



HALF-YEAR REPORT

January-June 2020

Second quarter 2020 (same period last year)

- Net sales amounted to 18.8 MSEK (10.9 MSEK)
- Operating profit before depreciation (EBITDA) amounted to 0.9 MSEK (-1.5 MSEK)
- Operating profit after depreciations and financial items amounted to -2.6 MSEK (-2.7 MSEK)
- Earnings per share after depreciations financial items amounted to -0.08 SEK (-0.21 SEK)
- Cash flow from operating activities amounted to -4.2 MSEK (-5.9 MSEK)

First half of 2020 (same period last year)

- Net sales amounted to 32.9 MSEK (11.3 MSEK)
- Operating profit before depreciation (EBITDA) amounted to 1.4 MSEK (-4.9 MSEK)
- Operating profit after depreciations and financial items amounted to -4.0 MSEK (-7.1 MSEK)
- Earnings per share after depreciations financial items amounted to -0.12 SEK (-0.55 SEK)
- Cash flow from operating activities amounted to -9.4 MSEK (-10.7 MSEK)

CEO Words

Dear Shareholders and Investors,

I am proud to write to you for the first time under our new name, KebNi. KebNi is a unique name that signifies a strong Nordic heritage. It instils the feeling of reliability, durability, and courage. While referring to a Nordic mountain chain, KebNi also stands for *Kinetic Engineering by Nordic Innovation and going forward we will market the company globally under the name KebNi, driving towards our vision of “Bringing stability to a world in motion”.*

Q2 highlights

Our Q2 report shows a positive EBITDA (0.9 MSEK) for the 4th quarter in a row and we reached the highest revenue (18.8 MSEK) in one quarter so far. Looking at 12 months trailing revenue and EBITDA, we are at 55.4 MSEK in revenue and 2.7 MSEK in EBITDA.

The Q2 results mainly come from delivering maritime antennas to Israel, executing the SAAB development program and good deliveries from our new acquisition, Satmission.

During the quarter, we received 22.3 MSEK in new orders.

On May 12, we completed the acquisition of Satmission, which develops, produces, and sells so-called “Drive Away” solutions for the satellite communication industry. This acquisition is part of our “accelerate” strategy and follows the completion of the technology acquisition of Coms on the Move from ReQuTech at the beginning of April. The two product areas are, in the industry, jointly referred to as “Land Mobile Solutions”.

On June 17, we were finally able to present our contract with SAAB Dynamics. The contract is initially a frame agreement, with a value of 10.8 MSEK, for customization of our inertial sensing product as a key component in the SAAB Dynamics NLAW system. This is a crucial milestone for KebNi Inertial Sensing (former AIMS) and will, over time, lead to a significant increase in revenue for our Inertial Sensing business unit. The exact timing of orders and production volumes are subject to SAAB Dynamics success in selling the NLAW system. We are now also able to use the SAAB Dynamics name as a customer reference, which will be a strong selling point when engaging with other customers and opportunities.

As part of our strategy to strengthen our profile both towards customers and investors, we have during Q2 initiated our name change from “Advanced Stabilized Technologies group AB” to “KebNi AB”. At the same time, we have initiated the process for listing on Nasdaq First North, aiming at changing trading platform from Nordic SME to Nasdaq First North by the end of August 2020, subject to final approval by First North. These two actions together are steps towards our vision and strategy of building a new valuable Nordic company within satellite communication and technologies for stabilization and movement.

With the new name, KebNi, we have today also launched an updated website, with a better presentation of our products and solutions. This change will help us create a stronger brand towards the market and increase interest in our growing product portfolio.

KebNi is an international company with international customers. It needs to have an international presence, both in terms of customer engagement, but also when it comes to potential investors.

The Board of Directors has assessed that a listing of the Company's shares on Nasdaq First North will improve the liquidity in the Company's shares and increase the interest in the business and the Company, both nationally and internationally, from analysts, the general public, institutional investors, clients and other stakeholders. This will create better conditions for the future value creation for the Company's shareholders. The listing is therefore considered to strengthen KebNi's future opportunities for development and expansion.

Outlook

The Company will continue to execute its strategy as communicated earlier. This includes focusing on expanding the satellite communication business as well as the business for inertial sensing technology. We will focus on building critical mass across our businesses and use acquisition as a road to additional growth when there is an opportunity that matches our strategy and direction.

In our current work, we are developing new products and variants of existing products, based on what we believe the market demands. This includes investing in the development of the maritime antennas, the Coms on the Move, the Drive Away solutions, and in inertial sensing products, not only for SAAB Dynamics but also for other markets.

Beyond our internal development, we are also looking for partnerships, new business areas, and new emerging technologies that we can leverage to reach our strategy and long-term goals faster and better.

On the sales front, we start to see more activities, despite Covid-19. It has paid off to expand the product and technology portfolio, and we get more requests from customers, as we expected. The sales cycles can still be long, but it all starts with engaging with the customer and having an offering that excites. The addition of Satmission to our portfolio has immediately brought new order intake to the business, and we see good interest in our Coms on the Move solution from different parts of the world.

Waiting for the customer to call is, however, not enough. We need to actively work in the different markets globally to position our brand and products to create a much larger sales pipeline. This also requires presence locally in the various markets. Our Chief Sales Officer, Henrik Asbjørn, is leading our sales activities and he has recently announced the expansion of our sales reach in India and North America, by signing an agreement with Major General Ramakrishna and former US Naval Officer Nelson Santini, which will create more sales leads.

With the addition of Satmission, we have also opened the Russian market, and we can leverage existing relationships and sales success in Russia, to position our other products as well.

We are also working on how to optimize the fact that SAAB Dynamics has now chosen us as a preferred supplier. We have received useful learnings from this project, and it is a strong reference point for dialogue with other companies who are looking for a qualified integrator and technology provider in the inertial sensing space.

Summary

The company now has a broader and stronger product portfolio in place, especially in the satellite communication area. Our sales reach continues to increase, with our presence in India, North America, and access to Russia, and we see more interest in our Company as a result. SAAB Dynamics is now officially a reference customer. Our branding towards customers and the market is evolving with a new name, KebNi, and we have launched a new website with a more defined market focus.

By moving the trading of our share to Nasdaq, we are opening up for a wider range of investors both nationally and internationally. We believe this is a good steppingstone for the future value creation for the Company's shareholders.

While sales cycles may still take time, I firmly believe that we have achieved a significantly better platform for growth and success during the first half of 2020.

Welcome to KebNi!

Best regards,

Carsten Drachmann
CEO, KebNi AB

Comments Q2 1 April - 30 June 2020 (same period last year)

Profit and turnover

Income statement summary MSEK	apr-jun 20	apr-jun 19	jan-jun 20	jan-jun 19	jan-dec 19
Net sales	18,8	10,9	32,9	11,3	34,8
Other operating income	2,3	0,1	4,3	0,1	1,7
Total operating income	21,1	11,0	37,2	11,4	36,5
Operating expenses	-20,2	-12,5	-35,8	-16,3	-40,5
EBITDA	0,9	-1,5	1,4	-4,9	-4,0
Depreciation and write-downs	-1,8	-0,8	-3,6	-1,6	-7,3
Other expenses	-1,2	0	-1,3	0	-0,9
Operating profit	-2,1	-2,3	-3,5	-6,5	-12,2
Financial posts	-0,5	-0,4	-0,5	-0,6	-3,3
Profit after financial posts	-2,6	-2,7	-4,0	-7,1	-15,5
Tax	0	0	0	0	0
Profit for the period	-2,6	-2,7	-4,0	-7,1	-15,5

Table 1. Income Statement

- Consolidated net sales for the second quarter amounted to 18.8 MSEK (10.9 MSEK), an increase of 72.5% compared to the previous year. The increase can mainly be related to the acquisition of Satmission AB who contributes with 7.2 MSEK since May 12th this year, but also to the period's sales to Israel.
- Operating income amounted to -20.2 MSEK (-12.5 MSEK), also as a result of the acquisition and increased sales.
- EBITDA for the second quarter amounted to 0.9 MSEK (-1.5 MSEK). It is the fourth quarter with positive results, which is an effect of the increased turnover but also of the increased control of capitalized costs related to sales and deliveries.
- Profit after financial items reaches -2.6 MSEK (-2.7 MSEK), which is due to slightly higher depreciation than last year, -1.8 MSEK (-0.8 MSEK) as depreciation is now made in 5 years instead of the previous 10 years. Other costs -1.2 MSEK (0.0 MSEK) refers to extraordinary costs related to the change of name, acquisition and the move from NGM Nordic SME to Nasdaq First North. Financial expenses for the quarter amounted to SEK -0.5 MSEK (-0.4 MSEK) and is related to short term loans.

Income statement summary MSEK	apr-jun 20	jan-mar 20
Net sales	18,8	14,1
Other operating income	2,3	2,0
Total operating income	21,1	16,1
Operating expenses	-20,2	-15,6
EBITDA	0,9	0,5
Depreciation and write-downs	-1,8	-1,8
Other expenses	-1,2	-0,1
Operating profit	-2,1	-1,4
Financial posts	-0,5	0,0
Profit after financial posts	-2,6	-1,4
Tax	0	0
Profit for the period	-2,6	-1,4

Table 2. Q2 vs. Q1

Investments

Balance sheet summary MSEK	30-jun-20	30-jun-19	31-dec-19
Assets			
Subscribed unpaid capital	0	0	5,4
Intangible fixed assets	41,1	27,1	26,4
Tangible fixed assets	1,4	0,6	0,5
Inventory	9,8	7,3	9,3
Accounts receivable	10,8	6,1	8,1
Short term receivables	20,9	1,5	3,4
Cash and cash equivalents	5,1	3,1	8,1
Total assets	89,1	45,7	61,2
Liabilities and equity			
Equity	62,7	25,1	50,8
Provisions	0,9	0	0,4
Current liabilities	8,5	7,5	0
Advance payments from customers	1,8	9,0	0,8
Accounts payable	8,2	1,7	7,3
Other liabilities	7,0	2,4	1,9
Total liabilities and equity	89,1	45,7	61,2

Table 3. Balance Sheet

- Investments in property, plant and equipment in the second quarter amounted to 0.5 MSEK (0.0 MSEK).
- Investments in intangible fixed assets amounted to 16.6 MSEK (0.0 MSEK), which relates to the acquisition of Satmission AB and development costs including the acquired technology solutions.

Financial position

Change in equity MSEK	jan-jun 20	jan-jun 19	jan-dec 19
Opening balance	50,8	14,8	14,8
Rights issue	17,4	17,4	59,1
Rights issue costs	-1,5	0	-7,6
Profit for the period	-4	-7,1	-15,5
Closing balance	62,7	25,1	50,8

Table 4. Equity

- Cash and cash equivalents amounted to 5.1 MSEK (3.1 MSEK) as of June 30.
- Equity amounted to 62.7 MSEK (25.1 MSEK) due to rights issues in April and May in connection with the acquisition of Satmission AB and the technology acquisition from Requitech.
- Interest-bearing liabilities at the same time amounted to 8.5 MSEK (7.5 MSEK) and consist of a short-term loan of 6.5 MSEK and an overdraft facility of 2.0 MSEK from Satmission AB.

Cash flow and financing

Cashflow summary MSEK	apr-jun 20	apr-jun 19	jan-jun 20	jan-jun 19	jan-dec 19
From ongoing operations	-4,2	-5,9	-9,4	-10,7	-21,9
From investment operations	-17,1	0	-19,1	0	-5,0
From financial operations	20,1	7,6	25,5	12,4	33,6
Change in cash	-1,2	1,7	-3,0	1,7	6,7
Cash opening balance	6,3	1,4	8,1	1,4	1,4
Cash closing balance	5,1	3,1	5,1	3,1	8,1

Table 5. Cashflow

- Cashflow from operating activities during the second quarter was -4.2 MSEK (-5.9 MSEK).
- Cashflow from investment activities was -17.1 MSEK (-0.0), which is mainly related to the acquisition of Satmission AB, the technology acquisition from Requitech, and development activities.
- Cashflow from financing activities was 20.1 MSEK (7.6 MSEK), which is derived from rights issues when buying Satmission AB, the technology acquisition from Requitech and a short-term loan of 6.5 MSEK.

Comments first half year January 1 - June 30, 2020 (same period last year)

Profit and turnover

- The Group's net sales for the period amounted to 32.9 MSEK (11.3 MSEK) where the increase is directly related to the company's sales to Israel and the acquisition of Satmission AB, which contributes with sales to Russia.
- Operating expenses amounted to -35.8 MSEK (-16.3 MSEK) and are an effect of increased sales and improved control of capitalized costs in relation to sales and deliveries.
- EBITDA for the period amounted to 1.4 MSEK (-4.9 MSEK).
- Profit after financial items to -4.0 MSEK (-7.1). Other costs -1.3 MSEK (0.0 MSEK) refers to extraordinary costs related to the change of name, acquisition and the move from NGM Nordic SME to Nasdaq First North.
- Depreciation and amortization amounted to -3.6 MSEK (-1.6 MSEK). Financial expenses for the period amounted to -0.5 MSEK (-0.6 MSEK).

Investment

- Investments in property, plant and equipment during the first quarter amounted to 0.6 MSEK (0.0 MSEK), primarily related to test equipment.
- Investments in intangible fixed assets amounted to 18.5 MSEK (0.0 MSEK), which relates to the acquisition of Satmission AB and development costs including the acquired technology solutions.

Financial position

- Cash and cash equivalents amounted to 5.1MSEK (3.1 MSEK) as of June 30.
- Equity amounted to 62.7 MSEK (25.1 MSEK) due to rights issues in April and May in connection with the acquisition of Satmission AB and the technology acquisition from Requtech.
- Interest-bearing liabilities at the same time amounted to 8.5 MSEK (7.5 MSEK) and consist of a short-term loan of SEK 6.5 MSEK and an overdraft facility of 2.0 MSEK from Satmission AB.
- Equity ratio was 70.4% at the end of the period (54.9%).
- Equity per share amounted to 1.88 SEK at the end of the period (1.96 SEK).

Cash flow and financing

- Cash flow from operating activities during the period was -9.4 MSEK (-10.7 MSEK).
- Cash flow from investment activities was -19.1 MSEK (-0.0 MSEK), which is mainly related to the acquisition of Satmission AB and Requtech and development operations.
- Cash flow from financing activities was 25.5 MSEK (12.4 MSEK), which is derived from rights issues when buying Satmission AB, the technology acquisition from Requtech and a short-term loan of 6.5 MSEK.

Financing of the activities

It is expected that the ongoing business is sufficient to cover the financing of the company. It is the Board's assessment that the company does not need additional external capital to cover the company's primary operation in the coming quarter.

Significant events during the period

2020-01-08: ASTG has hired Claus Nielsen as COO.

2020-02-07: ASTG announces that it has reached an agreement with a major defense contractor to immediately start the IMU development project previously announced.

2020-02-10: ASTG signs a preliminary technology acquisition agreement with Swedish ReQuTech AB to acquire trackside "On the move" solution.

2020-02-19: ASTG submits year-end report 2019.

2020-03-05: ASTG hired Henrik Asbjörn as CSO. Henrik took up the position on April 2, 2020.

2020-04-03: ASTG signs final agreement to acquire terrestrial "SatCom on the Move" technology from Swedish ReQuTech with immediate effect.

2020-04-06: ASTG announces that the company is suing for a directed cash share issue of 1,750,000 Class B shares to "Formue Nord". In connection with the rights issue, ASTG has entered into an agreement for a short-term loan of SEK 6.5 MSEK with Formue Nord.

2020-05-12: ASTG acquires Satmission AB from Allgon AB.
2020-05-15: ASTG receives its first Satmission order.
2020-05-15: ASTG receives new Satmission order from Czech Republic.
2020-05-31: ASTG has received additional orders from Israel.
2020-06-08: ASTG receives new Satmission order.
2020-06-08: ASTG has received an order increase from Israel.
2020-06-11: ASTG strengthens its leadership with a new CFO.
2020-06-17: ASTG has entered into a framework agreement with SAAB Dynamics AB.
2020-06-23: ASTG decides to change its name to KebNi AB.

Significant events after the end of the period

2020-07-16: ASTG expands the company's market presence to North America and India.
2020-07-21: ASTG initiates move from NGM Nordic SME to Nasdaq First North.
2020-07-27: ASTG launches its new name KebNi AB.

Aktieinformation

The number of shares in ASTG at the beginning of 2020 was 27,511,664 and at the end of the period 33,361,664. The increase consists of the rights issues made in the acquisition of Satmission AB, the technology acquisition from Requitech and the short-term loan taken during the period.

The average number of shares during the period is 30,436,664.

The share price trend during the period

At the beginning of the period, the share price was 3.54 SEK (6.2 SEK) and at the end of the period 2.39 SEK (5.5 SEK).

Transactions with related parties

During the period, earnings were charged with compensation for work performed of 35,000 SEK to board member Lars Jehrländer's company LGJ Consulting AB.

Next report opportunity

The report for the third quarter of 2020 is planned to be published on November 18, 2020.

Accounting principles

The half-year report has been prepared in accordance with Chapter 9 of the Annual Accounts Act. bfnar 2012:1, the so-called K3 rules.

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

Definitions

EBITDA, Earnings Before Interest Taxes Depreciation and Amortization: Operating income before financial income/expenses, taxes and depreciation and amortization.

Equity per share, Equity attributable to the parent company's shareholders divided by the number of outstanding shares, before dilution, at the end of the period.

Average number of shares, The parent company's weighted average number of outstanding shares at the end of the period.

Comprehensive income for the period, Profit after financial income/expenses and any tax.

Earnings per share, Operating profit after depreciation and financial items divided by the number of outstanding shares.

Operating profit, Operating profit before financial income/expenses and taxes.

Equity ratio, Equity divided by total assets.

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