

CybAero publishes Annual Report 2015 with the auditor's report that differs from the standard form

CybAero has published the annual report for 2015, it is now available on the company website, as well as attached as a PDF in this release.

The audit report differs from the standard design and has been submitted May 11th 2016. The auditors reject that the statement and balance sheets are adopted, but recommends discharge from liability for the Board members and the CEO.

The motive for the unclean audit report, according to auditors are the following (quotes from the audit report): "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 Board believes that the value of the recorded account receivable is correct and that the customer will pay for the delivery of the systems. Furthermore, the Board believes that the value of capitalized development costs can be justified in the light of the existing



framework agreement with the client as well as a significantly increased interest from the market for its products. The Board believes that the audit report does not present any significant impact on the company's ability to future financing.

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About CybAero

CybAero develops and manufactures Remotely Piloted Aircraft Systems (RPAS) for safer and more effective aerial operations in various environments, including those hazardous in nature. The company has made a great international impact with its APID One helicopter, which can be adapted for both military and civilian applications such as coastal and border surveillance, search and rescue missions, and mapping. CybAero's head office is located in the Mjärdevi Science Park in Linköping, Sweden. The company has around 50 employees and has been listed on the Nasdaq First North since 2007. FNCA Sweden AB is the company's certified adviser.