

ASTG **Advanced Stabilized Technologies Group**

Advanced Stabilized Technologies Group AB (ASTG)
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Press release in English

April 20, 2020

(NSME : ASTG)

ASTG Q1 2020 Report

ASTG release Q1 2020 report showing 14.1 MSEK revenue and EBITDA of 0.5 MSEK, making it the 3rd quarter in a row with positive EBITDA. Limited impact from Covid-19. CEO signals company will keep momentum a not slow down. 3.5 MSEK working capital raised for new technology acquisition, which will compete in market segment with 29% CAGR.

ASTG has released Q1 2020 report and shows a consistent revenue and a continued positive EBITDA.

[Click here](#) to see interview with CEO, Carsten Drachmann

Q1 2020: January-March 2020 (same period as last year)

- Net Sales amounted to 14.1 MSEK (0.4 MSEK)
- Operating profit before depreciation and other expenses amounted (EBITDA) amounted to 0.5 MSEK (-3.4 MSEK)
- Operating profit after depreciation and financial items amounted to -1.4 MSEK (-4.2 MSEK)
- Earnings per share after depreciation and financial items amounted to -0.05 SEK (-0.49 SEK)
- Cash flow from operations amounted to -5.2 MSEK (-4.8 MSEK)

CEO Words

Dear Shareholders and Investors,

I am pleased to send out this interim report showing our 3rd quarter of positive EBITDA in a row. Our net cash balance during Q1 changed from 8.1 MSEK on December 31, 2019, to 6.3 MSEK on March 31, 2020. Included in that we have been able to execute our supply chain and production activities, as well as investment activities done by our engineers and development teams. The operating profit after depreciations amounted to -1.4 MSEK. In comparison, the 2019 annual operating profit was -15.5 MSEK, or approx. -3.8 MSEK per quarter in 2019. Going from EBITDA to operating profit in Q1, the main difference is a depreciation of immaterial assets of 1.8 MSEK per quarter, as we did not have any interest payments or other financial cost in Q1 of 2020.

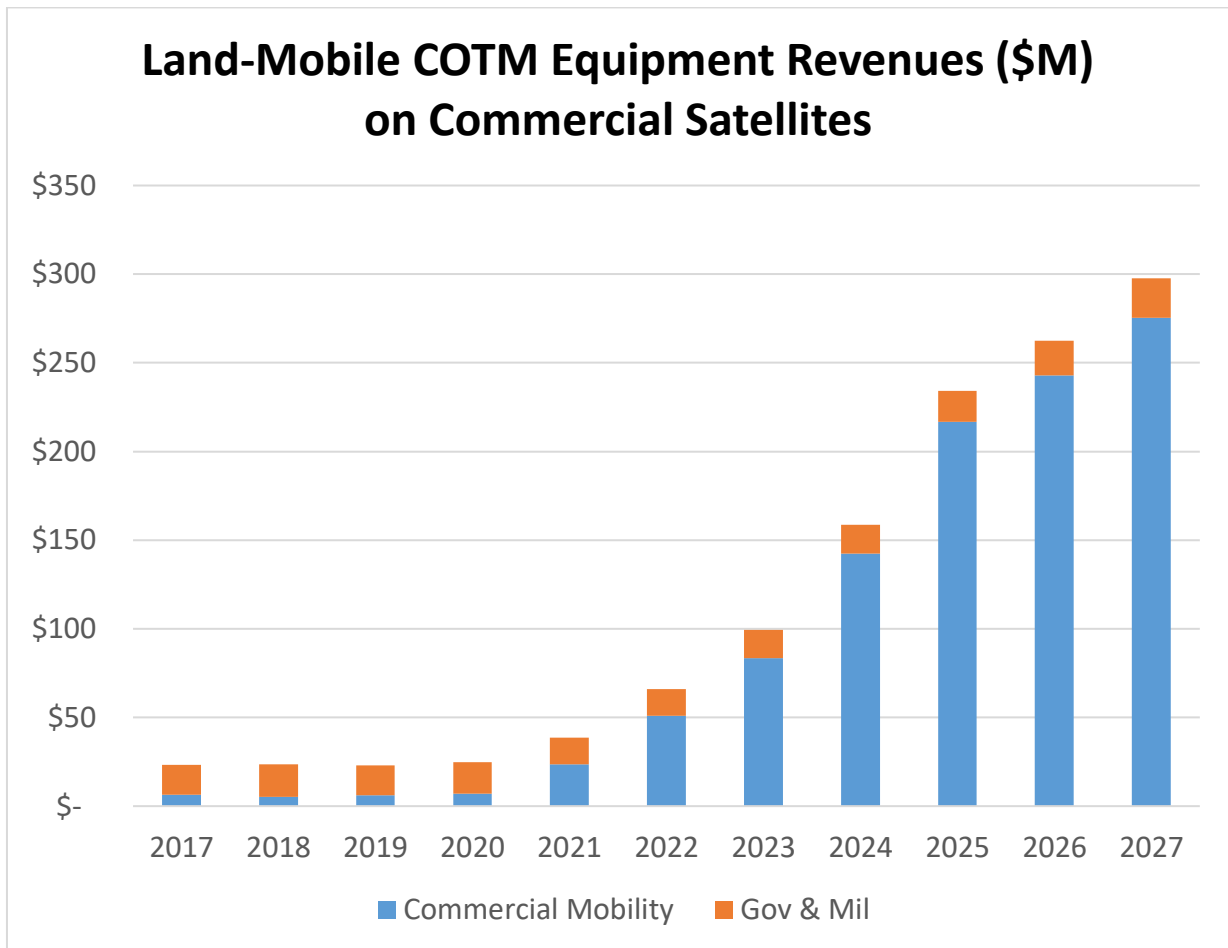
We have worked on many fronts in the first quarter. First of all, we managed to execute and complete our production of maritime satellite antennas as planned, despite the global challenges going on with Covid-19. We got our first order of 500 000 SEK for the IMU development program with the major defence contractor. In line with our strategy, we closed the acquisition of the “Coms on the Move” (COTM) for Land from ReQuTech, which is an important step forward. In relation to the broadening of our product portfolio, we have also started the process of redefining our sales and marketing approach. On April 2, 2020, we hired a Chief Sales Officer with a background in systems sales and satellite communication, who will lead our efforts towards customers, resellers and partners.

ASTG has to date been fortunate that the Covid-19 has had a limited impact on our business. Looking forward, we cannot say that there will not be an impact from Covid-19 in the future and we are monitoring the situation daily. However, we are a technology and growth company with a clear strategy. There will be a life after the Covid-19, and nothing changes as to how we plan to build our business and success. Sales and market focus are critical, and we want to continue our “Diversification” and “Accelerate” strategies. I believe that the best way forward for the company is to keep the momentum and not slow down.

In order to ensure that we are not getting into an unexpected cash challenge over the Summer due to Covid-19, the Board as approved two financing actions with effect from April 6, 2020. The first one is a directed rights issue to the company Formue Nord A/S, giving us 3.5 MSEK before transaction costs. This is mainly intended to ensure that we can execute the further development and productization of our new COTM for Land solution, without any hesitation. The second part is a “bridge loan” of 6.5 MSEK, which is intended to allow us to continue our strategy execution and still have enough working capital over the Summer. This is done as a proactive risk management decision, in case there is some delay out of our control in the activities generating our cash-in from deliveries and customers. Assuming that there will be some level of normalization over the coming months, we expect to pay back the loan with cash from our customer receivables after the Summer.

I know and appreciate that our investors are eager to hear news from our IMU deal with the major defence contractor. Nothing has changed and the status is as communicated in previous press releases. The development program will be executed in phases, and we received the first order for development work as expected on Feb 7, 2020. During Q1, our team has been executing on our development activities agreed with the customer and the development program will move into the next phase during Q2.

Our acquisition of the Coms on the Move (COTM) for Land solutions, is a good step forward on our strategy of “Diversification” and “Acceleration”. There are good synergies in our engineering and supply chain, and we expect to be able to reuse our sophisticated software algorithms from the maritime antenna, which has been developed and optimized over many years. While the development and productization work are ongoing, we will be marketing and selling the product immediately. The product is initially targeting transport vehicles, e.g. busses and trains, with the aim of bringing broad band services to customers on board. A more ruggedized version for military use will also be in scope. When it comes to COTM for Land solutions, this is predicted as a growing market, as shown in the figure below.



Source: Northern Skies Research, Oct 2019

The CAGR is around 29% over the 10-year period from 2017 to 2027, and the accumulated market opportunity is approx. 1.2 BUSD. Please note that the graph is only showing antennas connecting to commercially owned satellites, e.g. Eutelsat or Inmarsat. There is an additional market especially for Government & Military use, connecting to government owned satellite constellations, e.g. ASTRA operated from the US and used by NATO. There will be different technologies and form factors used in these COTM solutions, and ASTG is now the owner of one of them.

In summary, Q1 2020 has brought us another positive EBITDA for the 3rd quarter in a row. We have acquired a new technology and product portfolio for “Coms on the Move”. Our IMU development program with the defence contractor is progressing. We are gearing up on our sales and marketing approach and have hired a Chief Sales Officer. Additional equity and financing have been raised, allowing us to continue the execution of our strategy without slowing down, despite potential Covid-19 impacts.

As in previous reports, I hope you find the information helpful and interesting. The team at ASTG, the board, and I remain committed and focused on building our company to deliver continued success and returns.

I am wishing everyone good health and a safe Spring and Summer!

With very best regards,

Carsten Drachmann,
CEO

About Advanced Stabilized Technologies Group AB

ASTG includes the wholly owned subsidiary AIMS AB.

ASTG AB develops, manufactures and sells innovative 4-axes stabilizing VSAT antennas for maritime use. The company is also selling development projects based on C2SAT's antenna platform. AIMS AB develops and sells advanced inertial sensor units (IMUs) designed to measure movements in three dimensions.

The company's registered office is in Stockholm, Sweden.

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This information is provided from ASTG AB in accordance with the EU Market Abuse Regulation (MAR). The information was submitted for publication on April 20, 2020 at 08.30 CET, by the above contact person's authority.

For accuracy, please exclusively rely on the Swedish version. Should there be unintentional translation differences between the English and the Swedish press release, the Swedish version will take precedence.

These financial statements have not been reviewed by the Company's auditor.