

# INTERIM REPORT

1 APRIL - 30 JUNE 2019



**GOMSPACE**

#### 1 APRIL – 30 JUNE 2019 (2018)

- Order intake increased to T.SEK 61,719 (30,072), an increase of 105%
- Net revenues increased to T.SEK 52,224 (41,821), an increase of 25%
- Gross margin decreased to 23% (28%)
- Operating profit (loss) decreased to a negative T.SEK 42,328 (a negative 26,637)
- Earnings per share were a negative SEK 0.81 (a negative 0.82)
- Order book amounts to T.SEK 118,106 (702,819). Sky and Space Global has been removed from the order book

#### 1 JANUARY – 30 JUNE 2019 (2018)

- Order intake increased to T.SEK 76,507 (44,784), an increase of 71%
- Net revenues increased to T.SEK 82,101 (79,559), an increase of 3%
- Gross margin decreased to 15% (31%)
- Operating profit (loss) decreased to a negative T.SEK 69,958 (a negative 41,730)
- Earnings per share were a negative SEK 1.39 (a negative 1.30)

#### Subsequent events

- ESA and GomSpace Luxembourg sign contract for continued constellation management development. The contract has a value of EUR 1,425,000



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# Message from the CEO

Sales is going well, the order intake in the second quarter of 2019 has almost doubled to T.SEK 76,507 from T.SEK 44,784 in the same period last year.

The net revenue in the first half of 2019 amounted to T.SEK 82,101 compared to T.SEK 79,559 in the same period of 2018. This corresponds to an increase of 3%.

We remain very optimistic about the long-term potential for the nanosatellite market. The investments into the general space market continue to be large and we still see new startup companies with new services that aim for making satellite constellations. We also see that the governmental market is showing signs of future growth. Many countries are now formulating national space strategies that include nanosatellites for science and national security. We also see clear signs that the established players in the satellite service business are becoming interested in nanosatellites.

However, due to low order intake in the first quarter and the fact that Sky and Space Global (SAS) could not progress as planned due to financing problems, we have reduced the number of employees from 230 to 150, 80 employees or 35%. The effect for this year will be more than T.SEK 21,000 mainly seen in the last quarter and the full year effect for next year will be more than T.SEK 62,000. We have removed Sky and Space Global from the order book due to their postponements of deadlines for obtaining project financing. We are, however, still negotiating with Sky and Space Global.

Until midterm we will focus on two things:

First, we will maintain a strong focus on a positive cash flow and an efficient organization. We have a solid restructuring program, including a detailed plan to increase efficiency in engineering and manufacturing, to obtain a strong sales performance and to reduce overhead costs.

Second, we will build up the technology level to be able to capture the established professional customers. We will do this by continuing the technology programs we have with the European Space Agency (ESA). Development of nanosatellite technologies in Europe has become a focus area for ESA. GomSpace is fortunate to be part of most of these new programs in high profiled capacities. Success in these programs is essential in our effort to build up the high technology level that we will require.

With the best regards

A handwritten signature in blue ink, appearing to read 'Niels Buus'.

Niels Buus  
CEO

# Financial Performance

## Financial Review

The Interim Report for 1 April – 30 June for GomSpace Group AB also includes the companies GomSpace A/S, GomSpace Orbital ApS, GomSpace Sweden AB, GomSpace Asia Pte Ltd, GomSpace North America LLC as well as GomSpace Luxembourg S.A.R.L. Result for the period was a net loss of T.SEK 42,260 (a loss of 21,642) and a net loss of T.SEK 72,444 for the first half of 2019. At 30 June 2019, equity was T.SEK 375,789 (277,954).

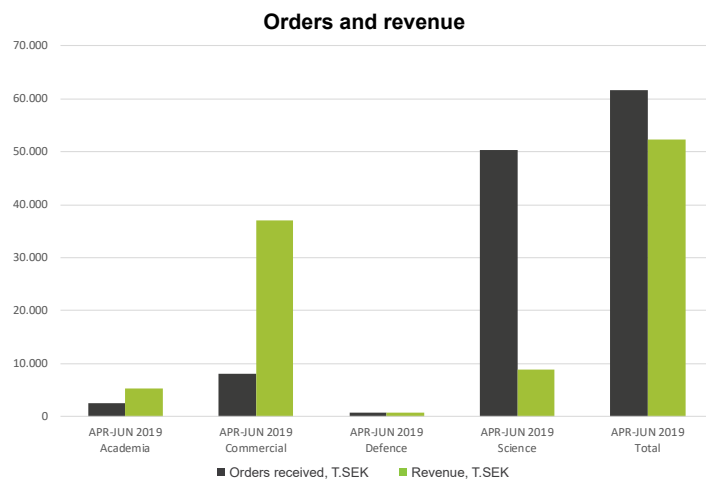
	2019 Apr-Jun T.SEK	2018 Apr-Jun T.SEK	Change in pct.	2019 Jan-Jun T.SEK	2018 Jan-Jun T.SEK	Change in pct.	2018 Jan-Dec T.SEK
Orders received	61,719	30,072	105%	76,507	44,784	71%	120,741
Net revenue	52,224	41,821	25%	82,101	79,559	3%	153,384
Gross profit	11,979	11,712	2%	12,425	24,883	-50%	38,549
Gross margin	23%	28%	-5 pp	15%	31%	-16 pp	25%
Operating profit (loss)	-42,328	-26,637	59%	-69,958	-41,730	68%	-116,601
- As a percentage of revenues	-81.1%	-63.7%	-17 pp	-85.2%	-52.5%	-33 pp	-76.0%
Profit (loss) before tax	-43,333	-26,456	64%	-72,918	-43,028	69%	-122,811
- As a percentage of revenues	-83.0%	-63.3%	-20 pp	-88.8%	-54.1%	-35 pp	-80.1%
Profit (loss) for the period	-42,260	-21,642	95%	-72,444	-35,462	104%	-112,498
- As a percentage of revenues	-80.9%	-51.7%	-29 pp	-88.2%	-44.6%	-44 pp	-73.3%
Cost of goods sold	40,245	30,109	34%	69,676	54,676	27%	114,835
- As a percentage of revenues	77.1%	72.0%	5 pp	84.9%	68.7%	16 pp	74.9%
Sales and distribution costs	23,020	8,954	157%	32,868	16,931	94%	38,310
- As a percentage of revenues	44.1%	21.4%	23 pp	40.0%	21.3%	19 pp	25.0%
Development costs	19,321	13,785	40%	25,243	20,931	21%	58,119
- As a percentage of revenues	37.0%	33.0%	4 pp	30.7%	26.3%	4 pp	37.9%
Administrative costs	12,220	16,143	-24%	24,614	29,573	-17%	59,423
- As a percentage of revenues	23.4%	38.6%	-15 pp	30.0%	37.2%	-7 pp	38.7%
Earnings per share, basic, SEK	-0.81	-0.82	-1%	-1.39	-1.30	7%	-3.93
Earnings per share, diluted, SEK	-0.81	-0.82	-1%	-1.39	-1.29	8%	-3.93

	2019 30 Jun T.SEK	2018 30 Jun T.SEK	Change in pct.	2018 31 Dec T.SEK
<b>Balance sheet items</b>				
Intangible assets	122,367	96,700	27%	118,573
Property, plant and equipment	93,617	28,670	227%	37,911
Working capital	-8,609	-6,546	32%	6,010
Cash and cash equivalents	179,275	119,294	50%	269,418
Equity	375,789	277,954	35%	441,843
Liabilities	145,776	105,037	39%	166,699

## Orders received and revenue

1 APRIL – 30 JUNE 2019 (2018)

The orders received for the second quarter of 2019 amounted to T.SEK 61,719 (30,072), corresponding to an increase of 105%. The order backlog value at the end of the second quarter amounted to T.SEK 118,106, the most significant part of the order backlog is placed on the science business area. Order intake in the commercial segment did not meet our expectations. The main reason for the low order intake is delay in funding plans for some of our existing as well as potential customers.



The orders received regarding science orders represent 81% (64%) of total orders for the period and orders received regarding commercial orders represent 13% (35%) of total orders for the period. In May two contracts were entered with ESA at a value of T.SEK 40,607 and T.SEK 4,198, respectively, in the science segment. This is a deep space mission where GomSpace is to design and test various development models at subsystem level to demonstrate technology readiness. Under the M-ARGO contract, GomSpace will be in charge of the preliminary design of the mission, spacecraft and implementation planning. A “12U” CubeSat spacecraft configuration is envisioned for the mission, packing in beyond state-of-the-art advancements in miniaturized technologies including; communication, instrumentation, electric propulsion and operational autonomy to be demonstrated in the deep space environment.

In the second quarter of 2019, a customer in the commercial segment cancelled part of an order, this part of the order amounts to T.SEK 3,884. The Sky and Space Global order, at an amount of T.SEK 613,020, is from this quarter treated as cancelled.

In the remaining part of 2019, we expect to convert between SEK 63-73 million into revenue.

1 JANUARY – 30 JUNE 2019 (2018)

The orders received for the first half of 2019 amounted to T.SEK 76,507 (44,784), corresponding to an increase of 71%. The orders received regarding science orders represent 72% (47%) of total orders for the period and orders received regarding commercial orders represent 18% (44%). In the first half of 2019, science orders were entered with ESA at a total value of T.SEK 48,951.

Business segments

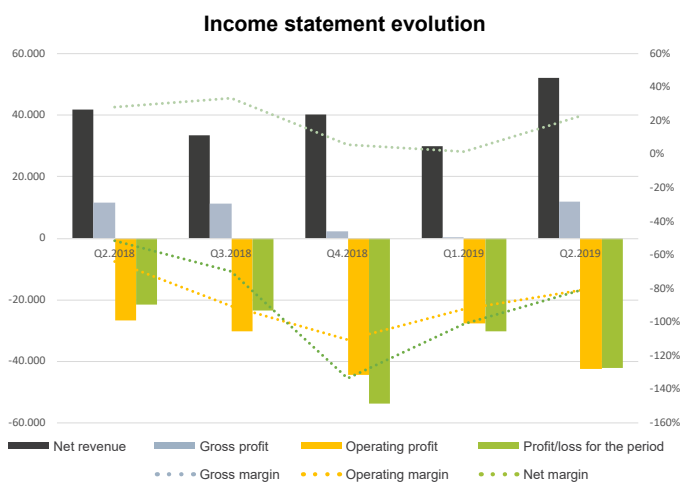
	Academia T.SEK	Com- mercial T.SEK	Defense T.SEK	Science T.SEK	Total T.SEK
<b>ORDER BOOK</b>					
Order backlog 1 January 2019	3,281	685,374	1,866	24,881	715,402
Currency adjustment and reclassification of orders	1,269	9,363	27	3,071	13,730
Order intake	2,970	5,909	833	5,076	14,788
Cancelled orders	0	0	0	-1,094	-1,094
Converted to revenue	-2,583	-22,038	-1,259	-3,997	-29,877
<b>Order backlog 31 March 2019</b>	<b>4,937</b>	<b>678,608</b>	<b>1,467</b>	<b>27,937</b>	<b>712,949</b>
Currency adjustment and reclassification of orders	86	12,515	-232	197	12,566
Order intake	2,521	8,082	832	50,284	61,719
Cancelled orders	0	-616,904	0	0	-616,904
Converted to revenue	-5,383	-37,094	-792	-8,955	-52,224
<b>Order backlog 30 June 2019</b>	<b>2,161</b>	<b>45,207</b>	<b>1,275</b>	<b>69,463</b>	<b>118,106</b>
Low-risk customers	2,161	2,441	1,275	68,510	74,387
High-risk customers	0	42,766	0	953	43,719
<b>Order backlog 30 June 2019</b>	<b>2,161</b>	<b>45,207</b>	<b>1,275</b>	<b>69,463</b>	<b>118,106</b>

Out of the backlog as at 30 June 2019, T.SEK 43,719 are classified as backlog from high-risk customers. In the commercial segment, we have from this quarter chosen to exclude our customer Sky and Space Global - their order has a value of T.SEK 613,020.

Revenue

1 APRIL – 30 JUNE 2019 (2018)

Revenues for the second quarter of 2019 amounted to T.SEK 52,224 (41,821), corresponding to an increase of 25% compared with the same period in 2018. Sky and Space Global constitutes 53% and European Space Agency (ESA) constitutes 15% of total revenue whereas HawkEye 360, Inc. constitutes 3% of total revenue in the second quarter.



Revenues from the sale of satellite solutions constitute T.SEK 41,129 (33,393), corresponding to an increase of 23% compared with the same period in 2018.

Revenues from the sales of platforms, payloads and subsystems constitute T.SEK 10,987 (8,266), corresponding to an increase of 33% compared with the same period in 2018. Revenues from the sales of platforms, payloads and subsystems is lower than expected due to low order intake.

59% (21%) of the revenue in the second quarter is generated by European customers in the commercial segment. The Group operates worldwide and expects to increase sales both geographically and in the segments Academia and Defense in the coming years in order to strengthen the business.

In the second quarter, sales to new customers represented 9% of revenues compared to 12% of revenues in the second quarter of 2018.

### 1 JANUARY – 30 JUNE 2019 (2018)

Revenues for the first half of 2019 amounted to T.SEK 82,101 (79,559), corresponding to an increase of 3% compared with the same period in 2018. Sky and Space Global constitutes 35% and ESA constitutes 15% of total revenue whereas Kleos Space S.A. constitutes 5% of total revenue.

In the first half of 2019, sales to new customers represented 8% of revenues compared to 7% of revenues in the same period last year.

### Profitability

#### 1 APRIL – 30 JUNE 2019 (2018)

Operating expenses for the second quarter of 2019 amounted to T.SEK 94,806 (68,991), corresponding to an increase of 37%. Sales, distribution, development and administrative costs amounted to T.SEK 54,561 (38,882), corresponding to an increase of 40%.

In the second quarter of 2019, there was an increase in sales and distribution costs due to provision for loss on bad debt at an amount of T.SEK 13,891, this amount is mainly related to our customer Sky and Space Global. Had this provision not existed, sales and distribution costs would be at the same level as in 2018.

Costs of goods sold and costs for development activities in percentage of revenue have increased significantly compared with the same period in 2018. Removing the Sky and Space Global order has a negative effect of T.SEK 24,170. The primary reason for the increase is overcapacity due to less orders than expected and these being received later than we expected, overcapacity also resulted in a low gross margin. At the end of the second quarter, a reduction of up to 30 employees was performed to reduce cost and to align the capacity to the activity level, the reduction will have full effect from the fourth quarter 2019.

In the second quarter 2019, gross profit amounted to T.SEK 11,979 (11,712), corresponding to an increase of 2% compared with the same period in 2018. In the second quarter 2019, the gross margin is 23% compared with the same period in 2018 where the gross margin was 28%. Gross margin is affected positively by treating the Sky and Space Global order as cancelled.

In the second quarter 2019, operating loss amounted to T.SEK 42,328 (operating loss 26,637), corresponding to a decrease of 59% compared with the same period in 2018.

### 1 JANUARY – 30 JUNE 2019 (2018)

Operating expenses for the first half of 2019 amounted to T.SEK 152,401 (122,111), corresponding to an increase of 25%, distribution, development and administrative costs amounted to T.SEK 82,725 (67,435), corresponding to an increase of 23%.

In the first half of 2019, the increase in sales and distribution costs is mainly due to provision for loss on bad debt at an amount of T.SEK 16,473.

In the first half of 2019, gross profit amounted to T.SEK 12,425 (24,883), corresponding to a decrease of 50% compared with the same period in 2018. In the first half of 2019, the gross margin is 15% compared with the same period in 2018 where gross margin was 31%.

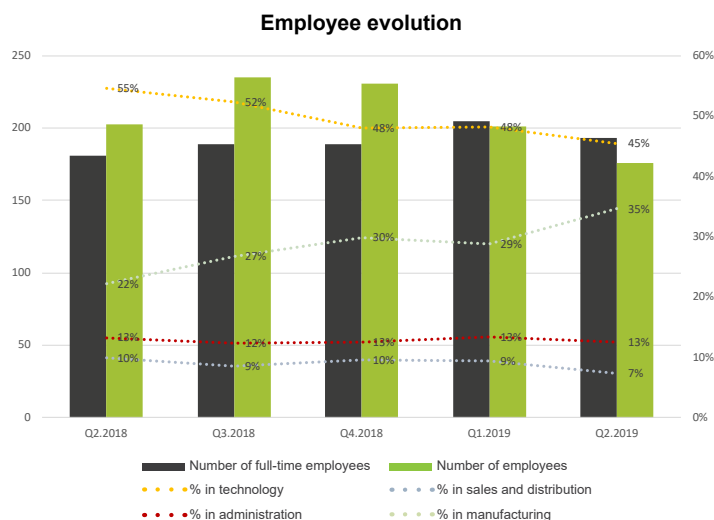
In the first half of 2019, operating loss amounted to T.SEK 69,958 (operating loss 41,730), corresponding to a decrease of 68% compared with the same period in 2018.

The decreasing operating loss is mainly due to the low gross margin and provision for loss on bad debt at an amount of T.SEK 16,473.



## Employees

As at 30 June, GomSpace Group AB had 176 (203) employees, corresponding to 193 (181) full-time/year employees. Employees working within technology were 80 (111) and manufacturing were 61 (45), with sales and distribution 13 (20), and in administration there were 22 (27) employees. During the first half of 2019, the number of employees decreased with 55 employees, mainly within technology (31 employees) due to overcapacity. At the end of the second quarter 2019, a reduction in staff with up to 30 employees was performed to reduce overhead cost in administration and manufacturing. The reduction will have full effect from the fourth quarter 2019.



## Share of profit from associates

In the second quarter 2019, the share of profit from associates amounts to a negative T.SEK 776 (a negative 539) which is a share of the result from Aerial & Maritime Ltd. In the first half of 2019, the share of profit from associates amounts to a negative T.SEK 1,581 (a negative 650).

## Financial income and expenses

### 1 APRIL – 30 JUNE 2019 (2018)

Net financial items for the second quarter of 2019 had a negative effect on profit, mainly due to interest on debt and leasing liabilities. Net financial items amounted to a negative T.SEK 229 (a positive 720).

### 1 JANUARY – 30 JUNE 2019 (2018)

Net financial items for the first half of 2019 had a negative effect on profit. Net financial items amounted to a negative T.SEK 1,379 (a negative 648).

## Tax and deferred tax

### 1 APRIL – 30 JUNE 2019 (2018)

The Group recognized a deferred tax asset at a total amount of T.SEK 210 (9,978) relating to tax loss carry-forward. The parent company, GomSpace Group AB, recognized a deferred tax asset at a total amount of T.SEK 0 (333) in the second quarter of 2019 relating to tax loss carry-forward.

GomSpace Group had an effective tax rate of 2.5% (18.2%) in the second quarter 2019 due to not fully recognized tax related to tax loss carry-forward.

### 1 JANUARY – 30 JUNE 2019 (2018)

The Group recognized a deferred tax asset at a total amount of T.SEK 1,184 (15,887) relating to tax loss carry-forward. The parent company, GomSpace Group AB, recognized a tax loss carry forward at a total amount of T.SEK 82 (870) in the first half of 2019.

GomSpace Group had an effective tax rate of 0.7% (17.6%) in the first half of 2019.

## Shareholder's equity

As at 30 June 2019, total shareholder's equity amounted to T.SEK 375,789 (277,954). In the first half of 2019, an amount of T.SEK 1,456 (4,711) is recognized as share-based payments in relation to the warrant program established for the Group's employees.

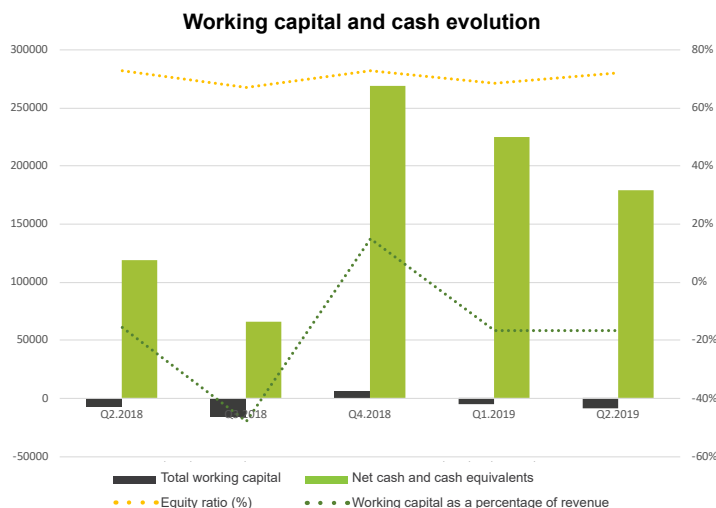
## Cash flow

1 APRIL – 30 JUNE 2019 (2018)

Cash flow from operating activities amounted to a negative T.SEK 34,446 (a negative 27,595).

Working capital amounted to a negative T.SEK 8,609 (a negative 6,546).

The cancellation of the Sky and Space Global order has no effect on net cash flow but has affected working capital positively. There is a positive effect on inventories with T.SEK 17,823, receivables with an amount of T.SEK 13,115, and other receivables and payables with an amount of T.SEK 6,194, whereas contract work is affected negatively with an amount of T.SEK 28,520.



Cash flow from investing activities amounted to a negative T.SEK 6,019 (a negative 23,285).

Investments in intangible assets amounted to T.SEK 5,181 (18,334) whereas investments in property, plant and equipment amounted to T.SEK 2,807 (4,968). The main investment in intangible assets is related to in-house development projects for customer cases and includes work on our projects portfolio as well as work on improving management of performance and constellations. It is a continuation of ongoing investment projects.

Investments in property, plant and equipment are mainly related to new production equipment.

Cash flow from financing activities amounted to a negative T.SEK 4,998 (a negative 752). The financing activities are related to the repayment of borrowings and payment of lease liabilities. Payment of lease liabilities has increased due to the newly implemented IFRS 16 standard which affected financing activities with T.SEK 2,232 in the second quarter of 2019.

1 JANUARY – 30 JUNE 2019 (2018)

Cash flow from operating activities amounted to a negative T.SEK 60,619 (a negative 55,233) during the first half of 2019.

Cash flow from investing activities amounted to a negative T.SEK 20,330 (a negative 41,456).

Investments in intangible assets amounted to T.SEK 15,896 (32,145) in relation to in-house development for customer cases. Investments in property, plant and equipment amounted to T.SEK 6,111 (9,251).

In 2018, the investment level was high whereas investments in 2019 are now at a more suitable level.

Cash flow from financing activities amounted to a negative T.SEK 9,102 (a positive 119,610). Payment of lease liabilities related to the newly IFRS 16 standard affected financing activities with T.SEK 4,381 in the first half of 2019.

Cash and cash equivalents amounted to T.SEK 179,275 (119,294) at the end of the second quarter. Gom-Space Group's working capital totalled a negative T.SEK 8,609 (a negative 6,546).

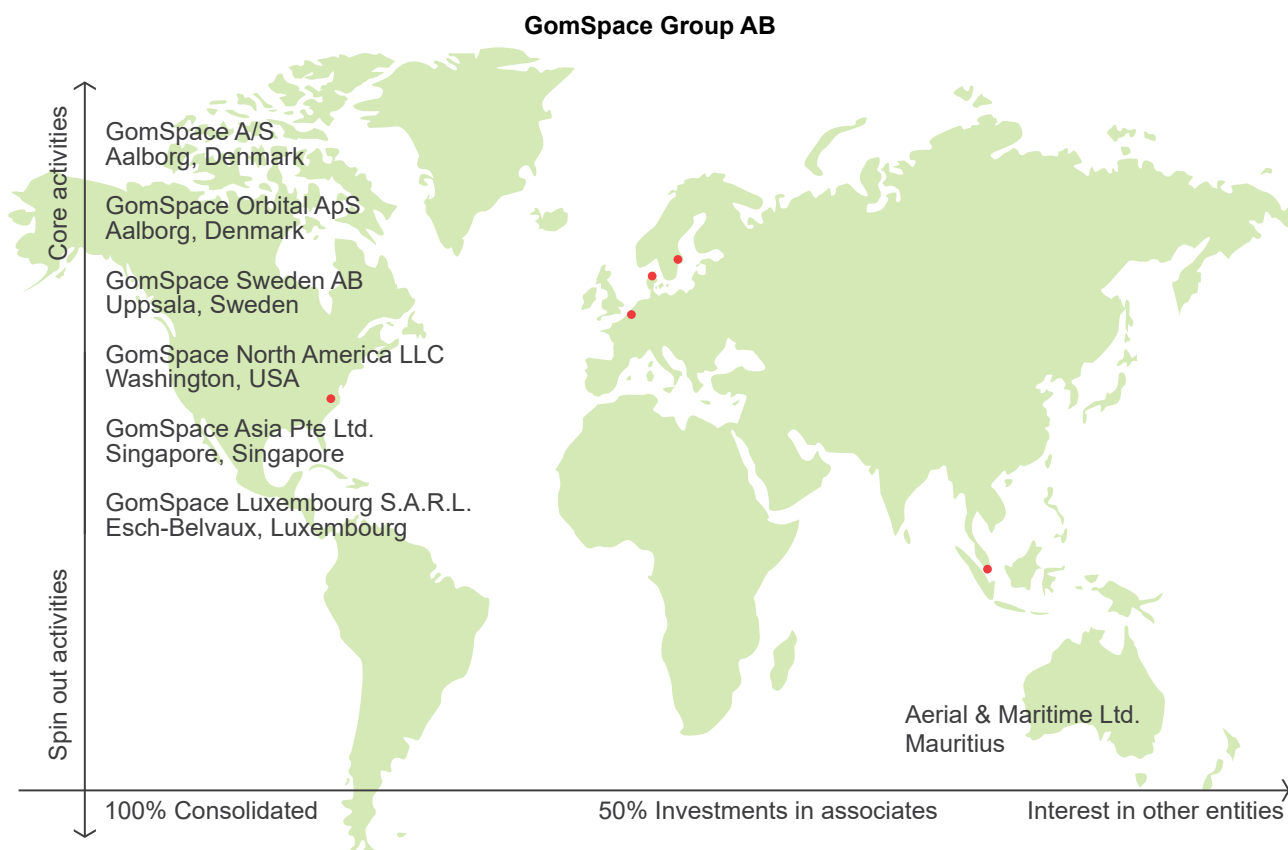
## Risks

The Group is exposed to credit risks and other financial risks, such as market risks, including foreign exchange, interest and liquidity risks. These risks are described in the Annual Report and in the Consolidated Financial Statements for 2018.

**Parent Company**

The parent company had total revenues of T.SEK 6,419 (6,702) in the second quarter of 2019 and T.SEK 13,019 (12,835) for the second half of 2019. The parent company incurred total costs of T.SEK 7,778 (8,224) in the second quarter and T.SEK 16,064 (20,329) for the first half of 2019. A total of T.SEK 53 (4,601) is attributable to the capital increase and has been deducted from the share premium. The operating result for the second quarter 2019 is a negative T.SEK 1,359 (a negative 1,014) and a negative T.SEK 2,992 (2,893) for the first half of 2019. The net loss for the second quarter is T.SEK 1,375 (a net loss of 858) and a net loss of T.SEK 2,801 (a net loss of 4,861) for the first half of 2019.

The Group consists of GomSpace Group AB (Reg. No. 559026-1888), GomSpace A/S (Reg. No. 30899849), GomSpace Sweden AB (Reg. No. 556643-0475), GomSpace Orbital ApS (Reg. No. 38173561), GomSpace Asia Pte Ltd (Reg. No. 201707094C), GomSpace North America LLC (Reg. No. S667083-2) and GomSpace Luxembourg S.A.R.L. (No. B218666).



# Market Development

## A Disruptive Technology

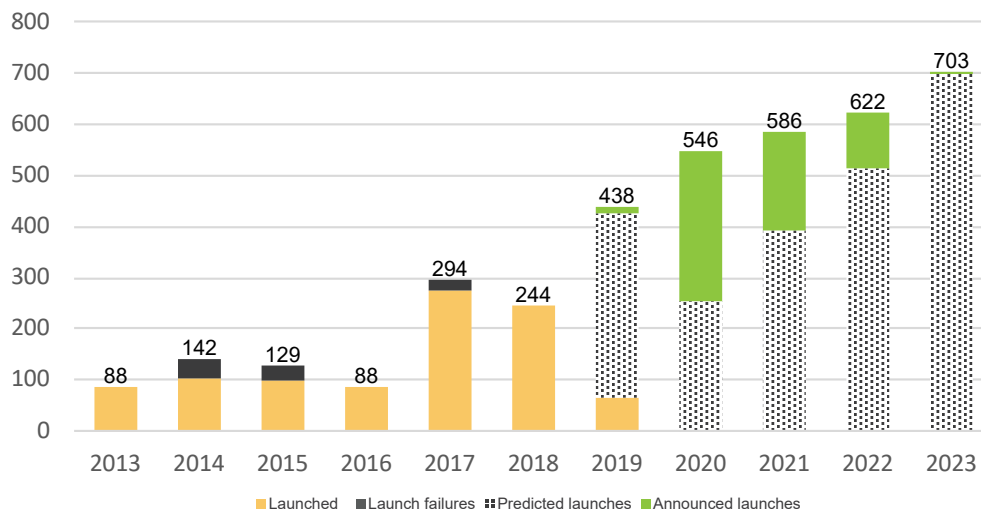
Small satellites (smallsats) are a disruptive technology in the process of transforming the status quo when it comes to satellite-based solutions and applications.

The total global space economy in 2017 was at a level of EUR 309 billion and the sectors have shown robust growth over the last 12 years at a CAGR of 6.7%<sup>1)</sup>. As of today, only a very small fraction hereof is supported by smallsats, meaning there is a lot of room in the existing market to capture revenue with the smallsat technology through disruption of existing solutions and innovation of new ones.

## Recent Launch Performance

Out of the 314 satellites that were launched in 2018, nanosatellites accounted for 77 percent. The corresponding rate for 2017 was 85 percent<sup>2)</sup>. In 2018, the commercial sector accounted for 51 percent of the nanosatellite launches compared to 71 percent in 2017, showing signs of the market currently stagnating for a period.

Number of launched nanosatellites<sup>3)</sup>



## Market Outlook

More than 7,000 small satellites are expected to be launched over the next 10 years, driven by anticipated roll-out of multiple constellations, mainly for commercial operators, which are expected to account for more than 70% of that total (Source: Prospects for the small satellite market, Euroconsult 2018).

The nanosatellite and microsatellite markets are expected to grow from USD 1.21 billion in 2017 to USD 3.49 billion by 2022, equivalent to a compound annual growth rate of 23.7 percent<sup>4)</sup>.

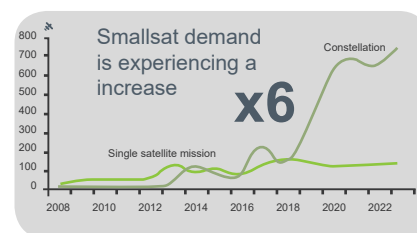


Figure: Smallsat demand 2008-2022 (Source: Prospects for the small satellite market, Euroconsult 2018)

The recent successful development in the launcher market of making dedicated nanosatellite launch vehicles operational will help support the growth<sup>5)</sup> and ensure that future constellations can be deployed both cost and time effectively.

<sup>1)</sup> <https://www.eib.org/en/infocentre/publications/all/the-future-of-the-european-space-sector-report.htm>

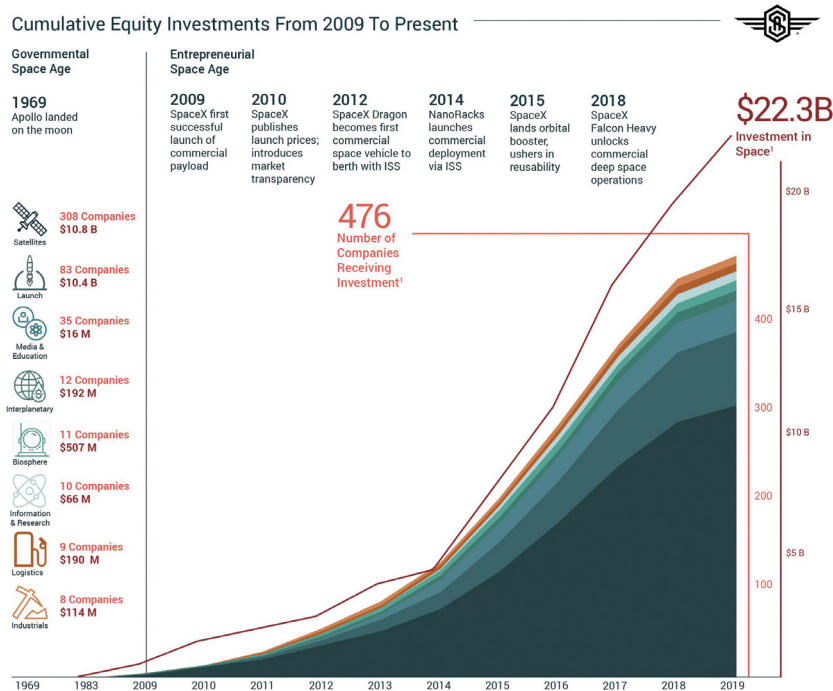
<sup>2)</sup> SIA, 2019 State of the Satellite Industry Report

<sup>3)</sup> Erik Kulu, Nanosats Database, [www.nanosats.eu](http://www.nanosats.eu)

<sup>4)</sup> "Nanosatellite and Microsatellite Market by Component (Hardware, Software & Data Processing, Services, Launch Services), Mass (1 kg-10 kg and 11 kg-100 kg), Application (Earth Observation & Remote Sensing), Vertical - Global Forecast to 2022", 2017, a market report published by MarketsAndMarkets.

<sup>5)</sup> <https://www.space.com/42411-rocket-lab-launches-first-commercial-mission.html>

Growth is to a large degree driven by investment activities which are at a record high<sup>6)</sup> although the growth rate has declined in the last few years resulting in a market situation with some pressure on prices and fierce competition among growth companies looking for investment to present strong business plans and technology cases – we see this as a natural step in the evolution of the market.



**Institutional Missions sustaining Innovation Momentum**

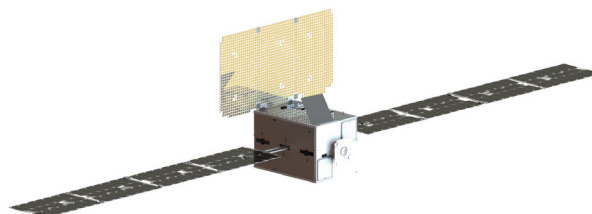
Whereas traditionally small satellites have been developed outside support and/or significant interest from established space agencies, these agencies are now starting to consider nanosatellites as important tools in their programs both for innovation, exploration and opening new application areas. For instance, the established space agencies are beginning to prioritize the use of small satellites in future science and exploration projects, e.g. as exemplified by NASA's recent MarCO mission to Mars.

While such opportunities will not match commercial opportunities in the number of satellites or total revenue potential, this emerging market for the nanosatellite technology offers a robust revenue opportunity and higher revenue per satellite.

GomSpace with its European base is strongly involved in the space program of the European Space Agency and has over the last 8 months won a significant number of phase A studies from the agency expected to develop into full-fledged mission programs. These studies concern:

- RACE: 2x 6U satellites for demonstrating rendezvous and docking capabilities. Launch in 2021.
- GOMX-5: 2x 12U wideband communication demonstration satellites. Launch in 2021.
- Juventas: 6U science cubesat companion to the HERA mission. Launch in 2022.
- M-ARGO: 12U stand-alone asteroid explorer. Launch in 2023.

With these recent project acquisitions, GomSpace has secured a unique leadership position in Europe in this area. The challenges posed by these missions will result in new developments and capabilities which can subsequently be industrialized in the commercial domain.



*Artistic rendering of the M-ARGO spacecraft to enable cost-efficient asteroid exploration*

<sup>6)</sup> Space Angels

### **Potential Barriers to Growth**

Given the growth in space activities and the number of market participants, regulatory issues relating to space-flight, incl. launch, satellite and frequency approvals, are becoming increasingly important, and regulatory bodies are becoming more active in overlooking activities.

As a mature player in the market, we welcome this trend as adequate and competent regulation will ensure sustainability of the market, e.g. by avoiding congestion in space by establishing “traffic rules”. It will also increase market entry barriers for new market entrants, however, GomSpace already has the required expertise to work proactively in this area.

The European Investment Bank (EIB) recently delivered a comprehensive report “The future of the European Space Sector - How to leverage Europe’s technological leadership and boost investments for space ventures” to the European Commission.

The report points out the strategic nature of space investment and the needs for institutional backed financing mechanisms that can complement private investments in the sector and help compensate for the typical longer investment cycles associated with space projects compared to other venture capital (VC) driven technology investments.

Based on the conclusions of the report and the European Commission’s increased focus on space as a strategic sector for Europe, we expect a number of policies and programs in the coming years that will facilitate easier access to capital for new space applications and stimulate demand further for GomSpace’s satellites and services.



# Product Development

The GomSpace product platform is continuously evolved to enable our mission of helping teams across the globe achieve their goals in space. The current market (see Market Development) is still an emerging market with many different In Orbit Demonstration (IOD) mission types to serve and with an increasing demand for short lead times from business case conception to business case validation.

Thus, the GomSpace product platform will continue to be optimized for fast IOD validation across many mission types. This means our product platform will continue to be modular and flexible as well as configurable at both subsystem and spacecraft level, thereby ensuring short spacecraft design lead time and striking the right balance between design cost and manufacturing cost (for low volume IOD missions).

However, as the business cases mature, we are also seeing an increasing need to be able to scale the design with the mission. In this respect, we work closely with our customers to develop mission-optimized solutions in terms of manufacturing costs and lead time.

The current market trends affecting our product development roadmap are:

## **Helping customers be responsible actors in space**

- De-orbit capabilities
- Orbit Awareness and Collision Avoidance

## **Providing advanced mission capabilities**

- Formation flying
- Inter-plane and cross-plane satellite links
- More powerful radios and modems (i.e. high bandwidth and low latency requirements)
- More powerful onboard processing (i.e. enabling more in-space processing of data)
- In-space protocol and network management

## **Advanced platform capabilities**

- Fast turnaround from idea conception to launch readiness
- Adaptable to many different payload types (size/power/interfaces)
- Enabling high duty cycle, either by high power generation or low power consumption
- Advanced ADCS (Attitude Determination and Control System) capabilities
- Autonomous operations capabilities on spacecrafts

## **Maturing mission assurance capabilities**

- Operational lifetime  $\geq 5$  years
- High availability of space infrastructure to ensure high availability of end-user services
- Cyber security
- Constellation Management with low operating expenses (i.e. requiring a high degree of autonomous operations)

GomSpace's response to these trends is an agile approach to meet market demands and to maintain our leadership position when it comes to being able to offer turnkey solutions. So, in effect, our product roadmap is an emerging roadmap that evolves with the market.

GomSpace is continuously devoted to evolve and develop our existing platforms, i.e. our well proven 1U, 2U, 3U and 6U platforms, as well as our new 8U platform. We are now also entering the 12U and 16U form-factors as the market demands evolve.

We are still evolving our communications capabilities with new and more powerful versions of our world-leading SDR (Software Defined Radio) platform as well as extending our range of frequencies supported by our radios, i.e. X- and Ka/Ku band frequency ranges.

To meet the ever-increasing demands for power generation, we are constantly evolving our Modular Solar Panels and Deployable Solar Panels product ranges as well as working towards the introduction of our sun-tracking Triple Deployable Solar Panels product range. The work on our Electric Power System also includes new versions of our power supplies and battery packs.

A significant step towards serving the increasing demands (incl. regulatory requirements) for propulsion onboard nanosatellites is to enable fast and low-cost series productions of standard propulsion modules and GomSpace is well underway in this regard. Also, GomSpace launched a new program to develop cost-effective hybrid propulsion systems with the potential to disrupt the propulsion industry.



On constellation management and mission assurance, we are working hard towards launching our Constellation Operations Platform. The development program is now very close to the first operational release.

Finally, we are engaging in several development activities to improve our processes and products to be able to serve deep space missions. This will once again demonstrate GomSpace's ability to be at the forefront of the nanosatellite revolution. The capabilities developed for the deep space missions will naturally trickle down into the LEO (low earth orbit) missions and thereby improve the mission assurance capabilities of GomSpace to the benefit of all our customers.



## Group - Key Figures and Ratios

	2019 Jan-Jun T.SEK	2018 Jan-Jun T.SEK	2018 Jan-Dec T.SEK
<b>KEY FIGURES</b>			
Net revenue	82,101	79,559	153,384
Gross profit	12,425	24,883	38,549
Operating profit (loss)	-69,958	-41,730	-116,601
Share of profit from associates	-1,581	-650	-2,112
Net financial items	-1,379	-648	-4,098
Profit (loss) before tax	-72,918	-43,028	-122,811
Profit (loss) for the period	-72,444	-35,462	-112,498
Investments in PPE	6,111	9,251	25,349
Total assets	521,565	382,991	608,542
Equity	375,789	277,954	441,843
Total liabilities	145,776	105,037	166,699
<b>RATIOS</b>			
Gross margin (%)	15%	31%	25%
Operating margin (%)	-85%	-52%	-76%
Net margin (%)	-88%	-45%	-73%
Return on invested capital (%)	-14%	-9%	-18%
Return on equity (%)	-22%	-15%	-36%
Equity ratio (%)	72%	73%	73%
Earnings per share, basic, SEK	-1.39	-1.30	-3.93
Earnings per share, diluted, SEK	-1.39	-1.29	-3.93
Number of outstanding shares basic, average	52,274,803	27,310,575	28,620,451
Number of outstanding shares as at 30 June 2019	52,274,803	28,340,667	52,274,803

Definition of key figures and ratios are defined in Note 1.

# Consolidated Income Statement

	Note	2019 Apr-Jun T.SEK	2018* Apr-Jun T.SEK	2019 Jan-Jun T.SEK	2018* Jan-Jun T.SEK	2018* Jan-Dec T.SEK
Net revenue	4	52,224	41,821	82,101	79,559	153,384
Cost of goods sold		-40,245	-30,109	-69,676	-54,676	-114,835
<b>Gross profit</b>		<b>11,979</b>	<b>11,712</b>	<b>12,425</b>	<b>24,883</b>	<b>38,549</b>
Sales and distribution costs		-23,020	-8,954	-32,868	-16,931	-38,310
Development costs		-19,321	-13,785	-25,243	-20,931	-58,119
Administrative costs		-12,220	-16,143	-24,614	-29,573	-59,423
Other operating income		254	533	342	822	702
<b>Operating profit (loss)</b>		<b>-42,328</b>	<b>-26,637</b>	<b>-69,958</b>	<b>-41,730</b>	<b>-116,601</b>
Share of profit from associates		-776	-539	-1,581	-650	-2,112
Finance income		793	1,869	1,321	5,565	3,468
Finance expenses		-1,022	-1,149	-2,700	-6,213	-7,566
<b>Profit (loss) before tax</b>		<b>-43,333</b>	<b>-26,456</b>	<b>-72,918</b>	<b>-43,028</b>	<b>-122,811</b>
Tax		1,073	4,814	474	7,566	10,313
<b>Profit (loss) for the period</b>		<b>-42,260</b>	<b>-21,642</b>	<b>-72,444</b>	<b>-35,462</b>	<b>-112,498</b>
<b>Profit (loss) is attributable to:</b>						
Owners of GomSpace Group AB		-42,260	-21,642	-72,444	-35,462	-112,498
		<b>-42,260</b>	<b>-21,642</b>	<b>-72,444</b>	<b>-35,462</b>	<b>-112,498</b>
<b>Consolidated Statement of Comprehensive Income</b>						
Profit (loss) for the period		-42,260	-21,642	-72,444	-35,462	-112,498
<b>Items which may be reclassified to the income statement:</b>						
Foreign exchange rate adjustments		3,166	511	4,987	2,991	6,026
<b>Other comprehensive income for the period, net of tax</b>		<b>3,166</b>	<b>511</b>	<b>4,987</b>	<b>2,991</b>	<b>6,026</b>
<b>Total comprehensive income for the period</b>		<b>-39,094</b>	<b>-21,131</b>	<b>-67,457</b>	<b>-32,471</b>	<b>-106,472</b>
<b>Total comprehensive income for the period is attributable to:</b>						
Owners of GomSpace Group AB		-39,094	-21,131	-67,457	-32,471	-106,472
		<b>-39,094</b>	<b>-21,131</b>	<b>-67,457</b>	<b>-32,471</b>	<b>-106,472</b>
Earnings per share, basic, SEK		-0.81	-0.82	-1.39	-1.30	-3.93
Earnings per share, diluted, SEK		-0.81	-0.82	-1.39	-1.29	-3.93
Number of outstanding shares basic, average		52,274,803	26,257,334	52,274,803	27,310,575	28,620,451
Number of outstanding shares diluted, average		52,274,803	26,329,756	52,274,803	27,420,359	28,620,451

\*The comparative figures are not restated to the effect of the IFRS 16 implementation.

# Consolidated Statement of Financial Position

		2019	2018*	2018*
	Note	30 Jun	30 Jun	31 Dec
		T.SEK	T.SEK	T.SEK
<b>ASSETS</b>				
Goodwill		3,710	3,710	3,710
Technology		9,800	10,600	10,200
Completed development projects		18,400	10,396	20,298
In process development projects		78,498	55,241	70,415
Other intangible assets		11,959	16,753	13,950
<b>Intangible assets</b>	7	<b>122,367</b>	<b>96,700</b>	<b>118,573</b>
Property, plant and equipment		35,711	28,670	37,911
Right-of-use assets		57,906	0	0
<b>Property, plant and equipment</b>	8	<b>93,617</b>	<b>28,670</b>	<b>37,911</b>
<b>Investments in associates</b>		<b>34,459</b>	<b>35,239</b>	<b>34,599</b>
Deferred tax		12,941	17,719	12,373
Other non-current assets		4,237	3,651	3,853
<b>Non-current assets</b>		<b>17,178</b>	<b>21,370</b>	<b>16,226</b>
<b>Total non-current assets</b>		<b>267,621</b>	<b>181,979</b>	<b>207,309</b>
Raw materials and consumables		25,571	20,781	30,050
<b>Inventories</b>		<b>25,571</b>	<b>20,781</b>	<b>30,050</b>
Contract work		19,401	24,757	30,095
Trade receivables		17,038	13,488	51,811
Tax receivable		8,088	5,664	7,913
Other prepayments		3,587	10,038	7,815
Other receivables		984	6,990	4,131
<b>Receivables</b>		<b>49,098</b>	<b>60,937</b>	<b>101,765</b>
<b>Cash and cash equivalents</b>		<b>179,275</b>	<b>119,294</b>	<b>269,418</b>
<b>Total current assets</b>		<b>253,944</b>	<b>201,012</b>	<b>401,233</b>
<b>Total assets</b>		<b>521,565</b>	<b>382,991</b>	<b>608,542</b>

	2019 30 Jun T.SEK	2018* 30 Jun T.SEK	2018* 31 Dec T.SEK
<b>EQUITY AND LIABILITIES</b>			
Share capital	3,660	1,985	3,660
Share premium	581,599	347,389	581,652
Translation reserve	9,231	1,209	4,244
Retained earnings	-218,701	-72,629	-147,713
<b>Total equity</b>	<b>375,789</b>	<b>277,954</b>	<b>441,843</b>
Credit institutions	18,941	26,817	23,403
Lease liabilities	47,878	0	2,890
Provision for loss on contract work	715	0	0
<b>Total non-current liabilities</b>	<b>67,534</b>	<b>26,817</b>	<b>26,293</b>
Current portion of non-current liabilities	20,170	7,967	9,895
Credit institutions	0	340	0
Trade payables and other payables	14,147	24,513	15,390
Contract work	11,686	9,774	48,988
Prepayments	7,485	11,896	14,103
Corporation tax	100	405	599
Other liabilities	24,654	23,325	51,431
<b>Total current liabilities</b>	<b>78,242</b>	<b>78,220</b>	<b>140,406</b>
<b>Total liabilities</b>	<b>145,776</b>	<b>105,037</b>	<b>166,699</b>
<b>Total equity and liabilities</b>	<b>521,565</b>	<b>382,991</b>	<b>608,542</b>

\*The comparative figures are not restated to the effect of the IFRS 16 implementation.

# Consolidated Statement of Changes in Equity

	Share capital T.SEK	Share premium T.SEK	Translation reserve T.SEK	Retained earnings T.SEK	Total equity T.SEK
<b>Equity 01.01.2018</b>	<b>1,839</b>	<b>227,136</b>	<b>-1,782</b>	<b>-41,878</b>	<b>185,315</b>
Total comprehensive income for the period	0	0	2,991	-35,462	-32,471
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>2,991</b>	<b>-35,462</b>	<b>-32,471</b>
Transactions with owners in their capacity as owners					
Increase in share capital	146	124,854	0	0	125,000
Increase in share capital, costs	0	-4,601	0	0	-4,601
Share-based payments	0	0	0	4,711	4,711
	<b>146</b>	<b>120,253</b>	<b>0</b>	<b>4,711</b>	<b>125,110</b>
<b>Equity 30.06.2018</b>	<b>1,985</b>	<b>347,389</b>	<b>1,209</b>	<b>-72,629</b>	<b>277,954</b>
<b>Equity 01.07.2018</b>	<b>1,985</b>	<b>347,389</b>	<b>1,209</b>	<b>-72,629</b>	<b>277,954</b>
Total comprehensive income for the period	0	0	3,035	-77,036	-74,001
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>3,035</b>	<b>-77,036</b>	<b>-74,001</b>
Transactions with owners in their capacity as owners					
Increase in share capital	1,675	249,633	0	0	251,308
Increase in share capital, costs	0	-15,370	0	0	-15,370
Share-based payments	0	0	0	1,952	1,952
	<b>1,675</b>	<b>234,263</b>	<b>0</b>	<b>1,952</b>	<b>237,890</b>
<b>Equity 31.12.2018</b>	<b>3,660</b>	<b>581,652</b>	<b>4,244</b>	<b>-147,713</b>	<b>441,843</b>
<b>Equity 01.01.2019</b>	<b>3,660</b>	<b>581,652</b>	<b>4,244</b>	<b>-147,713</b>	<b>441,843</b>
Total comprehensive income for the period	0	0	4,987	-72,444	-67,457
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>4,987</b>	<b>-72,444</b>	<b>-67,457</b>
Transactions with owners in their capacity as owners					
Increase in share capital, costs	0	-53	0	0	-53
Share-based payments	0	0	0	1,456	1,456
	<b>0</b>	<b>-53</b>	<b>0</b>	<b>1,456</b>	<b>1,403</b>
<b>Equity 30.06.2019</b>	<b>3,660</b>	<b>581,599</b>	<b>9,231</b>	<b>-218,701</b>	<b>375,789</b>

# Consolidated Cash Flow Statement

	2019 Apr-Jun T.SEK	2018* Apr-Jun T.SEK	2019 Jan-Jun T.SEK	2018* Jan-Jun T.SEK	2018* Jan-Dec T.SEK
Profit (loss) before tax	-43,333	-26,456	-72,918	-43,028	-122,811
Reversal of financial items	229	-721	1,379	647	4,098
Depreciation and amortizations	7,925	4,389	15,593	8,253	20,501
Result after tax from associates	776	539	1,581	650	2,112
Non-cash items	3,910	11,725	10,504	12,758	10,534
Changes in inventories	12,297	-10,786	5,305	-17,090	-24,658
Changes in trade receivables	15,498	-1,277	37,086	19,877	-18,461
Changes in other receivables	10,220	10,585	18,963	-3,811	-6,780
Changes in trade and other payables	-40,805	-15,647	-75,825	-32,143	31,170
<b>Cash flow from primary operating activities</b>	<b>-33,283</b>	<b>-27,649</b>	<b>-58,332</b>	<b>-53,887</b>	<b>-104,295</b>
Received interest financials	8	-3,694	8	2	2
Paid interest financials cost	-1,105	3,796	-2,323	-1,405	-3,564
Tax received	0	0	149	149	5,498
Tax paid	-66	-48	-121	-92	-208
<b>Cash flow from operating activities</b>	<b>-34,446</b>	<b>-27,595</b>	<b>-60,619</b>	<b>-55,233</b>	<b>-102,567</b>
Investments in intangible assets	-5,181	-18,334	-15,896	-32,145	-65,477
Investments in leasehold improvement, plant and equipment	-2,807	-4,968	-6,111	-9,251	-25,349
Deposit paid	15	2	-277	-75	-371
Government grants	1,954	0	1,954	0	9,366
Proceeds from sale of marketable securities	0	10	0	10	10
Proceeds from sale of non-current assets	0	0	0	0	17
Proceeds from sale of property, plant and equipment	0	5	0	5	0
<b>Cash flow from investing activities</b>	<b>-6,019</b>	<b>-23,285</b>	<b>-20,330</b>	<b>-41,456</b>	<b>-81,804</b>
<i>Financing from debt:</i>					
Borrowings	0	331	0	331	4,128
Repayment of borrowings	-2,457	-575	-4,061	-1,120	-3,301
Payment of lease liabilities	-2,541	0	-4,988	0	0
	-4,998	-244	-9,049	-789	827
<i>Financing from shareholders:</i>					
Capital increase	0	0	0	125,000	376,308
Capital increase, costs	0	-508	-53	-4,601	-19,972
	0	-508	-53	120,399	356,336
<b>Cash flow from financing activities</b>	<b>-4,998</b>	<b>-752</b>	<b>-9,102</b>	<b>119,610</b>	<b>357,163</b>
<b>Net cash flow for the period</b>	<b>-45,463</b>	<b>-51,632</b>	<b>-90,051</b>	<b>22,921</b>	<b>172,792</b>
Cash and cash equivalents, beginning of the period	94,207	156,830	248,754	84,170	84,170
Unrealized exchange rate gains and losses on cash	-375	-733	-92	717	1,059
Change in bank deposit for security	-10,018	-61	-120,260	-3,404	-9,267
<b>Cash and cash equivalents, end of the period</b>	<b>38,351</b>	<b>104,404</b>	<b>38,351</b>	<b>104,404</b>	<b>248,754</b>
<b>Reconciliation of cash and cash equivalents</b>					
Cash and cash equivalents according to the balance sheet	179,275	119,294	179,275	119,294	269,418
Bank deposit**	-140,924	-14,890	-140,924	-14,890	-20,664
<b>Cash and cash equivalents according to the cash flow statement</b>	<b>38,351</b>	<b>104,404</b>	<b>38,351</b>	<b>104,404</b>	<b>248,754</b>

\*The comparative figures are not restated to the effect of the IFRS 16 implementation.

\*\*Of which T.SEK 120,000 is on a deposit account which can be terminated at short notice.

# Parent Company Income Statement

	2019 Apr-Jun T.SEK	2018 Apr-Jun T.SEK	2019 Jan-Jun T.SEK	2018 Jan-Jun T.SEK	2018 Jan-Dec T.SEK
Net revenue	6,419	6,702	13,019	12,835	24,893
<b>Gross profit</b>	<b>6,419</b>	<b>6,702</b>	<b>13,019</b>	<b>12,835</b>	<b>24,893</b>
Administrative costs	-7,778	-7,716	-16,011	-15,728	-31,463
<b>Operating profit (loss)</b>	<b>-1,359</b>	<b>-1,014</b>	<b>-2,992</b>	<b>-2,893</b>	<b>-6,570</b>
Finance income	0	0	219	0	2,115
Finance expenses	-16	-177	-110	-2,838	-2,513
<b>Profit (loss) before tax</b>	<b>-1,375</b>	<b>-1,191</b>	<b>-2,883</b>	<b>-5,731</b>	<b>-6,968</b>
Tax	0	333	82	870	1,265
<b>Profit (loss) for the period</b>	<b>-1,375</b>	<b>-858</b>	<b>-2,801</b>	<b>-4,861</b>	<b>-5,703</b>
<b>Profit (loss) is attributable to:</b>					
Owners of GomSpace Group AB	-1,375	-858	-2,801	-4,861	-5,703
	<b>-1,375</b>	<b>-858</b>	<b>-2,801</b>	<b>-4,861</b>	<b>-5,703</b>
<b>Statement of Comprehensive Income</b>					
<b>Profit (loss) for the period</b>	<b>-1,375</b>	<b>-858</b>	<b>-2,801</b>	<b>-4,861</b>	<b>-5,703</b>
<b>Items which may be reclassified to the income statement:</b>					
<b>Other comprehensive income for the period, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>	<b>-1,375</b>	<b>-858</b>	<b>-2,801</b>	<b>-4,861</b>	<b>-5,703</b>



# Parent Company Statement of Financial Position

	2019 30 Jun T.SEK	2018 30 Jun T.SEK	2018 31 Dec T.SEK
<b>ASSETS</b>			
GomSpace A/S	245,846	110,971	245,846
GomSpace Sweden AB	45,056	34,056	45,056
GomSpace Orbital ApS	65	65	65
GomSpace Luxembourg S.A.R.L.	10,478	115	115
GomSpace Asia Pte. Ltd.	2,142	2,142	2,142
GomSpace North America LLC	1,105	1,105	1,105
<b>Investments in subsidiaries</b>	<b>304,692</b>	<b>148,454</b>	<b>294,329</b>
Aerial & Maritime Ltd.	24,115	24,115	24,115
<b>Investments in associates</b>	<b>24,115</b>	<b>24,115</b>	<b>24,115</b>
<b>Fixed asset investments</b>	<b>328,807</b>	<b>172,569</b>	<b>318,444</b>
Deferred tax	3,602	3,125	3,520
<b>Other non-current assets</b>	<b>3,602</b>	<b>3,125</b>	<b>3,520</b>
<b>Total non-current assets</b>	<b>332,409</b>	<b>175,694</b>	<b>321,964</b>
Trade receivables from subsidiaries	82,725	72,173	29,212
Trade receivables from associates	78	120	421
Tax receivable	18	0	0
Other prepayments	524	45	9
Other receivables	34	153	138
<b>Receivables</b>	<b>83,379</b>	<b>72,491</b>	<b>29,780</b>
<b>Cash and cash equivalents</b>	<b>164,016</b>	<b>96,550</b>	<b>254,966</b>
<b>Total current assets</b>	<b>247,395</b>	<b>169,041</b>	<b>284,746</b>
<b>Total assets</b>	<b>579,804</b>	<b>344,735</b>	<b>606,710</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	3,660	1,985	3,660
Share premium	578,311	344,101	578,364
Retained earnings	-2,723	-2,488	-1,378
<b>Total equity</b>	<b>579,248</b>	<b>343,598</b>	<b>580,646</b>
Payables to subsidiaries	0	0	10,382
Trade payables and other payables	282	602	105
Other liabilities	274	535	15,577
<b>Total current liabilities</b>	<b>556</b>	<b>1,137</b>	<b>26,064</b>
<b>Total liabilities</b>	<b>556</b>	<b>1,137</b>	<b>26,064</b>
<b>Total equity and liabilities</b>	<b>579,804</b>	<b>344,735</b>	<b>606,710</b>

# Parent Company Statement of Changes in Equity

	Share capital T.SEK	Share premium T.SEK	Retained earnings T.SEK	Total equity T.SEK
<b>Equity 01.01.2018</b>	<b>1,839</b>	<b>223,848</b>	<b>-2,338</b>	<b>223,349</b>
Total comprehensive income for the period	0	0	-4,861	-4,861
Increase in share capital	146	124,854	0	125,000
Increase in share capital, costs	0	-4,601	0	-4,601
Share-based payments	0	0	4,711	4,711
<b>Total comprehensive income for the period</b>	<b>146</b>	<b>120,253</b>	<b>-150</b>	<b>120,249</b>
<b>Equity 30.06.2018</b>	<b>1,985</b>	<b>344,101</b>	<b>-2,488</b>	<b>343,598</b>
<b>Equity 01.07.2018</b>	<b>1,985</b>	<b>344,101</b>	<b>-2,488</b>	<b>343,598</b>
Total comprehensive income for the period	0	0	-842	-842
Increase in share capital	1,675	249,633	0	251,308
Increase in share capital, costs	0	-15,370	0	-15,370
Share-based payments	0	0	1,952	1,952
<b>Total comprehensive income for the period</b>	<b>1,675</b>	<b>234,263</b>	<b>1,110</b>	<b>237,048</b>
<b>Equity 31.12.2018</b>	<b>3,660</b>	<b>578,364</b>	<b>-1,378</b>	<b>580,646</b>
<b>Equity 01.01.2019</b>	<b>3,660</b>	<b>578,364</b>	<b>-1,378</b>	<b>580,646</b>
Total comprehensive income for the period	0	0	-2,801	-2,801
Increase in share capital, costs	0	-53	0	-53
Share-based payments	0	0	1,456	1,456
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>-53</b>	<b>-1,345</b>	<b>-1,398</b>
<b>Equity 30.06.2019</b>	<b>3,660</b>	<b>578,311</b>	<b>-2,723</b>	<b>579,248</b>

# Notes to the Interim Consolidated Financial Statements

## 1. Accounting policies

### Basis of preparation

The interim consolidated financial statements for the second quarter of 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company applies the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

### Key ratios definitions

Gross margin	=	$\frac{\text{gross profit}}{\text{net revenue}}$
Operating margin	=	$\frac{\text{operating profit}}{\text{net revenue}}$
Net margin	=	$\frac{\text{profit}}{\text{net revenue}}$
Return on invested capital	=	$\frac{\text{profit}}{\text{total assets}}$
Return on equity	=	$\frac{\text{profit}}{\text{average equity}}$
Equity ratio	=	$\frac{\text{equity}}{\text{total assets}}$
Earnings per share, basic	=	$\frac{\text{profit}}{\text{number of shares basic, average}}$
Earnings per share, diluted	=	$\frac{\text{profit}}{\text{number of shares diluted, average}}$
Working capital	=	Inventory + Contract work + Trade receivables + Other prepayments + Other receivables - Trade payables and other payables - Contract work - Prepayments - Other liabilities

## 2. New standards adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 Leases that requires restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim consolidated financial statements of the Group.

### **IFRS 16 Leases**

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient - without restating comparative figures - allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

### **Nature and the effect of adopting IFRS 16**

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expenses in the income statement on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

When assessing the expected lease period, the Group has identified the non-cancellable term of the lease, together with periods covered by an option to extend the lease, which management with reasonable probability expects to exercise, and together with periods covered by an option to terminate the lease which management with reasonable probability expects not to exercise.

Regarding leasing of operating equipment, the Group has assessed that the expected lease period constitutes the non-cancellable term of the lease as the Group has not previously made use of an option to extend the lease in similar agreements.

When discounting lease payments to current value, the Group has applied its alternative loan interest which comprises the costs of raising external financing for a similar asset in the currency used for the lease payments. The Group has documented the alternative loan interest for each portfolio of leases with uniform characteristics.

When assessing the Group's alternative loan interest, the Group has stated its alternative loan interest for each of the property leases based on an interest from a property bond in the same currency used for the lease payments. Interest on financing of the share for which the mortgage loan cannot be used is estimated based on the benchmark rate deduced from the Group's existing credit facilities. The Group has applied a weighted average alternative loan interest for discounting future lease payments at 2.7% for property and 3.75% for operating equipment, respectively.

## 2. New standards adopted by the Group (continued)

T.SEK

The effect of adopting IFRS 16 as at 1 January 2019 is as follows:

## Assets

Right-of-use assets	61,646
Property, plant and equipment	-4,097
<b>Total assets</b>	<b>57,549</b>

## Liabilities

Interest-bearing loans and borrowings	57,549
<b>Total liabilities</b>	<b>57,549</b>

No effect on equity.

Impact on the income statement (increase/(decrease))  
for the six months ended 30 June 2019:

Depreciation expense (included in Cost of goods sold, Sales and distribution costs, Development costs and Administrative costs)	-4,741
Rent expense (included in Cost of goods sold, Sales and distribution costs, Development costs and Administrative costs)	5,149
<b>Operating profit</b>	<b>408</b>
Finance costs	-767
Income tax expense	79
<b>Profit (loss) for the period</b>	<b>-280</b>

Impact on the statement of cash flows (increase/(decrease))  
for the six months ended 30 June 2019:

Net cash flows from operating activities	4,381
Net cash flows from financing activities	-4,381
	0

There is no material impact on other comprehensive income and the basic and diluted EPS.

Lease assets primarily consist of property and operating equipment. On the transition date, the total lease asset amounts to T.SEK 57,549 (previously operating leases) and finance leases which are transferred from property, plant and equipment amount to T.SEK 4,097, equivalent to a total of T.SEK 61,646.

### 3. Significant accounting estimates and judgments

In preparing the Interim Report, Management makes various accounting estimates and assumptions which form the basis of presentation, recognition and measurement of the Group's assets and liabilities. The most significant accounting estimates and judgments are presented below.

In applying the Group's accounting policies, Management makes judgments which may significantly influence the amounts recognized in the Interim Report. Determining the carrying amount of some assets and liabilities requires judgments, estimates and assumptions concerning future events.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

The Group has established a warrant program from 27 April 2017 to 27 April 2021. 100% of the warrants in the first grant is vested and the management expects that 50% of the warrants will be vested in the fourth grant. The Group has also established a warrant program from 26 April 2018 to 26 April 2022. 100% of the warrants in the first grant is vested and the management expects that 50% of the warrants will be vested in the fourth grant.

#### Development

For in process development projects an impairment test is performed annually. The impairment test is performed on the basis of various factors, including future expected use of the outcome of the project, the fair value of the estimated future earnings or savings, interest rates and risks.

For in process development projects, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. The carrying amount of in process development projects is disclosed in note 7.

#### Lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

#### Alternative loan interest

The Group applies its alternative loan interest when measuring future lease payments at current value. When assessing the alternative loan interest, the Group has categorized its portfolio of lease assets into two categories where the Group assesses that the leases and the underlying assets of each category have the same characteristics and risk profile. The categories are as follows:

- Properties
- Operating equipment

The Group determines the alternative loan interest for the above categories of leases in relation to initial recognition of a lease. Moreover, it is determined in relation to subsequent changes in the underlying contractual cash flows from changes in the Group's estimate of a residual value guarantee, in case the Group alters its assessment of whether an option to acquire, prolong or terminate with reasonable probability is expected to be exercised or in case the lease is to be modified.

#### Properties

When assessing the Group's alternative loan interest, the Group has stated its alternative loan interest for each of the property leases based on an interest from a property bond in the same currency used for the lease payments. Interest on financing of the share for which the mortgage loan cannot be used is estimated based on the benchmark rate deduced from the Group's existing credit facilities.

#### Operating equipment

The Group has stated its alternative loan interest for leases of operating equipment based on a benchmark rate deduced from the Group's existing credit facilities.

#### Contract work

Recognized revenue on contract work is based on percentage of completion which is based on cost incurred on the contract as a percentage of the total cost estimated to complete the project. Management estimates, on an ongoing basis, the cost required to complete the projects and whether the costs can be recovered through the contract. The carrying amount of contract work in progress is disclosed in the consolidated statement of financial position.

#### Backlog, Revenue and Trade receivables

A material part of the Group's backlog, sales and revenue as well as trade receivables is generated from a few large customers. Since the first quarter 2019, there is an increased risk that customers do not place orders or otherwise fulfil their respective undertakings due to e.g. lack of financial resources or other circumstances beyond the Company's control. Should the Group lose business from all or some of its top customers it may have an adverse impact on the Group's business, financial position and profits in the future.

#### Deferred tax

Regarding deferred tax there is a recognized tax asset concerning tax loss carry-forward. It is Management's opinion that the tax loss can be utilized.

## 4. Revenue

## Business segments

	Academia T.SEK	Com- mercial T.SEK	Defense T.SEK	Science T.SEK	Total T.SEK
<b>Jan-Jun 2019</b>					
<b>Geographical</b>					
Sweden	-65	1,698	0	433	2,066
Denmark	1,012	1,646	0	0	2,658
Europe (excluding Sweden and Denmark)	600	43,536	-50	12,274	56,360
USA	729	4,759	1,042	175	6,705
Asia	823	3,233	635	70	4,761
Rest of the world	4,867	4,260	424	0	9,551
	<b>7,966</b>	<b>59,132</b>	<b>2,051</b>	<b>12,952</b>	<b>82,101</b>

**Jan-Jun 2018****Geographical**

Sweden	-89	0	0	45	-44
Denmark	1,731	558	0	0	2,289
Europe (excluding Sweden and Denmark)	636	35,429	4	6,707	42,776
USA	30	4,003	1,108	0	5,141
Asia	3,212	3,298	724	333	7,567
Rest of the world	335	21,440	0	55	21,830
	<b>5,855</b>	<b>64,728</b>	<b>1,836</b>	<b>7,140</b>	<b>79,559</b>

**Jan-Jun 2019****Major goods/service lines**

Sales of satellite solutions	803	48,805	1,677	12,397	63,682
Sales of platforms, payloads and subsystems	7,163	10,084	374	555	18,176
Other sales	0	243	0	0	243
	<b>7,966</b>	<b>59,132</b>	<b>2,051</b>	<b>12,952</b>	<b>82,101</b>

**Jan-Jun 2018****Major goods/service lines**

Sales of satellite solutions	2,742	53,051	1,832	7,073	64,698
Sales of platforms, payloads and subsystems	3,113	11,316	4	67	14,500
Other sales	0	361	0	0	361
	<b>5,855</b>	<b>64,728</b>	<b>1,836</b>	<b>7,140</b>	<b>79,559</b>

**Jan-Jun 2019****Order book**

Order backlog 1 January	3,281	685,374	1,866	24,881	715,402
Currency adjustment	1,355	21,878	-205	3,268	26,296
Order intake	5,491	13,991	1,665	55,360	76,507
Cancelled orders*	0	-616,904	0	-1,094	-617,998
Converted to revenue	-7,966	-59,132	-2,051	-12,952	-82,101
<b>Order backlog 30 June</b>	<b>2,161</b>	<b>45,207</b>	<b>1,275</b>	<b>69,463</b>	<b>118,106</b>

Low-risk customers	2,161	2,441	1,275	68,510	74,387
High-risk customers	0	42,766	0	953	43,719
<b>Order backlog 30 June</b>	<b>2,161</b>	<b>45,207</b>	<b>1,275</b>	<b>69,463</b>	<b>118,106</b>

\* In the commercial segment, we have from this quarter chosen to exclude our customer Sky and Space Global - their order has a value of T.SEK 613,020.

**Jan-Jun 2018****Order book**

Order backlog 1 January	6,935	696,383	3,904	16,166	723,388
Currency adjustment	-256	13,409	231	822	14,206
Order intake	1,351	19,513	3,036	20,884	44,784
Converted to revenue	-5,854	-64,729	-1,836	-7,140	-79,559
<b>Order backlog 30 June</b>	<b>2,176</b>	<b>664,576</b>	<b>5,335</b>	<b>30,732</b>	<b>702,819</b>

## 5. Income tax and deferred tax

The Group had a recognized deferred tax loss carry-forward at a total amount of T.SEK 22,335 (T.SEK 36,136). The parent company, GomSpace Group AB, had a non-recognized deferred tax loss carry-forward at a total amount of T.SEK 9,409 (T.SEK 6,236). This amount can only be used by the Swedish entities and no tax profit is expected to be generated within a foreseeable future. Once the non-recognized deferred tax loss carry-forward in the parent company is recognized, this is done over equity as it regards deferred tax concerning expenses booked on equity.

	2019 30 Jun T.SEK	2018 30 Jun T.SEK
<b>Deferred tax asset related to:</b>		
Intangible assets	-17,954	-19,396
Property, plant and equipment	-6,299	313
Short-term assets	2,149	666
Lease liabilities	12,710	0
Tax loss carry-forward	22,335	36,136
	<b>12,941</b>	<b>17,719</b>
Tax loss carry-forward	-62,203	42,372
Unrecognized as deferred tax asset	39,868	-6,236
<b>Tax loss carry-forward recognized as deferred tax asset</b>	<b>22,335</b>	<b>36,136</b>

## 6. Share-based payment

GomSpace Group AB (publ) established warrant programs as an incentive for all the Group's employees. Board members of the Group will not be allowed to participate. The warrant activity for the year is outlined below.

	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Outstanding warrants as at 1 January	632,945	393,647	393,647
Granted	0	327,111	328,540
Forfeited	-36,014	-9,292	-89,242
Exercised	0	0	0
<b>Outstanding warrants</b>	<b>596,931</b>	<b>711,466</b>	<b>632,945</b>

A detailed description of the warrant program for 2017/20 and 2018/21 can be found in the annual report for 2018, note 5.

	<u>First award</u>	<u>Second award</u>	
	Warrant program 2017/20	Warrant program 2017/20	Warrant program 2018/21
Volatility	70%	70%	58%
Risk-free interest rate	0%	0%	1%
Dividend yield	0%	0%	0%
Early-exercise date	27.04.2020	27.04.2020	26.04.2021
Expiration date	27.04.2021	27.04.2021	26.04.2022
Share price (SEK per share)	54	58.3	60.4
Exercise price (SEK per share)	45.1	45.1	54.1
Fair value at grant date (SEK per warrant)	27.6	30.9	25.4
Outstanding warrants 30 June 2019	215,324	118,095	263,512

The costs of this program will be recognized as cost in the consolidated income statement over the service period.



## 7. Intangible assets

	Goodwill T.SEK	Technology T.SEK	In proces development projects T.SEK	Completed development projects T.SEK	Other intangible assets T.SEK	Total T.SEK
<b>Group</b>						
Cost price at 1 January 2019	3,710	12,000	70,421	33,615	21,695	141,441
Additions during the year	0	0	6,270	0	0	6,270
Reclassification	0	0	-5	5	0	0
Exchange rate adjustment	0	0	1,812	1,109	536	3,457
Cost price at 30 Jun 2019	3,710	12,000	78,498	34,729	22,231	151,168
Amortization at 1 January 2019	0	-1,800	0	-13,319	-7,743	-22,862
Amortization	0	-400	0	-2,664	-2,360	-5,424
Exchange rate adjustment	0	0	0	-346	-169	-515
Amortization at 30 June 2019	0	-2,200	0	-16,329	-10,272	-28,801
<b>Carrying amount at 30 June 2019</b>	<b>3,710</b>	<b>9,800</b>	<b>78,498</b>	<b>18,400</b>	<b>11,959</b>	<b>122,367</b>
Cost price at 1 January 2018	3,710	12,000	26,576	14,509	20,843	77,638
Additions during the year	0	0	32,036	0	109	32,145
Reclassification	0	0	-5,581	5,581	0	0
Exchange rate adjustment	0	0	2,210	954	1,052	4,216
Cost price at 30 June 2018	3,710	12,000	55,241	21,044	22,004	113,999
Amortization at 1 January 2018	0	-1,000	0	-8,146	-2,418	-11,564
Amortization	0	-400	0	-1,987	-2,670	-5,057
Exchange rate adjustment	0	0	0	-515	-163	-678
Amortization at 31 June 2018	0	-1,400	0	-10,648	-5,251	-17,299
<b>Carrying amount at 31 June 2018</b>	<b>3,710</b>	<b>10,600</b>	<b>55,241</b>	<b>10,396</b>	<b>16,753</b>	<b>96,700</b>

**Impairment test**

The annual impairment test for goodwill is performed as at 31 December after completion of budgets and strategy plans for the next 5 years. As at 30 June 2019, management assesses that there is no indication of impairment regarding the net asset values for goodwill and intangible assets with an indefinite useful life.

## 8. Property, plant and equipment

	Right-of use assets T.SEK	Leasehold improvements T.SEK	Other fixtures fittings, tool and equipment T.SEK	Total property, plant and equipment T.SEK
<b>Group</b>				
Cost price at 1 January 2019	61,678	27,419	20,955	110,052
Additions during the year	0	4,752	1,359	6,111
Exchange rate adjustment	1,353	732	450	2,535
Cost price at 30 June 2019	63,031	32,903	22,764	118,698
Depreciation at 1 January 2019	-30	-2,956	-11,605	-14,591
Depreciation	-5,120	-2,742	-2,306	-10,168
Exchange rate adjustment	25	-65	-282	-322
Depreciation at 30 June 2019	-5,125	-5,763	-14,193	-25,081
<b>Carrying amount at 30 June 2019</b>	<b>57,906</b>	<b>27,140</b>	<b>8,571</b>	<b>93,617</b>
Cost price at 1 January 2018	0	9,963	16,372	26,335
Additions during the year	0	6,924	2,327	9,251
Disposals during the year	0	0	-202	-202
Exchange rate adjustment	0	723	905	1,628
Cost price at 30 June 2018	0	17,610	19,402	37,012
Depreciation at 1 January 2018	0	-852	-4,149	-5,001
Depreciation	0	-519	-2,679	-3,198
Disposals during the year	0	0	198	198
Exchange rate adjustment	0	-62	-279	-341
Depreciation at 30 June 2018	0	-1,433	-6,909	-8,342
<b>Carrying amount at 30 June 2018</b>	<b>0</b>	<b>16,177</b>	<b>12,493</b>	<b>28,670</b>

## 9. Classification of financial assets and liabilities

	Loans and receivables T.SEK	Other financial liabilities T.SEK	Total T.SEK	Carrying amount T.SEK
<b>30 June 2019</b>				
<b>Assets</b>				
Trade and other receivables	37,423	0	37,423	37,423
Cash and cash equivalents	179,275	0	179,275	179,275
<b>Total assets</b>	<b>216,698</b>	<b>0</b>	<b>216,698</b>	<b>216,698</b>
<b>Liabilities</b>				
Credit institutions and non-current loans	0	86,989	86,989	86,989
Trade payables and other payables	0	38,801	38,801	38,801
Prepayments	0	19,171	19,171	19,171
<b>Total liabilities</b>	<b>0</b>	<b>144,961</b>	<b>144,961</b>	<b>144,961</b>
<b>30 June 2018</b>				
<b>Assets</b>				
Trade and other receivables	45,235	0	45,235	45,235
Marketable securities	0	0	0	0
Cash and cash equivalents	119,294	0	119,294	119,294
<b>Total assets</b>	<b>164,529</b>	<b>0</b>	<b>164,529</b>	<b>164,529</b>
<b>Liabilities</b>				
Credit institutions	0	35,124	35,124	35,124
Trade payables and other payables	0	47,838	47,838	47,838
Prepayments	0	21,670	21,670	21,670
<b>Total liabilities</b>	<b>0</b>	<b>104,632</b>	<b>104,632</b>	<b>104,632</b>

Fair value of credit institutions and other non-current loans are deemed to be the equal to the total carrying amount, as these items are of a short-term nature.

The fair values of financial instruments traded in an active market (such as financial instruments held for trading and available-for-sale financial instruments) are based on quoted market prices as at the balance sheet date. A market is regarded as active if quoted prices from an exchange, broker, industry group, pricing service or regulatory authority are easily and regularly available, and provided these prices represent actual and regularly occurring arm's length market transactions. The quoted market price used for the Group's financial assets is the current bid price. These instruments belong to Level 1.

The fair values of financial instruments which are not traded in an active market are determined with the help of valuation techniques. Market data is used as far as possible when such data is available. If all significant inputs required for the fair value measurement of an instrument are observable, the instrument belongs to Level 2.

In cases where one or several significant inputs are not based on observable market information, the instrument is classified as Level 3.

The above table shows financial instruments carried at fair value based on their classification in the fair value hierarchy. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly in the form of quoted prices or indirectly, i.e. derived from quoted prices (Level 2)
- Inputs or the asset or liability which are not based on observable market data (non-observable inputs) (Level 3)

In the second quarter of 2019, no transfers between levels were made.

## 10. Related parties

Related parties comprise the associated companies, the Board of Directors and the management team. Furthermore, related parties comprise companies in which the above-mentioned persons have significant interests.

The Group has the following transactions with related parties:

	2019 Apr-Jun T.SEK	2018 Apr-Jun T.SEK	2018 Jan-Dec T.SEK
Transactions with related parties			
Sale of goods and services to associates	2,664	21,881	6,687
Administration costs from Board of Directors and management team	222	255	3,278
Receivables from associates on the balance sheet date	276	1,023	850

# Significant events during the period

## **GomSpace and UnseenLabs to continue the development of a second-generation space system**

June 20, 2019 – GomSpace A/S has been selected by UnseenLabs SAS to develop and deliver their second-generation space system. The collaboration will result in further enhancement of the capabilities to provide disruptive spectrum monitoring services from space, featuring unique hardware and software. Under the ATP (Authorization to Proceed), signed at the Paris Airshow, the parties will complete work to define the scope and specifications of the new space system to be finally contracted within the fall of 2019.

## **GomSpace is adjusting the organization to reach cash flow objectives**

June 18, 2019 – GomSpace continues to reduce the costs and intends to reduce the staff with up to 30 employees before the end of this month. The change will have full effect from the fourth quarter of 2019. The cost reductions will be aimed at reducing overhead costs in the administration and overhead costs in manufacturing. The cost reductions also include replacements in the Executive Team.

## **Payload collaboration initiated for the GOMX-5 mission**

June 5, 2019 – As announced on December 20, 2018, GomSpace signed a development contract with ESA for the initiation of a new GOMX-5 satellite mission. The purpose of the mission is to demonstrate new nanosatellite capabilities for the next generation of constellations requiring high speed communications links and high levels of manoeuvrability. The GOMX-5 mission will consist of two 12U nanosatellites in the 20kg class with an improved platform for increased power handling and reliability. Furthermore, the satellites will be equipped with a number of advanced payloads.

## **GomSpace to design world's first stand-alone nanosatellite asteroid rendezvous mission**

May 23, 2019 – GomSpace's subsidiary in Luxembourg and the European Space Agency (ESA) have signed a contract of EUR 400,000 for the Phase A design of the Miniaturized Asteroid Remote Geophysical Observer (M-ARGO) mission. Under the contract, GomSpace will be in charge of preliminary design of the mission, spacecraft and implementation planning. A "12U" CubeSat spacecraft configuration is envisioned for the mission, packing in beyond state-of-the-art advancements in miniaturized technologies including communication, instrumentation, electric propulsion and operational autonomy to be demonstrated in the deep space environment. Expected launch of the mission is in 2023, subject to funding of the implementation phase, and it will be the first nanosatellite ever to rendezvous with an asteroid and perform close proximity operations over an extended period for identification of in-situ resources.

## **6U agreement between GomSpace and Sky and Space Global finalized**

May 13, 2019 – As announced on 8 April 2019 by GomSpace, Sky and Space Global and GomSpace have entered into a Heads of Agreement consisting of two parts: A new agreement (6U Agreement) and Changes to the original agreement from 2017 (as amended) (Pearls Agreement). Entering into the Heads of Agreement, GomSpace expected the above-mentioned agreements to be finalized no later than May 2019.

Today, both parties signed the definite agreement of the delivery of 6U satellites. The new agreement includes a delivery of the first batch of 8 nanosatellites by the first quarter of 2020 - and an optional batch of 8 more nanosatellites planned for first half year 2020. The order value of the first batch of 8 nanosatellites is EUR 5.3 million, and the order value of the optional batch of an additional 8 nanosatellites is up to EUR 3.8 million.

## **ESA and GomSpace sign contract to adapt and improve smallsat subsystems for deep space**

May 10, 2019 – GomSpace and ESA have signed a contract to adapt and improve smallsat systems and subsystems for science missions in deep space. The contract value is EUR 3,900,000 over 18 months (EUR 3,300,000 for GomSpace Denmark and EUR 600,000 for GomSpace Sweden). The contract is carried out under the Science Programme funded by ESA.

## **Customer update**

April 16, 2019 – GomSpace Group AB informs that the customer Sky and Space Global Ltd. has disclosed a Supplementary Prospectus on April 16, 2019. As stated in the press release by GomSpace dated April 8, 2019, GomSpace and Sky and Space Global have entered into a "Heads of Agreement" for one new agreement and replacement of the original agreement entered into in 2017 (as amended), the potential new agreement is conditional upon secured financing by Sky and Space Global Ltd.

## **Nanosatellites see the light – laser communication for a new age in space**

April 10, 2019 – TESAT, KSAT and GomSpace have partnered up to introduce full optical communications capability for new innovative small satellite missions and space-based services. Until now, this technology has mainly been used on large and expensive satellites but is now further developed, miniaturized and ready for use on small satellites and new constellations. The new technology will be launched in the PIXL demonstration mission later in 2019.

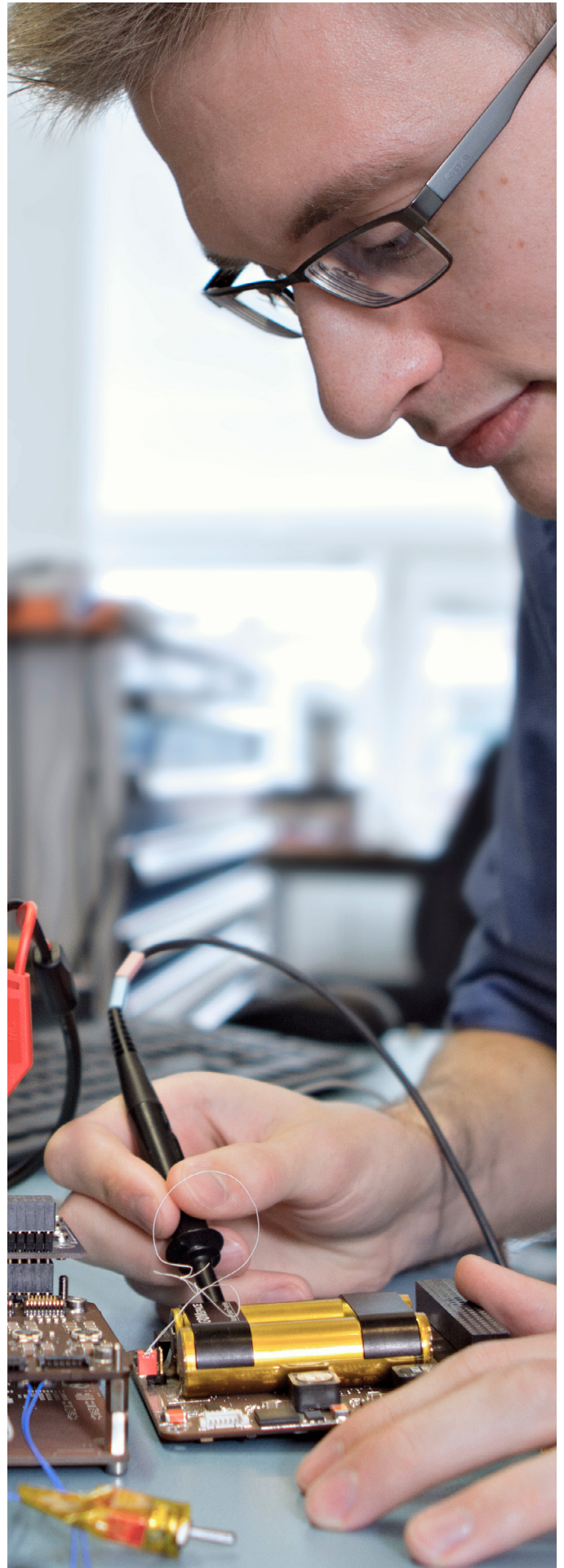
## **GomSpace and Sky and Space Global have entered into a "Heads of Agreement"**

April 8, 2019 – GomSpace and Sky and Space Global have entered into a "Heads of Agreement" for one new agreement and replacement of the original agreement entered into in 2017 (as amended). GomSpace Group AB and Sky and Space Global have conducted recent evaluation discussions regarding the provision and manufacturing by GomSpace of an additional constellation of nanosatellites for global services for Internet of Things (IoT) and Machine to Machine (M2M). In connection therewith, in order to reflect changes to the original project, the parties have also discussed changes to the original agreement and have now agreed on the principle terms for the provision and manufacturing by GomSpace of an additional constellation of nanosatellites under a new agreement and the principle terms for replacement of the original agreement entered into in 2017 (as amended). A replacement of the original agreement is necessary for the continued cooperation under the original project.

## Significant events after the accounting period

### **ESA and GomSpace Luxembourg sign contract for continued constellation management development**

August 23, 2019 - GomSpace's subsidiary in Luxembourg and the European Space Agency (ESA) signed a development contract at a value of EUR 1,425,000 for GomSpace Luxembourg SARL's continued development of the Mega-Constellation Operations Platform (MCOP) product. The development of MCOP was initiated in 2018 under the first development contract resulting in development of a minimum viable product focusing on scalability which was recently proven through the first operational deployment test.



# Financial Calendar

Interim report, July - September 2019

29 November 2019

## COMPANY INFORMATION

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## MANAGEMENT'S STATEMENT

The Board of Directors and the CEO certify that this Interim Report presents a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2019, and of the results of the Group's and the parent company's operations and cash flow. The Interim Report also describes the significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, 30 August 2019

## Executive Board and Board of Directors

Niels Buus  
CEO

Jukka Pekka Pertola  
Chairman

Niels Jesper Jespersen Jensen

Steen Lorenz Johan Hansen

Henrik Schibler

This Interim Report has not been reviewed by the company's auditors.

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