

# Interim Report

for 1 April – 30 June 2018

#### 1 APRIL – 30 JUNE 2018 (2017)

- Net revenues increased to T.SEK 41,821 (26,092), a growth of 60%. Without the partial elimination of the associated company, growth was 93%. The growth exceeds our long-term target
- Gross margin increased to 28% (19%)
- Operating profit (loss) decreased to a negative T.SEK 26,637 (a negative 18,192)
- Earnings per share were a negative SEK 0.82 (a negative 0.63)
- Order book amounts to T.SEK 702,819 as at 30 June 2018. We expect to convert SEK 70-100 million of the current backlog into revenue during the remaining part of 2018
- GomSpace and Aerial & Maritime Ltd. enter Memorandum of Understanding regarding delivery and operation of a global constellation

#### 1 JANUARY – 30 JUNE 2018 (2017)

- Net revenues increased to T.SEK 79,559 (45,089), a growth of 76%. Without the partial elimination of the associated company, growth was 90%. The growth exceeds our long-term target
- Gross margin is 31% (31%)
- Operating profit (loss) decreased to a negative T.SEK 41,730 (a negative 28,449)
- Earnings per share were a negative SEK 1.30 (a negative 1.06)

#### Subsequent events

- GomSpace and AISTECH sign new agreement
- GomSpace signs contract with Astrocast to deliver propulsion systems

THE SECOND QUARTER INTERIM REPORT FOR GOMSPACE GROUP AB (PUBL). THE INFORMATION IN THIS INTERIM REPORT IS SUCH THAT GOMSPACE GROUP AB IS REQUIRED TO DISCLOSE IN ACCORDANCE WITH THE EU'S MARKET ABUSE REGULATION. THE INFORMATION WAS SUBMITTED FOR PUBLICATION ON AUGUST 31, 2018, 08.00 (CET).

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# Message from the CEO

The net revenue in the first half of 2018 was T.SEK 79,559 compared to T.SEK 45,089 in the first half of 2017. This is a growth rate at 76% which is above our growth target. Without the impact of the elimination of sales to associated companies, the growth rate is 90%. The gross margin is 31%; without elimination it would have been 37%.

Sales in GomSpace keeps solidifying the business case by a strong order intake. In the first 7 months, we had SEK 90 million in sales, and we continue to build up a strong sales pipeline, in which we can identify between 500 to 700 satellites among current customers.

Since the IPO in June 2016, our growth has repeatedly exceeded our target of 70%, it has been 79% and 91% without the above-mentioned elimination. The strong growth has led us to accelerate our investments in our production capacity, project management and product development.

The strong growth has to be financed. To ensure access to new capital, in case we need it, we made an optional agreement with the European Select Growth Opportunities Fund – an option we have in fact planned not to utilize. As the agreement does not prevent GomSpace from finding other financing solutions, and as it was not well received by some of our shareholders, we have now used the time to see if we could find solutions which are potentially more favorable for the shareholders and the company. Consequently, we decided to engage with Danske Bank to assist us in coming up with an alternative solution.

The opportunities for migrating space technology from high cost solutions to low cost solutions keep unfolding. Nanosatellites can solve most of the same tasks as large satellites. On top of migration to nanosatellites, new customer segments will have access to space solutions.

At GomSpace, we are currently completing the development of many new products. With that we are now ready to start producing the nanosatellites in large numbers. We have invested in a new production facility where we initially will be able to produce “one satellite a week” but eventually will reach a capacity of “one satellite a day”. We are now ready to scale up the company through serial production.

At GomSpace, we are happy about the progress of the company. We believe that we are in a strong position to capture the market development. Everybody at GomSpace are enthusiastic about being part of changing the space business.

Finally, I would like to extend a warm thank you to Mrs. Anna Rathsmann, who has become Director General for the Swedish National Space Agency, as well as to Mr. Carl Erik Jørgensen, who has moved to other investment management tasks at Borean, for their valuable contribution to GomSpace. The nomination committee is in the process of finding new candidates for the board.

Best regards,

A handwritten signature in blue ink, appearing to read 'Niels Buus'. The signature is stylized and fluid.

Niels Buus  
CEO

# Significant Events during the period

## **GomSpace board member resigns**

June 28, 2018 – Carl Erik Jørgensen has decided to resign from the board of directors in GomSpace Group AB due to intervening professional and work commitments, effective June 28, 2018. The board of directors will discuss the potential need for a replacement with the nomination committee.

## **GomSpace and Aerial & Maritime Ltd. enter MOU regarding delivery and operation of a global constellation**

June 18, 2018 – GomSpace A/S (the “Company”) and Aerial & Maritime Ltd. (“A&M”) have signed a Memorandum of Understanding (“MOU”) following A&M’s decision to appoint GomSpace as the supplier of a global constellation of nanosatellites and ground segment systems. This will be fully operational by the end of 2021 and A&M will be able to provide global Air Traffic Surveillance increasing safety and reducing fuel consumption to the airline industry, including air navigational service providers. The parties expect to enter a formal turnkey contract in the fourth quarter of 2018. The turnkey contract will have a value of up to USD 100 million.

## **GomSpace Luxembourg receives development contract from ESA**

June 13, 2018 – The Luxembourg National Space Programme (LuxIMPULSE), implemented by the European Space Agency, has awarded GomSpace Luxembourg SARL – a subsidiary of GomSpace Group AB (the “Company”) – a EUR 1.575 million development contract. The scope of the project is the development of a novel product called Mega-Constellations Operations Platform (“MCOP”). This will become a key part in GomSpace Luxembourg’s plans to offer constellation operations services for small satellites. The project will conclude in the first quarter of 2020.

## **Successful Commissioning of GOMX-4 Nanosatellites**

April 13, 2018 – As part of a mission to demonstrate interlink communication on nanosatellite tandem formation flights and data retrieval, including surveillance of the Arctic area, the Danish nanosatellite specialist GomSpace launched two nanosatellites in February. 12 weeks later, GomSpace for the first time showed the possibility of live data capture from the two nanosatellites in space at a press conference held in Aalborg, Denmark. At the same time, the press conference marked the official transition to the so-called demonstration phase, following the mission’s test phase. The latter has thus been successfully completed, and the mission is now ready to carry out its scheduled tasks.

# Significant Events after the accounting period

## **GomSpace welcomes Chief Production Officer in the Executive and Top Management Team**

August 27, 2018 - A maturing business and well-tested technology has driven GomSpace to its current orientation shifting from prototype to serial production. Already, GomSpace has a combined order book and pipeline for 500-700 nanosatellites and is currently setting the scene to ramp up production committed to meet orders in pipeline and more to come. Setting the team, GomSpace welcomes upfront a new member to its executive and top management team, Peter Høy, who will act as Chief Production Officer at GomSpace. GomSpace A/S has appointed Peter Høy as Chief Production Officer with effect from 15 August.

## **GomSpace signs contract for the supply of nanosatellites to Kleos Space**

July 26, 2018 – GomSpace A/S (the “Company”) and Kleos Space S.A. (“Kleos”) have signed a contract for the supply of a multi-nanosatellite system. The contract value is approx. EUR 2.42 million and the delivery of the multi-nanosatellite system is expected to take place in the second quarter of 2019.

## **GomSpace and AISTECH sign new agreement**

July 16, 2018 – GomSpace A/S (the “Company”) and the Spanish company AISTECH have signed a contract for a total value of approx. EUR 1.4 million. The first part of the contract, for 6 standard nanosatellite platforms, is a follow-on order of 4 platforms ordered in September 2017, according to the Framework Delivery Agreement signed between both companies then. The second part of the contract includes Assembly, Integration and Verification of AISTECH’s 10 DANU spacecraft, built on GomSpace platforms, as well as other engineering services, such as pre-launch Environmental Testing. All these activities will take place within the next 12 months at GomSpace’s recently inaugurated center for constellation integration.

## **GomSpace’s CEO comments on financial arrangement**

July 16, 2018 – After inquiries from our shareholders regarding the press release made public on Friday 13, 2018, Niels Buus, CEO of GomSpace Group AB (the “Company”) further clarifies that the financial arrangement with the European Select Growth Opportunities Fund is a pure call option from GomSpace’s side. GomSpace can decide not to call any tranches, if we do not need it; GomSpace does not pay any interest on the convertible notes; and if needed and deemed more favourable for the Company and our shareholders, we can still raise capital through a share rights issue and/or a directed share issue. The ambitious targets for GomSpace remain the same. The growth opportunities continue to develop positively. Our orderbook is very strong and our sales opportunities for new constellations are continuing to materialize through a number of opportunities for in orbit demonstration satellites for new constellations.

## **GomSpace secures external financing of up to SEK 300 million**

July 13, 2018 – GomSpace Group AB (publ) (the “Company” or “GomSpace”) has signed an agreement relating to an investment in several optional tranches of up to SEK 300 million. The capital will mainly be used to finance and facilitate accelerated expansion, nearby acquisition opportunities and development of GomSpace, its market and its products. The transactions are to be carried out through private placements of convertible notes (the “Notes”) with warrants attached (the “Warrants”) in several tranches spread over 36 months (each a “Tranche”). For the avoidance of doubt, no Tranche has yet been called upon by GomSpace.

## **Astrocast signs contract with GomSpace Sweden to deliver propulsion systems**

July 12, 2018 – GomSpace Sweden – a subsidiary of GomSpace Group AB, has received an order from Astrocast to deliver a propulsion system for each of the 10 nanosatellites composing the first orbital plane of the new Astrocast constellation. The value of this order is EUR 450,000 and delivery of the propulsion systems will be in the fourth quarter of 2018 and the first quarter of 2019. The Swiss company Astrocast is one of the leading pioneers in deploying nanosatellites to create a global Internet of Things (IoT) network. This will be the first propulsion system operating on a constellation of 3U cubesats.

## **GomSpace signs contract with the European Space Agency**

July 11, 2018 – GomSpace A/S (the “Company”) has signed a EUR 400,000 contract with ESA for the first phase of the RACE project to deliver two 6-unit CubeSats for an IOD mission to demonstrate the capability of nanosatellite systems to perform close proximity operations such as rendezvous and docking, and close fly around manoeuvres.

# Financial Performance

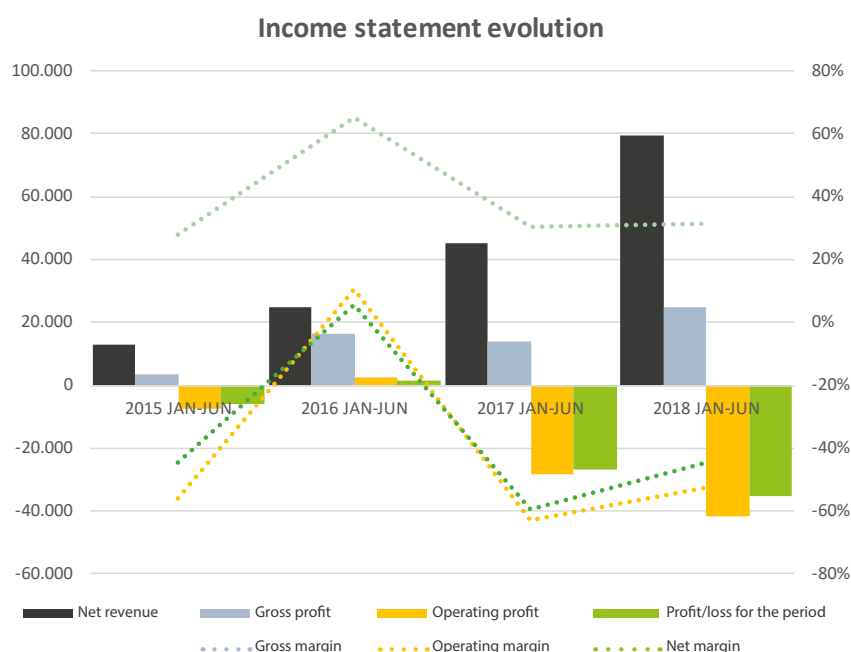
## Financial Review

The Interim Report for 1 April – 30 June for GomSpace Group AB also includes the companies GomSpace A/S, GomSpace Orbital ApS, GomSpace Sweden AB, GomSpace Asia Pte Ltd, GomSpace North America LLC as well as GomSpace Luxembourg S.A.R.L. Result for the period was a net loss of T.SEK 21,642 (a loss of 16,508) and a net loss of T.SEK 35,462 for the first half of 2018. At 30 June 2018, equity was T.SEK 277,954 (211,548).

	2018 JAN-JUN T.SEK	2017 JAN-JUN T.SEK	EVOLUTION IN PCT.	2017 JAN-DEC T.SEK
Net revenue	79,559	45,089	76%	96,405
Gross profit	24,883	13,762	81%	26,884
Gross margin	31%	31%		28%
Operating profit (loss)	-41,730	-28,449	47%	-67,610
- As a percentage of revenues	-52.5%	-63.1%		-70.1%
Profit (loss) before tax	-43,028	-31,446	37%	-66,515
- As a percentage of revenues	54.1%	-69.7%		-69.0%
Profit (loss) for the period	-35,462	-26,780	32%	-53,989
- As a percentage of revenues	-44.6%	-59.4%		-56.0%
Cost of goods sold	54,676	31,327	75%	69,521
- As a percentage of revenues	68.7%	69.5%		72.1%
Sales and distribution costs	16,931	12,962	31%	30,996
- As a percentage of revenues	21.3%	28.7%		32.2%
Development costs	20,931	12,073	73%	25,277
- As a percentage of revenues	26.3%	26.8%		26.2%
Administrative costs	29,573	17,176	72%	38,221
- As a percentage of revenues	37.2%	38.1%		39.6%
Earnings per share, basic, SEK	-1.30	-1.06	23%	-2.09
Earnings per share, diluted, SEK	-1.29	-1.06	22%	-2.08

The growth in revenue at 76% for the first half of 2018 is above our growth target. Gross margin at 31% is under our long-term targets. The first half of 2018 is influenced by additional hours spent on investment activities and the preparation of the new production area for large scale manufacturing of satellites. Compared to 2017, gross margin has increased from 28% to 31%.

The operating loss for the second quarter was T.SEK 26,637 (a loss of 18,192) and the loss for the first half of 2018 was T.SEK 41,730 (a loss of 28,449).





# Financial Performance (continued)

## Orders received and revenue

1 APRIL – 30 JUNE 2018 (2017)

The orders received for the second quarter of 2018 amounted to T.SEK 30,072 and the order backlog value at the end of the second quarter of 2018 amounted to T.SEK 702,819, the most significant part of the order backlog is placed on the commercial business area.

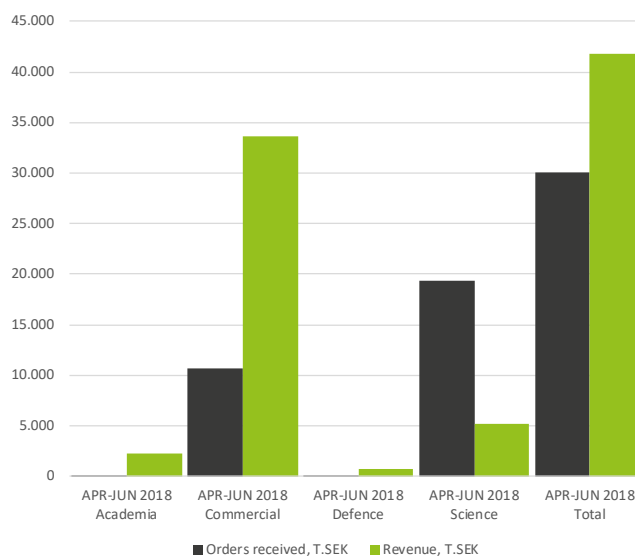
The orders received regarding science orders represent 64% of total orders for the period. In June, a development contract was entered with ESA at a value of T.SEK 15,986 in the science business segment. The scope of the contract is to develop a Mega-Constellations Operations Platform.

In the remaining part of 2018, we expect to convert between SEK 70-100 million of the order backlog into revenue. Furthermore, we have a strong sales pipeline of platforms, payloads and subsystems which we expect will contribute with 5-15% of revenues in 2018.

1 JANUARY – 30 JUNE 2018 (2017)

The orders received for the first half of 2018 amounted to T.SEK 44,784. The orders received regarding commercial orders represent 44% of total orders for the period and orders received regarding science orders represent 47%. In the first half of 2018, a science order was entered with ESA at a value of T.SEK 15,986 and an Authorization To Proceed of T.SEK 2,493 with Kleos Space S.à.r.l. is signed in the commercial business segment.

Orders and revenue



Business segments



## ORDER BOOK

Order backlog 1 January 2018*	6,935	696,383	3,904	16,166	723,388
Order intake	1,278	8,874	2,982	1,578	14,712
Converted to revenue	-3,643	-31,088	-1,044	-1,963	-37,738
<b>Order backlog 31 March 2018</b>	<b>4,570</b>	<b>674,169</b>	<b>5,842</b>	<b>15,781</b>	<b>700,362</b>
Currency adjustment	-256	13,409	231	822	14,206
Order intake	73	10,639	54	19,306	30,072
Converted to revenue	-2,211	-33,641	-792	-5,177	-41,821
<b>Order backlog 30 June 2018</b>	<b>2,176</b>	<b>664,576</b>	<b>5,335</b>	<b>30,732</b>	<b>702,819</b>

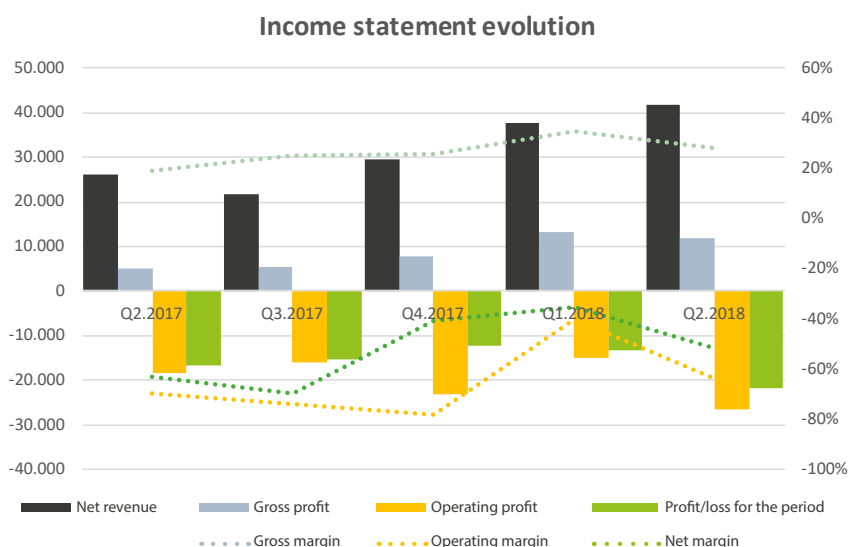
\* Orders in backlog 1 January 2018 have changed segment compared to the Interim Report for the first quarter of 2018. T.SEK 1,338 is moved to the Academia segment from Commercial (T.SEK 677), Defence (T.SEK 88) and Science (T.SEK 573). The effect of partial elimination of projects to associates is adjusted in backlog as at 1 January 2018 with an amount of T.SEK 23,071 in the commercial business segment

# Financial Performance (continued)

## Revenue

1 APRIL – 30 JUNE 2018 (2017)

Revenues for the second quarter of 2018 amounted to T.SEK 41,821 (26,092), corresponding to an increase of 60% compared with the same period in 2017. The revenue includes a correction, T.SEK 12,093, eliminating partial revenue from the associated entity, Aerial & Maritime Ltd. Had this adjustment not been carried out, the total underlying growth would have been 93%. Sky & Space Global constitutes 6% of total revenue and Aerial & Maritime Ltd. constitutes 47% of total revenue in the second quarter.



The largest part of revenue is generated by European customers in the commercial segment. The Group expects to increase sales both geographically and in the segments Academia, Defense and Science in the coming years in order to strengthen the business.

In the second quarter, sales to new customers represented 12% of revenues compared to 41% of revenues in the second quarter of 2017.

1 JANUARY – 30 JUNE 2018 (2017)

Revenues for the first half of 2018 amounted to T.SEK 79,559 (45,089), corresponding to an increase of 76% compared with the same period in 2017. The revenue includes a correction, T.SEK 11,196, eliminating partial revenue from the associated entity, Aerial & Maritime Ltd. Had this adjustment not been carried out, the total underlying growth would have been 90%. Sky & Space Global constitutes 32% of total revenue in the first half of 2018 whereas Aerial & Maritime Ltd. constitutes 27% of total revenue.

In the first half of 2018, sales to new customers represented 7% of revenues.

## Expenses

1 APRIL – 30 JUNE 2018 (2017)

Operating expenses for the second quarter of 2018 amounted to T.SEK 68,991 (44,284), corresponding to an increase of 56%. Sales, distribution, development and administrative costs increased to T.SEK 38,882 (23,197), corresponding to an increase of 68%. Our sales and administrative costs have increased as expected according to our business plan, however, costs of goods sold and costs for development activities have increased significantly, primarily due to the ramp up of the production facilities as well as the adjustment to new systems and procedures in order to manufacture satellite constellations.

Compared to the second quarter of 2017 administrative costs as well as sales and distributions costs have increased, though when comparing to the general growth of the business in terms of revenue the percentage has lowered as expected.

1 JANUARY – 30 JUNE 2018 (2017)

Operating expenses for the first half of 2018 amounted to T.SEK 122,111 (73,538), corresponding to an increase of 66%. Sales, distribution, development and administrative costs increased to T.SEK 67,435 (42,211), corresponding to an increase of 60%.

# Financial Performance (continued)

## Profitability

### 1 APRIL – 30 JUNE 2018 (2017)

In the second quarter 2018, gross profit amounted to T.SEK 11,712 (5,005), corresponding to an increase of 134% compared with the same period in 2017. In the second quarter 2018, the gross margin is 28% compared with the same period in 2017 where the gross margin was 19%. The impact of partial elimination is a decrease of T.SEK 9,235. The underlying gross margin without partial elimination is 39%.

Gross margin is affected by the preparation of the new production area for large scale manufacturing of satellites.

In the second quarter 2018, operating loss amounted to T.SEK 26,637 (operating loss 18,192).

### 1 JANUARY – 30 JUNE 2018 (2017)

In the first half of 2018, gross profit amounted to T.SEK 24,883 (13,762), corresponding to an increase of 81% compared with the same period in 2017. In the first half of 2018, the gross margin is 31% compared with the same period in 2017 where the gross margin was also 31%. The impact of partial elimination is a decrease of T.SEK 9,464. The underlying gross margin without partial elimination is 37%.

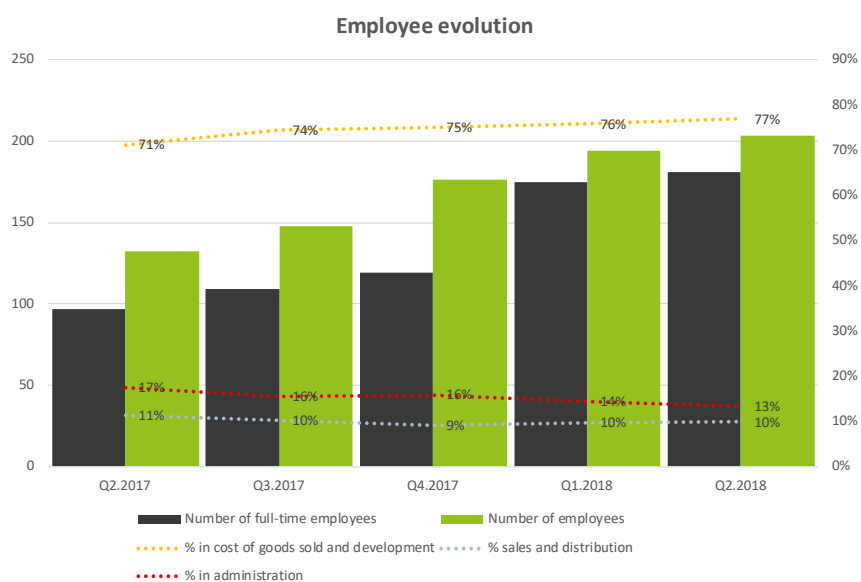
In the first half of 2018, operating loss amounted to T.SEK 41,730 (operating loss 28,449).

## Employees

As at 30 June, GomSpace Group AB had 203 (132) employees, corresponding to 181 (97) full-time/year employees. Employees working within cost of goods sold and in development were a total of 156 (94), with sales and distribution 20 (15), and in administration there were 27 (23) employees.

## Share of profit from associates

In the second quarter 2018, the share of profit from associates amounts to a negative T.SEK 539 (a negative 277) which is a share of the result from Aerial & Maritime Ltd. In the first half of 2018, the share of profit from associates amounts to a negative T.SEK 650 (a negative 491).



## Financial income and expenses

### 1 APRIL – 30 JUNE 2018 (2017)

Net financial items for the second quarter of 2018 had a positive effect on profit, mainly due to exchange rate adjustments. Net financial items amounted to T.SEK 720 (a negative 1,833).

### 1 JANUARY – 30 JUNE 2018 (2017)

Net financial items for the first half of 2018 had a negative effect on profit. Net financial items amounted to a negative T.SEK 648 (a negative 2,506).

## Tax and deferred tax

### 1 APRIL – 30 JUNE 2018 (2017)

The Group recognized a deferred tax asset at a total amount of T.SEK 9,978 (7,851) relating to tax loss carry-forward. The parent company, GomSpace Group AB, recognized a deferred tax asset at a total amount of T.SEK 333 (155) in the second quarter of 2018 relating to tax loss carry-forward.

GomSpace Group had an effective tax rate of 18.2% (18.7%) in the second quarter 2018.

# Financial Performance (continued)

## 1 JANUARY – 30 JUNE 2018 (2017)

The Group recognized a deferred tax asset at a total amount of T.SEK 15,887 relating to tax loss carry-forward. The parent company, GomSpace Group AB, recognized a tax loss carry forward at a total amount of T.SEK 870 (2,127) in the first half of 2018.

GomSpace Group had an effective tax rate of 17.6% (14.8%) in the first half of 2018.

### Shareholder's equity

As at 30 June 2018, total shareholder's equity amounted to T.SEK 277,954 (211,548). In the first half of 2018, an amount of T.SEK 4,711 is recognized as share-based payments in relation to the warrant program established for the Group's employees.

### Investments

#### 1 APRIL – 30 JUNE 2018 (2017)

Investments in intangible assets amounted to T.SEK 18,334 (12,888) whereas investments in property, plant and equipment amounted to T.SEK 4,968 (2,481). The investment activity was high during the second quarter. The main investment in intangible assets is related to in-house development projects for customer cases.

#### 1 JANUARY – 30 JUNE 2018 (2017)

Investments in intangible assets amounted to T.SEK 32,145 (15,536) in relation to in-house development for customer cases. Investments in property, plant and equipment amounted to T.SEK 9,251 (5,642). Major investments were related to building up the new production area for large scale manufacturing of satellites.

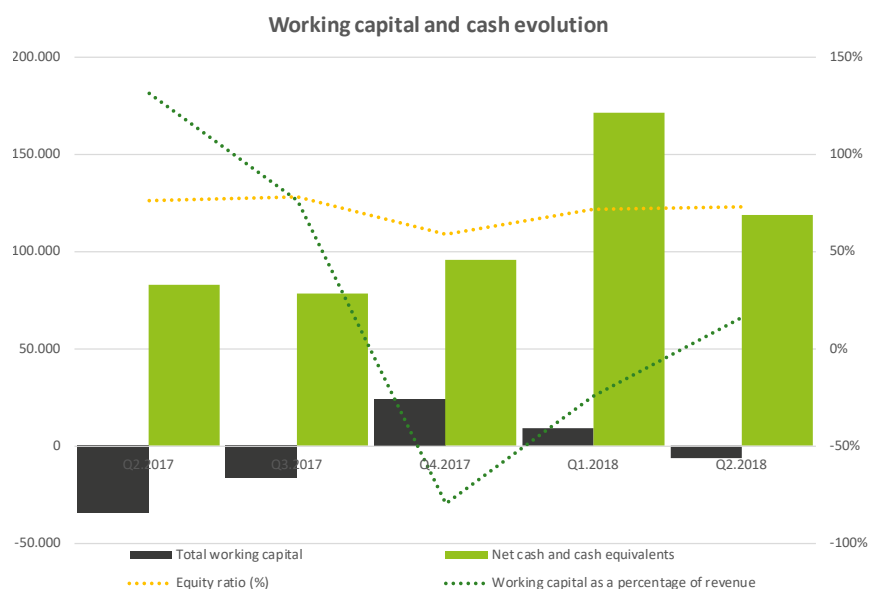
### Cash and cash equivalents, financing and financial position

#### 1 APRIL – 30 JUNE 2018 (2017)

Cash flow from operating activities amounted to a negative T.SEK 27,595 (a negative 12,738).

In the first quarter 2018, exchange rate adjustments of working capital were presented as received and paid interests instead of non-cash items.

This is corrected in the second quarter 2018 and has affected received interest with an amount of T.SEK 3,696 and paid interest with an amount of T.SEK 4,501.



Working capital is decreasing and is negatively affected by contract work and prepayments for goods purchased for inventory. Working capital is positively affected by trade payables and other payables.

Cash flow from investing activities amounted to a negative T.SEK 23,285 (a negative 15,369). The main part of the investment activities is related to in-house development projects.

## 1 JANUARY – 30 JUNE 2018 (2017)

Cash flow from operating activities amounted to a negative T.SEK 55,233 (a negative 30,537) during the first half of 2018.

Cash flow from investing activities amounted to a negative T.SEK 41,456 (a negative 44,441).

# Financial Performance (continued)

Cash flow from financing activities amounted to T.SEK 119,610 (89,060). The financing activities are related to the share issue from 8 March which amounted to T.SEK 120,399.

Cash and cash equivalents amounted to T.SEK 104,404 (76,458) at the end of the second quarter. GomSpace Group's working capital totalled a negative T.SEK 6,546 (a negative 34,323).

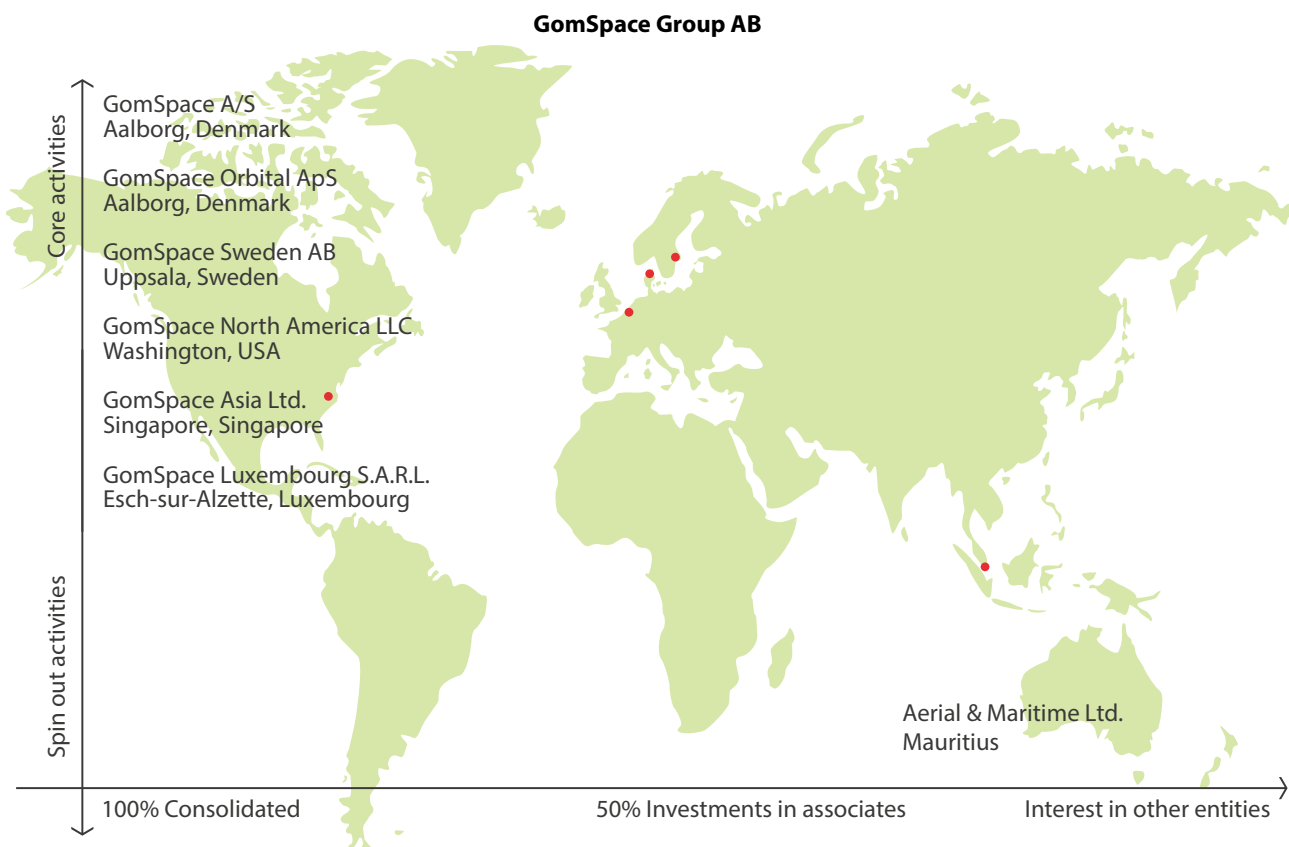
## Credit risks

The Group is exposed to credit risks and other financial risks, such as market risks, including foreign exchange, interest and liquidity risks. These risks are described in the Annual Report and in the Consolidated Financial Statements for 2017.

## Parent Company

The parent company had total revenues of T.SEK 6,702 (5,156) in the second quarter of 2018 and T.SEK 12,835 for the first half of 2018. The parent company incurred total costs of T.SEK 8,224 (11,187) in the second quarter and T.SEK 20,329 (18,766) for the first half of 2018. A total of T.SEK 4,601 is attributable to the capital increase and has been deducted from the share premium. The operating result for the second quarter 2018 is a negative T.SEK 1,014 (a negative 1,127) and a negative T.SEK 2,893 (3,795) for the first half of 2018. The net loss for the second quarter is T.SEK 858 (a net loss of 996) and a net loss of T.SEK 4,861 (a net loss of 1,620) for the first half of 2018.

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



# Market Development

Nano- and micro-satellites are having a disruptive effect on the market as the technology brings competitive advantages in terms of low cost and high flexibility to address many business areas, incl. areas that were previously considered niche areas and areas which did not previously justify an investment in space-based infrastructure.

In 2017, we saw a new record of almost 300 satellites smaller than 50kg launched; this is compared to the less than 100 satellites that were launched in 2016. Of last year's satellites, 75% now target commercial applications in contrast to earlier years where nanosatellite missions have been more focused on education and basic technology development.

Within the commercial missions, a significant portion of the satellites relates to Planet's Earth observation constellation, but communication services are growing very rapidly with 22% of last year's satellites vs. 4% historically.

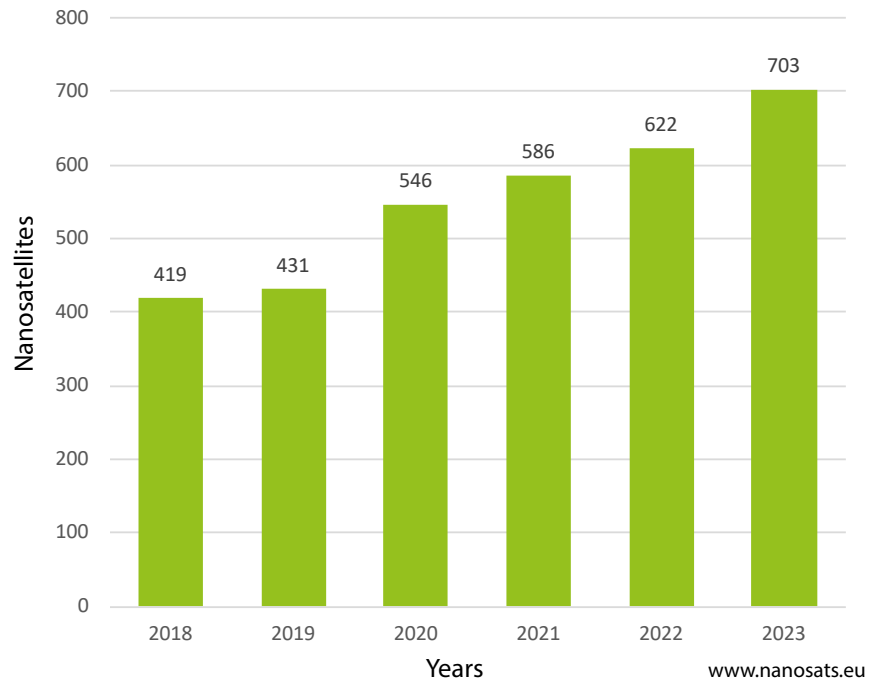
Generally, when measuring nanosatellites by launch mass, the mass is getting slightly larger which is in line with GomSpace's development efforts as operational requirements increase the need for power generation and design margins.

More than 6,200 small satellites are expected to be launched over the next 10 years, driven by anticipated roll-out of multiple constellations – mainly for commercial and government operators – which is expected to account for more than 70 percent of that total\*. The market is expected to grow at a Compound Annual Growth Rate (CAGR) of 23.7% from USD 1.21 billion in 2017 to USD 3.49 billion in 2022\*\*. The top-two market verticals are \*\*:

- The commercial segment of the nanosatellite and microsatellite market is projected to grow from USD 335.8 million in 2017 to USD 1,075.3 million by 2022, at a CAGR of 26.2% from 2017 to 2022.
- The government segment is projected to grow from USD 201.1 million in 2017 to USD 571.7 million by 2022, at a CAGR of 23.2% during the forecast period.

The growth is happening globally with North America having the lead on market share, followed by Europe. In both North America, Europe and Asia-Pacific, hyper-growth is expected while the rest of the world is expected to grow at a slower pace.

Nanosatellites by launch years

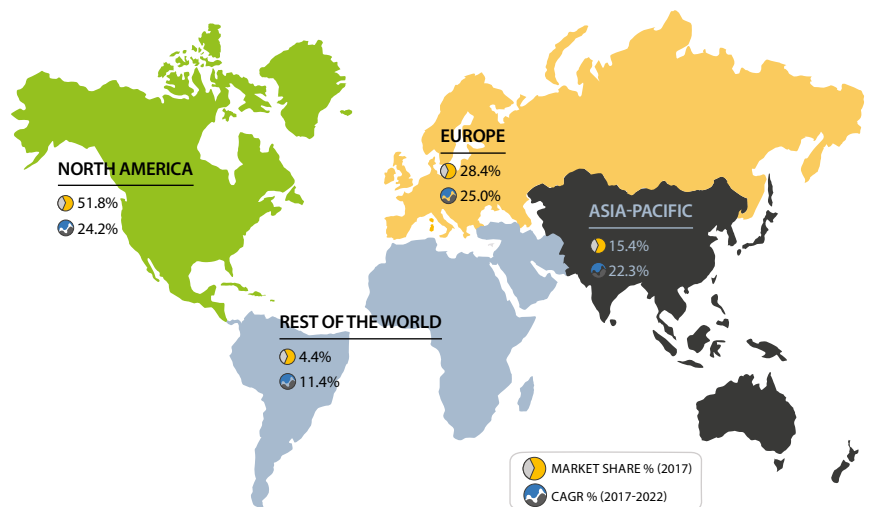


\* Satellitetoday: <http://www.satellitetoday.com/newspace/2017/08/14/total-smallsat-market-reach-30-billion-10-years/>

\*\* MarketsAndMarkets: <http://www.marketsandmarkets.com/Market-Reports/nanosatellite-and-microsatellite-market-130496085.html>

# Market Development (continued)

As a pioneer and innovator in the market, GomSpace, through its own actions, is a significant force in driving the growth in the market as our investments in satellite platform technology, network technology and payload technology enable new opportunities for our customers. This has for instance been demonstrated in our activities related to space-based aircraft tracking – and GomSpace continues to research new instruments and applications areas to be served by our technology.



GomSpace is now considered to be a market leader within its field as well as the market share will grow as a result of planned launches in the coming years, this will further strengthen our position in the market.

We expect GomSpace's growth to remain significantly above the market CAGR due to:

- Our focus on radio technology-related missions which in general scale to constellations with more satellites than other application areas.
- Our market traction with contracts to leading constellations customers, incl. Sky and Space Global Ltd., AISTECH as well as Aerial and Maritime Ltd.
- Our investments in increasing our international activities in growth markets, incl. establishment in the US (51% market, 24% CAGR \*\*) and Singapore (Asia: 15% of market, 22% CAGR \*\*).
- Our continued investments in new technology and products to demonstrate and enable new applications.

Further, our announcement to establish satellite operations services out of Luxembourg over time will extend the scope of our offerings to address a larger part of the value chain and through new products it will ensure that the scalability of satellite operations will not become a bottleneck for the market development.

Many new applications and opportunities for nanosatellites will be developed in the coming years, both due to our investments (see Product Development section) and the estimated over 200 academic and commercial organizations worldwide doing research in this area.

We also see an emerging trend; the established space agencies are beginning to prioritize the use of small satellites in future science and exploration projects, e.g. as exemplified by NASA's recent MarCO mission to Mars. While such opportunities will not match commercial opportunities in the number of satellites or total revenue potential, this emerging market for the nanosatellite technology offers a robust revenue opportunity and higher revenue per satellite. The challenges posed by these missions will result in new developments which can subsequently be industrialized in the commercial domain.

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

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

# Product Development

In general, we progress according to plans developing the next generation communication nanosatellites. We will be able to offer “probably the best” performing nanosatellite platform in the market.

Focus on our product platform development is to be responsive to customer and market requirements. This is driven by the need to use satellites as routing devices in satellite constellations as well as the need for future extraction and compression of surveillance data.

We are active on a number of development programs under ESA, EU Horizon 2010 and the Danish Innovation Foundation, which supports our long-term technology development roadmap – a plan which secures timely availability of new technology to support future missions. These activities cover areas such as intersatellite-links, high gain antennas, high performance propulsion technology as well as new payloads.

To increase the capabilities of the satellites, we are expanding our portfolio of radio solutions to other than VHF, UHF and S band frequencies. We initiated the development of radio products for higher frequencies thus increasing data bandwidth.

At our Luxembourg location, we have started the development of software for management of large constellations of satellites. We expect to develop solutions which can be used for commercial application by mid-2019, supporting Gomspace manufactured satellites as well as third party manufactured units.

For our nanosatellite products to meet the needs of our professional users, we are carrying out a number of design and process optimization programs. These activities are supporting a continued improvement in reliability, availability and operational lifetime of our solutions.

For 2018, the focus in R&D and product development will be to execute on the activities above. We will further optimize our modular hardware and software product platforms to meet individual customer needs. We will continue to make partnerships on technology development with universities and technology institutes to leverage our own competences and funding to speed up development.



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# Group

## - Key Figures and Ratios

	2018 JAN-JUN T.SEK	2017 JAN-JUN T.SEK	2017 JAN-DEC T.SEK
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### KEY FIGURES

Net revenue	79,559	45,089	96,405
Gross profit	24,883	13,762	26,884
Operating profit (loss)	-41,730	-28,449	-67,610
Share of profit from associates	-650	-491	4,591
Net financial items	-648	-2,506	-3,496
Profit (loss) before tax	-43,028	-31,446	-66,515
Profit (loss) for the period	-35,462	-26,780	-53,989
Investments in PPE	9,251	5,642	18,500
Total assets	382,991	276,947	313,069
Equity	277,954	211,548	185,315
Total liabilities	105,037	65,399	127,754

### RATIOS

Gross margin	31%	31%	28%
Operating margin	-52%	-63%	-70%
Net margin	-45%	-59%	-56%
Return on invested capital (%)	-9%	-10%	-17%
Return on equity (%)	-15%	-15%	-33%
Equity ratio (%)	73%	76%	59%
Earnings per share, basic, SEK	-1.30	-1.06	-2.09
Earnings per share, diluted, SEK	-1.29	-1.06	-2.08
Number of outstanding shares basic, average	27,310,575	25,343,445	25,805,411
Number of outstanding shares as at 30 June 2018	28,340,667	24,507,334	26,257,334

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

# Consolidated Income Statement

	NOTE	2018 APR-JUN T.SEK	2017 APR-JUN T.SEK	2018 JAN-JUN T.SEK	2017 JAN-JUN T.SEK	2017 JAN-DEC T.SEK
Net revenue	4	41,821	26,092	79,559	45,089	96,405
Cost of goods sold		-30,109	-21,087	-54,676	-31,327	-69,521
<b>Gross profit</b>		<b>11,712</b>	<b>5,005</b>	<b>24,883</b>	<b>13,762</b>	<b>26,884</b>
Sales and distribution costs		-8,954	-7,246	-16,931	-12,962	-30,996
Development costs		-13,785	-6,565	-20,931	-12,073	-25,277
Administrative costs		-16,143	-9,386	-29,573	-17,176	-38,221
Other operating income		533	0	822	0	0
<b>Operating profit (loss)</b>		<b>-26,637</b>	<b>-18,192</b>	<b>-41,730</b>	<b>-28,449</b>	<b>-67,610</b>
Share of profit from associates		-539	-277	-650	-491	4,591
Finance income		1,869	326	5,565	469	4,077
Finance expenses		-1,149	-2,159	-6,213	-2,975	-7,573
<b>Profit (loss) before tax</b>		<b>-26,456</b>	<b>-20,302</b>	<b>-43,028</b>	<b>-31,446</b>	<b>-66,515</b>
Tax		4,814	3,794	7,566	4,666	12,526
<b>Profit (loss) for the period</b>		<b>-21,642</b>	<b>-16,508</b>	<b>-35,462</b>	<b>-26,780</b>	<b>-53,989</b>
<b>Profit (loss) is attributable to:</b>						
Owners of GomSpace Group AB		-21,642	-16,508	-35,462	-26,780	-53,989
		<b>-21,642</b>	<b>-16,508</b>	<b>-35,462</b>	<b>-26,780</b>	<b>-53,989</b>
<b>Consolidated Statement of Comprehensive Income</b>						
Profit (loss) for the period		-21,642	-16,508	-35,462	-26,780	-53,989
<b>Items which may be reclassified to the income statement:</b>						
Foreign exchange rate adjustments		511	154	2,991	5	-2,867
<b>Other comprehensive income for the period, net of tax</b>		<b>511</b>	<b>154</b>	<b>2,991</b>	<b>5</b>	<b>-2,867</b>
<b>Total comprehensive income for the period</b>		<b>-21,131</b>	<b>-16,354</b>	<b>-32,471</b>	<b>-26,775</b>	<b>-56,856</b>
<b>Total comprehensive income for the period is attributable to:</b>						
Owners of GomSpace Group AB		-21,131	-16,354	-32,471	-26,775	-56,856
		<b>-21,131</b>	<b>-16,354</b>	<b>-32,471</b>	<b>-26,775</b>	<b>-56,856</b>
Earnings per share, basic, SEK		-0.82	-0.63	-1.30	-1.06	-2.09
Earnings per share, diluted, SEK		-0.82	-0.63	-1.29	-1.06	-2.08
Number of outstanding shares basic, average		26,257,334	26,179,556	27,310,575	25,343,445	25,805,411
Number of outstanding shares diluted, average		26,329,756	26,202,136	27,420,359	25,354,735	25,896,226

# Consolidated Statement of Financial Position

		2018 30 JUN T.SEK	2017 30 JUN T.SEK	2017 31 DEC T.SEK
	NOTE			
Goodwill		3,710	3,710	3,710
Technology		10,600	11,400	11,000
Completed development projects		10,396	5,187	6,363
Development projects in progress		55,241	21,272	26,576
Other intangible assets		16,753	3,420	18,425
<b>Intangible assets</b>	6	<b>96,700</b>	<b>44,989</b>	<b>66,074</b>
Property, plant and equipment		28,670	10,590	21,333
<b>Property, plant and equipment</b>	7	<b>28,670</b>	<b>10,590</b>	<b>21,333</b>
<b>Investments in associates</b>		<b>35,239</b>	<b>34,929</b>	<b>41,892</b>
Deferred tax		17,719	9,310	9,297
Other non-current assets		3,651	4,266	3,376
<b>Non-current assets</b>		<b>21,370</b>	<b>13,576</b>	<b>12,673</b>
<b>Total non-current assets</b>		<b>181,979</b>	<b>104,084</b>	<b>141,972</b>
Raw materials and consumables		20,781	6,254	9,763
Prepayments for inventories		7,012	0	0
<b>Inventories</b>		<b>27,793</b>	<b>6,254</b>	<b>9,763</b>
Contract work		24,757	35,002	22,237
Trade receivables		13,488	38,143	30,765
Tax receivable		5,664	1,287	5,426
Other prepayments		3,026	1,606	1,500
Other receivables		6,990	5,749	5,830
<b>Receivables</b>		<b>53,925</b>	<b>81,787</b>	<b>65,758</b>
<b>Marketable securities</b>		<b>0</b>	<b>12</b>	<b>9</b>
<b>Cash and cash equivalents</b>		<b>119,294</b>	<b>87,855</b>	<b>95,567</b>
<b>Total current assets</b>		<b>201,012</b>	<b>175,908</b>	<b>171,097</b>
<b>Total assets</b>		<b>382,991</b>	<b>279,992</b>	<b>313,069</b>

# Consolidated Statement of Financial Position

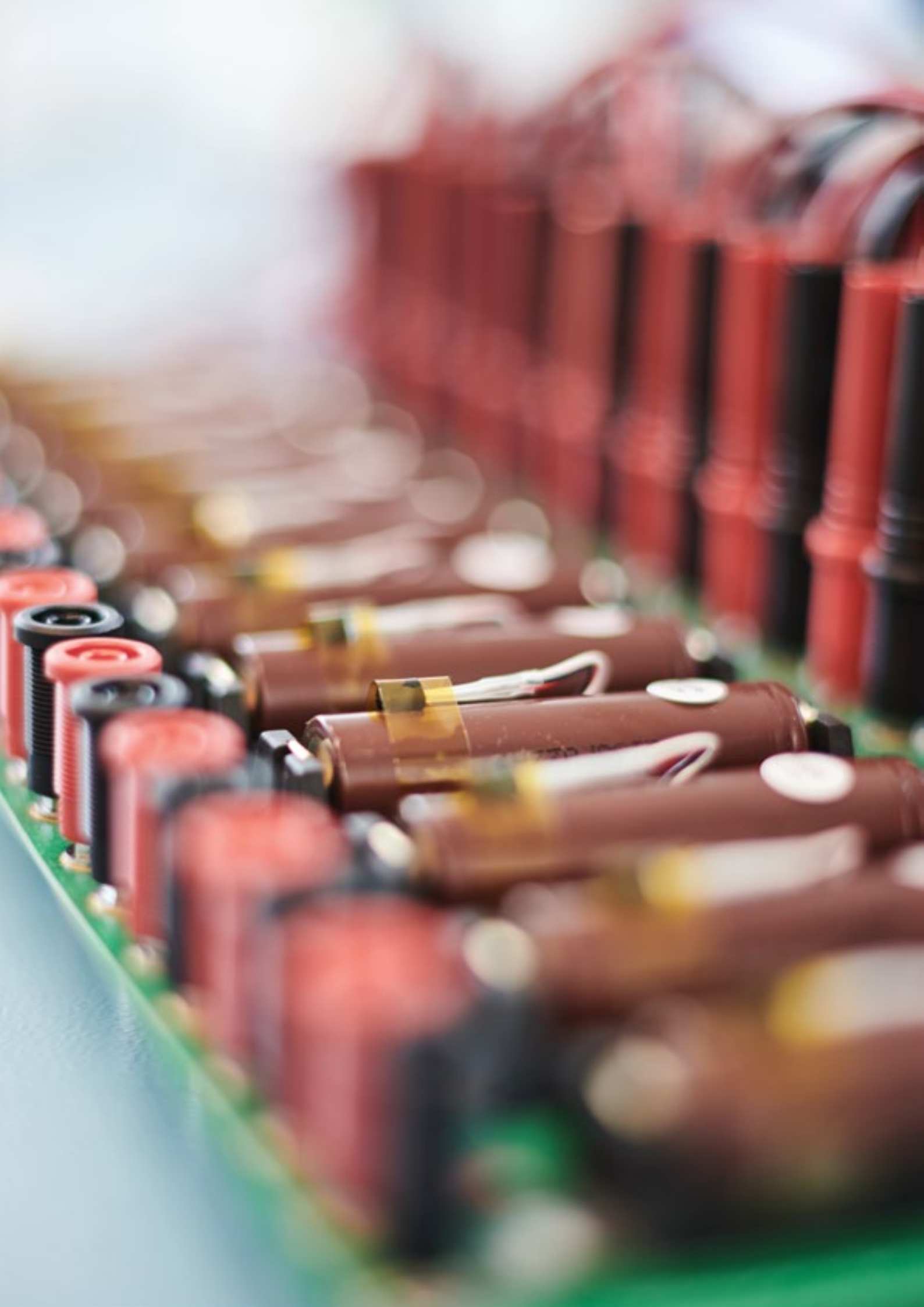
	2018 30 JUN T.SEK	2017 30 JUN T.SEK	2017 31 DEC T.SEK
Share capital	1,985	1,839	1,839
Share premium	347,389	227,136	227,136
Translation reserve	1,209	1,090	-1,782
Retained earnings	-72,629	-18,517	-41,878
<b>Total equity</b>	<b>277,954</b>	<b>211,548</b>	<b>185,315</b>
Credit institutions	26,817	5,714	29,201
Deferred taxes	0	3,287	0
<b>Total non-current liabilities</b>	<b>26,817</b>	<b>9,001</b>	<b>29,201</b>
Current portion of non-current liabilities	7,967	2,084	4,794
Credit institutions	340	4,928	0
Trade payables and other payables	24,513	16,756	16,326
Contract work	9,774	12,724	38,391
Prepayments	11,896	14,363	7,953
Corporation tax	405	0	58
Other liabilities	23,325	8,588	31,031
<b>Total current liabilities</b>	<b>78,220</b>	<b>59,443</b>	<b>98,553</b>
<b>Total liabilities</b>	<b>105,037</b>	<b>68,444</b>	<b>127,754</b>
<b>Total equity and liabilities</b>	<b>382,991</b>	<b>279,992</b>	<b>313,069</b>

# Consolidated Statement of Changes in Equity

	SHARE CAPITAL T.SEK	SHARE PREMIUM T.SEK	TRANSLATION RESERVE T.SEK	RETAINED EARNINGS T.SEK	TOTAL EQUITY T.SEK
<b>Equity 01.01.2017</b>	<b>1,716</b>	<b>137,337</b>	<b>1,085</b>	<b>5,968</b>	<b>146,106</b>
Total comprehensive income for the period	0	0	5	-26,780	-26,775
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>-26,780</b>	<b>-26,775</b>
Transactions with owners in their capacity as owners					
Increase in share capital	123	95,253	0	0	95,376
Increase in share capital, costs	0	-5,454	0	0	-5,454
Share-based payments	0	0	0	2,295	2,295
	<b>123</b>	<b>89,799</b>	<b>0</b>	<b>2,295</b>	<b>92,217</b>
<b>Equity 30.06.2017</b>	<b>1,839</b>	<b>227,136</b>	<b>1,090</b>	<b>-18,517</b>	<b>211,548</b>
<b>Equity 01.07.2017</b>	<b>1,839</b>	<b>227,136</b>	<b>1,090</b>	<b>-18,517</b>	<b>211,548</b>
Profit (loss) for the period	0	0	0	-53,989	-53,989
Other comprehensive income	0	0	-2,872	26,780	23,908
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-2,872</b>	<b>-27,209</b>	<b>-30,081</b>
Transactions with owners in their capacity as owners					
Increase in share capital	0	0	0	0	0
Increase in share capital, costs	0	0	0	0	0
Share-based payments	0	0	0	3,848	3,848
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,848</b>	<b>3,848</b>
<b>Equity 31.12.2017</b>	<b>1,839</b>	<b>227,136</b>	<b>-1,782</b>	<b>-41,878</b>	<b>185,315</b>
<b>Equity 01.01.2018</b>	<b>1,839</b>	<b>227,136</b>	<b>-1,782</b>	<b>-41,878</b>	<b>185,315</b>
Total comprehensive income for the period	0	0	2,991	-35,462	-32,471
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>2,991</b>	<b>-35,462</b>	<b>-32,471</b>
Transactions with owners in their capacity as owners					
Increase in share capital	146	124,854	0	0	125,000
Increase in share capital, costs	0	-4,601	0	0	-4,601
Share-based payments	0	0	0	4,711	4,711
	<b>146</b>	<b>120,253</b>	<b>0</b>	<b>4,711</b>	<b>125,110</b>
<b>Equity 30.06.2018</b>	<b>1,985</b>	<b>347,389</b>	<b>1,209</b>	<b>-72,629</b>	<b>277,954</b>

# Consolidated Cash Flow Statement

	2018 APR-JUN T.SEK	2017 APR-JUN T.SEK	2018 JAN-JUN T.SEK	2017 JAN-JUN T.SEK	2017 JAN-DEC T.SEK
Profit (loss) before tax	-26,456	-20,302	-43,028	-31,446	-66,515
Reversal of financial items	-721	1,833	647	2,506	3,496
Depreciation and amortizations	4,389	1,800	8,253	3,272	8,666
Result after tax from associates	539	0	650	0	987
Non-cash items	11,725	2,456	12,758	2,670	592
Changes in inventories	-10,786	-195	-17,090	-1,913	-5,497
Changes in trade receivables	-1,277	-10	19,877	-23,704	-16,832
Changes in other receivables	10,585	-3,809	-3,811	-1,930	6,012
Changes in trade and other payables	-15,647	7,319	-32,143	21,237	59,814
<b>Cash flow from primary operating activities</b>	<b>-27,649</b>	<b>-10,908</b>	<b>-53,887</b>	<b>-29,308</b>	<b>-9,277</b>
Received interest financials	-3,694	325	2	468	1
Paid interest financials cost	3,796	-2,118	-1,405	-2,940	-1,388
Tax received	0	0	149	1,314	2,404
Tax paid	-48	-37	-92	-71	-146
<b>Cash flow from operating activities</b>	<b>-27,595</b>	<b>-12,738</b>	<b>-55,233</b>	<b>-30,537</b>	<b>-8,406</b>
Investments in intangible assets	-18,334	-12,888	-32,145	-15,536	-41,923
Investments in leasehold improvement, plant and equipment	-4,968	-2,481	-9,251	-5,642	-18,500
Deposit paid	2	0	-75	-3,357	-3,617
Government grants	0	0	0	0	8,173
Proceeds from sale of marketable securities	10	0	10	0	0
Proceeds from sale of property, plant and equipment	5	0	5	26	41
Investments in associates	0	0	0	-19,932	-24,114
<b>Cash flow from investing activities</b>	<b>-23,285</b>	<b>-15,369</b>	<b>-41,456</b>	<b>-44,441</b>	<b>-79,940</b>
<i>Financing from debt:</i>					
Borrowings	331	0	331	0	26,982
Repayment of borrowings	-575	587	-1,120	-861	-6,885
	<b>-244</b>	<b>587</b>	<b>-789</b>	<b>-861</b>	<b>20,097</b>
<i>Financing from shareholders:</i>					
Capital increase	0	95,375	125,000	95,375	95,375
Capital increase, costs	-508	-4,904	-4,601	-5,454	-5,454
	<b>-508</b>	<b>90,471</b>	<b>120,399</b>	<b>89,921</b>	<b>89,921</b>
<b>Cash flow from financing activities</b>	<b>-752</b>	<b>91,058</b>	<b>119,610</b>	<b>89,060</b>	<b>110,018</b>
<b>Net cash flow for the period</b>	<b>-51,632</b>	<b>62,951</b>	<b>22,921</b>	<b>14,082</b>	<b>21,672</b>
Cash and cash equivalents, beginning of the period	156,830	10,923	84,170	59,803	59,803
Unrealized exchange rate gains and losses on cash	-733	-19	717	-30	92
Change in bank deposit for security	-61	2,603	-3,404	2,603	2,603
<b>Cash and cash equivalents, end of the period</b>	<b>104,404</b>	<b>76,458</b>	<b>104,404</b>	<b>76,458</b>	<b>84,170</b>
<b>Reconciliation of cash and cash equivalents</b>					
Cash and cash equivalents according to the balance sheet	119,294	87,855	119,294	87,855	95,567
Bank deposit for security	-14,890	-11,397	-14,890	-11,397	-11,397
<b>Cash and cash equivalents according to the cash flow statement</b>	<b>104,404</b>	<b>76,458</b>	<b>104,404</b>	<b>76,458</b>	<b>84,170</b>





# Parent Company Income Statement

	2018 APR-JUN T.SEK	2017 APR-JUN T.SEK	2018 JAN-JUN T.SEK	2017 JAN-JUN T.SEK	2017 JAN-DEC T.SEK
Net revenue	6,702	5,156	12,835	9,517	21,482
<b>Gross profit</b>	<b>6,702</b>	<b>5,156</b>	<b>12,835</b>	<b>9,517</b>	<b>21,482</b>
Administrative costs	-7,716	-6,283	-15,728	-13,312	-27,849
<b>Operating profit (loss)</b>	<b>-1,014</b>	<b>-1,127</b>	<b>-2,893</b>	<b>-3,795</b>	<b>-6,367</b>
Finance income	0	1	0	100	2,378
Finance expenses	-177	-25	-2,838	-52	-379
<b>Profit (loss) before tax</b>	<b>-1,191</b>	<b>-1,151</b>	<b>-5,731</b>	<b>-3,747</b>	<b>-4,368</b>
Tax	333	155	870	2,127	2,256
<b>Profit (loss) for the period</b>	<b>-858</b>	<b>-996</b>	<b>-4,861</b>	<b>-1,620</b>	<b>-2,112</b>
<b>Profit (loss) is attributable to:</b>					
Owners of GomSpace Group AB	-858	-996	-4,861	-1,620	-2,112
	<b>-858</b>	<b>-996</b>	<b>-4,861</b>	<b>-1,620</b>	<b>-2,112</b>
<b>Statement of Comprehensive Income</b>					
<b>Profit (loss) for the period</b>	<b>-858</b>	<b>-996</b>	<b>-4,861</b>	<b>-1,620</b>	<b>-2,112</b>
<b>Items which may be reclassified to the income statement:</b>					
<b>Other comprehensive income for the period, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>	<b>-858</b>	<b>-996</b>	<b>-4,861</b>	<b>-1,620</b>	<b>-2,112</b>

# Parent Company Statement of Financial Position

	2018 30 JUN T.SEK	2017 30 JUN T.SEK	2017 31 DEC T.SEK
GomSpace A/S	110,971	36,891	110,971
GomSpace Sweden AB	34,056	23,850	34,056
GomSpace Orbital ApS	65	65	65
GomSpace Luxembourg S.A.R.L.	115	0	115
GomSpace Asia	2,142	0	2,142
GomSpace North America	1,105	0	1,105
<b>Investments in subsidiaries</b>	<b>148,454</b>	<b>60,806</b>	<b>148,454</b>
Aerial & Maritime Ltd.	24,115	19,932	24,115
<b>Investments in associates</b>	<b>24,115</b>	<b>19,932</b>	<b>24,115</b>
<b>Fixed asset investments</b>	<b>172,569</b>	<b>80,738</b>	<b>172,569</b>
Deferred tax	3,125	2,127	2,255
<b>Other non-current assets</b>	<b>3,125</b>	<b>2,127</b>	<b>2,255</b>
<b>Total non-current assets</b>	<b>175,694</b>	<b>82,865</b>	<b>174,824</b>
Trade receivables from subsidiaries	72,173	58,226	11,523
Trade receivables from associates	120	824	111
Other prepayments	45	0	153
Other receivables	153	1,750	120
<b>Receivables</b>	<b>72,491</b>	<b>60,800</b>	<b>11,907</b>
<b>Cash and cash equivalents</b>	<b>96,550</b>	<b>76,443</b>	<b>38,144</b>
<b>Total current assets</b>	<b>169,041</b>	<b>137,243</b>	<b>50,051</b>
<b>Total assets</b>	<b>344,735</b>	<b>220,108</b>	<b>224,875</b>

# Parent Company Statement of Financial Position

	2018 30 JUN T.SEK	2017 30 JUN T.SEK	2017 31 DEC T.SEK
Share capital	1,985	1,839	1,839
Share premium	344,101	223,848	223,622
Retained earnings	-2,488	-7,988	-2,112
<b>Total equity</b>	<b>343,598</b>	<b>217,699</b>	<b>223,349</b>
Payables to subsidiaries	0	0	111
Payables to associates	0	0	0
Trade payables and other payables	602	2,114	826
Other liabilities	535	295	589
<b>Total current liabilities</b>	<b>1,137</b>	<b>2,409</b>	<b>1,526</b>
<b>Total liabilities</b>	<b>1,137</b>	<b>2,409</b>	<b>1,526</b>
<b>Total equity and liabilities</b>	<b>344,735</b>	<b>220,108</b>	<b>224,875</b>

# Parent Company

## Statement of Changes in Equity

	SHARE CAPITAL T.SEK	SHARE PREMIUM T.SEK	RETAINED EARNINGS T.SEK	TOTAL EQUITY T.SEK
<b>Equity 01.01.2017</b>	<b>1,716</b>	<b>134,049</b>	<b>-6,368</b>	<b>129,397</b>
Total comprehensive income for the period	0	0	-1,620	-1,620
Increase in share capital	123	95,253	0	95,376
Increase in share capital, costs	0	-5,454	0	-5,454
Dividend	0	0	0	0
	<b>123</b>	<b>89,799</b>	<b>-1,620</b>	<b>88,302</b>
<b>Equity 30.06.2017</b>	<b>1,839</b>	<b>223,848</b>	<b>-7,988</b>	<b>217,699</b>
<b>Equity 01.07.2017</b>	<b>1,839</b>	<b>223,848</b>	<b>-7,988</b>	<b>217,699</b>
Profit (loss) for the period	0	0	-492	-492
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-492</b>	<b>-492</b>
Increase in share capital	0	0	0	0
Increase in share capital, costs	0	0	0	0
Share-based payments	0	0	6,142	6,142
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>6,142</b>	<b>6,142</b>
<b>Equity 31.12.2017</b>	<b>1,839</b>	<b>223,848</b>	<b>-2,338</b>	<b>223,349</b>
<b>Equity 01.01.2018</b>	<b>1,839</b>	<b>223,848</b>	<b>-2,338</b>	<b>223,349</b>
Total comprehensive income for the period	0	0	-4,861	-4,861
Increase in share capital	146	124,854	0	125,000
Increase in share capital, costs	0	-4,601	0	-4,601
Share-based payments	0	0	4,711	4,711
<b>Total comprehensive income for the period</b>	<b>146</b>	<b>120,253</b>	<b>-150</b>	<b>120,249</b>
<b>Equity 30.06.2018</b>	<b>1,985</b>	<b>344,101</b>	<b>-2,488</b>	<b>343,598</b>



# Notes to the Interim Consolidated Financial Statements

## 1. Accounting policies

### Basis of preparation

The interim consolidated financial statements for the second quarter of 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company applies the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

### Key ratios definitions

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

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

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

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

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

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

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

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

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

# Notes to the Interim Consolidated Financial Statements (continued)

## 2. New standards adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements as at 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments that require restatement of the opening balance. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim consolidated financial statements of the Group.

### IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied IFRS 9 prospectively, with the initial application date of 1 January 2018.

Adopting IFRS 9 has no effect for the Group.

Under IFRS 9, the Group initially measures trade receivables as a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are as follows:

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognized in the income statement.

### Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Contract assets and Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payment is 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

# Notes to the Interim Consolidated Financial Statements (continued)

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

The adoption of the ECL requirements of IFRS 9 resulted in no changes in impairment allowances of the Group's debt financial assets.

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The adopting of IFRS 15 has no effect on the consolidated financial statements for the Group.

The Group is in the business of providing satellite solutions, platforms, payloads and subsystems. The equipment and services are sold both on their own in separately identified contracts with customers and together as a bundled package of goods and/or services.

#### **Sales of satellite solutions, platforms, payloads and subsystems**

The Group is in the business of providing satellite solutions as well as sales of platforms, payloads and subsystems for nanosatellites. Platforms, payloads and subsystems are either sold as separate components to customers, integrated as a platform or as turnkey nanosatellite solutions. It has been determined that satellite solutions and platforms, payloads and subsystems meet the criteria to recognize revenue over time on a percentage of completion basis. This is due to the customization of components according to customer specifications (selected options) which means that GomSpace has no alternative use for the components once customization commences and therefore GomSpace has a right to payment regarding work completed to date. Other sales are recognized at point in time. The Group's contracts with customers for the sale of satellite solutions, platforms, payloads and subsystems generally include one performance obligation. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

#### **Warranty obligations**

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties under IFRS 15, which the Group accounts for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its practice prior to the adoption of IFRS 15.

#### **Advances received from customers**

Generally, the Group receives short-term advances from its customers. However, from time to time, the Group also receives long-term advances from customers. Prior to the adoption of IFRS 15, the Group presented these advances as Deferred revenue in the statement of financial position. No interest was accrued on the long-term advances received under the previous accounting policy.

Upon the adoption of IFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the goods and services and when the Group transfers the promised goods or services the customer will be one year or less.



# Notes to the Interim Consolidated Financial Statements (continued)

## 3. Significant accounting estimates and judgments

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

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

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

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

The Group has established a warrant program from 27 April 2017 to 27 April 2021. 100% of the warrants in the first grant is vested and the management expects that 85% of the warrants will be vested in the fourth grant.

### **Development**

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

For development projects in progress, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. The carrying amount of development projects in progress is disclosed in note 6.

### **Contract work**

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

### **Deferred tax**

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

# Notes to the Interim Consolidated Financial Statements (continued)

## 4. Revenue

### Business segments

	ACADEMIA	COMMERCIAL	DEFENSE	SCIENCE	TOTAL
	T.SEK	T.SEK	T.SEK	T.SEK	T.SEK

### GEOGRAPHICAL

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

### MAJOR GOODS/SERVICE LINES

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

# Notes to the Interim Consolidated Financial Statements (continued)

## 5. Income tax and deferred tax

The Group had a recognized deferred tax loss carry-forward at a total amount of T.SEK 36,136 (14,768). The parent company, GomSpace Group AB, had a non-recognized deferred tax loss carry-forward at a total amount of T.SEK 6,236 (6,161). 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 amount is recognized, this is done over equity as it regards deferred tax concerning expenses booked on equity.

DEFERRED TAX ASSET RELATES TO:	2018	2017
	30 JUN T.SEK	30 JUN T.SEK
Intangible assets	-19,396	-5,590
Property, plant and equipment	313	-364
Short-term assets	666	-239
Tax loss carry-forwards	36,136	14,768
	<b>17,719</b>	<b>8,575</b>
Tax loss carry-forward	42,372	20,929
Unrecognized as deferred tax asset	-6,236	-6,161
<b>Tax loss carry-forward recognized as deferred tax asset</b>	<b>36,136</b>	<b>14,768</b>

# Notes to the Interim Consolidated Financial Statements (continued)

## 6. Intangible assets

	GOODWILL	TECHNOLOGY	IN PROCESS DEVELOPMENT PROJECTS	COMPLETED DEVELOPMENT PROJECTS	OTHER INTANGIBLE ASSETS	TOTAL
	T.SEK	T.SEK	T.SEK	T.SEK	T.SEK	T.SEK

### GROUP

Cost price at 1 January 2018	3,710	12,000	26,576	14,509	20,843	77,638
Additions during the year	0	0	32,036	0	109	32,145
Reclassification	0	0	-5,581	5,581	0	0
Exchange rate adjustment	0	0	2,210	954	1,052	4,216
Cost price at 30 June 2018	3,710	12,000	55,241	21,044	22,004	113,999
Amortization at 1 January 2018	0	-1,000	0	-8,146	-2,418	-11,564
Amortization	0	-400	0	-1,987	-2,670	-5,057
Exchange rate adjustment	0	0	0	-515	-163	-678
Amortization at 30 June 2018	0	-1,400	0	-10,648	-5,251	-17,299
<b>Carrying amount at 30 June 2018</b>	<b>3,710</b>	<b>10,600</b>	<b>55,241</b>	<b>10,396</b>	<b>16,753</b>	<b>96,700</b>

Cost price at 1 January 2017	3,710	12,000	6,197	12,054	3,623	37,584
Additions during the year	0	0	14,971	0	565	15,536
Exchange rate adjustment	0	0	104	130	18	252
Cost price at 30 June 2017	3,710	12,000	21,272	12,184	4,206	53,372
Amortization at 1 January 2017	0	-200	0	-6,021	-306	-6,527
Amortization	0	-400	0	-902	-475	-1,777
Exchange rate adjustment	0	0	0	-74	-5	-79
Amortization at 30 June 2017	0	-600	0	-6,997	-786	-8,383
<b>Carrying amount at 30 June 2017</b>	<b>3,710</b>	<b>11,400</b>	<b>21,272</b>	<b>5,187</b>	<b>3,420</b>	<b>44,989</b>

### Impairment test

The annual impairment test for goodwill is performed as at 31 December after completion of budgets and strategy plans for the next 5 years. As at 30 June 2018, management assesses that there is no indication of impairment regarding the net asset values for goodwill and intangible assets with an indefinite useful life.

# Notes to the Interim Consolidated Financial Statements (continued)

## 7. Property, plant and equipment

	LEASEHOLD IMPROVEMENTS	OTHER FIXTURES, FITTINGS, TOOLS AND EQUIPMENT	TOTAL PROPERTY, PLANT AND EQUIPMENT
	T.SEK	T.SEK	T.SEK
<b>GROUP</b>			
Cost price at 1 January 2018	9,963	16,372	26,335
Additions during the year	6,924	2,327	9,251
Disposals during the year	0	-202	-202
Reclassification	0	0	0
Exchange rate adjustment	723	905	1,628
Cost price at 30 June 2018	17,610	19,402	37,012
Depreciation at 1 January 2018	-852	-4,149	-5,001
Depreciation	-519	-2,679	-3,198
Disposals during the year	0	198	198
Exchange rate adjustment	-62	-279	-341
Depreciation at 30 June 2018	-1,433	-6,909	-8,342
<b>Carrying amount at 30 June 2018</b>	<b>16,177</b>	<b>12,493</b>	<b>28,670</b>
Cost price at 1 January 2017	2,331	5,567	7,898
Additions during the year	456	5,186	5,642
Disposals during the year	0	-26	-26
Exchange rate adjustment	25	110	135
Cost price at 30 June 2017	2,812	10,837	13,649
Depreciation at 1 January 2017	-352	-1,181	-1,533
Depreciation	-268	-1,242	-1,510
Exchange rate adjustment	-3	-13	-16
Depreciation at 30 June 2017	-623	-2,436	-3,059
<b>Carrying amount at 30 June 2017</b>	<b>2,189</b>	<b>8,401</b>	<b>10,590</b>

# Notes to the Interim Consolidated Financial Statements (continued)

## 8. Classification of financial assets and liabilities

	FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS HELD FOR TRADING T.SEK	INVESTMENTS HELD TO MATURITY T.SEK	LOANS AND RECEIVABLES T.SEK	OTHER FINANCIAL LIABILITIES T.SEK	TOTAL T.SEK	CARRYING AMOUNT T.SEK	FAIR VALUE LEVEL 1 T.SEK
<b>30 June 2018</b>							
<b>ASSETS</b>							
Trade and other receivables	0	0	45,235	0	45,235	45,235	0
Marketable securities	0	0	0	0	0	0	0
Cash and cash equivalents	0	0	119,294	0	119,294	119,294	0
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>164,529</b>	<b>0</b>	<b>164,529</b>	<b>164,529</b>	<b>0</b>
<b>LIABILITIES</b>							
Credit institutions	0	0	0	35,124	35,124	35,124	0
Trade payables and other payables	0	0	0	47,838	47,838	47,838	0
Prepayments	0	0	0	21,670	21,670	21,670	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>104,632</b>	<b>104,632</b>	<b>104,632</b>	<b>0</b>
<b>30 June 2017</b>							
<b>ASSETS</b>							
Trade and other receivables	0	0	78,894	0	78,894	78,894	0
Marketable securities	12	0	0	0	12	0	12
Cash and cash equivalents	0	0	87,855	0	87,855	87,855	0
<b>Total assets</b>	<b>12</b>	<b>0</b>	<b>166,749</b>	<b>0</b>	<b>166,761</b>	<b>166,749</b>	<b>12</b>
<b>LIABILITIES</b>							
Credit institutions	0	0	0	12,726	12,726	12,726	0
Trade payables and other payables	0	0	0	25,344	25,344	25,344	0
Prepayments	0	0	0	27,087	27,087	27,087	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,157</b>	<b>65,157</b>	<b>65,157</b>	<b>0</b>

# Notes to the Interim Consolidated Financial Statements (continued)

## 8. Classification of financial assets and liabilities (continued)

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

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

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

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

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

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

In the second quarter of 2018, no transfers between levels were made.

# Notes to the Interim Consolidated Financial Statements (continued)

## 9. Share-based payment

GomSpace Group AB (publ) established warrant programs as an incentive for all the Group's employees. Board members of the Group will not be allowed to participate. The warrant activity for the first half of 2018 is outlined below.

	2018 JAN-JUN T.SEK	2017 JAN-JUN T.SEK	2017 JAN-DEC T.SEK
Outstanding warrants as at 1 January	393,647	0	0
Granted	327,111	402,424	402,424
Forfeited	-9,292	0	-8,777
Exercised	0	0	0
<b>Outstanding warrants</b>	<b>711,466</b>	<b>402,424</b>	<b>393,647</b>

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

At the annual general meeting in April 2018, shareholders approved a warrant program for all the Group's employees. Board members of the Group will not be allowed to participate. Up to 450,000 warrants may be issued under this program and the exercise price is 100% of the volume weighted average last closing price for the Group's share on Nasdaq First North Premier during the period from and including 19 April 2018 until and including 25 April 2018.

The fair value of the warrants, expected to be granted until April 2021, is an amount of up to T.SEK 7,211, using the so-called Black&Scholes model based on the assumptions below.

	<u>First award</u> WARRANT PROGRAM 2017/20	<u>Second award</u> WARRANT PROGRAM 2017/20	WARRANT PROGRAM 2018/21
Volatility	70%	70%	58%
Risk-free interest rate	0%	0%	1%
Dividend yield	0%	0%	0%
Early-exercise date	27.04.2020	27.04.2020	26.04.2021
Expiration date	27.04.2021	27.04.2021	26.04.2022
Share price	54	58.3	60.4
Exercise price*	54.1	54.1	64.9
Outstanding warrants 30 June 2018	248,249	136,136	327,111

\* 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
- Warrant program 2017/20 second award is based on the volume weighted average last closing price for 20.04.2017 to 26.04.2017
- Warrant program 2018/21 is based on the volume weighted average last closing price for 19.04.2018 to 25.04.2018

The costs of this program will be recognized as cost in the consolidated income statement over the service period. Further details of the Warrant Program can be found on our [website](#).



# Notes to the Interim Consolidated Financial Statements (continued)

## 10. Related parties

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

The Group has the following transactions with related parties:

	2018 APR-JUN T.SEK	2017 APR-JUN T.SEK
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### Transactions with related parties

Sale of goods and services to associates	21,881	4,282
Administration costs from Board of Directors and management team	255	2,490
Receivables from associates on the balance sheet date	1,023	23,424

# Financial Calendar

Interim report,  
July - September 2018

30 November 2018

## COMPANY INFORMATION

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AUDITORS  
Ernst & Young AB

CERTIFIED ADVISOR  
FNCA Sweden AB

### MANAGEMENT'S STATEMENT

The Board of Directors and the CEO certify that this Interim Report presents a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2018, and of the results of the Group's and the parent company's operations and cash flow. The Interim Report also describes the significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, 31 August 2018

### Executive Board

Niels Buus  
CEO

### Board of Directors

Jukka Pertola  
Chairman

Jesper Jespersen  
Vice Chairman

Steen Lorenz Johan Hansen  
Board Member

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

