been involved with the company since February 2015. Her most recent prior position was with Mjölby-Svartådalen Energi, where she was a member of executive management and served as Head of District Heating. Before that she held various senior positions at Gaz de France Suez in Berlin, Germany (2003-2012). Ms. Danckwardt-Lillieström graduated from Linköping University in 2003 with an engineering degree in industrial economics.



Process Manager
Thomas Hall (1964)

Thomas Hall has been involved with the company since June 2014. His most recent prior position was with Innovativ Vision, where his duties included project management and business development. He also has experience in software development, quality assurance, production improvement and technical sales.



Communications Manager
Ina Nehr (1972)

Ina Nehr has been involved with the company since February 2015. Her most recent prior position was with Specialfastigheter Sverige AB, where she served as Head of Communications and PR (2002-2015). Before that she held various positions at Saab Combitech DocEye as well as WM-data and Innovativ Vision AB. Ms. Nehr studied communication & media at Örebro University.



Technical Manager
Andreas Nyander (1980)

Andreas Nyander has been involved with CybAero since 2012. He has a degree in production technology and vast experience in production technology work both as an employee and as a production technology consultant. Mr. Nyander has held senior positions with TitanX Engine



Deputy CEO and COO
Rolf Schytt (1960)

Rolf Schytt has been involved with the company since April 2014. His most recent prior position was with Ocean Modules Sweden AB (which develops unmanned submarines), where he served as operations manager. Before that he was the CEO of Expander System Sweden AB (2009-2013), the CEO of Motalaverken AB (2006-2009) and the CEO of Animex AB (2002-2006). In addition, Mr. Schytt has held senior positions in product development and production in several industries.

Board



Chairman of the Board Claes Drougge (1960)

Board member since 2009, chairman of the board since February 2014.

Experience: Claes Drougge has been an entrepreneur, founder and owner/co-owner of several high-tech companies for 30 years. His current positions include the Executive Chairman of the Board of Ocean Modules Sweden AB, which specializes in underwater technology and software development for the international market. In addition to vast experience in entrepreneurship, Mr. Drougge also has experience as a politician in several political bodies.

Other offices held: Chairman of the Board of Tapiren Survey System AB, Ocean Modules Sweden AB and Ocean Services AB. Board member of ACC Group AB, ACC Team AB, ACC Innovation AB, Industrigallerian A.E. AB, Food & Event Sweden AB and Terra Munda AB.



Board Member Jan Ahlgren (1941)

Board member since 2012.

Experience: Jan Ahlgren has been the head of corporate communications at Saab Aerospace in Linköping for 15 years. In addition to this position, he was also the head of corporate communications of Industrigruppen JAS AB from 1989 to 2003, and was also responsible for international communications for Saab's joint venture with BAE Systems involving the Gripen fighter aircraft from 1995 to 2000. Jan Ahlgren has served as an observer for the United Nations in the Middle East for over three years. He has been an independent consultant in the aviation industry since 2003 and has held several positions with the Swedish Defence Materiel Administration, the Swedish Armed Forces, Linköping Municipality and Saab.



Board Member Michael Auerbach (1975)

Board member since 2015.

Experience: Michael Auerbach is a senior vice president at Albright Stonebridge Group (ASG), where he primarily specializes in working with financial services clients and in special projects which provide strategic intelligence, advisory, and risk management services. Mr. Auerbach previously served as a vice president at Control Risks, a global risk consultancy. A dot-com bubble veteran, Mr. Auerbach started his career in technology, running Panopticon Inc. - a VC incubator concentrating on Internet and mobile technology.

Mr. Auerbach held senior positions at the Center for American Progress and The Century Foundation, where he concentrated on issues related to U.S. foreign policy, national security, and conflict resolution.

Other offices held: Mr. Auerbach is a term member at the Council on Foreign Relations, a national security fellow at the Truman National Security Project, and sits on the board of the Theodore C. Sorensen Center for International Peace and Justice.

A passionate advocate of red-teaming in both the private and public sectors, Mr. Auerbach has served as an advisor to the Wargaming departments of both Science Applications International Corporation (SAIC) and the RAND Corporation.

Mr. Auerbach received a M.A. in international relations from Columbia University, and a B.A. in critical theory from the New School for Social Research. Mr. Auerbach is based in New York City.



Board Member Mikael Hult (1955)

CEO 2004-2010, board member since 2004, chairman of the board 2010-2013, CEO since October 2013.

Experience: Mikael Hult has long-standing experience from several start-up companies, including Instrutec AB, PS Presentation System AB and Surgivision AB. Mr. Hult has also been involved with Innovationssystemet i Sverige for about 10 years, most recently as senior project manager at the Industry Association for Sweden's incubators and science parks (SISP) (2012-2013) and Innovationsbron (2010-2012), and before that as the CEO of Mjärdevi Business Incubator AB (2001-2004), business consultant and investment manager at Teknikbrostiftelsen Linköping (1997-2001) and as a business consultant for Mjärdevi Science Park AB (1997-1999).

Other offices held: Chairman of the Board of Milt AB, board member of Indentive AB and CybAero Värdepapper AB.



Board Member
Mats Jacobson (1960)

Board member since 2015.

Experience: Mats Jacobson joined the board in April 2015, but was previously involved with CybAero as a consultant. Mr. Jacobson has a background in the software industry and has been a management consultant focusing on assisting emerging companies since 2009. During his seven years as the CEO of software company Scalado at Ideon in Lund, Mr. Jacobson gained his own experience of a unique, international journey of growth, with sales doubling seven years in a row. He has been involved with Ahrens & Partners since 2012, a consulting firm that provides business consulting and training for companies aspiring to be fast-growers. The Ahrens approach is based on experience from hundreds of emerging companies that has been summarized in several books and referenced frequently by academia. The Swedish Growth Barometer is one of the Ahrens tools used by organizations such as ALMI Företagspartner. Mr. Jacobson has been involved in the software industry since the 1980s, focusing on strategic and market entry challenges.



Vice Chairman
Göran Larsbrink (1952)

Board member since 2011.

Experience: Göran Larsbrink is a former officer with the rank of rear admiral and held leading positions in the Swedish Armed Forces, the Swedish Defence Materiel Administration (FMV) and the Government Offices. At FMV, Mr. Larsbrink was responsible for both overall production and issues of strategic direction. At the Government Offices, he was a strategic advisor focusing on international defence materiel partnerships, and related export and defence industry issues. In addition, Mr. Larsbrink has held leading positions at the Headquarters of the Swedish Armed Forces (HKV) as the head of naval forces and later as the head of overall defence planning for operating units. He has also worked on several development projects involving development and refinement of platforms and subsystems, both at FMV and HKV, as well as in connection with unit service in numerous positions in both ship and helicopter units. Mr. Larsbrink has been a consultant with his own business since 2008 and also has experience from the boards of development companies.

Other offices held: Secretary of Föreningen Vasamuseet Vänner and member of Föreningen Sveriges Sjöfartsmuseum in Stockholm.



Board Member
Adam Rothstein (1971)

Board member since 2015.

Experience: Since 2011, Mr. Rothstein has served as the lead adviser to GFI, a multi-family investment office, since 2014, as a general partner in the Israeli focused Disruptive Technology funds and since 2015 as a general partner in Subversive Capital, a regulatory focused investment fund.

Prior to his time at Subversive, GFI and Disruptive, from 2006 to 2010 Mr. Rothstein served as Chief Investment Officer at Intana Management LLC, a market neutral hedge fund concentrating on the technology, media and entertainment sectors and from 2000 to 2005 as a Managing Director and Principal at Robeco Investment Management, the parent company of Weiss, Peck & Greer. There he served as a Partner in its Select Technology and Software Funds.

Mr. Rothstein has over 20 years of investment experience, previously performing analysis on the technology and media sectors for Weber Capital Partners/Bluewater Capital Management, Scripps Ventures/United Media and UBS Securities. Mr. Rothstein began his career in the Banking/Tax Advisory Group at Arthur Andersen & Co.

Other offices held: Rothstein is currently on the boards of technology and media investments for Subversive, Disruptive and GFI. Mr. Rothstein graduated summa cum laude with a Bachelor of Science in Economics from The Wharton School at the University of Pennsylvania and a MPhil in Finance from the University of Cambridge.



Board Member
Mats Westin (1952)

Board member since 2010.

Experience: Mats Westin has several years of experience from the Swedish Armed Forces, including as the squadron leader for the Navy's 11th helicopter division and Head of the Helicopter Wing. Mr. Westin has also held various officer positions in the Swedish Coast Artillery, the Amphibious Corps and various managerial positions in the Swedish Defence Materiel Administration (FMV). Mr. Westin is also a trained helicopter pilot.

PLANNED REPORTING DATES

2015 Annual Report
May 11, 2016

Semi-annual Report
August 26, 2016

Year-end Report
February 23, 2017

ANNUAL GENERAL MEETING

The annual general meeting of CybAero AB will be held on June 1, 2016 in Linköping, Sweden.

Read more about
CybAero at
www.cybaero.se



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