

GOMSPACE

1 OCTOBER - 31 DECEMBER 2019
AND 1 JANUARY - 31 DECEMBER 2019

FOURTH QUARTER 2019

- Order intake increased to T.SEK 89,347 (19,488)
- Net revenues decreased to T.SEK 38,406 (40,217)
- Gross margin increased to 10% (6%)
- Operating profit (loss) increased to a negative T.SEK 16,628 (a negative 44,514)
- Earnings per share were a negative SEK 0.78 (a negative 1.73)

EVENTS

- GomSpace and Lockheed Martin Space entered a contract worth SEK 17 million for development and delivery of a 6U nanosatellite
- GomSpace and Unseen Labs enter into a SEK 18.6 million contract

FULL YEAR 2019

- Order intake increased to T.SEK 192,354 (120,741)
- Net revenues decreased to T.SEK 136,263 (153,384)
- Gross margin decreased to 13% (25%)
- Operating profit (loss) increased to a negative T.SEK 113,856 (a negative 116,601)
- Earnings per share were a negative SEK 2.90 (a negative 3.93)
- The Board proposes no dividend for 2019

OUTLOOK FOR 2020

- In 2020, we expect to convert between SEK 160-185 million into revenue.
- In 2019, we converted SEK 136 million into revenue compared to an expected SEK 128-138 million.

FINANCIAL SUMMARY

T.SEK	Q4			Full year		
	2019	2018*	▲%	2019	2018*	▲%
Orders received	89,347	19,488	358%	192,354	120,741	59%
Net revenue	38,406	40,217	-5%	136,263	153,384	-11%
Gross profit	3,765	2,359	60%	17,994	38,549	-53%
Gross margin	10%	6%	4 pp.	13%	25%	-12 pp.
Operating profit (loss)	-16,628	-44,514	63%	-113,856	-116,601	2%
- As a percentage of revenues	-43%	-111%	67 pp	-84%	-76%	-8 pp.
Profit (loss) before tax	-46,111	-49,454	7%	-146,531	-122,811	-19%
- As a percentage of revenues	-120%	-123%	3 pp.	-108%	-80%	-27 pp.
Profit (loss) for the period	-40,597	-53,657	24%	-151,663	-112,498	-35%
- As a percentage of revenues	-106%	-133%	28 pp.	-111%	-73%	-38 pp.
Cost of goods sold	34,641	37,858	-8%	118,269	114,835	3%
- As a percentage of revenues	90%	94%	-4 pp.	87%	75%	12 pp.
Sales and distribution costs	4,393	11,982	-63%	43,789	38,310	14%
- As a percentage of revenues	11%	30%	-18 pp.	32%	25%	7 pp.
Development costs	3,115	18,715	-83%	40,635	58,119	-30%
- As a percentage of revenues	8%	47%	-38 pp.	30%	38%	-8 pp.
Administrative costs	10,195	16,015	-36%	45,030	59,423	-24%
- As a percentage of revenues	27%	40%	-13 pp.	33%	39%	-6 pp.
Balance sheet items						
Intangible assets	120,554	118,573	2%			
Property, plant and equipment	85,603	37,911	126%			
Working capital	-20,522	6,010	-441%			
Net cash and cash equivalents	127,160	269,418	-53%			
Equity	295,682	441,843	-33%			
Liabilities	141,071	166,699	-15%			

*The comparative figures are not restated to the effect of the IFRS 16 implementation (see note 2)



Comments from

Niels Buus

CEO

In the fourth quarter of 2019, we started showing progress again after we performed a big cost reduction program due to the loss of the large Sky and Space Global order. During the year, we have reduced the staff with more than 100 people and cut the cost with more than 60 million SEK and we have thereby reduced our total cash burn from 184 million SEK in 2018 to 142 million in 2019. In the last quarter of 2019, it was reduced to SEK 23 million.

These activities have influenced the company's performance by most accounts. The net revenue in 2019 amounted to T.SEK 136,263 compared to T.SEK 153,384 in 2018. This corresponds to a decrease of 11%. The gross margin amounts to 13% compared to 25% in 2018.

In 2019, it has been a priority to handle all the critical issues so that we are ready to move the company forward again in 2020. Our spin-out company, Aerial & Maritime (A&M) has also been under consideration. The company failed in getting financed as it was intended and announced in the press release in June 2018. During 2019, the shareholders in A&M did not manage to enter an agreement on alternative financing solutions. This means that A&M has been restricted in its operation during the last 12 to 18 months. During the last months we have performed a strategic review and as consequence of that, we are now writing down the value of our 39% ownership in A&M to the realizable value, i.e. SEK 23 million. This action will have no influence on our cash flow and our financial goals. We believe in our ADS-B technology and competences and we are very optimistic about our possibilities as a supplier of ADS-B solutions.

Having these things out of the way, we can now focus fully on optimizing the performance of the company. The basis for that is that sales have now gained a positive momentum again. At the end of 2019, we had an order backlog at SEK 153 million against SEK 94 million* in 2018. This means that we are very well positioned to reach our operational goals for 2020.

In the fourth quarter we have done well in the manufacturing of our products. We have improved the efficiency and the volume has also increased. Due to this, we see good improvements in the margins.

The activity level on non-recurring engineering in GomSpace is high. The margins are, however, lower than expected. We have a stable and very important activity level on ESA projects, from which we are developing a broad spectrum of new products and capabilities that are important in our aim also to provide highly professional constellation solutions to the established service providers.

Regardless of our struggles in 2019, the market for space technology is in a long-term growth phase and it is very important that we orient ourselves towards growth again. Although it is important to maintain a high engagement level with ESA, our approach will be to increase our competitiveness through the development of our product portfolio in such a way that we can change our product mix towards higher margins and scalability.

Niels Buus, CEO

*excluding the Sky and Space Global order

Financial Performance

T.SEK	Business segments				
	Academia	Com-mercial	Defense	Science	Total
Order backlog 1 January 2019	3,281	685,374	1,866	24,881	715,402
Currency adjustment	1,393	26,013	66	4,314	31,786
Order intake	7,289	20,285	2,639	72,794	103,007
Cancelled orders	-1,188	-617,140	-238	-1,152	-619,718
Converted to revenue	-9,347	-59,698	-2,897	-25,915	-97,857
Order backlog 30 September 2019	1,428	54,834	1,436	74,922	132,620
Currency adjustment	-753	-9,305	-1,422	1,720	-9,760
Order intake	2,824	52,207	1,923	32,393	89,347
Cancelled orders	0	-20,643	0	-418	-21,061
Converted to revenue	-2,271	-13,103	-912	-22,120	-38,406
Order backlog 31 December 2019	1,228	63,990	1,025	86,497	152,740

In the commercial segment, we have chosen to exclude Sky and Space Global as they did not fulfill their part of the agreement - their order has a value of T.SEK 613,020.

Order intake and backlog

The orders received for Q4 2019 increased with 358% to T.SEK 89,347 (19,488). The orders received for the year 2019 increased with 59% to T.SEK 192,354 (120,741).

The increase was mainly related to orders in the science and commercial business areas.

Q4 2019 contained four large orders which were; The National Space Science and Technology Centre at United Arab Emirates University (T.SEK 8,222), The European Space Agency (two orders at a total of T.SEK 15,589) and Lockheed Martin Space (T.SEK 17,029).

Overall, we are satisfied with the order intake in Q4 2019.

The backlog at the end of 2019 decreased with 79% to T.SEK 152,740 (715,402). The decrease was primarily related to the cancelled Sky and Space Global order (T.SEK 613,020).

57% of the backlog is orders in the Science business area. We have an intention of leveling out our orders within the four business areas – to compensate for the low margin in science projects.

In 2019, we converted SEK 71 million of the order backlog into revenue and not SEK 80-90 million as expected at the end of Q4.2018. The deviation is primarily related to postponed launches which resulted in the projects being postponed.

In 2020, we expect to convert SEK 160-185 million into revenue from order intake and backlog.

Revenue and operating profit (loss)

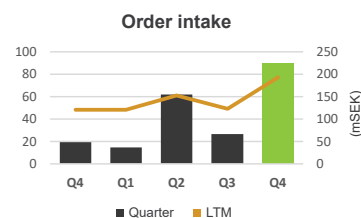
Revenue decreased 5% to T.SEK 38,406 in Q4 2019 (40,217). The revenue for the year 2019 decreased 11% to T.SEK 136,263 (153,384). In Q4 2019, the sales of satellite solutions decreased 3% to T.SEK 23,656 (24,452) and sales of platforms, payloads and subsystems decreased 6% to T.SEK 14,631 (15,574). The negative trend in Q4 is primarily related to re-estimation of specific projects, re-work and delays in launches.

The revenue was less than expected, however we are still following the project milestones. The low revenue was a result of order intake being lower than expected in the first three quarters.

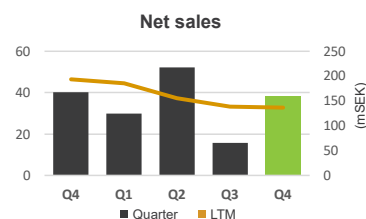
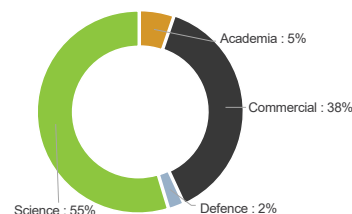
The largest customer in Q4 2019 was The European Space Agency (ESA) with a revenue share of 45% of the total revenue in Q4 2019. For the year 2019, the ESA share is 31%.

In Q4 2019, revenue related to new customers represented 15% compared to 49% of revenue in Q4 2018. In the year 2019, revenue related to new customers represented 10% compared to 21% of revenue in 2018.

Operating loss decreased 37% to T.SEK 16,628 in Q4 2019 (44,514) due to our increased focus on reducing costs.



Order intake 2019 split per segment

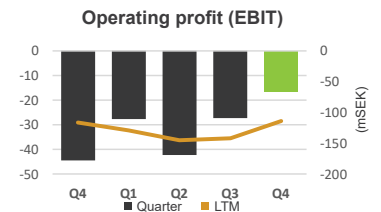


In Q4 2019, we have written down our product portfolio with T.SEK 2,699 as we did not reach the expected outcome. The current product portfolio is estimated to be up-to-date and currently there is no need to perform further write-downs.

The gross margin in Q4 2019 was 10% (6%) and thereby the gross margin was lower than expected. In the year 2019, the gross margin was 13% (25%). The low gross margin was mainly affected by a lower order intake than expected in the first three quarters and we were not able to convert sufficient orders into revenue in Q4 to recover. Cost of goods sold and development costs had a negative effect on the gross margin due to an overcapacity in Manufacturing. Furthermore, the gross margin was affected by re-work and delays in launches related to the sales of satellite solutions.

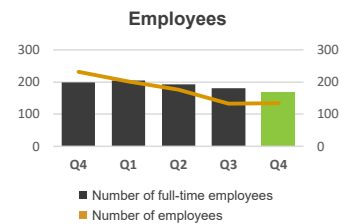
Share of profit from associates amounts to T.SEK -23,820 (-687) as we have written down the 39% ownership in Aerial & Maritime Ltd. with an amount of T.SEK 23,346, based on a strategic review of the business.

The operating loss in 2019 was primarily affected by overcapacity, re-estimation of specific projects and the cancelled Sky and Space Global (SSG) order. The SSG order had a net effect of T.SEK -8,611.



THE GROUP

	Q4 2018		Q1 2019		Q2 2019		Q3 2019		Q4 2019	
Technology	111	48%	97	48%	80	45%	77	58%	82	61%
Manufacturing	69	30%	58	29%	61	35%	31	23%	30	22%
Sales and distribution	22	10%	19	9%	13	7%	12	9%	11	8%
Administration	29	13%	27	13%	22	13%	13	10%	11	8%
Number of employees	231	100%	201	100%	176	100%	133	100%	134	100%
Number of full-time employees	199		205		193		181		168	



The number of employees in Q4 2019 decreased by 97 employees to 134 (231). This corresponds to 168 full-time employees in 2019 (199 in 2018).

The decrease was mainly within Manufacturing by 39 employees to 30 (69) and Technology by 29 employees to 82 (111).

Cash flow

Cash from operating activities in Q4 2019 decreased by 0.4% to T.SEK -11,649 (-11,701).

Working capital was positively affected with T.SEK 11,045 from contract work but negatively affected by other receivables at an amount of T.SEK 18,934 and other payables of T.SEK 10,072.

The main investment in intangible assets was related to in-house development projects for customer cases and included work on our project portfolio as well as work on improving management of performance and constellations. It is a continuation of ongoing investment projects.

The financing activities were related to the repayment of borrowings and payment of lease liabilities. Payment of lease liabilities increased due to the newly implemented IFRS 16 standard which affected financing activities with T.SEK 2,753 in Q4 2019.

In 2019, investments in intangible assets were related to in-house development for customer cases. The investment level in 2018 was high whereas investments in 2019 are now at a more suitable level.

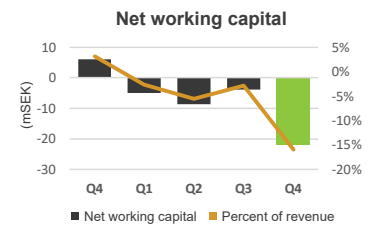
Risks

The Group is exposed to credit risks and other financial risks, such as market risks, including foreign exchange, interest and liquidity risks. No new risks have been identified during 2019, these risks are described in the Annual Report and in the Consolidated Financial Statements for 2018.

Parent Company and ownership

GomSpace Group AB has full ownership of the subsidiaries; GomSpace A/S, GomSpace Sweden AB, GomSpace Orbital ApS, GomSpace Asia Pte Ltd, GomSpace North America LLC and GomSpace Luxembourg S.A.R.L. Cash and cash equivalents at the end of Q4 2019 was T.SEK 112,508 (254,966).

As at 31 December 2019, Hansen & Langeland ApS was the largest shareholder (10.0%) followed by Borean Innovation A/S (3.1%) and Longbus Holding ApS (2.3%).



Group - Key Figures and Ratios

T.SEK	Full year	
	2019	2018*
KEY FIGURES		
Net revenue	136,263	153,384
Gross profit	17,994	38,549
Operating profit (loss)	-113,856	-116,601
Share of profit from associates	-25,967	-2,112
Net financial items	-6,708	-4,098
Profit (loss) before tax	-146,531	-122,811
Profit (loss) for the period	-151,663	-112,498
Investments in PPE	10,101	25,349
Total assets	436,753	608,542
Equity	295,682	441,843
Total liabilities	141,071	166,699
RATIOS		
Gross margin (%)	13%	25%
Operating margin (%)	-84%	-76%
Net margin (%)	-111%	-73%
Return on invested capital (%)	-35%	-18%
Return on equity (%)	-41%	-36%
Equity ratio (%)	68%	73%
Earnings per share, basic, SEK	-2.90	-3.93
Earnings per share, diluted, SEK	-2.90	-3.93
Number of outstanding shares basic, average	52,274,803	28,620,451
Number of outstanding shares as at 31 December 2019	52,274,803	52,274,803

* The comparative figures are not restated to the effect of the IFRS 16 implementation (see note 2)

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

Consolidated Income

T.SEK	Note	Q4		Full year	
		2019	2018*	2019	2018*
Net revenue	4	38,406	40,217	136,263	153,384
Cost of goods sold		-34,641	-37,858	-118,269	-114,835
Gross profit		3,765	2,359	17,994	38,549
Sales and distribution costs		-4,393	-11,982	-43,789	-38,310
Development costs		-3,115	-18,715	-40,635	-58,119
Administrative costs		-10,195	-16,015	-45,030	-59,423
Other operating income		9	-161	303	702
Other operating costs		-2,699	0	-2,699	0
Operating profit (loss)		-16,628	-44,514	-113,856	-116,601
Share of profit from associates		-23,820	-687	-25,967	-2,112
Finance income		-2,298	-3,160	485	3,468
Finance expenses		-3,365	-1,093	-7,193	-7,566
Profit (loss) before tax		-46,111	-49,454	-146,531	-122,811
Tax	5	5,514	-4,203	-5,132	10,313
Profit (loss) for the period		-40,597	-53,657	-151,663	-112,498
Profit (loss) is attributable to:					
Owners of GomSpace Group AB		-40,597	-53,657	-151,663	-112,498
		-40,597	-53,657	-151,663	-112,498
Consolidated Statement of Comprehensive Income					
Profit (loss) for the period		-40,597	-53,657	-151,663	-112,498
Items which may be reclassified to the income statement:					
Foreign exchange rate adjustments		-3,475	3,035	3,527	6,026
Other comprehensive income for the period, net of tax		-3,475	3,035	3,527	6,026
Total comprehensive income for the period		-44,072	-50,622	-148,136	-106,472
Total comprehensive income for the period is attributable to:					
Owners of GomSpace Group AB		-44,072	-50,622	-148,136	-106,472
		-44,072	-50,622	-148,136	-106,472
Earnings per share, basic, SEK		-0.78	-1.73	-2.90	-3.93
Earnings per share, diluted, SEK		-0.78	-1.73	-2.90	-3.93
Number of outstanding shares basic, average		52,274,803	30,942,204	52,274,803	28,620,451
Number of outstanding shares diluted, average		52,274,803	30,942,204	52,274,803	28,620,451

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

Consolidated Financial Position

T.SEK	Note	Dec 31	
		2019	2018*
ASSETS			
Goodwill		3,710	3,710
Technology		9,400	10,200
Completed development projects		25,761	20,298
In process development projects		71,857	70,415
Other intangible assets		9,826	13,950
Intangible assets	7	120,554	118,573
Property, plant and equipment		31,062	37,911
Right-of-use assets		54,541	0
Property, plant and equipment	8	85,603	37,911
Investments in associates		11,672	34,599
Deferred tax	5	1,173	12,373
Other non-current assets		4,071	3,853
Non-current assets		5,244	16,226
Total non-current assets		223,073	207,309
Raw materials and consumables		24,133	30,050
Inventories		24,133	30,050
Contract work		13,087	30,095
Trade receivables		37,212	51,811
Tax receivable		6,588	7,913
Other prepayments		4,125	7,815
Other receivables		1,375	4,131
Receivables		62,387	101,765
Cash and cash equivalents		127,160	269,418
Total current assets		213,680	401,233
Total assets		436,753	608,542

T.SEK	Dec 31	
	2019	2018*
EQUITY AND LIABILITIES		
Share capital	3,660	3,660
Share premium	581,599	581,652
Translation reserve	7,771	4,244
Retained earnings	-297,348	-147,713
Total equity	295,682	441,843
Credit institutions	14,874	23,403
Lease liabilities	43,956	2,890
Other liabilities	2,933	0
Total non-current liabilities	61,763	26,293
Current portion of non-current liabilities	19,735	9,895
Trade payables and other payables	9,621	15,390
Contract work	29,156	48,988
Prepayments	4,132	14,103
Corporation tax	163	599
Other liabilities	16,501	51,431
Total current liabilities	79,308	140,406
Total liabilities	141,071	166,699
Total equity and liabilities	436,753	608,542

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

Consolidated Changes in Equity

T.SEK	Share capital	Share premium	Translation reserve	Retained earnings	Total equity
Equity 01.01.2018	1,839	227,136	-1,782	-41,878	185,315
Total comprehensive income for the period	0	0	6,026	-112,498	-106,472
Total comprehensive income for the period	0	0	6,026	-112,498	-106,472
Transactions with owners in their capacity as owners					
Increase in share capital	1,821	374,487	0	0	376,308
Increase in share capital, costs	0	-19,971	0	0	-19,971
Share-based payments	0	0	0	6,663	6,663
	1,821	354,516	0	6,663	363,000
Equity 31.12.2018	3,660	581,652	4,244	-147,713	441,843
Equity 01.01.2019	3,660	581,652	4,244	-147,713	441,843
Total comprehensive income for the period	0	0	3,527	-151,663	-148,136
Total comprehensive income for the period	0	0	3,527	-151,663	-148,136
Transactions with owners in their capacity as owners					
Increase in share capital, costs	0	-53	0	0	-53
Share-based payments	0	0	0	2,028	2,028
	0	-53	0	2,028	1,975
Equity 31.12.2019	3,660	581,599	7,771	-297,348	295,682

Consolidated Cash Flow

T.SEK	Q4		Full year	
	2019	2018*	2019	2018*
Profit (loss) before tax	-46,111	-49,454	-146,531	-122,811
Reversal of financial items	5,664	4,222	6,709	4,098
Depreciation and amortizations	8,307	7,136	32,091	20,501
Result after tax from associates	23,820	687	25,967	2,112
Non-cash items	12,781	-1,732	20,588	10,534
Changes in inventories	-17,115	370	-11,372	-24,658
Changes in trade receivables	-35,943	-600	3,081	-18,461
Changes in other receivables	5,709	-13,264	22,663	-6,780
Changes in trade and other payables	24,751	36,614	-48,992	31,170
Cash flow from primary operating activities	-18,137	-16,021	-95,796	-104,295
Received interest financials	10	0	11	2
Paid interest financials cost	-1,325	-961	-4,554	-3,564
Tax received	7,800	5,349	7,949	5,498
Tax paid	3	-68	-237	-208
Cash flow from operating activities	-11,649	-11,701	-92,627	-102,567
Investments in intangible assets (before grants)	-9,081	-17,566	-31,513	-65,477
Investments in leasehold improvement, plant and equipment	195	-9,356	-6,953	-25,349
Deposit paid	85	-263	-191	-371
Government grants	248	4,852	5,979	9,366
Proceeds from sale of marketable securities	0	0	0	10
Proceeds from sale of non-current assets	0	12	0	17
Cash flow from investing activities	-8,553	-22,321	-32,678	-81,804
<i>Financing from debt:</i>				
Borrowings	2,978	4,128	2,978	4,128
Repayment of borrowings	-2,512	-1,604	-9,002	-3,301
Payment of lease liabilities	-2,753	0	-10,441	0
	-2,287	2,524	-16,465	827
<i>Financing from shareholders:</i>				
Capital increase	0	251,289	0	376,308
Capital increase, costs	0	-15,371	-53	-19,972
	0	235,918	-53	356,336
Cash flow from financing activities	-2,287	238,442	-16,518	357,163
Net cash flow for the period	-22,489	204,420	-141,823	172,792
Cash and cash equivalents, beginning of the period	34,038	47,810	248,754	84,170
Unrealized exchange rate gains and losses on cash	-688	-602	-434	1,059
Change in bank deposit for security	95,366	-2,874	-270	-9,267
Cash and cash equivalents, end of the period	106,227	248,754	106,227	248,754
<i>Reconciliation of cash and cash equivalents</i>				
Cash and cash equivalents according to the balance sheet	127,160	269,418	127,160	269,418
Credit institutions according to the balance sheet	0	0	0	0
Bank deposit	-20,933	-20,664	-20,933	-20,664
Cash and cash equivalents according to the cash flow statement	106,227	248,754	106,227	248,754

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

Parent Company Income

T.SEK	Note	Q4		Full year	
		2019	2018*	2019	2018*
Net revenue		6,328	6,117	25,676	24,893
Gross profit		6,328	6,117	25,676	24,893
Administrative costs		-8,219	-7,735	-33,338	-31,463
Operating profit (loss)		-1,891	-1,618	-7,662	-6,570
Share of profit from associates		-12,442	0	-12,442	0
Finance income		641	1,431	2,466	2,115
Finance expenses		-230	-51	-345	-2,513
Profit (loss) before tax		-13,922	-238	-17,983	-6,968
Tax	5	-2,228	-216	-3,520	1,265
Profit (loss) for the period		-16,150	-454	-21,503	-5,703
Profit (loss) is attributable to:					
Owners of GomSpace Group AB		-16,150	-454	-21,503	-5,703
		-16,150	-454	-21,503	-5,703
Statement of Comprehensive Income					
Profit (loss) for the period		-16,150	-454	-21,503	-5,703
Items which may be reclassified to the income statement:					
Other comprehensive income for the period, net or tax		0	0	0	0
Total comprehensive income for the period		-16,150	-454	-21,503	-5,703

Parent Company Financial Position

T.SEK	Dec 31	
	2019	2018*
ASSETS		
GomSpace A/S	245,846	245,846
GomSpace Sweden AB	45,056	45,056
GomSpace Orbital ApS	65	65
GomSpace Luxembourg S.A.R.L.	10,478	115
GomSpace Asia Pte. Ltd.	2,142	2,142
GomSpace North America LLC	1,105	1,105
Investments in subsidiaries	304,692	294,329
Aerial & Maritime Ltd.	11,673	24,115
Investments in associates	11,673	24,115
Fixed asset investments	316,365	318,444
Deferred tax	0	3,520
Other non-current assets	0	3,520
Total non-current assets	316,365	321,964
Receivables from subsidiaries	133,009	29,212
Trade receivables from associates	39	421
Tax receivable	39	0
Other prepayments	434	9
Other receivables	108	138
Receivables	133,629	29,780
Cash and cash equivalents	112,508	254,966
Total current assets	246,137	284,746
Total assets	562,502	606,710
EQUITY AND LIABILITIES		
Share capital	3,660	3,660
Share premium	578,311	578,364
Retained earnings	-20,853	-1,378
Total equity	561,118	580,646
Payables to subsidiaries	0	10,382
Trade payables and other payables	1,049	105
Other liabilities	335	15,577
Total current liabilities	1,384	26,064
Total liabilities	1,384	26,064
Total equity and liabilities	562,502	606,710

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

Parent Company Changes in Equity

T.SEK	Share capital	Share premium	Retained earnings	Total equity
Equity 01.01.2018	1,839	223,848	-2,338	223,349
Total comprehensive income for the period	0	0	-5,703	-5,703
Increase in share capital	1,821	374,487	0	376,308
Increase in share capital, costs	0	-19,971	0	-19,971
Share-based payments	0	0	6,663	6,663
Total comprehensive income for the period	1,821	354,516	960	357,297
Equity 31.12.2018	3,660	578,364	-1,378	580,646
Equity 01.01.2019	3,660	578,364	-1,378	580,646
Total comprehensive income for the period	0	0	-21,503	-21,503
Increase in share capital, costs	0	-53	0	-53
Share-based payments	0	0	2,028	2,028
Total comprehensive income for the period	0	-53	-19,475	-19,528
Equity 31.12.2019	3,660	578,311	-20,853	561,118

Notes

1. Accounting policies

Basis of preparation

The interim consolidated financial statements for the fourth 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. Any changes from the Annual Report 2018 are described in note 2.

Key ratios definitions

$$\text{Gross margin} = \frac{\text{gross profit}}{\text{net revenue}}$$

$$\text{Operating margin} = \frac{\text{operating profit}}{\text{net revenue}}$$

$$\text{Net margin} = \frac{\text{profit}}{\text{net revenue}}$$

$$\text{Return on invested capital} = \frac{\text{profit}}{\text{total assets}}$$

$$\text{Return on equity} = \frac{\text{profit}}{\text{average equity}}$$

$$\text{Equity ratio} = \frac{\text{equity}}{\text{total assets}}$$

$$\text{Earnings per share, basic} = \frac{\text{profit}}{\text{number of shares basic, average}}$$

$$\text{Earnings per share, diluted} = \frac{\text{profit}}{\text{number of shares diluted, average}}$$

$$\text{Working capital} = \text{Inventory} + \text{Contract work} + \text{Trade receivables} + \text{Other prepayments} + \text{Other receivables} \\ - \text{Trade payables and other payables} - \text{Contract work} - \text{Prepayments} - \text{Other liabilities}$$

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.

In 2019, the Group applies IFRS 16 Leases for the first time. 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.

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
Total assets	57,549

LIABILITIES

Interest-bearing loans and borrowings	57,549
Total liabilities	57,549

No effect on equity.

Impact on the income statement (increase/(decrease))
for the twelve months ended 31 December 2019:

Depreciation expense (included in Cost of goods sold, Sales and distribution costs, Development costs and Administrative costs)	-10,622
Rent expense (included in Cost of goods sold, Sales and distribution costs, Development costs and Administrative costs)	10,693
Operating profit	71
Finance costs	-1,496
Income tax expense	313
Profit (loss) for the period	-1,112

Impact on the income statement (increase/(decrease))
for the twelve months ended 31 December 2019:

Net cash flows from operating activities	9,197
Net cash flows from financing activities	-9,197
	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.

Development

For 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 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-cancelable 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 judgment 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.

Investments in associates

The Group has written down investments in associates, Aerial & Maritime Ltd. (A&M) to the realizable value. A&M did not manage to enter an agreement on alternative financing solutions and has been restricted in its operation during the last 12 to 18 months.

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 beginning of 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

The group has written down part of the deferred tax assets at 31 December 2019, the remaining part is related to the company in Luxembourg. The reassessment of the valuation of the group's deferred taxes is based on the expected taxable profit in the forecast period.

4. Revenue

T.SEK	Business segments				
	Academia	Commercial	Defense	Science	Total
Jan-Dec 2019					
Geographical					
Sweden	207	1,797	0	1,303	3,307
Denmark	1,312	2,913	0	0	4,225
Europe (excluding Sweden and Denmark)	2,832	56,989	587	40,110	100,518
USA	2,015	5,361	2,014	254	9,644
Asia	2,263	4,376	0	5,966	12,605
Rest of the world	2,989	1,365	1,208	402	5,964
	11,618	72,801	3,809	48,035	136,263
Jan-Dec 2018					
Geographical					
Sweden	132	0	0	740	872
Denmark	1,716	1,662	0	162	3,540
Europe (excluding Sweden and Denmark)	2,550	73,436	6	12,356	88,348
USA	0	4,653	2,958	1	7,612
Asia	4,930	12,099	2,635	2,961	22,625
Rest of the world	1,438	28,894	0	55	30,387
	10,766	120,744	5,599	16,275	153,384
Jan-Dec 2019					
Major goods/service lines					
Sales of satellite solutions (over time)	1,136	52,627	1,375	43,689	98,827
Sales of platforms, payloads and subsystems (over time)	10,482	19,685	2,434	4,346	36,947
Other sales (over time)	0	489	0	0	489
	11,618	72,801	3,809	48,035	136,263
Jan-Dec 2018					
Major goods/service lines					
Sales of satellite solutions (over time)	3,813	93,202	5,599	15,636	118,250
Sales of platforms, payloads and subsystems (over time)	6,953	26,822	0	639	34,414
Other sales (over time)	0	720	0	0	720
	10,766	120,744	5,599	16,275	153,384
Jan-Dec 2019					
Order book					
Order backlog 1 January 2019	3,281	685,374	1,866	24,881	715,402
Currency adjustment	640	16,708	-1,356	6,034	22,026
Order intake	10,111	72,732	4,324	105,187	192,354
Cancelled orders*	-1,186	-638,023	0	-1,570	-640,779
Converted to revenue	-11,618	-72,801	-3,809	-48,035	-136,263
Order backlog 31 December 2019	1,228	63,990	1,025	86,497	152,740
<i>* In the commercial segment, we have chosen to exclude our customer Sky and Space Global - their order has a value of T.SEK 613,020.</i>					
Jan-Dec 2018					
Order book					
Order backlog 1 January 2018	6,935	696,383	3,904	16,166	723,388
Currency adjustment	-712	17,082	237	-411	16,196
Order intake	7,824	91,623	3,289	26,466	129,202
Converted to revenue	-10,765	-119,714	-5,564	-17,341	-153,384
Order backlog 31 December 2018	3,282	685,374	1,866	24,880	715,402

5. Income tax and deferred tax

The group has updated analysis of the expected utilization of tax loss carry-forwards based on existing facts and the development regarding deferred tax assets under IFRS. As a consequence of the significant decrease in the order backlog and lower order intake than expected during the year, which has caused overcapacity, the group has written down the deferred tax assets at 31 December 2019. The reassessment of the valuation of the group's deferred taxes is based on the expected taxable profit in the forecast period.

In 2019, tax in the group amounted to T.SEK 5,132 (a positive T.SEK 10,313) which is related to the tax credit scheme concerning development projects and a result of change in deferred tax. The write down of deferred tax constitutes T.SEK 9,513. In the parent company, GomSpace Group AB, tax amounted to T.SEK 3,520 (a positive T.SEK 1,265), the write down of deferred tax constituted T.SEK 3,520.

The group had a recognized deferred tax loss carry-forward at a total amount of T.SEK 11,707 (T.SEK 21,220). The parent company had a non-recognized deferred tax loss carry-forward at a total amount of T.SEK 14,577 (T.SEK 8,886). 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, part of this is done over equity as it regards deferred tax concerning expenses booked on equity.

T.SEK	Dec 31	
	2019	2018
Deferred tax asset relates to:		
Intangible assets	-14,968	-17,317
Property, plant and equipment	-5,491	1,530
Short-term assets	133	6,940
Lease liabilities	9,792	0
Tax loss carry-forward	11,707	21,220
	1,173	12,373
Tax loss carry-forward	67,121	44,381
Unrecognized as deferred tax asset	-55,414	-23,161
Tax loss carry-forward recognized as deferred tax asset	11,707	21,220

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.

	Full year	
	2019	2018
Outstanding warrants as at 1 January	632,945	393,647
Granted	0	328,540
Forfeited	-59,681	-89,242
Exercised	0	0
Outstanding warrants	573,264	632,945

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

Warrant Program	first award	Second award	
	2017/20	2017/20	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 31 December 2019	212,445	116,516	244,303

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

7. Intangible assets

T.SEK	Goodwill	Technology	In process development projects	Completed development projects	Other intangible assets	Total
Cost price at 1 January 2019	3,710	12,000	70,421	33,615	21,695	141,441
Additions during the year	0	0	14,738	0	260	14,998
Disposals during year	0	0	0	-12,793	-962	-13,755
Reclassification	0	0	-14,255	14,255	0	0
Exchange rate adjustment	0	0	953	584	303	1,840
Cost price at 31 December 2019	3,710	12,000	71,857	35,661	21,296	144,524
Amortization at 1 January 2019	0	-1,800	0	-13,319	-7,743	-22,862
Amortization	0	-800	0	-6,279	-4,638	-11,717
Amortization, disposals	0	0	0	9,933	962	10,895
Exchange rate adjustment	0	0	0	-235	-51	-286
Amortization at 31 December 2019	0	-2,600	0	-9,900	-11,470	-23,970
Carrying amount at 31 December 2019	3,710	9,400	71,857	25,761	9,826	120,554
Cost price at 1 January 2018	3,710	12,000	26,576	14,509	20,843	77,638
Additions during the year	0	0	61,334	0	110	61,444
Reclassification	0	0	-18,542	18,542	0	0
Exchange rate adjustment	0	0	1,047	567	740	2,354
Cost price at 31 December 2018	3,710	12,000	70,415	33,618	21,693	141,436
Amortization at 1 January 2018	0	-1,000	0	-8,146	-2,418	-11,564
Amortization	0	-800	0	-4,847	-5,254	-10,901
Exchange rate adjustment	0	0	0	-327	-71	-398
Amortization at 31 December 2018	0	-1,800	0	-13,320	-7,743	-22,863
Carrying amount at 31 December 2018	3,710	10,200	70,415	20,298	13,950	118,573

Impairment test

The annual impairment test for intangible assets is performed as at 31 December after completion of budgets and strategy plans for the next 5 years. As at 31 December 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

T.SEK	Right-of-use assets	Leasehold improvements	Other fixtures, fittings, tools and equipment	Total property, plant and equipment
GROUP				
Cost price at 1 January 2019	61,678	27,419	20,955	110,052
Additions during the year	3,148	5,369	1,584	10,101
Disposals during the year	-757	-1,153	-5,691	-7,601
Exchange rate adjustment	736	346	327	1,409
Cost price at 31 December 2019	64,805	31,981	17,175	113,961
Depreciation at 1 January 2019	-30	-2,956	-11,605	-14,591
Depreciation	-10,616	-5,463	-4,589	-20,668
Disposals during the year	263	1,153	5,539	6,955
Exchange rate adjustment	119	20	-193	-54
Depreciation at 31 December 2019	-10,264	-7,246	-10,848	-28,358
Carrying amount at 31 December 2019	54,541	24,735	6,327	85,603
Cost price at 1 January 2018	0	9,963	16,372	26,335
Additions during the year	0	21,210	4,139	25,349
Disposals during the year	0	0	-204	-204
Exchange rate adjustment	0	375	647	1,022
Cost price at 31 December 2018	0	31,548	20,954	52,502
Depreciation at 1 January 2018	0	-852	-4,149	-5,001
Depreciation	0	-2,100	-7,499	-9,599
Disposals during the year	0	0	200	200
Exchange rate adjustment	0	-34	-157	-191
Depreciation at 31 December 2018	0	-2,986	-11,605	-14,591
Carrying amount at 31 December 2018	0	28,562	9,349	37,911

9. Classification of financial assets and liabilities

T.SEK	Loans and receivables	Other financial liabilities	Total	Carrying amount
31 December 2019				
Assets				
Trade and other receivables	51,674	0	51,674	51,674
Cash and cash equivalents	127,160	0	127,160	127,160
Total assets	178,834	0	178,834	178,834
Liabilities				
Credit institutions and non-current loans	0	78,565	78,565	78,565
Trade payables and other payables	0	26,122	26,122	26,122
Prepayments	0	33,288	33,288	33,288
Total liabilities	0	137,975	137,975	137,975
31 December 2018				
Assets				
Trade and other receivables	86,037	0	86,037	86,037
Cash and cash equivalents	269,418	0	269,418	269,418
Total assets	355,455	0	355,455	355,455
Liabilities				
Credit institutions	0	33,298	33,298	33,298
Lease liabilities	0	2,890	2,890	2,890
Trade payables and other payables	0	66,821	66,821	66,821
Prepayments	0	63,091	63,091	63,091
Total liabilities	0	166,100	166,100	166,100

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 fourth 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:

T.SEK	Full year	
	2019	2018
Transactions with related parties		
Sale of goods and services to associates	497	29,645
Administration costs from Board of Directors and management team	285	553
Receivables from associates on the balance sheet date	39	543

Financial Calendar

Annual report
Annual general meeting
Interim report, January-March 2020

Week 13
24 April 2020
27 April 2020

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Significant events during the period

GomSpace wins significant product order in North America

December 18, 2019 – GomSpace signed a contract with an existing customer on the North American market in the geo-intelligence industry for the delivery of software defined radio modules and antenna systems. The contract is worth SEK 7.9 million and will be fully delivered in 2020.

GomSpace, Lockheed Martin Space and Orbital Micro Systems team up for new microwave sensing nanosatellite project

December 18, 2019 – GomSpace and Lockheed Martin Space agreed to develop and deliver a tailored GomSpace 6U nanosatellite to Orbital Micro Systems in the United Kingdom. The contract is worth SEK 17 million and will be financed through an industrial corporation commitment made by Lockheed Martin to the state of Denmark.

ESA and GomSpace sign contract addendum for continued development on the Juventas CubeSat in support of the Hera mission

November 12, 2019 – GomSpace A/S and the European Space Agency (ESA) signed an addendum to continue development of the Juventas CubeSat in support of the Hera mission. The contract value is EUR 1,165,000 and the focus is on developing the nanosatellite payloads and maturing the mission and spacecraft designs. The amount will be divided between several partners, whereof GomSpace's share is EUR 295,000.

NSSTC-UAEU and GomSpace sign contract

November 3, 2019 – NSSTC-UAEU (The National Space Science and Technology Centre at United Arab Emirates University) and GomSpace signed a contract at the value of approx. EUR 780,000 with the purpose of supplying cubesat products, training and support over the next 18 months.

ESA and GomSpace sign contract to develop miniaturized electric propulsion system

October 29, 2019 – GomSpace's subsidiary in Sweden and ESA have signed a contract to develop a miniaturized electric propulsion system suitable for small spacecrafts going on interplanetary missions. The contract will be carried out under ESA's General Support Technology Program during the next 18 months, and the value is EUR 700,000. The work will be led by GomSpace Sweden and executed together with ASP Equipment and IMS Space Consultancy.

Significant events after the accounting period

GomSpace leads development of a teaming agreement to demonstrate game-changing communications technology in space with the University of Arizona, American FreeFall Aerospace and Rincon Research

February 7, 2020 – GomSpace's subsidiary in North America signed a contract valued at SEK 4.5 million with the University of Arizona to deliver satellite elements and related services to support their CatSat high-gain antenna mission. The satellite will be a 6U platform provided by GomSpace and delivered to the University of Arizona.

GomSpace and Unseen Labs enter into a contract at a value of SEK 18.6 million

January 31, 2020 – GomSpace signed a contract to continue the development and delivery of nanosatellite platforms to Unseen Labs in France. The contract is worth SEK 18.6 million and it is a continuation of the already successful collaboration between the two companies. The contract is expected to be fulfilled during 2020.

MANAGEMENT'S STATEMENT

The CEO certifies 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 31 December 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, 28 February 2020

Executive Board

Niels Buus
CEO

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

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