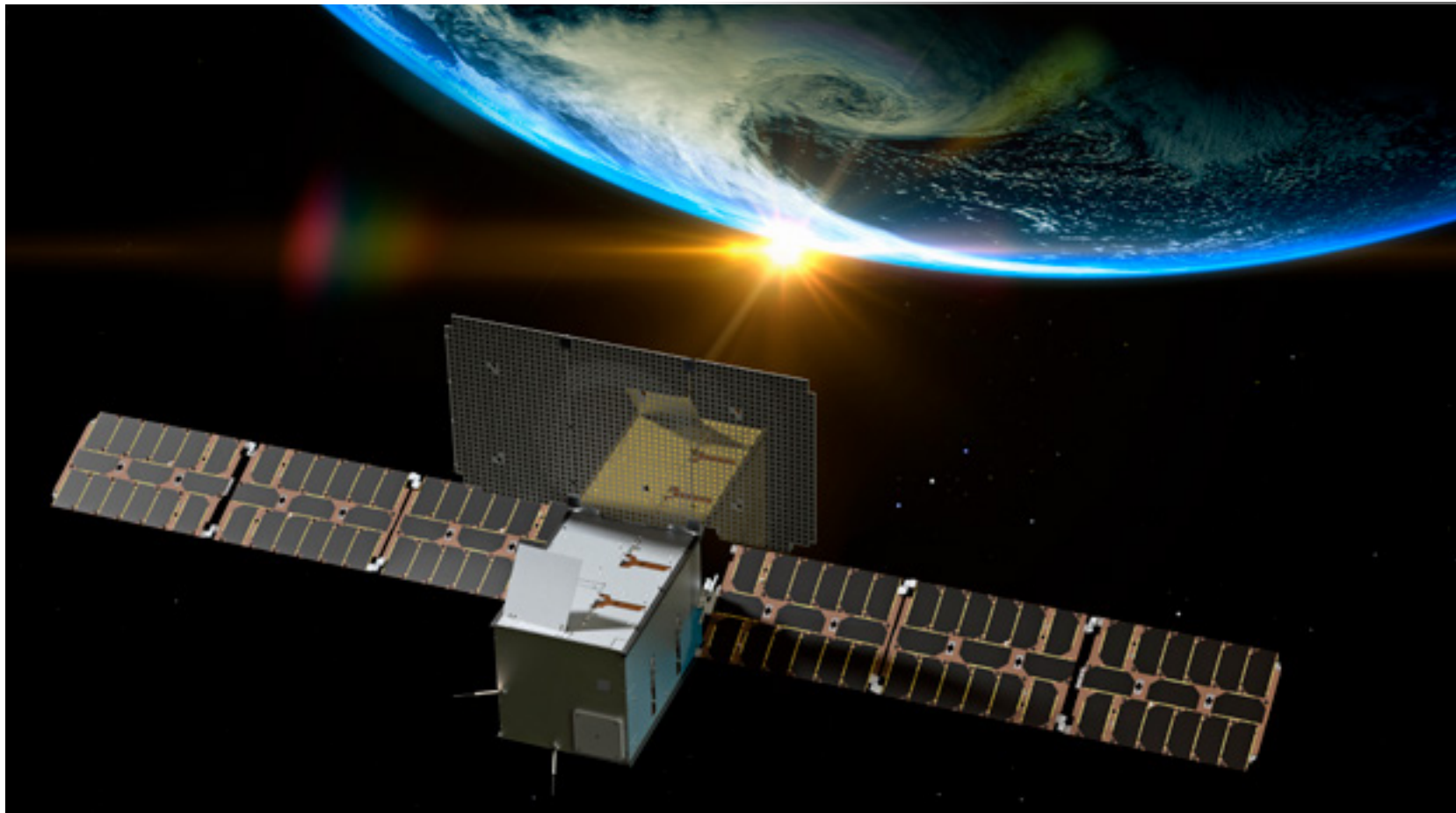


ANNUAL REPORT 2020



GOMSPACE

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Comments from

Niels Buus

CEO



The beginning of 2020 showed a positive outcome of the cost reduction program we undertook in 2019. We had taken a big step in the right direction, but it was paramount that we maintained our focus throughout the year and regained the focus and energy in a significantly reduced organization. Now, we are very proud of the position we are in – both financial and organizational.

Like for the rest of the world, the beginning of 2020 was full of challenges due to the COVID-19 pandemic. In GomSpace, we were able to keep the momentum in converting order book into revenue. We anticipated some delays in the order booking of project orders, which became a reality. Despite this, our order intake for 2020 has been historically high. We reached an order intake of SEK 270 million, compared to last year of 192 million. Therefore, we are well-positioned for 2021, and we expect to convert between SEK 210-235 million into revenue.

Throughout the year, we have reached a positive cash flow on primary operating activities. It has increased from SEK -96 to 41 million. Our cash balance increased by SEK 9 million, from 127 to 136 million.

We cannot emphasize enough the importance of our collaboration with the European Space Agency, ESA. They are a very stable customer. Their willingness to keep momentum in 2020 regardless of the pandemic has proven our strong common vision of pushing the technology development and keeping on exploring and exploiting space. We have closed several contracts with ESA, including the deep space project named Juventas. We also agreed on the continuation of the GOMX-5 mission, which is developing a 12 unit nanosatellite for deep space. With this technology approved for deep space, GomSpace will compete with much larger and heavier satellites.

Due to the current global situation, we must expect that the next couple of years will be hard in terms of rapid growth. Therefore, during the first quarter of 2020, we also concluded that we would not reach the revenue goal of SEK 1.5 billion in 2023.

However, there is an increasing trend towards the need for applications, which, with a great advantage, can be solved with nanosatellites in low earth orbit. Hence there is also a continued solid basis for long-term growth in the nanosatellite business. In GomSpace, we are ready to compete for future opportunities and for the large constellation programs, which are essential for extraordinary growth. In line with this new space market growth, our focus will be on developing an efficient and scalable operation with quality in focus.

In July 2020, we entered a settlement agreement with Aerial & Maritime and its shareholders and canceled the spin-out project. GomSpace has full ownership of the eight satellites, which have already been built.

2020 has proven the extreme dedication of all employees at GomSpace. The spirit of maintaining focus on our common mission during a difficult time and with a lot of work from a distance has been truly impressive and admirable. It has proven our ability to excel and evolve in challenging times.

During the year, the board was expanded; we welcomed Jens Maaløe, first as a board member and now as our new Chairman. Jens has comprehensive experience in technology companies and the aerospace industry, both as part of management and board. I look forward to continuing our good collaboration and building on the strong foundation, which the board has provided so far.

We can now look forward to 2021 with a continued high focus on maintaining and improving operating profit, increasing the margins by investing in converting various technology development into standardized platforms, and most importantly to continue our mission to help teams across the globe achieve their goals in space.

Niels Buus, CEO

Gomspace at a Glance

Mission

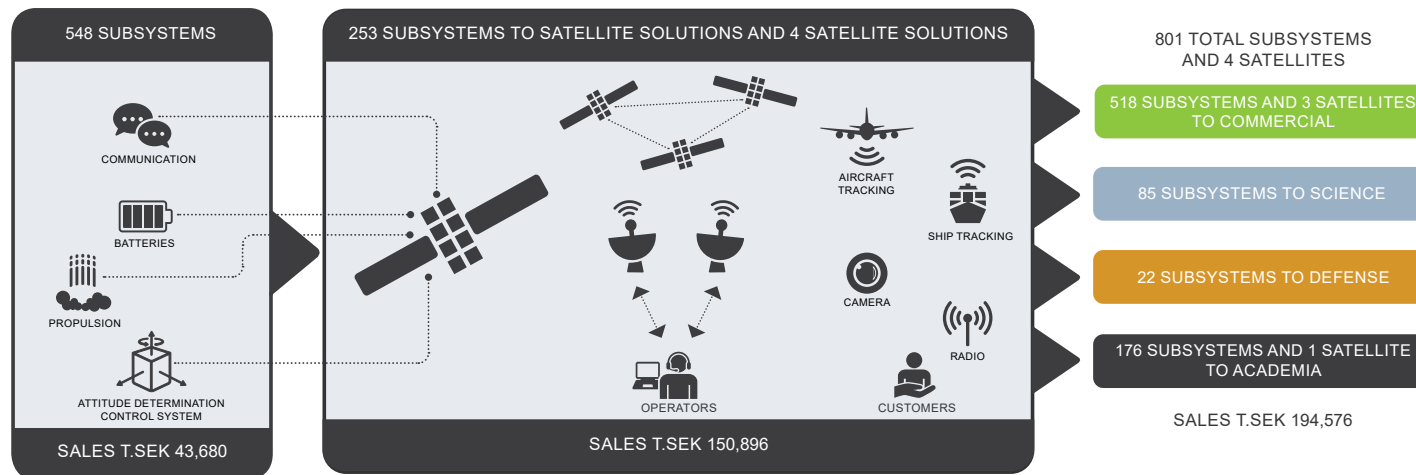
We help teams across the globe achieve their goals in space

Vision

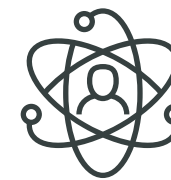
To make nanosatellites the preferred choice for customers who have demands for professional mission critical radio-based surveillance and communications solutions

Core strategy

Independent horizontal supplier of technology for commercial service providers and government, education and research institutions



138 employees

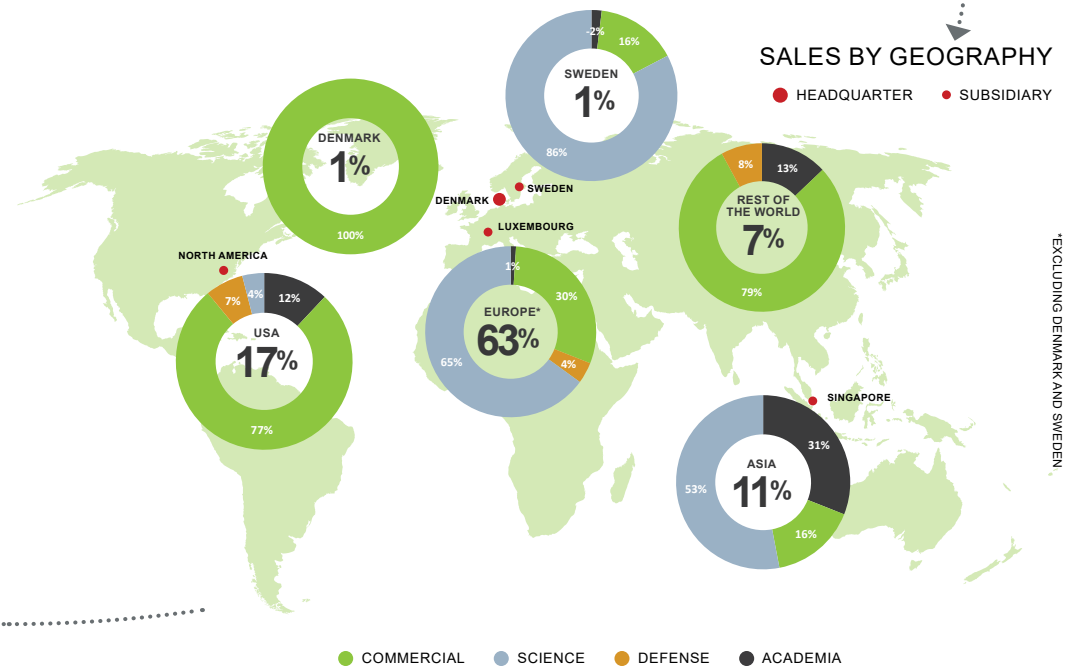
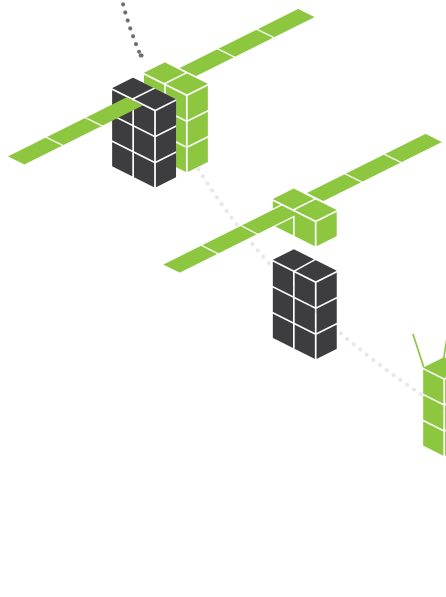
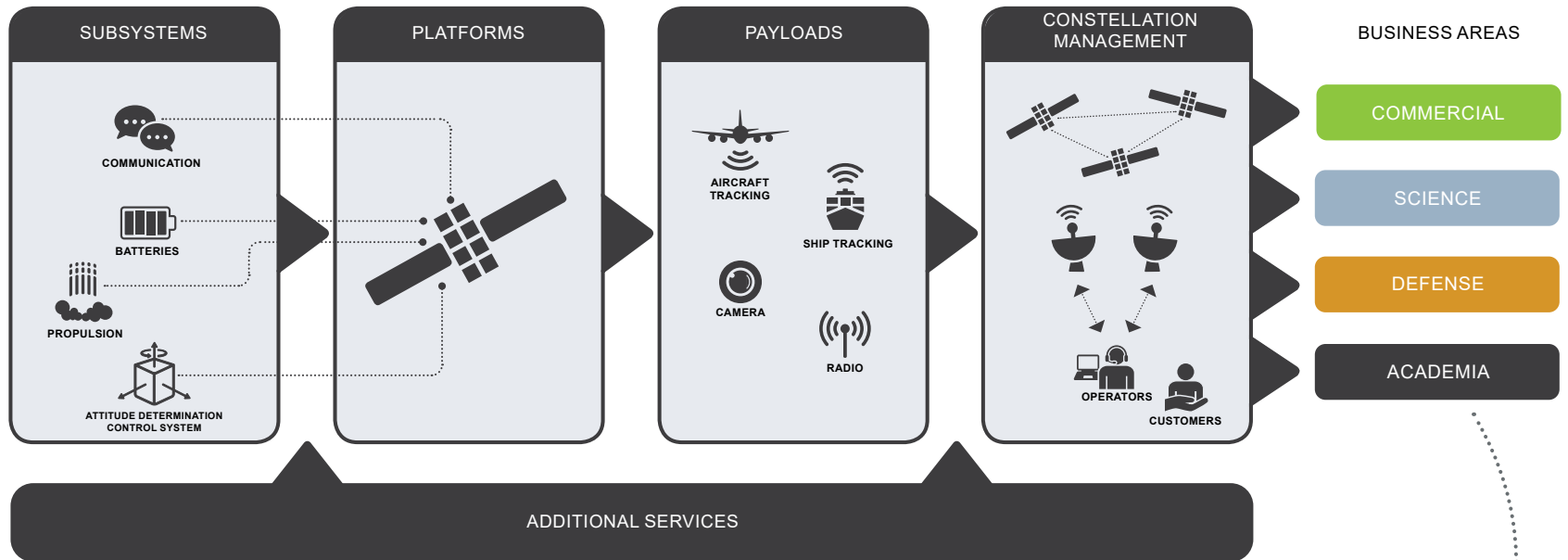


31,805 development hours



94,752 hours to cost of goods sold

Business Model



Market Development

The new space economy (NewSpace) started when several private initiatives began to invest in Space exploration and Space Technology. That made it possible for universities to get small satellites launched into space at a low cost. GomSpace and its founders exploited that and were among the early pioneers in the nanosatellite segment. That led to the formation of GomSpace in 2007.

The NewSpace era has gained tremendous momentum and has driven the recent decades' investments in Space exploration and Space technology. Today, more than 100 countries have space programs. Big programs for going to Mars, settling on the Moon, and mining for minerals on the asteroids, have been initiated.

This development makes it possible for humans to exploit the Low Earth Orbit (LEO) of space in our daily life.

There is a megatrend towards the need for increased communication, command and control, positioning and identification everywhere around the globe, on the ground and in the air. Many of the applications for those needs can be solved with great advantage from the LEO around the earth.

There are multiple reasons for this. First, it provides an efficient overview of large areas very quickly. Second, it provides access to very remote areas with little or no infrastructure. Third, it provides access to independent infrastructure in countries with unstable regimes.

The demand for nanosatellites is predominantly going to be driven by the following market needs:

- In communications, LEO has an advantage over Geostationary satellites because they have less time delay (latency). Therefore, they can be used for browsing on the internet and for streaming video with high quality of service. The initiative from SpaceX with the Starlink constellation in LEO is threatening the 15 to 20 existing communication service providers to introduce new technology to go from flow TV and voice communication to internet streaming.

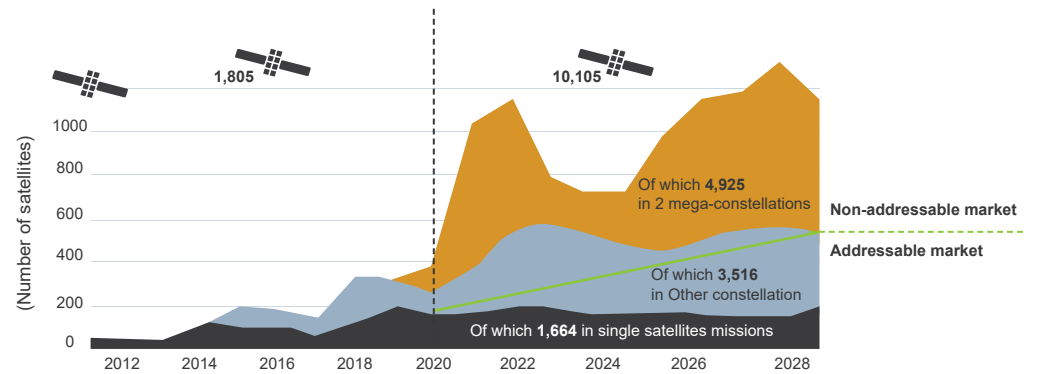
- In positioning and identification, there is a rapidly growing demand for tracking many different types of assets. Ships at the high sea have been one of the early drivers for satellite communications. The demand for airline traffic is expected to grow substantially in the next decade. The loss of airplanes over the high sea without being able to find them has started that development. The need to optimize airline traffic in the future is expected to drive the demand for full global Air Traffic Management (ATM), a communications and command and control system that can track and provide communications channels. In the future, tracking of driverless cars and the control of drones is expected to fuel the demand substantially.

- The trend of connecting devices and fixed installations to monitor status and control of function, Internet of Things, is also expected to cause increased demand over the next decade. The demand is driven by manufacturers' need to rethinking their businesses from pure product delivery to provide lifetime services. Satellite solutions are very good for very remote areas, but they are also in many places of the world very important in civic areas because the service providers and their customers can be subject to unstable governments that cause unstable communication infrastructure.

- Governments around the world are increasingly turning to Space technology as a means of increasing their Homeland Security. That is either through detecting unwanted traffic by detecting radio signals or remote sensing devices. It can also be systems proving secured communications for national authorities.

While the potential market for future nanosatellites is very large, GomSpace's currently addressable market consists of the customers who acquire satellites from satellite manufactures and not those who build the satellites themselves. The addressable market for GomSpace is identified in the figure of addressable market for nanosatellites.

Addressable market for nanosatellites graph (Euroconsult)

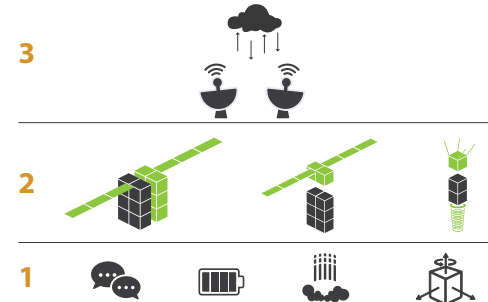


Technology and product development

Our objectives with the technology and product development are aimed at the market opportunities for nanosatellites that the New Space Economy are driving.

We are catering to this market with the ultimate objective to deliver complete platform solutions in constellations of nanosatellites, primarily in Low Earth Orbit (LEO), but also into deep space, and to perform constellation management services of them after they are launched.

To reach that goal, we are engaged in developing products and solutions in three layers (See figure):



- In the lowest layer, we develop, produce, and sell subsystems that a nanosatellite platform consists of
- In the middle layer, we develop, produce, and sell nanosatellite platforms that can work in a constellation network
- Finally, in the top layer, we develop a software system for constellation management, which we can use to perform technical services of the satellite constellation for our customers

It is our objective to make nanosatellites the preferred solution for a growing range of customers. To have the best possible value proposition to the market, we are at GomSpace focusing on developing very compact solutions. I.e., products with a high density of functionality, low weight, high reliability, and an attractive price.

The two most important technological drivers to create efficient and high-value nanosatellites are:

- The ability to harvest a high amount of energy with solar panels fitted on the small satellite body. Because the more energy the platform can generate, the more complex and faster the payload it can run
- The ability to transmit the highest amount of data between the satellites and the ground with the lowest energy consumption. Because the more data the platform can transmit, the more value it can give to the customers

Besides generating enough energy to drive the payloads and the communication system, the satellite platform must also maneuver and maintain itself in a constellation in space. To be able to do that, there are a few important systems that always must function:

- Onboard computer to host the platform software
- The platform software to oversee and run the systems onboard the platform
- Power system including solar panels, to harvest the maximum amount of energy from the sun
- Reaction wheels to rotate the satellite so that they can point in the desired direction
- Telemetric radio system to exchange command and control, and technical data between the satellite and ground control station
- Propulsion system to change the position of the satellites and to de-orbit it at the end of the lifetime
- Inter Satellite Link (ISL) communication system, to connect the satellites in a data network
- Mechanical structure for the satellite platform to fix the total system together and to cool the electronic systems

We make the satellite platform in three standard sizes. Currently, we have a 3U (U = Unit of 10x10x10 cm) a 6U, and we have a 12U nanosatellite under development. Variants thereof can be tailored at a special request. Although the satellite capabilities increase with size, they do, in principle, consist of the same subsystems. Therefore, each subsystem is planned in a development program. Each of them can span from the smallest to the largest nanosatellite configuration, with the largest possible amount of repetition. The aim is thereby to be able to configure a solution to each customer order with the largest possible content of standard products.

The Constellation management software is created to be able to manage a total constellation of satellites efficiently. The software system can monitor the satellites continue to make sure that all the parameters are correct. The system is automated to predict future problems and either give warnings or make its corrections automatically. The system is also made to support the nanosatellites' data transfer to the customer's database to make their value-adding for their business.

The payloads are the reason for sending satellites into space. They are the instruments that are collecting the information for our customers. There are many types of payloads, e.g.:

- Optical payloads that take an image from/in space with a camera. They are usually bigger systems that require larger satellites. GomSpace would use third party systems
- Radar systems. They can detect a target from space or create an image from space. GomSpace would use third party systems
- Radio systems. That can be a communications system, a tracking system, or a radio system for detecting radio wave activity. Radio systems are a major focus for GomSpace. I.e., Software Define Radio technology and antenna design. We can make any radio type from VHF to K-band systems.

To be able to develop and to produce and after that manage these constellations of satellite platforms, with a variety of possible payloads onboard, we are focusing on the following technological capabilities to develop and to produce nanosatellites in the New Space Economy:

- Software-defined radio technology and antenna design
- Electronics systems design and development for NewSpace applications
- Space systems engineering
- Production engineering and quality management to reach very high and predictable reliability in space

We are currently further expanding these capabilities through the following activities:

- Technology programs with the European Space agency, whom is investing in developing new technology in the European space industry, in its quest to explore space. This is very attractive because it is some very challenging projects we are participating in. It is, however, technology development and not product development.
- Our investment in new products and capabilities. This is where we can focus on a much more efficient way to make products produced efficiently in series.
- Nonrecurring engineering activities in customer projects. I.e., when a new feature is developed in a customer delivery project. This is usually very expensive because it is an inefficient way to make the development, and it puts pressure on the margins of the customer project, if not the feature can be used as part of a standard product.

With the technology and development program, it is our aim to:

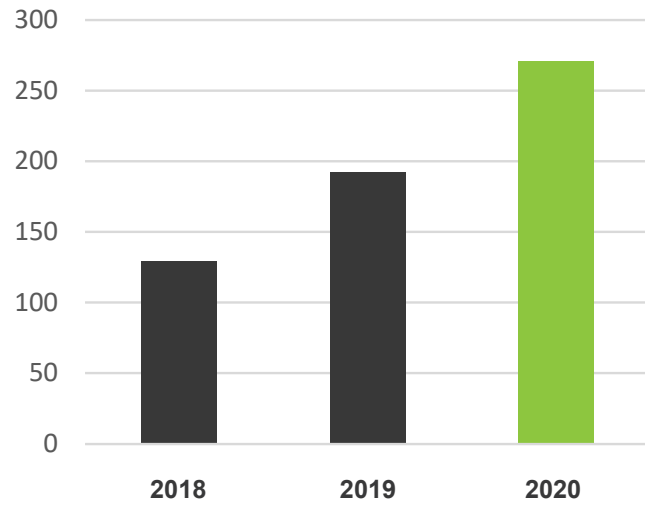
- expand our product content in our projects, whereby we can increase our margins
- Increase our quality and reliability so that the nanosatellite business can begin to use the insurance products as in the established space business

As soon as the nanosatellite business has reached that point, it can challenge the larger players in the satellite platform market.

We are well underway in GomSpace with that quest.

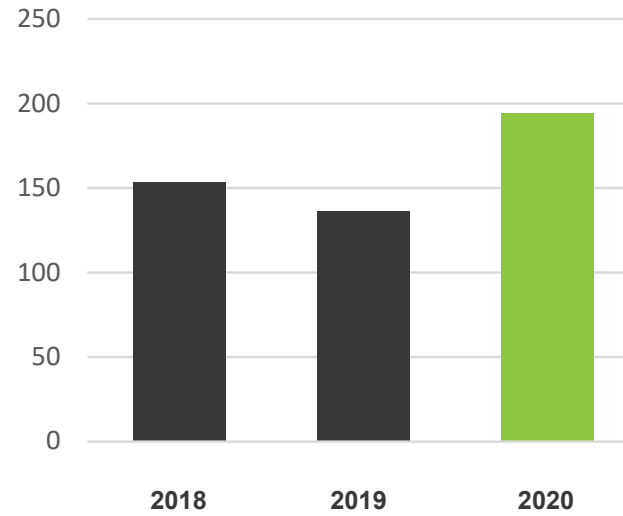
Key results 2020

Order intake



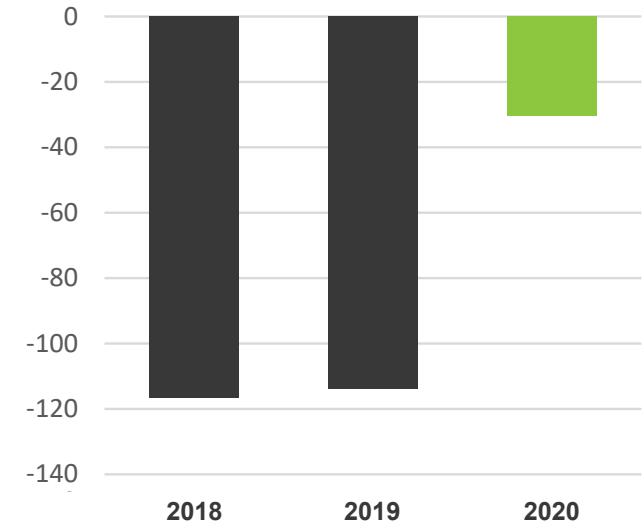
Order intake increased 41% to SEK 270.7m

Net sales (mSEK)



Net sales increased 43% to SEK 194.6m

Operating profit (mSEK)



Operating loss improved 73% to SEK 30.3m

Environmental, Social and Governance Figures

GomSpace ESG data is calculated and aggregated at the Group level. The data points are based on the Center for ESG Research's Integrated Ratio Guideline. GomSpace has aggregated data within each of the indicated data points across the whole Group.

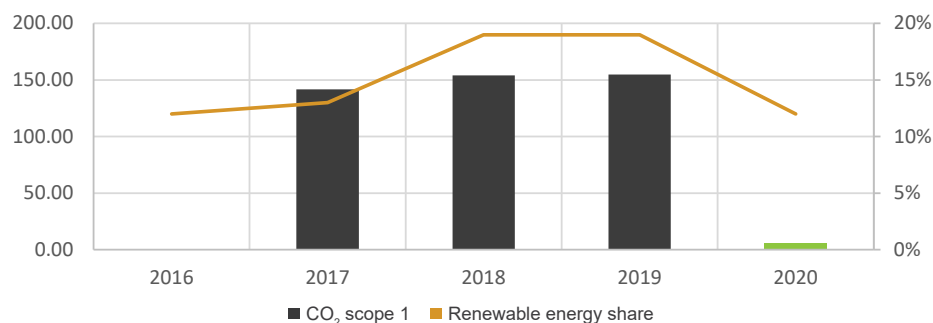
GomSpace ESG data

Section	Unit	2020	2019	2018	2017	2016
Environmental						
CO ₂ scope 1	ton CO ₂ e*	6.23	154.91	154.04	141.72	0.24
CO ₂ scope 2	ton CO ₂ e	176.23	248.49	84.61	368.20	213.58
Renewable energy share	%	12%	19%	19%	13%	12%
Water consumption	m ³	1100	638.75	1085.92	2601.00	1656.00
Social						
Workforce FTEs		133.5	168.4	198.9	119.4	45.0
Gender diversity, overall	% female	16%	19%	22%	21%	20%
Gender diversity, management	% female	0%	0%	0%	0%	0%
Gender pay ratio	female & male	1.22	1.36	1.36	1.33	1.21
Employee turnover rate	%	12%	30%	9%	4%	7%
Sickness absence	days per FTE	5.16	4.00	3.62	3.41	2.31
Customer retention rate	%	65%	76%	89%	59%	53%
Governance						
Gender diversity, board	%	0%	0%	20%	20%	0%
Board meeting attendance rate	%	98%	96%	98%	97%	97%
CEO pay ratio	multiple	3.55	2.78	3.91	3.62	2.81

* Other fuels are used on site for combustion, but their emissions are immaterial

** The turnover rate in 2019 is a consequence of the high number of redundancies during the year

Definition of ESG figures are defined on page 67.



General

This table presents GomSpace Group's ESG indicators for 2016 to 2020. They are calculated based on the Center for ESG Research's Integrated Ratio Guideline. All calculations are based on the available data provided by all GomSpace entities and aggregated on the Group level. The covered entities are GomSpace Group AB, GomSpace A/S (Denmark), GomSpace Sweden, GomSpace Luxembourg, GomSpace North America, and GomSpace Asia (Singapore). Factors such as scopes 1 and 2 are not calculated for offices where a small space of a larger office is rented. Therefore, the figures presented here are purely meant as information.

Environmental

The environmental factors cover scope 1, scope 2, percentage of renewable energy purchased, and water consumption. Scope 1 emissions are calculated based on the GHG Protocol and the UK Government GHG Conversion Factors for Company Reporting. Scope 2 emissions are calculated using the 2020 IEA Emissions factors. The reported data are only from GomSpace A/S in Denmark, GomSpace Sweden, and GomSpace Luxembourg. The remaining entities work out of shared office spaces, and thus, the office owner reports the environmental consumption. However, Sweden uses solely renewable energy. For scope 1, fuels include Perfluorocyclobutane (PFC-318) and Sulphur hexafluoride (SF₆), as well as vehicle-related emissions. For 2020, GomSpace has stopped using Perfluorocyclobutane (PFC-318) and Sulphur hexafluoride (SF₆), which is why the decrease in 2020. Other fuels are combusted on-site, but these do not have global warming potential as per the GHG Protocol. Therefore, they are considered immaterial. In 2017, GomSpace A/S moved to new facilities and paid double rent for part of the year. This gives the high usage of water and electricity. In 2019, GomSpace A/S started using new test equipment with very high electricity usage.

Social

GomSpace's activities have increased during the past five years, and there was also an increase in the FTE workforce. In 2020, the FTE workforce decreased because of the overcapacity in 2019. This is also illustrated in the decreased employee turnover from 2019 to 2020. In GomSpace, women's share had decreased from 20% in 2016 to 16% in 2020. In general, engineering and the space industry is dominated by men. GomSpace does not have women within the management group, and women are mainly employed in the manufacturing department.

Governance

All members of the board of directors are males. CEO pay ratio is increased in line with increased activities. CEO salary increased 28% from 2019 to 2020, and the staff median is increased due to the reduction in FTE in 2019.

Investment inspiration

Our introduction to investing in the space market

The Space markets

The Space market is growing at high rates. The enabler for this growth is the New Space Economy, also called NewSpace. This new era of Space activities was started by a few individual entrepreneurs around 20 years ago. Today, the most known players are Elon Musk with SpaceX, Jeff Bezos with Blue Origin, the late Paul Allen with Stratolaunch, and Richard Branson with Virgin Galactic and Virgin Orbit. They have managed to ignite a new era of investments in space activities. This era is driven by very renowned aims such as going to Mars, the Moon, providing space travel for wealthy individuals who dream of seeing the earth from space, and providing commercial satellite launch capacity to commercial and government customers.

Those investments from private and commercial players have also driven many countries to establish or re-establish space programs. Today, up to 100 countries have joined in on the quest to survey and explore space. Those activities range from national security purposes in Low Earth Orbit to deep space explorations for scientific reasons and eventually mining rare raw material on asteroids and planets.

The commercial solutions developed in the NewSpace era are so competitive that they are disrupting the space market. The technical capabilities are continuously being developed, and the prices are going down at a dramatic pace.

This development has given the background for investments in many new start-up service companies, aiming to provide data collected from space or provide communication services.

It has also increased the competition for the established service providers, especially in the satellite communications business.

The Space market's growth is expected to go from 366 Bn USD in 2019¹ to up to between 1,100 to 2,700 Bn USD in 2040². For GomSpace, it is important that the development is heading towards smaller and more flexible satellites, which are less expensive to produce and launch.

Value proposition

GomSpace has a unique value proposition for the developments in the New Space Economy. We are among the world leaders in the nanosatellite segment. Therefore, we are very well positioned to cater to the growing opportunities for exploiting the Low Earth Orbit for several new applications that can arise as the technology is becoming ready.

After having gained valuable experience through a number of test missions and In-Orbit Demonstration (IOD) Missions for commercial applications, and after having started to develop very advanced space missions with the European Space Agency (ESA), we are now, together with our investments in product development, approaching a very important milestone where we have all the necessary technology to start competing for the big and advanced constellation projects among the established players in the market.

We are currently developing a high-power 12-unit (12U) nanosatellite with Inter Satellite communications Link (ISL). With that, we have a very competitive solution, which can compete with much larger and heavier satellites and which is much less expensive to launch.

With this technology level, we can now start to market solutions of a global constellation that can perform very professional and advanced applications for our customers in an advanced communications network.

Over the last couple of years, we have developed a new and very advanced software system to provide technical service management of the satellite constellation. This is a major step towards providing the customers a complete constellation solution, providing the link between the satellites and the customer's business systems.

Future development

To make sure that we will be among the ultimate winners in the nanosatellite segment of the market, we will be working in the following areas to increase our position in the market:

- Be among the leaders to increase the reliability and predictability of the nanosatellite technology to make it possible for our customers to obtain advanced financing and insurance instruments
- Continue to increase the functionality of the nanosatellites in an industrial way
- Continue to develop the software on a system level to continue a roadmap to work increasingly seamlessly with the customer's data system and develop the software on the satellite so that it increasingly can be software-defined

There are very big opportunities for GomSpace in the future with the technology level that we already have and are continuously developing.

As we are part of a game of developing a new industry, it is of utmost importance for us that we are investing in developing the new markets for our fantastic technologies.

¹ <https://sia.org/news-resources/state-of-the-satellite-industry-report/>

² European Investment Bank, "The future of the European space sector" (https://www.eib.org/attachments/thematic/future_of_european_space_sector_en.pdf)

Management's Review

The Board of Directors and Chief Executive Officer of GomSpace Group AB (publ), corporate ID no. 559026-1888, with registered office in Uppsala, Sweden, hereby present the annual accounts of the parent company and group for the financial year 2020. Numerical information stated in brackets in these annual accounts is comparative figures with the financial year 2020 or the reporting date of 31 December 2020.

Ownership

GomSpace A/S, GomSpace Sweden AB, GomSpace Orbital ApS, GomSpace ASIA Pte Ltd,

GomSpace North America LLC, and GomSpace Luxembourg S.A.R.L. are the operating companies of the GomSpace Group, GomSpace Group AB is the holding company and listed on Nasdaq First North Premier in Stockholm.

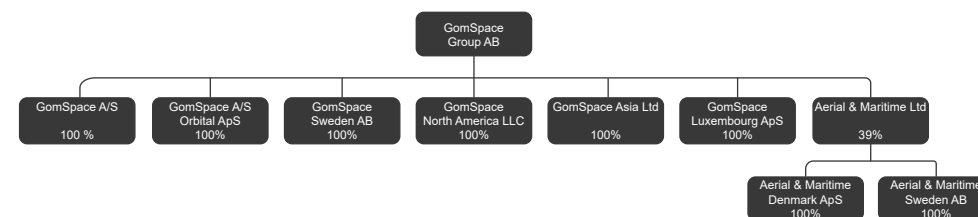
The Group consists of GomSpace Group AB (Reg. No. 559026-1888), GomSpace A/S (Reg. No. 30899849), GomSpace Sweden AB (Reg. No. 556643-0475), GomSpace Orbital ApS (Reg. No. 38173561), GomSpace Asia Pte Ltd (Reg. No. 201707094C), GomSpace North America LLC (Reg. No. S667083-2) and GomSpace Luxembourg S.A.R.L.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

5-year overview

T.SEK	2020	2019	2018*)	2017*)**)	2016*)**)
The Group					
Key figures					
Net revenue	194,576	136,263	153,384	96,405	54,142
Gross profit	47,646	17,994	38,549	26,884	25,201
Operating profit	-30,261	-113,856	-116,601	-67,610	-14,510
Share of profit from associates	-9,029	-25,967	-2,112	4,591	21,386
Net financial items	-8,369	-6,708	-4,098	-3,496	-1,389
Profit/loss before tax	-47,659	-146,531	-122,811	-66,515	5,487
Investments in intangible assets	14,757	14,998	61,444	38,908	21,848
Investments in PPE	900	6,953	25,348	18,500	6,447
Total assets	403,048	436,753	608,542	313,069	209,093
Equity	247,421	295,682	441,843	185,315	146,106
Total liabilities	155,627	141,071	166,699	127,754	62,987
Cash flow from operating activities	43,444	-92,627	-102,567	-8,406	-17,368
Cash flow from investing activities	-16,662	-32,678	-81,804	-79,940	-14,972
Cash flow from financing activities	-10,006	-16,518	357,163	110,018	105,275
Cash and cash equivalents	133,608	106,227	248,754	84,170	59,803
Net working capital	10,929	-20,522	6,010	23,606	-7,399

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

** The comparative figures are not restated to the effect of the IFRS 9 and IFRS 15 implementation.



Information concerning operations

The overall purpose of GomSpace is to manufacture nanosatellites as well as components and turnkey solutions for satellites.

T.SEK	2020	2019	2018*)	2017*)**)	2016*)**)
Ratios					
Gross margin (%)	24%	13%	25%	28%	47%
Operating margin (%)	-16%	-84%	-76%	-70%	-27%
Net margin (%)	-22%	-111%	-73%	-56%	17%
Return on invested capital (%)	-11%	-35%	-18%	-17%	4%
Return on equity (%)	-16%	-41%	-36%	-33%	11%
Equity ratio (%)	61%	68%	73%	59%	70%
Earnings per share, basic, SEK	-0.83	-2.90	-3.93	-2.09	0.62
Earnings per share, diluted, SEK	-0.83	-2.90	-3.93	-2.08	0.62
Average number of employees	133	168	199	119	45
Number of outstanding shares, average	52,274,803	52,274,803	28,620,451	25,805,411	14,592,504
Number of outstanding shares as at 31 December	52,274,803	52,274,803	52,274,803	26,257,334	24,507,334

Earnings per share are computed in accordance with IAS 33 (note 25). Other key figures are computed in accordance with key ratio definitions. GomSpace presents alternative target results in the Annual Report, which are not defined by IFRS. It is assessed that these financial highlights will contribute to increased comparability and value when evaluating the result for this year and the result in previous years. See note 1 for definition.

T.SEK	2020	2019	2018	2017	2016
The parent company					
Net revenue	25,841	25,676	24,893	21,482	1,708
Operating profit	-6,537	-7,662	-6,570	-6,367	-6,138
Share of profit from associates	-11,672	-12,442	0	0	0
Net financial items	1,587	2,121	-398	1,999	-230
Profit/loss for the year	-47,687	-21,503	-5,703	-2,112	-6,368
Total assets	515,111	562,502	606,710	224,875	153,451
Equity	513,924	561,118	580,646	223,349	129,397
Total liabilities	1,187	1,384	26,064	1,526	24,054
Operating margin (%)	-25%	-30%	-26%	-30%	-359%
Net margin (%)	-185%	-84%	-23%	-10%	-373%
Return on invested capital (%)	-9%	-4%	-1%	-1%	-4%
Return on equity (%)	-9%	-5%	-1%	-1%	-5%
Equity ratio (%)	100%	100%	96%	99%	84%
Earnings per share, basic, SEK	-0.91	-0.41	-0.11	-0.08	-0.44
Earnings per share, diluted, SEK	-0.91	-0.41	-0.11	-0.08	-0.44

The parent company was established on 11 September 2015.
Definition of key figures and ratios are defined in Note 1.



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Financial Review

T.SEK	Business areas				Total
	Academia	Commercial	Defense	Science	
Order backlog 1 January 2018	3,282	685,374	1,866	24,880	715,402
Currency adjustment and	639	16,708	-1,356	6,035	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
Currency adjustment	-3,110	5,409	-2,850	-8,831	-9,382
Order intake	18,463	48,713	36,452	167,075	270,703
Cancelled orders	-533	-9,237	0	-134	-9,904
Converted to revenue	-13,720	-78,118	-9,069	-93,669	-194,576
Order backlog 31 December 2020	2,328	30,757	25,558	150,938	209,581

*In the commercial business area, 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 2020 split per business area



SCIENCE: 62% DEFENCE: 13%
ACADEMIA: 7% COMMERCIAL: 18%

Order intake 2019 split per business area



SCIENCE: 55% DEFENCE: 2%
ACADEMIA: 5% COMMERCIAL: 38%

Order intake and backlog

Order intake in 2020 increased with 41% to T.SEK 270,703 (192,354). The main part of order intake is still in the science business area, but we have increased order intake in the academia and defence business area.

During the year we have signed significant contracts. We have signed contracts with the European Space Agency in the science business area at a total amount of T.SEK 146,211. In the defence business area, we have signed a contract with the Norwegian Defence Research Establishment at an amount of T.SEK 18,992 and contracts with the Colombian Air Force at a total amount of T.SEK 11,556. In the commercial business area, we have signed a significant software-defined radio modules and antenna systems order in North America of T.SEK 5,697, and we have signed a contract with NSSTC-UAEU at an amount of T.SEK 4,745. In the academia business area, we have signed a contract with the University of Arizona at T.SEK 4,804.

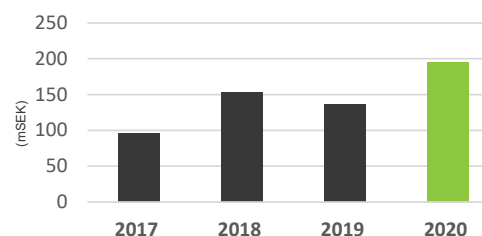
The outcome of our settlement agreement with Aerial & Maritime Ltd. is a cancellation of the remaining order value of T.SEK 9,047.

The backlog has increased 37% to T.SEK 209.581 (152.740), which puts us in a good position next year. Our expectation for 2021 is to generate between SEK 210-235 million in revenue from order intake and backlog.

Revenue and operating profit (loss)

The revenue for 2020 increased to T.SEK 194,576 (136,263). Satellite solutions' sales increased 53% to T.SEK 150,896 (98,827), and the sales of platforms, payloads, and subsystems increased 18% to T.SEK 43,680 (36,947). The revenue was higher than our expectations for the year of MSEK 160-185.

Net sales



The increase in revenue is mainly due to satellite solutions' sales. In the first half of 2020, we had a re-estimation of projects. The re-estimate was in particular related to rework and time consumption on development activities. In the second half of 2020, satellite solutions' sales were impacted by progress from subcontractors. The increase in the sales of platforms, payloads, and subsystems is mainly due to improved performance in Manufacturing and efficient execution of orders.

In Q2 2020, the settlement agreement with Aerial & Maritime Ltd. has a one-time effect on revenues with an amount of T.SEK 4,814.

The largest customer in 2020 was the European Space Agency (ESA), with a revenue share of 40% (31%).

In 2020, revenue related to new customers represented 17% compared to 10% in 2019.

In 2020, the gross margin was 24% (13%). The gross margin is positively affected by increased sales of platforms, payloads, and subsystems with a higher margin than satellite solutions sales and a re-evaluation of inventory components of T.SEK 3,935.

In 2020, Operating profit (loss) improved 276% to a negative T.SEK 30,261 (a negative 113,856). The improvement is mainly a result of our increased and continued focus on reducing costs concerning the large reduction of overcapacity in 2019. We have during 2020 increased the level of capacity utilization, spending more hours on customer projects. Sales and distribution costs are affected by a loss provision at T.SEK 3,411 (T.SEK 13,343).

Share of profit from associates

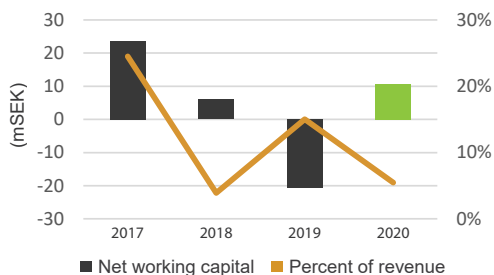
Share of loss from associates amounts to T.SEK 9,029 (T.SEK 25,967). The amount comprises a share of loss at T.SEK 3,166 (T.SEK 2,621) from Aerial & Maritime Ltd. In 2020, Aerial & Maritime Ltd. and GomSpace entered a settlement agreement stating that the project will close down and Aerial & Maritime Ltd. will start solvent liquidation. We will keep the eight nanosatellites and have accepted not to receive any dividends from the liquidation. Based on that, we have written down the 39% ownership in Aerial & Maritime Ltd. with an amount of T.SEK 5,863 (T.SEK 23,346).

Tax and deferred tax

The Group recognized a deferred tax asset at a total amount of T.SEK 1,541. Out of the total deferred tax asset, an amount of T.SEK 11,856 (T.SEK 11,707) relates to tax loss carry-forward. The Group had an effective tax rate of 9% (-4%) in 2020.

Cash flow

Cash from operating activities in 2020 increased T.SEK 136,071, from T.SEK -92,627 to T.SEK 43,444.

Net working capital

Working capital was positively affected with T.SEK 15,483 (21,045) from receivables, T.SEK 12,559 (a negative 5,769) from trade payables, T.SEK 8,511 from contract work (a negative 2,824) but negatively affected with T.SEK 2,316 (a positive 5,917) from inventories.

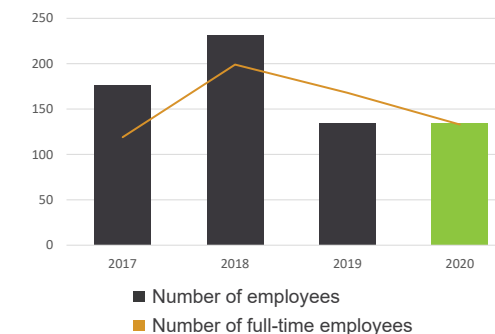
Higher deliveries from subcontractors in December led to increased payables in Q4 and positively impacted working capital. Governmental prepayments during 2020 have also positively impacted the working capital from the related contract work. The Danish government relief measures due to Covid-19 postponed payroll taxes at T.SEK 8,114; this will reverse in 2021

Investments in intangible assets concerning in-house development for customer cases amounted to T. SEK 23,886 (31,513) for 2020, excluding grants. Investments are described in the Product Development section. Investments in property, plant, and equipment amounted to T.SEK 900 (6,953).

Cash flow from financing activities amounts to a negative T.SEK 10.006 (16.518). Cash flow from financing activities is affected by repayments to

THE GROUP

	2020		2019		2018		2017	
Technology	85	62%	82	61%	111	48%	97	55%
Manufacturing	31	22%	30	22%	69	30%	35	20%
Sales and distribution	11	8%	11	8%	22	10%	16	9%
Administration	11	8%	11	8%	29	13%	28	16%
Number of employees	138	100%	134	100%	231	100%	176	100%
Number of full-time employees	133		168		199		119	

Employee evolution

Vækstfonden, which were put on hold for the second half of 2020 until 2021. Cash and cash equivalents at the end of Q4 2020 were T.SEK 135,502 (127,160).

Shareholder's equity

As of 31 December 2020, total shareholder's equity amounted to T.SEK 247,421 (295,682). In the year 2020, an amount of T.SEK 493 (2,028) is recognized as share-based payments concerning the warrant program established for the Group's employees.

Market outlook

In 2021, we expect to generate between SEK 210-235 million in revenue from order intake and backlog.

The shareholders should not expect any dividends in short to medium term.

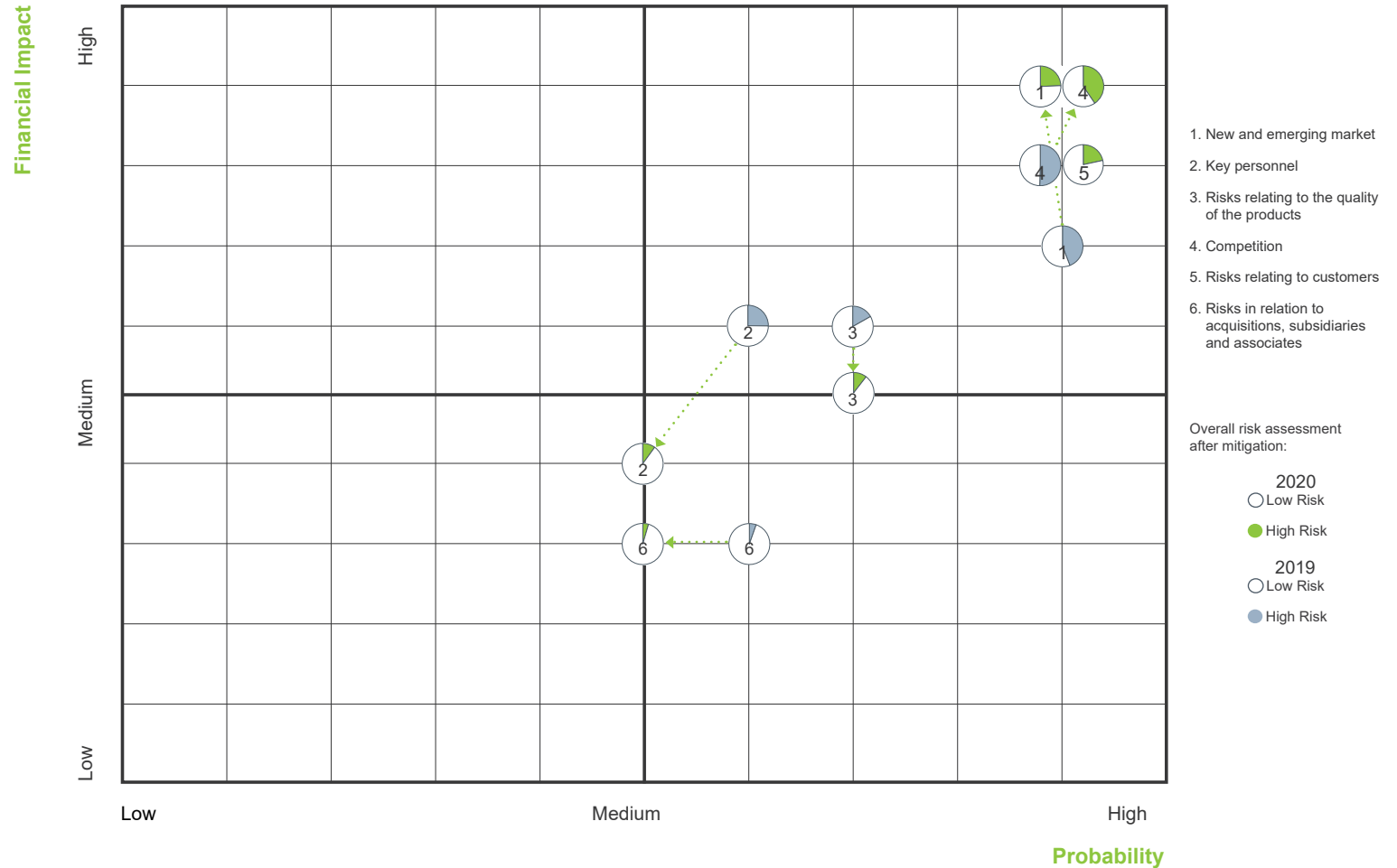
Other non-financial information

Information on remuneration and other employment terms for senior executives can be found in notes 4 and 5.

Risk Management

Due to its activities, the Group is exposed to various financial risks, including changes in foreign currency, interest, liquidity and credit risks. The Group manages the risks centrally and follows the policies approved by the Board of Directors. For further information, please see note 29 Financial risks.

The risk factors set forth below are primarily associated with 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. as well as the associated company Aerial & Maritime Ltd. and their currently conducted business operations. A number of factors may adversely affect the Company's business, financial position, and future results. Some of the risks are related to the Company, while other risks do not have any particular connection with the Company. There may also be risks and uncertainties that the Company is currently unaware of, or assesses as immaterial, proving material. Disclosed risks are not presented in priority order or any other particular order. The risks below are deemed to include the main known risks to the Company's future development. They may all adversely affect the Company's business, financial position, and profits in the future.



Description	Impact	Mitigation	Risk assessment 2020
<p>1. New and emerging market</p> <p>The nanosatellite market may stagnate. The market could also develop in a way that the Company cannot adapt to. Even if the market becomes large and wide, the Company may face competition from other operators with greater financial conditions and/or are better prepared for the market requirements.</p>	<p>Competition could lead to a situation where the Company needs to compete on other terms, such as price. One of the significant challenges is ensuring the Company's right positioning concerning technology and customers, thereby securing orders and profitability.</p>	<p>We monitor and reevaluate our ongoing business with quarterly forecasting and yearly updates of our 5-year plans. Furthermore, we adapt the company to the market situation, for instance, by focusing on the resources.</p>	<p>During 2020 we have seen delays in launches of nanosatellites and air tracking projects related to the COVID-19 pandemic. Competitors have introduced satellite as a service to the market. This new way of selling satellites is given new potentials to the market.</p>

Description	Impact	Mitigation	Risk assessment 2020
1. New and emerging market (continued)			<p>COVID-19 pandemic has no significant effect on our business, and we are comfortable with our current customer portfolio with a significant part of low-risk customers. Continuously, we are monitoring our business to the current market situation.</p> <p>For these reasons, the potential financial impact and likelihood of the risk occurring has been raised in the Group risk assessment for 2020.</p>
2. Key personnel	<p>Should the Group lose and not be able to replace any member of its key personnel, it may interrupt ongoing projects and other development plans laid out for the Group.</p>	<p>We ensure that GomSpace is, and continue to be, an exciting place to work. GomSpace seeks to offer employment on favorable terms and to be located in attractive areas.</p>	<p>We are dependent on skilled employees with the right competencies to execute our current project portfolio.</p> <p>Our overall employee turnover rate for 2020 is 12% compared to 30% in 2019.</p> <p>COVID-19 pandemic has created uncertainty in the market and therefore, also concerning job opportunities. This has lowered the potential financial impact and the likelihood of the risk occurring compared to last year.</p>
3. Risks relating to the quality of the product	<p>Should the Company focus on the wrong development projects or not be able to develop its products to meet market expectations, it may adversely impact the Company's business, financial position, and profits in the future.</p>	<p>The Quality Assurance department ensures that quality control is performed on the products and that this is registered and monitored on an ongoing basis.</p> <p>In 2020, we have been ISO 9001:2015 certified and thereby improving our procedure to strengthen our products' quality.</p>	<p>Quality in our products is one of the most critical factors for our customers. To be ISO 9001:2015 certificated is a step forward for improving quality in the daily business.</p> <p>For this reason, the potential financial impact and the likelihood of the risk occurring is slightly decreased from last year.</p>
4. Competition	<p>Failure to comply with this development may lead to loss of orders and market share.</p>	<p>We seek to be close to our customers and aim to offer them a wide product portfolio, and our customers can benefit from our experience within the business. Furthermore, we seek to partake in several development projects with ESA, which will lead to further recognition in the industry.</p>	<p>During the year, we are experiencing tough competition for commercial customers. Even though our order intake for 2020 is as we expected. Competitors are starting up selling satellites as a service and looking into a new way of selling satellites.</p> <p>The potential financial impact and the likelihood of the risk occurring is slightly increased from last year.</p>

Description	Impact	Mitigation	Risk assessment 2020																		
<p>5. Risks relating to customers</p> <p>Today, a material part of the Group's sales and revenue is generated from a few larger customers. There is a risk that customers do not place orders or otherwise fulfill their respective undertakings due to, e.g., lack of financial resources or other circumstances beyond the Company's control. There is a risk that the Company fails to enter into customer agreements on favorable terms.</p>	<p>We risk losing payment if the customer is unable to pay and in case, we do not meet the milestone requirements.</p>	<p>We seek to take out debtor insurance to gain knowledge of the customers' funding situation and enter into milestone payments with a positive cash flow.</p>	<p>In 2020, a large part of the order backlog is related to one customer. We aim to increase sales in the Commercial, Academia, and Defense business areas to spread the risk.</p> <p>We are comfortable with our current customer portfolio, which mainly consists of public customers with low risk.</p> <p>For these reasons, the potential financial impact and the likelihood of the risk occurring remain unchanged from last year.</p>																		
<p>6. Risks in relation to acquisitions, subsidiaries, and associates</p> <p>The outcome of acquisitions, subsidiaries, and associates is related to some risk as this may not fulfill the desired business strategy and become unsuccessful.</p>	<p>There will be expenses to closing down subsidiaries and costs concerning any obligations we have entered into; rental costs etc. We have written down our value of associated companies and started the liquidation of the company.</p>	<p>We monitor and reevaluate our ongoing business in subsidiaries with quarterly forecasting and yearly updates of our 5-year plans.</p>	<p>The air tracking project in our associated company Aerial & Maritime Ltd. is stopped, and the company is under solvent liquidation.</p> <p>For this reason, the potential financial impact and the likelihood of the risk occurring are decreased from last year.</p>																		
<p>Uncertainty relating to recognition and measurement</p> <p>Recognition and measurement regarding the carrying amount of some assets and liabilities in the Consolidated Financial Statements require judgments, estimates, and assumptions concerning future events. Also, see note 2.</p>	<p>Parent Company</p> <p>The parent company, GomSpace Group AB, had total revenues of T.SEK 25,841 (25,676) for the year 2020. The parent company incurred total costs of T.SEK -32,378 (33,338) for the year 2020. The operating result for the year 2020 is T.SEK -6,537 (-7,662). The parent company has booked an impairment of investment in subsidiaries at T.SEK 31,065 (0) and a write-down of investment in associates at T.SEK 11,672 (12,442). The net loss for the year 2020 is T.SEK 47,687 (a net loss of 21,503).</p>	<p>The Board of Directors' decision on items for the Annual General Meeting</p> <p>Distribution of profit (loss) for the year.</p> <p>The following funds are at the disposal of the parent company (SEK):</p>																			
<p>Unusual events</p> <p>The financial position at 31 December 2020 of the Group and the results of the activities and cash flows of the Group for the financial year 2020 have not been affected by any unusual events.</p>	<p>Tax and deferred tax</p> <p>The Parent Company, GomSpace Group AB, had a non-recognized deferred tax loss carry-forward at a total amount of T.SEK 75,601 (70,764) and a recognized deferred tax asset at a total amount of T.SEK 0 (0) relating to tax loss carry-forward.</p>		<table border="1"> <thead> <tr> <th></th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Share premium</td> <td>578,311,459</td> </tr> <tr> <td>Retained earnings</td> <td>-20,360,872</td> </tr> <tr> <td>Profit (loss for the year)</td> <td>-47,687,479</td> </tr> <tr> <td></td> <td>510,263,108</td> </tr> </tbody> </table> <table border="1"> <tbody> <tr> <td colspan="2">To be distributed as follows:</td> </tr> <tr> <td>Paid out as dividend</td> <td>0</td> </tr> <tr> <td>Carried forward</td> <td>510,263,108</td> </tr> <tr> <td></td> <td>510,263,108</td> </tr> </tbody> </table>		2020	Share premium	578,311,459	Retained earnings	-20,360,872	Profit (loss for the year)	-47,687,479		510,263,108	To be distributed as follows:		Paid out as dividend	0	Carried forward	510,263,108		510,263,108
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<p>Subsequent events</p> <p>No material events have occurred after the balance sheet date.</p>			<p>The Board of Directors is proposing to the Annual General Meeting that no dividend is paid for the financial year 2020.</p>																		



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Corporate Governance

Introduction

GomSpace Group AB is a Swedish public limited liability company with its registered office in Stockholm, Sweden. Through its subsidiaries, the company develops and manufacture nanosatellites as well as components and turnkey solutions for satellites and has been listed on Nasdaq First North Premier Growth Market since June 2016.

As a company listed on Nasdaq First North Premier Growth Market, the company must comply with the Swedish Corporate Governance Code (the “Code”) and prepare an annual corporate governance report from the 2019 financial year.

GomSpace considers good corporate governance to be essential and an important part of its core business. Consequently, the company complies with the Code in all essential and obligatory aspects at the time of preparing this corporate governance report.

Corporate governance structure

The Swedish Companies Act contains basic rules for the company’s organization. It stipulates that there should be three decision-making bodies: The general meeting of shareholders, the board of directors, and the Chief Executive Officer (CEO), in a hierarchal relationship with each other. There must also be a monitoring body, the auditor, appointed by the general meeting of shareholders.

Governance, management, and control are distributed between the shareholders, the board of directors, the CEO, and company management according to applicable laws, rules and recommendations, and GomSpace’s articles of association, the board of directors’ rules of procedure, and other internal instructions.

The current articles of association are kept available on the company’s [webpage](#).

The regulatory framework consists of the Swedish Companies Act, which applies to the market where the company’s shares are listed for trading (Nasdaq First North Growth Market – Rulebook) and the Code.

Shareholders

Information about shareholders in the company is included on page 27 in the annual report.

General meeting of shareholders

The annual general meeting of shareholders (“AGM”) is held in Stockholm within six months of the end of the financial year. The AGM adopts the financial statements (annual report) and decides how to allocate the result. Further, the AGM decides on discharge from liability for the board of directors and the CEO, elects members of the board of directors and auditor(s), and determines their fees. The AGM also decides on other matters included by the board of directors in the notice convening the AGM.

In respect of general meetings, the company has not deviated from the Code.

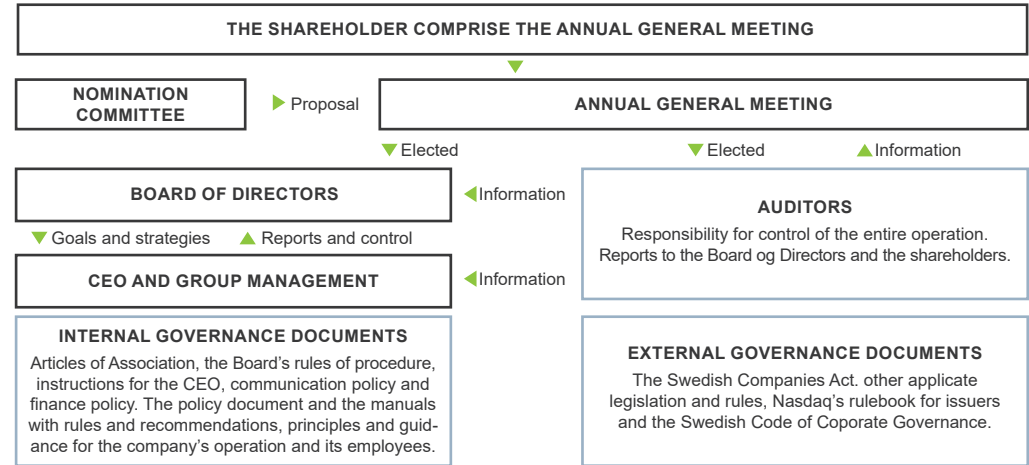
The AGM held in 2020 took place on 24 April 2020. A copy of the meeting minutes is available on the company’s web page under the “[General meetings](#)” section.

The AGM to be held in 2021 will take place on 23 April 2021 at 10.00 at Setterwalls Advokatbyrå’s office at Sturegatan 10 in Stockholm, Sweden.

Nomination committee

The nomination committee is to present proposals to the AGM regarding chairman of the meeting, the election of chairman and other members of the board of directors, auditor(s), and fees and other remuneration payable to each member of the board of directors and the auditor(s). Further, the nomination committee is to present proposals on any changes to the principles for the nomination committee’s appointment and instructions.

At the AGM held on 24 April 2020, it was resolved not to change the principles for the appointment of and instructions to the nomination committee adopted at the AGM held in 2019. The nomination committee is composed of the chairman of the board of directors and three members appointed by the three largest shareholders by votes at the end of the third quarter each year. The nomination committee is to appoint a chairman among its members. The chairman of the board of directors may not be appointed as chairman of the nomination committee.



In respect of the AGM to be held in 2021, the following shareholders have exercised their right to appoint a member to the nomination committee: Hansen & Langeland ApS, Borean, Longbus Holding, and NOVI. Each of the shareholders, as mentioned earlier, has appointed the following members:

- Jens Langeland, appointed by Hansen & Langeland ApS
- Stefan Gardefjord, appointed by Borean and Longbus Holding
- Henrik Lundum, appointed by NOVI

As a result of decreased shareholding, the member (Henrik Lundum) appointed by NOVI resigned from the nomination committee on 1 January 2021. The nomination committee is in the process of appointing a new member following the principles for the appointment of and instructions to the nomination committee.

The previous chairman of the board of directors (Jukka Pertola) and the current chairman of the board of directors (Jens Maaløe) are both considered to be independent of the company’s largest shareholders.

Following the principles for the appointment of and instructions to the nomination committee, the nomination committee shall be composed and perform such tasks, stated from time to time in the Code.

The principles for the appointment of and instructions to the nomination committee are available on the corporate governance section at the company’s website, included as an appendix to the AGM’s minutes in 2019.

A diversity policy is not legally required for the nomination committee in its work nor required by Code.

Tasks of directors

The board of directors’ rules of procedure includes, amongst others, the following tasks:

- appointing, evaluating and, if necessary, dismissing the CEO,
- establishing the overall goals and strategy of the company,
- identifying how sustainability issues impact risks to and business opportunities for the company,
- defining appropriate guidelines to govern the company’s conduct in society, to ensure its long-term value creation capability,

- ensuring that there is an appropriate system for follow-up and control of the company's operations and the risks to the company that are associated with its operations, ensuring that there is a satisfactory process for monitoring the company's compliance with laws and other regulations relevant to the company's operations, as well as the application of internal guidelines, and
- ensuring that the company's external communications are characterized by openness and that they are accurate, reliable, and relevant

In line with rules of procedure, each board member is:

- to form an independent opinion on each matter considered by the board and to request whatever information he or she believes necessary for the board to make well-founded decisions,
- to acquire continuously the knowledge of the company's operations, organization, markets, etc. that is necessary to carry out the assignment, and
- responsible for committing the time required to carry out the board's work in the context of the board member's other assignments and commitments.

If required, work among members of the board is divided based on competencies.

The board is to approve any significant assignments the CEO has outside the company.

Size and composition of the board of directors

According to the association articles, the board of directors is to consist of not less than three and not more than seven ordinary members without deputy members. Board members are elected for a period of one year.

At the AGM held in 2020, five board members were elected.

The requirements to size and composition according to the Code, including but not limited to in respect of independence, are fulfilled. No board member is a member of the executive management, and most board members are independent of the company and its executive management. Only one current board member is dependent related to the company's

major shareholders.

A detailed presentation of the board members, including information about other assignments and holding of GomSpace shares, is to be found under [Board of Directors](#) in the Corporate Governance section at the company's website.

Furthermore, information about board meeting attendance during the last financial year is included as part of ESG reporting. In 2020 the attendance rate was 98%. Henrik Schibler was absent at one out of thirteen board meetings resulting in an attendance rate of 92%, and the other board members had an attendance rate of 100%.

Since the last AGM, 11 board meetings have taken place.

The CEO and CFO usually attend the board meetings and other persons within the company group can participate in board meetings from time to time (as decided by the board of directors).

Chair of the board of directors

The chair of the board of directors leads the work of the board. It has a special responsibility to follow the group's development between board meetings and ensure that the board members are continually provided with the information necessary to perform the work satisfactorily.

Following the board of directors' rules of procedure and in line with the Code, the chair ensures that the board's work is performed efficiently and fulfills its obligations.

The general meeting elects the chair of the board. The current chair is not an employee of the company or has duties assigned by the company regarding his chair's responsibilities.

The chair maintains regular contact with members of the management team and holds meetings with them as required.

Board procedures

The board of directors is responsible for ensuring that the group has good internal controls and ensures that the group has formalized routines to ensure that approved principles for financial reporting and internal controls are applied as well

as to ensure that the company's financial reports are produced following legislation, applicable accounting standards and other requirements for listed companies.

The following policies and plans have been implemented and are regularly reviewed and updated:

- Accounting policy
- Authority rights
- Information policy
- Insider policy
- IT policy and Disaster Recovery plan
- Business continuity plan
- Code of Conduct

A detailed description of the group's internal controls is included in a separate section below, including the board's monitoring measures that the internal controls related to financial reports and reporting to the board function adequately.

A separate internal audit function has not been established. The board of directors believes that the limited size of the company's business in a centralized organization does not require a more extensive audit function in an internal audit function. The assessment is updated annually.

An audit committee is not statutory, and the entire board performs relevant tasks of such committee.

At least once a year, the board meets the company's statutory auditor without the CEO or any other executive management member.

The board of directors ensures that the statutory auditor reviews the company's half-year or third-quarter report. The most recent review was performed as of 30 September 2020.

CEO and executive management

The CEO is primarily responsible for the continuous management of the Company's affairs and daily operations. The division of work between the board of directors and CEO are outlined in the board of directors' rules of procedure and the CEO's instructions. The CEO is responsible for keeping the board of directors informed of the Company's operations, results of operation, and financial position.

The CEO is also responsible for preparing reports, compiling information ahead of board meetings, and reporting the board meetings' materials.

A detailed presentation of the CEO and the entire executive management team, including information about other assignments and holding of GomSpace shares, is to be found under [Executive Management](#) in the Corporate Governance section at the Company's website.

Evaluation of the board of directors and CEO

The chair is to ensure that the board's work is evaluated annually and that the nomination committee is informed of the result of the evaluation.

The annual evaluation of the board work follows an established procedure in line with the corporate governance rules. The chair has evaluated in collaboration with an external consultant through individual discussions with the board members. Several different observations are highlighted, such as the breadth of knowledge within the international space economy and market, systematic evaluation of managing director and top management including mapping of competencies, the composition of the board, and how the board work has been carried out.

The most recent evaluation was performed in February 2021.

Furthermore, the chair is to ensure that the CEO's work is evaluated annually and the board continuously evaluates the CEO's work. A formal examination is carried out at least once a year, and no member of the executive management is to be present during this evaluation process. The most recent evaluation was performed in February 2021.

Remuneration of the board of directors and executive management

The entire board performs the tasks of a remuneration committee following the Code.

Suppose the board uses the services of an external consultant. In that case, the board ensures no conflict of interest regarding other assignments; this consultant may have for the company or its executive management.

The AGM adopts guidelines for remuneration for executive management in line with principles set out in the Code. The following guidelines are highlighted:

- The main principle is that remuneration and other employment conditions for executive management members shall be based on market terms and competitive to ensure that the group can attract and retain competent members of the executive management at a reasonable cost for the company.
- The total remuneration for the executive management shall consist of fixed salary, variable remuneration, pension, and other benefits. To avoid that the executive management is encouraged to take inappropriate risks, there shall be a fundamental balance between fixed and variable remuneration.
- Thus, the fixed salary shall be large enough concerning the total remuneration paid to the executive management to render it possible to reduce the variable remuneration to zero.
- The variable remuneration to a member of the executive management whose function or total remuneration level implies that he or she can have a material effect on the company's risk profile may not be greater than the fixed salary.

Each year, the board of directors shall consider whether the AGM is to be proposed to adopt a share-based incentive program. Proposed incentive programs shall contribute to long-term value growth.

For further details, see appendix 2 to the minutes from the AGM held in 2020, available at the company's [webpage](#).

At the company's AGM held in 2020, it was resolved that the fees payable to the board of directors for the period until the end of the next AGM shall amount to a total of SEK 1,350,000, out of which SEK 450,000 shall be paid to the chair and SEK 225,000 to each of the other board members.

The company's commitment regarding variable salary to the group's executive management for 2020 is estimated to cost the company not more than approximately SEK 3,600,000.

Information on sustainability and remuneration

The group is not legally required to publish a sustainability report. Still, an ESG reporting based on the Center for ESG Research's Integrated Ratio Guideline has been compiled voluntarily and is included in the annual report (page 11) since the annual report 2019.

Furthermore, the group is not legally required to publish a remuneration report. Disclosures of management remuneration, including share-price related incentive programs, are included in note 4 of the annual report and are also found on the company's [webpage](#).

Internal controls of financial reporting

Internal controls regarding financial reporting aim to provide reasonable certainty in terms of external financial reporting reliability and ensure that the financial reporting has been prepared following the law, applicable reporting standards, and other requirements.

The control environment includes how targets are set, how earnings are monitored, and how risks are managed.

Financial reporting's control environment is based on allocating roles and responsibilities within the organization and accounting policies, instructions, and routines.

The authorization instructions in place regulate the decision-making process for important contracts, major investments, and other significant decisions, thus becoming an important part of the group's control environment.

The board of directors is responsible for identifying and addressing material financial risks and the risk of financial reporting errors.

At each board meeting, management reports its assessment of existing risks and any other issues concerning internal control. The board can then call for further measures if considered necessary.

Description of risk management and assessment are included on pages 18-20 of the annual report.

Control activities within GomSpace take place in the entire organization at all levels and include approval of projects and agreements and ongoing monitoring of earnings performance on projects.

Financial reporting and statements are analyzed and validated by the group's finance team.

Under the management of the group's CFO, the group's finance department conducts an annual evaluation of the company group's internal control.

Group Information

Board of Directors



Jens Maaløe
(board member and incoming chairman)

Born: 1955

Position: Member since 2020, and chairman of the board of directors of the Company.

Other current assignments:

Mr. Maaløe is chairman of Poul Due Jensen Foundation & board member in GRUND-FOS, Chairman of the board at The Danish Technological Institute & NIRAS, and a member of the board at Odense Maritime Technology and NKT & Chairman of NKT Photonics.

Independent of GomSpace and the senior management: Yes.

Independent of major shareholders as of today: Yes.

Holdings in GomSpace: No shares.



Jukka Pertola
(board member and retiring chairman)

Born: 1960

Position: Board member since 2016, Chairman 2016-2020 and Vice chairman since 2020.

Other current assignments:

Mr. Pertola is chairman of the board of directors of Siemens Gamesa Renewable Energy A/S, Tryg A/S, Tryg Forsikring A/S, Monsenso A/S and Asetek A/S. Furthermore, he is vice chairman of the board of directors of COWI Holdings A/S, GN Store Nord A/S, GN Audio A/S and GN Hearing A/S.

Independent of GomSpace and the senior management: Yes.

Independent of major shareholders as of today: Yes.

Holdings in GomSpace: Direct holding of 80,000 shares.



Jesper Jespersen
(board member)

Born: 1946

Position: Board member

Other current assignments:

Mr. Jespersen is chairman of the board of directors of AnyBody Technology A/S and a member of the board of directors of CPHI-Holding A/S, Netic A/S, Admana A/S, BBHS A/S, SkyWatch A/S, Tentoma A/S, and REAL ApS. He is also the CEO of Dellwood Invest ApS and a director of Investo Capital Management A/S.

Independent of GomSpace and the senior management: Yes.

Independent of major shareholders as of today: Yes.

Holdings in GomSpace: Direct holding of 50,000 shares.



Steen Hansen
(board member)

Born: 1948

Position: Board member

Other current assignments: Mr. Hansen is chairman of the board of directors of Nyati Safari ApS, Beach Lodge ApS, Travelcon A/S, H&L Ejendomme A/S, CN Group Holding ApS, Vilanculos ApS, Grunden 132 A/S, Marineco Holding ApS, Halborg Holding ApS, Scan Antenna A/S, DKF Invest A/S, H&L Wind A/S and H&L Scan Antenna ApS. He is also a member of the board of directors of MSG Capital ApS, Go Hotel City ApS, CNDE Holding ApS, Hansen & Langeland ApS, Grunden138 ApS, Huset 144 A/S, Komplementarselskabet Stevns ApS, K/S H&L Wind Tiefenbach, Dencam Composite A/S, Denwind ApS, S3e ApS, Hotels Holding ApS, Ejendomsselskabet Lergravsvej 53 ApS, Go Hotels Copenhagen ApS, Ejendomsselskabet Englandsvej 333 ApS, and MSGM Ejendomme ApS and Stevns Broker P/S. Mr. Hansen is also the CEO of H&L Leasing ApS, SHA Holding ApS, H&L Obligationer ApS, Hansen & Langeland ApS, SLJH Holding ApS, CNDE Holding ApS, and EH Holding ApS. He is also a director of Grunden 138 ApS, Huset 144 A/S, CATERING 133 ApS, Halborg Holding ApS and H&L Junior 01 ApS and a partner of Steen Hansen Shipping Asia Trader, and H&L Tiefenbach ApS.

Independent of GomSpace and the senior management: Yes.

Independent of major shareholders as of today: No.

Holdings in GomSpace: Indirect holding of 5,248,646 shares through Hansen & Langeland ApS.



Henrik Schibler
(board member)

Born: 1978

Position: Board member since 2019.

Other current assignments:

Mr. Schibler is currently CFO at GlobalConnect.

Independent of GomSpace and the senior management: Yes.

Independent of major shareholders as of today: Yes.

Holdings in GomSpace: No shares.

Senior Management



Niels Buus
(CEO)

Born: 1957
Position: Mr. Buus is CEO of the Company and has been CEO of GomSpace A/S since 2014.

Other current assignments:
Mr. Buus is the chairman of the Aalborg University Nomination Committee, a member of the board of directors of FAD – Danish Defense and Security Industries Association, as well as partner and CEO of Longbus Holding ApS.

Holdings in GomSpace:
Direct holding of 63,000 shares and indirect holding of 1,221,756 shares in the Company through Longbus Holding ApS. Direct holding of 20,116 vested warrants issued under the incentive program implemented in 2017. Related persons (wife) also hold a total of 2,000 shares.



Troels Dalsgaard
(CFO)

Born: 1986
Position: Mr. Dalsgaard has been CFO of the Company from when it became the parent company of the Group and was also CFO of the former parent company, GomSpace A/S, as of May 2014.

Other current assignments:
Mr. Dalsgaard is a partner of Skallerup Management as well as a partner and the CEO of Skallerup Invest IVS.

Holdings in GomSpace: Direct holding of 1,000 shares and indirect holding of 293,300 shares in the Company through Skallerup Invest IVS. Direct holding of 10,345 vested warrants issued under the incentive program implemented in 2017. Related persons (children) also hold a total of 3,000 shares.



Ole Kristensen
(CTO)

Born: 1965
Position: Mr. Kristensen is the Chief Technical Officer of GomSpace and has been with the company since April 2020.

Holdings in GomSpace: Indirect holding of 45,521 shares in the Company through Affinitas ApS.



Peter Worsøe
(CMO)

Born: 1955
Position: Mr. Worsøe is the Chief Manufacturing Officer of GomSpace and has been with the company since September 2017.

Holdings in GomSpace: Direct holding of 3,646 vested warrants and possible future holding of an additional 1,215 unvested warrants issued under the incentive program implemented in 2018.



Lars Alminde
(CCO)

Born: 1979
Position: Mr. Alminde is the Chief Commercial Officer (CCO) of GomSpace and has been with the company since September 2007.

Holdings in GomSpace: Indirect holding of 1,726,439 shares in the Company through Black Pepper Invest ApS. Direct holding of 9,196 vested warrants issued under the incentive program implemented in 2017.

Investor Information

Share price movements

At the end of 2020, GomSpace Group AB's share was SEK 16.36 per share compared to a share price of SEK 11.24 at the beginning of the year. This corresponds to an increase of 46%. The group's market value on 31 December 2020 was T.SEK 855,216 compared to T.SEK 587,569 as of 1 January 2020.

Share price movements



Composition of shareholders

GomSpace Group AB has 11,931 registered shareholders at the end of 2020. The following are the top-3 shareholders who are made public. Other shareholders may therefore be included in the top-3; however, they are not known by name.

2020

Hansen & Langeland ApS	5,248,646
Borean Innovation A/S	1,353,073
Longbus Holding ApS	1,221,756

These shareholders hold 15% of the group's total shares.

The Board of Directors and the management, including related parties, hold 5,378,646 shares and 3,359,662 shares, respectively, corresponding to 16.7% of the total shares.

IR Policy

Our policy is to convey information to our shareholders and the market professionally and on an ongoing basis.

The group's annual reports and interim reports are available on our webpage. Following the publication, an update will be made to our Investor Presentation, which can also be found on our webpage.

Following our interim reports, share analysis is prepared by Danske Bank and Aktieinfo (this latter analysis is only available in Danish).

In 2021, we participate in the following events:

- ABGSC Small & Mid Cap Seminar on 7 April 2021
- ABGSC Small & Mid Cap Seminar on 22 September 2021

Should participation in additional events take place in 2021, this will be announced on our webpage.

Questions regarding IR can be sent via the contact form on our webpage (<https://gomspace.com/contact.aspx>) or by e-mail: info@gomspace.com.



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Consolidated Income

T.SEK	Note	2020	2019
Net revenue	3	194,576	136,263
Cost of goods sold	4,5,6	-146,930	-118,269
Gross profit (loss)		47,646	17,994
Sales and distribution costs	4,5,6	-28,640	-43,789
Development costs	4,5,6	-20,387	-40,635
Administrative costs	4,5,6	-30,875	-45,030
Other operating income		1,995	303
Other operating costs		0	-2,699
Operating profit (loss)		-30,261	-113,856
Share of profit from associates	15	-9,029	-25,967
Finance income	8	1,771	485
Finance expenses	9	-10,140	-7,193
Profit (loss) before tax		-47,659	-146,531
Tax	10	4,093	-5,132
Profit (loss) for the year		-43,566	-151,663
Profit (loss) is attributable to			
Owners of GomSpace Group AB (publ)		-43,566	-151,663
		-43,566	-151,663

T.SEK	Note	2020	2019
Consolidated Comprehensive Income			
Profit (loss) for the year		-43,566	-151,663
Items which may be reclassified to the income statement:			
Foreign exchange rate adjustments, subsidiaries		-5,188	3,351
Foreign exchange rate adjustments, associates	15	0	176
Other comprehensive income for the year, net of tax		-5,188	3,527
Total comprehensive income for the year		-48,754	-148,136
Total comprehensive income for the year is attributable to:			
Owners of GomSpace Group AB (publ)		-48,754	-148,136
		-48,754	-148,136
Earnings per share, basic, SEK	25	-0.83	-2.90
Earnings per share, diluted, SEK	25	-0.83	-2.90

Consolidated Financial Position

T.SEK	Note	Dec 31	
		2020	2019
ASSETS			
Goodwill	11	3,710	3,710
Other intangible assets	11	113,893	116,844
Property, plant and equipment	12	22,388	31,062
Right of use assets (leasing)	13	42,656	54,541
Investments in associates	15	0	11,672
Deferred tax	16	1,541	1,173
Other non-current assets	17	4,069	4,071
Total non-current assets		188,257	223,073
Inventories	18	26,449	24,133
Contract work	19,20	19,643	13,087
Trade receivables	20	21,729	37,212
Tax receivable	21	5,052	6,588
Prepayments	22	2,348	4,125
Other receivables	23	4,068	1,375
Cash and cash equivalents	24	135,502	127,160
Total current assets		214,791	213,680
Total assets		403,048	436,753

T.SEK	Note	Dec 31	
		2020	2019
EQUITY AND LIABILITIES			
Share capital	25	3,660	3,660
Share premium		581,599	581,599
Translation reserve		2,583	7,771
Retained earnings		-340,421	-297,348
Total equity		247,421	295,682
Credit institutions	29,30	14,264	14,874
Leasing liabilities	13,29,30	31,745	43,956
Other liabilities	27,29,30	7,752	2,933
Total non-current liabilities		53,761	61,763
Credit institutions	29,30	4,613	8,966
Leasing liabilities	13,29,30	10,900	10,769
Trade payables and other payables	29,30	22,180	9,621
Contract work	19	44,223	29,156
Prepayments	26	1,820	4,132
Corporation tax		1,187	163
Other liabilities	27,30	16,943	16,501
Total current liabilities		101,866	79,308
Total liabilities		155,627	141,071
Total equity and liabilities		403,048	436,753

Consolidated Changes in Equity

T.SEK	Share capital	Share premium	Translation reserve	Retained earnings	Total equity
Equity 01.01.2019	3,660	581,652	4,244	-147,713	441,843
Profit (loss) for the year	0	0	0	-151,663	-151,663
Other comprehensive income	0	0	3,527	0	3,527
Total comprehensive income for the year	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
Total transactions with owners in their capacity as owners	0	-53	0	2,028	1,975
Equity 31.12.2019	3,660	581,599	7,771	-297,348	295,682
Equity 01.01.2020	3,660	581,599	7,771	-297,348	295,682
Profit (loss) for the year	0	0	0	-43,566	-43,566
Other comprehensive income	0	0	-5,188	0	-5,188
Total comprehensive income for the year	0	0	-5,188	-43,566	-48,754
Transactions with owners in their capacity as owners					
Share-based payments	0	0	0	493	493
Total transactions with owners in their capacity as owners	0	0	0	493	493
Equity 31.12.2020	3,660	581,599	2,583	-340,421	247,421

Consolidated Cash Flow

T.SEK	Note	2020	2019
Profit (loss) before tax		-47,659	-146,531
Reversal of financial items		8,369	6,708
Depreciation and amortizations		33,650	32,091
Result after tax from associates	33	9,029	25,967
Non-cash items	31	2,640	20,589
Changes in net working capital	32	34,783	-34,620
Cash flow from primary operating activities		40,812	-95,796
Received interest		248	11
Paid interest		-3,813	-4,554
Tax received		6,598	7,949
Tax paid		-401	-237
Cash flow from operating activities		43,444	-92,627
Investments in intangible assets (before grants)		-23,886	-31,513
Investments in leasehold improvement, plant and equipment		-900	-6,953
Deposit paid		-139	-191
Government grants	35	8,263	5,979
Cash flow from investing activities		-16,662	-32,678

T.SEK	Note	2020	2019
<i>Financing from debt:</i>			
Borrowings	34	6,124	2,978
Repayment of borrowings	34	-5,101	-9,002
Payment of lease liabilities	34	-11,029	-10,441
		-10,006	-16,465
<i>Financing from shareholders:</i>			
Capital increase, costs		0	-53
		0	-53
Cash flow from financing activities		-10,006	-16,518
Net cash flow for the year		16,776	-141,823
Cash and cash equivalents, beginning of the year		106,227	248,754
Unrealized exchange rate gains and losses on cash		-8,434	-434
Change in bank deposit for security		19,039	-270
Cash and cash equivalents, end of the year		133,608	106,227
Reconciliation of cash and cash equivalents			
Cash and cash equivalents according to the balance sheet	24	135,502	127,160
Bank deposit		-1,894	-20,933
Cash and cash equivalents according to the cash flow statement		133,608	106,227

The cash flow statement cannot be directly derived from the items in the consolidated financial statements.

Parent Company Income

T.SEK	Note	2020	2019
Net revenue	3	25,841	25,676
Gross profit		25,841	25,676
Administrative costs		-32,378	-33,338
Operating profit (loss)		-6,537	-7,662
Finance income	8	2,421	2,466
Share of profit from associates	15	-11,672	-12,442
Write-down of investments in subsidiaries	14	-31,065	-345
Finance expenses	9	-834	-
Profit (loss) before tax		-47,687	-17,983
Tax	10	0	-3,520
Profit (loss) for the year		-47,687	-21,503
Statement of Comprehensive Income			
Profit (loss) for the year		-47,687	-21,503
Items which may be reclassified to the income statement:			
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income for the year		-47,687	-21,503

Parent Company Financial Position

T.SEK	Note	2020	2019
ASSETS			
Investments in subsidiaries	14	389,948	304,693
Investments in associates	15	0	11,672
Total financial fixed assets		389,948	316,365
Total non-current assets		389,948	316,365
Receivables from subsidiaries		107,092	133,009
Trade receivables from associates		0	39
Other prepayments	22	322	434
Other receivables	23	86	147
Receivables		107,500	133,629
Cash and cash equivalents	24	17,663	112,508
Total current assets		125,163	246,137
Total assets		515,111	562,502

T.SEK	Note	2020	2019
EQUITY AND LIABILITIES			
<i>Restricted equity:</i>			
Share capital	25	3,660	3,660
Total restricted equity		3,660	3,660
<i>Free equity:</i>			
Share premium		578,311	578,311
Retained earnings		-68,047	-20,853
Total free equity		510,264	557,458
Total equity		513,924	561,118
Trade payables and other payables		714	1,049
Other liabilities	27	473	335
Total current liabilities		1,187	1,384
Total liabilities		1,187	1,384
Total equity and liabilities		515,111	562,502

Parent Company Changes in Equity

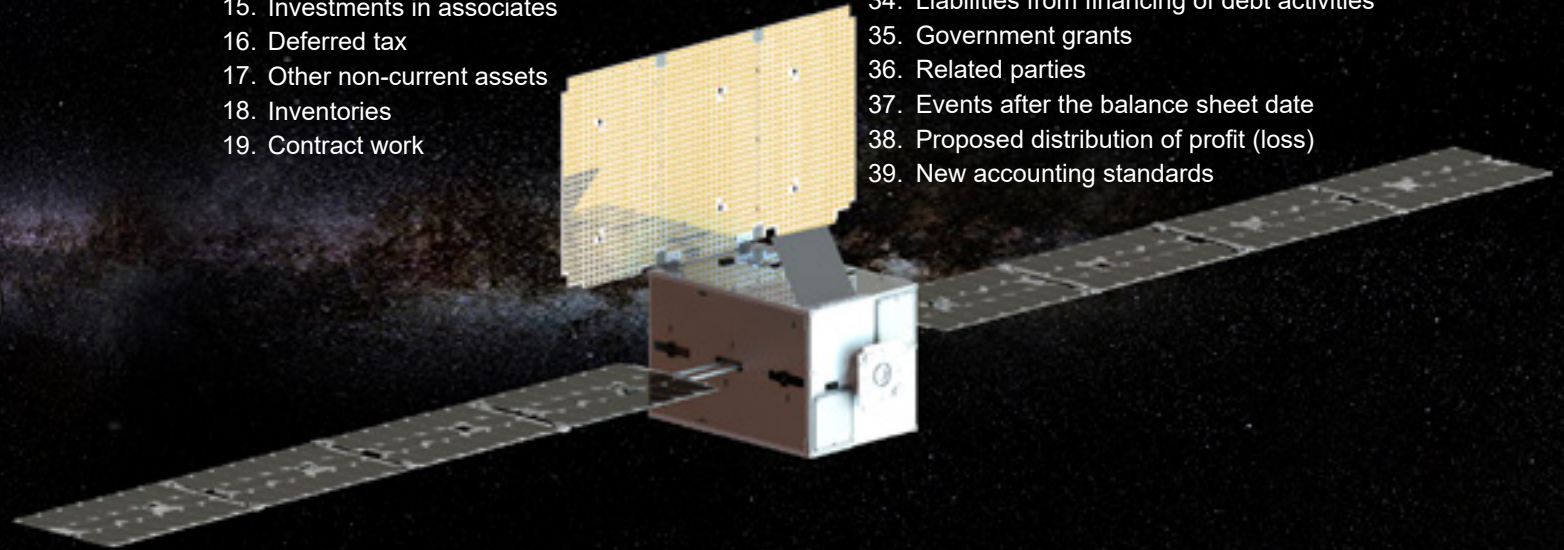
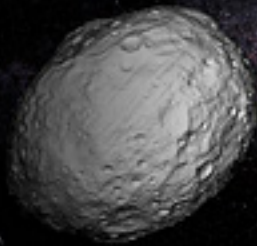
T.SEK	Share capital	Share premium	Retained earnings	Total equity
Equity 01.01.2019	3,660	578,364	-1,378	580,646
Profit (loss) for the year	0	0	-21,503	-21,503
Total comprehensive income for the year	0	0	-21,503	-21,503
<i>Transactions with owners in their capacity as owners</i>				
Increase in share capital, costs	0	-53	0	-53
Share-based payments	0	0	2,028	2,028
	0	-53	2,028	1,975
Equity 31.12.2019	3,660	578,311	-20,853	561,118
Equity 01.01.2020	3,660	578,311	-20,853	561,118
Profit (loss) for the year	0	0	-47,687	-47,687
Total comprehensive income for the year	0	0	-47,687	-47,687
<i>Transactions with owners in their capacity as owners</i>				
Share-based payments	0	0	493	493
	0	0	493	493
Equity 31.12.2020	3,660	578,311	-68,047	513,924

Parent Company Cash Flow

T.SEK	Note	2020	2019
Profit (loss) before tax		-47,687	-17,983
Reversal of financial items		-1,587	-2,121
Result after tax from associates	33	11,672	12,442
Non-cash items	31	30,992	2,255
Change in net working capital	32	25,978	-128,490
Cash flow from primary operating activities		19,368	-133,897
Received interest		2,421	2,239
Paid interest		-268	-345
Tax paid		-46	-39
Cash flow from operating activities		21,475	-132,042
Acquisition of and capital increase in subsidiaries	14	-116,320	-10,363
Cash flow from investing activities		-116,320	-10,363
Capital increase, costs		0	-53
Cash flow from financing activities		0	-53
Net cash flow for the year		-94,845	-142,458
Cash and cash equivalents, beginning of the year		93,556	236,254
Change in bank deposit for security		18,952	-240
Cash and cash equivalents, end of the year		17,663	93,556
Reconciliation of cash and cash equivalents			
Cash and cash equivalents according to the balance sheet	24	17,663	112,508
Bank deposit		0	-18,952
Cash and cash equivalents according to the cash flow statement		17,663	93,556

Notes

1. Accounting policies
2. Significant accounting estimates and judgments
3. Net revenue
4. Staff costs
5. Share-based payment
6. Depreciation and amortizations
7. Remuneration to auditors
8. Finance income
9. Finance expenses
10. Tax on profit (loss) for the year
11. Intangible assets
12. Property, plant and equipment
13. Right of use assets (leasing)
14. Investments in subsidiaries
15. Investments in associates
16. Deferred tax
17. Other non-current assets
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19. Contract work
20. Trade receivables
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25. Share capital
26. Prepayments
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28. Contractual commitments and contingent liabilities
29. Financial risks
30. Classification of financial assets and liabilities
31. Non-cash items
32. Changes in net working capital
33. Result after tax from associates
34. Liabilities from financing of debt activities
35. Government grants
36. Related parties
37. Events after the balance sheet date
38. Proposed distribution of profit (loss)
39. New accounting standards



Notes

1. Accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years unless otherwise stated—the group's financial statements consisting of GomSpace Group AB and its subsidiaries.

Basis of preparation

The consolidated financial statements of GomSpace Group AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act. IFRS includes interpretations issued by the IFRS Interpretations Committee (IFRS IC). In addition to the Annual Accounts Act and IFRS, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

Change in accounting policies

The Group applies amendments and interpretations adopted by the EU in 2020 but does not impact the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations, or amendments that have been issued but are not yet effective.

Consolidation of subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to or has the right to variable return from its holding in the entity and can affect this return through its influence. Subsidiaries are included in the financial statements as of the date when control passes to the Group. They are de-consolidated from the date on which the control ceases.

Associates

An associate is an entity over which GomSpace has significant influence. Significant influence is the power to participate in the investee's financial and operating policy decisions but is not control or joint control over those policies.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the

Group's share of net assets of the association since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The income statement reflects the Group's share of profit or loss after tax from the associates. Any change in Other Comprehensive Income ('OCI') of those investees is presented as part of the Group's OCI. When there has been a change recognized directly in the associate's equity, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the associate's interest.

Translation of foreign currency

(i) Functional currency and reporting currency

Items included in each of the group's entities' financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Swedish kronor (SEK), the parent company's functional currency. The functional currency of the operating companies GomSpace A/S and GomSpace Orbital ApS is DKK, GomSpace Sweden AB is SEK, GomSpace Asia PTE Ltd. is SGD, GomSpace North America Ltd. is USD, and GomSpace Luxembourg S.A.R.L. is EUR.

(ii) Transactions and balance-sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rates applicable on the transaction date. Exchange gains and losses arising in the payment of such transactions and the translation of monetary assets and liabilities in foreign currencies at the rate prevailing on the reporting date are recognized in the income statement under the item Net financials.

(ii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income

are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognized in other comprehensive income.

Segments report

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing the performance of the operating segments, has been identified as Management that makes strategic decisions. The business of GomSpace Group AB (publ) only includes one segment, the consolidated financial statements of comprehensive income, the consolidated statements of financial position, the consolidated statements of cash flows, and the combined statements of equity changes and notes represent this segment.

Revenue

Revenue includes sales of satellite solutions, platforms, payloads, and subsystems.

Revenue is recognized to the extent that the economic benefits will probably flow to the Group and the revenue can be measured reliably, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, pricing latitude, and exposure to inventory and credit risks.

Contract work that is subject to a high degree of individual adaptation is recognized as revenue over time by reference to the percentage-of-completion method. This means that revenue corresponds to the selling price of work performed during the year. Percentage-of-completion is calculated based on costs using the input method. When the outcome of contract work cannot be estimated reliably, revenue is recognized

at the costs incurred so far when they are likely to be recovered. When it is probable that the total contract costs will exceed the total contract revenue, the contract's anticipated loss is immediately recognized as an expense and a provision.

Platforms, payloads, and subsystems are either sold as separated components to customers or integrated as a platform or turnkey nanosatellite. It has been assessed that satellite solutions and platforms, payloads, and subsystems meet the criteria for revenue to be recognized over time, on a percentage of completion basis. This is due to the customization of components to customer specifications (selected options), which means GomSpace has no alternative use for the component once customization commences. GomSpace has a right to payment for work completed to date. The Group's contracts with customers to sell satellite solutions, platforms, payloads, and subsystems generally include one performance obligation.

For satellite solutions and platforms, payments are based on milestones, generally leading to prepayments in the first phase and assets in the ending period.

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days.

Generally, normal standard warranty obligations apply.

Cost of goods sold

The cost of goods sold comprises the cost of products and projects sold. Cost comprises the purchase price of raw materials, consumables, and goods for resale, direct labor costs, and a share of indirect production costs, including costs of operation and depreciation of production facilities and operation, administration, and management of production sites.

Sales and distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognized as distribution costs. Also, costs relating to sales staff, advertising, exhibitions, and depreciation, and impairment losses are recognized as distribution costs. Also included in this item are impairment of trade receivables under the expected loss model.

1. Accounting policies (continued)

Development costs

Development costs include expenses relating to development activities not meeting the capitalization criteria. Such expenses include staff costs, cost of material, as well as depreciation and impairment losses.

Administrative costs

Administrative costs comprise expenses incurred during the year for management and administration, including costs relating to administrative staff, office premises, office expenses, and depreciation and impairment losses.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in share-based payments, whereby employees render services as consideration for warrants (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes option-pricing valuation model, further details of which are given in Note 5.

In the consolidated financial statements of the Group, the cost is recognized in employee benefits expense together with a corresponding increase in equity over the period in which the service conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expenses recognized as the beginning and the end of that period.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Variable salary

Provisions for variable salary are expensed on an ongoing basis following the economic substance of current agreements.

Pension obligations

The company only has defined contribution pension plans. The contributions are recognized as an employee benefit expense when they are due. The group has no further payment obligations once the contributions have been paid.

Termination benefits

A provision for costs connected with personnel termination is only recognized if the company is obligated to end employment before the normal retirement date or when benefits are provided as an incentive to encourage voluntary termination. Estimated termination benefits are recognized as a provision when a detailed plan for the measure is presented.

Other operating income

Other operating income comprises income that is not related to the principal activities. This includes government grants, rent, and gains and losses on the disposal of intangible assets and property, plant and equipment, and other income of a secondary nature concerning the main activities of the Group.

Other operating expenses

Other operating expenses comprise expenses that are not related to the principal activities. This includes losses on the disposal of intangible assets and property, plant and equipment, and other expenses of a secondary nature concerning the main activities of the Group.

Financial income and expenses

Financial income and expenses comprise interest receivable and interest payable and value adjustments of financial assets and items denominated in a foreign currency.

Income tax and deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns concerning situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for

if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are only recognized if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of foreign operations investments. The company can control the timing of the reversal of the temporary differences, and, probably, the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the income statement, except that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Intangible assets

Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on an entity's disposal include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group is identified at the lowest level at which goodwill is monitored for internal management purposes.

Technology

Separately acquired licenses are shown at historical cost. Technologies acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

Amortization is based on the straight-line method over the expected useful lives of the assets:

- Technology: 15 years

Development projects

Costs associated with maintaining software and products are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique development projects controlled by the group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the development project so that it will be available for use
- management intends to complete the development project and use or sell it
- there is an ability to use or sell the development project
- it can be demonstrated how the development project will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the development project are available, and
- the expenditure attributable to the development project during its development can be reliably measured

Directly attributable costs capitalized as part of the development project include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Amortization is based on the straight-line method over the expected useful lives of the assets:

- Development projects: 5 years

1. Accounting policies (continued)

Other intangible assets

Other intangible assets are measured at cost less accumulated depreciation and amortization.

Other intangible assets are amortized on a straight-line method over the expected useful lives of the assets:

- Customer relationships: 5 years
- Licenses/software: 3-5 years

Amortization of a development project begins when the development project is at a stage where its commercial potential can be utilized in the manner intended by Management.

Intangible assets not yet available for use are not subject to amortization but are tested annually for impairment, irrespective of whether there is any indication that they may be impaired.

Government grants

Government grants comprise grants for investments, development projects, etc. Grants are recognized when there is reasonable certainty that they will be received. Grants for investments and capitalized development projects are set off against the assets' cost to which the grants relate. Other grants are recognized in development costs in the income statement to offset the expenses they compensate.

Property, plant and equipment

Property, plant, and equipment are measured at cost less accumulated depreciation and less accumulated impairment charges. Property, plant, and equipment also include leasehold improvements. Property, plant, and equipment in progress are measured at cost. Cost comprises expenses for materials, other expenses directly related to making the asset ready for use, and reestablishment expenses, provided that a corresponding provision is made at the same time.

The useful lives of the individual groups of assets are estimated as follows:

- Other fixtures and fittings, tools and equipment: 2 - 5 years
- Leasehold improvements: 3 - 5 years

Depreciation is based on a straight-line basis.

Gains and losses on the disposal of property, plant, and equipment are recognized in the income statement under other operating income and other operating expenses.

Leases

A leased asset and a lease liability are recognized in the balance sheet when the Group; following a lease for a specifically identifiable asset, is having a leased asset made available during the lease period and when the Group obtains the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset. On initial recognition, lease liabilities are measured at the present value of future lease payments discounted using an incremental borrowing rate. The following lease payments are recognized as part of the lease liability:

- Fixed lease payments.
- Variable lease payments that change concurrently with the change in an index or interest rate based on a current index or interest rate.
- Amounts payable under a residual value guarantee.
- The exercise price for purchase options that Management is reasonably certain to exercise.
- Payments included in an extension option that the Group is reasonably certain to exercise.
- Penalty for termination option unless the Group is reasonably certain not to exercise the option.

The lease liability is measured at amortized cost using the effective interest method. The lease liability is remeasured when there are changes in the underlying contractual cash flows from changes in an index or an interest rate, if there are changes in the Group's estimated residual value guarantee or if the Group changes its assessment of whether a purchase, extension or termination option is reasonably certain to be exercised. On initial recognition, the leased asset is measured at cost, which corresponds to the value of the lease liability adjusted for prepaid lease payments plus directly related costs and estimated costs for dismantlement, restoration, or the like and less discounts received or other types of incentive payments from the lessor. The asset is subsequently measured at cost less accumulated depreciation, amortization and impairment losses. The leased asset is depreciated over the shorter of the lease term and the leased asset's useful life. Depreciation is recognized on a straight-line basis in the income statement. The leased asset is adjusted for changes in the lease liability due to changes in terms of the lease agreement or changes in the contract's cash flows concurrently with changes in an index or interest rate.

Leased assets are depreciated on a straight-line basis over the expected lease period, which is:

- Properties 2-8 year
- Operating equipment 3 - 5 years

The Group presents the leased asset and the lease liability as separate line items in the balance sheet. The Group has chosen not to recognize low-value and short-term leased assets in the balance sheet. Instead, lease payments under these leases are recognized on a straight-line basis in the income statement.

Impairment testing of non-current assets

The carrying amount of non-current assets are tested annually for indicators of impairment. When there is an indication that assets may be impaired, the asset's recoverable amount is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or the cash-generating unit to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. The impairment loss is recognized in the income statement.

Inventories

Inventories are measured at the lower of the cost and net realizable value. Cost is determined using the first-in, first-out method.

The cost of goods for resale and raw materials and consumables comprises purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising costs incurred to bring the product to the current completion rate and location. Costs include the cost of raw materials, consumables, direct wages and salaries, and indirect production overheads. Indirect production overheads comprise indirect materials, wages, salaries, maintenance, and depreciation of production machinery and equipment and production, administration, and management.

Trade receivables

Receivables are initially recognized at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost less provisions for bad debts. Impairment on expected losses on trade receivables and contract work is recognized immediately in

the income statement at the same time as the amount receivable based on a simplified expected credit loss model. The impairment is based on historical data. This data is based on expected loss over the total maturity of the amount receivable, corrected for estimates of the effect of expected changes in relevant parameters, for instance, financial development, political risks, etc., on the market in question.

Management applies estimates when assessing provision for bad debts upon initial recognition and ongoing risk management.

Contract work

Contract work is measured at the selling price of the work performed less progress billings and anticipated losses. Contract work entails a significant degree of design customization of produced goods. Moreover, before any work is commenced, a binding agreement must have been entered into, which will imply a penalty or damages on subsequent termination of the agreement.

The selling price is measured by reference to the percentage of completion at the end of the reporting period and the contract's total expected income. The percentage of completion is determined based on an assessment of the work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the contract's anticipated loss is immediately recognized as an expense and a provision.

When income and expenses on contract work cannot be determined reliably, contract revenue is recognized only to the extent of contract costs incurred that will probably be recoverable.

Where the selling price of work performed exceeds progress billings on contract work and anticipated losses, the excess is recognized under receivables. If progress billings and anticipated losses exceed the selling price of contract work, the deficit is recognized under liabilities.

Prepayments from customers are recognized under liabilities.

1. Accounting policies (continued)

Prepayments under assets

Prepayments that are recognized under assets include costs incurred in respect of subsequent financial years and primarily relate to prepaid expenses and prepayments for inventories.

Provisions

Provisions are recognized when, as a consequence of an event occurring on or before the balance sheet date, the Group has a legal or constructive obligation, and it is probable that economic benefits must be given up to settle the obligation. The obligation is measured based on Management's best estimate of the discounted amount at which the obligation is expected to be met.

Financial assets and liabilities

Cash and cash equivalents comprise cash balances as well as restricted and unrestricted deposits with banks.

Financial liabilities are initially measured at fair value less transaction costs incurred. Subsequently, the financial liabilities are measured at amortized cost using the Effective Interest Method (EIR). Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs integral to the EIR. The EIR amortization is included as finance costs in the income statement. Gains and losses on loans are recognized in the income statement when the liabilities are derecognized and through the EIR amortization process. Financial liabilities are derecognized when settled.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Prepayments under liabilities

Prepayments that are recognized under liabilities include payments received regarding income in subsequent financial years and primarily relate to received government grants.

Cash flow statement

The cash flow statement has been prepared under the indirect method and shows the Group's cash flows from operating, investing, and financing activities for the year.

Cash flows from operating activities comprise profit or loss before tax adjusted for non-cash operating items, changes in working capital, financial items received and paid, as well as income tax paid.

Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of companies and activities and investment, development, sale, and improvements of intangible assets and property, plant, and equipment.

Cash flows from financing activities comprise capital increases and costs incidental to it, the arrangement of loans, and the repayment of interest-bearing debt, incl. lease liabilities, shares, and the payment of dividends to the Group's shareholders.

Cash and cash equivalents in the cash flow statement comprise cash balances and unrestricted deposits with banks.

Key ratios definitions

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

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

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

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

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

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

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

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

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

* Average equity for 2020 amounts to T.SEK 271,552 (368,763)

The gross margin shows the amount of total sales revenue that the group retains after incurring the direct costs associated with producing.

The ratio shows the group's operational profitability after depreciation and write-downs.

The net margin shows the ratio of profit (loss) the group earns to the group's total amount of revenue.

The ratio shows how well the group is using its capital to generate profits.

Return on equity shows how good the group is in generating returns on the investment it received from its shareholders.

The ratio is used to measure the group's financial stability.

The ratio shows the profitability of the group based on outstanding shares.

The ratio shows the profitability of the group based on outstanding shares and expected dilutive securities.

Net working capital shows the group's ability to pay its current liabilities with its current assets.

GomSpace presents financial highlights in the Annual Report which are not defined according to IFRS. These financial highlights are believed to give the investors and group management valuable information in order to assess the result. Other companies may compute these figures differently and therefore the figures may not be comparable to other companies' financial highlights. The financial highlights should not be considered a substitution of the target results defined according to IFRS.

Earnings per share are computed in accordance with IAS 33 (note 25). Other key figures are computed in accordance with key ratios definitions. GomSpace presents alternative target results in the Annual Report which are not defined by IFRS. It is assessed that these financial highlights will contribute to an increased comparability and value when evaluating the result for this year as well as result in previous years.

1. Accounting policies (continued)

Parent Company

Basis of preparation

The parent company's financial statements have been prepared following the Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities.

The differences between the Group's and the Parent's accounting principles are described below. The parent company's below-stated accounting principles have been applied consistently to all periods presented in the Parent's financial statements, if not otherwise described.

Share-based payment

In the separate financial statements of GomSpace Group AB, as principal to the share-based payment transaction, the company will recognize an increase in the investment cost in the subsidiary receiving the employment services, representing a capital contribution, based on the share-based payment charge over the vesting period.

A management recharge based on the grant date fair value of the warrants is accrued over the vesting period of the share-based payment. The accrued recharge is credited against the cost of investment (being a return of capital contribution), up to the amount of the original capital contribution, with any excess recharge being recognized in the income statement.

Investment in subsidiaries

Investments in subsidiaries are recognized at cost. This comprises the purchase price at fair value plus direct acquisition costs. If there is an indication of impairment, an impairment test is conducted. Where the carrying value exceeds the recoverable amount, the investment is written down to this lower amount.

Investment in associates

Investments in associates are recognized at cost. This comprises the purchase price at fair value plus direct acquisition costs. If there is an indication of impairment, an impairment test is conducted. Where the carrying value exceeds the recoverable amount, the investment is written down to this lower amount.

2. Significant accounting estimates and judgments

In preparing the Consolidated Financial Statements, 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 that may significantly influence the amounts recognized in the Consolidated Financial Statements. 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 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.

COVID-19 pandemic

GomSpace improved performance in 2020 despite the COVID-19 pandemic. GomSpace has only made use of unavoidable financial, governmental relief packages, resulting in a negligible impact. End of 2020, GomSpace has postponed tax payments at an amount of T.SEK 8,114. The COVID-19 pandemic was not a triggering event for impairments in 2020. The Group has also considered the COVID-19 pandemic impact on its financial instruments' expected credit loss (mainly trade receivables). The Group's assessment of expected credit losses is based on available information at the end of 2020. As a result of this review, the Group record a credit loss of T.SEK 3,411 in 2020. It is difficult to assess whether this is solely related to the COVID-19 pandemic. Throughout the year, GomSpace maintained close communications with customers on measures taken within the organization to prevent impact on production and delivery. GomSpace also focused on exercising its responsibility as a corporate citizen to support authorities mitigate the pandemic's effects.

Development projects

For in-process development projects, an impairment test is performed annually. The impairment test is performed based on various factors, including the future expected use of the project's outcome, 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 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 11.

Investments in associates

The Group has written down investments in associates, Aerial & Maritime Ltd. (A&M) to zero. GomSpace and Aerial & Maritime Ltd. entered into a settlement agreement in which GomSpace waives its right for any dividend throughout Aerial and Maritime Ltd's solvent liquidation.

Inventories

Inventories are measured at the lower of the cost and net realizable value. Management considers the inventory value based on the inventory parts turnover rate and the future sales mix on an ongoing basis. The carrying amount of inventories is disclosed in note 18.

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 note 19.

Backlog, Revenue and Trade receivables

A material part of the Group's backlog, sales, revenue, and trade receivables was generated from a few large customers. There is an increased risk that customers do not place orders or otherwise fulfill 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 harm the Group's business, financial position, and future profits.

Deferred tax

The Group has a significant deferred tax asset, mainly related to tax loss carry-forwards, partly written down. Uncertainty is related to whether tax loss can be utilized. The recognized value of the tax asset is related to Luxembourg.

3. Net revenue

GomSpace Group AB

T.SEK	2020	2019
Parent Company		
Management fee (point of time)	25,841	25,676
	25,841	25,676
Net revenue is distributed to the following geographical markets, based on where the customer reside.		
Geographic distribution		
Denmark	18,692	20,083
Sweden	3,155	2,398
Europe (excluding Denmark and Sweden)	3,198	1,657
USA	771	652
Asia	25	543
Rest of the world	0	343
	25,841	25,676

Business areas (customers)

T.SEK	Academia	Com- mercial	Defense	Science	Total
Group 2020					
Geographical					
Sweden	-30	264	0	1,475	1,709
Denmark	0	1,977	0	1	1,978
Europe (excluding Sweden and Denmark)	1,248	36,622	5,576	79,159	122,605
USA	3,789	24,652	2,393	1,157	31,991
Asia	6,920	3,459	0	11,873	22,252
Rest of the world	1,793	11,144	1,100	4	14,041
	13,720	78,118	9,069	93,669	194,576

Group 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

Group 2020

Major goods/service lines

Sales of satellite solutions, platforms, payloads and subsystems (over time)	3,993	50,657	5,716	90,530	150,896
Product sales (over time)	9,727	27,461	3,353	3,139	43,680
	13,720	78,118	9,069	93,669	194,576

Group 2019

Major goods/service lines

Sales of satellite solutions, platforms, payloads and subsystems (over time)	1,136	52,627	1,375	43,689	98,827
Product sales (over time)	10,482	19,685	2,434	4,346	36,947
Management fee (point of time)	0	489	0	0	489
	11,618	72,801	3,809	48,035	136,263

3. Net revenue (continued)

T.SEK	Business areas (customers)				Total
	Academia	Com- mercial	Defense	Science	
Group 2020					
Orderbook					
Order backlog 1 January 2020	1,228	63,990	1,025	86,497	152,740
Currency adjustment and reclassification of orders	-3,109	5,409	-2,850	-8,832	-9,382
Order intake	18,463	48,713	36,452	167,075	270,703
Cancelled orders	-533	-9,237	0	-134	-9,904
Converted to revenue	-13,720	-78,118	-9,069	-93,669	-194,576
Order backlog 31 December 2020	2,329	30,757	25,558	150,937	209,581
Group 2019					
Orderbook					
Order backlog 1 January 2019	3,282	685,374	1,866	24,880	715,402
Currency adjustment and reclassification of orders	639	16,708	-1,356	6,035	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

* In the commercial business area, the order from Sky and Space Global is excluded. The order has a value of T.SEK 613,020. See also risk description in note 2.

T.SEK	2020	2019
Revenue to be recognized from contracts		
Within one year	114,465	111,041
More than a year	95,116	41,699
	209,581	152,740

Group revenue

Geographical

Revenue from the Netherlands accounts for 40% of the total net revenue (31% in 2019).

Revenue from the USA accounts for 16% of the total net revenue (7% in 2019).

Revenue from the United Kingdom accounts for 4% of the total net revenue (25% in 2019).

Customers

Revenue from The European Space Research and Technology Centre accounts for 40% (31%) of the total revenue.

Revenue from Sky & Space Global accounts for 0% (22%) of the total revenue.

Parent company

Revenue in the parent company consists of revenue from management fees to subsidiaries and associates.

4. Staff costs

T.SEK	Basic salary, board fee	Bonus	Share-based payments	Pension costs	Other remuneration	Total
2020						
Chairman of the board						
Jens Maaløe*	149	0	0	0	0	149
Board members						
Jukka Pekka Pertola*	432	0	0	0	0	432
Niels Jesper Jespersen Jensen	225	0	0	0	0	225
Steen Lorenz Johan Hansen	225	0	0	0	0	225
Henrik Schibler	225					225
Nomination Committee						
Stefan Gardefjord	20	0	0	0	0	20
	1,276	0	0	0	0	1,276
*In December 2020, Jens Maaløe became chairman of GomSpace, and Jukka Pertola continue as the Vice-Chair						
Key management personnel						
CEO, Niels Buus	1,866	703	14	0	245	2,828
Other key management personnel (4 persons)	6,874	1,152	22	236	202	8,486
	8,740	1,855	36	236	447	11,314
Total	10,016	1,855	36	236	447	12,590
<i>The subsidiaries' share of this amount is</i>	8,740	1,855	36	236	447	11,314

T.SEK	Basic salary, board fee	Bonus	Share-based payments	Pension costs	Other remuneration	Total
2019						
Chairman of the board						
Jukka Pekka Pertola	386	0	0	0	0	386
Board members						
Niels Jesper Jespersen Jensen	193	0	0	0	0	193
Steen Lorenz Johan Hansen	193	0	0	0	0	193
Henrik Schibler	153	0	0	0	0	153
Nomination Committee						
Stefan Gardefjord	20	0	0	0	0	20
	945	0	0	0	0	945
Key management personnel						
CEO, Niels Buus	1,881	0	56	0	247	2,184
Other key management personnel (5 persons)	6,736	468	138	208	407	7,957
	8,617	468	194	208	654	10,141
Total	9,562	468	194	208	654	11,086
<i>The subsidiaries' share of this amount is</i>	8,617	468	194	208	654	10,141

4. Staff costs (continued)

T.SEK	2020	2019
GomSpace Group AB		
<i>Board of directors and other key management personnel*</i>		
Wages and salaries	1,276	945
	1,276	945
*Management in GomSpace Group AB is employed in GomSpace A/S. GomSpace A/S invoices management fee to GomSpace Group AB and GomSpace Group AB invoices management fee to the subsidiaries.		
Other employees		
Wages and salaries	774	885
Social security contributions	207	302
Pension costs	137	238
	1,118	1,425
Subsidiaries		
Other employees		
Wages and salaries	107,456	125,799
Share-based payments	494	2,028
Social security contributions	3,684	4,839
Pension costs	11,347	13,698
	122,981	146,364
Of which:		
Wages and salaries capitalized as development projects	18,624	24,988
	104,357	121,376
Group total		
Wages and salaries	109,506	127,629
Share-based payments	494	2,028
Social security contributions	3,891	5,141
Pension costs	11,484	13,936
	125,375	148,734
Of which:		
Wages and salaries capitalized as development projects	18,624	24,988
	106,751	123,746

T.SEK	2020	2019
Other employee costs	3,140	4,318
Total staff costs	109,891	128,064
Staff costs are included in:		
Costs of goods sold	72,376	67,828
Sales and distribution costs	13,617	17,366
Development costs*	26,376	45,144
Administrative costs	16,146	22,714
Total staff costs	128,515	153,052
*of which:		
Wages and salaries capitalized as development projects	18,624	24,988
Total staff costs	109,891	128,064
Average number of full time employees per country		
Parent company		
Sweden (of which women, %)	1 (100%)	1 (100%)
	1 (100%)	1 (100%)
Subsidiaries		
Sweden (of which women, %)	13 (0%)	19 (7%)
Denmark (of which women, %)	102 (19%)	136 (20%)
Luxembourg (of which women, %)	16 (6%)	10 (10%)
USA (of which women, %)	1 (0%)	1 (0%)
Asia (of which women, %)	0 (0%)	1 (0%)
	132 (15%)	167 (18%)
Group total	133 (16%)	168 (18%)

4. Staff costs (continued)

T.SEK	2020	2019
Number of employees per country as at 31 december		
Parent company		
Sweden (of which women, %)	1 (100%)	1 (100%)
	1 (100%)	1 (100%)
Subsidiaries		
Sweden (of which women, %)	9 (0%)	18 (6%)
Denmark (of which women, %)	110 (16%)	100 (18%)
Luxembourg (of which women, %)	17 (6%)	14 (7%)
USA (of which women, %)	1 (0%)	1 (0%)
Asia (of which women, %)	0 (0%)	0 (0%)
	137 (14%)	133 (15%)
Group total	138 (14%)	134 (16%)
Share of women on the board of directors	0%	0%
Share of men on the board of directors	100%	100%
Share of women amongst key management personnel	0%	0%
Share of men amongst key management personnel	100%	100%

Termination benefits

Termination benefits are payable when the group terminates employment before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. CEO has a retirement period of 6-12 months, and key management personnel has a retirement period of 1-6 month(s) and retirement remuneration of 0-2 month(s)

5. Share-based payment

The Board of Directors of GomSpace Group AB (parent company of GomSpace A/S) obtained approval to implement a share-based incentive program (equity-settled share-based payment transactions) in the form of a warrant scheme offered to all Danish and Swedish employees of the Group. The warrants provide participants the right to purchase newly issued shares in GomSpace Group AB. In 2020, no warrants were approved and granted to employees of GomSpace A/S.

In 2018 a total of 328,541 warrants were approved and granted to employees of GomSpace A/S in April 2018. GomSpace Group AB granted the warrants. The share-based payment transaction is accounted for as an equity-settled share-based payment scheme in GomSpace A/S. The warrants vest in four equal annual installments commencing on the date of grant, with the final installment vesting on 28 April 2021. The warrants can be exercised between 26 April 2021 and 26 April 2022 within certain exercise windows. Vesting of the warrants will be conditional upon the continued employment of the participants.

Employees (including senior executives) of the Group receive remuneration in share-based payments, whereby employees render services as consideration for warrants (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes option-pricing valuation model.

In the consolidated financial statements of the Group, that cost is recognized in employee benefits expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the cumulative expense movement recognized as at the beginning and end of that period.

The financial statements of GomSpace Group AB, as principal to the share-based payment transaction, will recognize an increase in the cost of investment in the subsidiary receiving the employment services, representing a capital contribution, based on the share-based payment charge over the vesting period. A management recharge based on the grant date fair value of the warrants is accrued over the vesting period of the share-based payment. The accrued recharge is credited against the cost of investment (being a return of capital contribution), up to the amount of the original capital contribution, with any excess recharge being recognized in the income statement.

The total expense recognized in the year's income statement related to the warrant schemes was T.SEK 493 (2019: T. SEK. 2,028).

5. Share-based payment (continued)

The fair value of the warrants has been calculated using the Black-Scholes option-pricing model. Key inputs in the valuation model include:

Warrant Program	2017		2018
	27 April	24 August	26 April
Expected future dividend (SEK per share)	0	0	0
Volatility	70%	70%	58%
Risk free interest rate	0%	0%	1%
Life of warrant	48 months	48 months	48 months
Share price at grant date (SEK per share)	54.0	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
Outstanding warrants 31 December 2020	210,890	115,663	236,805

The volatility has been determined using the volatility in GomSpace Group AB's share price, together with benchmarking against peer group companies.

The exercise price is calculated as follows:

- Warrant program 2017/20 first award is based on the volume-weighted average last closing price for 20.04.2017 to 26.04.2017. On 7 December 2018, the exercise price is changed to 45.1 due to the dilution effect related to the rights issue in December 2018.
- Warrant program 2017/20 second award is based on the volume-weighted average last closing price for 20.04.2017 to 26.04.2017. On 7 December 2018, the exercise price is changed to 45.1 due to the dilution effect related to the rights issue in December 2018.
- Warrant program 2018/21 is based on the volume-weighted average last closing price for 19.04.2018 to 25.04.2018. On 7 December 2018, the exercise price is changed to 54.1 due to the dilution effect related to the rights issue in December 2018.

Set out below are the summary movements in warrants during the year. All warrants granted in the year related to warrant program 2018 have an exercise price of SEK 54.1. All warrants granted related to the warrant programs in 2017 have an exercise price of SEK 45.1.

No. warrants	2020	2019
Outstanding at 1 January	573,264	632,945
Granted	-	-
Forfeited	-9,906	-59,681
Exercised	-	-
Expired	-	-
Outstanding at 31 December	563,358	573,264
Exercisable at 31 December	402,424	-

The remaining contractual life of all warrants granted in 2017 is 4 months (2019: 16 months)
The remaining contractual life of all warrants granted in 2018 is 16 months (2019: 28 months)

6. Depreciation and amortizations

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
Costs of goods sold	12,471	10,401	0	0
Sales and distribution costs	1,610	1,661	0	0
Development costs	4,228	6,133	0	0
Administrative costs	2,024	2,473	0	0
Total depreciation	20,333	20,668	0	0
Costs of goods sold	8,901	6,878	0	0
Sales and distribution costs	427	442	0	0
Development costs	3,488	3,753	0	0
Administrative costs	501	644	0	0
Total amortizations	13,317	11,717	0	0
7. Remuneration to auditors				
Appointed auditor				
Ernst & Young				
Audit service	1,607	941	480	273
Other services	412	376	285	230
Tax advise services	270	337	0	0
Total	2,289	1,654	765	503
Others				
Other services	99	136	25	117
Tax advise services	110	10	0	1
Total	209	146	25	118
Total	2,498	1,800	790	621

8. Finance income

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
Interest income to subsidiaries	0	0	2,219	2,230
Interest income	206	10	202	8
Exchange rate adjustments	1,565	475	0	228
	1,771	485	2,421	2,466
9. Finance expenses				
Interest leasing liabilities	1,276	1,642	0	0
Exchange rate adjustments	6,430	2,570	566	0
Other financial expenses, including bank fees	2,434	2,981	268	345
	10,140	7,193	834	345

10. Tax on profit (loss) for the year

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
Tax on profit (loss) for the year comprises				
Current tax on profit (loss) for the year ¹⁾	-3,705	-6,162	0	0
Changes in deferred tax	-388	11,294	0	3,520
Adjustments to previous years	0	0	0	0
Tax expense/(income) for the year	-4,093	5,132	0	3,520
<i>Reconciliation of effective tax rate:</i>				
Profit (loss) before tax	-47,659	-146,531	-47,687	-17,983
Swedish tax rate for GomSpace Group AB (publ)	21.4%	21.4%	21.4%	21.4%
Tax expense/(income)	-10,199	-31,358	-10,205	-3,848
<i>Tax effect of:</i>				
Non-deductible expenses	2,022	6,100	9,160	2,663
Changes to the Swedish tax rate	0	181	0	33
Effect of foreign tax rates	461	-725	0	0
Tax value of unrecognized tax asset	3,623	30,934	1,045	4,672
Tax on profit (loss) for the year	-4,093	5,132	0	3,520
Effective tax rate	9%	-4%	0%	-20%
Income tax expense/(income) reported in the income statement				
	-4,093	5,132	0	3,520
	-4,093	5,132	0	3,520
¹⁾ A part of the tax loss for the year is caused by development costs. According to the Danish tax legislation the tax value (22%) of development costs can be paid out subsequent to the filing of the taxable income for the year. Accordingly, the tax loss carried forward is reduced.				
Tax loss carry-forward	327,314	311,668	75,601	70,764
Unrecognized as deferred tax asset	-273,423	-258,452	-75,601	-70,764
Tax loss carry-forward recognized as deferred tax asset	53,891	53,216	0	0

11. Intangible assets

T.SEK	Goodwill	Technology	In-process development projects	Completed development projects	Other intangible assets	Total
<i>Group</i>						
Cost price at 1 January 2020	3,710	12,000	71,857	35,661	21,296	144,524
Additions during the year	0	0	14,757	0	0	14,757
Reclassification	0	0	-10,428	9,870	0	-558
Exchange rate adjustment	0	0	-2,545	-1,929	-635	-5,109
Cost price at 31 December 2020	3,710	12,000	73,641	43,602	20,661	153,614
Amortization at 1 January 2020	0	-2,600	0	-9,900	-11,470	-23,970
Amortization	0	-800	0	-8,469	-4,048	-13,317
Exchange rate adjustment	0	0	0	796	480	1,276
Amortization at 31 December 2020	0	-3,400	0	-17,573	-15,038	-36,011
Carrying amount at 31 December 2020	3,710	8,600	73,641	26,029	5,623	117,603
Cost price at 1 January 2019	3,710	12,000	70,415	33,618	21,693	141,436
Additions during the year	0	0	14,738	0	260	14,998
Disposals during the year	0	0	0	-12,793	-962	-13,755
Reclassification	0	0	-14,255	14,255	0	0
Exchange rate adjustment	0	0	959	581	305	1,845
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	-13,320	-7,743	-22,863
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	-234	-51	-285
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

11. Intangible assets (continued)

Other intangible assets primarily consist of cost for the new ERP system and software.

Apart from goodwill, management considers that all intangible assets have definite useful lives. In 2020, the group received T.SEK 9,130 (2019: T. SEK 14,503) in government grants, which are set off against additions during the year. Intangible assets have a carrying amount of T.SEK 14,343 (T.SEK 15,224 in 2019) in Sweden, a carrying amount of T.SEK 98,532 (T.SEK 100,131 in 2019) in Denmark, and a carrying amount of T.SEK 4,728 (T.SEK 5,199 in 2019) in Luxembourg.

Goodwill

The group as a whole is identified as a Cash Generating Unit (CGU). The group has realized a loss of T.SEK 43,566 in 2020 (2019: loss of T.SEK. 151,663). GomSpace expectations for the next years are aiming to generate growth in sales, supported by the underlying market. The group's activities are primarily carried out in GomSpace A/S and on a smaller scale in Sweden, Singapore, the USA, and Luxembourg. GomSpace Group AB's sole activity is holding shares in subsidiaries and associates and the stock listing on NASDAQ First North Premier.

Based on the market value of GomSpace Group AB on NASDAQ First North Premier in Stockholm (2020: mSEK 855 and 2019: mSEK 588), management assesses there is headroom between the recoverable amount and the carrying amount of goodwill and intangible assets as of 31 December 2020 similar to 31 December 2019.

Furthermore, management has prepared a consolidated impairment test based on the discounted cash flow model reflecting the financial targets for the coming five-year period, market reports on future growth, and technology trends. Management applies five years to reflect the long-term approach to customers' purchasing decisions. Cash flows beyond the five years are extrapolated using an estimated growth rate. Key assumptions include revenue, EBIT, the investment growth rate in the terminal period, and discounting factor (WACC) according to the specification below, including sensitivity analysis. The sensitivity amounts in the table below show the break-even point for impairment in the terminal period. The impairment test shows that there is headroom between the recoverable amounts and the carrying amounts of goodwill and non-current assets as of 31 December 2020, similar to 31 December 2019.

In-process development projects

In-process development projects are subject to an annual impairment test. In-process development projects consist of nanosatellite platforms and expand our processing and radio capabilities with more powerful processing components. Please refer to management's review on pages 12-13 "Market development" and page 13 "Technology and product development".

The carrying amount for in-process development projects at 31 December 2020 amounts to T.SEK 73,641 (T.SEK 71,857 as 31 December 2019).

The in-process development projects are primarily carried out in GomSpace A/S. A part of the in-process development projects last year is completed during 2020. Parts of the in-process development projects are expected to be completed during 2021, and the remaining part expected to be completed after 2021. Management expects the development projects to increase revenue for the group in 2020 and the following years. Please refer to the expectations described above.

The in-process development projects are tested annually for impairment and as a minimum as of 31 December. The recoverable amount of the in-process development projects was set based on computations of value in use. The value in use is based on business plans approved by management for the individual in-process development projects, including projected cash inflows from budgeted and estimated revenue and budgeted and estimated cash outflows from completing the projects and cash flows related to the sale of the developed products. The business plans are, among other things, based on market reports on future growth and technology trends.

Based on the impairment tests, management assesses there is headroom between the recoverable amount and the carrying amount of in-process development projects as of 31 December 2020.

Other intangible assets, including technology and completed development costs

Regarding the expectations described above, management has not identified any factors indicating the need to carry out impairment tests for other intangible assets, including technology and completed development costs in 2020 and 2019.

Development costs recognized in the income statement

Development costs recognized in the income statement in 2020 amount to T.SEK 20,387 (T.SEK 40,635 in 2019).

	Terminal period*	2020		Terminal period*	2019	
		Actual	Sensitivity		Actual	Sensitivity
Revenue	453 mSEK	195 mSEK	359 mSEK	2,075 mSEK	136 mSEK	1,098 mSEK
Growth rate	2%	43%	-19%	2%	11%	-46%
EBIT ratio	16%	-16%	7%	26%	-84%	5%
Investments	22.2 mSEK	24.8 mSEK	182.8 mSEK	19.2 mSEK	38.5 mSEK	1,989.9 mSEK
Discounting factor (WACC)	10.50%	-	16.50%	10.40%	-	25.30%

* The terminal period is key assumptions beyond the forecasted five-year period

12. Property, plant and equipment

T.SEK	Leasehold improvements	Other fixtures, fittings, tools and equipment	Total property, plant and equipment
Group			
Cost price at 1 January 2020	31,981	17,175	49,156
Additions during the year	640	260	900
Reclassification	0	558	558
Exchange rate adjustment	-1,125	4,241	3,116
Cost price at 31 December 2020	31,496	22,234	53,730
Depreciation at 1 January 2020	-7,246	-10,848	-18,094
Depreciation	-6,414	-3,078	-9,492
Exchange rate adjustment	522	-4,278	-3,756
Depreciation at 31 December 2020	-13,138	-18,204	-31,342
Carrying amount at 31 December 2020	18,358	4,030	22,388
Cost price at 1 January 2019	27,419	25,083	52,502
Transfer of financing lease	0	-4,129	-4,129
Additions during the year	5,369	1,584	6,953
Disposals during the year	-1,153	-5,691	-6,844
Exchange rate adjustment	346	328	674
Cost price at 31 December 2019	31,981	17,175	49,156
Depreciation at 1 January 2019	-2,956	-11,635	-14,591
Transfer of financing lease	0	30	30
Depreciation	-5,463	-4,589	-10,052
Disposals during the year	1,153	5,539	6,692
Exchange rate adjustment	20	-193	-173
Depreciation at 31 December 2019	-7,246	-10,848	-18,094
Carrying amount at 31 December 2019	24,735	6,327	31,062

Property, plant and equipment have a carrying amount of T.SEK 10,497 (T.SEK 14,126 in 2019) in Sweden, a carrying amount of T.SEK 2,446 (T.SEK 2,577 in 2019) in Luxembourg and a carrying amount of T.SEK 52,101 (T.SEK 68,900 in 2019) in Denmark. GomSpace Group AB's property, plant and equipment are located in both Sweden, Luxembourg and Denmark.

13. Right of use assets (leasing)

Leasing assets		Other fixtures, fittings, tools and equipment	
T.SEK	Property		Total
Group			
Balance at 1 January 2020	50,585	3,956	54,541
Exchange rate adjustment	-1,002	-90	-1,092
Additions	1,232	0	1,232
Disposals	-1,184	0	-1,184
Depreciation	-9,727	-1,114	-10,841
Balance at 31 December 2020	39,904	2,752	42,656
2019			
Balance at 1 January 2019 (finance leased assets)	0	4,097	4,097
Effect from implementing IFRS 16	56,439	1,112	57,551
Adjusted balance at 1 January 2019	56,439	5,209	61,648
Exchange rate adjustment	667	188	855
Additions	3,148	0	3,148
Disposals	-355	-139	-494
Depreciation	-9,314	-1,302	-10,616
Balance at 31 December 2019	50,585	3,956	54,541

The weighted rate amounts to 2-4%.

Leasing liabilities	Group		GomSpace Group AB	
T.SEK	2020	2019	2020	2019
Within 0-1 years	12,218	12,247	0	0
Within 1-5 years	33,919	41,249	0	0
After 5 years	0	5,849	0	0
Total non-discounted leasing payments	46,137	59,345	0	0
Recognized in balance at 31 December				
Current leasing liability (0-1 years)	10,900	10,769	0	0
Non-current leasing liability (after 1 year)	31,745	43,956	0	0
	42,645	54,725	0	0
Income statement leasing costs				
Interest costs related to leasing contracts	1,276	1,642	0	0
Payments related to short-term leasing contracts	0	0	0	0
Payments related to low-value leasing contracts	1,014	909	0	0

14. Investments in subsidiaries

T.SEK	2020	2019
GomSpace Group AB		
Cost price at 1 January	304,693	294,330
Additions during the year*	116,320	10,363
Capital contribution (share-based payments)**	493	2,028
Return of capital contribution**	-493	-2,028
Write-down of investments***	-31,065	0
Cost price at 31 December	389,948	304,693

* Additions during 2020 comprise the shareholders' contribution in subsidiaries at an amount of T.SEK 116,320 (2019: T.SEK 10,363).

** See a description of the accounting policies related to the treatment of share-based payment transactions in note 1 and note 5.

*** Write-down of investments consists of a write-down in GomSpace Sweden AB of T.SEK 31,000 (2019: T.SEK 0) and GomSpace Orbital ApS T.SEK 65 (2019: T.SEK 0).note 5.

Impairment test

Investments in subsidiaries are measured in the parent company's financial statements at cost price. If there is an indication of impairment, the recoverable amount of the asset is calculated. The recoverable amount is the highest of the fair value or value in use.

The carrying amount for investments in subsidiaries amounts to T.SEK 389,948 as of 31 December 2020 (T.SEK 304,693 as of 31 December 2019).

The group has realized a loss of T.SEK -43,566 in 2020 (T.SEK 151,663 in 2019). Expectations for the next years is aiming to generate growth in sales, supported by the underlying market.

The group's activities are primarily carried out in GomSpace A/S with a booked amount of T.SEK 348,166 as of 31 December 2020 (T.SEK 245,846 as of 31 December 2019). There are activities on a smaller scale in GomSpace Luxembourg S.A.R.L. with a booked amount of T.SEK 10,479 (T.SEK 10,479 as of 31 December 2019) and GomSpace Sweden AB with a booked amount of T.SEK 28,056 as of 31 December 2020 (T.SEK 45,056 as of 31 December 2019). Activities through subsidiaries in Singapore and the USA have been moderate in 2020, similar to 2019. GomSpace Group AB's sole activity is holding shares in subsidiaries and associates and the stock listing on NASDAQ First North Premier.

Management has prepared impairment tests for the subsidiaries as separate assets based on the discounted cash flow model reflecting the financial targets for the coming five-year period, market reports on future growth, and technology trends. Key assumptions are based on the key assumptions for the Group adapted to the subsidiaries, see note 11.

The impairment tests indicate a need for impairment in GomSpace Sweden AB and GomSpace Orbital ApS. An impairment of T.SEK 31,065 is recognized as a financial cost in the income statement.

T.SEK	GomSpace A/S 30899849 Aalborg, Denmark	GomSpace Sweden AB 556643-0475 Uppsala, Sweden	GomSpace Orbital ApS 38173561 Aalborg, Denmark	GomSpace North America LLC S667083-2 Washington, USA	GomSpace Asia Pte Ltd 201707094C Singapore	GomSpace Luxembourg SARL 1008250/0 Luxembourg
Result	-14,005	-15,347	-15	-152	338	3,088
Equity	99,286	186	-3,262	2,909	1,351	13,066
Proportion of shares	100%	100%	100%	100%	100%	100%
Booked value	348,166	28,056	0	1,105	2,142	10,479
Carrying amount of equity 2020	99,286	186	-3,262	2,909	1,351	13,066
Carrying amount of equity 2019	15,286	1,533	-3,362	2,893	1,686	10,507
Carrying amount of equity 2018	114,259	19,039	-2,883	2,605	1,480	-915
Carrying amount of equity 2017	59,201	15,792	-1,367	1,210	2,290	118
Carrying amount of equity 2016	35,487	8,360	-223	0	0	0

15. Investment in associates

The Group has a 39% interest in Aerial & Maritime Ltd., domiciled in Mauritius. The purpose of the company is to develop and operate its own constellation of nanosatellites. Aerial & Maritime Ltd. is a private entity that is not listed on any public exchange.

GomSpace A/S entered into a turn-key contract, including nanosatellites' launch, with Aerial & Maritime Ltd. in December 2016. The external launch provider postponed the launch several times and lately to 2021. Aerial & Maritime Ltd. gave GomSpace A/S a final deadline to deliver following the turn-key contract. Based on the fact that it was challenging to deliver following the contract, GomSpace A/S agreed to close the project and keep the nanosatellites against to pay a settlement payment to Aerial & Maritime Ltd. of T.SEK 16.786 (expense recognized under "Cost of sales" in the income statement). With this settlement, GomSpace A/S is released for any liabilities in the project.

GomSpace A/S terminated the launch contract with the external launch provider due to a delay in launch. GomSpace A/S expects to receive T.SEK 16.786 (income recognized under "Cost of sales" in the income statement) from the external launch provider as compensation for the launch's prepayments. GomSpace A/S has received T.SEK 15,430 and expects to receive the remaining amount.

Subsequently, Aerial and Maritime Ltd. has started the process of a solvent liquidation. GomSpace Group AB has waived its right to liquidation dividends from Aerial & Maritime Ltd. Therefore, the investment in associates was written down with T.SEK 5,863 (net write-down recognized under "Share of profit from associates" in the income statement), causing a carrying amount of T.SEK 0 on 31 December 2020.

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
Cost at 1 January	24,114	24,114	24,114	24,114
Cost at 31 December	24,114	24,114	24,114	24,114
Value adjustments at 1 January	-12,442	10,485	-12,442	0
Share of profit (loss)	-3,166	-2,621	0	0
Impairment of associates	-5,863	-23,346	-11,672	-12,442
Eliminations*	-2,643	2,865	0	0
Foreign exchange adjustments	0	175	0	0
Value adjustments at 31 December	-24,114	-12,442	-24,114	-12,442
Carrying amount at 31 December	0	11,672	0	11,672

*Elimination of gain on contract work for the associated company.

T.SEK	2020	2019
Aggregated financial information for associates:		
Current assets	24,992	14,407
Non-current assets	377	81,191
Current liabilities	319	119
Equity	25,049	95,479
Group's share in equity, 39% (2019: 39%)	9,771	37,243
Goodwill	7,815	8,892
Elimination of unrealized profits	-10,758	-9,960
Group's carrying amount of the investment (before impairment)	6,828	36,175
Impairment of associates	-6,828	-23,346
Reversal of translation reserve	0	-1,157
Group's carrying amount of the investment (after impairment)	0	11,672
Administration costs	-2,485	-6,681
Interest	-5,642	-147
Loss before tax	-8,127	-6,828
Income tax expense	9	112
Loss for the year	-8,118	-6,716
Group's share of loss for the year	-3,166	-2,621
Loss for the year	-8,118	-6,716
Other comprehensive income	0	4,483
Total comprehensive income	-8,118	-2,233
Group's share of comprehensive income	-3,166	1,333
Aerial & Maritime Ltd. Domiciled in Mauritius Corporate ID:142963		
Proportion of shares	39%	39%
Fair value	0	11,672

The fair value is set at a realizable value of T.SEK 0 and therefore GomSpace has written down the investment in A&M. GomSpace Group AB has waived its right to liquidation dividends from Aerial & Maritime Ltd.

16. Deferred tax

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
Deferred tax at 1 January	1,173	12,373	0	3,520
Deferred tax recognized in the income statement	388	-11,294	0	-3,520
Exchange rate adjustment	-20	94	0	0
Deferred tax at 31 December	1,541	1,173	0	0
Deferred tax relates to:				
Intangible assets	-16,352	-14,968	0	0
Property, plant and equipment	-1,895	-5,491	0	0
Short-term assets	186	133	0	0
Short-term liabilities	7,746	9,792	0	0
Tax loss carry-forwards	11,856	11,707	0	0
	1,541	1,173	0	0
Deferred tax assets	1,541	1,173	0	0
Deferred tax liabilities	0	0	0	0
Deferred tax, net	1,541	1,173	0	0

The group has updated the analysis of the expected utilization of tax loss carry-forwards based on existing facts and the development regarding deferred tax assets under IFRS. The group had a recognized deferred tax loss carry-forward at a total amount of T.SEK 11,856 as at 31 December 2020 (T.SEK 11,707 as at 31 December 2019). The value of unrecognized tax assets regarding tax losses carry-forward amount to T.SEK 58,438 as at 31 December 2020 (T.SEK 55,413 as of 31 December 2019) for the Group.

The parent company had a non-recognized deferred tax loss carry-forward at a total amount of T.SEK 75,601 (T.SEK 70,764). 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.

17. Other non-current assets

Other non-current assets as at 31 December 2020 and 2010 consist of lease deposits.

18. Inventories

T.SEK	Group	
	2020	2019
Raw materials and consumables	26,066	21,493
Work in progress	383	2,640
	26,449	24,133

T.SEK 32,237 of inventories was recognized in cost of sales during 2020 (T.SEK 51,850 in 2019). Re-evaluated inventories in 2020 were positive T.SEK 6,134 (write-down of T.SEK 64 in 2019).

19. Contract work

T.SEK	Group	
	2020	2019
Revenue from contract work	192,887	184,131
Less progress billings	-218,513	-200,538
Exchange rate adjustment	1,046	338
	-24,580	-16,069
Recognized in the balance sheet as:		
Amounts due from customers for contract work	19,643	13,087
Amounts due to customers for contract work	-44,223	-29,156
	-24,580	-16,069

Contract assets are initially recognized as revenue from Sales of satellite solutions, platforms, payloads and subsystems and product sales.

Contract assets increased in 2020 which is mainly due to higher revenue and activity than last year. Contract liabilities include advances received to deliver Sales of satellite solutions, platforms, payloads and subsystems. The outstanding balances of these accounts increased in 2020 due to higher activity in the Group. In 2020, T.SEK 513 (2019: T. SEK 1,161) was recognized as provision for expected losses on contract assets.

20. Trade receivables

(from contract work) T.SEK	Group	
	2020	2019
Contract work	19,643	13,087
Trade receivables, others	25,396	53,295
Trade receivables, associates	0	183
Write-downs	-3,667	-16,266
	41,372	50,299
Ageing of receivables		
Not due and contract work	36,214	28,811
0 - 30 days overdue	3,176	10,359
31 - 90 days overdue	1,406	3,478
>90 days overdue	576	7,651
	41,372	50,299
Movement in allowance for doubtful trade receivables		
Carrying amount at the beginning of the year	16,266	813
Allowances for losses during the year	1,033	15,582
Confirmed losses	-13,078	-141
Exchange rate adjustment	-554	12
	3,667	16,266

As at 31 December 2020, trade receivables at an amount of T.SEK 5,156 (T.SEK 21,488 in 2019) were past due but not impaired. As at 31 December 2020, due receivables relate to a number of independent customers where there is no recent history of non-payment. Payments totalling T.SEK 17,874 (T.SEK 27,874 in 2020) have been received in 2021.

The remaining trade and other receivables do not contain impaired assets as these are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

21. Tax receivable

A part of the tax loss for the year is caused by development costs. According to the Danish legislation, the tax value (22%) of development costs can be paid out subsequent to the filing of the taxable income for the year. Accordingly, the tax loss carried forward is reduced.

22. Prepayments

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
Prepayments for inventories	82	2,100	0	0
Rental costs	348	475	0	0
Prepaid insurance	464	531	246	282
Prepayments to suppliers	0	5	0	0
Other prepayments	1,454	1,014	76	152
	2,348	4,125	322	434

23. Other receivables

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
VAT	2,739	1,222	0	0
Other receivables	1,329	153	86	147
	4,068	1,375	86	147

24. Cash and cash equivalents

Of the total cash and cash equivalents amount, an amount of T.SEK 1,894 (T.SEK 20,923 in 2019) is deposited as security for projects in the subsidiaries GomSpace A/S and GomSpace Sweden AB. The amount is deposited in GomSpace Group AB and GomSpace Sweden AB.

25. Share capital

The share capital comprises 52,274,803 shares at a nominal value of SEK 0.07 each. No shares carry any special rights.

	Number of shares
Changes in share capital:	
Share capital at 1 January 2016	13,907,334
Capital increase 2016	8,000,000
Capital increase 2016	2,000,000
Capital increase 2016	600,000
Capital increase 2017	1,750,000
Capital increase 2018	26,017,469
Share capital at 31 December 2020, fully paid	52,274,803

Capital management

The Group is primarily financed through equity with an equity ratio of 61% as at 31 December 2020 (68% as at 31 December 2019), but will use debt financing when this can be achieved at attractive conditions. Management evaluates the need for capital on an ongoing basis. The objectives when maintaining capital are to maintain sufficient capital in order to meet short-term obligations and at the same time maintain investor's confidence required to sustain future development of the business.

The group is not exposed to any externally imposed capital requirements.

T.SEK	2020	2019
Earnings per share, basic, SEK	-0.83	-2.90
Earnings per share, diluted, SEK	-0.83	-2.90
Number of outstanding shares basic, average	52,275	52,275
Number of outstanding shares diluted, average	52,275	52,275

563,358 (573,264) warrants are excluded however they can potentially dilute the result per share in the future.

26. Prepayments

T.SEK	Group	
	2020	2019
Accrued income from grants received for development projects	0	2,308
Accrued rental reduction	1,820	1,824
	1,820	4,132

27. Other liabilities

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
Non-current				
Accrued holiday pay	7,752	2,933	0	0
	7,752	2,933	0	0
Current				
Accrued costs, including project related costs	0	232	0	0
Accrued holiday pay	6,149	12,818	138	86
Payroll liabilities	9,934	2,267	234	226
VAT	347	23	101	23
Contract work, loss	513	1,161	0	0
	16,943	16,501	473	335
Total other liabilities	24,695	19,434	473	335

28. Contractual commitments and contingent liabilities

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
Commitments				
<i>Security for debt to credit institutions</i>				
Security in company assets (floating charge)	45,720	46,093	0	0
Pledged bank account for the benefit of the subsidiaries	0	0	0	18,952
Total	45,720	46,093	0	18,952
Low-value assets				
Operating lease commitments*:				
Due within 1 year	1,039	769	0	0
Due between 1 and 5 years	698	532	0	0
Due after 5 years	0	0	0	0
	1,736	1,301	0	0
Lease payments recognized as an expense amount to	1,014	909	0	0
*Lease commitments primarily relate to IT equipment				
Contingent liabilities				
Letter of support to subsidiary (equity in GomSpace Orbital ApS)*	0	0	3,262	3,362
Parent company guarantee	0	0	18,877	23,840
Total	0	0	22,139	27,202

* The parent company has given a letter of support to the subsidiary GomSpace Orbital ApS stating that it will support the company financially until the general meeting in 2022, if necessary.

There are no pending court and arbitration cases

29. Financial risks

General risk management

Due to its activities, the Group is exposed to various financial risks, including changes in foreign currency, interest, liquidity, and credit risks. The Group manages the risks centrally and follows the policies approved by the Board of Directors. The Group does not actively engage in speculation of financial risks.

Credit risks

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, which mainly relate to contract work in progress, trade receivables, and other receivables. Its financing activities include deposits with banks and financial institutions, foreign exchange transactions, and other financial instruments. Maximum exposure corresponds to the carrying amount. For the sale of products, advance payment is received from the customer.

According to the simplified expected credit loss model, after IFRS 9, which allows for assessing impairment needs regarding impairment of financial assets measured at amortized cost, including trade receivables and contract work. The model entails that the expected loss over the asset's useful life is recognized immediately in the income statement and regularly monitored according to the group's risk management until realization. Impairment is computed based on expected loss rates, which are stated individually, distributed by geographical location. Loss rates are computed based on historical data. This data is based on expected loss over the total maturity of the amount receivable, corrected for estimates of the effect of expected changes in relevant parameters, for instance, financial development, political risks, etc., on the market in question.

The Group assesses the risks of losses on an ongoing basis and, if necessary, write-downs are made according to the Group's policies. Excess cash is placed with banks with ratings A or above. Today, a material part of the Group's sales and revenue is generated from a few larger customers. There is a risk that customers do not place orders or otherwise fulfill 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 harm the Group's business, financial position, and future profits. The credit quality of a customer is assessed based on an extensive credit rating scorecard, and individual credit limits are defined following this assessment. Outstanding customer receivables are regularly monitored, and any

deliveries to major customers are generally covered by letters of credit or other forms of credit insurance.

An impairment analysis is performed at each reporting date. The management assesses credit risk concerning the individual customer, considering whether they are public customers who are deemed to have a lower credit risk than industry customers. Except from the increased risks mentioned in note 2, the Group evaluates the concentration of risk for trade receivables as low, as its customers are located in several jurisdictions. The Group's activities take place in the global market for nanosatellites, and management does not distinguish between customers' geographical affiliations in the credit risk assessment. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 30.

Foreign exchange risks

The Group's sales, cost of goods sold, and expenses are mainly incurred in DKK, USD, or EUR. The Group has transactions in other currencies, but exposure in those currencies is not significant. There is no foreign currency hedging regarding transactions in foreign currency.

- A change in foreign exchange rates of +/- 10% in the subsidiaries in DKK will have an effect on other comprehensive income and equity before tax on T.SEK 674 (2019: T.SEK 5,183), based on last 12 months net flow
- A change in foreign exchange rates of +/- 10% in the associates in USD will have an effect on result and equity before tax on T.SEK 0 (2019: T.SEK 1,167) based on the net position at balance day
- A change in foreign exchange rates of +/- 10% concerning assets and liabilities in DKK will have an effect on result and equity before tax on T.SEK 138 (2019: T.SEK 11) based on the net position at balance day
- A change in foreign exchange rates of +/- 10% concerning assets and liabilities in EUR will have an effect on result and equity before tax on T.SEK 1,594 (2019: T.SEK 4,502) based on the net position at balance day
- A change in foreign exchange rates of +/- 10% concerning assets and liabilities in USD will have an effect on result and equity before tax on T.SEK 175 (2019: T.SEK 776) based on the net position at balance day

29. Financial risks (continued)

Interest rate risk

The Group's loans are carried at variable interest rates. A change in the interest level will have a limited effect on the result or equity.

- A change in the interest of +/- 1% will have an effect in 2020 on result and equity before tax on T.SEK 194 (2019: T.SEK 244) based on interest-bearing loans at the balance day.

Liquidity risk

Funding and adequate liquidity are fundamental factors in driving an expanding business, and management of both is an integrated part of the Group's continuous budget and forecasting process. To ensure focus on managing the risks related to funding and liquidity, the Group manages and monitors funding and liquidity and ensures the availability of required liquidity through cash management and borrowing facilities.

By continually maintaining cash assets or unused credit facilities, the Group ensures it has sound payment capacity, reducing the liquidity risk. Payment capacity, i.e., cash from the capital increases and cash equivalents and unused credit facilities as of 31 December 2020, was T.SEK 135,502 (T.SEK 134,843 in 2019).

The Group's long-term financing consists of a loan from Vækstfonden under EU's InnovFin SMV Programme in 2015. The loan bears a floating rate, 6.53% and 7.77% p.a. as at 31 December 2020 (2019: 6.55% and 7.73% p.a.). The loan can be redeemed by the Group at par value at any time and is subject to change of control and transfer of assets clauses.

T.SEK	0-1 year	1-5 years	>5 years	Total contractual cash flows	Carrying amount
Group					
31 December 2020					
Borrowings from credit institutions	6,783	15,268	0	22,051	18,877
Leasing liabilities	11,860	32,830	0	44,690	42,645
Trade and other payables	39,123	374	7,378	46,875	46,875
	57,766	48,472	7,378	113,616	108,397
31 December 2019					
Borrowings from credit institutions	10,664	18,065	0	28,729	23,840
Leasing liabilities	12,110	40,778	5,775	58,663	54,727
Trade and other payables	26,122	0	2,933	29,055	29,055
	48,896	58,843	8,708	116,447	107,622

The analysis is based on all undiscounted cash flows, including estimated interest payments and expected instalments on loans. The estimates on interest are based on current market conditions.

Fair value of the loan from credit institutions (Vækstfonden) and leasing liabilities is determined to be equal to its carrying amount these items are based on market rate (level 2 in the fair value hierarchy). Fair value of short-term liabilities is determined to equal their carrying amount.

The payment obligations are expected to be settled through cash inflows from operating activities and through cash from capital injections in previous years.

30. Classification of financial assets and liabilities

T.SEK	Financial assets measured to amortised cost price	Financial liabilities measured to amortised cost prices	Total Carrying amount
31 December 2020			
Assets			
Trade and other receivables, incl. contract work	45,440	0	45,440
Cash and cash equivalents	135,502	0	135,502
Total assets	180,942	0	180,942
Liabilities			
Credit institutions	0	14,264	14,264
Other non-current loans	0	7,752	7,752
Lease liabilities	0	31,745	31,745
Current portion of non-current liabilities	0	15,513	15,760
Trade payables	0	22,180	22,180
Other payables	0	16,943	16,696
Prepayments, incl. contract work	0	46,043	46,043
Total liabilities	0	154,440	154,440
31 December 2019			
Assets			
Trade and other receivables	51,674	0	51,674
Cash and cash equivalents	127,160	0	127,160
Total assets	178,834	0	178,834
Liabilities			
Credit institutions	0	14,874	14,874
Lease liabilities	0	43,956	43,956
Current portion of non-current liabilities	0	19,735	19,735
Trade payables	0	9,621	9,621
Other payables	0	16,501	16,501
Prepayments	0	33,288	33,288
Total liabilities	0	137,975	137,975

No financial instruments are measured to fair value as of 31 December 2020 and 2019.

The different levels of fair value 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 for the asset or liability which are not based on observable market data (non-observable inputs) (Level 3).

The fair values of financial instruments that 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, it belongs to Level 2. When one or several significant inputs are not based on observable market information, the instrument is classified as Level 3.

31. Non-cash items

T.SEK	Group		GomSpace Group AB	
	2020	2019	2020	2019
Grants deducted in fixed assets	867	10,981	0	0
Exchange rate adjustments	-1,386	-1,319	-566	227
Amortized borrowing costs	35	0	0	0
Warrant costs	493	2,028	493	2,028
Elimination of transactions with associates	2,643	-2,865	0	0
Profit (loss) on fixed assets	-12	3,152	0	0
Effect of canceling the SSG order	0	8,612	0	0
Write down in subsidiaries	0	0	31,065	0
	2,640	20,589	30,992	2,255
32. Changes in net working capital				
Changes in inventories	-3,158	-11,372	0	0
Changes in trade receivables	13,131	3,081	25,956	-103,415
Changes in other receivables	-8,326	22,663	219	-395
Changes in trade and other payables	33,136	-48,992	-197	-24,680
	34,783	-34,620	25,978	-128,490
33. Result after tax from associates				
Share of profit (loss)	-3,166	-2,621	0	0
Write down of associates*	-5,863	-23,346	-11,672	-12,442
	-9,029	-25,967	-11,672	-12,442

*the write-down was performed as a result of the initiated solvent liquidation of the company.

34. Liabilities from financing of debt activities

T.SEK	At the beginning of the year	Cash flow	Non-cash alterations			At the end of the year
			Aquisition	Borrowing costs	Exchange adjustment	
31 December 2020						
GomSpace Group AB						
Total liabilities from financing of debt activities	0	0	0	0	0	0
Group						
Long-term debt	61,763	-6,444	36	35	-1,629	53,761
Short-term debt	19,735	-3,562	0	0	-413	15,760
Total liabilities from financing of debt activities	81,498	-10,006	36	35	-2,042	69,521
31 December 2019						
GomSpace Group AB						
Total liabilities from financing of debt activities	0	0	0	0	0	0
Group						
Long-term debt	83,874	-26,259	3,148	0	1,000	61,763
Short-term debt	9,895	9,794	0	0	46	19,735
Total liabilities from financing of debt activities	93,769	-16,465	3,148	0	1,046	81,498

35. Government grants

Group

During 2020, the Group received T.SEK 8,263 in public grants for development purposes (2019: T.SEK 5,979). Hereof T.SEK 873 (2019: T.SEK 0) were recognized in the income statement and T.SEK 7,390 (2019: T.SEK 5,979) are set off against the cost of the assets to which the grants relate. Of the amount, set off against the costs of assets T.SEK 0 (2019: T.SEK 437) are presented as prepayments.

36. Related parties

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

Related parties also comprise subsidiaries in which GomSpace Group AB has controlling influence.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Group

The Group had expenses for accounting (with significant influence over the company) at a total amount of T.SEK 780 (T.SEK 285 in 2019), apart from management costs in note 4.

The Group has paid a settlement payment to associates of T.SEK 16,119 (T.SEK 0 in 2019).

The Group has sale of goods and services to associates at a total amount of T.SEK 9,517 (T.SEK 497 in 2019). Receivables to associates amount to T.SEK 0 as at 31 December 2020 (T.SEK 183 as at 31 December 2019).

GomSpace Group AB

GomSpace Group AB had the following transactions with subsidiaries and associates:

T.SEK	2020	2019
Transactions with subsidiaries		
Sale of goods and services	28,060	27,438
Purchase of goods and services	23,192	24,041
Receivables on the balance sheet date	107,092	133,009
Liability on the balance sheet date		
Transactions with associates		
Sale of goods and services	0	468
Receivables on the balance sheet date	0	39

37. Events after the balance sheet date

No material events have occurred subsequent to the balance sheet date.

38. Proposed distribution of profit (loss)

GomSpace Group AB

The Board of Directors recommends the following distribution of profit/loss for the year (SEK)

	2020	2019
Share premium	578,311,459	578,311,459
Retained earnings	-20,360,872	649,081
Profit/loss for the year	-47,687,479	-21,503,054
	510,263,108	557,457,486
To be distributed as follows:		
Paid out as dividend	0	0
Carried forward	510,263,108	557,457,486
	510,263,108	557,457,486

39. New accounting standards

The Group intends to adopt the new and amended standards and interpretations, if applicable, when it become effective. No significant impact on consolidated financial statements are expected from the new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements.



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MANAGEMENT'S STATEMENT

The Board of Directors and the Chief Executive Officer declare that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and give a true and fair view of the group's financial position and results of operations.

The annual accounts have been prepared in accordance with generally accepted accounting policies and give a true and fair view of the parent company's financial position and results of operations.

The Administration Report for the group and parent company gives a true and fair view of the progress of the group's and parent company's operations, financial position and results of operations, and state the significant risks and uncertainties factors facing the parent company and the companies in the group.

The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position will be submitted to the Annual General Meeting on 23 April 2021 for adoption.

Stockholm, 31 March 2021

Executive Board and Board of Directors

Niels Buus
CEO

Jens Maaløe
Chairman

Jukka Pekka Pertola

Niels Jesper Jespersen Jensen

Steen Lorenz Johan Hansen

Henrik Schibler

Our audit report was submitted on 31 March 2021

Ernst & Young AB

Martin Henriksson
Authorized Public Accountant,
Auditor-in-charge

Auditor's report

To the general meeting of the shareholders of GomSpace Group AB (publ), corporate identity number 559026-1888

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of GomSpace Group AB (publ) except for the corporate governance statement on pages 22-24 for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 13-64 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 22-24. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-12 and 67-68. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of GomSpace Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director

shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination

on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 22-24 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, 31 March 2020

Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

Definition of ESG figures

CO₂ scope 1

Formula

Greenhouse gasses are computed based on each individual fuel type, e.g.: CH₄ = \sum (used fuel type in tons * CH₄ conversion factor per fuel type)

Unit: ton CO₂e

CO₂ scope 2

Formula

Scope 2 emissions are computed per land per bought MWh of electricity and/or GJ of district heating/remote cooling, e.g.: CH₄ = \sum (bought MWh or GJ * CH₄ conversion factor per land)

Unit: ton CO₂e

Renewable energy share

Formula

(renewable energy/energy consumption) * 100

Unit: %

Water consumption

Formula

the sum of all used water – gross

Unit: m³

Workforce FTEs

Formula

FTE's + temporary labour

Unit: FTE

Gender diversity, overall

Formula

((Female FTE's + female temporary labour)/(FTE workforce)) * 100

Unit: % female

Gender diversity, management

Formula

((Female managers)/(All managers)) * 100

Unit: % female

Gender pay ratio

Formula

Median male salary/Median female salary

Unit: female of male

Employee turnover rate

Formula

((Voluntary + involuntary resigning FTE's)/(FTE's)) * 100

Unit: %

Sickness absence

Formula

(Number of sickness days for all own FTE's in the period)/(Total FTE's)

Unit: days per FTE

Customer retention rate

Formula

((Number of customers at the end of the period) – (New customers added during the period))/(Number of customers at the beginning of the period)) * 100

Unit: %

Gender diversity, board

Formula

((Female board members elected by the general meeting)/(All members elected by the general meeting)) * 100

Unit: %

Board meeting attendance rate

Formula

((\sum Number of board meetings where members are present) per board member/(Number of board meetings * Number of board members)) * 100

Unit: %

CEO pay ratio

Formula

CEO compensation / Median employee salary

Unit: Multiple

Financial Calendar

Annual general meeting 23 April 2021
Interim report, January-March 2021 26 April 2021

COMPANY INFORMATION

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