ANNUAL REPORT 2018

GOMSPACE

The English text is an unofficial translation and in case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

CONTENTS

Message from the CEO

The year 2018 was an eventful year for GomSpace. At the beginning of the year, the GOMX-4 constellation of 2 satellites was launched. The purpose of this constellation was to demonstrate satellite communication between nanosatellites, one and a half month after the launch we were able to demonstrate the inter-satellite link and retrieval of data from the satellites at a press conference. We consider this to be a great step for GomSpace in providing highly efficient satellite constellations.

Throughout the year we saw an unfolding of opportunities for migrating space technology from high cost solutions to low cost solutions. We also completed the development of many new products and we are now ready to start manufacturing nanosatellites in large numbers. We have the physical setting - equipped with production equipment as well as semi-automated test equipment - and we can within a short timeframe start manufacturing up to 350 nanosatellites per year.

The result for 2018 was a loss of T.SEK 112,498 and the gross margin was 25%. The relatively low gross margin is in particular related to the Sky and Space Global project which was scaled down to a minimum in the second half of 2018, this led to overcapacity and thereby a reduction in employees, employees were also relocated to other projects as well as to non-revenue generating activities.

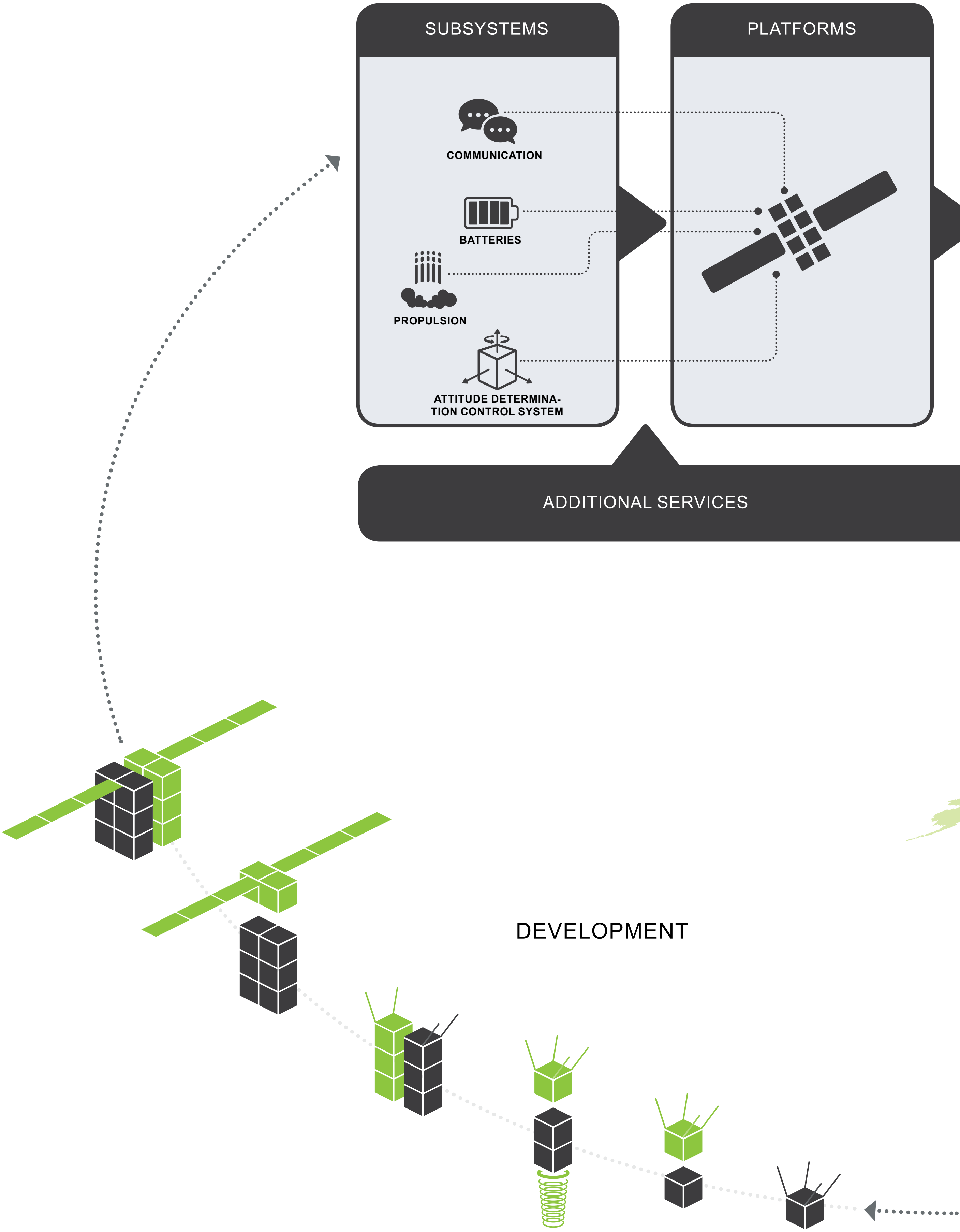
We experienced that a high number of customers have bought or are likely to buy In Orbit Demonstration (IOD) projects from GomSpace which shows a favorable development of our commercial situation. IOD projects are predecessors for full constellation projects that typically contain 100-200 satellites. The development within IOD projects make us confident that GomSpace is heading for a strong growth for the long term and we will therefore focus on returning to a positive cash flow.

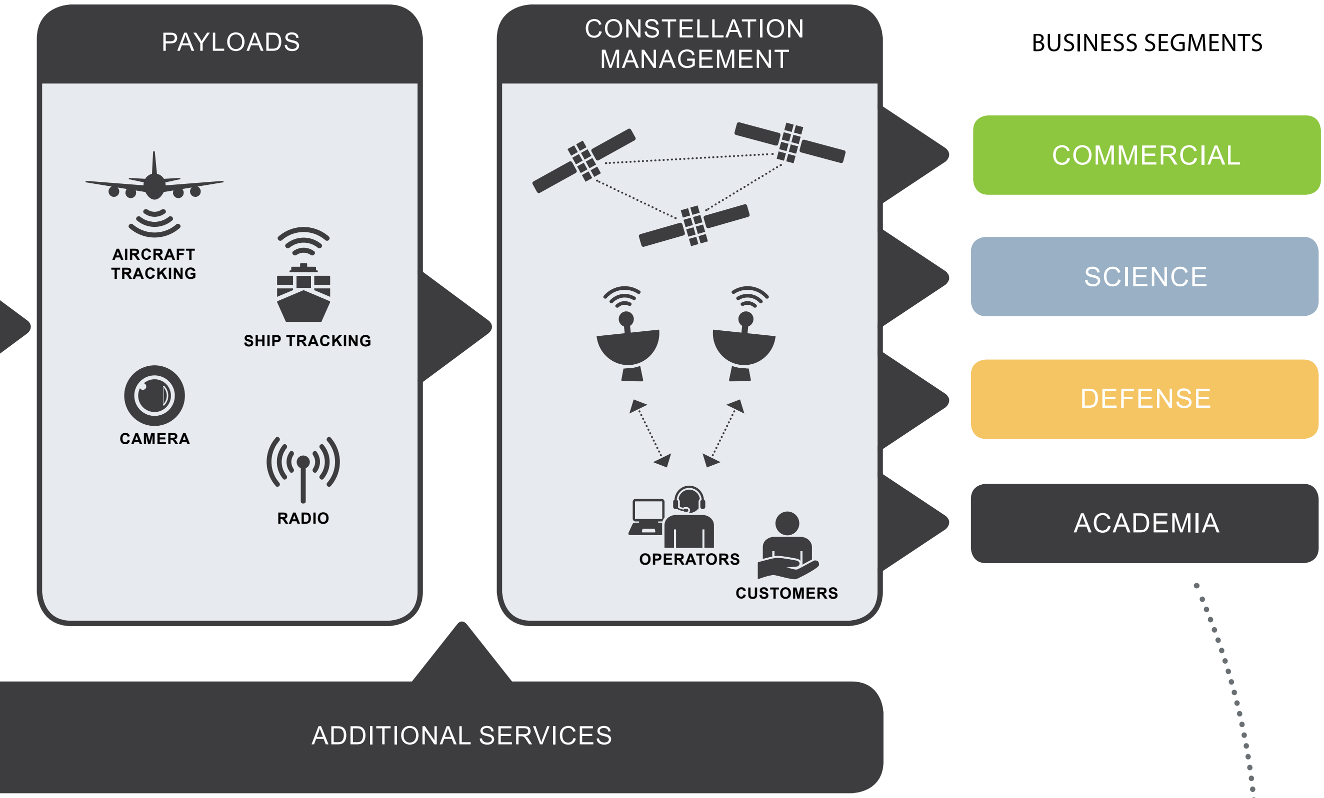
Finally, we raised SEK 125 million through a directed new issue of shares at the beginning of March as well as we raised SEK 251 million, before transaction costs, in a rights issue during the autumn. This means that we are now able to start a new chapter where we will focus on achieving a positive cash flow. We are also focused on building up our portfolio of IOD projects and therefore we must continue completing our production capacity and prepare our new products in order to make a quick scale up of the production rate as the IOD projects are converting into the manufacturing of constellations.

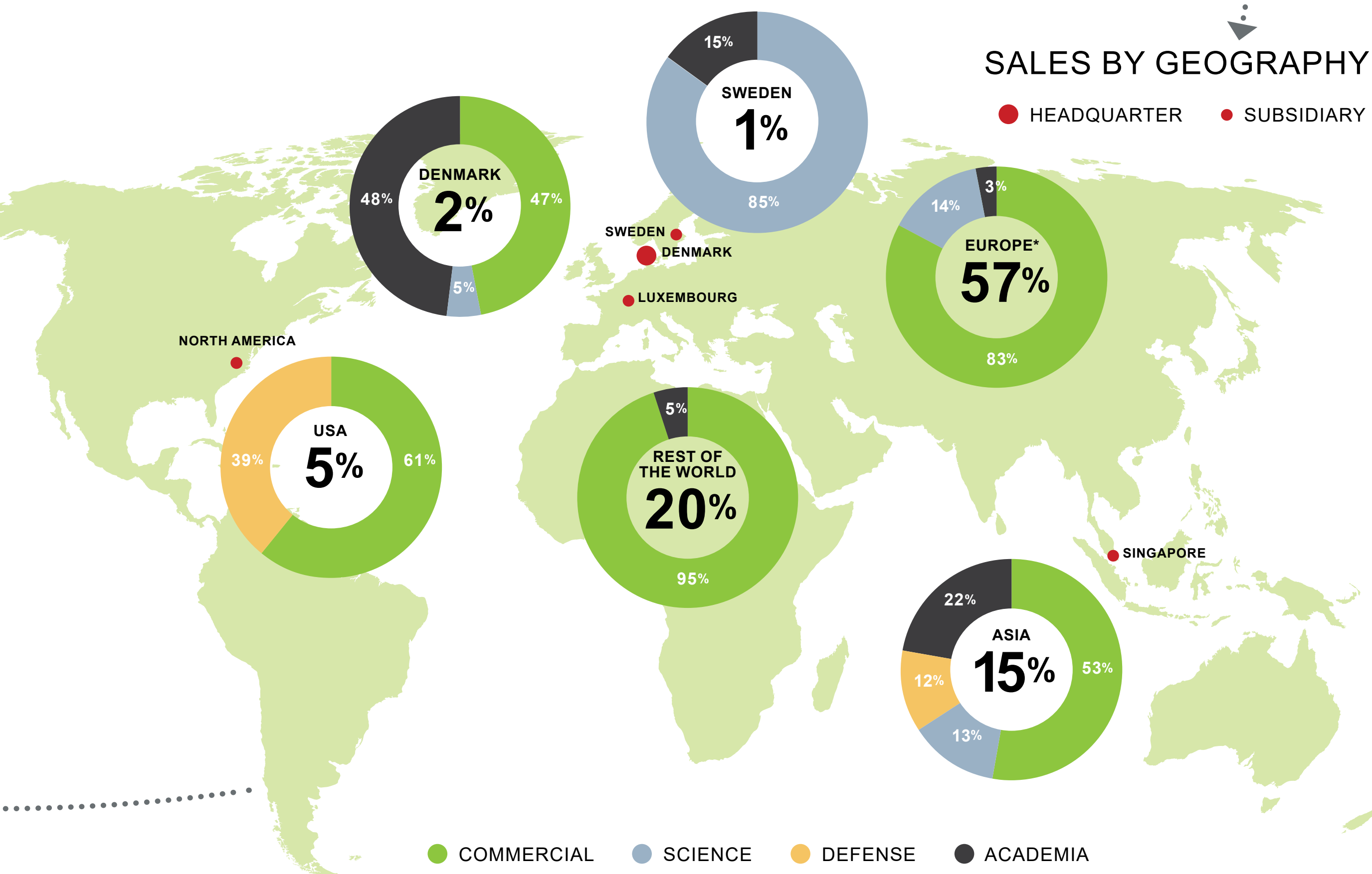
Best regards,

Niels Buus
CEO

Business Model







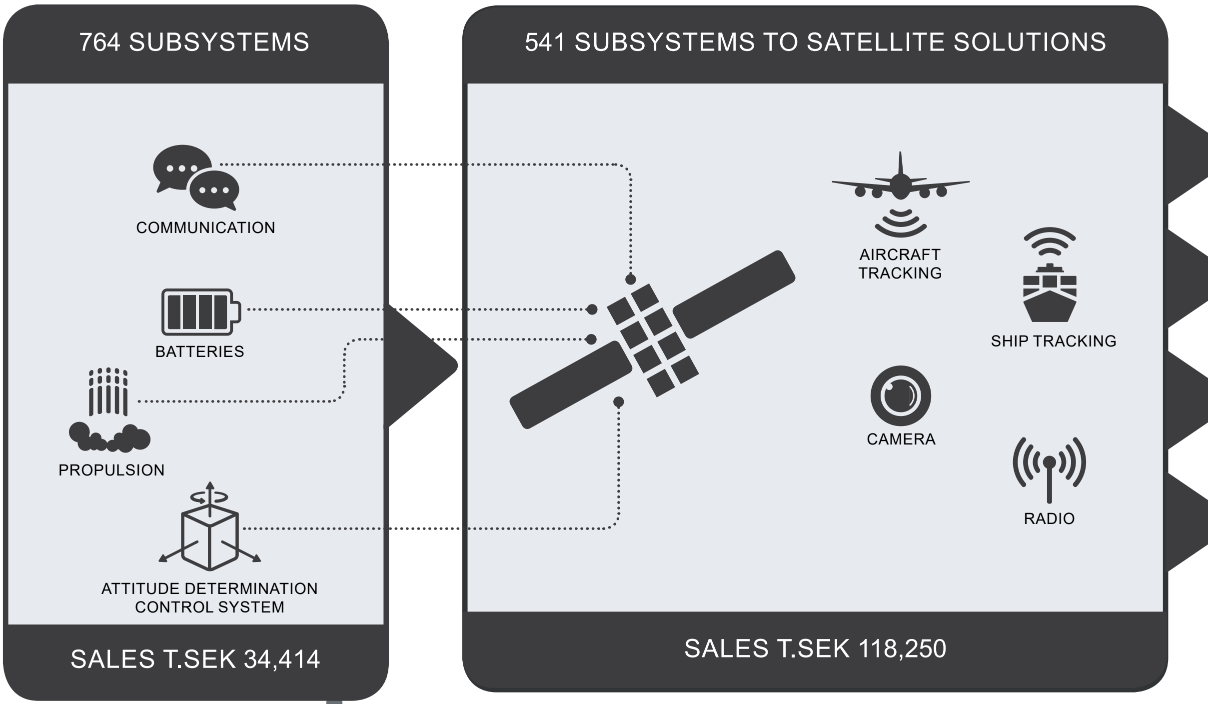
*EXCLUDING DENMARK AND SWEDEN

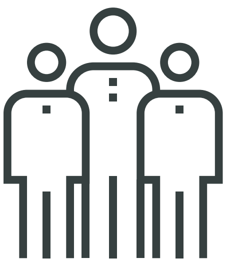
Gomspace at a Glance

Mission

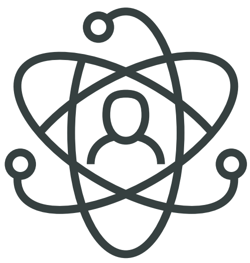
We help teams across the globe achieve their goals in space

Our Business in 2018

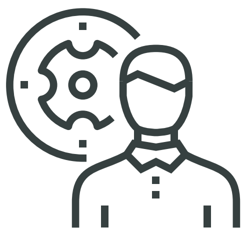




231 employees



84,665 development hours



164,148 hours to cost of goods sold

Vision

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

Core strategy

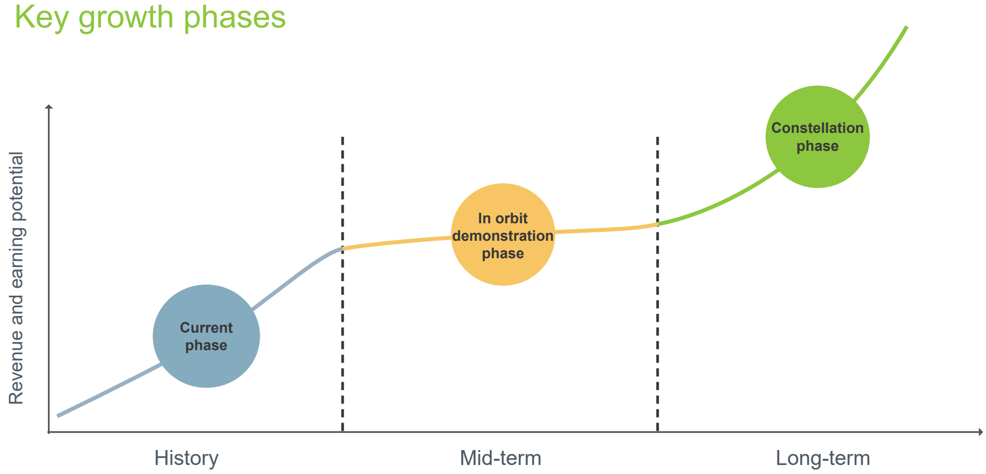
Independent horizontal supplier of technology for commercial service providers and government, education and research institutions – and spin-out activities in new untouched domains

1,305 TOTAL SUBSYSTEMS

- 1.060 SUBSYSTEMS TO COMMERCIAL
- 52 SUBSYSTEMS TO SCIENCE
- 14 SUBSYSTEMS TO DEFENSE
- 179 SUBSYSTEMS TO ACADEMIA

TOTAL SALES T.SEK 153,384

Key growth phases



History: During the last years, we have built up the company and made investments in product development as well as our production facilities.

Mid-term: Currently, we are working on 4 In Orbit Demonstration projects and we are bidding on 10 In Orbit Demonstration projects. This phase is characterized by a high degree of non-recurring engineering.

Long-term: In future, the phase is characterized by In Orbit Demonstration projects materializing and it contains a high degree of volume production. The constellation phase will also comprise new In Orbit Demonstration projects.

The current phase, the In Orbit Demonstration phase, forms the basis for our long-term ambitions of sales above SEK 1.5 billion in 2023 an a gross margin exceeding 50%, in the medium term.

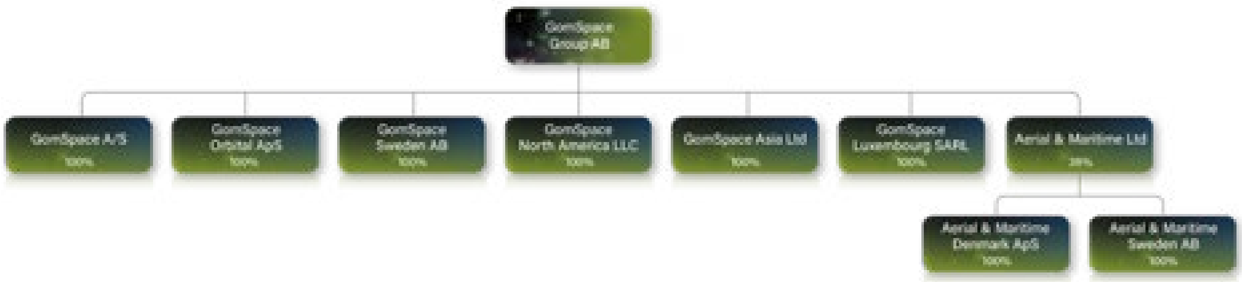
Management’s Review

The Board of Directors and Chief Executive Officer of GomSpace Group AB (publ), corporate ID no. 559026-1888, with registered office in Stockholm, Sweden, hereby present the annual accounts of the parent company and group for the financial year 2018. Numerical information stated in brackets in these annual accounts are comparative figures with the financial year 2017 or the reporting date of 31 December 2017.

Ownership
GomSpace A/S, GomSpace Sweden AB, GomSpace Orbital ApS, GomSpace ASIA Pte Ltd, GomSpace North America LLC and GomSpace Luxembourg S.A.R.L. are the operating companies of the GomSpace Group, GomSpace Group AB is the holding company and listed on Nasdaq First North Premier in Stockholm.

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

GROUP STRUCTURE



Information concerning operations
The overall purpose of GomSpace is to manufacture nanosatellites as well as components and turn key solutions for satellites.

Multi-year overview

	2018 T.SEK	2017 T.SEK	2016 T.SEK	2015 T.SEK	2014 T.SEK
THE GROUP					
Net revenue	153,384	96,405	54,142	34,087	26,645
Gross profit	38,549	26,884	25,201	17,195	11,029
Operating profit (loss)	-116,601	-67,610	-14,510	-2,357	1,762
Share of profit from associates	-2,112	4,591	21,386	-	-
Net financial items	-4,098	-3,496	-1,389	-766	-178
Profit (loss) after financial items	-122,811	-66,515	5,487	-3,123	1,584
Profit (loss) for the year	-112,498	-53,989	8,981	-2,369	1,224
Investments in intangible assets	61,444	38,908	21,848	5,489	747
Investments in PPE	25,348	18,500	6,447	543	528
Total assets	608,542	313,069	209,093	30,067	19,051
Equity	441,843	185,315	146,106	13,816	7,721
Total liabilities	166,699	127,754	62,987	16,251	11,330
Cash flow from operating activities	-102,567	-8,406	-17,368	-11,228	-1,128
Cash flow from investing activities	-81,804	-79,940	-14,972	-6,062	-1,275
Cash flow from financing activities	357,163	110,018	105,275	12,714	5
Cash and cash equivalents	248,754	84,170	59,803	1,268	1,539
Working capital	6,010	23,606	-7,399	-13,821	-4,580
RATIOS					
Gross margin (%)	25%	28%	47%	50%	41%
Operating margin (%)	-76%	-70%	-27%	-7%	7%
Net margin (%)	-73%	-56%	17%	-7%	5%
Return on invested capital (%)	-18%	-17%	4%	-8%	6%
Return on equity (%)	-36%	-33%	13%	-22%	18%
Equity ratio (%)	73%	59%	70%	46%	41%
Earnings per share, basic, SEK	-3.93	-2.09	0.62	-	-
Earnings per share, diluted, SEK	-3.93	-2.08	0.62	-0.17	0.09
Average number of employees	199	119	45	30	16
Number of outstanding shares, average	28,620,451	25,805,411	14,592,504	-	-
Number of outstanding shares, average based on same method as in the combined financial statements 2013-2015	-	-	-	13,907,334	13,907,334
Number of outstanding shares as at 31 December 2018	52,274,803	26,257,334	24,507,334	-	-

The transaction under which GomSpace Group AB became the holding company of GomSpace A/S was a group reorganization with no changes in the ultimate ownership of the group and all the shareholdings in GomSpace A/S were exchanged via a share-for-share exchange. GomSpace Group AB did not actively trade at that time. The Group reorganization took place on 28 April 2016. The consolidated financial statements have therefore been presented as a continuation of GomSpace A/S' business.

Multi-year overview (continued)

	2018 T.SEK	2017 T.SEK	2016 T.SEK
THE PARENT COMPANY			
Net revenue	24,893	21,482	1,708
Operating profit (loss)	-6,570	-6,367	-6,138
Net financial items	-398	1,999	-230
Profit (loss) for the year	-5,703	-2,112	-6,368
Total assets	606,710	224,875	153,451
Equity	580,646	223,349	129,397
Total liabilities	26,064	1,526	24,054
Operating margin (%)	-26%	-30%	-359%
Net margin (%)	-23%	-10%	-373%
Return on invested capital (%)	-1%	-1%	-4%
Return on equity (%)	-1%	-1%	14%
Equity ratio (%)	96%	99%	85%
Earnings per share, basic, SEK	-0.11	-0.08	-0.44
Earnings per share, diluted, SEK	-0.11	-0.08	-0.44

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

The financial year 2018 was an eventful year for GomSpace. We went through both a directed new issue of shares in the spring as well as a rights issue at the end of the year. During the summer, we entered several interesting agreements with ESA, AISTECH and Kleos Space as well as a Memorandum of Understanding (MoU) with Aerial & Maritime. Furthermore, we were nominated for a Rising Star at the European Small and Mid-Cap Awards held by EuropeanIssuers in December and even though we did not win this category, we still consider this to be a great achievement.

Major events in 2018

Raising of SEK 125 million through a directed new issue of shares

In March 2018, a directed new issue of shares at an amount of SEK 125 million was carried out through a so called "accelerated book-building procedure". The new share issue was directed to a limited number of Swedish and international institutional investors and the purpose was to bring institutional shareholders into the company and at the same time strengthen the Company's financial position. The proceeds from the issue are intended to be used to finance and facilitate accelerated expansion, nearby acquisition opportunities and development of GomSpace, its market and its products.

Contracts and MoU were signed during the summer and autumn

During the summer of 2018, several interesting contracts were signed along with a Memorandum of Understanding (MoU with Aerial and Maritime Ltd.). A development contract at a value of EUR 1.575 million was entered with ESA on 13 June, this concerns development of a new product, called Mega-Constellations Operations Platform ("MCOP"), that will become a key part in GomSpace Luxembourg's plans to offer constellation operations services for small satellites. GomSpace also entered a new agreement with AISTECH at a total value of EUR 1.4 million for 6 standard nanosatellite platforms, a follow-on order of the 4 platforms ordered in 2017. The contract also includes Assembly, Integration and Verification of AISTECH's 10 DANU spacecraft as well as other engineering services. A contract was also signed for supply of a multi-nanosatellite system to Kleos Space, this contract has a value of approx. EUR 4.42 million. Finally, a MoU was entered with Aerial & Maritime Ltd. regarding supply of a global constellation of nanosatellites and ground segment systems. The turnkey contract will have a value of up to USD 100 million.

Revised long-term ambitions

In the autumn of 2018, GomSpace's targets were revised to reflect the Company's ambitions and focus for the coming five-year period. The review of the strategy and business plan was performed to fully grasp the underlying market potential as well as newly identified application areas and solutions for GomSpace's products. In summary, the revised long-term ambitions are:

- Sales: GomSpace aims to generate sales above SEK 1.5 billion in 2023, supported by the strong underlying market.
- Gross margin: GomSpace targets a gross margin exceeding 50%, in the medium term.
- Dividend: GomSpace operates in a growing market and prioritizes growth. The shareholders should not expect any dividends in the short to medium term.

Preferential rights issue

At the end of 2018, it was resolved to carry out a rights issue with preferential rights for existing shareholders. The prospectus in connection with the issue was published in November with preferential rights of up to approximately SEK 298 million. The outcome of the rights issue was announced in December, the rights issue was subscribed for by 84.5% and GomSpace thereby received proceeds amounting to approximately SEK 251 million before transaction costs, these costs were SEK 15.4 million.

Market Development

A Disruptive Technology

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

Like many other disruptive technologies; at the onset, they seem not to be a serious threat towards the established markets, but over time they will pick up capability and start eating into the main stream markets and eventually come to dominate these. This is the classical "Innovator's Dilemma" as described by Clayton Christensen and as experienced in many markets – we expect nanosatellites to become another text book example.

Indeed, the first nanosatellites launched in 2003 as university projects were not much more capable than the Sputnik satellite of 1957. Since then, however, development has moved the technology far along and nanosatellites are now without doubt making inroads in the mainstream markets – with more disruption to come.

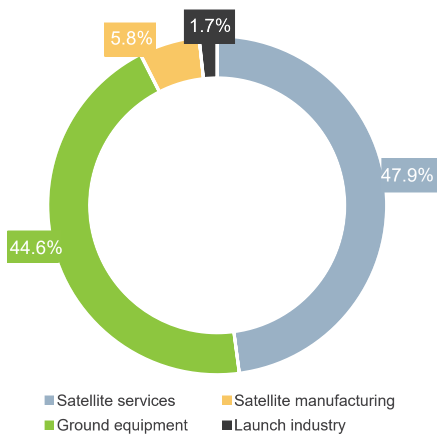
The total revenue in the satellite market, considering the full value chain, is considered at USD 268 billion per year (SIA, 2018) and as of today only a very small fraction hereof is supported by smallsats, meaning there is a lot of room in the existing market to capture revenue with the smallsat technology. See figure below for a break down of the activity to the constituents of the value chain.

In recent years, traditional satellite communication (SATCOM) providers relying on large geostationary satellites have come under pressure as prices are dropping* due to changing consumer preferences (on demand vs. broadcast) and the rapid deployment of high bandwidth terrestrial networks. This provides an environment for the coming years that can help further accelerate smallsat technology adoption as traditional SATCOM providers will be looking for new business models and lower cost technology to adapt to the changing market dynamics.

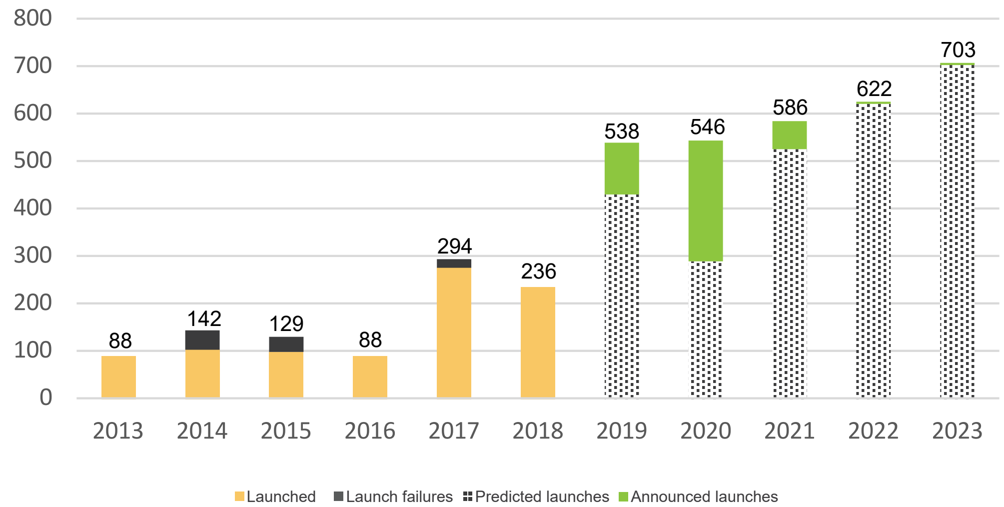
Recent Launch Performance

Out of the 345 satellites that were launched in 2017, nanosatellites accounted for 85.2 percent. The corresponding rate for 2016 was 69.8 percent (Source: 2018 State of the Satellite Industry Report). In 2017, the commercial sector accounted for 71 percent of the nanosatellite launches in contrast to earlier years where nanosatellite missions have been more focused on education and basic technology development (Source: www.nanosats.eu).

The global satellite industry 2017



Number of launched nanosatellites



* https://spacenews.com/satellite-capacity-prices-down-60-percent-in-some-cases-and-still-dropping/

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 larger which is in line with GomSpace's development efforts as operational requirements increase the need for power generation and design margins.

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

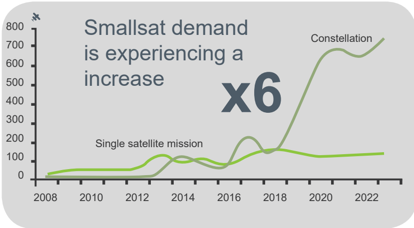


Figure: Smallsat demand 2008-2022 (Source: Prospects for the small satellite market, Euroconsult 2018)

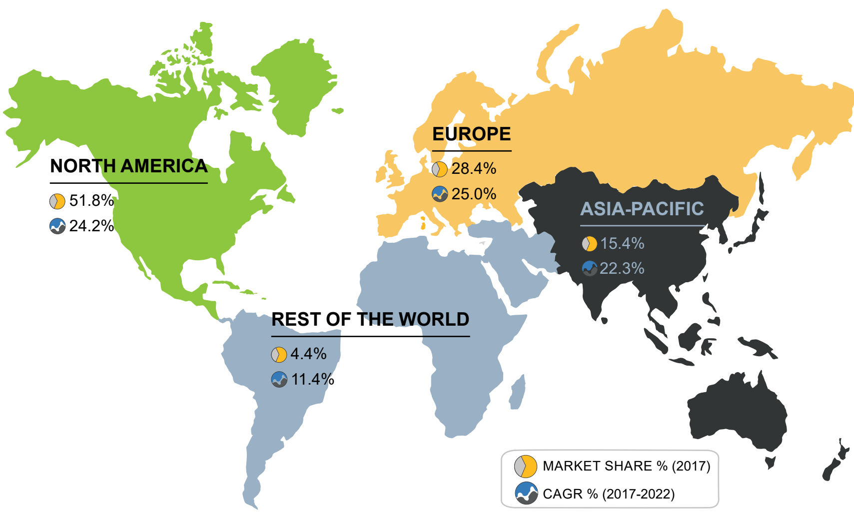
The dominant applications for constellations will be:

- Satellite Communication should have the strongest growth with close to 3,500 satellites expected from 2018-2027.
- Information includes the constellations that provide narrowband services for AIS, ADS-B, IoT or Machine to Machine (M2M) communication. It is a growing market with 850 satellites from several companies raising capital or launching demonstrators within the next 2 years.
- Earth Observation will increase significantly, from 540 units in the past to 1,400 satellites anticipated from 2018 to 2027

The nanosatellite and microsatellite market is expected to grow from USD 1.21 billion in 2017 to USD 3.49 billion by 2022, equivalent to a compound annual growth rate of 23.7 percent**.

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

Capturing the Market Opportunities
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.



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

*** https://www.space.com/42411-rocket-lab-launches-first-commercial-mission.html

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 success in acquiring customers early on and helping them through in-orbit demonstrations before scaling their constellations, leading to market traction with contracts to leading constellations customers, incl. Sky and Space Global Ltd., AISTECH as well as Aerial and Maritime Ltd.
- Our continued investments in new technology and products to demonstrate and enable new applications, and our commitment with the GOMX flight program to demonstrate new capabilities in space de-risking the technology for future constellations.

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. Our new products will ensure that the scalability of satellite operations will not become a bottleneck for the market development, and with integrated big data analysis and intelligence we can help our customer continuously optimize system performance and the business case over the lifetime of the satellites.

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.

Potential Barriers to Growth

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.

Finally, growth in the sector and utilization of the disruptive potential of the technology relies on availability of financing for our customers. The outlook for financing continues to be positive, but as competition and sector maturity increases, financiers are naturally expecting more depth from business and technology plans before committing investments****.

Product Development

During 2018, we have continued our progress on developing competitive nanosatellite platforms as well as developing key technologies to meet future market demands.

We have continued the development, prototyping and qualification of the 8U platform. The 8U platform is fully modular and in line with our continued effort to increase the capabilities of the satellites to accommodate a broad range of customer needs. The capabilities of the 8U platform are already part of several contracts and offers.

Regarding our processing and radio capabilities, several initiatives have been conducted to expand the capabilities with more powerful processing components, high-power antennas and support for new frequency bands beyond VHF, UHF and S band frequencies.

Our propulsion development has focused on providing necessary propulsion modules and systems for the 6U and 8U platforms.

In 2018, the development of the "Mega-Constellation Operations Platform" was initiated and will form the basis for our future satellite operations services.

Furthermore, in 2018 selected components in the 3U and 6U platforms were matured to reduce production lead-times.

**** https://spacenews.com/surge-of-new-space-companies-has-impressed-even-veteran-industry-observers/

For 2019, focus is to continue the above development activities as well as further consolidation of the 3U and 6U platforms. We will, as stated in previous reports, continue to make partnerships on technology development with universities and key technology providers to leverage our own competencies and funding to speed up development.

Financial Review
The result for 2018 was a loss of T.SEK 112,498 compared to a loss of T.SEK 53,989 in 2017. The operating loss was T.SEK 116,601 (67,610) and as at 31 December 2018 equity was T.SEK 441,843 compared to T.SEK 185,315 last year.

Growth in revenue is at 59%, and with a gross margin of 25%. The year 2018 is influenced by the Sky and Space Global project being put on hold and therefore resources were re-directed to other customer projects and investment projects as well as the year is influenced by the preparation of the new production area for large scale manufacturing of satellites. Our capacity thereby exceeds our activity level which results in low capacity utilization. As a consequence, we have made reductions in staff at the end of the year, this is expected to have a minor effect in the first quarter of 2019, though a full effect is expected in the second quarter of 2019.

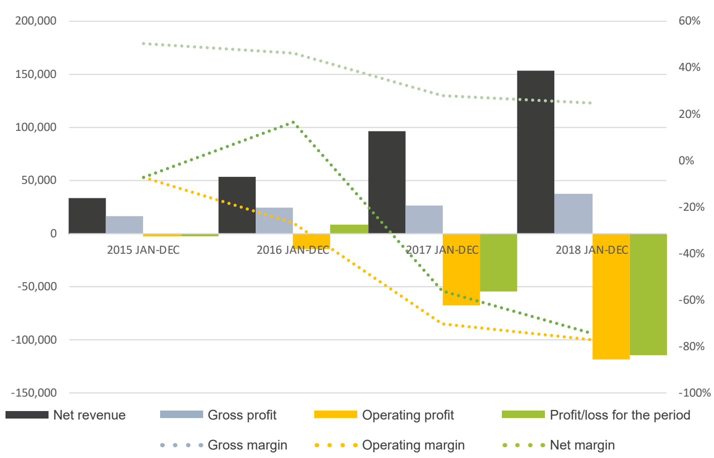
Orders received and revenue
The orders received for the year 2018 amounted to T.SEK 120,741. The orders received regarding commercial orders represent 67% of total orders for the period and orders received regarding science orders represent 25%. In 2018, an agreement was entered with Kleos Space S.A. at a value of T.SEK 24,577 in the commercial business segment as well as a science contract was entered with ESA at a value of T.SEK 15,986. Furthermore, a contract was signed with AISTECH at a value of T.SEK 14,081 and a contract was also signed with Astrocast at a value of T.SEK 4,578, both of these are in the commercial business segment.

	Business segments				
	Academia T.SEK	Commercial T.SEK	Defense T.SEK	Science T.SEK	Total T.SEK
REVENUE					
Order backlog 1 January 2018	6,935	696,383	3,904	16,166	723,388
Currency adjustment	-298	28,237	483	-3,766	24,656
Order intake	7,410	80,467	3,043	29,821	120,741
Converted to revenue	-10,765	-119,714	-5,564	-17,340	-153,383
Order backlog 31 December 2018	**3,282**	**685,373**	**1,866**	**24,881**	**715,402**

Out of the backlog as at 31 December 2018, T.SEK 621,038 in the commercial segment is related to our customer Sky and Space Global. In relation to the backlog from Aerial & Maritime Ltd., at a total value of T.SEK 18,855, the backlog for the period includes a partial value of T.SEK 11,500, corresponding to the external ownership's share of the backlog value.

Revenue
Revenue for the year amounted to T.SEK 153,384 (96,405), corresponding to an increase of 59% compared with 2017. The revenue includes a correction, T.SEK 16,822 (8,033), eliminating partial revenue from the associated entity, Aerial & Maritime Ltd. Had this adjustment not been carried out, the total underlying growth would have been 60%. Sky and Space Global constitutes 23% of total revenue in 2018 whereas Aerial & Maritime Ltd. constitutes 19% and Kleos Space constitutes 13% of total revenue.

Income statement evolution



Sales to new customers in 2018 represented the equivalent of 21% of revenues compared to 31% of revenue in 2017.

Expenses
Operating expenses for the year amounted to T.SEK 270,687 (164,015), corresponding to an increase of 65%. In 2018, sales, distribution, development and administrative costs increased to T.SEK 155,852 (94,494), corresponding to an increase of 65%. During the year, a strengthening of the support functions, such as HR and Quality Assurance was performed. Our capacity exceeds our activity level which results in low capacity utilization. This overcapacity resulted in offboarding of several employees in the fourth quarter which is expected to

have a marginal effect on costs at the end of the first quarter 2019 and full effect in the second quarter 2019. Employees were also offboarded in January and this is expected to have a marginal effect on costs from the end of the second quarter 2019 and full effect in the third quarter 2019. The offboarding was performed as part of a strategy to optimize the organization to our business in 2019 and ahead.

Profitability
For 2018, gross profit amounted to T.SEK 38,549 (26,884), corresponding to an increase of 43% compared with the same period in 2017.

The gross margin is 25% (28%).The impact of partial elimination is a decrease of T.SEK 13,050. The underlying gross margin without partial elimination is 30%.

In the year 2018, operating loss amounted to T.SEK 116,601 (operating loss 67,610).

Share of profit from associates
Share of loss from associates amounts to T.SEK 2,112. The amount comprises share of loss at T.SEK 2,112 from Aerial & Maritime Ltd.

Tax and deferred tax
During 2018, The Group recognized a deferred tax asset at a total amount of T.SEK 21,220 relating to tax loss carry-forward.

The Group had an effective tax rate of 8.4% (18.8%) in 2018. The low effective tax rate in 2018 is due to reconsidering the use of the tax loss carry-forward in the coming two-three years in relation to the new long-term ambitions.

Shareholder's equity
As at 31 December 2018, total shareholder's equity amounted to T.SEK 441,843 (185,315). On 8 March, the Group issued 2.08 million new shares and received T.SEK 125,000. Cost in relation to increasing capital amounts to T.SEK 4,093 and is deducted in the share premium. On 11 December, the Group issued 23.93 million new shares and received T.SEK 251,289 in relation to a rights issue. Costs in relation to the rights issue amounted to T.SEK 15,371 and are deducted in the share premium. In the year 2018, an amount of T.SEK 6,663 (6,143) is recognized as share-based payments in relation to the warrant program established for the Group's employees.

Investments
Investments in intangible assets in relation to in-house development amounted to T.SEK 65,477 (38,908) for 2018, excluding grants. Investments in property, plant and equipment amounted to T.SEK 25,349 (18,500). 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. Investments in property, plant and equipment are mainly related to new production equipment for the new production facilities.

Cash and cash equivalents, financing and financial position
Cash flow from operating activities amounted to a negative T.SEK 102,567 (a negative 8,406) during the year 2018. Cash flow from investing activities amounted to a negative T.SEK 81,804 (negative 79,940). Cash flow from financing activities amounted to T.SEK 357,163 (110,018) in 2018. Cash and cash equivalents amounted to T.SEK 248,754 (84,170) at the end of the year. GomSpace Group's working capital totalled T.SEK 6,010 (23,606).

Working capital is negatively affected by trade receivables and contract work. Working capital is positively affected by Other liabilities. Other liabilities have increased due to costs related to the rights issue which are due for payment in 2019. Trade receivables are negatively affected by missing payment of overdue invoices at an amount of T.SEK 33,317 to our customer Sky and Space Global. The invoices cover payment for the Critical Design Review, T.SEK 20,551, and payment for Batch 1, T.SEK 12,766. The invoices were overdue and therefore trade receivables affected working capital negatively. Payment for the Critical Design Review was received at the beginning of March 2019.

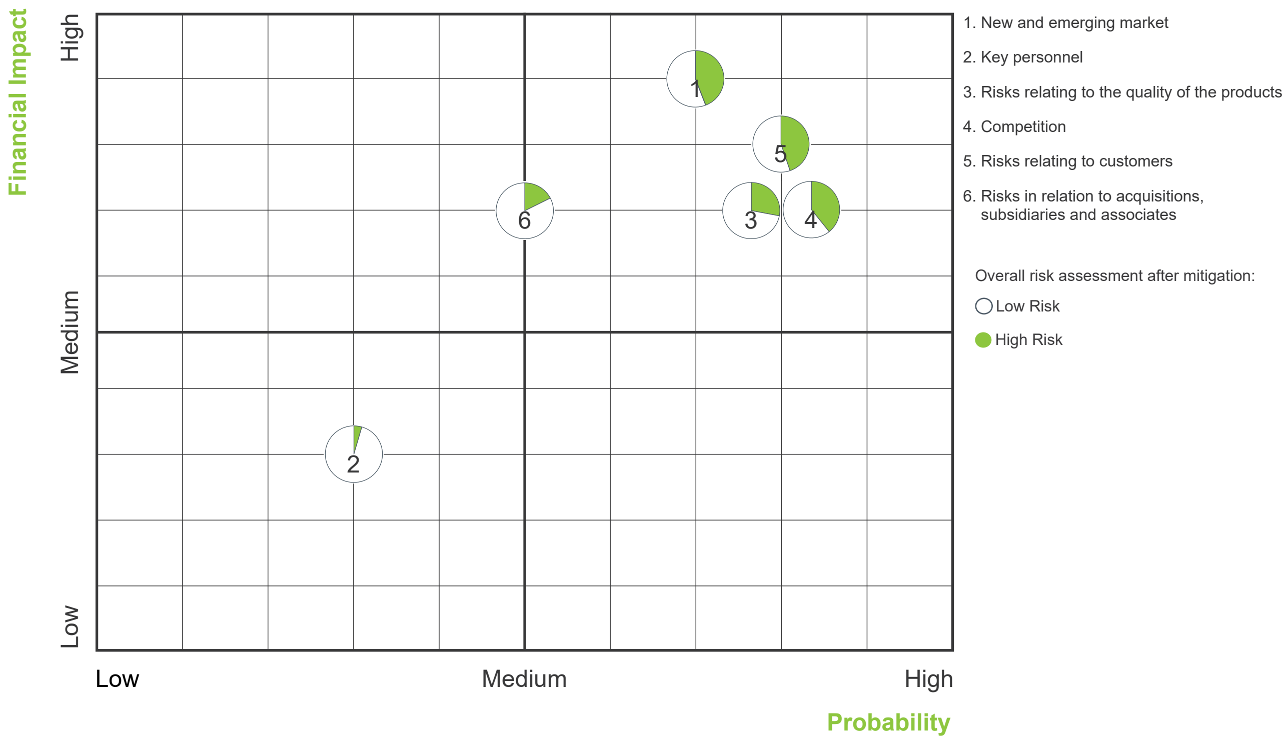
Market outlook
GomSpace aims to generate sales above SEK 1.5 billion in 2023, supported by the strong underlying market. GomSpace targets a gross margin exceeding 50 percent in the medium term. GomSpace operates in a growing market and prioritizes growth. The shareholders should not expect any dividends in the short to medium term.

Other non-financial information
Remuneration and other employment terms for senior executives
Information can be found in notes 4 and 5.

Employees
As at 31 December, GomSpace Group AB had 231 (176) employees, corresponding to 199 (119) full-time/year employees. Employees working within cost of goods sold and in development were a total of 180 (132), with sales and distribution 22 (16), and in administration there were 29 (28) employees. Employees within manufacturing increased more than in other areas, and thereby this group of employees constitute almost a third of employees working within cost of goods sold and in development.

Risk Management
Due to its activities, the Group is exposed to various financial risks, including changes in foreign currency, interest, liquidity and credit risks. The Group manages the risks centrally and follows the policies approved by the Board of Directors. For further information, please see note 27 Financial risks.

Given the circumstances that the Company is a newly established company with no history of conducting any business operations, the risk factors set forth below are primarily associated with the subsidiaries GomSpace A/S, GomSpace Sweden AB, GomSpace Orbital ApS, GomSpace ASIA Pte Ltd, GomSpace North America LLC and GomSpace Luxembourg S.A.R.L. as well as the associated company Aerial & Maritime Ltd. and their currently conducted business operations. Notwithstanding, it is expected that the Company will be subject to the same risks as GomSpace A/S historically has been subject to. There are a number of factors that may adversely affect the Company's business, financial position and future results. Some of the risks are related to the Company, while other risks do not have any particular connection with the Company. There may also be risks and uncertainties that the Company is currently unaware of, or assesses as immaterial, that may prove to be material. Disclosed risks are not presented in priority order or in any other special order. The risks below are deemed to include the main known risks to the Company's future development and they may all adversely affect the Company's business, financial position and profits in the future.



Description	Impact	Mitigation

1. New and emerging market

The nanosatellite market may stagnate, or even cease to exist. The market could also develop in a way that the Company is not able to adapt to and even if the market becomes large and wide, the Company may face competition from other operators which have greater financial conditions and/or are better prepared for the requirements on the market.	Competition could lead to a situation where the Company needs to compete on other terms, such as price. One of the major challenges is ensuring the right positioning of the Company in relation to technology and customers, thereby securing orders and profitability.	We monitor and reevaluate our ongoing business with quarterly forecasting and yearly update of our 5-year plans.

Description	Impact	Mitigation

2. Key personnel

Description	Impact	Mitigation
The Company is largely dependent on its ability to retain and attract skilled personnel. Moreover, the Group is dependent on hiring and retaining certain skilled personnel to continue its growth and to reach future success.	Should the Group lose and not be able to replace any member of its key personnel, it may interrupt ongoing projects as well as other development plans laid out for the Group.	We ensure that GomSpace is, and continue to be, an interesting place to work. GomSpace seeks to be located in attractive areas.

3. Risks relating to the quality of the product

Description	Impact	Mitigation
The Company is reliant on its ability to develop and deliver products of a certain quality. Even if the Company deems the products to be of a certain quality, the demand from the customers may deviate from what the Group is producing.	Should the Company focus on the wrong development projects or not be able to develop its products to meet market expectations, it may adversely impact the Company's business, financial position and profits in the future.	The Quality Assurance department is ensuring that a quality control is performed on the products and that this is registered and monitored on an ongoing basis. Furthermore, we have a Product Innovation Board which validates ongoing and future development projects.

4. Competition

Description	Impact	Mitigation
The Company cannot be certain of its market share or the position of its competitors in terms of technology and products and, moreover, new actors may come forward. The competition may lead to markets where there is high competition on price and quality.	Failure to comply with this development may lead to loss of offers and market shares.	We seek to be close to our customers and aim to offer them a wide product portfolio as well as our customers can benefit from our experience within the business.

5. Risks relating to customers

Description	Impact	Mitigation
As of today, a material part of the Group's sales and revenue is generated from a few larger customers (mainly Sky and Space Global and Aerial & Maritime Ltd.). There is a 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. There is a risk that the Company fails to enter into customer agreements on favorable terms.	We risk losing payment if the customer is unable to pay and in case we do not meet the milestone requirements.	We seek to take out debtor insurance to gain knowledge of the customers' funding situation as well as to enter into milestone payments with a positive cash flow.

6. Risks in relation to acquisitions, subsidiaries and associates

Description	Impact	Mitigation
The outcome of acquisitions, subsidiaries and associates is related to some risk as this may not fulfill the desired business strategy and turn out to be unsuccessful.	There will be expenses in relation to closing down subsidiaries as well as expenses in relation to any obligations we have entered into; rental costs etc. We will also need to write down our value of associated companies.	We include an exit strategy for closing down a subsidiary in our ongoing forecasting.

Uncertainty relating to recognition and measurement
Recognition and measurement regarding the carrying amount of some assets and liabilities in the Consolidated Financial Statements require judgments, estimates and assumptions concerning future events, also see note 2.

Unusual events
In the second half of 2018, the order from our customer Sky and Space Ltd. was slowed down and eventually put on hold. This had a negative effect on financials as there was an overcapacity which resulted in reduction in employees in November 2018 and again in January 2019.

Subsequent events
Subsequent to the balance sheet date, we received payment of T.SEK 20,551 for the Critical Design Review from our customer Sky and Space Global.

Parent Company
The parent company had total revenues of T.SEK 24,893 (21,482) for the year 2018. The parent company incurred total costs of T.SEK 31,463 (27,849) for the year 2018. A total of T.SEK 19,971 is attributable to the capital increase and has been deducted from the share premium. The operating result for the year 2018 is a negative T.SEK 6,570 (a negative 6,367). The net loss for the year 2018 is T.SEK 5,703 (a net loss of 2,112).

Tax and deferred tax
The Parent Company, GomSpace Group AB, had a non-recognized deferred tax loss carry-forward at a total amount of T.SEK 43,008 (28,005) as well as a recognized deferred tax asset at a total amount of T.SEK 3,520 (2,255) relating to tax loss carry-forward.

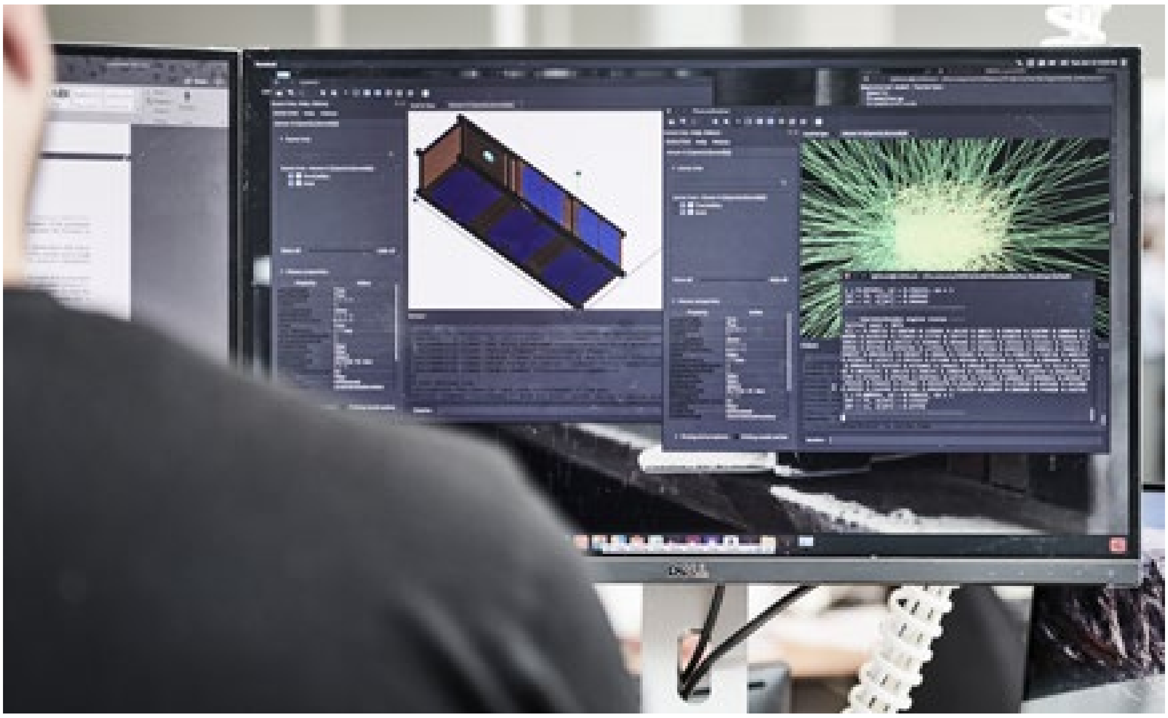
The Board of Directors' decision on items for the Annual General Meeting
Distribution of profit (loss) for the year.

The following funds are at the disposal of the parent company (SEK):

	2018
Share premium	578,362,832
Retained earnings	4,325,597
Profit (loss) for the year	-5,703,305
	576,985,124

Carried forward	576,985,124
	576,985,124

The Board of Directors is proposing to the Annual General Meeting that no dividend is paid for the financial year 2018.



Group Information

Board of Directors

Jukka Pertola
(board member and chairman)

Born: 1960
Position: Member and chairman of the board of directors of the Company.
Other current assignments: Mr. Pertola is chairman of the board of directors of Siemens Gamesa Renewable Energy A/S, LEO Pharma A/S, IoT Denmark A/S, Tryg A/S, Tryg Forsikring A/S, Monsenso ApS and the Danish Academy of Technical Sciences. Furthermore, he is vice chairman of the board of directors of COWI Holdings A/S and a member of the board of Industriens Pensionsforsikring A/S.
Prior assignments (last five years): Mr. Pertola was chairman of the board of directors of Siemens Høreapparater A/S until 2014, OSRAM A/S until 2013, vice chairman of DELTA (Dansk Elektronik, Lys & Akustik) until 2017 and of Danish ITC and Electronics Federation until 2014. He has also been a member of the board of directors of the Baltic Development Forum until 2018, the Industrial Employers Association Copenhagen and of the Confederation of Danish Industries until 2017, Copenhagen Capacity and Karl Pedersen og Hustrus Industrifond until 2015, Siemens A/S (Norway) and CLEAN until 2014, as well as CEO of Siemens A/S (Denmark) until 2017 and Infrastructure & Cities, Siemens North West Europe/Nordic until 2014.
Other relevant experience: Mr. Pertola has more than 20 years of experience in management and leadership within ICT, energy, industry, infrastructure and healthcare and over ten years of international experience as board member of private and public organizations. He holds a Master of Science degree in electrical engineering from Helsinki University of Technology (Helsinki, Finland).
Independent of GomSpace and the senior management: Yes.
Independent of major shareholders as of today: Yes.
Holdings in GomSpace: Direct holding of 40,000 shares.

Jesper Jespersen
(board member)

Born: 1946
Position: Member of the board of directors of the Company.
Other current assignments: Mr. Jespersen is chairman of the board of directors of AnyBody Technology A/S and a member of the board of directors of CPHI-Holding A/S, Netic A/S, Admana A/S, BBHS A/S and SkyWatch A/S. He is also the CEO of Dellwood Invest ApS and a director of Investo Capital Management A/S.
Prior assignments (last five years): Mr. Jespersen was chairman of the board of directors of Netic A/S until 2016, he was a member of the board of directors as well as the CEO of Novi Innovation A/S and Borean Innovation A/S until 2018. He was also CEO of NOVI A/S and NOVI Ejendomsfond until 2016.
Other relevant experience: Mr. Jespersen has been working in the position as CEO for the last 18 years and holds a Master in business administration from Aarhus Business School (Aarhus, Denmark) and a Mini Master in business administration from Stanford University (California, US).
Independent of GomSpace and the senior management: Yes.
Independent of major shareholders as of today: Yes.
Holdings in GomSpace: Direct holding of 50,000 shares.

Steen Hansen
(board member)

Born: 1948
Position: Member of the board of directors of the Company.
Other current assignments: Mr. Hansen is chairman of the board of directors of Nyati Safari ApS, Beach Lodge ApS, Travelcon A/S, H&L Ejendomme A/S, CN Group Holding ApS, Vilanculos ApS, Grunden132 ApS, Marineco Holding ApS, Halborg Holding ApS, Scan Antenna A/S, DKF Invest A/S, H&L Wind A/S and H&L Scan Antenna ApS. He is also a member of the board of directors of HAH Holding ApS, Cnde Holding ApS, Hansen & Langeland ApS, Grunden138 ApS, Huset 144 A/S, Komplementarselskabet Stevns ApS, K/S H&L Wind Tiefenbach, Dencam Composite A/S, Denwind ApS, S3e ApS, Hotels Holding ApS, Ejendomsselskabet Lergravsvej 53 ApS, Go Hotels Copenhagen ApS, Ejendomsselskabet Englandsvej 333 ApS and Stevns Broker P/S. Mr. Hansen is also the CEO of H&L Leasing ApS, Gardes Alle 36 ApS, SHA Holding ApS, H&L Obligationer ApS and EH Holding ApS, as well as CEO and partner of HL-Invest ApS. He is also a director of CATERING 133 ApS and H&L Junior 01 ApS and a partner of Partrederiet Stevns Multi Ships, I/S Bregnerødvej 139, Partrederiet Stevns Enterprise Kemberg I/S, Steen Hansen Shipping Asia Trader, Herbergen Vind I/S, Global Acceptance Corporation ApS and H&L Tiefenbach ApS.
Prior assignments (last five years): Mr. Hansen was the chairman of the board of directors of Carmakoma Group ApS until 2015 and a member of the board of directors as well as CEO of Corena Holding A/S and Corena Danmark A/S until 2014. He was also a partner of Tysk Ejendomsadministration XVIII ApS and Partsrederiet Lone Stevns until 2017, as well as of Partrederiet Grete Stevns and Partrederiet Birgitte Stevns until 2016.
Other relevant experience: Mr. Hansen has been working in the position as CEO for 39 years and holds a Master of Science in electrical engineering from the Technical University of Denmark (Lyngby, Denmark).
Independent of GomSpace and the senior management: Yes.
Independent of major shareholders as of today: No.
Holdings in GomSpace: Indirect holding of 5,248,646 shares through Hansen & Langeland ApS.

Senior Management

Niels Buus
(CEO)

Born: 1957
Position: Mr. Buus has been CEO of the Company from when it became the parent company of the Group and was also CEO of the former parent company, GomSpace A/S, from 2014.
Other current assignments: Mr. Buus is the chairman of the Aalborg University Nomination Committee, a member of the board of directors of FAD – Danish Defense and Security Industries Association and of Level 8 ApS, as well as partner and CEO of Longbus Holding ApS.
Prior assignments (last five years): Mr. Buus was chairman of the board of directors of Northern VO ApS until 2017 and Chora Group until 2016, member of the board of directors of Necas A/S and Miitors until 2015, CIS Technologies and SystemTeknik A/S until 2014 and of ISIC A/S until 2013. He acted as Director over the Defense and Fuel section in DESMI Pumping Technology A/S until 2013 and was also interim CEO of Optica A/S until 2013.
Other relevant experience: Mr. Buus has been CEO, board member as well as chairman of several companies. He holds a Master of Science degree in leadership and strategy from London Business School (London, UK), a Master of Science degree in applied optics from Imperial College (London, UK) and a Master of Science degree in mechanical engineering in optics from Aalborg University (Aalborg, Denmark).
Holdings in GomSpace: Direct holding of 38,000 shares and indirect holding of 1,221,756 shares in the Company through Longbus Holding ApS. Direct holding of 13,489 vested warrants and possible future holding of an additional 6,627 unvested warrants issued under the incentive program implemented in 2017. Related persons (wife) also hold a total of 2,000 shares.

Troels Nørmølle
(CFO)

Born: 1986
Position: Mr. Nørmølle has been CFO of the Company from when it became the parent company of the Group and was also CFO of the former parent company, GomSpace A/S, as from May 2014.
Other current assignments: Mr. Nørmølle is a partner of Skallerup Management as well as a partner and the CEO of Skallerup Invest IVS.
Prior assignments (last five years): Mr. Nørmølle was a partner of Ejendomsselskabet Vrensted IVS until 2018, a partner of Nørmølle Holding ApS until 2017 and partner of Skallerup Supply IVS, Skallerup Teknik IVS and Skallerup Byggeri IVS until 2014. He has also held the position as interim financial manager of Aalborg Boldspilklub A/S.
Other relevant experience: Mr. Nørmølle has experience from internal auditor education from EY and PwC. He holds a Graduate Certificate in business administration from Aalborg University (Aalborg, Denmark).
Holdings in GomSpace: Direct holding of 1,000 shares and indirect holding of 293,300 shares in the Company through Skallerup Invest IVS. Direct holding of 5,173 vested warrants and possible future holding of an additional 5,172 unvested warrants issued under the incentive program implemented in 2017. Related persons (children) also hold a total of 3,000 shares.

Dan Ulrich
(CCO)

Born: 1962
Position: Mr. Ulrich was CTO of the Company from September 2017 till the beginning of December 2018. From 1 December 2018, Mr. Ulrich took position as CCO of the Company.
Other current assignments: Mr. Ulrich is currently not involved in any assignments outside of the Group.
Prior assignments (last five years): Mr. Ulrich was senior vice president of airborne systems at Terma A/S until 2017.
Other relevant experience: Mr. Ulrich has been working for several leading Danish companies such as Terma A/S (Defence and Aerospace), Brüel and Kjaer A/S (Measurement instruments, electronics), NKT A/S (Metal industry), Chemitalic (Electronics) in various positions with business unit management, business development, program execution and research and product development. Mr. Ulrich holds a Master of Science in chemistry, Industrial PhD from the Technical university of Denmark (Lyngby, Denmark) and an executive MBA from Ashridge Management College (Berkhamsted, UK).
Holdings in GomSpace: Direct holding of 3,076 shares in the Company. Direct holding of 4,282 vested warrants and possible future holding of an additional 4,283 unvested warrants issued under the incentive program implemented in 2018.

Morten Hvidberg Jeppesen
(CTO)

Born: 1975
Position: Mr. Hvidberg Jeppesen started as CTO of the Company on 1 December 2018.
Other current assignments: Mr. Hvidberg Jeppesen is currently not involved in any assignments outside of the Group.
Prior assignments (last five years): Mr. Hvidberg Jeppesen was Senior Manager at Man Diesel & Turbo until 2016 and prior to that Head of Products and Engineering at BAE Systems Applied Intelligence A/S until 2014.
Other relevant experience: Mr. Hvidberg Jeppesen has worked for international companies such as MAN Diesel & Turbo (marine industry) and BAE Systems Applied Intelligence A/S (defence and aerospace industry), as well as leading Danish companies such as ETI (telecommunications) and KMD (IT solutions). Mr. Hvidberg Jeppesen holds a Master of Science in digital signal processing from Aalborg University (Aalborg, Denmark).
Holdings in GomSpace: Direct holding of 4,655 vested warrants and possible future holding of an additional 4,656 unvested warrants issued under the incentive program implemented in 2017.

Peter Høy
(CPO)

Born: 1957
Position: Mr. Høy is CPO of the Company since august 2018.
Other current assignments: Mr. Høy is currently not engaged in any assignments outside of the Group.
Prior assignments (last five years): Mr. Høy joined the Group in August 2017 and worked as Production Director prior to the assignment as CPO. Mr. Høy has previously held the positions Director of Operations at Martin Professional A/S until 2014, executive director of Center for Logistik og Samarbejde ApS (a subsidiary of Port of Aalborg A/S) until 2017 and member of the board of directors of Aalborg Stevedore Company A/S until 2017.
Other relevant experience: Mr. Høy has many years of experience from executive management positions in listed companies, inter alia as CEO of EuroCom Industries A/S and EVP in Thrane & Thrane A/S. Mr. Høy holds a Master of Science degree in economics & business administration from Aarhus School of Business (Aarhus, Denmark).
Holdings in GomSpace: Direct holding of 3,370 vested warrants and possible future holding of an additional 4,630 unvested warrants issued under the incentive program implemented in 2018.

Investor Information

Share price movements
At the end of 2018, GomSpace Group AB's share was SEK 10.18 per share compared to a share price of SEK 64.77 at the beginning of the year, this corresponds to a decline of 84%. The group's market value at 31 December 2018 was T.SEK 532,157 compared to T.SEK 2,258,131 as at 1 January 2018.

Share price movements

Composition of shareholders
GomSpace Group AB has 10,315 registered shareholders following the rights issue in December. The following are the top-5 shareholdes which are made public. Other shareholders may therefore be included in the top-5, however, they are not known by name.

	2018
Hansen & Langeland ApS	5,248,646
MediumInvest A/S	3,613,000
Borean Innovation A/S	1,639,847
Longbus Holding ApS	1,221,746
BMF Holding Ålborg ApS	466,070

These shareholders hold 23% of the group's total shares.

The Board of Directors and the management, including related parties, hold 5,338,646 shares and 1,562,132 shares, respectively, corresponding to 13.20% of the total shares.

IR Policy
It is our policy to convey information to our shareholders and the market in a professional manner and on an ongoing basis.

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

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

In 2019, we participate in the following events:

- Aktiedag in Stockholm on 19 March 2019
- Investordagen in Copenhagen on 17 September 2019
- Stora Aktiedagen in Gothenburg on 4 November 2019

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

Consolidated Income Statement

	Note	2018 T.SEK	2017 T.SEK
Net revenue	3	153,384	96,405
Cost of goods sold	4,5,6	-114,835	-69,521
Gross profit (loss)		**38,549**	**26,884**
Sales and distribution costs	4,5,6	-38,310	-30,996
Development costs	4,5,6	-58,119	-25,277
Administrative costs	4,5,6	-59,423	-38,221
Other operating income		702	0
Operating profit (loss)		**-116,601**	**-67,610**
Share of profit from associates	14	-2,112	4,591
Finance income	8	3,468	4,077
Finance expenses	9	-7,566	-7,573
Profit (loss) before tax		**-122,811**	**-66,515**
Tax	10	10,313	12,526
Profit (loss) for the year		**-112,498**	**-53,989**
Profit (loss) is attributable to:			
Owners of GomSpace Group AB		-112,498	-53,989
		-112,498	**-53,989**
Consolidated Statement of Comprehensive Income			
Profit (loss) for the year		-112,498	-53,989
Items which may be reclassified to the income statement:			
Foreign exchange rate adjustment, subsidiaries	14	2,614	199
Foreign exchange rate adjustment, associates	14	3,412	-3,669
Gain on partial disposal of shares, associates		0	603
Other comprehensive income for the year, net of tax		**6,026**	**-2,867**
Total comprehensive income for the year		**-106,472**	**-56,856**
Total comprehensive income for the year is attributable to:			
Owners of GomSpace Group AB (publ)		-106,472	-56,856
		-106,472	**-56,856**
Earnings per share, basic, SEK	23	-3.93	-2.09
Earnings per share, diluted, SEK	23	-3.93	-2.08

Consolidated Statement of Financial Position

	Note	2018 31 Dec T.SEK	2017 31 Dec T.SEK
ASSETS			
Goodwill	11	3,710	3,710
Other intangible assets	11	114,863	62,364
Property, plant and equipment	12	37,911	21,333
Investments in associates	14	34,599	41,892
Deferred tax	15	12,373	9,297
Other non-current assets	16	3,853	3,376
Total non-current assets		**207,309**	**141,972**
Inventories	17	30,050	9,763
Contract work	18	30,095	22,237
Trade receivables	19	51,811	30,765
Tax receivable	20	7,913	5,426
Prepayments	21	7,815	1,500
Other receivables		4,131	5,830
Marketable securities		0	9
Cash and cash equivalents	22	269,418	95,567
Total current assets		**401,233**	**171,097**
Total assets		**608,542**	**313,069**

	Note	2018 31 Dec T.SEK	2017 31 Dec T.SEK
EQUITY AND LIABILITIES			
Share capital	23	3,660	1,839
Share premium		581,652	227,136
Translation reserve		4,244	-1,782
Retained earnings		-147,713	-41,878
Total equity		**441,843**	**185,315**
Credit institutions	28	23,403	29,201
Other non-current loans		2,890	0
Total non-current liabilities		**26,293**	**29,201**
Current portion of non-current liabilities	28	9,895	4,794
Trade payables and other payables	28	15,390	16,326
Contract work	18	48,988	38,391
Prepayments	24	14,103	7,953
Corporation tax		599	58
Other liabilities	28	51,431	31,031
Total current liabilities		**140,406**	**98,553**
Total liabilities		**166,699**	**127,754**
Total equity and liabilities		**608,542**	**313,069**

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 01.01.2017	**1,716**	**137,337**	**1,085**	**5,968**	**146,106**
Profit (loss) for the year	0	0	0	-53,989	-53,989
Other comprehensive income	0	0	-2,867	0	-2,867
Total comprehensive income for the year	**0**	**0**	**-2,867**	**-53,989**	**-56,856**
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	6,143	6,143
Total transactions with owners in their capacity as owners	**123**	**89,799**	**0**	**6,143**	**96,065**
Equity 31.12.2017	**1,839**	**227,136**	**-1,782**	**-41,878**	**185,315**
Equity 01.01.2018	**1,839**	**227,136**	**-1,782**	**-41,878**	**185,315**
Profit (loss) for the year	0	0	0	-112,498	-112,498
Other comprehensive income	0	0	6,026	0	6,026
Total comprehensive income for the year	**0**	**0**	**6,026**	**-112,498**	**-106,472**
Transactions with owners in their capacity as owners					
Increase in share capital	1,821	374,487	0	0	376,308
Increase in share capital, costs	0	-19,971	0	0	-19,971
Share-based payments	0	0	0	6,663	6,663
Total transactions with owners in their capacity as owners	**1,821**	**354,516**	**0**	**6,663**	**363,000**
Equity 31.12.2018	**3,660**	**581,652**	**4,244**	**-147,713**	**441,843**

Consolidated Cash Flow Statement

	Note	2018 T.SEK	2017 T.SEK
Profit (loss) before tax		-122,811	-66,515
Reversal of financial items		4,098	3,496
Depreciation and amortizations		20,501	8,666
Result after tax from associates	30	2,112	987
Non-cash items	31	10,534	592
Change in net working capital	29	-18,729	43,497
Cash flow from primary operating activities		**-104,295**	**-9,277**
Received interest		2	1
Paid interest		-3,564	-1,388
Tax received		5,498	2,404
Tax paid		-208	-146
Cash flow from operating activities		**-102,567**	**-8,406**
Investments in intangible assets		-65,477	-41,923
Investments in leasehold improvement, plant and equipment		-25,349	-18,500
Deposit paid		-371	-3,617
Government grants	33	9,366	8,173
Proceeds from sale of marketable securities		10	0
Proceeds from sale of property, plant and equipment		17	41
Investments in associates	30	0	-24,114
Cash flow from investing activities		**-81,804**	**-79,940**
Financing from debt:			
Borrowings	32	4,128	26,982
Repayment of borrowings	32	-3,301	-6,885
		827	20,097
Financing from shareholders:			
Capital increase		376,308	95,375
Capital increase, costs		-19,972	-5,454
		356,336	89,921
Cash flow from financing activities		**357,163**	**110,018**
Net cash flow for the year		**172,792**	**21,672**
Cash and cash equivalents, beginning of the year		84,170	59,803
Unrealized exchange rate gains and losses on cash		1,059	92
Change in bank deposit for security		-9,267	2,603
Cash and cash equivalents, end of the year		**248,754**	**84,170**
Reconciliation of cash and cash equivalents			
Cash and cash equivalents according to the balance sheet	22	269,418	95,567
Bank deposit for security		-20,664	-11,397
Cash and cash equivalents according to the cash flow statement		**248,754**	**84,170**

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

Parent Company Income Statement

	Note	2018 T.SEK	2017 T.SEK
Net revenue	3	24,893	21,482
Gross profit		**24,893**	**21,482**
Administrative costs		-31,463	-27,849
Operating profit (loss)		**-6,570**	**-6,367**
Finance income	8	2,115	2,378
Finance expenses	9	-2,513	-379
Profit (loss) before tax		**-6,968**	**-4,368**
Tax	10	1,265	2,256
Profit (loss) for the year		**-5,703**	**-2,112**

Statement of Comprehensive Income

Profit (loss) for the year		-5,703	-2,112
Items which may be reclassified to the income statement:			
Other comprehensive income for the year, net of tax		**0**	**0**
Total comprehensive income for the year		**-5,703**	**-2,112**

Parent Company Statement of Financial Position

	Note	2018 T.SEK	2017 T.SEK
ASSETS			
Investments in subsidiaries	13	294,330	148,455
Investments in associates	14	24,114	24,114
Total financial fixed assets		**318,444**	**172,569**
Total non-current assets		**318,444**	**172,569**
Trade receivables from subsidiaries		29,212	11,523
Trade receivables from associates		421	111
Deferred tax asset		3,520	2,255
Other prepayments	21	9	153
Other receivables		138	120
Receivables		**33,300**	**14,162**
Cash and cash equivalents	22	**254,966**	**38,144**
Total current assets		**288,266**	**52,306**
Total assets		**606,710**	**224,875**
EQUITY AND LIABILITIES			
Restricted equity:			
Share capital		3,660	1,839
Total restricted equity		**3,660**	**1,839**
Free equity:			
Share premium		578,364	223,848
Retained earnings		4,325	-226
Profit (loss) for the year		-5,703	-2,112
Total free equity		**576,986**	**221,510**
Total equity		**580,646**	**223,349**
Payables to subsidiaries		10,382	111
Trade payables and other payables		105	826
Other liabilities		15,577	589
Total current liabilities		**26,064**	**1,526**
Total liabilities		**26,064**	**1,526**
Total equity and liabilities		**606,710**	**224,875**

Parent Company Statement of Changes in Equity

	Share capital T.SEK	Share premium T.SEK	Retained earnings T.SEK	Total equity T.SEK
Equity 01.01.2017	**1,716**	**134,049**	**-6,368**	**129,397**
Profit (loss) for the year	0	0	-2,112	-2,112
Total comprehensive income for the year	**0**	**0**	**-2,112**	**-2,112**
Transactions with owners in their capacity as owners				
Increase in share capital	123	95,253	0	95,376
Increase in share capital, costs	0	-5,454	0	-5,454
Share-based payments	0	0	6,142	6,142
	123	**89,799**	**6,142**	**96,064**
Equity 31.12.2017	**1,839**	**223,848**	**-2,338**	**223,349**
Equity 01.01.2018	**1,839**	**223,848**	**-2,338**	**223,349**
Profit (loss) for the year	0	0	-5,703	-5,703
Total comprehensive income for the year	**0**	**0**	**-5,703**	**-5,703**
Transactions with owners in their capacity as owners				
Increase in share capital	1,821	374,487	0	376,308
Increase in share capital, costs	0	-19,971	0	-19,971
Share-based payments	0	0	6,663	6,663
	1,821	**354,516**	**6,663**	**363,000**
Equity 31.12.2018	**3,660**	**578,364**	**-1,378**	**580,646**

Parent Company Cash Flow Statement

	Note	2018 T.SEK	2017 T.SEK
Profit (loss) before tax		-6,968	-4,368
Reversal of financial items		398	-1,999
Non-cash items	31	4,355	7,436
Change in net working capital	29	6,665	-12,224
Cash flows from primary operating activities		**4,450**	**-11,155**
Received interest		2,115	2,378
Paid interest		-123	-379
Tax paid		0	0
Cash flow from operating activities		**6,442**	**-9,156**
Investments in associates		0	-24,114
Acquisition of and capital increase in subsidiaries	13	-145,875	-88,942
Cash flow from investing activities		**-145,875**	**-113,056**
Capital increase		376,308	95,376
Capital increase, costs		-19,971	-5,454
Cash flow from financing activities		**356,337**	**89,922**
Net cash flow for the year		**216,904**	**-32,290**
Cash and cash equivalents, beginning of the year		26,747	56,434
Unrealized exchange rate gains and losses on cash		-82	0
Change in bank deposit for security		-7,315	2,603
Cash and cash equivalents, end of the year	22	**236,254**	**26,747**

Reconciliation of cash and cash equivalents		
Cash and cash equivalents according to the balance sheet	254,966	38,144
Bank deposit for security	-18,712	-11,397
Cash and cash equivalents according to the cash flow statement	**236,254**	**26,747**

Index of Notes

Notes

1. Accounting policies

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

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

The transaction under which GomSpace Group AB became the holding company of GomSpace A/S was a group reorganisation with no changes in the ultimate ownership of the group and all the shareholdings in GomSpace A/S were exchanged via a share-for-share exchange. GomSpace Group AB did not actively trade at that time. The Group reorganisation took place on 28 April 2016. The consolidated financial statements have therefore been presented as a continuation of GomSpace A/S' business.

The principal steps of the Group reorganisation were as follows:

- Upon incorporation, the share capital of GomSpace Group AB was T.SEK 50 divided into ordinary shares of SEK 1 each.
- GomSpace Group AB became the holding company of the Group, immediately following determination of the Offer Price amounting to T.SEK 13,766, through a share-for-share exchange.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Adjustment to purchase price allocation regarding GomSpace Sweden AB
The purchase price allocation regarding GomSpace Sweden AB as at 16 October 2016 has been adjusted in 2017 concerning pre-existing contractual relationship regarding contract work at an amount of T.SEK 2,045 which should have been recognized separately from the business combination. Furthermore, an adjustment is made due to known repayments of grants at an amount of T.SEK 1,000 before tax not recognized in the purchase price allocation as at 16 October 2016. The tax effect of the adjustments made is T.SEK 735.

Change in accounting policies
New and amended standards and interpretations
The Group applied IFRS 9 and IFRS 15 for the first time. The changes have no effect and the nature of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

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 recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The change in method for calculation of expected loss has not effected the result or equity.

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, this does not necessarily mean the asset is written down when the 90 days are past due as there is still a possibility that payment will be made. In the same manner, assets may be written down before the 90 days are past due as there is a possibility that payment will not be made. The Group may 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.

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, with limited exceptions, to all revenue arising from contracts with its cus-

1. Accounting policies (continued)

tomers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised 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.

IFRS 15 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. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The Group did not apply any of the other available optional practical expedients.

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

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

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or a liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are measured at fair value with the changes in fair value recognized in the income statement.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

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

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

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

1. Accounting policies (continued)

Translation of foreign currency

(i) Functional currency and reporting currency

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

(ii) Transactions and balance-sheet items

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

(iii) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and state ment of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation og the cumulative effect of the rates prevailing on the transac tion dates, in which case income and expenses are translated at the dates of the transaction), and
- all resulting exchange differences are recognized in other comprehensive income.

Segments report

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

Revenue

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

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

Contract work that is subject to a high degree of individual adaptation is recognized as revenue over time by reference to the percentage-of-completion method, meaning that revenue corresponds to the selling price of work performed during the year. When the outcome of contract work cannot be estimated reliably, revenue is recognized at the costs incurred so far when they are likely to be recovered. When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognized as an expense and a provision.

Cost of goods sold

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

Sales and distribution costs

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

Development costs

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

Administrative costs

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

Share-based payments

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes option pricing valuation model, further details of which are given in Note 5.

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

Employee benefits

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

1. Accounting policies (continued)

Variable salary
Provisions for variable salary are expensed on an ongoing basis in accordance with the economic substance of current agreements.

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

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

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

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

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

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

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

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

Amortization is based on the straight-line method over the expected useful lives of the assets:
Technology: 15 years

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

- it is technically feasible to complete the development project so that it will be available for use
- management intends to complete the development project and use or sell it
- there is an ability to use or sell the development project
- it can be demonstrated how the development project will generate probable future economic benefits

1. Accounting policies (continued)

- adequate technical, financial and other resources to complete the development and to use or sell the development project are available, and
- the expenditure attributable to the development project during its development can be reliably measured.

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

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

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

- Development projects: 5 years
- Other intangible assets: 3-5 years

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

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

Government grants

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

Leases

For financial reporting purposes, lease liabilities are classified as finance lease liabilities and operating lease liabilities.

A finance lease is classified as a lease which in all material respect transfers the risk and benefits associated with ownership of the leased asset to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease liabilities is described under plant and equipment and financial liabilities, respectively.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Property, plant and equipment

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

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

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

Depreciation is based on a straight-line basis.

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

Impairment testing of non-current assets

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

Inventories

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

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

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

Trade receivables

Receivables are initially recognized at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost less provisions for bad debts. Impairment on expected losses on trade receivables, leasing as well as contract work is recognized immediately in the income statement at the same time as the amount receivable based on a simplified expected credit loss model. The impairment is based on historical data. This data is based on expected loss over the total maturity of the amount receivable, corrected for estimates of the effect of expected changes in relevant parameters, for instance financial development, political risks etc. on the market in question.

Management applies estimates when assessing provision for bad debts upon initial recognition as well as in relation to the ongoing risk management.

1. Accounting policies (continued)

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

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

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

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

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

Prepayments from customers are recognized under liabilities.

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

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

Financial assets and liabilities
Cash and cash equivalents comprise cash balances and unrestricted deposits with banks.

Marketable securities recognized as current assets are measured at fair value on the balance sheet date. Changes to fair value is recognized in the income statement.

Financial liabilities are initially measured at fair value less transaction costs incurred. Subsequently, the financial liabilities are measured at amortized cost. Amortized cost is calculated as original cost less instalments plus/less the accumulated amortization of the difference between cost and nominal value. Losses and gains on loans are thus allocated over the term so that the effective interest rate is recognized in the income statement over the loan period. Financial liabilities are derecognized when settled.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Contributed equity
Ordinary shares are classified as equity.

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

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

Cash flow statement
The cash flow statement has been prepared under the indirect method and shows the Group's cash flows from operating, investing and financing activities for the year. Cash flows from operating activities comprise profit or loss before tax adjusted for non-cash operating items, changes in working capital, financial items received and paid and income tax paid. Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of companies and activities, as well as investment, development, sale and improvements of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise capital increases and costs incidental thereto as well as the arrangement of loans, the repayment of interest-bearing debt, shares and the payment of dividend to the Group's shareholders.

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

Key ratios definitions

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

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

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

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

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

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

1. Accounting policies (continued)

Key ratios definitions (continued)

Earnings per share, basic	=	$\frac{\text{profit}}{\text{number of shares basic, average}}$
Earnings per share, diluted	=	$\frac{\text{profit}}{\text{number of shares diluted, average}}$
Working capital	=	Inventory + Contract work + Trade receivables + Other prepayments + Other receivables - Trade payables and other payables - Contract work - Prepayments - Other liabilities

Parent Company

Basis of preparation

The financial statements for the parent company have been prepared in accordance with the Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities.

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

Share-based payment

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

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

Investment in subsidiaries

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

Investment in associates

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

2. Significant accounting estimates and judgments

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

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

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

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

Development

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

For in-process development projects, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. The carrying amount of in-process development projects is disclosed in note 11.

Contract work

Recognized revenue on contract work is based on percentage of completion which is based on cost incurred on the contract as a percentage of the total cost estimated to complete the project. Management estimates, on an ongoing basis, the cost required to complete the projects and whether the costs can be recovered through the contract. The carrying amount of contract work in progress is disclosed in note 18.

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 (mainly Sky and Space Global (UK) Ltd.). Since the third quarter 2018, 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, this risk is primarily related to our customer Sky and Space Global (UK) Ltd. Should the Group lose business from all or some of its top customers it may have an adverse impact on the Group's business, financial position and profits in the future.

Deferred tax

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

3. Net revenue

	GomSpace Group AB	
	2018 T.SEK	2017 T.SEK
Management fee (point of time)	24,893	21,482
	24,893	**21,482**

Net revenue is distributed to the following geographical markets, based on where the customer reside.

Geographic distribution	2018 T.SEK	2017 T.SEK
Denmark	20,274	17,843
Sweden	1,799	1,656
Europe (excluding Denmark and Sweden)	913	0
USA	640	661
Asia	548	661
Rest of the world	719	661
	24,893	**21,482**

Business segments

	Academia T.SEK	Com-mercial T.SEK	Defense T.SEK	Science T.SEK	Total T.SEK
Group 2018					
Geographical					
Sweden	132	0	0	740	872
Denmark	1,716	1,662	0	162	3,540
Europe (excluding Sweden and Denmark)	2,550	73,436	6	12,356	88,348
USA	0	4,653	2,958	1	7,612
Asia	4,930	12,099	2,635	2,961	22,625
Rest of the world	1,438	28,894	0	55	30,387
	10,766	**120,744**	**5,599**	**16,275**	**153,384**
Group 2017					
Geographical					
Asia	3,087	6,619	0	89	9,795
Europe	6,305	34,220	1,292	7,034	48,851
Rest of the world	3,442	16,628	0	352	20,422
USA	0	14,482	2,295	560	17,337
	12,834	**71,949**	**3,587**	**8,035**	**96,405**

3. Net revenue (continued)

Business segments

	Academia T.SEK	Com-mercial T.SEK	Defense T.SEK	Science T.SEK	Total T.SEK
Group 2018					
Major goods/service lines					
Sales of satellite solutions, platforms, payloads and subsystems (over time)	3,813	93,202	5,599	15,636	118,250
Product sales (over time)	6,953	26,822	0	639	34,414
Management fee (point of time)	0	720	0	0	720
	10,766	**120,744**	**5,599**	**16,275**	**153,384**
Group 2017					
Major goods/service lines					
Sales of satellite solutions, platforms, payloads and subsystems (over time)	3,251	50,247	2,432	6,523	62,453
Product sales (over time)	9,583	21,398	1,155	1,512	33,648
Management fee (point of time)	0	304	0	0	304
	12,834	**71,949**	**3,587**	**8,035**	**96,405**

	2018 31 Dec T.SEK	2017 31 Dec T.SEK
Contract balances		
Trade receivables	51,811	30,765
Contract assets	30,095	22,237
Contract liabilities	48,988	38,391

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days. Trade receivables at an amount of T.SEK 33,317 in 2018 are related to Sky and Space Global (UK) Ltd. In 2018, T.SEK 813 (1,595) was recognized as provision for expected credit losses on trade receivables.

Contract assets are initially recognized for revenue earned from Sales of satellite solutions, platforms, payloads, subsystems and products sales.

Contract assets increased in 2018 which is mainly due to increased revenue and activity. In 2018, T.SEK 1,953 (271) was recognized as provision for expected losses on contract assets.

Contract liabilities include advances received to deliver Sales of satellite solutions, platforms, payloads and subsystems. The outstanding balances of these accounts increased in 2018 due to continuous increase in the Group's customer base.

	Academia T.SEK	Com-mercial T.SEK	Defense T.SEK	Science T.SEK	Total T.SEK
Order Book					
Order backlog 1 January 2018	6,935	696,383	3,904	16,166	723,388
Currency adjustment and reclassification of orders	-712	17,082	237	-411	16,196
Order intake	7,824	91,623	3,289	26,466	129,202
Converted to revenue	-10,765	-119,714	-5,564	-17,341	-153,384
Order backlog 31 December 2018	**3,282**	**685,374**	**1,866**	**24,880**	**715,402**

3. Net revenue (continued)

	2018 T.SEK	2017 T.SEK
Revenue recognised from contracts		
Within one year	88,632	139,338
More than a year	626,770	584,050
	715,402	**723,388**

Out of the backlog as at 31 December 2018, T.SEK 621,038 is related to Sky Space and Global (UK) Ltd. which is expected to be recognized after more than a year. See also risk description in note 2.

Group revenue

Revenue from the United Kingdom accounts for 23% of the total net revenue (28% in 2017).

Revenue from Mauritius accounts for 19% of the total net revenue (9% in 2017).

Revenue from Holland accounts for 9% of the total net revenue (11% in 2017).

Revenue from Luxembourg accounts for 11% of the total net revenue (0% in 2017).

Revenue from the United States accounts for 5% of the total net revenue (18% in 2017).

Revenue from Denmark accounts for 2% of the total net revenue (3% in 2017).

Revenue from Sweden accounts for 0% of the total net revenue (4% in 2017).

Revenue from Sky & Space Global accounts for 23% (27%) of the total revenue.

Revenue from Aerial & Maritime Ltd. accounts for 19% (9%) of the total revenue.

Parent company
Revenue in the parent company mainly consists of revenue from management fee to subsidiaries and associates.

4. Staff costs

	Basic salary, board fee* T.SEK	Bonus T.SEK	Share-based payments T.SEK	Pension costs T.SEK	Other remune-ration T.SEK	Total T.SEK
2018						
Chairman of the board						
Jukka Pekka Pertola	250	0	0	0	0	250
Board members						
Niels Jesper Jespersen Jensen	125	0	0	0	0	125
Steen Lorenz Johan Hansen	125	0	0	0	0	125
Carl-Erik Jørgensen*	61	0	0	0	0	61
Anna Hilda Elisabet Rathsman*	52	0	0	0	0	52
	613	**0**	**0**	**0**	**0**	**613**

* Mr. Jørgensen and Ms. Rathsman resigned from the board during the year and therefore they did not receive full board fee.

Key management personnel						
CEO, Niels Buus	1,957	688	184	0	0	2,829
Other key management personnel (5 persons)	5,808	1,769	423	18	0	8,018
	7,765	2,457	607	18	0	10,847
Total	**8,378**	**2,457**	**607**	**18**	**0**	**11,460**
The subsidiaries' share of this amount is	*7,765*	*2,457*	*607*	*18*	*0*	*10,847*
2017						
Chairman of the board						
Jukka Pekka Pertola	250	0	0	0	0	250
Board members						
Niels Jesper Jespersen Jensen	125	0	0	0	0	125
Steen Lorenz Johan Hansen	125	0	0	0	0	125
Carl-Erik Jørgensen	125	0	0	0	0	125
Anna Hilda Elisabet Rathsman	85	0	0	0	0	85
	710	**0**	**0**	**0**	**0**	**710**
Key management personnel						
CEO, Niels Buus	2,174	0	307	0	192	2,673
Other key management personnel (4 persons)	4,969	916	487	20	80	6,472
	7,143	916	794	20	272	9,145
Total	**7,853**	**916**	**794**	**20**	**272**	**9,855**
The subsidiaries' share of this amount is	*7,143*	*916*	*794*	*20*	*272*	*9,145*

4. Staff costs (continued)

	2018 T.SEK	2017 T.SEK
GomSpace Group AB		
*Board of directors and other key management personnel**		
Wages and salaries	613	710
Share-based payments	0	0
Social security contributions	0	0
Pension costs	0	0
	613	**710**

*Management in GomSpace Group AB is employed in GomSpace A/S. GomSpace A/S invoices management fee to GomSpace Group AB and GomSpace Group AB invoices management fee to the subsidiaries.

	2018 T.SEK	2017 T.SEK
Other employees		
Wages and salaries	1,725	1,668
Share-based payments	0	0
Social security contributions	428	450
Pension costs	244	236
	2,397	**2,354**
Subsidiaries		
Other employees		
Wages and salaries	151,726	114,758
Share-based payments	6,663	6,143
Social security contributions	3,952	2,920
Pension costs	14,216	7,065
	176,557	**130,886**
Of which:		
Wages and salaries capitalized as development projects	50,339	25,950
	126,218	**104,936**
Group total		
Wages and salaries	154,064	117,136
Share-based payments	6,663	6,143
Social security contributions	4,380	3,370
Pension costs	14,460	7,301
	179,567	**133,950**
Of which:		
Wages and salaries capitalized as development projects	50,339	25,950
	129,228	**108,000**
Other employee costs	7,370	3,186
Total staff costs	**136,598**	**111,186**

4. Staff costs (continued)

	2018 T.SEK	2017 T.SEK
Staff costs are included in:		
Costs of goods sold	71,998	45,990
Sales and distribution costs	20,968	18,044
Development costs*	64,497	55,716
Administrative costs	29,475	17,386
Total staff costs	**186,938**	**137,136**
*Of which:		
Wages and salaries capitalized as development projects	50,339	25,950
Total staff costs	**136,599**	**111,186**
Average number of full time employees per country		
Parent company		
Sweden (of which women, %)	2 (50%)	2 (50%)
	2 (50%)	2 (50%)
Subsidiaries		
Sweden (of which women, %)	16 (14%)	9 (33%)
Denmark (of which women, %)	175 (22%)	106 (20%)
Luxembourg (of which women, %)	4 (14%)	0 (0%)
USA (of which women, %)	1 (91%)	1 (100%)
Asia (of which women, %)	1 (0%)	1 (0%)
	197 (22%)	117 (21%)
Group total	**199 (22%)**	**119 (22%)**
Number of employees per country as at 31 december		
Parent company		
Sweden (of which women, %)	2 (50%)	3 (33%)
	2 (50%)	3 (33%)
Subsidiaries		
Sweden (of which women, %)	20 (10%)	10 (30%)
Denmark (of which women, %)	200 (24%)	161 (22%)
Luxembourg (of which women, %)	7 (14%)	0 (0%)
USA (of which women, %)	1 (0%)	1 (100%)
Asia (of which women, %)	1 (0%)	1 (0%)
	229 (22%)	173 (23%)
Group total	**231 (23%)**	**176 (23%)**
Share of women on the board of directors	0%	20%
Share of men on the board of directors	100%	80%
Share of women amongst key management personnel	0%	0%
Share of men amongst key management personnel	100%	100%

Termination benefits

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

5. Share-based payment

The Board of Directors of GomSpace Group AB (parent company of GomSpace A/S) obtained approval to implement a share-based incentive program (equity-settled share-based payment transactions) in the form of a warrant scheme offered to all Danish and Swedish employees of the group. The warrants provide participants the right to purchase newly issued shares in GomSpace Group AB. A total of 328,541 warrants were approved and granted to employees of GomSpace A/S in April 2018. The warrants were granted by GomSpace Group AB. The share-based payment transaction is accounted for as an equity-settled share-based payment scheme in GomSpace A/S.

The warrants vest in four equal annual instalments commencing on the date of grant, with the final instalment vesting on 28 April 2021. The warrants can be exercised between 26 April 2021 and 26 April 2022 within certain exercise windows. Vesting of the warrants will be conditional upon continued employment of the participants.

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

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

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

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

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

The total expense recognized in profit or loss for the year related to the warrant schemes was T.SEK 6,663.

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

	Warrant program (27 Apr 2017)	Warrant program (24 Aug 2017)	Warrant program (26 Apr 2018)
Expected future dividend (SEK per share)	0	0	0
Volatility	70%	70%	58%
Risk free interest rate	0%	0%	1%
Life of warrant	48 months	48 months	48 months
Share price at grant date (SEK per share)	54.0	58.3	60.4
Exercise price (SEK per share)	45.1	45.1	54.1
Fair value at grant date (SEK per warrant)	27.6	30.9	25.4
Outstanding warrants 31 December 2018	218,877	120,043	294,025

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

5. Share-based payment (continued)

Exercise price is calculated as follows:

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

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

	No. warrants
Outstanding at 1 January 2018	393,647
Granted	328,540
Forfeited	-89,242
Exercised	-
Expired	-
Outstanding at 31 December 2018	632,945
Exercisable at 31 December 2018	-

The remaining contractual life of all warrants granted for first and second award in 2017 is 28 months.
The remaining contractual life of all warrants granted for the award in 2018 is 40 months.

6. Depreciation and amortizations

	Group		GomSpace Group AB	
	2018 T.SEK	2017 T.SEK	2018 T.SEK	2017 T.SEK
Costs of goods sold	3,711	1,659	0	0
Sales and distribution costs	799	336	0	0
Development costs	3,698	1,203	0	0
Administrative costs	1,391	653	0	0
Total depreciation	**9,599**	**3,851**	**0**	**0**
Costs of goods sold	4,375	2,332	0	0
Sales and distribution costs	888	421	0	0
Development costs	4,182	1,372	0	0
Administrative costs	1,456	690	0	0
Total amortizations	**10,901**	**4,815**	**0**	**0**

7. Remuneration to auditors

Appointed auditor				
Ernst & Young				
Audit service	1,582	456	574	200
Other services	1,020	1,615	447	1,018
Tax advise services	392	449	392	366
Other non-audit services	794	0	707	0
Total	**3,788**	**2,520**	**2,120**	**1,584**
Others				
Audit service	0	145	0	100
Other services	668	253	0	253
Tax advise services	109	8	9	0
Total	**777**	**406**	**9**	**353**
Total	**4,565**	**2,926**	**2,129**	**1,937**

8. Finance income

Interest income to subsidiaries	0	0	2,114	2,045
Interest income	2	1	1	0
Exchange rate adjustments	3,456	4,076	0	333
Fair value gains on securities	10	0	0	0
	3,468	**4,077**	**2,115**	**2,378**

9. Finance expenses

Interest expenses	2,661	1,388	83	336
Exchange rate adjustments	3,916	5,860	2,308	0
Fair value loss on securities	0	1	0	0
Other financial expenses, including bank fees	989	324	122	43
	7,566	**7,573**	**2,513**	**379**

10. Tax on profit (loss) for the year

	Group		GomSpace Group AB	
	2018 T.SEK	2017 T.SEK	2018 T.SEK	2017 T.SEK
Tax on profit (loss) for the year comprises				
Current tax on profit (loss) for the year [1)]	-7,497	-5,001	0	0
Changes in deferred tax	-2,816	-10,553	-1,265	-2,256
Adjustments to previous years	0	3,028	0	0
Tax expense/(income) for the year	**-10,313**	**-12,526**	**-1,265**	**-2,256**
Profit (loss) before tax	-122,812	-66,517	-6,968	-4,368
Swedish tax rate for GomSpace Group AB (publ)	22.0%	22.0%	22.0%	22.0%
Tax expense/(income)	-27,019	-14,634	-1,533	-961
Non-taxable income [2)]	0	-1,397	0	0
Non-deductible expenses	1,937	1,910	1	106
Changes to the Swedish tax rate	549	0	267	0
Effect of foreign tax rates	-56	-32	0	0
Tax value of unrecognized tax asset	14,276	-1,401	0	-1,401
Impairment and adjustments to previous years	0	3,028	0	0
Tax on profit (loss) for the year	**-10,313**	**-12,526**	**-1,265**	**-2,256**
Effective tax rate	8%	19%	18%	52%
Income tax expense/(income) reported in the income statement	-10,313	-12,526	-1,265	-2,256
	-10,313	**-12,526**	**-1,265**	**-2,256**

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

2) Non-taxable income mainly relates to income from associates.

Tax loss carry-forward	206,254	120,085	60,222	38,289
Unrecognized as deferred tax asset	-107,897	-28,005	-43,008	-28,005
Tax loss carry-forward recognized as deferred tax asset	**98,357**	**92,080**	**17,214**	**10,284**

11. Intangible assets

	Goodwill T.SEK	Technology T.SEK	In proces development projects T.SEK	Completed development projects T.SEK	Other intangible assets T.SEK	Total T.SEK
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	61,334	0	110	61,444
Reclassification	0	0	-18,542	18,542	0	0
Exchange rate adjustment	0	0	1,047	567	740	2,354
Cost price at 31 December 2018	3,710	12,000	70,415	33,618	21,693	141,436
Amortization at 1 January 2018	0	-1,000	0	-8,146	-2,418	-11,564
Amortization	0	-800	0	-4,847	-5,254	-10,901
Exchange rate adjustment	0	0	0	-327	-71	-398
Amortization at 31 December 2018	0	-1,800	0	-13,320	-7,743	-22,863
Carrying amount at 31 December 2018	**3,710**	**10,200**	**70,415**	**20,298**	**13,950**	**118,573**
Cost price at 1 January 2017	3,710	12,000	6,197	12,054	3,623	37,584
Additions during the year	0	0	21,819	0	17,089	38,908
Reclassification	0	0	-2,108	2,108	0	0
Exchange rate adjustment	0	0	668	347	131	1,146
Cost price at 31 December 2017	3,710	12,000	26,576	14,509	20,843	77,638
Amortization at 1 January 2017	0	-200	0	-6,021	-306	-6,527
Amortization	0	-800	0	-1,917	-2,098	-4,815
Exchange rate adjustment	0	0	0	-208	-14	-222
Amortization at 31 December 2017	0	-1,000	0	-8,146	-2,418	-11,564
Carrying amount at 31 December 2017	**3,710**	**11,000**	**26,576**	**6,363**	**18,425**	**66,074**

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

Apart from goodwill, management considers that all intangible assets have limited useful lives.

In 2018, the Group has received T.SEK 4,046 in government grants which are set off against additions during the year.

Intangible assets have a carrying amount of T.SEK 12,371 (T.SEK 17,442 in 2017) in Sweden, a carrying amount of T.SEK 98,351 (T.SEK 48,632 in 2017) in Denmark and a carrying amount of T.SEK 7,851 (T.SEK 0 in 2017) in Luxembourg.

In general
The group has realized a loss of T.SEK 112,498 in 2018 in accordance with budget and plan. GomSpace's expectations for the next years is aiming to generate sales above T.SEK 1,500,000 in 2023, supported by the strong underlying market. GomSpace targets a gross margin exceeding 50 percent, in the medium term.

The group's activities are primarily carried out in GomSpace A/S and in a smaller scale in GomSpace Sweden AB. In 2017, the group established new subsidiaries in Singapore, USA and Luxembourg and the activities have been moderate in 2018. GomSpace Group AB's sole activity is holding of shares in subsidiaries and associates as well as the stock listing on NASDAQ First North Premier.

Based on the market value of GomSpace Group AB on NASDAQ First North Premier in Stockholm during the period since the initial public offering in 2016, including the market value of the new shares issued on 8 March 2018, management assesses there is significant headroom between the recoverable amount and the carrying amount of goodwill and intangible assets as at 31 December 2018.

In-process development projects
In-process development projects are subject to an annual impairment test. In-process development projects consist of nanosatellite platforms as well as expanding our processing and radio capabilities with more powerful processing components, high-power antennas and support for new frequency bands beyond VHF, UHF and S band frequencies. Please refer to management's review on page 13-15 "Market development" and page 15-16 "Product development".

The carrying amount for in-process development projects as at 31 December 2018 amounts to T.SEK 70,415 (T.SEK 26,576 as at 31 December 2017).

11. Intangible assets (continued)

The in-process development projects are primarily carried out in GomSpace A/S. The main parts of the in-process development projects are expected to be completed during 2019. Management expects the development projects to increase revenue for the group in 2019 and the following years. Please refer to the expectations described above.

The in-process development projects are tested for impairment as at 31 December 2018. The recoverable amount of the in-process development projects was set based on computations of value in use. The value in use is based on business plans approved by management for the individual in-process development projects, including projected cash inflows from budgeted and estimated revenue as well as budgeted and estimated cash outflows from completing the projects and cash flows related to the sale of the developed products. The business plans are among other things based on market reports on future growth and technology trends.

Based on the impairment tests, management assesses there is significant headroom between the recoverable amount and the carrying amount of in-process development projects as at 31 December 2018.

Other intangible assets, including technology and completed development costs
With reference to the expectations described above, management has not identified any factors indicating the need to carry out impairment tests for other intangible assets, including technology and completed development costs in 2018.

Development costs recognized in the income statement
Development costs recognized in the income statement in 2018 amount to T.SEK 58,119 (T.SEK 25,277 in 2017).

12. Property, plant and equipment

	Leasehold improvements T.SEK	Other fixtures, fittings, tools and equipment T.SEK	Total property, plant and equipment T.SEK
GROUP			
Cost price at 1 January 2018	9,963	16,372	26,335
Additions during the year	17,081	8,267	25,348
Disposals during the year	0	-204	-204
Exchange rate adjustment	375	648	1,023
Cost price at 31 December 2018	27,419	25,083	52,502
Depreciation at 1 January 2018	-858	-4,144	-5,002
Depreciation	-2,070	-7,529	-9,599
Disposals during the year	0	200	200
Exchange rate adjustment	-28	-162	-190
Depreciation at 31 December 2018	-2,956	-11,635	-14,591
Carrying amount at 31 December 2018	**24,463**	**13,448**	**37,911**
Cost price at 1 January 2017	2,331	5,567	7,898
Additions during the year	7,646	10,904	18,550
Disposals during the year	-192	-395	-587
Exchange rate adjustment	178	296	474
Cost price at 31 December 2017	9,963	16,372	26,335
Depreciation at 1 January 2017	-352	-1,181	-1,533
Depreciation	-648	-3,203	-3,851
Disposals during the year	142	338	480
Exchange rate adjustment	0	-98	-98
Depreciation at 31 December 2017	-858	-4,144	-5,002
Carrying amount at 31 December 2017	**9,105**	**12,228**	**21,333**

Property, plant and equipment have a carrying amount of T.SEK 3,651 (T.SEK 657 in 2017) in Sweden and a carrying amount of T.SEK 34,342 (T.SEK 20,676 in 2017) in Denmark. GomSpace Group AB's property, plant and equipment are located in both Sweden and Denmark.

Finance leases
The carrying value of other fixtures, fittings, tools and equipment held under finance leases at 31 December 2018 was T.SEK 4,098 (2017: T.SEK 0). Additions during the year include T.SEK 4,128 (2017: T.SEK 0) of other fixtures, fittings, tools and equipment under finance leases. Leased assets are pledged as security for the related finance lease liabilities.

13. Investments in subsidiaries

	2018 T.SEK	2017 T.SEK
GomSpace Group AB		
Cost price at 1 January	148,455	60,807
Adjustment to cost price	0	-1,294
Additions during the year*	145,875	88,942
Capital contribution (share-based payments)**	6,663	6,142
Return of capital contribution**	-6,663	-6,142
Cost price at 31 December	**294,330**	**148,455**

* Additions during the year comprise the establishment of and debt conversion in subsidiaries at an amount of T.SEK 145,875 (T.SEK 88,942).
** See a description of the accounting policies related to the treatment of share-based payment transactions in note 1 and note 5.

Impairment test

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

The carrying amount for investments in subsidiaries amounts to T.SEK 294,330 as at 31 December 2018 (T.SEK 148,455 as at 31 December 2017).

The group has realized a loss of T.SEK 112,498 in 2018 in accordance with budget and plan. Expectations for the next years are aiming to generate sales above T.SEK 1,500,000 in 2023, supported by the strong underlying market. GomSpace targets a gross margin exceeding 50 percent in the medium term.

The group's activities are primarily carried out in GomSpace A/S with a booked amount of T.SEK 245,846 as at 31 December 2018, and in a smaller scale in GomSpace Sweden AB with a booked amount of T.SEK 45,056 as at 31 December 2018. In 2017, the group established new subsidiaries in Singapore, USA and Luxembourg and the activities have been moderate in 2018. GomSpace Group AB's sole activity is holding of shares in subsidiaries and associates as well as the stock listing on NASDAQ First North Premier.

Based on the market value of GomSpace Group AB on NASDAQ First North Premier in Stockholm management assesses there is significant headroom between the recoverable amount and the carrying amount of the subsidiaries as at 31 December 2018.

Furthermore, management has prepared impairment tests for GomSpace A/S and GomSpace Sweden AB based on the discounted cash flow model reflecting the financial targets for the coming five-year period, market reports on future growth and technology trends. Management applies a five-year period to reflect the long-term approach to customers' purchasing decisions. Cash flows beyond the five-year period are extrapolate using an estimated growth rate of 2% (3%).

The impairment tests indicate that there is significant headroom between the recoverable amounts and the carrying amounts of the shares in subsidiaries as at 31 December 2018.

	GomSpace A/S 30899849 Aalborg, Denmark T.SEK	GomSpace Sweden AB 556643-0475 Uppsala, Sweden T.SEK	GomSpace Orbital ApS 38173561 Aalborg, Denmark T.SEK	Gomspace North America LLC S667083-2 Washington, USA T.SEK	Gomspace Asia Pte Ltd 201707094C Singapore T.SEK	GomSpace Luxembourg SARL 1008250/0 Luxenbourg T.SEK
Result	-82,177	-7,753	-1,460	165	116	-1,036
Equity	114,259	19,039	-2,883	2,605	1,480	-915
Proportion of shares	100%	100%	100%	100%	100%	100%
Booked value	245,846	45,056	65	1,105	2,142	115
Carrying amount of equity 2018	114,259	19,039	-2,883	2,605	1,480	-915
Carrying amount of equity 2017	59,201	15,792	-1,367	1,210	2,290	118
Carrying amount of equity 2016	35,487	8,360	-223	0	0	0
Carrying amount of equity 2015	13,765	0	0	0	0	0

14. Investment in associates

The Group has a 39% interest in Aerial & Maritime Ltd., domiciled in Mauritius. The purpose of the company is to develop and operate its own constellation of nanosatellites. Aerial & Maritime Ltd. is a private entity that is not listed on any public exchange. The Group's interest in Aerial & Maritime Ltd. in terms of accounting is to use the equity method in the consolidated financial statements. The following tables illustrates the summarized financial information of the Group's investment in Aerial & Maritime Ltd:

	Group		GomSpace Group AB	
	2018 T.SEK	2017 T.SEK	2018 T.SEK	2017 T.SEK
Cost at 1 January 2018	24,114	19,932	24,114	19,932
Additions	0	4,182	0	4,182
Cost at 31 December 2018	24,114	24,114	24,114	24,114
Value adjustments at 1 January 2018	17,778	16,791	0	0
Share of profit (loss)	-2,112	-1,859	0	0
Gain on partial disposal of the interests*	0	7,053	0	0
Eliminations**	-8,593	-538	0	0
Foreign exchange adjustments	3,412	-3,669	0	0
Value adjustments at 31 December 2018	10,485	17,778	0	0
Carrying amount at 31 December 2018	**34,599**	**41,892**	**24,114**	**24,114**

*The Group's gain on partial disposal of the interests.
In December 2017, two partners obtained a part of Aerial & Maritime Ltd. by increase of share capital, following this the Group's ownership was 39%. The Group recognized a gain of T.SEK 7,053 following the transaction with the two partners as deemed disposal. An amount of T.SEK 6,450 is recognized in the income statement and an amount of T.SEK 603 is recognized in other comprehensive income.
**Elimination of gain on contract work for the associated company.

	2018 T.SEK	2017 T.SEK
Aggregated financial information for associates:		
Current assets	21,720	55,436
Non-current assets	79,068	54,909
Current liabilities	1,197	13,855
Equity	**99,591**	**96,490**
Group's share in equity - 39% (2017: 39%)	38,847	37,638
Goodwill	8,562	7,857
Elimination of unrealized profits	-12,810	-3,603
Group's carrying amount of the investment	**34,599**	**41,892**
Administration costs	-6,174	-4,608
Interest	-334	-30
Loss before tax	-6,508	-4,638
Income tax expense	1,094	696
Loss for the year	**-5,414**	**-3,942**
Group's share of loss for the year	**-2,112**	**-1,859**
Loss for the year	-5,414	-3,942
Other comprehensive income	8,746	-7,349
Total comprehensive income	3,332	-11,291
Group's share of comprehensive income	**3,412**	**-3,066**
Aerial & Maritime Ltd.		
Domiciled in Mauritius		
Corporate ID:142963		
Proportion of shares	39%	39%
Fair value	173,759	159,445

The fair value of the associate was determined using the rate applied upon the capital increase received from external parties at the end of 2017. This is a level 2 measurement as per the fair value hierarchy set out in note 28.

Regarding the cooperation with Aerial & Maritime Ltd., a business plan has been entered between the owners. The Shareholder Agreement contains further requirements regarding financing. The Group has a limited commitment to invest additional cash for newly issued shares - this commitment only applies to the Company's pro-rata share of any project overrun. This commitment expires in November 2019.

15. Deferred tax

	Group		GomSpace Group AB	
	2018 T.SEK	2017 T.SEK	2018 T.SEK	2017 T.SEK
Deferred tax at 1 January	9,297	1,685	2,255	0
Deferred tax recognized in the income statement	2,816	7,524	1,265	2,255
Exchange rate adjustment	260	88	0	0
Deferred tax at 31 December	**12,373**	**9,297**	**3,520**	**2,255**
Deferred tax relates to:				
Intangible assets	-21,617	-12,160	0	0
Property, plant and equipment	5,899	497	0	0
Short-term assets	3,312	645	0	0
Short-term liabilities	3,628	66	0	0
Tax loss carry-forwards	21,151	20,249	3,520	2,255
	12,373	**9,297**	**3,520**	**2,255**
Deferred tax assets	12,373	9,297	3,520	2,255
Deferred tax, net	**12,373**	**9,297**	**3,520**	**2,255**

Unrecognized tax assets regarding tax losses carry-forward amount to T.SEK 21,220 for the Group and T.SEK 8,886 for GomSpace Group AB. It is uncertain whether the Swedish tax losses carry-forward can be used as it is unknown which profit the parent company can account for going forward.

Management assesses that the deferred tax asset can be utilized in 2-3 years based on expectations for the future. GomSpace's expectations for the next years are aiming to generate sales above T.SEK 1,500,000 in 2023, supported by the strong underlying market. GomSpace targets a gross margin exceeding 50 percent in the medium term.

16. Other non-current assets

Other non-current assets consist of lease deposits.

17. Inventories

	Group	
	2018 T.SEK	2017 T.SEK
Finished goods	0	543
Raw materials and consumables	27,082	9,220
Work in progress	2,968	0
	30,050	**9,763**

T.SEK 36,772 of inventories was recognized in cost of sales during 2018 (T.SEK 17,535 in 2017). Write-downs of inventories in 2018 amounted to T.SEK 365 (T.SEK 0 in 2017).

18. Contract work

	Group	
	2018 T.SEK	2017 T.SEK
Revenue from contract work	244,602	107,151
Less progress billings	-263,499	-122,881
Exchange rate adjustment	4	-424
	-18,893	**-16,154**
Recognized in the balance sheet as:		
Amounts due from customers for contract work	30,095	22,237
Amounts due to customers for contract work	-48,988	-38,391
	-18,893	**-16,154**

19. Trade receivables

Trade receivables, others	52,081	19,394
Trade receivables, associates	543	12,966
Write-downs	-813	-1,595
	51,811	**30,765**
Ageing of receivables		
Not due	3,908	3,366
0 - 30 days overdue	9,189	21,994
31 - 90 days overdue	29,853	3,708
>90 days overdue	8,861	1,697
	51,811	**30,765**
Movement in allowance for doubtful trade receivables		
Carrying amount at the beginning of the year	1,595	0
Allowances for losses during the year	1,042	1,595
Confirmed losses	-1,888	0
Exchange rate adjustment	65	0
	813	**1,595**

As at 31 December 2018, trade receivables at an amount of T.SEK 47,090 (T.SEK 25,804 in 2017) were past due but not impaired. Except from receivables at an amount of T.SEK 33,317 from Sky and Space Global, the remaining amounts relate to a number of independent customers where there is no recent history of non-payment. We have received payments of T.SEK 20,551 from Sky and Space Global in March 2019 related to the Critical Design Review. The outstanding amount of T.SEK 12,766 relates to Batch 1.

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

20. Tax receivable

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

21. Prepayments

	Group		GomSpace Group AB	
	2018 T.SEK	2017 T.SEK	2018 T.SEK	2017 T.SEK
Prepayments for inventories	4,719	0	0	0
Rental costs	397	0	0	0
Prepaid insurance	1,184	1,155	9	110
Prepayments to suppliers	271	0	0	0
Other prepayments	1,243	345	0	43
Total	**7,815**	**1,500**	**9**	**153**

22. Cash and cash equivalents

Of the total amount of cash and cash equivalents an amount of T.SEK 20,664 (T.SEK 11,397 in 2017) is deposited as security for projects in the subsidiaries GomSpace A/S and GomSpace Sweden AB. The amount is deposited in GomSpace Group AB and in GomSpace Sweden AB.

23. Share capital

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

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

Capital management

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

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

	2018 T.SEK	2017 T.SEK
Earnings per share, basic, SEK	-3.93	-2.09
Earnings per share, diluted, SEK	-3.93	-2.08
Number of outstanding shares basic, average	28,620	25,805
Number of outstanding shares diluted, average	28,620	25,896

24. Prepayments

	Group	
	2018 T.SEK	2017 T.SEK
Accrued income from grants received for development projects	13,100	7,244
Prepayments from customers	0	423
Accrued rental reduction	1,003	286
Total	**14,103**	**7,953**

25. Other liabilities

	Group		GomSpace Group AB	
	2018 T.SEK	2017 T.SEK	2018 T.SEK	2017 T.SEK
Accrued costs, including project related costs	20,238	14,910	15,003	0
Accrued holiday pay	21,075	10,984	144	111
Payroll liabilities	8,165	4,886	367	478
VAT	0	0	0	0
Contract work, loss	1,953	271	0	0
	51,431	**31,031**	**15,514**	**589**

26. Contractual commitment and contingent liabilities

	Group		GomSpace Group AB	
	2018 T.SEK	2017 T.SEK	2018 T.SEK	2017 T.SEK
Commitments				
Security for debt to credit institutions				
Security in company assets (floating charge)	44,723	42,995	0	0
Pledged bank account for the benefit of subsidiary	0	0	18,923	11,397
Total	**44,723**	**42,995**	**18,923**	**11,397**
Operating leases				
Operating lease commitments:*				
Due within 1 year	8,705	6,974	0	0
Due between 1 and 5 years	29,232	24,776	0	0
Due after 5 years	1,977	2,176	0	0
	39,914	**33,922**	**0**	**0**
Lease payments recognized as an expense amount to	8,553	5,646	0	0

*Lease commitments primarily relate to office rental.

The group leases properties and cars under operating leases. Tenancy agreement was entered with a leasing period of 5-10 years whereas the leasing period for cars is typically 3 years. The above amount only contains non-terminable operating lease payments.

Contingent liabilities				
Letter of support to subsidiary (equity in GomSpace Orbital ApS)*	0	0	2,883	1,367
Parent company guarantee	0	0	32,108	33,995
Total	**0**	**0**	**34,991**	**35,362**

* The parent company has given a letter of support to the subsidiary GomSpace Orbital ApS stating that it will support the company financially until the general meeting in 2020, if necessary.

There are no pending court and arbitration cases.

27. Financial risks

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

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

Until 1 January 2018, impairment was performed to cover losses, this was done based on an assessment of whether an objective indication had been made for the individual amount receivable or whether a portfolio had decreased in value. Objective indicators were based on historical experience on losses.

On 1 January 2018, the group implemented IFRS 9 which allows for an assessment of impairment needs regarding impairment of financial assets measured at amortized cost, including trade receivables and contract work, according to the simplified expected credit loss model. The model entails that the expected loss over the asset's useful life is recognized immediately in the income statement and monitored on an ongoing basis according to the group's risk management until realization. Impairment is computed based on expected loss rates which are stated individually, distributed by geographical location. Loss rates are computed on the basis of historical data. This data is based on expected loss over the total maturity of the amount receivable, corrected for estimates of the effect of expected changes in relevant parameters, for instance financial development, political risks etc. on the market in question.

The Group assesses the risks of losses on an ongoing basis and, if necessary, write-downs are made according to the Group's policies. Excess cash is placed with banks with ratings A or above. As of today, a material part of the Group's sales and revenue is generated from a few larger customers (mainly Sky and Space Global (UK) Ltd ("Sky and Space Global") and Aerial & Maritime Ltd.). There is a 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. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any deliveries to major customers are generally covered by letters of credit or other forms of credit insurance.

The Group's customers are both public and private enterprises. Total trade receivables amount to T.SEK 51,811 (T.SEK 30,765) as at 31 December 2018 of which 11% (25%) are public customers and 89% (75%) are industry customers.

An impairment analysis is performed at each reporting date. The management assesses credit risk in relation to the individual customer, taking into account whether they are public customers who are deemed to have a lower credit risk than industry customers. Except from the increased risks mentioned in note 2, the Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions. The Group's activities take place in the global market for nanosatellites and management does not distinguish between customers' geographical affiliations in the credit risk assessment. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 28.

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

- A change in foreign exchange rates of +/- 10% in the subsidiaries in DKK will have an effect in 2019 on other comprehensive income and equity before tax on T.SEK 17,870.
- A change in foreign exchange rates of +/- 10% in the associates in USD will have an effect on result and equity before tax on T.SEK 3,460.
- A change in foreign exchange rates of +/- 1% concerning assets and liabilities in DKK will have an effect on result and equity before tax on T.SEK 439.

27. Financial risks (continued)

- A change in foreign exchange rates of +/- 1% concerning assets and liabilities in EUR will have an effect on result and equity before tax on T.SEK 492.
- A change in foreign exchange rates of +/- 10% concerning assets and liabilities in USD will have an effect on result and equity before tax on T.SEK 64.

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

- A change in the interest of +/- 1% will have an effect in 2019 on result and equity before tax on T.SEK 24.

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

By constantly maintaining cash assets or unused credit facilities, the Group ensures it has sound payment capacity which reduces the liquidity risk. Payment capacity, i.e. cash from the capital increases and cash equivalents as well as unused credit facilities as at 31 December 2018 was T.SEK 276,987 (T.SEK 102,843 in 2017).

The Group's long-term financing consists of a loan from Vækstfonden under EU's InnovFin SMV Programme in 2015. The loan bears a floating rate, 6.3% and 7.4% p.a. as at 31 December 2018. The loan can be redeemed by the Group at par value at any time and is subject to change of control and transfer of assets clauses.

	0-1 year T.SEK	1-5 years T.SEK	>5 years T.SEK	Total T.SEK	Carrying amount T.SEK
GROUP					
31 December 2018					
Borrowings from credit institutions	10,792	23,968	4,446	39,206	32,108
Other non-current loans	1,332	3,021	0	4,353	4,080
Trade and other payables	66,821	0	0	66,821	66,821
	78,945	**26,989**	**4,446**	**110,380**	**103,009**
31 December 2017					
Borrowings from credit institutions	5,595	29,833	7,488	42,916	33,995
Trade and other payables	47,357	0	0	47,357	47,357
	52,952	**29,833**	**7,488**	**90,273**	**81,352**

Fair value of the loan from Vækstfonden is determined to be equal to its carrying amount (level 2 in the fair value hierarchy). Fair value of short-term liabilities is determined to equal their carrying amount.

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

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

28. Classification of financial assets and liabilities

	Financial instruments carried at fair value through profit or loss held for trading T.SEK	Loans and receiv-ables T.SEK	Other financial liabilities T.SEK	Total T.SEK	Carrying amount T.SEK	Fair Value Level 1 T.SEK
31 December 2018						
ASSETS						
Trade and other receivables	0	86,037	0	86,037	86,037	0
Marketable securities	0	0	0	0	0	0
Cash and cash equivalents	0	269,418	0	269,418	269,418	0
Total assets	**0**	**355,455**	**0**	**355,455**	**355,455**	**0**
LIABILITIES						
Credit institutions	0	0	23,403	23,403	23,403	0
Other non-current loans	0	0	2,890	2,890	2,890	0
Current portion of non-current liabilities	0	0	9,895	9,895	9,895	0
Trade payables	0	0	15,390	15,390	15,390	0
Other payables	0	0	51,431	51,431	51,431	0
Prepayments	0	0	63,091	63,091	63,091	0
Total liabilities	**0**	**0**	**166,100**	**166,100**	**166,100**	**0**
31 December 2017						
ASSETS						
Trade and other receivables	0	58,832	0	58,832	58,832	0
Marketable securities	9	0	0	9	0	9
Cash and cash equivalents	0	95,567	0	95,567	95,567	0
Total assets	**9**	**154,399**	**0**	**154,408**	**154,399**	**9**
LIABILITIES						
Credit institutions	0	0	33,995	33,995	33,995	0
Trade payables and other payables	0	0	47,357	47,357	47,357	0
Prepayments	0	0	46,344	46,344	46,344	0
Total liabilities	**0**	**0**	**127,696**	**127,696**	**127,696**	**0**

Fair value of credit institutions and other non-current loans are deemed to be equal to the total carrying amount, as these items based on market rate.

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 for the asset or liability which are not based on observable market data (non-observable inputs) (Level 3).

In 2018, no transfers between levels were made.

29. Changes in net working capital

	Group		GomSpace Group AB	
	2018 T.SEK	2017 T.SEK	2018 T.SEK	2017 T.SEK
Changes in inventories	-24,658	-5,497	0	0
Changes in trade receivables	-18,461	-16,832	-17,999	-11,238
Changes in other receivables	-6,780	6,012	126	1,610
Changes in trade and other payables	31,170	59,814	24,538	-2,596
	-18,729	**43,497**	**6,665**	**-12,224**

30. Result after tax from associates

Share of profit (loss)	-2,112	-1,859	0	0
Gain on partial disposal of the interests*	0	7,053	0	0
Eliminations**	-8,593	-538	0	0
Foreign exchange adjustments	3,412	-3,669	0	0
	-7,293	**987**	**0**	**0**

*The Group's gain on partial disposal of the interests.
**Elimination of gain on contract work for the associated company.

31. Non-cash items

Exchange rate adjustments	599	853	-2,308	1,294
Grants deducted in fixed assets	-5,320	-6,941	0	0
Partial elimination of contract work with associates	8,593	538	0	0
Share-based payments	6,663	6,142	6,663	6,142
Profit (loss) on fixed assets	-1	0	0	0
Total	**10,534**	**592**	**4,355**	**7,436**

32. Liabilities from financing of debt activities

			Non-cash alterations		
	At the beginning of the year T.SEK	Cash flow T.SEK	Acquisition T.SEK	Exchange adjustment T.SEK	At the end of the year T.SEK
31 December 2018					
GOMSPACE GROUP AB					
Total liabilities from financing of debt activities	0	0	0	0	0
GROUP					
Long-term debt	29,201	-4,081	0	1,173	26,293
Short-term debt	4,794	4,908	0	193	9,895
Total liabilities from financing of debt activities	**33,995**	**827**	**0**	**1,366**	**36,188**
31 December 2017					
GOMSPACE GROUP AB					
Total liabilities from financing of debt activities	0	0	0	0	0
GROUP					
Long-term debt	7,713	21,176	0	-312	29,201
Short-term debt	5,752	-1,079	0	-121	4,794
Total liabilities from financing of debt activities	**13,465**	**20,097**	**0**	**-433**	**33,995**

33. Government grants

Group
During 2018, the Group received T.SEK 9,366 in public grants for development purposes (2017: T.SEK 8,173). Hereof T.SEK 0 (2017: T.SEK 1,018) were recognized in the income statement and T.SEK 9,366 (2017: T.SEK 7,155) are set off against the cost of the assets to which the grants relate. Of the amount, set off against the costs of assets T.SEK 5,821 (2017: T.SEK 4,182) are presented as prepayments.

34. Related parties

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

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

Group
The Group had expenses for office rental, accounting and legal assistance and interest on loans to shareholders (with significant influence over the company) at a total amount of T.SEK 553 (T.SEK 3,745 in 2017), apart from management costs in note 5.

The Group has sale of goods and services to associates at a total amount of T.SEK 29,645 (T.SEK 10,797 in 2017). Receivables to associates amount to T.SEK 543 as at 31 December 2018 (T.SEK 12,966 as at 31 December 2017).

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

	2018 T.SEK	2017 T.SEK
Transactions with subsidiaries		
Sale of goods and services	24,548	21,095
Purchase of goods and services	20,668	17,829
Receivables on the balance sheet date	29,212	11,523
Liability on the balance sheet date	10,382	111
Transactions with associates		
Sale of goods and services	345	387
Receivables on the balance sheet date	421	111

35. Events after the balance sheet date

Subsequent to the balance sheet date, we received payment of T.SEK 20,551 for the Critical Design Review from our customer Sky and Space Global.

36. Proposed distribution of profit (loss)

GomSpace Group AB
The Board of Directors recommends the following distribution of profit (loss) for the year (SEK):

	2018	2017
Share premium	578,362,832	219,621,851
Retained earnings	4,325,597	-225,126
Profit (loss) for the year	-5,703,305	-2,112,753
	576,985,124	**221,509,478**
Carried forward	576,985,124	221,509,478
	576,985,124	**221,509,478**

37. New accounting standards

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt the new and amended standard and interpretations, if applicable, when it becomes effective.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16
The group plans to implement IFRS 16 by applying the modified retrospective transition method, subsequent to which the transition is recognized in the opening equity capital as at 1 January 2019 without adjustment of comparative figures.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

During 2018, the Group has performed a detailed impact assessment of IFRS 16. In summary the impact of IFRS 16 adoption is expected to be, as follows:

	T.SEK
Impact on the statement of financial position (increase/(decrease)) as at 31 December 2018:	
ASSETS	
Property, plant and equipment	52,500
LEASE LIABILITIES	
Lease liabilities	52,500
Net impact on equity	**0**
Impact on the statement of profit or loss for 2019:	
Operating lease expense	-9,200
Depreciation expense	8,500
Impact on operating profit / EBIT	700
Finance costs leases / interests	-1,300
Income tax expense	100
Profit (loss) for the year	**-500**

Due to the adoption of IFRS 16, GomSpace Group's operating profit will improve by T.SEK 700, while its interest expense will increase by T.SEK 1,300. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.

MANAGEMENT'S STATEMENT

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

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

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

The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position will be submitted to the Annual General Meeting on 26 April 2019 for adoption.

Stockholm, 29 March 2019

Executive Board and Board of Directors

Niels Buus
CEO

Jukka Pekka Pertola
Chairman

Niels Jesper Jespersen Jensen

Steen Lorenz Johan Hansen

Our audit report was submitted on 29 March 2019

Ernst & Young AB

Martin Henriksson
Authorized Public Accountant,
Auditor-in-charge

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of GomSpace Group AB for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 10-67 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 1-9 and pages page 70 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures respon sive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual ac counts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of GomSpace Group AB for the year 2018 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Malmö, 29 March 2019

Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

Financial Calendar

Annual general meeting	26 April 2019
Interim report, January - March 2019	31 May 2019

COMPANY INFORMATION
GomSpace Group AB
Ulls Väg 29A
SE-756 51 Uppsala

Org.nr.	559026-1888
Municipality of reg. office	Stockholm
Telephone	+45 71 741 741
Website	www.gomspace.com
E-mail	info@gomspace.com

Subsidiaries

GomSpace A/S, 100%
Langagervej 6
9220 Aalborg East
Denmark

GomSpace Orbital ApS, 100%
Langagervej 6
9220 Aalborg East
Denmark

GomSpace Sweden AB, 100%
Ulls Väg 29A
756 51 Uppsala
Sweden

GomSpace North America LLC, 100%
7295 Jones Branch Drive, Suite 2100
McLean, VA 22102
USA

GomSpace ASIA Pte Ltd, 100%
60 Paya Lebar Road #10-26
Paya Lebar Square
Singapore 409051
Singapore

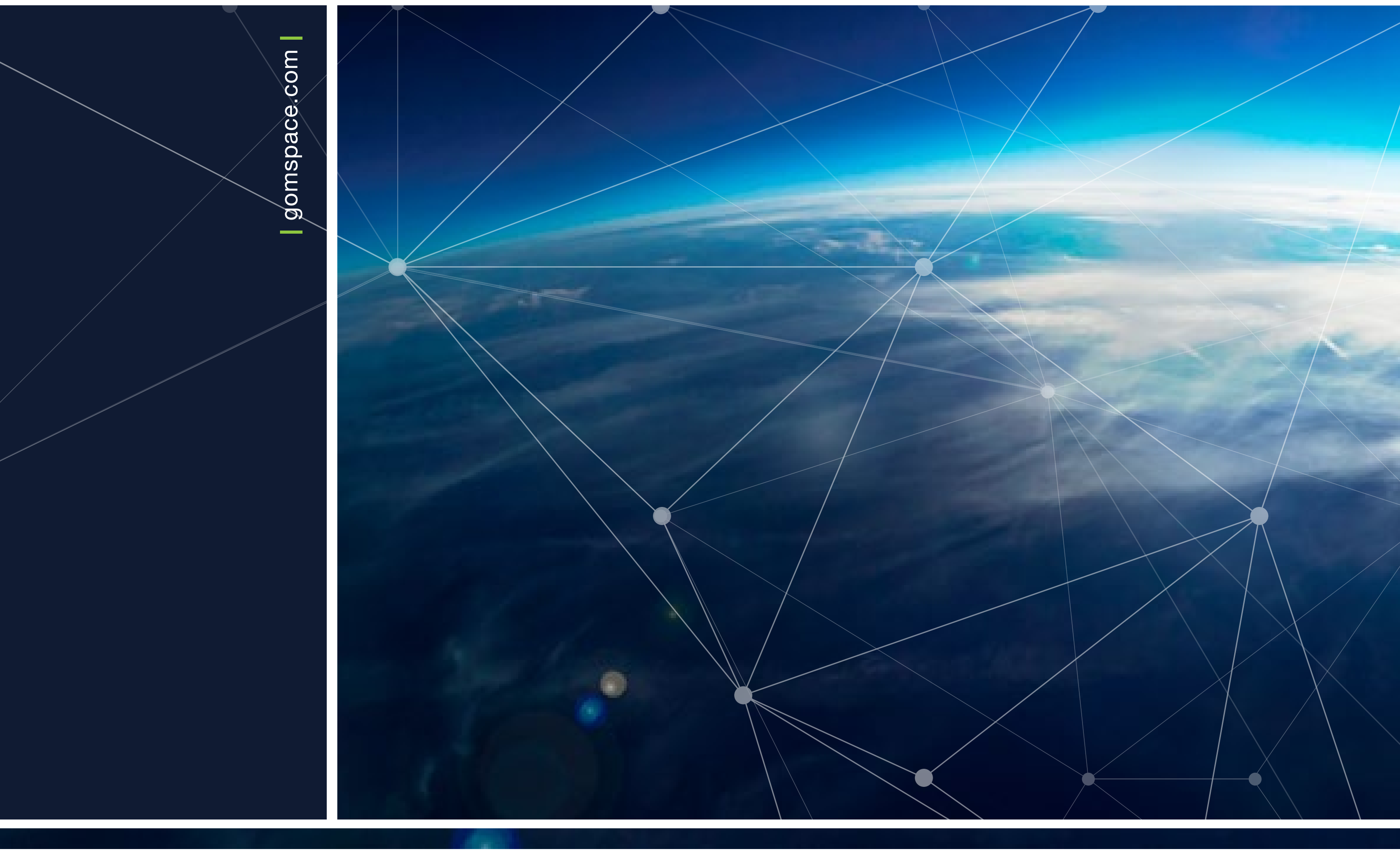
GomSpace Luxembourg S.A.R.L., 100%
9, avenue des Hauts-Fourneaux
L-4362 Esch-sur-Alzette
Luxembourg

AUDITORS
Ernst & Young AB

CERTIFIED ADVISOR
FNCA Sweden AB

Telephone	+46(0)8-528 00 399
E-mail	info@fnca.se


DELIVERING THE FUTURE



GomSpace Group AB | Ulls Väg 29A | SE-756 51 Uppsala | Sweden | T: +45 71 741 741 | info@gomspace.com