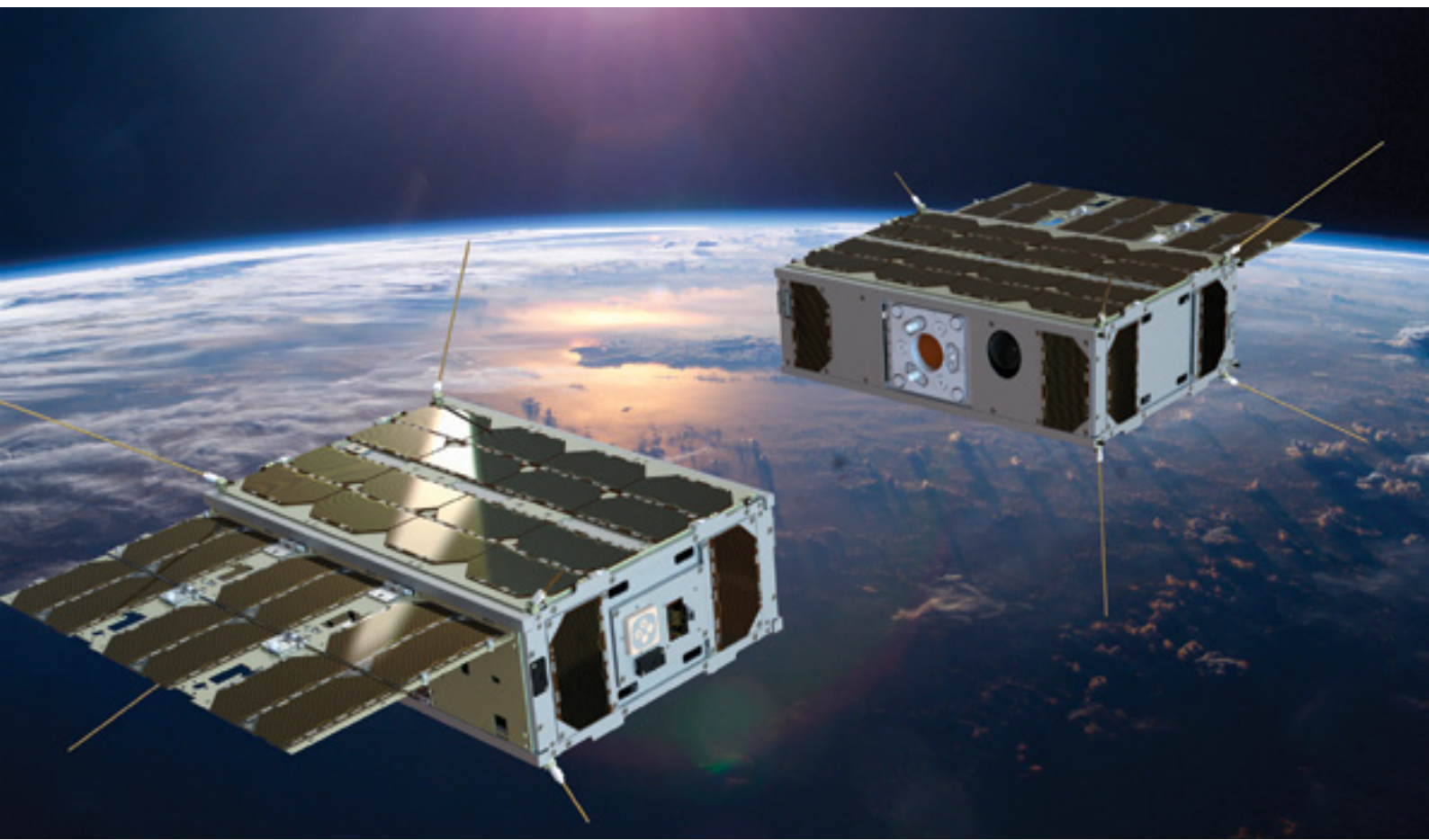


INTERIM REPORT

1 JULY – 30 SEPTEMBER 2019
AND 1 JANUARY - 30 SEPTEMBER 2019



GOMSPACE

1 JULY – 30 SEPTEMBER 2019 (2018)

- Order intake decreased to T.SEK 26,500 (56,469), a decrease of 53%
- Net revenues decreased to T.SEK 15,765 (33,608), a decrease of 53%
- Gross margin decreased to 11% (34%)
- Operating profit (loss) increased to a negative T.SEK 27,270 (a negative 30,357)
- Earnings per share were a negative SEK 0.74 (a negative 0.82)

1 JANUARY – 30 SEPTEMBER 2019 (2018)

- Order intake increased to T.SEK 103,007 (101,253), an increase of 2%
- Net revenues decreased to T.SEK 97,857 (113,167), a decrease of 14%
- Gross margin decreased to 15% (32%)
- Operating profit (loss) decreased to a negative T.SEK 97,228 (a negative 72,087)
- Earnings per share were a negative SEK 2.12 (a negative 2.13)

Subsequent events

- NSSTC-UAEU and GomSpace signed a contract with the purpose of supplying cubesat products, training and support over the next 18 months
- ESA and GomSpace signed a contract addendum for the continued development on the Juventas CubeSat in support of the Hera mission



TABLE OF CONTENTS

5	Message from the CEO
6-9	Financial Performance
10	Group - Key Figures and Ratios
11-15	Consolidated Financial Statements
16-18	Parent Company Financial Statements
19-27	Notes
28	Significant Events
29	Management's Statement
30	Review report
31	Financial Calendar



Message from the CEO

Approaching the end of 2019, we experience a positive momentum as order intake has caught up and we are therefore very optimistic regarding next year.

At the end of the third quarter, we had an order backlog at T.SEK 132,620 – this has already risen to T.SEK 144,150 when including the two contracts signed after the end of the quarter.

With these two additional contracts, we follow our plan of reaching a positive cash flow.

The third quarter did not meet our expectations. Revenue was lower than expected due to late incoming orders and the cost cut from staff reductions has not yet had full effect.

We have adjusted capacity and the cash flow after the third quarter is better than expected.

We are therefore now in a position where we in 2020 can deliver on the increased order intake and we can start to focus on returning to a growth path. The first steps will be to improve margins by increasing the product content in the projects.

With the best regards

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

Niels Buus
CEO

Financial Performance

Financial Review

The Interim Report for 1 July – 30 September 2019 for GomSpace Group AB shows a net loss of T.SEK 38,622 (a loss of 23,379) and a net loss of T.SEK 111,066 (a loss of 58,841) for the first three quarters of 2019. At 30 September 2019, equity was T.SEK 339,546 (255,593).

	2019	2018*	Change in pct.	2019	2018*	Change in pct.	2018*
	Jul-Sep T.SEK	Jul-Sep T.SEK		Jan-Sep T.SEK	Jan-Sep T.SEK		Jan-Dec T.SEK
Orders received	26,500	56,469	-53%	103,007	101,253	2%	120,741
Net revenue	15,756	33,608	-53%	97,857	113,167	-14%	153,384
Gross profit	1,804	11,307	-84%	14,229	36,190	-61%	38,549
Gross margin	11%	34%	-22 pp	15%	32%	-17 pp	25%
Operating profit (loss)	-27,270	-30,357	10%	-97,228	-72,087	-35%	-116,601
- As a percentage of revenues	-173.1%	-90.3%	-83 pp	-99.4%	-63.7%	-36 pp	-76.0%
Profit (loss) before tax	-27,502	-30,329	9%	-100,420	-73,357	-37%	-122,811
- As a percentage of revenues	-174.5%	-90.2%	-84 pp	-102.6%	-64.8%	-38 pp	-80.1%
Profit (loss) for the period	-38,622	-23,379	-65%	-111,066	-58,841	-89%	-112,498
- As a percentage of revenues	-245.1%	-69.6%	-176 pp	-113.5%	-52.0%	-62 pp	-73.3%
Cost of goods sold	13,952	22,301	37%	83,628	76,977	-9%	114,835
- As a percentage of revenues	88.6%	66.4%	-22 pp	85.5%	68.0%	-17 pp	74.9%
Sales and distribution costs	6,528	9,397	31%	39,396	26,328	-50%	38,310
- As a percentage of revenues	41.4%	28.0%	-13 pp	40.3%	23.3%	-17 pp	25.0%
Development costs	12,277	18,473	34%	37,520	39,404	5%	58,119
- As a percentage of revenues	77.9%	55.0%	-23 pp	38.3%	34.8%	-4 pp	37.9%
Administrative costs	10,221	13,835	26%	34,835	43,408	20%	59,423
- As a percentage of revenues	64.9%	41.2%	-24 pp	35.6%	38.4%	3 pp	38.7%
Earnings per share, basic, SEK	-0.74	-0.82	10%	-2.12	-2.13	0%	-3.93
Earnings per share, diluted, SEK	-0.74	-0.83	11%	-2.12	-2.12	0%	-3.93

	2019 Jan-Sep T.SEK	2018* Jan-Sep T.SEK	Change in pct.	2018* Jan-Dec T.SEK
Balance sheet items				
Intangible assets	124,702	108,192	15%	118,573
Property, plant and equipment	93,213	33,001	182%	37,911
Working capital	-3,936	-16,157	-76%	6,010
Net cash and cash equivalents	150,338	65,616	129%	269,418
Equity	339,546	255,593	33%	441,843
Liabilities	155,642	128,259	21%	166,699

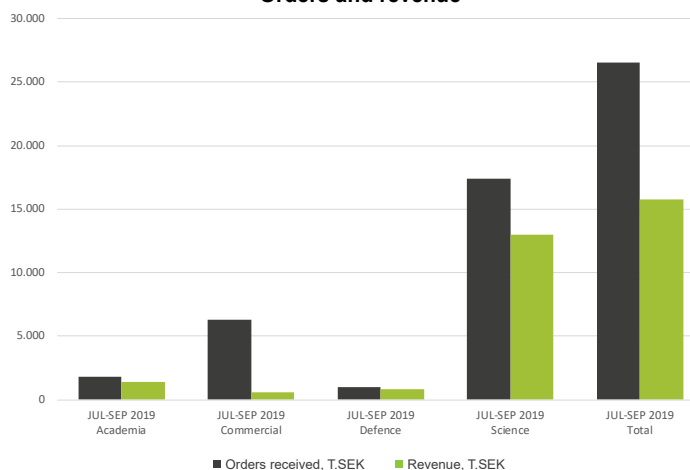
* The comparative figures are not restated to the effect of the IFRS 16 implementation (see note 2).

Orders received

1 JULY – 30 SEPTEMBER 2019 (2018)

The orders received for the third quarter of 2019 amounted to T.SEK 26,500 (56,469), corresponding to a decrease of 53%. The order backlog value at the end of the third quarter amounted to T.SEK 132,620 and we continue to increase the backlog even though it is a slow period due to the holidays. The most significant part of the order backlog is placed on the science business area. Order intake in the commercial segment did not meet our expectations. The main reason for the low order intake is still delay in funding plans for some of our existing as well as potential customers.

Orders and revenue



The orders received regarding science orders represent 66% (10%) of total orders for the period and orders received regarding commercial orders represent 24% (87%) of total orders for the period. In August, a contract was entered with ESA at a value of T.SEK 15,034 in the science segment. The contract is for continued development of the Mega-Constellation Operations Platform (MCOP) product.

In the third quarter of 2019, a customer in the science segment cancelled an order at an amount of T.SEK 1,186 which affects revenues from sale of satellite solutions with the same amount.

In the remaining part of 2019, we expect to convert between SEK 30-40 million into revenue.

1 JANUARY – 30 SEPTEMBER 2019 (2018)

The orders received for the first three quarters of 2019 amounted to T.SEK 103,007 (101,253), corresponding to an increase of 2%. The orders received regarding science orders represent 71% (26%) of total orders for the period and orders received regarding commercial orders represent 20% (68%). In the first three quarters of 2019, science orders were entered with European Space Agency (ESA) at a total value of T.SEK 63,985.

Business segments

	Academia T.SEK	Com- mercial T.SEK	Defense T.SEK	Science T.SEK	Total T.SEK
ORDER BOOK					
Order backlog 1 January 2019	3,281	685,374	1,866	24,881	715,402
Currency adjustment	1,355	21,878	-205	3,268	26,296
Order intake	5,491	13,991	1,665	55,360	76,507
Cancelled orders	0	-616,904	0	-1,094	-617,998
Converted to revenue	-7,966	-59,132	-2,051	-12,952	-82,101
Order backlog 30 June 2019	2,161	45,207	1,275	69,463	118,106
Currency adjustment	38	4,135	271	1,046	5,490
Order intake	1,798	6,294	974	17,434	26,500
Cancelled orders	-1,188	-236	-238	-58	-1,720
Converted to revenue	-1,381	-566	-846	-12,963	-15,756
Order backlog 30 September 2019	1,428	54,834	1,436	74,922	132,620
Low-risk customers	1,071	2,717	1,436	73,759	78,983
High-risk customers	357	52,117	0	1,163	53,637
Order backlog 30 September 2019	1,428	54,834	1,436	74,922	132,620

Out of the backlog as at 30 September 2019, T.SEK 53,637 are classified as backlog from high-risk customers. In the commercial segment we have chosen to exclude Sky and Space Global as they did not fulfill their part of the agreement - their order has a value of T.SEK 613,020.

Revenue and profitability

1 JULY – 30 SEPTEMBER 2019 (2018)

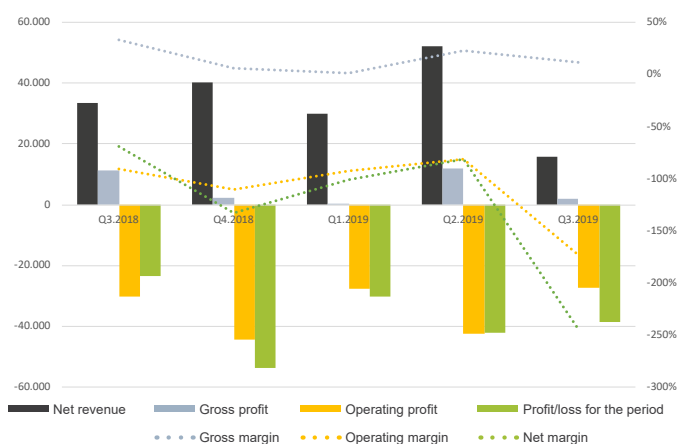
Revenues for the third quarter of 2019 amounted to T.SEK 15,756 (33,608), corresponding to a decrease of 53% compared with the same period in 2018. European Space Agency (ESA) constitutes 75% of total revenue whereas Korea Astronomy and Space Science Institute constitutes 5% of total revenue in the third quarter.

Revenues are lower in the quarter when comparing to the same period last year. The low revenue was anticipated due to significant reduction in staff combined with lacking order intake.

The sale of platforms, payloads and subsystems is lower than expected, a result of the low order intake. Sale of satellite solutions decreased, mainly in the commercial segment due to re-estimation of specific projects because of rework and delays in launch. It was not possible to perform work beforehand on existing projects and therefore resources were used on internal development projects.

In the third quarter, sales to new customers represented 11% of revenues compared to 22% of revenues in the third quarter of 2018.

Income statement evolution



Costs of goods sold and costs for development activities in percentage of revenue have increased significantly compared with the same period in 2018. The primary reason for the increase is overcapacity due to less orders than expected and these being received later than we expected, overcapacity also resulted in a low gross margin due to re-estimation of specific projects.

Sales, distribution and administrative costs are as expected and the action on reducing costs is on target.

An aggregated result of the above is a gross profit of T.SEK 1,804 (11,307), corresponding to a decrease of 84% compared with the same period in 2018. In the third quarter 2019, the gross margin is 11% compared with the same period in 2018 where the gross margin was 34%. Operating loss amounted to T.SEK 27,270 (operating loss 30,357), corresponding to a decrease of 10% compared with the same period in 2018. Loss for the period, T.SEK 38,622, was affected by writing down a deferred tax asset (see note 5).

1 JANUARY – 30 SEPTEMBER 2019 (2018)

Revenues for the first three quarters of 2019 amounted to T.SEK 97,857 (113,167), corresponding to a decrease of 14% compared with the same period in 2018. Sky and Space Global constitutes 29% and ESA constitutes 25% of total revenue whereas Kleos Space S.A. constitutes 5% of total revenue.

In the first three quarters of 2019, sales to new customers represented 8% of revenues compared to 11% of revenues in the same period last year.

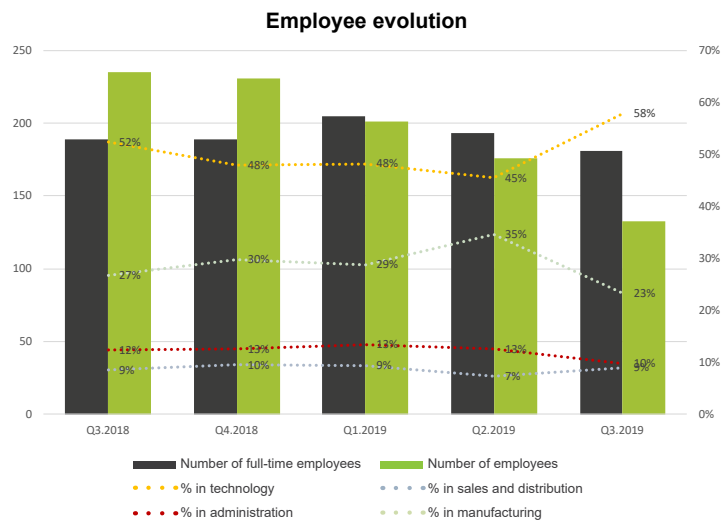
Cost of goods sold and costs for development activities are negatively affected, T.SEK 24,170, by removing the Sky and Space Global order from the order book in the second quarter.

In the first three quarters of 2019, the increase in sales and distribution costs is mainly due to provision for loss on bad debt at an amount of T.SEK 15,067, this amount is mainly related to Sky and Space Global.

Operating loss increased, mainly due to the low gross margin and provision for loss on bad debt.

Employees

As at 30 September, GomSpace Group AB had 133 (235) employees, corresponding to 181 (189) full-time/year employees. Employees working within technology were 77 (123) and manufacturing were 31 (63), with sales and distribution 12 (20), and in administration there were 13 (29) employees. During the first three quarters of 2019, the number of employees decreased with 98 employees, mainly within manufacturing (38 employees) and technology (34 employees) due to overcapacity.

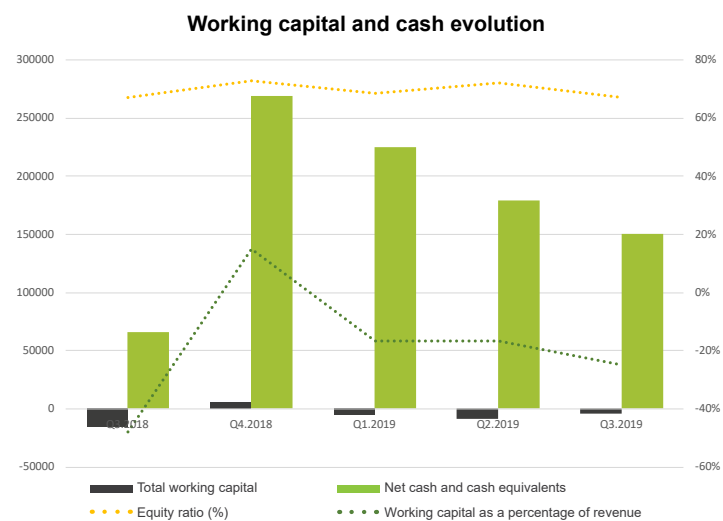


Cash flow

1 JULY – 30 SEPTEMBER 2019 (2018)

Cash flow from operating activities amounted to a negative T.SEK 20,359 (a negative 35,614). Working capital amounted to T.SEK 3,936 (16,157). Working capital is positively affected with an amount of T.SEK 12,739 from contract work but negatively affected by other receivables of T.SEK 3,742 and other payables of T.SEK 4,994.

Cash flow from investing activities amounted to a negative T.SEK 3,795 (18,027). Investments in intangible assets amounted to a negative T.SEK 6,536 (15,766) whereas investments in property, plant and equipment amounted to a negative T.SEK 1,037 (6,742). The main investment in intangible assets is related to in-house development projects for customer cases and includes work on our projects portfolio as well as work on improving management of performance and constellations. It is a continuation of ongoing investment projects.



Cash flow from financing activities amounted to a negative T.SEK 5,129 (a negative 908). The financing activities are related to the repayment of borrowings and payment of lease liabilities. Payment of lease liabilities has increased due to the newly implemented IFRS 16 standard which affected financing activities with T.SEK 2,394 in the third quarter of 2019.

1 JANUARY – 30 SEPTEMBER 2019 (2018)

Cash flow from operating activities amounted to a negative T.SEK 80,978 (a negative 90,847) during the first three quarters of 2019.

Cash flow from investing activities amounted to a negative T.SEK 24,125 (a negative 59,483). Investments in intangible assets amounted to T.SEK 22,432 (47,911) in relation to in-house development for customer cases. Investments in property, plant and equipment amounted to T.SEK 7,148 (15,993). In 2018, the investment level was high whereas investments in 2019 are now at a more suitable level.

Cash flow from financing activities amounted to a negative T.SEK 14,231 (a positive 118,702). In relation to the new IFRS 16 standard, the payment of lease liabilities has affected financing activities with T.SEK 6,775 in the first three quarters of 2019.

Cash and cash equivalents amounted to T.SEK 156,395 (65,616) at the end of the third quarter. GomSpace Group's working capital totalled a negative T.SEK 3,936 (a negative 16,157).

Risks

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

Parent Company

The parent company had total revenues of T.SEK 6,329 (5,941) in the third quarter of 2019 and T.SEK 19,348 (18,776) for the first three quarters of 2019. The parent company incurred total costs of T.SEK 9,108 (8,000) in the third quarter and T.SEK 25,172 (28,329) for the first three quarters of 2019. A total of T.SEK 53 (4,601) is attributable to the capital increase and has been deducted from the share premium. The operating result for the third quarter 2019 is a negative T.SEK 2,779 (a negative 2,059) and a negative T.SEK 5,771 (a negative 4,952) for the first three quarters of 2019. The net loss for the third quarter is T.SEK 2,552 (a net loss of 388) and a net loss of T.SEK 5,353 (a net loss of 5,249) for the first three quarters of 2019, this was affected by writing down a deferred tax asset.

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).

GomSpace Group AB



Group - Key Figures and Ratios

	2019 Jul-Sep T.SEK	2018* Jul-Sep T.SEK	2019 Jan-Sep T.SEK	2018* Jan-Sep T.SEK	2018* Jan-Dec T.SEK
KEY FIGURES					
Net revenue	15,756	33,608	97,857	113,167	153,384
Gross profit	1,804	11,307	14,229	36,190	38,549
Operating profit (loss)	-27,270	-30,357	-97,228	-72,087	-116,601
Share of profit from associates	-566	-775	-2,147	-1,425	-2,112
Net financial items	334	803	-1,045	155	-4,098
Profit (loss) before tax	-27,502	-30,329	-100,420	-73,357	-122,811
Profit (loss) for the period	-38,622	-23,379	-111,066	-58,841	-112,498
Investments in PPE	1,037	6,742	7,148	15,993	25,349
Total assets	495,188	383,852	495,188	383,852	608,542
Equity	339,546	255,593	339,546	255,593	441,843
Total liabilities	155,642	128,259	155,642	128,259	166,699
RATIOS					
Gross margin (%)	11%	34%	15%	32%	25%
Operating margin (%)	-173%	-90%	-99%	-64%	-76%
Net margin (%)	-245%	-70%	-113%	-52%	-73%
Return on invested capital (%)	-8%	-6%	-22%	-15%	-18%
Return on equity (%)	-11%	-9%	-28%	-27%	-36%
Equity ratio (%)	69%	67%	69%	67%	73%
Earnings per share, basic, SEK	-0.74	-0.82	-2.12	-2.13	-3.93
Earnings per share, diluted, SEK	-0.74	-0.83	-2.12	-2.12	-3.93
Number of outstanding shares basic, average	52,274,803	28,340,667	52,274,803	27,658,988	28,620,451
Number of outstanding shares as at 30 September 2019	52,274,803	28,340,667	52,274,803	28,340,667	52,274,803

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

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

Consolidated Income Statement

	Note	2019 Jul-Sep T.SEK	2018* Jul-Sep T.SEK	2019 Jan-Sep T.SEK	2018* Jan-Sep T.SEK	2018* Jan-Dec T.SEK
Net revenue	4	15,756	33,608	97,857	113,167	153,384
Cost of goods sold		-13,952	-22,301	-83,628	-76,977	-114,835
Gross profit		1,804	11,307	14,229	36,190	38,549
Sales and distribution costs		-6,528	-9,397	-39,396	-26,328	-38,310
Development costs		-12,277	-18,473	-37,520	-39,404	-58,119
Administrative costs		-10,221	-13,835	-34,835	-43,408	-59,423
Other operating income		-48	41	294	863	702
Operating profit (loss)		-27,270	-30,357	-97,228	-72,087	-116,601
Share of profit from associates		-566	-775	-2,147	-1,425	-2,112
Finance income		1,462	1,063	2,783	6,628	3,468
Finance expenses		-1,128	-260	-3,828	-6,473	-7,566
Profit (loss) before tax		-27,502	-30,329	-100,420	-73,357	-122,811
Tax	5	-11,120	6,950	-10,646	14,516	10,313
Profit (loss) for the period		-38,622	-23,379	-111,066	-58,841	-112,498
Profit (loss) is attributable to:						
Owners of GomSpace Group AB		-38,622	-23,379	-111,066	-58,841	-112,498
		-38,622	-23,379	-111,066	-58,841	-112,498
Consolidated Statement of Comprehensive Income						
Profit (loss) for the period		-38,622	-23,379	-111,066	-58,841	-112,498
Items which may be reclassified to the income statement:						
Foreign exchange rate adjustments		2,015	-398	7,002	2,593	6,026
Other comprehensive income for the period, net of tax		2,015	-398	7,002	2,593	6,026
Total comprehensive income for the period		-36,607	-23,777	-104,064	-56,248	-106,472
Total comprehensive income for the period is attributable to:						
Owners of GomSpace Group AB		-36,607	-23,777	-104,064	-56,248	-106,472
		-36,607	-23,777	-104,064	-56,248	-106,472
Earnings per share, basic, SEK		-0.74	-0.82	-2.12	-2.13	-3.93
Earnings per share, diluted, SEK		-0.74	-0.83	-2.12	-2.12	-3.93
Number of outstanding shares basic, average		52,274,803	28,340,667	52,274,803	27,658,988	28,620,451
Number of outstanding shares diluted, average		52,274,803	28,256,777	52,274,803	27,712,322	28,620,451

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

Consolidated Statement of Financial Position

	Note	2019 30 Sep T.SEK	2018* 30 Sep T.SEK	2018* 31 Dec T.SEK
ASSETS				
Goodwill		3,710	3,710	3,710
Technology		9,600	10,400	10,200
Completed development projects		17,155	19,090	20,298
In process development projects		83,284	59,780	70,415
Other intangible assets		10,953	15,212	13,950
Intangible assets	7	124,702	108,192	118,573
Property, plant and equipment		34,577	33,001	37,911
Right-of-use assets		58,636	0	0
Property, plant and equipment	8	93,213	33,001	37,911
Investments in associates		39,693	33,020	34,599
Deferred tax	5	1,531	24,484	12,373
Other non-current assets		4,276	3,635	3,853
Non-current assets		5,807	28,119	16,226
Total non-current assets		263,415	202,332	207,309
Raw materials and consumables		25,508	27,577	30,050
Inventories		25,508	27,577	30,050
Contract work		17,832	18,100	30,095
Trade receivables		15,465	50,892	51,811
Tax receivable		8,260	5,642	7,913
Other prepayments		7,736	9,927	7,815
Other receivables		577	3,766	4,131
Receivables		49,870	88,327	101,765
Cash and cash equivalents		156,395	65,616	269,418
Total current assets		231,773	181,520	401,233
Total assets		495,188	383,852	608,542

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

	2019 30 Sep T.SEK	2018* 30 Sep T.SEK	2018* 31 Dec T.SEK
EQUITY AND LIABILITIES			
Share capital	3,660	1,985	3,660
Share premium	581,599	347,389	581,652
Translation reserve	11,246	811	4,244
Retained earnings	-256,959	-94,592	-147,713
Total equity	339,546	255,593	441,843
Credit institutions	16,568	25,036	23,403
Lease liabilities	47,716	0	2,890
Provision for loss on contract work	411	0	0
Total non-current liabilities	64,695	25,036	26,293
Current portion of non-current liabilities	21,456	8,733	9,895
Credit institutions	6,057	0	0
Trade payables and other payables	13,181	14,670	15,390
Contract work	22,856	43,414	48,988
Prepayments	7,904	11,236	14,103
Corporation tax	252	385	599
Other liabilities	19,241	24,785	51,431
Total current liabilities	90,947	103,223	140,406
Total liabilities	155,642	128,259	166,699
Total equity and liabilities	495,188	383,852	608,542

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

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
Equity 01.01.2018	1,839	227,136	-1,782	-41,878	185,315
Total comprehensive income for the period	0	0	2,593	-58,841	-56,248
Total comprehensive income for the period	0	0	2,593	-58,841	-56,248
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	6,127	6,127
	146	120,253	0	6,127	126,526
Equity 30.09.2018	1,985	347,389	811	-94,592	255,593
Equity 01.10.2018	1,985	347,389	811	-94,592	255,593
Total comprehensive income for the period	0	0	3,433	53,657	-50,224
Total comprehensive income for the period	0	0	3,433	53,657	-50,224
Transactions with owners in their capacity as owners					
Increase in share capital	1,675	249,633	0	0	251,308
Increase in share capital, costs	0	-15,370	0	0	-15,370
Share-based payments	0	0	0	536	536
	1,675	234,263	0	536	236,474
Equity 31.12.2018	3,660	581,652	4,244	-147,713	441,843
Equity 01.01.2019	3,660	581,652	4,244	-147,713	441,843
Total comprehensive income for the period	0	0	7,002	-111,066	-104,064
Total comprehensive income for the period	0	0	7,002	-111,066	-104,064
Transactions with owners in their capacity as owners					
Increase in share capital, costs	0	-53	0	0	-53
Share-based payments	0	0	0	1,820	1,820
	0	-53	0	1,820	1,767
Equity 30.09.2019	3,660	581,599	11,246	-256,959	339,546

Consolidated Cash Flow Statement

	2019 Jul-Sep T.SEK	2018* Jul-Sep T.SEK	2019 Jan-Sep T.SEK	2018* Jan-Sep T.SEK	2018* Jan-Dec T.SEK
Profit (loss) before tax	-27,502	-30,329	-100,420	-73,357	-122,811
Reversal of financial items	-334	-770	1,045	-123	4,098
Depreciation and amortizations	8,191	5,112	23,784	13,365	20,501
Result after tax from associates	566	775	2,147	1,425	2,112
Non-cash items	-2,697	-474	7,807	12,284	10,534
Changes in inventories	438	-7,938	5,743	-25,028	-24,658
Changes in trade receivables	1,938	-37,296	39,024	-17,419	-18,461
Changes in other receivables	-2,009	10,295	16,954	6,484	-6,780
Changes in trade and other payables	2,082	26,257	-73,743	-5,886	31,170
Cash flow from primary operating activities	-19,327	-34,368	-77,659	-88,255	-104,295
Received interest financials	-7	0	1	2	2
Paid interest financials cost	-906	-1,198	-3,229	-2,603	-3,564
Tax received	0	0	149	149	5,498
Tax paid	-119	-48	-240	-140	-208
Cash flow from operating activities	-20,359	-35,614	-80,978	-90,847	-102,567
Investments in intangible assets	-6,536	-15,766	-22,432	-47,911	-65,477
Investments in leasehold improvement, plant and equipment	-1,037	-6,742	-7,148	-15,993	-25,349
Deposit paid	1	-33	-276	-108	-371
Government grants	3,777	4,514	5,731	4,514	9,366
Proceeds from sale of marketable securities	0	0	0	10	10
Proceeds from sale of non-current assets	0	0	0	0	17
Proceeds from sale of property, plant and equipment	0	0	0	5	0
Cash flow from investing activities	-3,795	-18,027	-24,125	-59,483	-81,804
<i>Financing from debt:</i>					
Borrowings	0	-331	0	0	4,128
Repayment of borrowings	-2,429	-577	-6,490	-1,697	-3,301
Payment of lease liabilities	-2,700	0	-7,688	0	0
	-5,129	-908	-14,178	-1,697	827
<i>Financing from shareholders:</i>					
Capital increase	0	0	0	125,000	376,308
Capital increase, costs	0	0	-53	-4,601	-19,972
	0	0	-53	120,399	356,336
Cash flow from financing activities	-5,129	-908	-14,231	118,702	357,163
Net cash flow for the period	-29,283	-54,549	-119,334	-31,628	172,792
Cash and cash equivalents, beginning of the period	38,351	104,404	248,754	84,170	84,170
Unrealized exchange rate gains and losses on cash	346	944	254	1,661	1,059
Change in bank deposit for security	24,624	-2,989	-95,636	-6,393	-9,267
Cash and cash equivalents, end of the period	34,038	47,810	34,038	47,810	248,754
Reconciliation of cash and cash equivalents					
Cash and cash equivalents according to the balance sheet	156,395	65,616	156,395	65,616	269,418
Credit institutions according to the balance sheet	-6,057	0	-6,057	0	0
Bank deposit**	-116,300	-17,806	-116,300	-17,806	-20,664
Cash and cash equivalents according to the cash flow statement	34,038	47,810	34,038	47,810	248,754

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

**Of which T.SEK 95,000 is on a deposit account which can be terminated at short notice.

Parent Company Income Statement

	Note	2019 Jul-Sep T.SEK	2018 Jul-Sep T.SEK	2019 Jan-Sep T.SEK	2018 Jan-Sep T.SEK	2018 Jan-Dec T.SEK
Net revenue		6,329	5,941	19,348	18,776	24,893
Gross profit		6,329	5,941	19,348	18,776	24,893
Administrative costs		-9,108	-8,000	-25,119	-23,728	-31,463
Operating profit (loss)		-2,779	-2,059	-5,771	-4,952	-6,570
Finance income		1,606	684	1,825	684	2,115
Finance expenses		-5	376	-115	-2,462	-2,513
Profit (loss) before tax		-1,178	-999	-4,061	-6,730	-6,968
Tax	5	-1,374	611	-1,292	1,481	1,265
Profit (loss) for the period		-2,552	-388	-5,353	-5,249	-5,703
Profit (loss) is attributable to:						
Owners of GomSpace Group AB		-2,552	-388	-5,353	-5,249	-5,703
		-2,552	-388	-5,353	-5,249	-5,703
Statement of Comprehensive Income						
Profit (loss) for the period		-2,552	-388	-5,353	-5,249	-5,703
Items which may be reclassified to the income statement:						
Other comprehensive income for the period, net of tax		0	0	0	0	0
Total comprehensive income for the period		-2,552	-388	-5,353	-5,249	-5,703

Parent Company Statement of Financial Position

	Note	2019 30 Sep T.SEK	2018 30 Sep T.SEK	2018 31 Dec T.SEK
ASSETS				
GomSpace A/S		245,846	110,971	245,846
GomSpace Sweden AB		45,056	34,056	45,056
GomSpace Orbital ApS		65	65	65
GomSpace Luxembourg S.A.R.L.		10,478	115	115
GomSpace Asia Pte. Ltd.		2,142	2,142	2,142
GomSpace North America LLC		1,105	1,105	1,105
Investments in subsidiaries		304,692	148,454	294,329
Aerial & Maritime Ltd.		24,115	24,115	24,115
Investments in associates		24,115	24,115	24,115
Fixed asset investments		328,807	172,569	318,444
Deferred tax	5	2,228	3,736	3,520
Other non-current assets		2,228	3,736	3,520
Total non-current assets		331,035	176,305	321,964
Trade receivables from subsidiaries		113,392	121,463	29,212
Trade receivables from associates		39	134	421
Tax receivable		28	0	0
Other prepayments		508	27	9
Other receivables		0	0	138
Receivables		113,967	121,624	29,780
Cash and cash equivalents		132,627	48,143	254,966
Total current assets		246,594	169,767	284,746
Total assets		577,629	346,072	606,710
EQUITY AND LIABILITIES				
Share capital		3,660	1,985	3,660
Share premium		578,311	344,101	578,364
Retained earnings		-4,911	-1,460	-1,378
Total equity		577,060	344,626	580,646
Payables to subsidiaries		0	0	10,382
Trade payables and other payables		399	727	105
Other liabilities		170	719	15,577
Total current liabilities		569	1,446	26,064
Total liabilities		569	1,446	26,064
Total equity and liabilities		577,629	346,072	606,710

Parent Company Statement of Changes in Equity

	Share capital T.SEK	Share premium T.SEK	Retained earnings T.SEK	Total equity T.SEK
Equity 01.01.2018	1,839	223,848	-2,338	223,349
Total comprehensive income for the period	0	0	-5,249	-5,249
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	6,127	6,127
Total comprehensive income for the period	146	120,253	878	121,277
Equity 30.09.2018	1,985	344,101	-1,460	344,626
Equity 01.10.2018	1,985	344,101	-1,460	344,626
Total comprehensive income for the period	0	0	-454	-454
Increase in share capital	1,675	249,633	0	251,308
Increase in share capital, costs	0	-15,370	0	-15,370
Share-based payments	0	0	536	536
Total comprehensive income for the period	1,675	234,263	82	236,020
Equity 31.12.2018	3,660	578,364	-1,378	580,646
Equity 01.01.2019	3,660	578,364	-1,378	580,646
Total comprehensive income for the period	0	0	-5,353	-5,353
Increase in share capital, costs	0	-53	0	-53
Share-based payments	0	0	1,820	1,820
Total comprehensive income for the period	0	-53	-3,533	-3,586
Equity 30.09.2019	3,660	578,311	-4,911	577,060

Notes to the Interim Consolidated Financial Statements

1. Accounting policies

Basis of preparation

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

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018. Any changes from the Annual Report 2018 are described in note 2.

Key ratios definitions

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

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

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

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

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

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

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

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

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

2. New standards adopted by the Group

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

In 2019, the Group applies IFRS 16 Leases for the first time. As required by IAS 34, the nature and effect of these changes are disclosed below.

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

IFRS 16 Leases

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

Nature and the effect of adopting IFRS 16

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

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

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

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

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

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

2. New standards adopted by the Group (continued)

T.SEK

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

Assets

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

Liabilities

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

No effect on equity.

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

Depreciation expense (included in Cost of goods sold, Sales and distribution costs, Development costs and Administrative costs)	-7,297
Rent expense (included in Cost of goods sold, Sales and distribution costs, Development costs and Administrative costs)	7,912
Operating profit	615
Finance costs	-1,137
Income tax expense	114
Profit (loss) for the period	-408

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

Net cash flows from operating activities	6,775
Net cash flows from financing activities	-6,775
	0

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

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

3. Significant accounting estimates and judgments

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

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

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

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

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

Development

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

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

Lease term

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

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

Alternative loan interest

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

- Properties
- Operating equipment

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

Properties

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

Operating equipment

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

Contract work

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

Backlog, Revenue and Trade receivables

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

Deferred tax

The group has written down part of the deferred tax assets at 30 September 2019, the remaining part is related to the company in Luxembourg. The reassessment of the valuation of the group's deferred taxes is based on the expected taxable profit in the forecast period.

4. Revenue

Business segments

	Academia T.SEK	Com- mercial T.SEK	Defense T.SEK	Science T.SEK	Total T.SEK
Jan-Sep 2019 Geographical					
Sweden	20	1,526	0	933	2,479
Denmark	1,309	2,275	0	0	3,584
Europe (excluding Sweden and Denmark)	1,023	47,690	-36	24,106	72,783
USA	1,410	4,783	1,171	75	7,439
Asia	1,158	3,302	637	801	5,898
Rest of the world	4,427	122	1,125	0	5,674
	9,347	59,698	2,897	25,915	97,857

Jan-Sep 2018 Geographical					
Sweden	63	0	0	596	659
Denmark	1,297	2,551	0	0	3,848
Europe (excluding Sweden and Denmark)	295	54,125	6	9,929	64,355
USA	0	3,314	1,980	1	5,295
Asia	3,543	6,385	1,600	909	12,437
Rest of the world	1,149	25,336	0	88	26,573
	6,347	91,711	3,586	11,523	113,167

Jan-Sep 2019 Major goods/service lines					
Sales of satellite solutions (over time)	1,517	46,649	1,808	25,197	75,171
Sales of platforms, payloads and subsystems (over time)	7,830	12,679	1,089	718	22,316
Other sales (point of time)	0	370	0	0	370
	9,347	59,698	2,897	25,915	97,857

Jan-Sep 2018 Major goods/service lines					
Sales of satellite solutions (over time)	2,478	76,432	3,586	11,302	93,798
Sales of platforms, payloads and subsystems (over time)	3,869	14,750	0	221	18,840
Other sales (point of time)	0	529	0	0	529
	6,347	91,711	3,586	11,523	113,167

Jan-Sep 2019 Order book					
Order backlog 1 January	3,281	685,374	1,866	24,881	715,402
Currency adjustment	1,393	26,013	66	4,314	31,786
Order intake	7,289	20,285	2,639	72,794	103,007
Cancelled orders*	-1,188	-617,140	-238	-1,152	-619,718
Converted to revenue	-9,347	-59,698	-2,897	-25,915	-97,857
Order backlog 30 September	1,428	54,834	1,436	74,922	132,620
Low-risk customers **	1,071	2,717	1,436	73,759	78,983
High-risk customers	357	52,117	0	1,163	53,637
Order backlog 30 September	1,428	54,834	1,436	74,922	132,620

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

** Low-risk customers are public customers or customers which are covered by insurance.

Jan-Sep 2018 Order book					
Order backlog 1 January	6,935	696,383	3,904	16,166	723,388
Currency adjustment	1,219	25,589	187	-3,385	23,610
Order intake	2,882	68,590	3,043	26,738	101,253
Converted to revenue	-6,347	-92,033	-3,586	-11,200	-113,166
Order backlog 30 September	4,689	698,529	3,548	28,319	735,085

5. Income tax and deferred tax

The group has updated analysis of the expected utilization of tax loss carry-forwards based on existing facts and the development regarding deferred tax assets under IFRS. As a consequence of the significant decrease in the order backlog and lower order intake than expected during the year, which has caused overcapacity, the group has written down the deferred tax assets at 30 September 2019. The reassessment of the valuation of the group's deferred taxes is based on the expected taxable profit in the forecast period.

In the first three quarters, tax in the group amounted to T.SEK 10,646 (a positive T.SEK 14,516) which is a result of change in deferred tax. The write down of deferred tax constitutes T.SEK 9,395. In the parent company, GomSpace Group AB, tax amounted to T.SEK 1,292 (a positive T.SEK 1,481), the write down of deferred tax constituted T.SEK 1,374.

The group had a recognized deferred tax loss carry-forward at a total amount of T.SEK 12,723 (T.SEK 41,899). The parent company had a non-recognized deferred tax loss carry-forward at a total amount of T.SEK 11,008 (T.SEK 7,105). 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.

	2019 30 Sep T.SEK	2018 30 Sep T.SEK
Deferred tax asset relates to:		
Intangible assets	-18,500	-25,391
Property, plant and equipment	-6,760	5,576
Short-term assets	1,084	2,400
Lease liabilities	12,984	0
Tax loss carry-forward	12,723	41,899
	1,531	24,484
Tax loss carry-forward	67,374	49,004
Unrecognized as deferred tax asset	-54,651	-7,105
Tax loss carry-forward recognized as deferred tax asset	12,723	41,899

6. Share-based payment

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

	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Outstanding warrants as at 1 January	632,945	393,647	393,647
Granted	0	327,111	328,540
Forfeited	-55,203	-15,306	-89,242
Exercised	0	0	0
Outstanding warrants	577,742	705,452	632,945

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

6. Share-based payment (continued)

	First award	Second award	
	Warrant program 2017/20	Warrant program 2017/20	Warrant program 2018/21
Volatility	70%	70%	58%
Risk-free interest rate	0%	0%	1%
Dividend yield	0%	0%	0%
Early-exercise date	27.04.2020	27.04.2020	26.04.2021
Expiration date	27.04.2021	27.04.2021	26.04.2022
Share price (SEK per share)	54.0	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 30 September 2019	213,378	117,028	247,336

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

7. Intangible assets

	Goodwill	Technology	In proces 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 2019	3,710	12,000	70,421	33,615	21,695	141,441
Additions during the year	0	0	9,746	0	0	9,746
Reclassification	0	0	-16	16	0	0
Exchange rate adjustment	0	0	3,133	1,762	850	5,745
Cost price at 30 September 2019	3,710	12,000	83,284	35,393	22,545	156,932
Amortization at 1 January 2019	0	-1,800	0	-13,319	-7,743	-22,862
Amortization	0	-600	0	-4,255	-3,513	-8,368
Exchange rate adjustment	0	0	0	-664	-336	-1,000
Amortization at 30 September 2019	0	-2,400	0	-18,238	-11,592	-32,230
Carrying amount at 30 September 2019	3,710	9,600	83,284	17,155	10,953	124,702
Cost price at 1 January 2018	3,710	12,000	26,576	14,509	20,843	77,638
Additions during the year	0	0	47,801	0	110	47,911
Reclassification	0	0	-15,874	15,874	0	0
Exchange rate adjustment	0	0	1,277	690	801	2,768
Cost price at 30 September 2018	3,710	12,000	59,780	31,073	21,754	128,317
Amortization at 1 January 2018	0	-1,000	0	-8,146	-2,418	-11,564
Amortization	0	-600	0	-3,467	-4,030	-8,097
Exchange rate adjustment	0	0	0	-370	-94	-464
Amortization at 30 September 2018	0	-1,600	0	-11,983	-6,542	-20,125
Carrying amount at 30 September 2018	3,710	10,400	59,780	19,090	15,212	108,192

Impairment test

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

8. Property, plant and equipment

	Right-of use assets T.SEK	Leasehold improvements T.SEK	Other fixtures fittings, tool and equipment T.SEK	Total property, plant and equipment T.SEK
Group				
Cost price at 1 January 2019	61,678	27,419	20,955	110,052
Additions during the year	3,148	5,357	1,791	10,296
Disposals during the year	-507	0	-236	-743
Exchange rate adjustment	2,153	1,293	716	4,162
Cost price at 30 September 2019	66,472	34,069	23,226	123,767
Depreciation at 1 January 2019	-30	-2,956	-11,605	-14,591
Depreciation	-7,867	-4,089	-3,460	-15,416
Disposals during the year	154	0	84	238
Exchange rate adjustment	-93	-193	-499	-785
Depreciation at 30 September 2019	-7,836	-7,238	-15,480	-30,554
Carrying amount at 30 September 2019	58,636	26,831	7,746	93,213
Cost price at 1 January 2018	0	9,963	16,372	26,335
Additions during the year	0	12,562	3,431	15,993
Disposals during the year	0	0	-203	-203
Exchange rate adjustment	0	468	699	1,167
Cost price at 30 September 2018	0	22,993	20,299	43,292
Depreciation at 1 January 2018	0	-852	-4,149	-5,001
Depreciation	0	-1,128	-4,133	-5,261
Disposals during the year	0	0	199	199
Exchange rate adjustment	0	-42	-186	-228
Depreciation at 30 September 2018	0	-2,022	-8,269	-10,291
Carrying amount at 30 September 2018	0	20,971	12,030	33,001

9. Classification of financial assets and liabilities

	Loans and receivables T.SEK	Other financial liabilities T.SEK	Total T.SEK	Carrying amount T.SEK
30 September 2019				
Assets				
Trade and other receivables	33,874	0	33,874	33,874
Cash and cash equivalents	156,395	0	156,395	156,395
Total assets	190,269	0	190,269	190,269
Liabilities				
Credit institutions and non-current loans	0	91,797	91,797	91,797
Trade payables and other payables	0	32,422	32,422	32,422
Prepayments	0	30,760	30,760	30,760
Total liabilities	0	154,979	154,979	154,979
30 September 2018				
Assets				
Trade and other receivables	72,758	0	72,758	72,758
Cash and cash equivalents	65,616	0	65,616	65,616
Total assets	138,374	0	138,374	138,374
Liabilities				
Credit institutions	0	33,769	33,769	33,769
Trade payables and other payables	0	39,455	39,455	39,455
Prepayments	0	54,650	54,650	54,650
Total liabilities	0	127,874	127,874	127,874

9. 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 third quarter of 2019, no transfers between levels were made.

10. Related parties

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

The Group has the following transactions with related parties:

	2019 Jan-Sep T.SEK	2018 Jan-Sep T.SEK	2018 Jan-Dec T.SEK
Transactions with related parties			
Sale of goods and services to associates	-1,218	26,009	6,687
Administration costs from Board of Directors and management team	263	296	3,278
Receivables from associates on the balance sheet date	211	795	850

Significant events during the period

Regarding significant events for the first half of 2019 we refer to previous interim reports.

ESA and GomSpace sign contract to develop miniaturized electric propulsion system

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

GomSpace and Leaf Space sign MoU to strengthen ground segment collaboration

September 17, 2019 – Leaf Space, provider of ground station services, and GomSpace, manufacturer of nanosatellite solutions and operations services, will ensure that their respective solutions are fully integrated with each other. The collaboration is on a non-exclusive basis that allows customers to choose from compatible complementary services that best fit their mission needs.

GomSpace and UnseenLabs commission BRO-1 in record time

August 30, 2019 – The launch and early operations phase was successfully completed in only a few days, and the spacecraft is ready to commence operation for UnseenLabs. BRO-1 is a 6U CubeSat designed to supply spectrum monitoring services from low Earth orbit, featuring unique hardware and software. The successful commission allows UnseenLab to take the operation to the next level and begin their adventure of maritime surveillance service based on electromagnetic intelligence.

ESA and GomSpace Luxembourg sign contract for continued constellation management development

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

Significant events after the accounting period

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

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

NSSTC-UAEU and GomSpace sign contract

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

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 September 2019, and of the results of the Group's and the parent company's operations and cash flow. The Interim Report also describes the significant risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, 29 November 2019

Executive Board and Board of Directors

Niels Buus
CEO

Jukka Pekka Pertola
Chairman

Niels Jesper Jespersen Jensen

Steen Lorenz Johan Hansen

Henrik Schibler

Review report

GomSpace Group AB, 559026-1888

Introduction

We have reviewed the condensed interim report for GomSpace Group AB as at September 30, 2019 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, 29 November 2019
Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

Financial Calendar

Interim report, October-December 2019 28 February 2020
Annual Report Week 13
Annual general meeting 24 April 2020

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