

# **ANNUAL REVIEW 2015**



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### Translation

The 2015 Annual Review is a translation of selected parts of the original Swedish 2015 full-length Annual Report.





Environment

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Minerals

25

## Highlights 2015

### OCTOBER

- Daniel Nilsson and Kjell Husby elected to the Board of Directors at the extraordinary general meeting

### JULY

- Guideline Geo wins an order from the Polish Institute of Geology for ABEM Terraloc Pro and ABEM WalkTEM worth MSEK 2.9

### MAY

- The annual general meeting decides on dividend according to the Board of Directors' proposal corresponding to SEK 0.30 per share

### JANUARY

- Mats Lundin is recruited as CFO and Jonny Falk is appointed Production Manager and site manager for the office in Malå

### SEPTEMBER

- MALÅ MIRA ground radar sensors valued at MSEK 6 are delivered to China and South Korea. MALÅ MIRA ground radar sensors were used at the sensational archaeological discovery of Super Stonehenge in England in 2015

### JUNE

- In June, the company moves into more functional premises in Sundbyberg

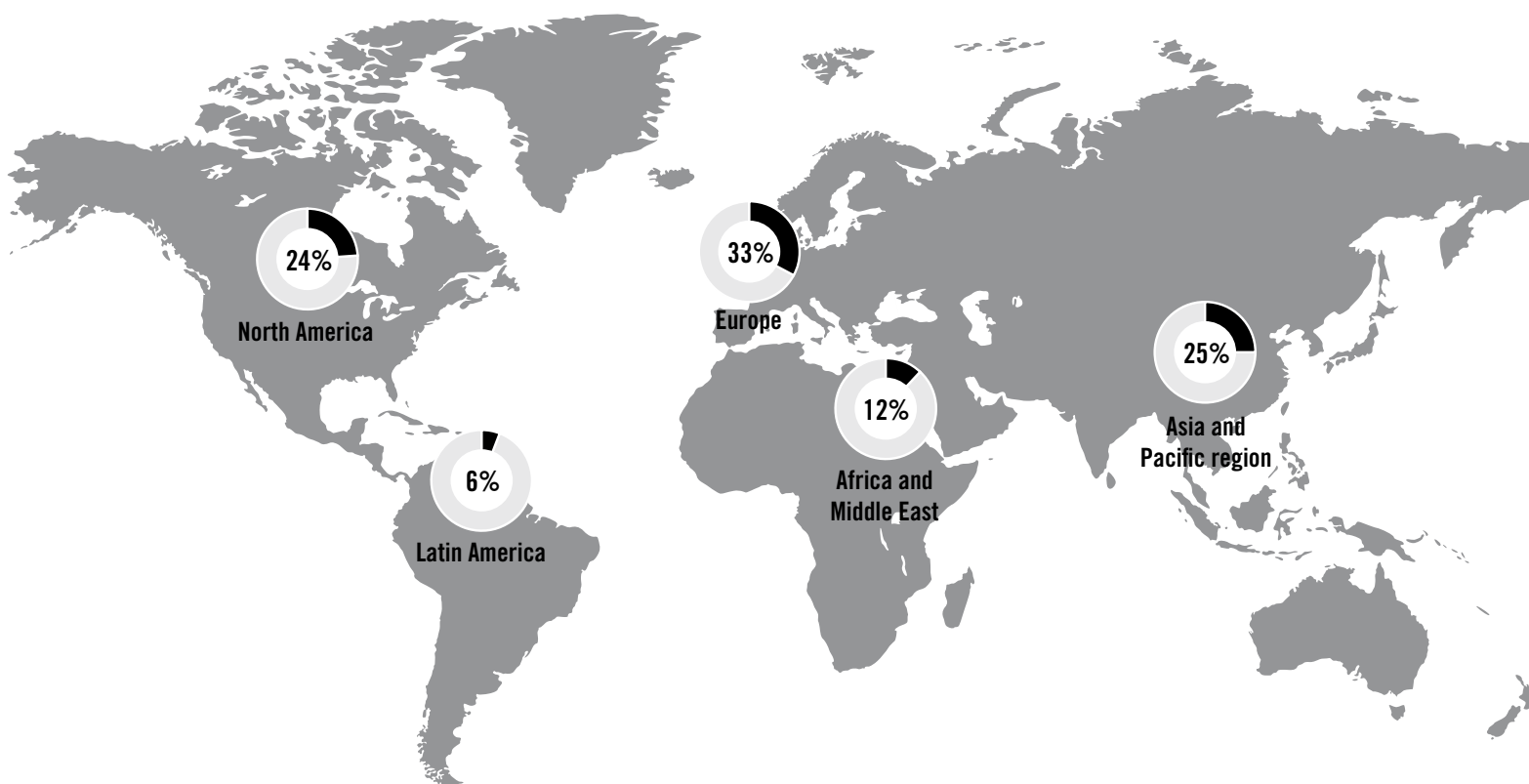
### MARCH

- The company wins a strategic order from a German government agency worth MSEK 3 for two vehicle-borne MALÅ MIRA sensors with GPS positioning. The sensors will be used for three-dimensional large-scale measurements to localize objects in the ground



NET SALES kSEK	GROWTH	OPERATING PROFIT kSEK	OPERATIONAL CASH FLOW kSEK
<b>120,476</b>	<b>10%</b>	<b>6,300</b>	<b>7,431</b>

NET SALES BY GEOGRAPHIC MARKET



## Market areas

### **WATER – Location and mapping of water supplies**

Lack of water and access to clean water is a global problem that impacts the environment, human health and prerequisites for agriculture. This places great demands on effective methods for mapping and surveying groundwater supplies. Guideline Geos' competency and technology enables people to find water sources that are sustainable in the long term. Through broad-based collaboration with leading experts within the area, Guideline Geo contributes to people's quality of life and to a better environment for future generations.

### **Environment – Mapping of environmental risks and geological hazards**

As the world's cities grow, it becomes economically profitable to reuse land that was previously used for different types of waste. These are initiatives that can be expensive and create health and environmental hazards because the documentation regarding previous activities is often inadequate and sanitation measures are costly. There are also natural hazards, for example, from landslides and volcanic activity. Guideline Geo provides multi-dimensional mapping of soil and geology together with visualization in graphic models. This allows planners and decision makers to obtain documentation which is far superior to those based solely on soil samples.

# This is Guideline Geo

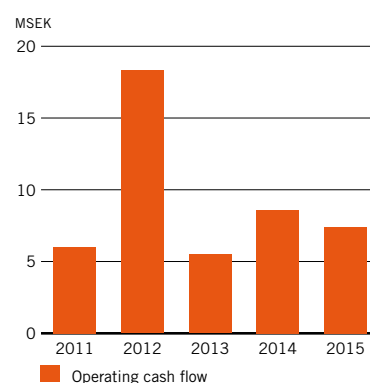
Guideline Geo offers integrated hardware and software solutions for mapping the underground. The Group operates in four international market areas:

- Infrastructure – investigation at start-up and maintenance of existing infrastructure
- Environment – mapping of environmental risks and geological hazards
- Water – location and mapping of water supplies
- Minerals – efficient prospecting

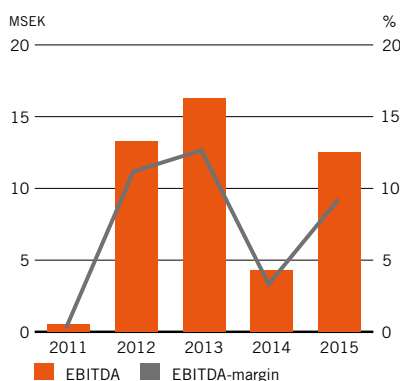
Guideline Geo possesses technical expertise and extensive experience in ground radar, geo-electrical and electromagnetic mapping sensors as well as within seismic data. Through a customer-oriented approach, the company develops innovative solutions. Guideline Geo's shares are listed on NGM Equity in Stockholm.

KEY FIGURES	2015	2014
Net sales, kSEK	120,476	109,880
EBITDA, kSEK	12,462	4,257
Operating profit/loss, kSEK	6,300	-2,765
Operating margin	4.8%	-2.3%
Profit/loss after tax, kSEK	4,973	-3,147
Earnings per share, SEK	0.66	-0.42
Operating cash flow, kSEK	7,431	8,586
Investment in intangible assets, kSEK	4,947	3,715
Equity/assets ratio	80.7%	80.3%
Capital employed, kSEK	130,797	132,733
Return on capital employed	4.8%	-1.9%

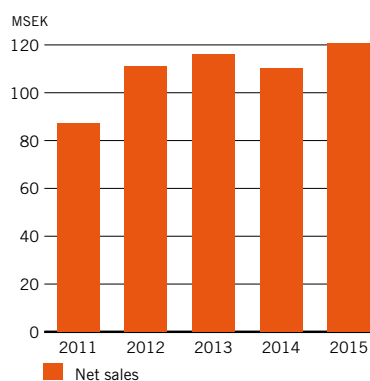
OPERATING CASH FLOW



EBITDA and EBITDA-MARGIN



NET SALES



## INFRASTRUCTURE – investigation at start-up and maintenance of existing infrastructure

Infrastructure is a large area, where major investments are made in construction we use on a daily basis. Infrastructure includes roads, railroads, electricity networks, telecommunication networks, internet, water and sewage networks, tunnels, dams, bridges and real estate. Functioning infrastructure is necessary in order to maintain central societal functions, and a disruption can have serious consequences. Therefore, continuous investment is required for both new construction and maintenance. The market area Infrastructure also includes archaeology, with mapping of historical infrastructure, and security, such as forensic technology, detection of hidden objects and location of injured in accidents where structures have collapsed. Guideline Geo has a broad range of products, which can be used efficiently within infrastructure, archaeology and security, for everything from pilot studies, new construction and detection, to day-to-day maintenance.

## Minerals – efficient prospecting

In modern society there is an increasing need for metals and minerals. With metal prices falling, great demands are placed for more cost-effective ways of mapping existing deposits in order to evaluate the profitability of continued prospecting, or to find new deposits where extraction is economically justified. Guideline Geo has a number of methods that are well adapted for mapping where deposits can be found, and also for using multi-dimensional measurements for determining the volume of mineral bodies.

# Well positioned for value growth

Guideline Geo developed well in 2015, with record sales and improved profitability. We are well positioned, with strong brands and world-leading sensors, and it is with confidence we are now broadening our offering to include interpretation and visualization software strengthening the decision basis for our customers.

## Fragmented market

We are among the foremost experts in the world at developing mapping for what is beneath the ground surface. This market in which we operate is very fragmented, with a number of smaller actors, who are often spun-off research projects from universities and colleges. These are companies that often work locally in a smaller region, that are completely product-oriented and lack any global sales and marketing organization.

## Capacity and ability to grow

When mapping underground, it is a big advantage to be able to combine different technologies. Through in-house, development, collaboration and acquisitions, Guideline Geo has made sure that the company has the best technologies and methods required for efficient and high quality mapping under the ground surface. This is based on technological competence, developed and honed in our applications throughout our 90-year history. With in-house production in Malå in northern Sweden, we are also safeguarding the quality of our solutions. We are the sole actor with a global reach and our own sales organization, together with a compre-



hensive network of distributors. These are a number of factors that create a critical mass for growth, together with considerable competitive edge in relation to smaller actors.

Together with the fragmented market, where a number of actors lack the prerequisites and capacity for growth, opportunities may be created for both supplementary acquisitions aimed at filling technological gaps and acquisitions to build up the operation within software for visualization and interpretation of measurement data. At the same time, our strategic plan includes continued organic growth.

## Revolution below ground

Tools such as Google Earth have already caused a mapping revolution above ground. With sensors such as optical instruments and

## History

**1923**  
**ABEM – Aktiebolaget Elektrisk Malmletning** is founded and sold the following year to the US

**1937**  
**Sveriges Geologiska Undersökningar (SGU)** establishes an office in Malå

**1960**  
**ABEM** is acquired by Craelius/Atlas Copco

**1987/88**  
**Atlas Copco** sells ABEM to SGAB in Luleå, who merges it with its geophysics department in the new subsidiary, **ABEM GeoScience AB**

**1929**  
**ABEM** is repurchased by the Swedish founders. The company becomes a part-owner of Swedish American Prospecting Co

**1950s**  
**ABEM** is the largest consulting company within geophysics in Europe with approximately 300 employees

**1982**  
**SGU** is privatized and divided. One part becomes the government agency SGU, and the other part becomes Swedish Geological AB (SGAB) with approximately 500 employees

*“The revolution continues underground, and Guideline Geo is driving it.”*

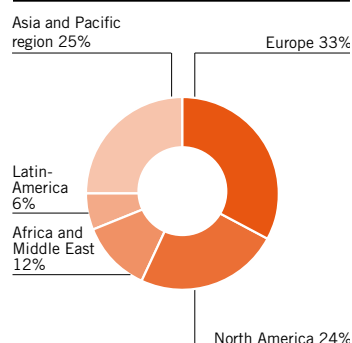
lasers, what is above ground is being mapped and made visible by way of software in an interface that the user can interpret easily. Such sensors for data capture have existed a long time, but with the opportunities that have emerged in the last few years to handle very large data amounts, everything can now be visualized in interfaces that people can interpret and understand without specialist knowledge.

Guideline Geo's technology is already successfully mapping what is below ground. In the same way that Google Earth has revolutionized mapping above ground, we will change the prerequisites for how things below ground are easily visualized, accessed and interpreted. When mapping below ground even larger data amounts are generated than when mapping above ground, and advanced software is therefore needed to interpret and visualize the information.

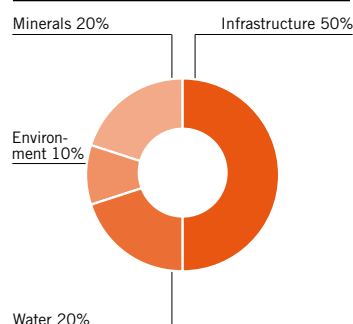
#### Expansion of the value chain

The revolution continues underground and Guideline Geo is driving it. We already have the most sophisticated sensors on the market. The next step and challenge is to use the large amount of data to create meaningful information for the end user. By visualizing our measurement data with the help of advanced software, we will open the door to considerable commercial opportunities and applications. The smart visualization and interpretation of measurement data will give organizations, companies and public authorities access to information that is easy to understand and useful. With our help, they will be able to avoid unnecessary digging and sampling in order, for example, to map the presence of environmental pollution, groundwater or infrastructure in the form of pipes and conduits.

NET SALES BY GEOGRAPHIC MARKET



APPROXIMATE SHARE OF NET SALES



#### Increased collaboration

During 2016, we will increase our work with our strategic partners within software. One of these is the Danish company Aarhus GeoSoftware, who have developed world-leading software to interpret measurement data from our sensors. We will also continue to intensify our partner collaboration within 3D visualization in order to drive innovation forward. This means that we are adding opportunities to our business model, which provides additional value to our customers and shareholders.

*Kjell Husby, President and CEO, Guideline Geo AB*

**1994**

Employees in the MALÅ division of the company ABEM GeoScience AB purchase the division and form **MALÅ GeoScience AB**

**2004**

**ABEM** is sold to the Swedish company, CodeRight AB

**2011**

**Guideline Technology** acquires ABEM for the group

**2014**

The group's vision and strategy is clarified further with focus on integrated solutions: sensors, application expertise, interpretation and visualization

**1992**

**ABEM** is acquired by the Norwegian company, Dyno Industries AS

**1997**

**MALÅ GeoScience USA Inc.** is established

**2007**

**Guideline Technology AB** acquires MALÅ GeoScience

**2013**

The group is consolidated under the name **Guideline Geo AB**

# Business concept, market and strategy

Visions, strategies and models shall be translated into concrete activities and measures. Guideline Geo develops new products and solutions, and applies and develops new application areas. Through action and a genuine user focus, Guideline Geo is continuing efforts to expand its offer and expand the market.

## VISION

Guideline Geo's **vision** is to be the global leader in sensors, software and services for mapping the sub surface.

## GOALS

**The goal** is to become our customers natural choice for practical, applicable solutions and expertise when mapping below the surface.

## BUSINESS CONCEPT

Guideline Geo works within the market areas Infrastructure, Environment, Water and Minerals.

**The business concept** is to develop and deliver market-leading solutions for the identification and visualization of objects, structures and changes in the soil, geology surveys, and in land and structures over time.

The development of solutions in geophysics and geotechnology is conducted in close cooperation with universities and colleges.

## STRATEGY

### CLEAR GROWTH STRATEGY

**STRONG PLATFORM WITHIN GEOPHYSICS AND GEOTECHNOLOGY WITH A NUMBER OF WORLD-LEADING SENSORS**

**ADVANCED INTERPRETATION AND VISUALIZATION SOFTWARE CONVERTS LARGE AMOUNTS OF GEOPHYSICAL DATA INTO CUSTOMER-FOCUSED DECISION INFORMATION**

**DEVELOPMENT OF PRODUCTS, SOLUTIONS AND PARTNERS FOR EXISTING AND NEW BUSINESS OPPORTUNITIES WITHIN FOUR MARKET AREAS**

With a strong platform in geophysics and geotechnology, Guideline Geo will expand the offer and grow within each respective market in regard to solutions over the next few years. To enable this strategy, development of products, partners and services, as well as the employees' knowledge and expertise will be necessary.

Guideline Geo bases everything it does on the needs that exist within the selected market areas in order to develop products and solutions.

Through advanced information technology, which collects, interprets and visualizes measured values, customers are given understandable and useful documentation for decision-making. Guideline Geo works actively to deepen cooperation with selected local partners and distributors.



## DRIVING FORCES

### GROWING POPULATION AND URBANIZATION

- Population growth
- Urbanization
- Waste



### NATURAL RESOURCES

- Sustainable development
- Energy supply
- Resource shortages



### CLIMATE

- Climate change
- Water shortage
- Drought



### SAFETY AND SECURITY

- Safety
- Pollution
- Regulations

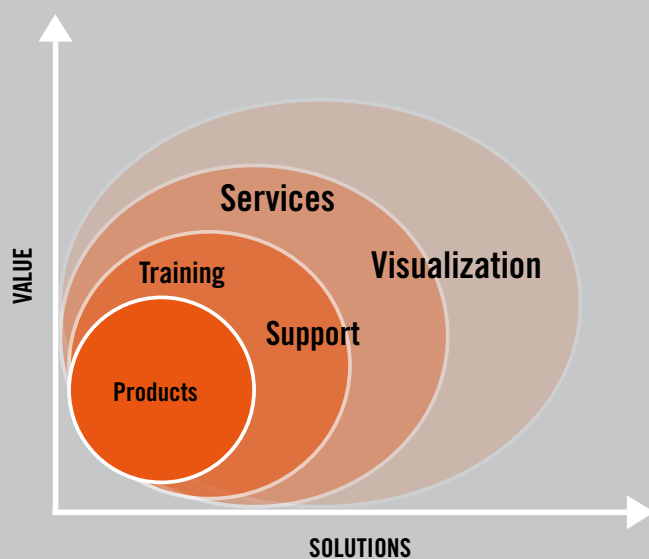


### MEGA-TRENDS

- Economic growth
- Technological development
- Investments in infrastructure

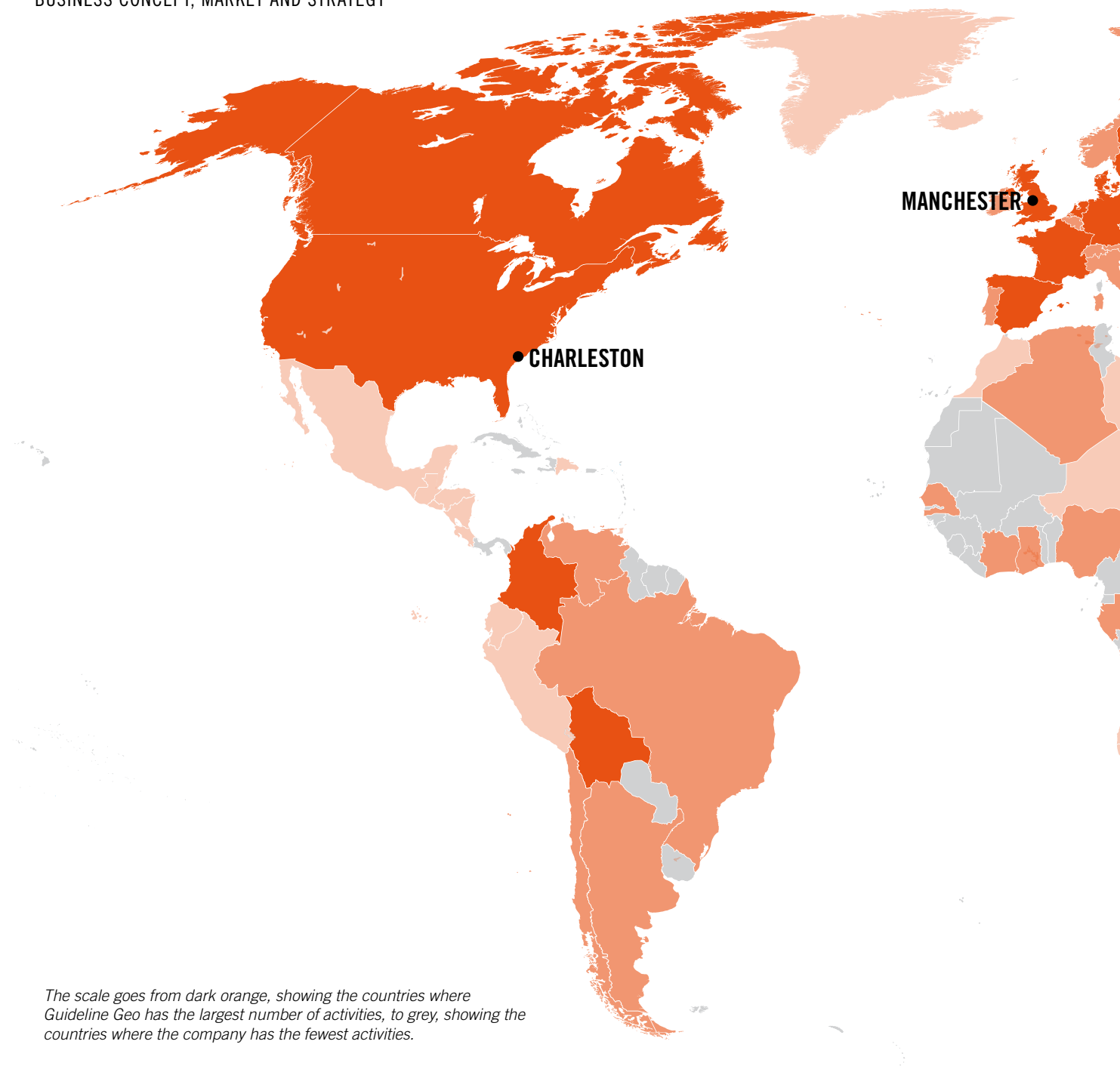


## MARKET POTENTIAL



Guideline Geo's systems and methods will become more accessible, easier to use and provide clear results for our customers. Guideline Geo will, to a larger extent, work with comprehensive solutions and with developing the after-market. It should be easy for customers to use, interpret and develop the decision-making documentation that is needed.

There is great potential for Guideline Geo to expand the offer to a greater extent to include consulting services, support and training.



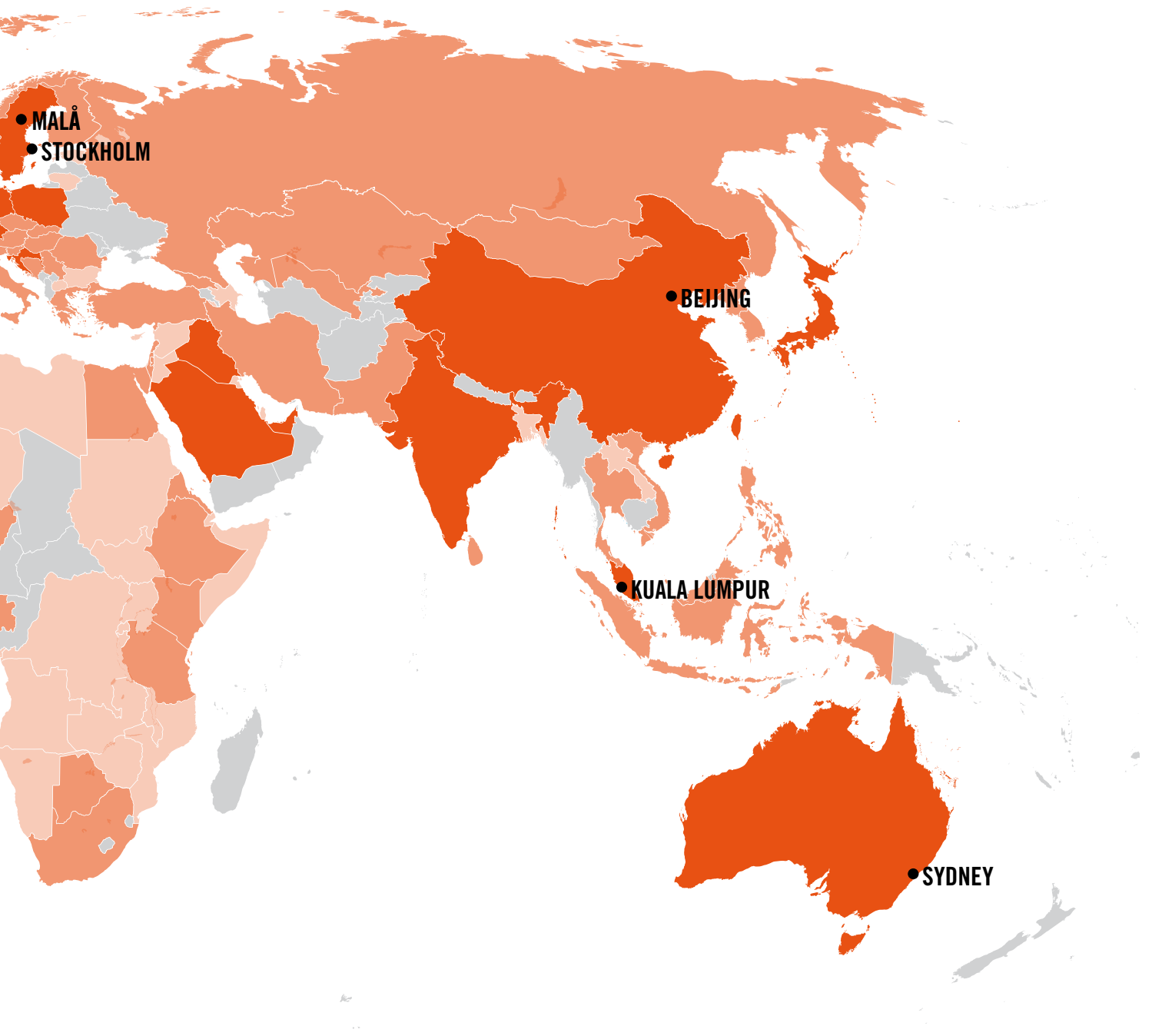
## MARKET

The global reach that **Guideline Geo** has achieved over the years reflects the excellent/high marks from customers for the robust solutions developed. The company's most important regions are Europe, North America and Asia, where the USA, China, India, Germany and the United Kingdom in particular contribute to net sales.

Further development of the geographical presence together with solutions for growth markets will continue to be the focus for the next few years. This also includes a strategic effort to reintroduce the company's sensors and solutions in Japan, Russia and Brazil. These are large markets with considerable growth potential over the next few years.

Guideline Geo's largest market area **Infrastructure**, continues to grow, despite weaker economic growth in China and India. Growth in infrastructure is expected to be on average 8–12 percent per year in these countries through 2020. Infrastructure investments in China have exceeded those of the EU and USA for more than a decade. Additional investments will be made throughout this region, particularly in roads, bridges, track-laying and water.

Without clean **Water**, the prerequisites for economic growth are lacking. Climate change, population growth and pollution increase the pressure on fresh water reserves. Water shortage is the problem that has the greatest negative impact on society according



to the World Economic Forum 2015. We are beginning to see that detection of water deposits is only part of the challenge, as consumption of water increases at a higher rate than availability. Merely in the USA, 36 out of 50 states are expected to have water shortages within the next five years; a challenge shared with China and the other countries in Asia.

The **Minerals** area and the mining industry are facing a further year of consolidation, primarily driven by low prices. This entails an increased focus on cost savings and more efficient extraction. Guideline Geo has great opportunities to contribute in increased efficiency.

Within **Environment**, demands are increasing on both developing countries and established economies to ensure deposits and groundwater are not contaminated. Efficient detection and monitoring of contaminated areas and their spread will be necessary to safeguard health, wellbeing and growth.

# Business model and offer

Guideline Geo works with a clear combination of its own regional sales organization and selected international partners in order to optimize its market presence. The aim is to safeguard comprehensive solutions from sales to after-market, including services and support to ensure customer satisfaction. Guideline Geo's partners are locally based and have the network and competence required to grow business in the focus markets.

Furthermore, clear strategies for each individual key market form

the basis for the activities and investments made during the year in order to safeguard long-term and sustainable growth.

Guideline Geo's offer is aimed at the following market areas: Infrastructure, Water, Environment and Minerals. It often requires a combination of different methods to achieve the best outcome for the customer. Guideline Geo provides such combinations of comprehensive solutions tailored to customers' needs.

## Methods



**Ground penetrating radar (GPR) is a method where electromagnetic waves are transmitted from an antenna, and reflect off layers and objects in the ground.** These reflections are received with an antenna and create a picture of the subsurface. Offering the broadest range of GPR products in the world, MALÅ delivers solutions for a wide range of applications including climate research, utility detection, road profiling, mineral prospecting, archaeology, concrete investigations and many more.



**Resistivity/IP is a geo-electrical method that can measure the ground's resistivity and chargeability properties.**

Typical applications are groundwater exploration, environmental research and mineral prospecting. Guideline Geo offers solutions that range from cost-effective 1D measurements to advanced 3D imaging.



**Transient electromagnetics (TEM) is an extremely effective method in determining electrical conductivity of the subsurface at depths from a few meters down to several hundred meters.** Applications include groundwater and mineral investigations and environmental investigations. ABEM has pioneered the advancement of the TEM technology resulting in solutions capable of accurately resolving subtle changes in geology in fine detail with excellent depth penetration.



**Near-surface seismics is a method that utilizes a vibration source to measure propagation of elastic waves.** The

results will show the mechanical properties of the ground. Common applications are soil stability, rock quality and depth to bedrock. ABEM Terraloc Pro is a seismograph that can be used for seismic surveys ranging from simple refraction measurements to complex 3D cross-borehole tomography.

## Leader in research and development

**Guideline Geo's** activities are characterized by a high level of innovation, and the company has a large network of persons with leading edge competence within the academic world. Guideline Geo coordinates and integrates experts from the network with the aim of integrating and commercializing different research findings. Development is conducted in-house and in collaboration with leading universities and colleges as well as industry consultants and government research institutions throughout the world.

For example, Guideline Geo has strategic cooperation with Lund University and the Royal Institute of Technology in Sweden and the University of Aarhus in Denmark. During the year, Guideline Geo has also been awarded a research grant via Vinnova for the development of methods for mapping conduit networks in a city environment. This is a project that will be run in conjunction with Lund University.



## Strong brands

**MALÅ** is a leading brand in ground penetrating radar with customers in over 100 countries. The MALÅ program makes it possible to create, analyse and transform large amounts of complex ground radar data into understandable visualizations of the ground. The material is used to enable faster and safer decisions that reduce project costs and protects the public and employees. The systems are used worldwide in areas such as mineral prospecting, infrastructure, education, research, archaeology, environment, and by the military and police.

**ABEM** has been at the forefront of technology solutions within geophysical measurements since 1923. The current product range uses measurement methods such as resistivity/IP, electromagnetism and seismic data. With a broad product range, there are a great number of possible applications within all of Guideline Geo's focus areas. The applications range from cost-effective and simple 1D solutions for water prospecting to large and advanced 3D monitoring systems with a number of different measurement methods for investigating ground pollution.





# Continued growth and expansion

This market area, Guideline Geo's largest, developed well during the year. The prerequisites for continued growth are assessed as good, in line with global investments in infrastructure expected to double over the next ten years.

## Overview

In 2015, the market area Infrastructure made up just over half of Guideline Geo's net sales, and continued to be the company's largest business area during the year, with Asia, Europe and North America as leading sales regions.

Infrastructure is a large area, where major investments are made in constructions we use on a daily basis. Infrastructure includes roads, railroads, electricity networks, telecommunication networks, internet, water and sewage networks, tunnels, dams, bridges and real estate. As infrastructure is a fundamental part of all societies, continuous investment is required for both new construction and maintenance. By measuring the frequency of fissures in bridges and buildings, measuring road-layer thickness, or the precise location of buried fiber optic and gas pipelines, companies and authorities avoid accidents while simultaneously reducing costs. The

market area Infrastructure also includes archaeology, with mapping of historical infrastructure, and security, such as forensic technology, detection of hidden objects and location of injured people in accidents where structures have collapsed.

## Market and driving forces

Functioning infrastructure is a prerequisite in an effective and modern society. According to a study by PwC, supported by Oxford Economics, global investments within infrastructure will double over the next ten years. Guideline Geo supplies a number of solutions that are well suited for project-planning new infrastructure and for maintenance of older infrastructure. Many countries have regulations that require public authorities and private companies to carry out surveys before digging in closely populated areas, with the aim of avoiding accidents and protecting buried infrastructure. Together with the global rate of investment, the prerequisites for growth and expansion within the market area are assessed as good.

## Solutions and product development

Guideline Geo's products are mainly used by technical consultants, municipalities and government agencies, as well as in academic research and development in order to map and visualize structures and objects below ground. ABEM Terraloc and ABEM Terrameter LS are mainly used to produce information for decision-making in new construction and design of infrastructure projects. MALÅ MIRA, MALÅ

APPROXIMATE SHARE OF NET SALES

# INFRASTRUCTURE

# 50%

ProEx, MALÅ CX and MALÅ EasyLocator are used for mapping and visualizing during maintenance and improvement projects for roads, bridges and tunnels and for detecting buried wires and pipes.

Guideline Geo is a leading manufacturer of sensors used for mapping what lies underground. Development of instruments is mostly done by the in-house development departments in Malå, Stockholm and Charleston, but also through external partners and through cooperation projects in close collaboration with users, customers, universities and colleges. During 2016, Guideline Geo is planning the launch of both new products and improvements to existing products.

## Competitors

There are signs of increasing competition within the market area Infrastructure. However, Guideline Geo is well positioned with a competitive range of cost-efficient and functional products. With a broad product portfolio and the opportunity to offer comprehensive solutions with a combination of sensors, interpretation and visualization software, support and application expertise, Guideline Geo is in a strong position.

GLOBAL INVESTMENTS  
WITHIN INFRASTRUCTURE  
EXPECTED TO DOUBLE  
OVER THE NEXT

# 10

YEARS



## MARKET AREA INFRASTRUCTURE – SAFETY

# Smart and safe digging

The amount of cables and wires in the ground has increased drastically over the last few decades. All societies now have miles of buried infrastructure for water, sewage, electricity, data and gas.

Every day, lots of conduits are accidentally damaged while digging unnecessarily, creating big problems and high costs for both companies and private individuals. A damaged conduit can, for example, mean that security alarms, control of processes in companies and automatic teller machines stop working. A damaged gas pipe does not just cause property damage; indeed, every year many people are killed when gas pipes are damaged by digging and explode. For this reason, an increasing number of countries have introduced regulations that state those who wish to dig in a closely populated area precede digging with non-invasive measurements to map exactly where pipes and wires are located.

One of the measurement sensors recommended by the regulations is ground penetrating radar (GPR). The advantages are that the technique can provide very detailed images of what is present in the ground, and the method can also spot PVC pipes and fiber optic cables that are difficult to locate using other methods.

Guideline Geo is the largest manufacturer in the world of GPR sensors for locating buried infrastructure. MALÅ Easy Locator and MALÅ MIRA are used every day to avoid damage to infrastructure hidden in the ground.



## MARKET AREA INFRASTRUCTURE – ARCHAEOLOGY





## History is being re-written

For several years, scientists have been carrying out detailed measurements in the area around the world-famous monument Stonehenge in order to map the hidden landscape that exists beneath the ground.

Some of the most efficient and effective measurement sensors used by the scientists have been supplied by Guideline Geo. Both MALÅ MIRA and MALÅ GX have been used for large-scale high-resolution land measurement. MALÅ ground radar has been used successfully for mapping hidden post holes and stone and ditch formations in 3D.

The results mean that the history of Stonehenge will have to be re-written. Around 90 large blocks of stone in a row formation about 2 miles from Stonehenge are among the latest discoveries. This discovery is one of the largest stone monuments in Europe, and is thought to be around 4,500 years old.



Scientists today think that it is probable the area around Stonehenge was an important cult centre for more people than previously thought. The historical infrastructure, which ground radar has helped discover, indicates large numbers of people have been present in the area during the same time, probably including people from continental part of Europe.

Modern archaeology is increasingly investing in large-scale non-invasive measurements instead of excavations. Excavations are not just expensive and time-consuming, but also destroy the opportunities for later studies in the same location. Using ground penetrating radar, large areas can be mapped and then archaeologists can make smaller excavations where necessary.







# Increasing needs in the environmental area

With cost-effective and user-friendly solutions for mapping former landfill sites and groundwater protection, Guideline Geo has a strong product portfolio well suited to the environmental requirements that are set when building developments and infrastructure expansion.

## Overview

Interest in mapping and surveys within the environmental area continue to grow, and Guideline Geo has a stake in this increase. With a product portfolio at the leading edge of technology and collaboration with universities, research institutes and partners, Guideline Geo has directly and indirectly participated in a number of projects. These stretch from monitoring the thickness of permafrost, monitoring gas emissions from deposits and protecting groundwater sources.

The market area Environment is an important one. It represents around 10 percent of Guideline Geo's net sales, but that proportion is expected to continue grow.

## Market and driving forces

As the world's population expands, it becomes even more important to ensure additions to infrastructure do not cause

APPROXIMATE SHARE OF NET SALES

ENVIRONMENT  
**10%**

damage to people or the environment, for example through pollution of groundwater sources. An increasingly common problem is that closed landfill sites previously located outside urban areas, now have ended up in areas on which housing is planned. If the landfill was used to dispose household, chemical or military waste, in addition to sinking and gas leakage, it may also contain pollutants that make reuse of the land hazardous. Landfills still in use may also require environmental monitoring and mapping.

With our increasing awareness of environmental hazards, the demand for protection of groundwater sources is increasing. This means an increased mapping need, which can entail high costs. Using the geophysical measuring methods that Guideline Geo offers, mapping for groundwater protection and monitoring groundwater sources can be done in a cost-effective way.

On land that has been polluted, there is a need to map the impact on groundwater sources and soil to establish there is no further spreading of the pollutants. With

better understanding of the process, the chance to introduce preventative measures increases.

Investigations of soil conditions in risk areas can provide an opportunity to understand and predict landslides and sinkholes. Such investigation reduce the risk of injury to persons and damage to infrastructure.

## Solutions and product development

Guideline Geo has solutions well suited to various types of environmental surveys. Often, measurement is done with sensors using the technique resistivity/IP. The sensors are designed so that people with no experience in geophysical measurement can also collect necessary information after a few days of training. The results are then presented in a clear and simple matter for planners and decision-makers.

During 2016 new functionality will further improve mapping and monitoring capabilities in the environmental risk areas. Guideline Geo has begun collaborating with Aarhus Geo Software, to process and summarize large amounts of data from different types of measurements in a better way than was previously possible.

## Competitors

Guideline Geo has few competitors who can offer the same range of targeted solutions and practical knowledge for environmental protection. The sensors differ in terms of technical performance, functionality, flexibility in system configurations and user-friendliness.

EVERY YEAR,  
**680**  
MILLION TONS OF  
WASTE IS PUT INTO  
LANDFILLS – A FIGURE THAT  
WILL TRIPLE OVER THE  
NEXT 10 YEARS

## Cost effective mapping of groundwater contamination and buried waste

The MaLaGa-project (Mapping of Landfill structures and Gas migration based on geophysical measurements), was created to develop techniques for monitoring and characterization of solid waste landfills based on geophysical measurements. The project is a collaboration between Lund University, Nordvästra Skånes Renhållnings AB and the technological consultant Tyréns.

A common problem with waste deposits is that they can contaminate surrounding areas and seep into groundwater sources. This is often complicated by a lack of documentation of the waste that was deposited.

The Filborna landfill, outside Helsingborg in southern Sweden, was at high risk for such pollution. So mapping of groundwater pollution and buried waste was conducted by the MaLaGa project.

The MaLaGa-team purchased Guideline Geo's ABEM Terrameter LS imaging solution for the project. The system consists of a 12 channel ABEM Terrameter LS coupled to imaging cables with a 5 meter electrode spacing. A total of 11 measurement profiles were used for measuring in 2.5D. The

collected datasets were later merged, processed and visualized as a 3D model.

The results successfully documented that Guideline Geo's solutions are time and cost efficient for conducting such surveys. As drilling and sampling are costly, and time consuming ways of surveying, geophysical techniques offer a quicker and cheaper way to produce the required measurements for 3D.

### THE MaLaGa PROJECT

The MaLaGa-project provides services in six different landfill monitoring and characterization applications. The mapping of gas migration in landfills have been in focus since the start in 2007, but also other landfill characteristics such as moisture migration, soil cover mapping, groundwater table detection and waste characterization have been within the scope of the project. The MaLaGa-project has been a collaborative research project between the academic, public and private sectors for more than five years.











# Water – our most important resource

Lack of water and access to clean water is a global problem with a big negative impact on health, agriculture and environment. As the world's population grows, global efforts are needed to meet and solve the global water shortage. With focus on innovation and comprehensive solutions, Guideline Geo offers technology and methods to meet this increasing need efficiently.

APPROXIMATE SHARE OF NET SALES

**WATER**  
**20%**

## Overview

The year clarified what Guideline Geo had established several years ago – increasing focus on improving access to clean water. The national water project that has been in progress in India since 2013 has shown good results from resistivity measurements, and collaboration is now increased with additional ABEM equipment within TEM from Guideline Geo.

In Africa, resistivity equipment has been used for many years, both to prospect for new groundwater sources and to monitor water reservoirs. Demand for Guideline Geo's solutions continued strong during 2015, and the need is expected to continue increasing for a long time into the future.

## Market and driving forces

Access to clean water is a human right according to the UN, but there are almost a billion people who do not have access to clean water. Continued research and

development of the technologies and solutions that Guideline Geo provides enables safer and more efficient methods for the detection and quantification of extractable groundwater and the examination of its quality.

The shortage of clean water and the presence of pollutants in water do not just affect developing countries, but are an increasing problem globally. The UN/WHO and other organizations are investing hundreds of billions of dollar per year to support various projects. In California, a major mapping project of groundwater supplies has been in progress since 2014, financed by USD 100 million from the state; part of a 7.5 billion USD investment in sustainable ground water management.

Mapping the vulnerability of groundwater is an application area that is increasing in importance, as water shortage otherwise risks causing serious consequences for health and access to farmed foods for a growing population. Ongoing and expected climate changes will impose new demands on the mapping of ground water resources.

## Solutions and product development

Guideline Geo offers a number of high-technology solutions that have been developed in close cooperation with universities and is based on their research. In cooperation with users and researchers, Guideline Geo also identified a unique comprehensive solution during the year in

terms of compilation, interpretation and visualization of data collected using several different geophysical methods.

During 2016, Guideline Geo will be able to offer an increased range of pioneering software for processing and visualizing measurement data. This will be a powerful complement to the current solutions and makes it possible for Guideline Geo's customers to take on ever larger and more advanced projects with greater efficiency.

2016 will also entail an addition within the TEM area product range, and thus offer increased performance for ABEM WalkTEM. A new launch will also take place within the resistivity area in 2016.

## Competitors

The number of suppliers on the global market for measurement and identification of water resources is limited and sensors from Guideline Geo often hold a sector-leading position. Through Guideline Geo's network of collaborating partners and a continued focus on research and development, there are opportunities to ensure this position is further reinforced.

**EVERY WEEK,**  
**30,000**  
**PEOPLE DIE DUE TO**  
**IMPURE WATER AND**  
**FAILING SANITARY**  
**CONDITIONS**



## Mapping of high salt concentration water areas in Colombia



The target was to measure resistivity values associated with the presence of salt deposits or areas containing water with high salt concentration that could serve as indicators of the geological characterization of the area.

All the mapping was executed by the local company Tropical Ingenieria, which specializes in providing solutions to customers in the mining, oil and infrastructure sectors.

The location is in a mountain area of Colombia, which makes the use of conventional methods such as VES inapplicable. This supported the choice of TEM as it can be effectively used in areas with irregular relief. The Guideline Geo WalkTEM data quality is also well suited for high accuracy detection of areas with high concentration of salt.

Diego Gonzalez, geologist at Tropical Ingenieria, says: “There are major benefits with using the WalkTEM on such surveys and its flexibility and speed allowed us to perform measurements at up to 10 sites a day in mountain terrain.”

The survey result was consistent with knowledge of the geology and salt deposits, as well as water with high salt concentrations that could now be observed by analyzing the data and visualizing it in a 3D model.

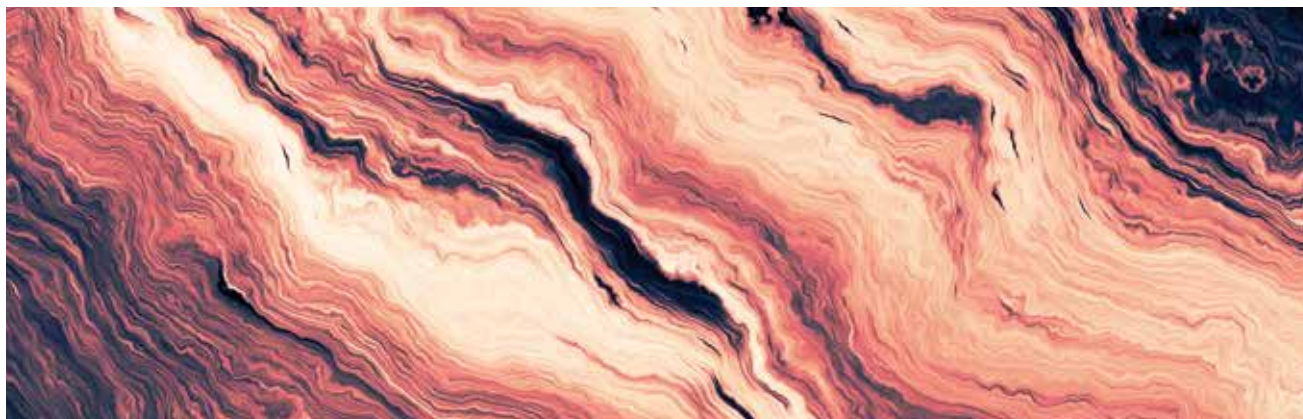
He adds: “We have a strong position because we have the appropriate equipment, and cutting-edge technological resources.”



# Well prepared for sustainable growth

When the prospecting sector faces efficiency demands due to lower mineral prices, solutions for reliable and cost-effective prospecting are required. Guideline Geo offers a portfolio of solutions well suited for the purpose, and the opportunities for sustainable growth are good.





### Overview

Although the prospecting market has halved since 2012 due to falling metal prices, Guideline Geo is noticing a continued growth in interest in solutions within metal and mineral prospecting. Previously measurements were often done using airborne solutions, but they are very costly and have therefore become less common once the market grew weaker. Land-based solutions are cheaper and are therefore not affected to the same extent. They are usually easy to use close to known deposits in order to map whether it is profitable to increase the prospecting area. Demand for land-based solutions can therefore increase even when times are bad. Guideline Geo has a broad range of land-based geophysical solutions, and can offer cost-effective mapping of prospecting areas.

Market area Minerals is still growing and is assessed to have a solid future development potential, despite the fact the business climate has hardened in general.

**A TYPICAL ELECTRONIC  
PRODUCT CONTAINS**

**35**

**DIFFERENT MINERALS**

APPROXIMATE SHARE OF NET SALES

**MINERALS**  
**20%**

### Market and driving forces

Metals and minerals are important building blocks in modern society, and they are present in everything from electronics products and batteries to vehicles and buildings. With world population increasing and rising living standards, there is a big and growing need for metals and minerals, at the same time as these resources are limited. Many of the easily accessible deposits have already been emptied. This increases the demand for new methods that provide cost-effective prospecting in order to find additional and financially profitable deposits.

An efficient way of investigating and mapping mineralizations is to use geophysical measuring methods. Using these, it is possible to find out the location and volume of a mineral body from ground level using simple means. The methods are non-invasive and also considerably cheaper and more reliable than the classical geo-technical measuring methods, which often include

bore samples. In order to get the best overall picture and to minimize risk and uncertainty, different methods can be combined.

### Solutions and product development

Guideline Geo has a broad product portfolio consisting of several different sensor technologies using different geophysical measuring methods. All products can be used for different forms of prospecting for metals and minerals, but the market has shown greatest interest in ABEM Terrameter LS and ABEM WalkTEM. Both are very well suited to mapping mineral deposits and can measure down to great depth. As the sensors use differing measuring methods, they are also suitable to use in combination, and in this way achieve even greater certainty when interpreting results.

There will be product launches within the market area Minerals in the areas resistivity/IP and TEM during 2016. The new sensors, in combination with the cooperation that has begun with Aarhus Geo Software, will result in a marked improvement of quality data collection.

### Competitors

The Guideline Geo's goal is to deliver comprehensive solutions, consisting of combinations of products and services. Sometimes, these might also be combined with solutions from selected partners.





## Optimizing of prospecting costs

A customer from a prospecting company in Russia wanted to find gold deposits in a cost-effective way. Gold-bearing formations are often associated with metallic sulfide mineralization which creates induced polarization (IP) effects.

Geotechnical borehole drillings are expensive and only provide samples. Resistivity/IP is an economical way to make pre-studies in areas where gold deposits can be expected. For this reason, the customer contacted Guideline Geo and chose the ABEM Terrameter LS with 12 measuring channels, to ensure good IP measurements data quality together with rapid, robust data collection.

The field survey was done using an 800 meter long cable spread with 81 electrodes at a spacing of 10 meters. Measurements were carried out along three more or less parallel

2D-profiles, and using roll-along technique each profile had a total length of 1 600 meters. In post-processing the data was visualized in fence-diagrams to get a quasi 3D model, which made the geological interpretation easier.

The result showed several suspected bodies of minerals, some of which were located near the surface. To verify the suspected findings borehole drillings were performed at the most promising and shallow spots. The borehole samples correlated very well with the geophysical measurements. Optimizing the procedure in this remote area enabled large cost savings for equipment, logistics and manpower, which made the total cost much lower and overall was more cost effective.





## DEFINITIONS

### MARGINS

#### EBITDA margin

Operating profit/loss excluding depreciation and amortization as a percentage of total revenue.

#### Operating margin

Operating profit/loss as a percentage of total revenue.

#### Profit margin

Profit/loss for the year as a percentage of total revenue.

### PROFITABILITY

#### Return on operating capital

Operating profit/loss as a

percentage of average operating capital. Average operating capital has been calculated as opening plus closing operating capital divided by two.

#### Return on capital employed

Operating profit plus financial income as a percentage of average capital employed. Average capital employed has been calculated as opening plus closing capital employed divided by two.

#### Return on equity

Net profit/loss as a percentage of average equity. Average

equity has been calculated as opening plus closing equity divided by two.

### CAPITAL STRUCTURE

#### Operating capital

Balance sheet total minus non-interest bearing liabilities, provisions, cash equivalents and financial assets.

#### Capital employed

Balance sheet total minus non-interest bearing liabilities and provisions.

#### Risk-bearing capital ratio

Reported equity plus deferred

tax divided by the balance sheet total.

#### Interest coverage ratio

Profit/loss after financial items plus financial costs divided by financial costs.

#### Debt/equity ratio

Interest-bearing liabilities as a proportion of equity.

#### Equity

Equity at the end of the period.

#### Interest-bearing liability

Interest-bearing liability at the end of the period.

#### Equity/assets ratio

Equity as a percentage of the balance sheet total.

### INVESTMENTS

#### Net investments in intangible fixed assets

The period's investments in intangible fixed assets minus sales and disposals during the period.

### EMPLOYEES

#### Number of employees

Average number of employees during the period.



# Financial development in brief

kSEK	GROUP 01 JAN 2015 31 DEC 2015	GROUP 01 JAN 2014 31 DEC 2014	GROUP 01 JAN 2013 31 DEC 2013	GROUP 01 JAN 2012 31 DEC 2012	GROUP 01 JAN 2011 31 DEC 2011
<b>INCOME STATEMENT</b>					
Net sales	120,476	109,880	115,460	110,800	86,663
Total earnings	130,999	119,723	127,167	121,816	91,666
Operating expenses	-124,700	-122,488	-117,990	-113,580	-115,247
EBITDA	12,462	4,257	16,311	13,334	548
Operating profit/loss	6,300	-2,765	9,177	8,236	-23,581
<b>This year's profit/loss</b>	<b>4,973</b>	<b>-3,147</b>	<b>7,138</b>	<b>20,073</b>	<b>-23,441</b>
<b>BALANCE SHEET</b>					
Total assets	154,230	156,393	163,813	164,443	148,798
Equity	124,425	125,607	132,251	125,004	104,747
Interest-bearing liabilities	6,372	7,126	8,606	12,494	14,762
<b>CASH FLOW</b>					
Cash flow from operating activities	7,431	8,586	5,481	18,314	6,224
This period's cash flow	-5,699	-2,466	-5,237	5,707	3,379
Net investments	-5,730	-5,076	-6,830	-10,339	-5,768
<b>KEY FIGURES</b>					
EBITDA margin	9.5%	3.6%	12.8%	10.9%	0.6%
Operating margin	4.8%	-2.3%	7.2%	6.8%	-25.7%
Profit margin	3.8%	-2.6%	5.6%	16.5%	-25.6%
Return on operating capital	5.6%	-2.5%	8.7%	8.4%	-23.8%
Return on capital employed	4.8%	-1.9%	6.6%	7.1%	-19.4%
Return on equity	4.0%	-2.4%	5.5%	17.5%	-22.2%
Operating capital	115,019	109,943	112,712	98,409	98,250
Capital employed	130,797	132,733	140,857	137,498	119,509
Risk-bearing capital ratio	85.5%	85.9%	86.1%	84.0%	71.0%
Interest coverage ratio	13.2	-6.6	16.3	11.2	-23.8
Debt/equity ratio	0.05	0.06	0.07	0.10	0.14
Equity/assets ratio	80.7%	80.3%	80.7%	76.0%	70.4%
Number of employees	75	64	63	61	59
<b>DATA PER SHARE</b>					
Number of shares at period end*	7,505,179	7,505,179	7,505,179	7,505,179	7,505,179
Number of outstanding shares after dilution*	7,505,179	7,505,179	7,505,179	7,505,179	7,505,179
Average number of outstanding shares before dilution*	7,505,179	7,505,179	7,505,179	7,505,179	6,679,908
Profit/loss per share before dilution**, SEK	0.66	-0.42	0.95	2.67	-3.51
Equity per share*, SEK	16.58	16.74	17.62	16.66	13.96
Dividend per share, SEK	0.30***	0.30	0.30	0.00	0.00
Share price at period end*, SEK	10.80	9.15	13.00	7.20	9.70
Share quota value/nominal amount, SEK	1.00	1.00	1.00	0.10	0.10
Total share capital, SEK	7,505,179	7,505,179	7,505,179	7,505,179	7,505,179
Paid up but not registered equity, SEK	0	0	0	0	0

\* The years 2010–2012 are divided by factor 10 to neutralize the effect of the reverse split (1:10) carried out in November 2013.

\*\* The years 2010–2012 have been recalculated with the effect from the correction of the excess value of the property.

\*\*\* Proposed dividend.

After the end of 2011 there were no outstanding warrants.



# Board of Directors



**Peter Lindgren**  
Chairman of the Board  
Born 1965

**Elected:** 2009, Chairman of the Board since 2014

**Education:** Master of Business Administration from the Stockholm School of Economics (including

courses as the Royal Institute of Technology, Stockholm and Università Bocconi, Milan) and Police degree from the Police Academy in Solna

**Background:** Founder and CEO of HemGaranti24, security and criminal police in Stockholm, partner at NewMedia Spark (formerly Cell Ventures), before that investment banking and strategic consultancy at ABN Amro Bank in London, Hambros Bank in London and Enskilda Securities in Stockholm

**Other assignments:** President and Board member at HemGaranti24 and Board member of Lindgren Partners Scandinavia AB and Hangaren Bostad Fastighets AB including subsidiaries and related tenant-owner associations

**Shareholding:** 20,000



**Olle Grinder**  
Board member  
Born 1945

**Elected:** 2008

**Education:** Mining Engineer, PhD, associate professor at Royal Institute of Technology, Stockholm

**Background:** Researcher at the Axel Johnson Institute for Industrial Research, departmental manager at the Institute for Metal Research, Associate Professor at the Royal Institute of Technology, self-employed and CEO of P-M Technology AB

**Other assignments:** Board member of P-M Technology AB, Salt Extraction AB, Swedish Metallurgy and Mining AB, and deputy board member in Szakalos Materials Science AB

**Shareholding:** 61,600 (privately and via companies)



**Marcus Hultdin**  
Employee representative  
Born 1985

**Elected:** 2015

**Education:** University graduate in Business Studies from Umeå University

**Background:** Accountant at MALÅ GeoScience

**Other assignments:** –

**Shareholding:** –



**Kjell Husby**  
CEO since 2014  
Born 1953

**Elected:** 2015 (also a Board member 2009–2014)

**Education:** Mining Engineering Metallurgy degree from the Royal Institute of Technology and MBA from Uppsala University

**Background:** CEO positions and regional responsibilities within BurmahCastrol and BP

**Other assignments:** –

**Shareholding:** 20,000



**Lars Mikaelsson**  
Employee representative  
Born 1959

**Elected:** 2013

**Education:** Applied Physics and Electrical Engineering at the Institute of Technology at Linköping University

**Background:** Design engineer at former Malå GeoScience since 1986

**Other assignments:** –

**Shareholding:** –



**Daniel Nilsson**  
Board member  
Born 1977

**Elected:** 2015

**Education:** Masters degrees in Economics and Politics at Lund University

**Background:** Founder of DNkonsult, CFO and Board member of Sandvik Mining and Construction Sverige AB, process specialist at Sandvik Mining AB

**Other assignments:** –

**Shareholding:** 46,000

# Executive management

## Kjell Husby

*CEO since 2014*

Born 1953

**Education:** Mining Engineering and Metallurgy degree from the Royal Institute of Technology and MBA from Uppsala University

**Employed since:** 2014

**Background:** CEO positions and regional responsibilities within BurmahCastrol and BP

**Other assignments:** –

**Shareholding:** 20,000

## Kerstin Bergengren

*Director Human Resources since 2014*

Born 1961

**Education:** Degree in Personnel and Organization with emphasis on psychology

**Employed since:** 2014

**Background:** 18-years' experience as a consultant within executive search for global headhunting companies, assignments in executive search, middle management and specialist recruiting. Sales and implementation of a wide range of consultation services in career planning, talent management and outplacement programs

**Other assignments:** –

**Shareholding:** 14,650 (family members)

## Jonny Falk

*Production Manager,*

*Site Manager Malå since 2015*

Born 1987

**Education:** UGL (Leadership training within the defense forces), LEAN production

**Employed since:** 2013

**Background:** Regional Director for Ung Företagsamhet Norrbotten, board assignments for Sparbanken Nord Näringslivsstiftelse

**Other assignments:** –

**Shareholding:** –

## Johan Friborg

*GPR Product Development Manager since 2016*

Born 1965

**Education:** Degree in Mining Engineering, Luleå University of Technology, PhD in Applied Geophysics, Luleå University of Technology

**Employed since:** 1997

**Background:** Research in applied geophysics at Luleå University of Technology. Developer of ground level radar sensors and software at Malå GeoScience AB

**Other assignments:** –

**Shareholding:** 8,900

## Mats Lundin

*CFO since 2015*

Born 1967

**Education:** MBA from Umeå University

**Employed since:** 2015

**Background:** Business and operations-driven CFO, CFO and business controller with over 20-years' experience, primarily from international B2B businesses. Formerly CFO for Recall Sverige, CFO of the Nordic region for Siemens Industry Software, CFO Russia for Siemens Industry Software, Global Controller at Ericsson Hewlett Packard Telecommunications (EHPT) and CFO of EHPT, France

**Other assignments:** –

**Shareholding:** 80,000 (own and family members)

# Contact

All members of the Board and executive management can be contacted via the company's address: Guideline Geo AB, Löfströms Allé 6A, 172 66 Sundbyberg or by email at [info@guidelinegeo.com](mailto:info@guidelinegeo.com)



## Income statements

kSEK	GROUP 01 JAN 2015 31 DEC 2015	GROUP 01 JAN 2014 31 DEC 2014	PARENT COMPANY 01 JAN 2015 31 DEC 2015	PARENT COMPANY 01 JAN 2014 31 DEC 2014
<b>OPERATING INCOME</b>				
Net sales	120,476	109,880	14,645	11,417
Change in inventories of finished products and work in progress	-721	-516	0	0
Capitalized development expenses	4,947	3,715	0	0
Other operating income	5,576	6,128	320	452
<b>Total income</b>	<b>130,278</b>	<b>119,207</b>	<b>14,965</b>	<b>11,869</b>
<b>OPERATING EXPENSES</b>				
Raw materials and consumables	-43,581	-42,877	0	0
Other external expenses	-22,982	-23,081	-9,670	-12,848
Personnel expenses	-51,254	-45,981	-10,986	-6,082
Depreciation, amortization and impairment of tangible and intangible fixed assets	-6,162	-7,022	-61	-17
Other operating expenses	0	-3,011	0	0
Profit/loss from participations in associated companies	0	0	0	0
<b>Total expenses</b>	<b>-123,979</b>	<b>-121,972</b>	<b>-20,717</b>	<b>-18,947</b>
<b>Operating profit/loss</b>	<b>6,300</b>	<b>-2,765</b>	<b>-5,752</b>	<b>-7,078</b>
<b>PROFIT/LOSS FROM FINANCIAL INVESTMENTS</b>				
Profit/loss from participations in group companies	0	0	0	-5,192
Financial earnings	4	206	145	85
Financial expenses	-478	-390	-128	-43
<b>Profit/loss after financial items</b>	<b>5,826</b>	<b>-2,949</b>	<b>-5,735</b>	<b>-12,228</b>
Appropriations	0	0	6,017	8,248
Tax	-852	-198	-430	-290
<b>PROFIT/LOSS FOR PERIOD</b>	<b>4,973</b>	<b>-3,147</b>	<b>-149</b>	<b>-4,270</b>
Attributable to:				
Parent company shareholders	4,973	-3,147		
Non-controlling interest	0	0		
<b>PROFIT/LOSS FOR PERIOD</b>	<b>4,973</b>	<b>-3,147</b>		

### Other comprehensive income

kSEK	GROUP 01 JAN 2015 31 DEC 2015	GROUP 01 JAN 2014 31 DEC 2014
<b>ITEMS THAT MAY OR HAVE BEEN RECLASSIFIED TO PERIOD RESULT</b>		
Translation differences	489	999
Other comprehensive income	489	999
<b>Comprehensive income for period</b>	<b>5,462</b>	<b>-2,148</b>
Comprehensive income for the period attributable to:		
Parent company shareholders	5,462	-2,148
Non-controlling interest	0	0
<b>COMPREHENSIVE INCOME FOR PERIOD</b>	<b>5,462</b>	<b>-2,148</b>
<b>Comprehensive income per share before dilution, SEK</b>	<b>0.73</b>	<b>-0.29</b>
Average number of shares before dilution	7,505,179	7,505,179
Profit/loss per share before dilution, SEK	0.66	-0.42
Current number of outstanding shares	7,505,179	7,505,179
Profit/loss per current number of outstanding shares, SEK	0.70	-0.43

## Balance sheets

<b>Assets</b>	<b>GROUP</b>	<b>GROUP</b>	<b>PARENT COMPANY</b>	<b>PARENT COMPANY</b>
kSEK	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
<b>FIXED ASSETS</b>				
<b>Intangible assets</b>				
Capitalized development expenses	19,507	18,743	0	0
Goodwill	51,750	51,750	0	0
<b>Tangible fixed assets</b>				
Land and buildings	16,710	17,699	0	0
Equipment, tools, fixtures and fittings	3,065	3,022	410	30
<b>Financial fixed assets</b>				
Participations in group companies	0	0	101,199	101,449
Participations in associated companies	0	0	0	0
Deferred tax receivables	7,510	8,741	4,753	5,183
<b>Total fixed assets</b>	<b>98,542</b>	<b>99,955</b>	<b>106,362</b>	<b>106,662</b>
<b>CURRENT ASSETS</b>				
Inventories	26,781	22,660	0	0
<b>Current receivables</b>				
Accounts receivable – trade	15,413	14,627	16	10
Receivables from group companies	0	0	13,546	13,742
Other receivables	3,602	3,250	1,029	250
Prepaid expenses and accrued income	1,625	1,852	760	212
Cash equivalents	8,267	14,049	356	3,058
<b>Total current assets</b>	<b>55,935</b>	<b>56,438</b>	<b>15,707</b>	<b>17,272</b>
<b>TOTAL ASSETS</b>	<b>154,230</b>	<b>156,393</b>	<b>122,069</b>	<b>123,934</b>

## Balance sheets

### Equity and liabilities

kSEK	GROUP 31 DEC 2015	GROUP 31 DEC 2014	PARENT COMPANY 31 DEC 2015	PARENT COMPANY 31 DEC 2014
<b>EQUITY</b>				
Share capital	7,505	7,505	0	0
Other contributed capital	159,440	159,440	0	0
Translation reserve	1,502	1,013	0	0
Accrued losses including this year's profit/loss	-44,023	-42,351	0	0
<b>Total equity</b>	<b>124,424</b>	<b>125,607</b>	<b>0</b>	<b>0</b>
<b>Restricted equity</b>				
Share capital	0	0	7,505	7,505
Statutory reserve	0	0	27,462	27,462
<b>Total restricted equity</b>	<b>0</b>	<b>0</b>	<b>34,967</b>	<b>34,967</b>
<b>Unrestricted equity</b>				
Profit/loss brought forward	0	0	-65,150	-54,236
Share premium reserve	0	0	140,317	140,317
This year's profit/loss	0	0	-149	-4,270
<b>Total unrestricted equity</b>	<b>0</b>	<b>0</b>	<b>75,018</b>	<b>81,811</b>
<b>TOTAL EQUITY</b>	<b>124,424</b>	<b>125,607</b>	<b>109,985</b>	<b>116,778</b>
<b>UNTAXED RESERVES</b>	<b>0</b>	<b>0</b>	<b>81</b>	<b>0</b>
<b>LONG-TERM LIABILITIES</b>				
Liabilities to credit institutions	5,058	5,646	0	0
Other long-term liabilities	0	250	0	250
Provisions	350	2,499	0	228
<b>Total long-term liabilities</b>	<b>5,408</b>	<b>8,395</b>	<b>0</b>	<b>478</b>
<b>CURRENT LIABILITIES</b>				
Liabilities to credit institutions	1,314	1,480	0	0
Accounts payable – trade	5,199	7,377	651	384
Liabilities to group companies	0	0	7,363	4,642
Other short-term liabilities	6,685	3,847	1,648	653
Accrued expenses and prepaid income	11,199	9,687	2,341	999
<b>Total current liabilities</b>	<b>24,398</b>	<b>22,391</b>	<b>12,003</b>	<b>6,678</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>154,230</b>	<b>156,393</b>	<b>122,069</b>	<b>123,934</b>
<b>MEMORANDUM ITEMS</b>				
Pledged assets	33,457	33,662	None	None
Contingent liabilities	9,967	12,008	None	None

## Changes to equity

### Group 2014

kSEK	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	STATUTORY RESERVE	ACCUMULATED LOSSES INCL THIS YEAR'S LOSS	TOTAL ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	TOTAL EQUITY
Opening equity 1 January 2014	7,505	159,440	14	-34,708	132,251	132,251
Dividend paid				-2,252	-2,252	-2,252
Repurchase of treasury shares				-2,244	-2,244	-2,244
This year's profit/loss				-3,147	-3,147	-3,147
Other comprehensive income			999		999	999
This year's comprehensive income			999	-3,147	-2,148	-2,148
<b>Closing equity 31 December 2014</b>	<b>7,505</b>	<b>159,440</b>	<b>1,013</b>	<b>-42,351</b>	<b>125,607</b>	<b>125,607</b>

### Group 2015

kSEK	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	STATUTORY RESERVE	ACCUMULATED LOSSES INCL THIS YEAR'S LOSS	TOTAL ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	TOTAL EQUITY
Opening equity 1 January 2015	7,505	159,440	1013	-42,351	125,607	125,607
Dividend paid				-2,151	-2,151	-2,151
Repurchase of treasury shares				-4,494	-4,494	-4,494
This year's profit/loss				4,973	4,973	4,973
Other comprehensive income			489		489	489
This year's comprehensive income			489	4,973	5,462	4,973
<b>Closing equity 31 December 2015</b>	<b>7,505</b>	<b>159,440</b>	<b>1,502</b>	<b>-44,023</b>	<b>124,424</b>	<b>124,424</b>

## Changes to equity

### Parent company 2014

kSEK	SHARE CAPITAL	STATUTORY RESERVE	SHARE PREMIUM RESERVE	RETAINED EARNINGS	THIS YEAR'S PROFIT/LOSS	TOTAL EQUITY
Opening equity 1 January 2014	7,505	27,462	140,317	-49,301	-439	125,544
Re-entry this year's profit/loss				-439	439	0
Dividend paid				-2,252		-2,252
Repurchase of treasury shares				-2,244		-2,244
This year's profit/loss					-4,270	-4,270
<b>Closing equity 31 December 2014</b>	<b>7,505</b>	<b>27,462</b>	<b>140,317</b>	<b>-54,236</b>	<b>-4,270</b>	<b>116,778</b>

### Parent company 2015

kSEK	SHARE CAPITAL	STATUTORY RESERVE	SHARE PREMIUM RESERVE	RETAINED EARNINGS	THIS YEAR'S PROFIT/LOSS	TOTAL EQUITY
Opening equity 1 January 2015	7,505	27,462	140,317	-54,236	-4,270	116,778
Re-entry this year's profit/loss				-4,270	4,270	0
Dividend paid				-2,151		-2,151
Repurchase of treasury shares				-4,494		-4,494
This year's profit/loss					-149	-149
<b>Closing equity 31 December 2015</b>	<b>7,505</b>	<b>27,462</b>	<b>140,317</b>	<b>-65,151</b>	<b>-149</b>	<b>109,984</b>



## Cash flow statement

kSEK	GROUP 01 JAN 2015 31 DEC 2015	GROUP 01 JAN 2014 31 DEC 2014	PARENT COMPANY 01 JAN 2015 31 DEC 2015	PARENT COMPANY 01 JAN 2014 31 DEC 2014
<b>OPERATING ACTIVITIES</b>				
Operating profit/loss	6,300	-2,765	-5,752	-7,078
Adjustment for items not included in cash flow:				
Depreciation and amortization	6,162	7,022	61	17
Impairment	0	1,257	-81	-5,192
Provisions	-2,149	2,499	0	0
Participation in associated companies	0	1,754	0	0
Unrealized exchange rate gain/loss	573	854	0	0
Income tax paid	626	-175	0	0
Interest received	4	206	145	85
Interest paid	-478	-390	-129	-43
<b>Cash flow from operating activities before changes to operating capital</b>	<b>11,038</b>	<b>10,262</b>	<b>-5,756</b>	<b>-12,211</b>
<b>CASH FLOW FROM CHANGES TO OPERATING CAPITAL</b>				
Changes to inventories	-4,121	-4,086	0	0
Changes to operating receivables	-1,158	4,206	-1,136	11,818
Changes to operating liabilities	1,673	-1,796	5,178	-631
<b>Cash flow from operating activities</b>	<b>7,432</b>	<b>8,586</b>	<b>-1,714</b>	<b>-1,024</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Acquisition of intangible assets	-4,947	-3,715	0	0
Acquisition of tangible fixed assets	-941	-1,402	-441	0
Sale of fixtures and fittings	157	41	0	0
<b>Cash flow from investing activities</b>	<b>-5,731</b>	<b>-5,076</b>	<b>-441</b>	<b>0</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Loans raised	726	0	0	0
Amortization of liability	-1,480	-1,480	0	0
Dividend to shareholders	-2,151	-2,252	-2,151	-2,252
Repurchase of shares	-4,494	-2,244	-4,494	-2,244
Group contribution received	0	0	6,098	8,248
<b>Cash flow from financing activities</b>	<b>-7,399</b>	<b>-5,976</b>	<b>-547</b>	<b>3,752</b>
<b>THIS YEAR'S CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES</b>	<b>-5,698</b>	<b>-2,466</b>	<b>-2,702</b>	<b>2,728</b>
Exchange rate difference in cash equivalents	-84	145	0	0
<b>THIS YEAR'S CASH FLOW</b>	<b>-5,782</b>	<b>-2,321</b>	<b>-2,702</b>	<b>2,728</b>
Cash equivalents at start of year	14,049	16,370	3,058	330
Adjusted cash equivalents at start of year	14,049	16,370	3,058	330
Cash equivalents at end of year	8,267	14,049	356	3,058
<b>CHANGES TO CASH EQUIVALENTS</b>	<b>-5,782</b>	<b>-2,321</b>	<b>-2,702</b>	<b>2,728</b>

# Glossary

## **ABEM Terrameter LS**

Sensor for measuring resistivity and induced polarization, so-called imaging ERT or CVES. Used for groundwater and environmental surveys, mapping of geology in construction work and for mineral prospecting.

## **ABEM WalkTEM**

System for measuring using an electromagnetic measuring method (TEM or TDEM) that provides information regarding layering in the soil with very good depth penetration and good resolution from a single vertical probe. Successfully used in prospecting for water and minerals or for mapping of saltwater intrusion.

## **ABEM Terraloc Pro**

Sensor for measurement using the ground's mechanical properties. Used to examine the depth profile to the bedrock or to determine stability prior to design and construction.

## **Hidden infrastructure**

Buried infrastructure such as cables and optical fiber.

## **Geophysics**

Science that describes the earth and its various environments with the help of physical methods. Applied geophysics is an area where geophysics is used for practical purposes.

## **GPR**

Method used in applied geophysics. Stands for Ground Penetrating Radar, see also ground radar.

## **Hydrogeology**

The branch of geology that deals with the presence of water in soil and rock. The emphasis is on the geological conditions for the existence of groundwater and how the nature of groundwater is affected by its geological environment.

## **HDR**

Stands for High Dynamic Range. Real-time sampling technology patented and developed by Guideline Geo.

## **Induced Polarization**

Electric charging capability, in other words, that the land functions in a manner similar to a capacitor. Often used for mineral prospecting and mapping of old landfills and contaminated land. Also has the potential for wider application in mapping groundwater.

## **MALÅ GroundExplorer**

MALÅ GX is a ground radar instrument based on HDR technology. MALÅ GX consists of four separate solutions for many different application areas, for example, the thickness of the asphalt layers, identification of hidden infrastructure and moraine thickness.

## **MALÅ Easy Locator HDR**

The first HDR-based ground radar sensor was launched in 2013. MALÅ Easy Locator is a simplified ground radar sensor and is primarily used to locate and map buried infrastructure.

## **MALÅ ProEx**

Modular ground radar sensor that can be used in all types of surveys. MALÅ ProEx (Professional Explorer) is supported by the market's broadest and largest antenna selection. The sensor is primarily used by geophysics consultants, research engineers, and other experts throughout the world.

## **MALÅ MIRA**

MALÅ MIRA (MALÅ Imaging Radar Array) is an advanced ground radar sensor that is used for large-scale soil surveys. The system is comprised of multiple parallel data channels, typically up to 32, and can therefore create a three-

dimensional image of the

measurement area. MALÅ MIRA is used for efficient and detailed mapping of buried infrastructure, archeology and surveys of roads and bridges.

## **MALÅ CX**

MALÅ CX (ConcreteExplorer) is a compact, monaural, and easy to use ground radar sensor for the surveying of all types of concrete and stone constructions. The sensor is often used in drilling holes, restoration work, and quality checks of buildings, roads and bridges.

## **Ground radar**

A method within applied geophysics used primarily for shallow (<30m) surveys of the ground with the help of radio waves (20–3,000 MHz). Ground radar can be applied to many different application areas and is a relatively quick method to carry out.

## **Resistivity**

Electrical resistance, defined as the ratio of electrical field strength and current densities in a material. Geophysical method employing DC or low frequency AC for determining the resistivity of the soil.

## **Seismology**

Geophysical method where the reflection and refraction of elastic waves generated in the soil artificially are utilized, used mainly for prospecting and soil investigation.

## **TEM**

Transient electromagnetic survey that measures conductivity (electric conductance ability) in the various layers of the soil. The method can detect conducting structures relatively quickly through vertical probing to a depth of several hundred meters.

## **VES**

Vertical Electrical Sounding, a one-dimensional application of the geophysical method resistivity. The electrical properties of the soil can be determined in a vertical depth-line by sending a current and measuring the potential difference with the help of four ground contact points.



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**Forecast information**

*This review contains forecast information based on the current expectations of Guideline Geo's management. Although management believes that the expectations reflected in such statements are reasonable, no assurance can be given that the expectations will prove to be correct. Therefore, the actual future outcome could vary considerably compared with what is stated in the forecast information due to, among other things, changes in the economy, market and competitive conditions, changes in legal requirements and other political actions, fluctuations in exchange rates and other factors mentioned in this Annual Review. Guideline Geo does not undertake to publicly update or revise forecast information, whether this is as a result of new information, future events or otherwise, except as required by law or NGM regulations.*



# GUIDELINEGEO

**ABEM | MALÅ**

*Guideline Geo AB uses advanced technology to create practical solutions for everyday and global problems. Guideline Geo operates in four priority markets with strong global growth: Infrastructure – investigation at start-up and maintenance of existing infrastructure, Environment – mapping of environmental risks and geological hazards, Water – location and mapping of water supplies, and Minerals – efficient prospecting. Guideline Geo works with leading technologies and innovative solutions under the well-known and established brands, ABEM and MALÅ.*

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