



# Interim Report quarter 1 2018

Hitech & Development Wireless Sweden Holding AB (publ)

*This information is such information as Hitech & Development Wireless is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication on April 25, 2018, at 08.00 CET.*

# INTERIM REPORT QUARTER 1 2018

## SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- Net sales amounted to SEK 2.6 million (last quarter 0.3).
- Advertisises SPB228 WLAN and Bluetooth combined module at CES, Las Vegas, and receives strategic order for two development projects in Germany.
- Sign an agreement worth 3,4 MSEK on warehousing and logistics with MSC Technologies for the HDG 200 and HDG 205 modules released in 2014 who addresses the smart home and industry 4.0 market for larger companies.
- Scania AB (publ) evaluates the H & D Wireless RTLS system in its smartfactory Lab with a positive outcome.
- Announce GEPS Raven tags at Mobile World Congress in Barcelona, which adds outdoor positioning to the existing indoor positioning for the H & D Wireless GEPS (Griffin Enterprise Positioning Services) service offering.
- Profit for the period improved to SEK -7.5 million (last quarter -8.7), corresponding to earnings per share of SEK -0.46 (last quarter -0.59).

## SIGNIFICANT EVENTS AFTER THE FIRST QUARTER

- The first production order for SPB228 received from a Norwegian company, No Isolation, which provides telephone-based robots for severely ill patients as well as communication equipment for retirees and their families. Agreement for the first series for Av2 and Komp. worth SEK 0.8 million.
- Scania place orders including new features to its Smart Factory concept in Södertälje, a multi-vendor technology project that HDW will integrate with.

## KEY FIGURES

Key figures, 000's SEK	Quarter 1 - 2018	Quarter 4 - 2017	Quarter 3 - 2017
Sales, external	2 571	259	301
Net Result after financials	-7 525	-8 661	-7 830
Equity	36 948	44 488	29 882
Solidity	80%	80%	82%

# CEO LETTER

H & D Wireless has started the year strongly, especially in the Business and Connectivity business areas. The Labs business area, where our development engineers are organized, are fully committed to development assignments for these business areas, consequently external customer assignments are at a low level. During our first quarter of 2018 we received orders for our current generation HDG 200/205 modules, which is pleasing as it shows the quality and longevity of our products. These modules were in volume production in 2014 and were part of the modules where the order backlog was sold to MSC, which was reported in the company's annual report for 2016. Now that we have received our first production order on our new generation modules promises good for the future. These will we deliver in the second half of 2018. In addition to this order we have also received a message where our module is designed in several other products, where we are expected to receive production orders later this year. Our goal is that the modular business will return to or exceed the volume we reported for 2015 and 2016. We see increased demand for modules and often we hear among customers who develop IoT products that "hardware and modules, we do not need to develop can we buy ". Well, we provide hardware and modules for the IoT market.

The market for RTLS systems still drives a very high interest among existing customers and

new companies. During the quarter we participated in several fairs involving RTLS systems in general and maybe automation. Our largest manufacturing companies in Sweden have different ways to address this digitization and automation. Some directly in the manufacturing plant and others in a group-wide concept factory where new technology is addressed from a process perspective. Such a company is Scania, which evaluated our GEPS™ system and where we now have the capability to launch pilot projects in one of Scania's manufacturing factories, and an order for continued operation in Scania's concept factory. We are very happy about that.

On December 22, 2017, it was the first day that it was possible to trade the company's stock on the stock exchange. When I look back on our first quarter, where the stock is listed on a trading venue, I can say that interest from owners, analysts, the media and the public has been overwhelming. Stock price and trading volume developed well initially but decreased during the latter part of the quarter. A recurring question is how we fund the increased need for working capital as the great interest in launching pilot projects with RTLS system drivers. We work with a plan that includes various forms of financing. This is expected to be ready, and can be communicated, during the second quarter of this year.

*Kista April 25th, 2018  
Pär Bergsten  
CEO and Founder*



# SIGNIFICANT EVENTS

## ...DURING THE FIRST QUARTER

**Announces SPB228 WLAN and Bluetooth Combined Module at CES, Las Vegas, and receives strategic order for development projects in Germany.**



The module, based on 28nm chip technology, is an ultrasonic module that integrates all features of a WLAN 2x2 MU-MIMO Wave2 dual band and Bluetooth 5 multiradio ready for integration into Linux platforms. With SPB228 developers, they target a wide range of applications, including high performance and secure industrial control and monitoring systems, consumer electronics such as games, tablets and mobile computers, high performance Smart Home systems, including video, audio, security and control systems.

**Signs an agreement worth 3.4 MSEK on warehousing and logistics with MSC Technologies for the HDG 200 and HDG 205 modules released in 2014 and addresses the smart home and industry market 4.0 for larger companies.**



MSC Technologies offers H & D Wireless product portfolio to the European market for players focusing on smart home IoT, as well as companies operating in industry 4.0, but also for those who work in wireless multimedia like streaming video and audio. The wireless modules are world-class in terms of power consumption, size, cost, and support both Wi-Fi and Bluetooth for built-in IoT applications.

## AFTER THE FIRST QUARTER...



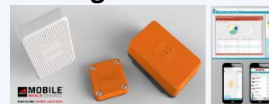
The first production order for SPB228 from the Norwegian company No Isolation, which provides telephone-based robots for severely ill patients as well as communication equipment for retirees and their families. Agreement for the first series for Av2 and Komp. worth SEK 0.8 million.

**Scania AB (publ) evaluates the H & D Wireless RTLS system in its smartfactory Lab with a positive outcome.**



Truck manufacturer Scania has evaluated H & D Wireless GEPS indoor positioning system in its "Smart Factory Lab" in Södertälje with the aim of getting a better overview of processes and objects through production. Smart Factory Lab is a new important part of a structured process for introducing new technologies to Scania's plants globally, including the sister company MAN's factories.

**Announce GEPS Raven tags at Mobile World Congress in Barcelona, which adds outdoor positioning to the existing indoor positioning in the H & D Wireless GEPS (Griffin Enterprise Positioning Services) service offering.**



GEPS Raven Tags can accompany the material loose during transport or attached to the transport packaging and are available in different shapes, assembly solutions, radio standards and with a battery life of between 1 and 5 years. GEPS Raven Tags use GEPS RTLS for internal positioning and expand it with outdoor positioning to support industry 4.0.



Receives orders from Scania AB for continued operation of GEPS indoor positioning system at their concept factory in Södertälje (see above), through a 17-month operation agreement of GEPS Cloud services.

# BUSINESS OPERATION

H & D Wireless Sweden Holding AB (publ), also parent company in the new group, was formed September 1, 2016, and did not engage in any business before the acquisition of H & D Wireless Sweden on June 28, 2017. The parent company consisted solely of cash at the acquisition date. The Group's first quarter was thus 1 July to 30 September 2017, which is reported in the Company Description published on the company's website on December 20, 2017. This is in conjunction with the listing of the company's share series B on Nasdaq First North in Stockholm. FNCA is the company's Certified Advisor.

H & D Wireless develops and sells modules, solutions and services that allow for connection, positioning and monitoring of equipment, tools, inventory and people. The technology makes it possible to analyze, automate and streamline flows and processes in several areas. The operations are based on proprietary cloud-based software platforms "Griffin IoT Cloud Service" and "Griffin Enterprise Positioning System" (GEPS). The share series -B is listed on Nasdaq First North in Stockholm. FNCA is the company's Certified Advisor.

## Vision

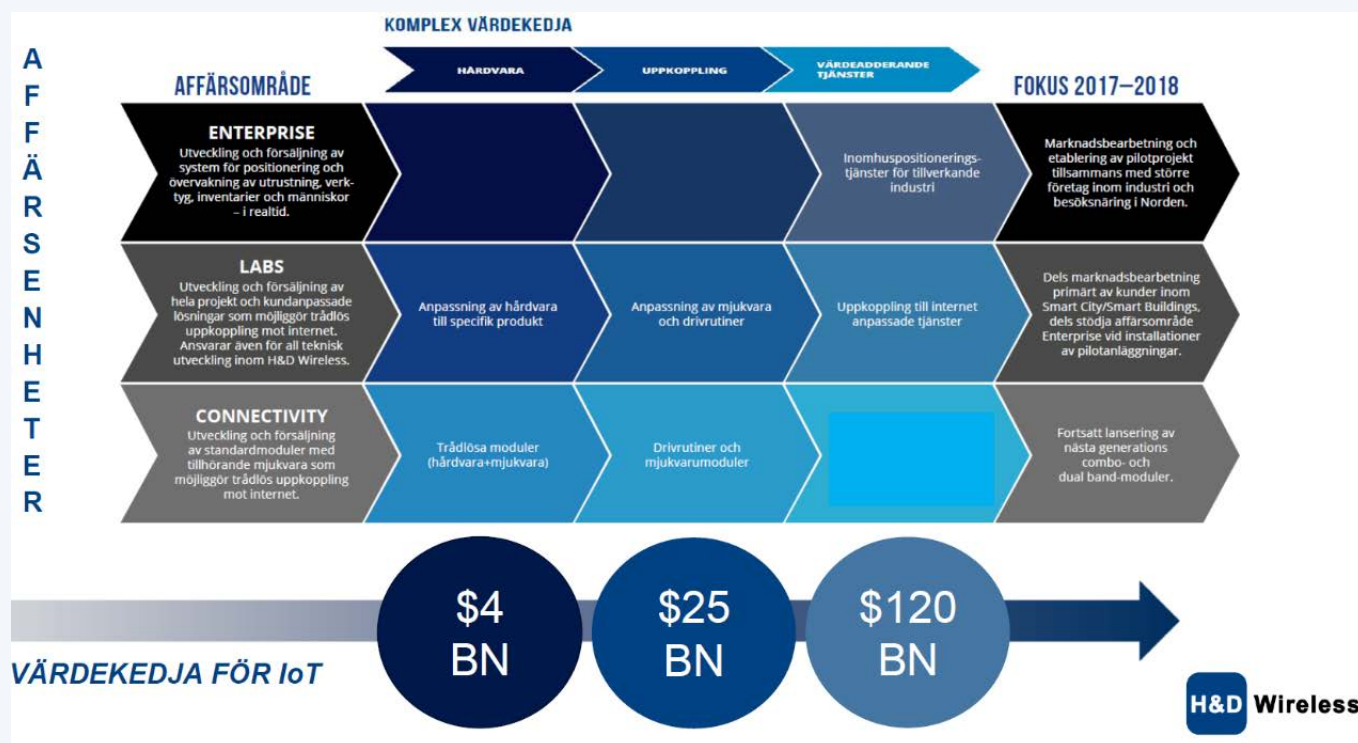
*H & D Wireless will become the market leader in the Nordic region within real-time localization services (RTLS) and then, expanding its operations internationally with customers.*

## Mission

*Being a strategic partner and supported by the proprietary IoT platform GEPS™ delivers technology, skills and comprehensive solutions to companies that want to digitize and automate their business processes to enhance competitiveness.*

## THREE BUSINESS AREAS

Operations have been conducted since 2016 in the three business areas, Enterprise, Labs and Connectivity. The activities within the first two are still in the start-up phase. Basic systems, solutions and concepts are fully developed, and focus is currently on marketing and establishing pilot projects with clients or partners. Within the Connectivity business area, a new generation of standard modules has been developed and sales of these have begun.



Common to the business areas of H & D Wireless is a clear focus on creating value for customers by providing technology and know-how that enable wireless connectivity, positioning or monitoring of central flows and resources. The organizational, technical and commercial exchange between business areas is huge. The different approaches of the operations support each other and together create a strong offer and good opportunities for synergies and cost-effectiveness. The actual revenue models differ between the different business areas. The sale includes both sales of hardware modules combined with custom software. (piece price), consultation (hourly rate / project price) and services and software (volume-based license fee).

## STRATEGY AND GOALS

### **Continued conversion of business**

H & D Wireless will continue the ongoing transformation of the business. The goal is to further develop and grow the business, from a previous strong focus on volume-based hardware sales and modules primarily designed for consumer-oriented products for the smart home instead focusing on deliveries of systems, services and entire projects.

### **From supplier to strategic partner**

H & D Wireless will be perceived as a strategic partner and deliver technology, expertise and overall solutions to primarily Swedish companies in industry and retail.

### **Focus on positioning services**

H & D Wireless will focus on smart real-time positioning services for digitizing physical flows where large customer values can be created with short payback times.

### **Pilot project together with partners and customers**

An important part of the strategy is to establish pilot projects together with companies in Sweden and the other Nordic countries.

### **Integration into customer business systems**

By integrating real-time data into customers' business systems, H & D Wireless will help to increase and visibly enhance the value creation of its customers.

### **Efficient organization characterized by innovative ability and extensive technical know-how**

H & D Wireless now establishes the necessary organization to cope with the growth that lies in the current business plan. This is done within H & D Wireless's full range of functions, but primarily in sales and customer support, initially to launch pilot projects within Enterprise.



## SMART POSITIONERING REVOLUTIONERAR INDUSTRIEN

# FINANCIAL OVERVIEW

## REVERSE ACQUISITION

H & D Wireless Group structure was created by Hitech & Development Wireless Sweden Holding AB (publ) at the middle of 2017, acquiring Hitech & Development Wireless Sweden AB through an issue in kind. At this time Hitech & Development Wireless Sweden Holding AB (publ) became parent company in the Group. The transaction is a so-called a reverse acquisition. The starting point is that H & D Wireless Sweden AB is the acquirer as its owner has the controlling influence over the Group. The consolidated balance sheet is prepared as if H & D Wireless Sweden AB acquired H & D Wireless Sweden Holding AB at the end of June / July 2017, as this is the accounting acquirer. H & D Wireless Sweden Holding AB (publ) is the legal parent company and is reported as this in financial reports.

## JANUARY – MARCH - QUARTER 1

### Income Statement (compared to previous quarter)

The Group's revenues increased by SEK 2.3 million compared to the fourth quarter of 2017. The increase is attributable to the agreement with MSC Avnet and sales of the HDG 200/205 module, a product that went into volume production in 2014, where existing customers, inter alia, active in the internet radio consume the stock of modules acquired during the second half of 2015 and the first half of 2016 and now must be supplemented with new volumes. Operating expenses increased by SEK 1.2 million compared to Q4 2017, mainly due to increased R & D investments and sales efforts by GEPS™ platform and pilot projects at major companies. The operating profit was SEK 1.1 million better than the fourth quarter of 2017 for these reasons.

### Financial Status (compared to previous quarter)

Cash and cash equivalents in the Group amounted to SEK 12.3 million (27.2). At the end of the period, equity amounted to MSEK 36.9 (44.5) in the Group, which gives a solidity of 80% (80%). Investments affecting cash flow were SEK 2.8 million during the quarter, primarily capitalized development where SEK 1.1 million was invested in the new module SPB228 (Connectivity) and SEK 1.7 million in GEPS positioning (Enterprise). The parent company reports equity at the end of the period of 119.1 MSEK (119.2), giving a solidity of 99.2% (94.8%).

### Parent Company

The parent company, Hitech & Development Wireless Sweden Holding AB (publ) operations comprises the management of the subsidiary Hitech & Development Wireless Sweden AB and maintaining the company's listing on Nasdaq First North. The Parent Company invoices the subsidiary for these services since Q4, 2017, which are reported as management fees and included in the Parent Company's revenue.

### The Share

The H & D Wireless share (HDW B) is listed on the Nasdaq First North with ISIN code SE0009889405.

### Warrants

In some of the issues in 2016, warrants have also been issued when shares and warrants have been issued as a "unit". In total, more than 7 million warrants have been issued, which would amount to approximately SEK 47 million through subscription of 3,526,875 shares, two warrants per share, by 31 May 2019, corresponding to almost 17 percent dilution. The exercise price is SEK 13.29 per share.

### Incentive program

Based on a mandate from the Annual General Meeting of November 1, 2016, the Board of Directors resolved on issue of 800,000 warrants (TO 2) to the Subsidiary, which was converted to 902 852 because of the latest new issue, on June 22, 2017. The options were registered with the Swedish Companies Registration Office on July 14, 2017. After subscription, the subsidiary will transfer the warrants to employees in the Company's Group, the Company's Board members and, in addition, persons deemed useful to associate the Company with a market premium. Holders shall be entitled to subscribe for a new B share in the Company for a subscription price of SEK 14.18 per share for each option right from registration with Bolagsverket until 30 June 2020. The 902 852 B shares thus issued constitute approximately 4 per cent of the share capital

### SIGNIFICANT RISK AND UNCERTAINTY

All business activities and all ownership of shares are associated with risks. Risks that are managed well can imply opportunities and value creation, while the opposite can cause damage and losses. The risks can be divided into market-related, business-related and financial risks. See also the company description on the website.

### ACCOUNTING PRINCIPLES AND ASSOCIATION OF THE BOARD OF DIRECTORS

This interim report for the Group has been prepared in accordance with the General Advice BFNAR 2012: 1 as well as applicable provisions in the Annual Accounts Act. The parent company's year-end report has been prepared in accordance with the 9th chapter of the Annual Accounts Act. For the Group and the parent company, the same accounting principles and accounting principles have been applied as in the most recent annual report. The Board and Chief Executive Officer ensure that the interim report gives a true and fair view of the company's business, position and results.

*Kista April 25th, 2018*

*Pär Bergsten, CEO and Board member*

THIS INTERIM REPORT HAS NOT BEEN AUDITED BY THE COMPANY'S AUDITORS.

## INCOME STATEMENT - GROUP

SEK 000's omitted	Quarter 1 - 2018	Quarter 4 - 2017	Quarter 3 - 2017
Income			
Sales, external	2 571	259	301
Activated work for own account	2 775	3 069	-
Other Income	279	351	1
<b>Total Income</b>	<b>5 625</b>	<b>3 679</b>	<b>302</b>
Operating Cost			
Other external costs	-5 226	-3 492	-2 431
Cost of personnel	-7 748	-7 245	-5 404
Depreciation / write downs of fixed assets	-65	-865	-41
Other operational costs	-109	-735	-218
<b>Operational Result</b>	<b>-7 523</b>	<b>-8 658</b>	<b>-7 792</b>
Net financials			
Interest income, external	-	9	-
Interest expense, external	-2	-12	-38
<b>Net Income after financials</b>	<b>-7 525</b>	<b>-8 661</b>	<b>-7 830</b>
<b>NET INCOME</b>	<b>-7 525</b>	<b>-8 661</b>	<b>-7 830</b>

## BALANCESHEET - GROUP

SEK 000'S omitted	2018-03-31	2017-12-31	2017-09-30
Intangible Assets			
Activated development costs	26 669	23 894	21 640
Licenses	215	227	
Tangible Assets			
Equipment	549	546	533
<b>Total Fixed Assets</b>	<b>27 433</b>	<b>24 667</b>	<b>22 173</b>
Short Term Assets			
Inventory	801	684	1 196
Accounts Receivable	2 237	263	389
Tax Receivables	-	-	172
Other Receivables	1 551	1 930	928
Prepayments and Accrued Income	931	1 023	586
Cash	12 268	27 226	10 992
<b>Total Short-Term Assets</b>	<b>17 788</b>	<b>31 126</b>	<b>14 263</b>
<b>Total Assets</b>	<b>45 221</b>	<b>55 793</b>	<b>36 436</b>
Equity			
Registered share capital	879	879	700
Other contributed capital	60 085	60 100	37 012
Retained Earnings	-16 491	-	-
Net income for the period	-7 525	-16 491	-7 830
<b>Total Equity</b>	<b>36 948</b>	<b>44 488</b>	<b>29 882</b>
Short term debts			
Debt to financial institutions	-	504	511
Advance payment from customers	-	-	29
Accounts Payable	2 253	6 908	1 797
Other debts	1 430	1 280	1 256
Accrued costs and prepaid income	4 590	2 613	2 961
<b>Total short-term debts</b>	<b>8 273</b>	<b>11 305</b>	<b>6 554</b>
<b>Total Equity and Liabilities</b>	<b>45 221</b>	<b>55 793</b>	<b>36 436</b>



## CHANGE IN EQUITY - GROUP

SEK 000's omitted	Share capital	Other contributed capital	Other equity	Total Equity
Balance beginning of period	879	60 100	-16 491	44 488
Cost for share issues		-15		-15
Net Income for the period			-7 525	-7 525
Balance end of period March 31 <sup>st</sup> 2018	879	60 085	-24 016	36 948

## CASHFLOW STATEMENT - GROUP

SEK 000's omitted	Quarter 1 - 2018	Quarter 4 - 2017	Quarter 3 - 2017
Operations			
Result after net financials	-7 525	-8 661	-7 830
Adjustment for items not included in cashflow	65	2 428	-220
Cashflow from operating activities before changes in working capital	-7 460	-6 233	-8 050
Change in operating receivables	464	-1 556	-128
Change in operating payables	-4 612	7 819	56
Cashflow from operations	-11 608	30	-8 122
Investments			
Acquisition of intangible assets	-2 775	-5 769	-
Acquisitions of tangible assets	-56	-253	-187
Cashflow from investments	-2 831	-6 022	-187
Financing			
Share issue	-	26 434	-
Issue costs	-15	-2 689	-1 050
Amortization of debts	-504	-1 519	-
Cashflow from financing	-519	22 226	-1 050
Cashflow, period	-14 958	16 234	-9 359
Cash at beginning of period	27 226	10 992	20 351
Cash at end of period	12 268	27 226	10 992

## EARNINGS PER SHARE

SEK omitted		3 months at end of period		6 months at end of period
	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Dec 31, 2017
<b>Before dilution</b>				
Number of shares	17 577 494	15 212 191	14 004 232	15 212 191
Weighted average of shares	16 394 843	14 608 212	14 004 232	14 608 212
Net income	-7 525 000 kr	-8 661 000 kr	-7 830 000 kr	-16 491 000 kr
Weighted average of shares	16 394 843	14 608 212	14 004 232	14 608 212
Earnings per share before dilution	-0,46 kr	-0,59 kr	-0,56 kr	-1,13 kr
<b>After dilution</b>				
Subscribed not registered shares	-	2 365 303	-	2 365 303
Warrants equivalent to number of shares	4 429 755	4 429 755	4 429 755	4 429 755
Weighted average of shares after dilution	20 942 863	19 156 232	18 433 987	19 156 232
Net income	-7 525 000 kr	-8 661 000 kr	-7 830 000 kr	-16 491 000 kr
Weighted average of shares	20 942 863	19 156 232	18 433 987	19 156 232
Earnings per share after dilution	-0,36 kr	-0,45 kr	-0,42 kr	-0,86 kr

## FINANCIAL OVERVIEW – PARENT COMPANY

### INCOME STATEMENT

<b>SEK 000's omitted</b>	<b>Quarter 1 - 2018</b>	<b>Quarter 4 - 2017</b>	<b>Quarter 3 - 2017</b>
Income	100	100	-
Other external costs	-193	-627	-73
Operating income	-93	-527	-73
Result after financials net	-93	-527	-73
Net income for the period	-93	-527	-73

### BALANCE SHEET

<b>SEK 000's omitted</b>	<b>2018-03-31</b>	<b>2017-12-31</b>	<b>2017-09-30</b>
Fixed Assets			
Shares in Group entities	109 101	98 101	97 958
<b>Total Fixed Assets</b>	<b>109 101</b>	<b>98 101</b>	<b>97 958</b>
Short term assets			
Receivables, group entities	256	-	-
Other receivables	38	1 370	-
Prepayments and accrued income	94	143	-
Cash	10 514	26 204	50
<b>Total short-term assets</b>	<b>10 902</b>	<b>27 717</b>	<b>50</b>
<b>Total Assets</b>	<b>120 003</b>	<b>125 818</b>	<b>98 008</b>
Equity			
Share capital	879	761	700
Share capital, under registration	-	118	-
Premium fund	118 276	118 891	122 451
Net Income	-93	-600	-73
<b>Total Equity</b>	<b>119 062</b>	<b>119 170</b>	<b>96 995</b>
Short term debt			
Debt, group entities	709	3 169	43
Accounts payable	149	3 340	-
Other debts	43	73	-
Accrued cost and prepaid income	40	66	970
<b>Total short-term debts</b>	<b>941</b>	<b>6 648</b>	<b>1 013</b>
<b>Total Equity and Debts</b>	<b>120 003</b>	<b>125 818</b>	<b>98 008</b>

### INFORMATION - OTHER

#### KEY DATES

- Interim Report Quarter 2 August 31<sup>st</sup>, 2018
- Interim Report Quarter 3 November 1<sup>st</sup>, 2018
- Year End Report 2018 February 28<sup>th</sup>, 2019

#### ADDRESS

Hitech & Development Wireless Sweden Holding AB (publ)  
Färögatan 33  
164 51, Kista

For more information please contact:  
Pär Bergsten, CEO  
Per-Olov Östberg, CFO

+46 8 551 184 60  
investors@hd-wireless.com

Wireless

## **H&D Wireless**

**Address:**  
Kista Science Tower,  
Färögatan 33,  
164 51 Kista

**Tel: 08-551 184 60**

[www.hd-wireless.com](http://www.hd-wireless.com)