

ANNUAL REPORT 2021



GOMSPACE

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Comments from

Niels Buus

CEO



The beginning of 2021 started with a high order intake from both existing and new customers. Third-quarter decreased compared to 2020, but still offered exciting new orders, dominated by the commercial business area. Fourth-quarter offered an impressive order intake, and we finalized the year with a robust and diversified backlog of M.SEK 540.

During the year, we have given ourselves many positive challenges. As a result, we are well-positioned to continue our efforts to grow the company with advanced nano- and microsatellites to customers, with increasing demands for functionality, quality, and reliability. Because of that, we continuously focused on ramping up our organization internationally. But ramping up simultaneously as well as focusing on efficiency is a complex task. We have prioritized getting a job done right, higher than a shortsighted revenue boost. Therefore, we had to adjust our expectations to revenue during the year and reached M.SEK 214.

We improved EBIT for the year with a lower gross margin than last year. We have also increased our activity level with stable sales, general, and administration costs.

Cash flow for the year was negative M.SEK 40. Cash was affected by the increased investment level, but still, we had positive cash from operating activities. With this, we concluded the second consecutive year with positive cash flow from operating activities. Also, even though the year started with a headwind due to the global shortage of components, we managed to improve our profitability by initiating actions to change the production mix to compensate for that.

During the first half of 2022, we will communicate medium and long-term strategies based on a five-year horizon. The strategy has two steps. First, we will increase standard product content in our deliveries and become a European Nanosatellite manufacturer champion. Second, we will expand

our deliveries to include data and services and become a Global satellite-as-a-service champion.

2021 has proven to be the year of increased focus on missions related to climate and sustainability. At GomSpace, we are very proud to be part of all these missions and contribute to and support the development and the use of space technology within this area. An example of this is the SCOUT-1 mission by European Space Agency (ESA). The mission will be the first of its kind, and our space technology will play an important role in collecting data in the tropical upper troposphere and stratosphere. The objective is to observe and analyze gases, which play a key role in the greenhouse effect and climate change.

As announced in the third quarter, GomSpace will also deliver the platform to SpaceAble's mission to enhance the sustainability of low earth orbit (LEO). The mission focuses on reducing debris, which significantly enhances our understanding of space weather effects to provide a full spectrum and interoperable space situational awareness solution that the whole LEO market needs.

In the future, we will continue to focus on reaching GomSpace's full operating and financial potential. The dedication from our employees has been essential for us to get far, and with our continually expanding team, we are well-positioned to reach our 2022 goals which the directed share issue has also supported in March 2022.

Market outlook

2021 expectation and realised financials

We reached our full-year guidance for 2021 of M.SEK 210-235 announced in the Annual Report 2020 with full-year revenue of M.SEK 214. During the Second Quarter of 2021, we increased the revenue guidance to M.SEK 245-270 due to high order intake than expected. We lowered the revenue guidance to M.SEK 215-235 in the third quarter due to the continued challenge in the supply

of electronic components and a slower increase than expected in the on-boarding of employees. However, we successfully recruited highly-skilled engineers.

2022 expectations and assumptions

We expect continued revenue growth, and we expect to generate M.SEK 264-292 in revenue, i.e., a growth of 30%. We expect the operating (EBIT) margin to be better than -15%. Several sizeable non-recurrent engineering projects with a lower gross margin and increased R&D activities impact profitability negatively. However, the increased R&D investment level will facilitate us to reuse our standard platform to a higher degree and improve our profitability. We continuously focus on decreasing non-recurrent engineering and strive to reach GomSpace's full operating and financial potential with a higher degree of product content in our revenue stream.

Our working assumptions depend on recruiting highly skilled employees primarily in the Technology department and easing the challenge with the shortage of electronic components.

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

Niels Buus, CEO

Gomspace at a Glance

Mission

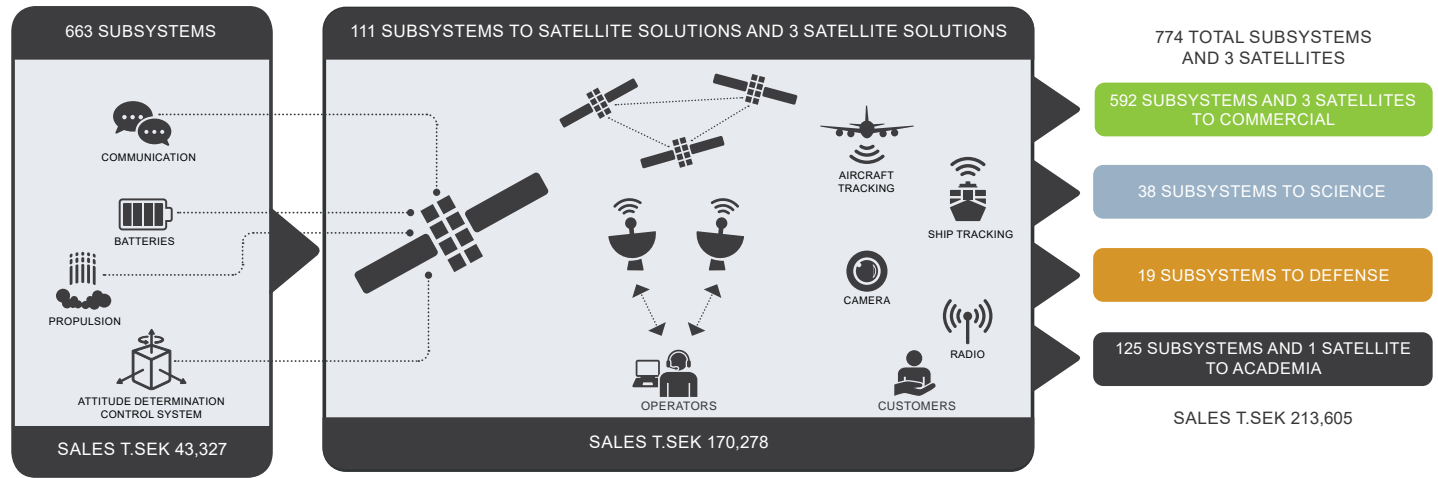
We help teams across the globe achieve their goals in space

Vision

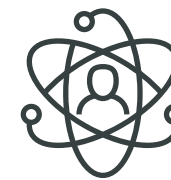
To make nanosatellites the preferred choice for customers who have demands for professional mission critical radio-based surveillance and communications solutions

Core strategy

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



181 employees

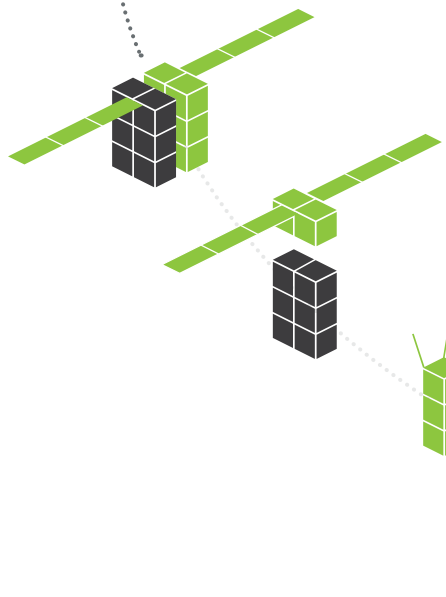
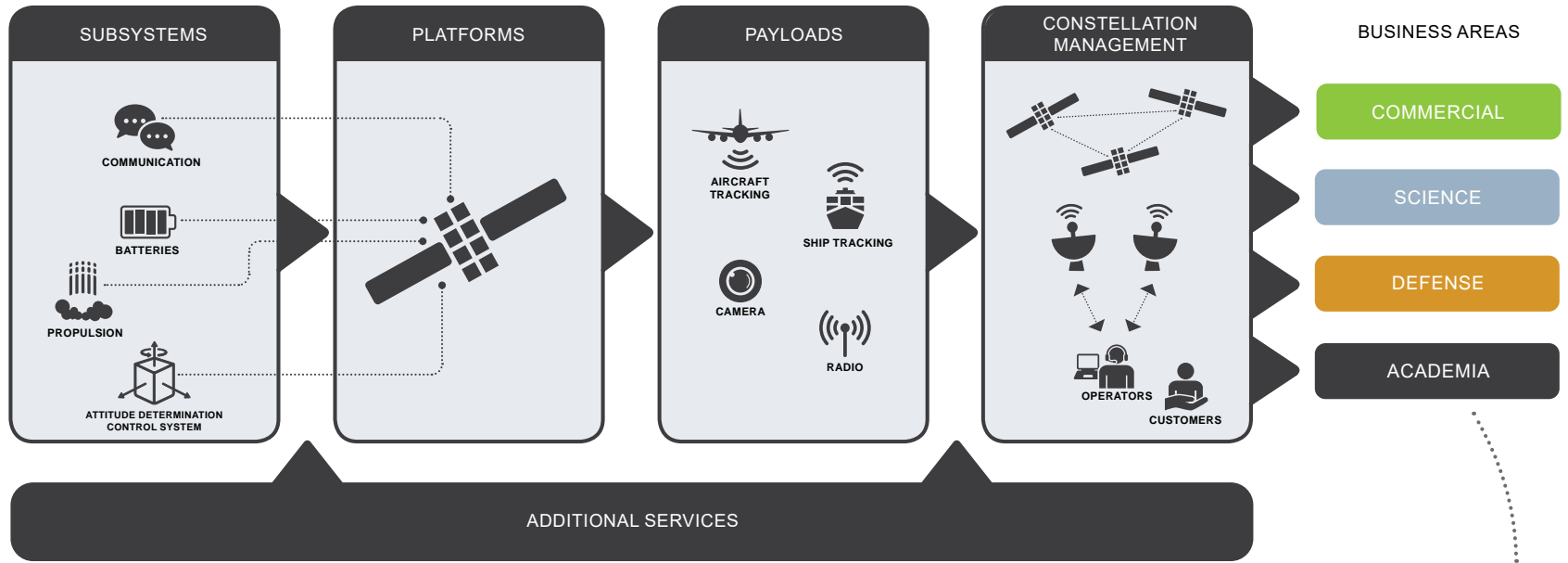


41,356 development hours



137,329 hours to cost of goods sold

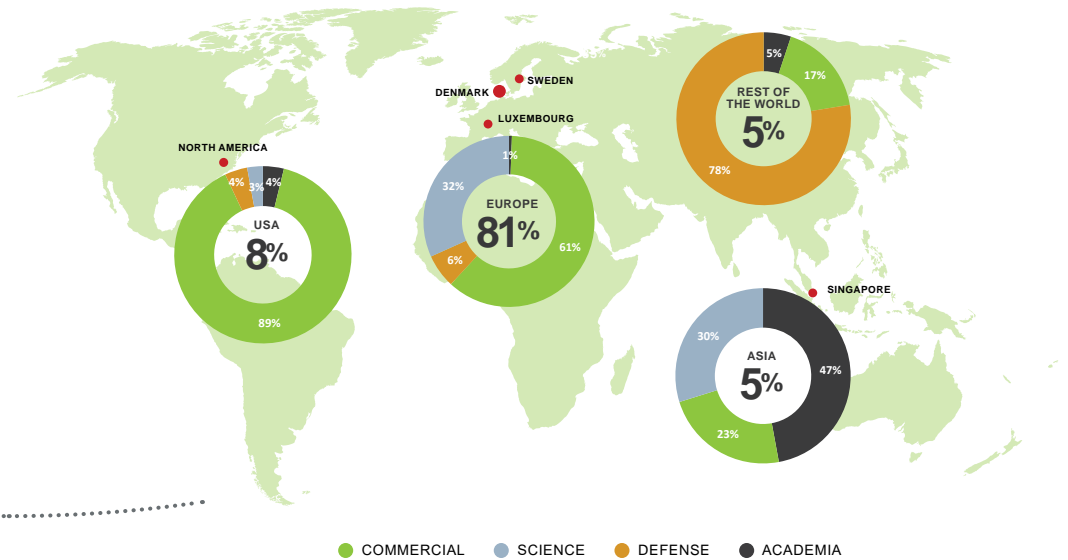
Business Model



DEVELOPMENT

SALES BY GEOGRAPHY

● HEADQUARTER ● SUBSIDIARY



● COMMERCIAL ● SCIENCE ● DEFENSE ● ACADEMIA

Market Development

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

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

This development makes it possible for humans to exploit the Low Earth Orbit (LEO) of space in our daily life to a much larger degree than previously.

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

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

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

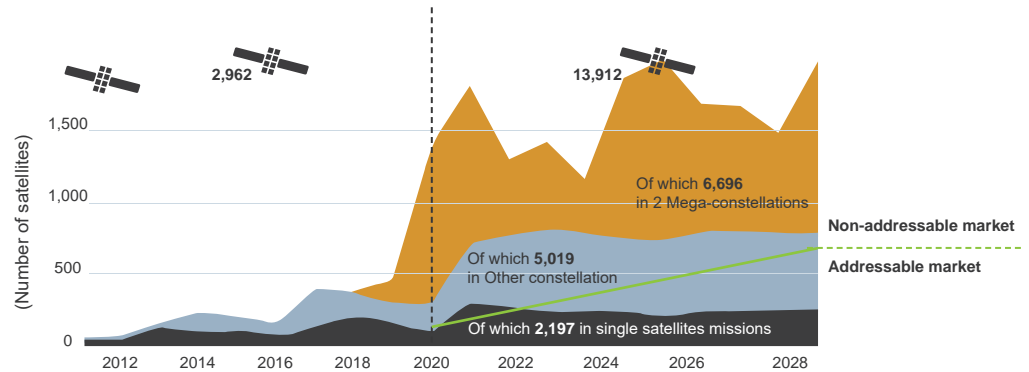
- In communications, LEO has an advantage over Geostationary satellites because they have less time delay (latency). Therefore, they can be used for browsing on the internet and for streaming video with high quality of service. The initiative from SpaceX with the Starlink constellation in LEO is threatening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

communication to internet streaming.

- In positioning and identification, there is a rapidly growing demand for tracking many different types of assets. Ships at the high sea have been one of the early drivers for satellite communications. The demand for airline traffic is expected to grow substantially in the next decade. The loss of aeroplanes over the high sea without finding them has started that development. The need to optimise airline traffic in the future is expected to drive the demand for full global Air Traffic Management (ATM), a communications and command and control system that can track and provide communications channels. In the future, tracking of driverless cars and the control of drones is expected to fuel the demand substantially.
- The trend of connecting devices and fixed installations to monitor status and control of function, Internet of Things, is also expected to cause increased demand over the next decade. The demand is driven by manufacturers' need to rethink their businesses from pure product delivery to providing lifetime services. Satellite solutions are perfect for very remote areas. Still, they are also essential in civic areas in many places globally because the service providers and their customers can be subject to unstable governments that cause unstable communication infrastructure.
- Governments worldwide are increasingly turning to Space technology to increase their Homeland Security. Either by detecting unwanted traffic by detecting radio signals or remote sensing using a camera. It can also be systems proving secured communications for national authorities.
- Exploration of the universe has typically been in the domain of (inter)national space agencies with big-ticket missions (James Webb telescope budget approximately \$10B). With nanosatellites maturing, agencies are starting to leverage these for innovative exploration missions relying on an increasing number of small satellites - a market opportunity in itself - and a stepping stone towards the beyond Earth economy.

- While the potential market for future nanosatellites is huge, GomSpace's currently addressable market consists of the customers who acquire satellites from satellite manufacturers. The addressable market for GomSpace is identified in the figure of the addressable market for nanosatellites.

Addressable market for nanosatellites graph (Euroconsult)

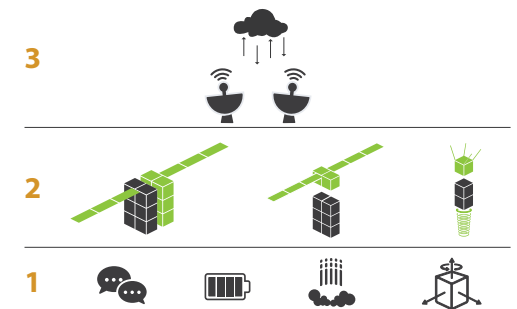


Technology and product development

Our technology and product development objectives aim to the market opportunities for nanosatellites that the New Space Economy is driving.

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

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



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

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

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

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

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

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

We provide standardised platform configurations in the Cubesat range from 3U to 16U (4 to 22kg) (U= Unit of 10x10x10 cm) and offer small micro-satellites (around 40kg). This range targets both the range of innovative new missions and services and can support mega-constellations for global communication services.

Based on the standard configuration, we work closely with our customers to implement value-added activities around payload and software engineering to make their mission differentiate above the current state-of-the-art in the market.

Although the satellite capabilities increase with size, they do, in principle, consist of the same subsystems. Therefore, each subsystem is planned in a development program. Each of them can span from the smallest to the largest nanosatellite configuration, with the largest possible amount of repetition. The aim is thereby to be able to configure a solution to each customer order with the largest possible content of standard products – with series manufacturing of subsystems generating economy of scale to drive margin.

The Constellation management software is created to efficiently manage a total constellation of satellites. The software system can monitor the satellites to ensure that all the parameters are correct. The system is automated to predict future problems and either give warnings or automatically make corrections. The system also supports the nanosatellites' data transfer to the customer's IT systems running end-user services.

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

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

More than 90% of future small satellites projected to launch in the coming decade will feature payloads based on radio technology. This includes applications in communication, IoT, tracking, radio intelligence, positioning and timing, and synthetic aperture radar.

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

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

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

- Technology programs with the European Space agency, whom is investing in developing new technology in the European space industry, in its quest to explore space. This is very attractive because it is some very challenging projects we are participating in. It is, however, technology development and not product development.
- Our investment in new products and capabilities. This is where we can focus on a much more efficient way to make products produced efficiently in series and introduce new capabilities in our satellite platforms.
- Improving our capability maturity when performing non-recurring engineering activities in customer projects by being more proactive, efficient and productive.

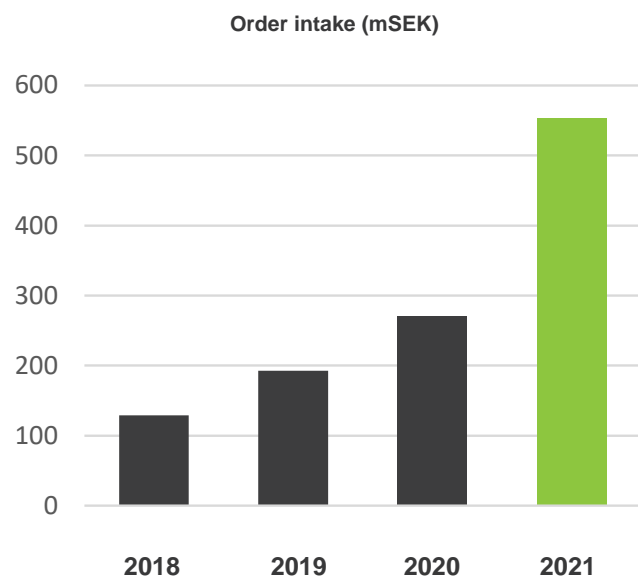
With the technology and development program, it is our aim to:

- Expand our product content in our projects, whereby we can increase our margins
- Expand the performance enveloped for our platforms and radio technology to address a larger market opportunity.
- Increase our quality and reliability so that the nanosatellite business can use the insurance products as in the established space business.

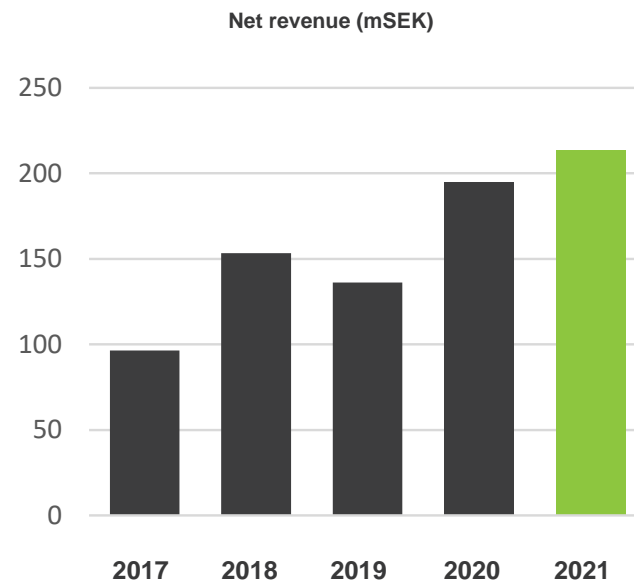
As soon as the nanosatellite business has reached that point, it can challenge the larger players in the satellite platform and solution market.

We are well underway in GomSpace with that quest.

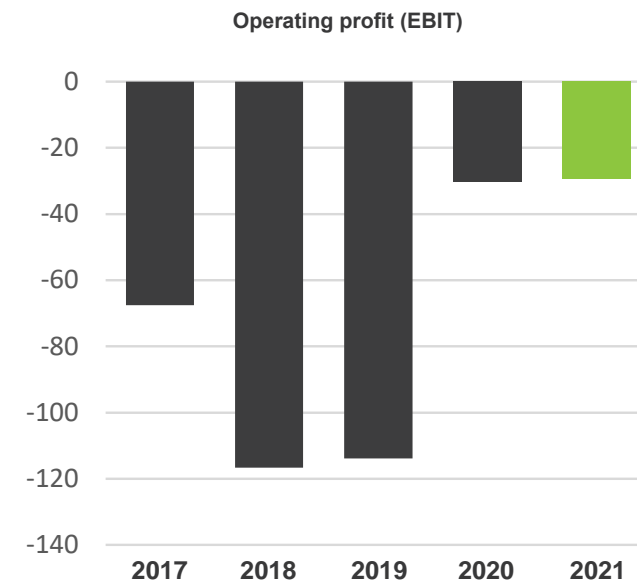
Key results 2021



Order intake increased 104% to SEK 553.0m



Net revenue increased 10% to SEK 213.6m



Operating loss (EBIT) improved 2% to SEK 29.5m

Environmental, Social and Governance Figures

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

Section	Unit	2021	2020	2019	2018	2017
Environmental						
CO ₂ scope 1*	ton CO ₂ e	1.90	5.27	154.91	154.07	141.72
CO ₂ scope 2**	ton CO ₂ e	153.64	170.30	259.33	93.08	397.14
Renewable energy share***	%	17%	17%	21%	25%	15%
Water consumption	m ³	198	1100	638.75	1085.92	2601.00
Social						
Workforce FTEs		155.3	133.5	168.4	198.9	119.4
Gender diversity, overall	% female	16%	16%	19%	22%	21%
Gender diversity, management	% female	0%	0%	0%	0%	0%
Gender pay ratio****	female & male	1.54	1.24	1.37	1.38	1.36
Employee turnover rate	%	12%	12%	30%	9%	4%
Sickness absence	days per FTE	5.80	5.16	4.00	3.62	3.41
Customer retention rate	%	83%	65%	76%	89%	59%
Governance						
Gender diversity, board	%	0%	0%	0%	20%	20%
Board meeting attendance rate	%	98%	98%	96%	98%	97%
CEO pay ratio****	multiple	4.68	5.31	4.66	6.06	4.35

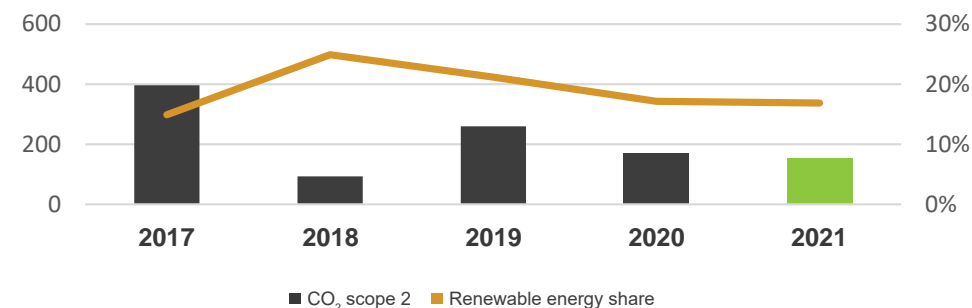
* Other fuels are used on-site for combustion, but their emissions are immaterial. CO₂e for 2020 was downwardly adjusted due to a clerical error that was corrected in a vehicle's kilometres travelled.

** CO₂e for the years 2017 to 2020 was upwardly adjusted due to clerical errors in the conversion from cubic metres to kWh that was corrected.

*** Renewable energy share for the years 2017 to 2020 was upwardly adjusted because these years did not include the renewable energy share of Sweden and Luxembourg.

**** Pay ratios for the years 2017-2020 were upwardly adjusted because these years did not include basic salaries paid out as pension costs.

Definition of ESG figures are defined on page 69.



General

This table presents GomSpace Group's ESG indicators for 2017 to 2021. They are calculated based on the Center for ESG Research's Integrated Ratio Guideline. All calculations are based on the available data provided by all GomSpace entities and aggregated on the Group level. The covered entities are GomSpace Group AB, GomSpace A/S (Denmark), GomSpace Sweden, GomSpace Luxembourg, GomSpace North America, and GomSpace Asia (Singapore). Factors such as scopes 1 and 2 are not calculated for offices where a small space of a larger office is rented. GomSpace has not developed ESG targets. Therefore, the figures presented here are purely meant as information.

Environmental

The environmental factors cover scope 1, scope 2, percentage of renewable energy purchased, and water consumption. Scope 1 emissions are calculated based on the GHG Protocol and the UK Government GHG Conversion Factors for Company Reporting. Scope 2 emissions are calculated using the 2021 IEA Emissions factors. The reported data are from GomSpace A/S in Denmark, GomSpace Sweden, and GomSpace Luxembourg. The remaining entities work out of shared office spaces, and thus, the office owner reports the environmental consumption. However, Sweden and Luxembourg use solely renewable energy. For scope 1, fuels include Perfluorocyclobutane (PFC-318) and Sulphur hexafluoride (SF₆), as well as vehicle-related emissions. Other fuels are combusted on-site, but these do not have global warming potential per the GHG Protocol. Therefore, they are considered immaterial. In 2017,

GomSpace A/S moved to new facilities and paid double rent for part of the year. This gives the high usage of water and electricity. In 2019, GomSpace A/S started using new test equipment with very high electricity usage. In 2020 and 2021, fuels such as Perfluorocyclobutane (PFC-318) and Sulphur hexafluoride (SF₆) were not combusted, leading to a sharp decrease in scope 1 emissions. In 2020 and 2021, water usage decreased dramatically due to the ongoing Covid 19 pandemic, as most staff worked from home. A burst water pipe in 2020 partially offset the water savings in 2020.

Social

GomSpace's activities have increased during the past five years, and there was also an increase in the FTE workforce. In 2020, the FTE workforce decreased because of the overcapacity in 2019. This is also illustrated in the decreased employee turnover from 2019 to 2020. The turnover rate has remained stable in 2021. In GomSpace, The share of women has declined from 21% in 2017 to 16% in 2021. In general, engineering and the space industry is dominated by men. GomSpace does not have women within the management group, and women are mainly employed in the manufacturing department. An increase in the gender pay ratio can be explained by increased remuneration among the management group.

Governance

All members of the board of directors are males. CEO salary decreased 14% from 2020 to 2021, while median staff salary has decreased by 3%. CEO pay ratio has averaged a factor of 5 for the period 2017 to 2021.

Investment inspiration

Our introduction to investing in the space market

The Space markets

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

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

The commercial solutions developed in the NewSpace era are so competitive that they disrupt the space market. The technical capabilities are continuously being developed, and the prices are going down dramatically.

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

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

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

Value proposition

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

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

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

For applications that will require larger payloads, optical systems of large antennas, we will also increase the size of the satellites into micro-satellites based on our nanosatellite technology.

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

Future development

To make sure that we will be among the ultimate winners in the nanosatellite segment of the market, we have developed a new 5-year growth plan.

The first part of the plan will focus on changing GomSpace from technology-driven to more product-driven to increase reliability, scalability, and earnings potential.

Then we will initiate industrial production of constellations. To secure the opportunities for that, it will be necessary to establish new subsidiaries in European countries to advance our region's technological and economic space environment.

To capture business from an even higher addressable market, we will aim to provide easy access to space with low barriers to entry for our customers on a service level basis. Initially, access to space infrastructure on a service basis is the target. Still, we expect the service level value chain to develop as the constellation infrastructures mature.

We will be focusing on reinforcing our position by utilizing the opportunities by entering the strong Space countries and then increasing the activities in the US and global market from there.

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

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

Administration report

The Board of Directors and Chief Executive Officer of GomSpace Group AB (publ), corporate ID no. 559026-1888, with registered office in Uppsala, Sweden, present the parent's annual accounts company and group consolidated accounts for the financial year 2021. The numerical information in brackets in these annual accounts is comparative figures with the financial year 2021 or the reporting date of 31 December 2021.

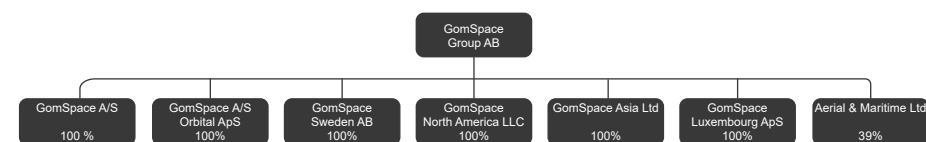
Ownership

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.

5-year overview

T.SEK	2021	2020	2019	2018*)	2017*)**)
The Group					
Key figures					
Net revenue	213,605	194,576	136,263	153,384	96,405
Gross profit	49,016	47,646	17,994	38,549	26,884
Operating profit (EBIT)	-29,524	-30,261	-113,856	-116,601	-67,610
Share of profit from associates	0	-9,029	-25,967	-2,112	4,591
Net financial items	-1,667	-8,369	-6,708	-4,098	-3,496
Profit/loss before tax	-31,191	-47,659	-146,531	-122,811	-66,515
Investments in intangible assets	24,511	14,757	14,998	61,444	38,908
Investments in PPE	1,962	900	6,953	25,348	18,500
Total assets	395,800	403,048	436,753	608,542	313,069
Equity	224,890	247,421	295,682	441,843	185,315
Total liabilities	170,910	155,627	141,071	166,699	127,754
Cash flow from operating activities	3,201	43,444	-92,627	-102,567	-8,406
Cash flow from investing activities	-25,806	-16,662	-32,678	-81,804	-79,940
Cash flow from financing activities	-16,932	-10,006	-16,518	357,163	110,018
Cash and cash equivalents	83,516	133,608	106,227	248,754	84,170
Net working capital	6,727	10,929	-20,522	6,010	23,606

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).



Information concerning operations

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

T.SEK	2021	2020	2019	2018*)	2017*)**)
Ratios					
Gross margin (%)	23 %	24%	13%	25%	28%
Operating (EBIT) margin (%)	-14%	-16%	-84%	-76%	-70%
Net margin (%)	-13%	-22%	-111%	-73%	-56%
Return on invested capital (%)	-7%	-11%	-35%	-18%	-17%
Return on equity (%)	-12%	-16%	-41%	-36%	-33%
Equity ratio (%)	57%	61%	68%	73%	59%
Earnings per share, basic, SEK	-0.52	-0.83	-2.90	-3.93	-2.09
Earnings per share, diluted, SEK	-0.52	-0.83	-2.90	-3.93	-2.08
Average number of employees	155	133	168	199	119
Number of outstanding shares, average	52,274,803	52,274,803	52,274,803	28,620,451	25,805,411
Number of outstanding shares as at 31 December	52,274,803	52,274,803	52,274,803	52,274,803	26,257,334

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

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

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

T.SEK	2021	2020	2019	2018	2017
The parent company					
Net revenue	27,494	25,841	25,676	24,893	21,482
Operating profit (EBIT)	-4,840	-6,537	-7,662	-6,570	-6,367
Share of profit from associates	0	-11,672	-12,442	0	0
Net financial items	3,015	1,587	2,121	-398	1,999
Profit/loss for the year	-24,473	-47,687	-21,503	-5,703	-2,112
Total assets	491,507	515,111	562,502	606,710	224,875
Equity	489,541	513,924	561,118	580,646	223,349
Total liabilities	1,966	1,187	1,384	26,064	1,526
Operating (EBIT) margin (%)	-18%	-25%	-30%	-26%	-30%
Net margin (%)	-89%	-185%	-84%	-23%	-10%
Return on invested capital (%)	-5%	-9%	-4%	-1%	-1%
Return on equity (%)	-5%	-9%	-5%	-1%	-1%
Equity ratio (%)	100%	100%	100%	96%	99%
Earnings per share, basic, SEK	-0.47	-0.91	-0.41	-0.11	-0.08
Earnings per share, diluted, SEK	-0.47	-0.91	-0.41	-0.11	-0.08

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



Financial Review

Financial Review 16

Financial Review

T.SEK	Business areas				Total
	Academia	Commercial	Defense	Science	
Order backlog 1 January 2020	1,228	63,990	1,025	86,497	152,740
Currency adjustment and reclassification of orders	-3,109	5,409	-2,850	-8,832	-9,382
Order intake	18,463	48,713	36,452	167,075	270,703
Cancelled orders	-533	-9,237	0	-134	-9,904
Converted to revenue	-13,720	-78,118	-9,069	-93,669	-194,576
Order backlog 31 December 2020	2,329	30,757	25,558	150,937	209,581
Currency adjustment and reclassification of orders	-81	2,724	3,290	-8,626	-2,693
Order intake	9,899	274,476	15,514	253,069	552,959
Cancelled orders	0	-1,818	-3,453	-1,005	-6,276
Converted to revenue	-6,934	-127,028	-20,689	-58,954	-213,605
Order backlog 31 December 2021	5,213	179,111	20,220	335,421	539,965

Order intake 2021 split per business area



● SCIENCE: 46% ● DEFENCE: 3%
● ACADEMIA: 2% ● COMMERCIAL: 49%

Order intake 2020 split per business area



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

Order intake and backlog

Order intake increased 104% to T.SEK 552,959 (270,703). In the Science business area, we have signed contracts with the European Space Agency (ESA) at a total of T.SEK 257,198. Hereof, T.SEK 244,724 is regarding the ESA SCOUT-1 mission for climate observation (CubeMAP). Within this contract, the subcontractor's work consists of T.SEK 176,147.

In the Commercial business area, we have signed contracts with Indra Sistemas S.A. at T.SEK 146,939, Spaceable at T.SEK 20,869, UnseenLabs at T.SEK 12,751, and a large product sale order of T.SEK 5,835 to Politecnico de Milano.

In the Defense business area, we have signed a contract with the Columbian Air Force of T.SEK 5,723.

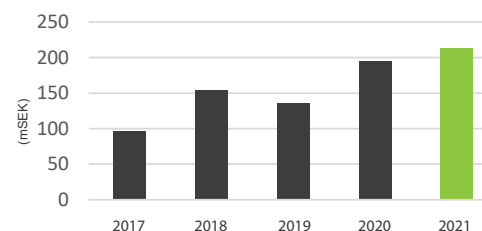
Backlog orders in the Science business area constitute 62% (72%), but during the year, the Commercial business area with high margin projects has increased to 33% (15%) of the total order backlog.

Our order backlog mainly consists of large project orders with several years of delivery. Projects take longer to convert to revenue than our product orders that we transform into revenue within a short time.

Revenue and operating profit (EBIT)

Revenue in 2021 increased 10% to T.SEK 213,605 (194,576). Satellite solutions' sales increased 13% to T.SEK 170,278 (150,896), and the sales of platforms, payloads, and subsystems decreased 1% to T.SEK 43,327 (43,680). The increase in satellite solution sales leads to an increased workforce within Technology to meet the higher activity level. In 2021, the satellite solution sales were negatively affected by the rework and re-estimation of specific projects.

Net revenue



The Delivery of platforms, payloads, and sub-systems was challenging due to difficulties in the supply chain, causing a temporary delay in components. The supply chain issue has caused inefficiency but was mitigated by focusing on hardware production into satellite solution projects.

In 2021, we had relatively more revenue from non-recurrent engineering rather than recurrent engineering, resulting in a lower gross margin for the year. We aim to shift the revenue mix to contain more recurrent engineering. Therefore, we continuously focus on decreasing non-recurrent engineering and strive to reach a higher degree of standard product content in our revenue stream.

The gross margin was 23% (24%) affected by high progress on low-margin projects. The largest customer was the European Space Agency (ESA), with a revenue share of 25% (40%) in 2021. Indra Sistemas S.A. had a revenue share of 23% (0%) in 2021.

Revenue related to new customers represented 27% (17%) of revenue in 2021.

Operating profit (EBIT) improved 2% to a negative T.SEK 29,524 (negative T.SEK 30,261) even though the gross margin decreased. In 2021, we increased the activity level in operations with stable Sales, General and Administration costs.

Share of profit from associates

In December 2021, Aerial & Maritime Ltd. buy-back shares from its shareholders. The Group has sold back shares of T.SEK 24,044 but for a value of T.SEK 0 because the Group has waived its right to dividends in the settlement agreement from December 2020. After this transaction, the Group has still ownership of 39%.

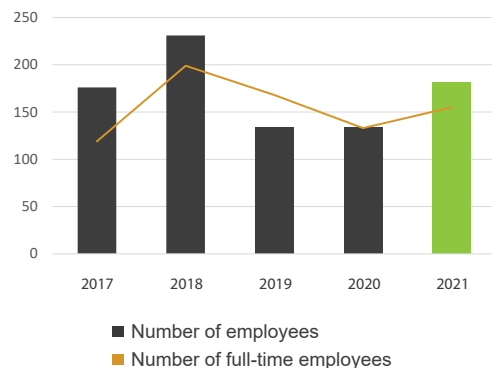
Tax and deferred tax

In 2021, the Group recognised a deferred tax asset at a total amount of T.SEK 356 (1,541). Out of the total deferred tax asset, an amount of T.SEK 14,692 (11,856) relates to tax loss carry-forward. The Group had an effective tax rate of 12% (9%) in 2021.

Employees

The number of employees in 2021 increased to 181 (138), corresponding to 155 (133) full-time employees in 2021. The increase is mainly in the Technology department to meet the increased activity level. In Administration, we have insourced the human resource and marketing functions.

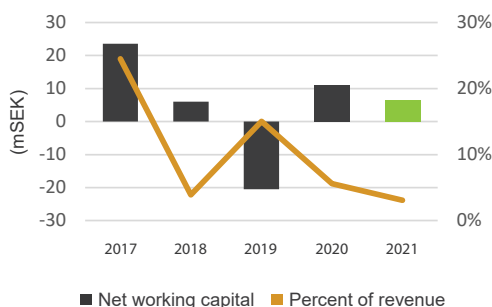
Employee evolution



Cash flow

Cash from operating activities decreased T.SEK 40,243, from T.SEK 43,444 to T.SEK 3,201. The decrease is due to changes in working capital that amounts to negative T.SEK 3,318 (positive 34,783).

Net working capital



THE GROUP

	2021	2020	2019	2018	2017
Technology	117 65%	85 62%	82 61%	111 48%	97 55%
Manufacturing	37 20%	31 22%	30 22%	69 30%	35 20%
Sales and distribution	11 6%	11 8%	11 8%	22 10%	16 9%
Administration	16 9%	11 8%	11 8%	29 13%	28 16%
Number of employees	181 100%	138 100%	134 100%	231 100%	176 100%
Number of full-time employees	155	133	168	199	119

In 2021, working capital was negatively affected by the increased inventory of T.SEK 8,985 (3,158) due to the purchase of components in advance and trade receivables of T.SEK 4,972 (positive 13,131). Working capital was positively affected by trade payables of T.SEK 8,650 (8,511). At the end of 2021, we received significant prepayments from customer projects and had high deliveries from subcontractors like we did last year.

Governmental postponed payroll taxes have also positively affected working capital this year, and at the end of 2021, we have an outstanding amount of T.SEK 12,178 (8,114) related to governmental postponed payroll taxes. Hereof, T.SEK 9,386 will be paid in 2022.

Investments in intangible assets concerning in-house development projects have increased 7% to T.SEK 25,521 (T.SEK 23,886). The current investment projects are part of the deliveries in the current satellite solution project portfolio. The investment activities are related to the platform development described in the Product and Development section. Property, plant, and equipment investments amounted to T.SEK 1,962 (900).

Cash from financing activities amounts to a negative T.SEK 16,932 (10,006). The increase is due to repayments to loan to Vækstfonden was put on hold in the second half of 2020.

Cash and cash equivalents at the end of 2021 were T.SEK 99,271 (135,502). During the second half of 2021, we have considered various financing opportunities in short and mid-term perspectives to achieve our strategic goals. We have decided to take the following action in the first half of 2022:

The board of directors has in March 2022 decided to raise M.SEK 103 through a directed share issue, with support from an authorisation granted by the annual general meeting held on 23 April 2021 resolved to issue 10,454,960 new shares at the price of SEK 9.81 per share. The price was established through a so-called "accelerated book-building" procedure led by Naventus Corporate Finance. The new share issue is directed to a newly established family fund of the British citizen Peter Kendal Hargreaves. Through the directed share issue, we receive M.SEK 103 million before deduction of costs related to the new share issue, estimated to be M.SEK 7 (primarily consisting of commission fees and fees for financial and legal advice and costs for practical management of the new share issue). The funds are received in March 2022.

The net proceeds from the directed share issue are intended to be used for working capital to execute on the order book and further investment in R&D to facilitate the reuse of GomSpace's standard platform to a higher degree and improve the Company's profitability.

Shareholder's equity

As of 31 December 2021, total shareholder's equity amounted to T.SEK 224,890 (247,421). In 2021, a T.SEK 90 (493) amount was recognised as share-based payments concerning the warrant program established for the Group's employees.

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

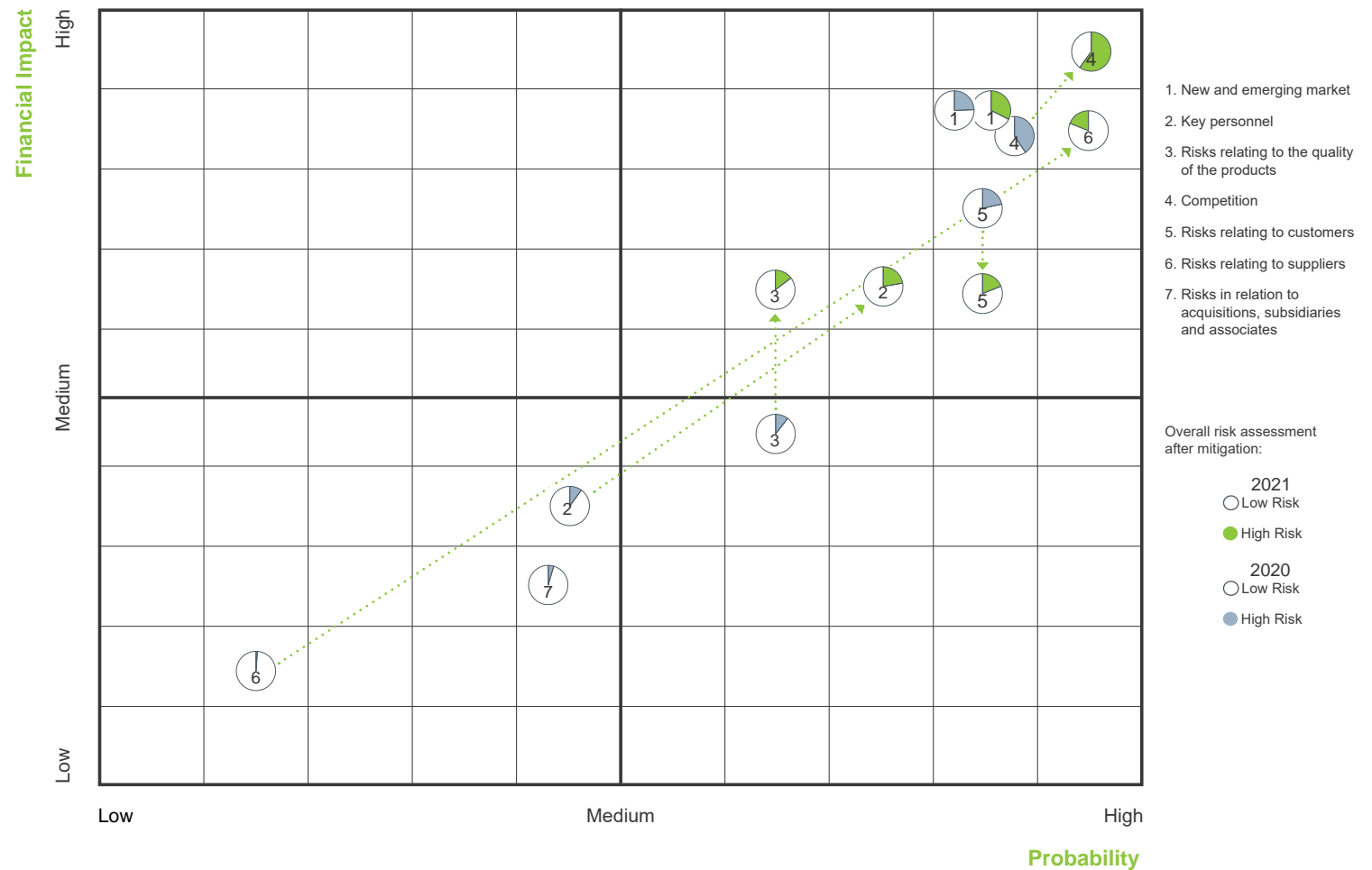
Other non-financial information

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

Risk Management

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

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



Description

Impact

Mitigation

Risk assessment 2021

1. New and emerging market

The nanosatellite market may stagnate. The market could also develop in a way that the Company cannot adapt to. Even if the market becomes large and wide, the Company may face competition from other operators with greater financial conditions and/or be better prepared for the market requirements.

Competition could lead to a situation where the Company needs to compete on other terms, such as price. One of the significant challenges is ensuring the Company's right positioning concerning technology and customers, thereby securing orders and profitability.

We monitor and reevaluate our ongoing business with quarterly forecasting and yearly updates of our 5-year plans. Furthermore, we adapt the company to the market situation, for instance, by focusing on the resources.

In 2021, the backlog in the commercial business area increased significantly, but delays in new product development have caused delays in order intake.

The potential of selling satellites as a service is not yet realised.

Description	Impact	Mitigation	Risk assessment 2021
<p>1. New and emerging market (continued)</p>			<p>COVID-19 pandemic has no significant effect on our business, and we are comfortable with our current customer portfolio with a significant part of low-risk customers. Continuously, we are monitoring our business to the current market situation.</p> <p>For these reasons, the potential financial impact and the likelihood of the risk occurring are unchanged compared to last year.</p>
<p>2. Key personnel</p> <p>The Company is dependent mainly on its ability to retain and attract skilled personnel. Moreover, the Group depends on hiring and retaining certain skilled personnel to continue its growth and reach future success.</p>	<p>Should the Group lose and not be able to replace any member of its key personnel, it may interrupt ongoing projects and other development plans laid out for the Group.</p>	<p>We ensure that GomSpace is, and continue to be, an exciting place to work. GomSpace seeks to offer employment on favorable terms and to be located in attractive areas.</p>	<p>We are dependent on skilled employees with the right competencies to execute our current project portfolio. Onboarding of new engineers is essential for our growth plans and has been challenging during 2021 to ramp up as fast as planned.</p> <p>Our overall employee turnover rate is unchanged compared to last year of 12% (12%).</p> <p>The challenge of onboarding new employees has increased the potential financial impact and the likelihood of the risk occurring compared to last year.</p>
<p>3. Risks relating to the quality of the product</p> <p>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 customers' demand may deviate from what the Group is producing.</p>	<p>Should the Company focus on the wrong development projects or not be able to develop its products to meet market expectations, it may adversely impact the Company's business, financial position, and profits in the future.</p>	<p>The Quality Assurance department ensures that quality control is performed on the products and that this is registered and monitored on an ongoing basis.</p>	<p>Quality in our products is one of the most critical factors for our customers. Compared to last year, more rework was realised for specific missions. The issues were solved and missions completed.</p> <p>To improve quality in project execution, we start implementing a maturity level plan.</p> <p>For this reason, the potential financial impact is increased from last year.</p>
<p>4. Competition</p> <p>The Company cannot be certain of its market share or its competitors' position in terms of technology and products, and new actors may come forward.</p> <p>The competition may lead to markets where there is high competition on price and Quality.</p> <p>The potential financial impact and the likelihood of the risk occurring are slightly increased from last year.</p>	<p>Failure to comply with this development may lead to loss of orders and market share.</p>	<p>We seek to be close to our customers and aim to offer them a wide product portfolio, and our customers can benefit from our experience within the business. Furthermore, we seek to partake in several development projects with ESA, which will lead to further recognition in the industry.</p>	<p>We are experiencing tough competition for commercial customers. Even though our order intake for 2021 is higher than we expected. Competitors are selling satellites as a service, and we do not have a set-up for this service.</p> <p>The slower ramp-up of employees causes a delay in new product development. This factor challenges the possibility of getting new customers and delay order intake.</p> <p>The potential financial impact and the likelihood of the risk occurring are slightly increased from last year.</p>

Description	Impact	Mitigation	Risk assessment 2021
<p>5. Risks relating to customers</p> <p>Today, a material part of the Group's sales and revenue is generated from a few larger customers. There is a risk that customers do not place orders or otherwise fulfill their respective undertakings due to, e.g., lack of financial resources or other circumstances beyond the Company's control. There is a risk that the Company fails to enter into customer agreements on favorable terms.</p>	<p>We risk losing payment if the customer is unable to pay and in case, we do not meet the milestone requirements.</p>	<p>We seek to take out debtor insurance to gain knowledge of the customers' funding situation and enter into milestone payments with a positive cash flow.</p>	<p>The main part of the order backlog is related to a few customers. We aim to increase sales in new customers to spread the risk.</p> <p>We are comfortable with our current customer portfolio, mainly public customers with low risk.</p> <p>We have no significant loss on customers during the year.</p> <p>For these reasons, the potential financial impact slightly decreases from last year.</p>
<p>6. Risks relating to suppliers</p> <p>The company's ability to deliver according to market demands and contractual commitments depends on obtaining a timely and adequate supply of materials and components.</p>	<p>The impact could be delayed revenue, increased cost of goods sold, and inventory.</p>	<p>We strive to avoid single-source supplier solutions, this is not always possible, and we aim to procure microchips in advance to reduce production delays.</p>	<p>The global and unprecedented shortage in semiconductor microchips has and continues to squeeze our supplier's capacity leading to a longer delivery time for critical components. It has caused delays in the execution of orders.</p> <p>For this reason, the potential financial impact and the likelihood of the risk occurring are increased from last year.</p>
<p>7. Risks in relation to acquisitions, subsidiaries, and associates</p> <p>The outcome of acquisitions, subsidiaries, and associates is related to some risk as this may not fulfill the desired business strategy and become unsuccessful.</p>	<p>There will be expenses to closing down subsidiaries and costs concerning any obligations we have entered into; rental costs etc. We have written down our value of associated companies and started the liquidation of the company.</p>	<p>We monitor and reevaluate our ongoing business in subsidiaries with quarterly forecasting and yearly updates of our 5-year plans.</p>	<p>Aerial & Maritime Ltd. is under solvent liquidation.</p> <p>Our strategy is the core business, and therefore no new spin-outs will be established.</p> <p>For this reason, the potential financial impact and the likelihood of the risk occurring are low, and we do not consider this as a main risk in the future.</p>

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

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year 2021 have not been affected by any unusual events.

Subsequent events

The board of directors has in March 2022 decided to raise M.SEK 103 through a directed share issue, with support from an authorisation granted by the annual general meeting held on 23 April 2021 resolved to issue 10,454,960 new shares at the price of SEK 9.81 per share. The price was established through a so-called "accelerated book-building" procedure led by Naventus Corporate Finance. The new share issue is directed to a newly established family fund of the British citizen Peter Kendal Hargreaves. Through the directed share issue, we receive M.SEK 103 million before deduction of costs related to the new share issue, estimated to be M.SEK 7 (primarily consisting of commission fees and fees for financial and legal advice and costs for practical management of the new share issue). The funds are received in March 2022.

Parent Company

The parent company had total revenues of T.SEK 27,494 (25,841) for 2021. The parent company incurred total costs of T.SEK 32,551 (32,378) for 2021. The operating profit (EBIT) for 2021 is a negative T.SEK 4,840 (negative 6,537). The net loss for 2021 is T.SEK 24,473 (47,687).

Tax and deferred tax

The Parent Company, GomSpace Group AB, had a non-recognised deferred tax loss carry-forward at a total amount of T.SEK 74,352 (72,620).

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):

	2021
Share premium	578,311,459
Retained earnings	67,958,145
Profit (loss for the year)	-24,472,969
	485,880,345
To be distributed as follows:	
Paid out as dividend	0
Carried forward	485,880,345
	485,880,345

The Board of Directors is proposing to the Annual General Meeting that no dividend is paid for the financial year 2021.



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Corporate Governance report

Introduction

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

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

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

Corporate governance structure

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

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

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

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

Shareholders

Information about shareholders in the company is included on page 28 in the annual report.

General meeting of shareholders

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

Regarding general meetings, the company has not deviated from the Code.

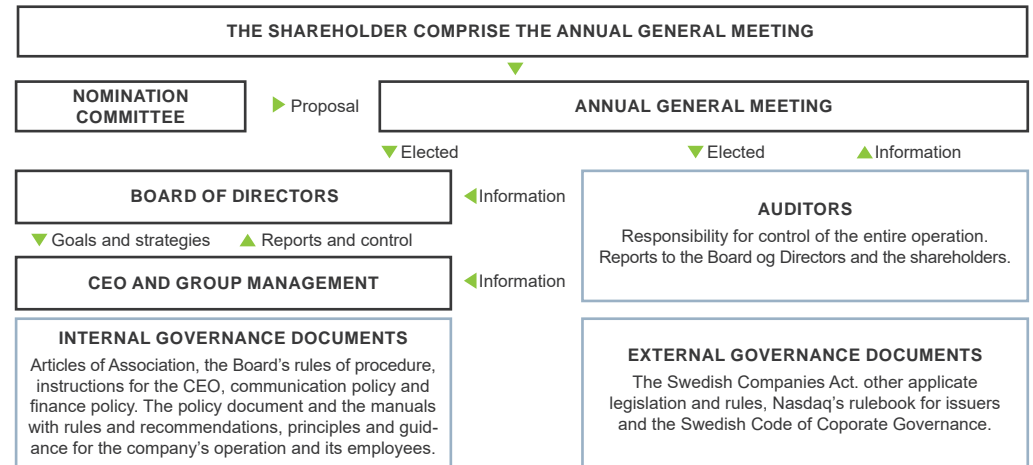
The AGM held in 2021 took place on 23 April 2021. A copy of the meeting minutes is available on the company’s webpage under the “[General meetings](#)” section.

The AGM to be held in 2022 will take place on 22 April 2022 at 10.00 at Setterwalls Advokatbyrå’s office at Sturegatan 10 in Stockholm, Sweden.

Nomination committee

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

At the AGM held on 23 April 2021, it was resolved not to change the principles for the appointment, and instructions to the nomination committee were adopted at the AGM held in 2019. The nomination committee is composed of the chairman of the board of directors and three members appointed by the three largest shareholders by votes at the end of the third quarter each year. The nomination committee is to appoint a chairman among its members. The chairman of the board of directors may not be



appointed as chairman of the nomination committee. Regarding the AGM to be held in 2022, the following shareholders have exercised their right to appoint a member to the nomination committee: Longbus Holding and Skallerup Invest ApS. Each of the shareholders as mentioned earlier have appointed the following members:

- Stefan Gardefjord, appointed by Longbus Holding
- Kenn Herskind, appointed by Skallerup Invest ApS

The nomination committee is in the process of appointing an additional member following the principles for the appointment of and instructions to the nomination committee. The chairman of the board of directors (Jens Maaløe) is considered independent of the company’s largest shareholders.

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

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

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

Tasks of directors

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

- appointing, evaluating and, if necessary, dismissing the CEO,
- establishing the overall goals and strategy of the company,
- identifying how sustainability issues impact risks to and business opportunities for the company,
- defining appropriate guidelines to govern the company’s conduct in society, to ensure its long-term value creation capability,
- ensuring that there is an appropriate system for follow-up and control of the company’s operations and the risks to the company that are associated with its operations, ensuring that there is a satisfactory process for monitoring the company’s compliance with laws and other regulations relevant to the company’s operations, as well as the application of internal guidelines, and
- ensuring that the company’s external communications are characterised by openness and accurate, reliable, and relevant.

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

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

If required, work among board members is divided based on competencies. The board is to approve any significant assignments the CEO has outside the company.

Size and composition of the board of directors

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

At the AGM held in 2021, five board members were elected.

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

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

Furthermore, information about board meeting attendance during the last financial year is included in ESG reporting. In 2021 the attendance rate was 98%. Jens Maaaløe was absent at one out of twelve board meetings resulting in an attendance rate of 92%, and the other board members had an attendance rate of 100%.

Since the last AGM, 12 board meetings have taken place.

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

As of 14 December 2021, Henrik Schibler resigned from the board of directors.

Chair of the board of directors

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

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

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

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

Board procedures

The board of directors is responsible for ensuring that the group has good internal controls and ensures that the group has formalised routines to ensure that approved principles for financial reporting and internal controls are applied as well as to ensure that the company's financial reports are produced following legislation, applicable accounting standards and other requirements for listed companies.

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

- Rules of procedure for the board of directors
- Rules of procedure for duties incumbent upon an audit committee
- Rules of procedure for duties incumbent upon a remuneration committee

- Instructions for the CEO
- Instructions for financial reporting
- Accounting policy
- Authority rights
- Information policy
- Insider policy
- IT policy and Disaster Recovery plan
- Business continuity plan
- Code of Conduct

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

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

An audit committee is established, and the entire board is members of the committee.

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

The board of directors ensures that the statutory auditor reviews the company's half-year or third-quarter report. The most recent review was performed as of 30 September 2021.

CEO and executive management

The CEO is primarily responsible for the continuous management of the company's affairs and daily operations. The division of work between the board of directors and CEO are outlined in the board of directors' rules of procedure and the instructions for the CEO.

The CEO is responsible for keeping the board of directors informed of the company's operations, results of operation, and financial position. The CEO is also responsible for preparing reports, compiling information ahead of board meetings, and reporting the board meetings' materials.

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

Evaluation of the board of directors and CEO

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

The annual evaluation of the board work follows an established procedure in line with the corporate governance rules. The chair has evaluated the board work through individual discussions with the board members. Several different observations are highlighted, of which the main focus is the breadth of knowledge within the international space economy and market. The most recent evaluation was performed in December 2021. Furthermore, the chair ensures that the CEO's work is evaluated annually, and the board continuously evaluates the CEO's work. A formal examination is carried out at least once a year, and no member of the executive management is to be present during this evaluation process.

The most recent evaluation was performed in December 2021.

Remuneration of the board of directors and executive management

The entire board performs the tasks of a remuneration committee following the Code. Suppose the board uses the services of an external consultant. In that case, the board ensures no conflict of interest regarding other assignments this consultant may have for the company or its executive management.

The AGM adopts guidelines for remuneration for executive management in line with principles set out in the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes. The following guidelines are highlighted:

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

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

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

For further details, see appendix 2 to the minutes from the AGM held in 2021, available at the company's webpage.

At the company's AGM held in 2021, it was resolved that the fees payable to the board of directors for the period until the end of the next AGM shall amount to a total of SEK 1,350,000, out of which SEK 450,000 shall be paid to the chair and SEK

225,000 to each of the other board members. The company's commitment regarding variable salary to the group's executive management for 2021 is estimated to cost the company not more than approximately SEK 3,600,000.

Information on sustainability and remuneration

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

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

Internal controls of financial reporting

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

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

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

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

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

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

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

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

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

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

Group Information

Board of Directors



Jens Maaløe
(board member and chairman)

Born: 1955

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

Other current assignments:

Mr Maaløe is chairman of Poul Due Jensen Foundation & board member in GRUNDFOS, Chairman of the board at The Danish Technological Institute & NIRAS, and a member of the board at NKT & Chairman of NKT Photonics.

Independent of GomSpace and the senior management: Yes.

Independent of major shareholders as of today: Yes.

Holdings in GomSpace: No shares.



Jukka Pertola
(board member and vice-chairman)

Born: 1960

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

Other current assignments:

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

Independent of GomSpace and the senior management: Yes.

Independent of major shareholders as of today: Yes.

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



Jesper Jespersen
(board member)

Born: 1946

Position: Board member

Other current assignments:

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

Independent of GomSpace and the senior management: Yes.

Independent of major shareholders as of today: Yes.

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



Steen Hansen
(board member)

Born: 1948

Position: Board member

Other current assignments:

Mr. Hansen is chairman of the board of directors of Nyati Safari ApS, Beach Lodge ApS, Travelcon A/S, H&L Ejendomme A/S, CN Group Holding ApS, Vilanculos ApS, Grunden 132 A/S, Marineco Holding ApS, HB Invest Holding ApS, Scan Antenna A/S, DKF Invest A/S, EH Holding ApS and H&L Scan Antenna ApS. He is also a member of the board of directors of MSG Capital ApS, Go Hotel City ApS, CNDE Holding ApS, H&L Invest ApS, SHA Holding ApS, Grunden 138 ApS, Huset 144 A/S, Komplementar-selskabet 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, Go Hotel Saga A/S, Go Hotel Ansgar A/S, Go Hotel Ansgar Holding ApS, Melsted Badehotel ApS, Lidsøparken A/S, MSGM Ejendomme ApS, H&L Wind A/S and Stevns Broker P/S. Mr. Hansen is also the CEO of H&L Leasing ApS, SHA Holding ApS, H&L Obligationer ApS, H&L Invest ApS, SLJH Holding ApS, CNDE Holding ApS, and EH Holding ApS. He is also a director of Grunden 138 ApS, Huset 144 A/S, CATERING 133 ApS, H&L Wind A/S, Komplementarselskabet Tiefenbach ApS and H&L Junior 01 ApS and a partner of Steen Hansen Shipping Asia Trader, Partsrederiet Helle Stevns I/S, H&L Vind I/S, Herbergen Vind I/S and Kemberg Vind I/S

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, a member of the board of directors of ConXus A/S, as well as partner and CEO of Longbus Holding ApS.

Holdings in GomSpace:

Direct holding of 63,000 shares and indirect holding of 1,221,756 shares in the Company through Longbus Holding ApS. Related persons (wife) also hold a total of 2,000 shares.



Troels Dalsgaard
(CFO)

Born: 1986

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

Other current assignments:

Mr Dalsgaard is a member of the board of directors of Roblight A/S and the owner and partner of Skallerup Invest ApS.

Holdings in GomSpace:

Direct holding of 1,000 shares and indirect holding of 293,300 shares in the Company through Skallerup Invest IVS. Related persons (children) also hold a total of 3,000 shares.



Eduardo Cruz
(CDO)

Born: 1983

Position: Mr Cruz is Chief Delivery Officer (CDO) of the Company and has been with the company since June 2018.

Holdings in GomSpace:

No shares.



Søren Lind Therkildsen
(CMO)

Born: 1982

Position: Mr Therkildsen is the Chief Manufacturing Officer of GomSpace and has been with the company since August 2017.

Holdings in GomSpace:

Direct holding of 8,410 shares in the Company and possible future holding of an additional 3,889 unvested warrants issued under the incentive program implemented in 2018.



Lars K. Alminde
(CPO)

Born: 1979

Position: Mr Alminde is the Chief Product Officer (CPO) of GomSpace and has been with the company since September 2007.

Other current assignments:

Mr Alminde is the owner and CEO of Black Pepper Invest ApS.

Holdings in GomSpace:

Indirect holding of 1,726,439 shares in the Company through Black Pepper Invest ApS.



Thomas Pfister
(CCO)

Born: 1976

Position: Mr Pfister is Chief Commercial Officer (CCO) of the Company and has been with the company since March 2022.

Holdings in GomSpace:

No shares.

Investor Information

Share price movements

At the end of 2021, GomSpace Group AB's share was SEK 10.12 per share compared to a share price of SEK 16.36 at the beginning of the year. This corresponds to a decrease of 38%. The group's market value on 31 December 2021 was T.SEK 529,021 compared to T.SEK 855,216 as of 1 January 2021.



Composition of shareholders

GomSpace Group AB has 12,022 registered shareholders at the end of 2021. The following are the top-3 shareholders who are made public. Therefore, other shareholders may be included in the top-3; however, they are not known by name.

	2021
Hansen & Langeland ApS	5,248,646
Longbus Holding ApS	1,221,756
Skallerup Invest ApS	293,300

These shareholders hold 12.9% of the group's total shares.

The Board of Directors and the management, including related parties, hold 5,378,646 shares and 3,318,905 shares, respectively, corresponding to 16.6% of the total shares.

IR Policy

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

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

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

In 2022, we will participate in the following events:

- ABGSC Small & Mid Cap Seminar on 31 May 2022
- ABGSC Small & Mid Cap Seminar in September 2022

Should participation in additional events take place in 2022, this will be announced on our webpage.

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



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Consolidated Income

T.SEK	Note	2021	2020
Net revenue	3	213,605	194,576
Cost of goods sold	4,5,6	-164,589	-146,930
Gross profit (loss)		49,016	47,646
Sales and distribution costs	4,5,6	-24,912	-28,640
Development costs	4,5,6	-22,106	-20,387
Administrative costs	4,5,6	-31,711	-30,875
Other operating income		189	1,995
Other operating costs		0	0
Operating profit (EBIT)		-29,524	-30,261
Share of profit from associates	15	0	-9,029
Finance income	8	1,661	1,771
Finance expenses	9	-3,328	-10,140
Profit (loss) before tax		-31,191	-47,659
Tax	10	3,864	4,093
Profit (loss) for the year		-27,327	-43,566
Profit (loss) is attributable to			
Owners of GomSpace Group AB (publ)		-27,327	-43,566
		-27,327	-43,566

T.SEK	Note	2021	2020
Consolidated Comprehensive Income			
Profit (loss) for the year		-27,327	-43,566
Items which may be reclassified to the income statement:			
Foreign exchange rate adjustments, subsidiaries		4,706	-5,188
Other comprehensive income for the year, net of tax		4,706	-5,188
Total comprehensive income for the year		-22,621	-48,754
Total comprehensive income for the year is attributable to:			
Owners of GomSpace Group AB (publ)		-22,621	-48,754
		-22,621	-48,754
Earnings per share, basic, SEK	25	-0.52	-0.83
Earnings per share, diluted, SEK	25	-0.52	-0.83

Consolidated Financial Position

T.SEK	Note	Dec 31	
		2021	2020
ASSETS			
Goodwill	11	3,710	3,710
Other intangible assets	11	127,673	113,893
Property, plant and equipment	12	16,245	22,388
Right of use assets (leasing)	13	33,201	42,656
Investments in associates	15	0	0
Deferred tax	16	356	1,541
Other non-current assets	17	4,156	4,069
Total non-current assets		185,341	188,257
Inventories	18	35,961	26,449
Contract work	19,20	34,860	19,643
Trade receivables	20	27,952	21,729
Tax receivable	21	5,788	5,052
Prepayments	22	4,173	2,348
Other receivables	23	2,454	4,068
Cash and cash equivalents	24	99,271	135,502
Total current assets		210,459	214,791
Total assets		395,800	403,048

T.SEK	Note	Dec 31	
		2021	2020
EQUITY AND LIABILITIES			
Share capital	25	3,660	3,660
Share premium		581,599	581,599
Translation reserve		7,289	2,583
Retained earnings		-367,658	-340,421
Total equity		224,890	247,421
Credit institutions	29,30	10,301	14,264
Leasing liabilities	13,29,30	23,022	31,745
Other liabilities	27,29,30	10,638	7,752
Total non-current liabilities		43,961	53,761
Credit institutions	29,30	3,529	4,613
Leasing liabilities	13,29,30	9,823	10,900
Trade payables and other payables	29,30	30,830	22,180
Contract work	19	59,664	44,223
Prepayments	26	2,241	1,820
Corporation tax		1,470	1,187
Other liabilities	27,30	19,392	16,943
Total current liabilities		126,949	101,866
Total liabilities		170,910	155,627
Total equity and liabilities		395,800	403,048

Consolidated Changes in Equity

T.SEK	Share capital	Share premium	Translation reserve	Retained earnings	Total equity
Equity 01.01.2020	3,660	581,599	7,771	-297,348	295,682
Profit (loss) for the year	0	0	0	-43,566	-43,566
Other comprehensive income	0	0	-5,188	0	-5,188
Total comprehensive income for the year	0	0	-5,188	-43,566	-48,754
Transactions with owners in their capacity as owners					
Share-based payments	0	0	0	493	493
Total transactions with owners in their capacity as owners	0	0	0	493	493
Equity 31.12.2020	3,660	581,599	2,583	-340,421	247,421
Equity 01.01.2021	3,660	581,599	2,583	-340,421	247,421
Profit (loss) for the year	0	0	0	-27,327	-27,327
Other comprehensive income	0	0	4,706	0	4,706
Total comprehensive income for the year	0	0	4,706	-27,327	-22,621
Transactions with owners in their capacity as owners					
Share-based payments	0	0	0	90	90
Total transactions with owners in their capacity as owners	0	0	0	90	90
Equity 31.12.2021	3,660	581,599	7,289	-367,658	224,890

Consolidated Cash Flow

T.SEK	Note	2021	2020
Profit (loss) before tax		-31,191	-47,659
Reversal of financial items		1,667	8,369
Depreciation and amortisations		32,269	33,650
Result after tax from associates	33	0	9,029
Non-cash items	31	2,110	2,640
Changes in net working capital	32	-3,318	34,783
Cash flow from primary operating activities		1,537	40,812
Received interest		134	248
Paid interest		-3,118	-3,813
Tax received		5,121	6,598
Tax paid		-473	-401
Cash flow from operating activities		3,201	43,444
Investments in intangible assets (before grants)		-25,521	-23,886
Investments in leasehold improvement, plant and equipment		-1,962	-900
Deposit paid		-9	-139
Government grants	35	1,686	8,263
Cash flow from investing activities		-25,806	-16,662

T.SEK	Note	2021	2020
<i>Financing from debt:</i>			
Borrowings	34	0	6,124
Repayment of borrowings	34	-5,662	-5,101
Payment of lease liabilities	34	-11,270	-11,029
		-16,932	-10,006
Cash flow from financing activities		-16,932	-10,006
Net cash flow for the year		-39,537	16,776
Cash and cash equivalents, beginning of the year		133,608	264,826
Unrealised exchange rate gains and losses on cash		3,306	-8,434
Change in bank deposit for security		-13,861	19,039
Cash and cash equivalents, end of the year		83,516	292,207
Reconciliation of cash and cash equivalents			
Cash and cash equivalents according to the balance sheet	24	99,271	135,502
Bank deposit		-15,755	-1,894
Cash and cash equivalents according to the cash flow statement		83,516	133,608

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

Parent Company Income

T.SEK	Note	2021	2020
Net revenue	3	27,494	25,841
Gross profit		27,494	25,841
Administrative costs		-32,551	-32,378
Other operating income		217	0
Operating profit (EBIT)		-4,840	-6,537
Finance income	8	3,066	2,421
Share of profit from associates	15	0	-11,672
Write-down of investments in subsidiaries	14	-22,648	-31,065
Finance expenses	9	-52	-834
Profit (loss) before tax		-24,473	-47,687
Tax	10	0	0
Profit (loss) for the year		-24,473	-47,687
Statement of Comprehensive Income			
Profit (loss) for the year		-24,473	-47,687
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		-24,473	-47,687

Parent Company Financial Position

T.SEK	Note	2021	2020
ASSETS			
Investments in subsidiaries	14	398,400	389,948
Investments in associates	15	0	0
Total financial fixed assets		398,400	389,948
Total non-current assets		398,400	389,948
Receivables from subsidiaries		91,975	107,092
Other prepayments		952	322
Other receivables	22	71	86
Receivables	23	92,998	107,500
Cash and cash equivalents		109	17,663
	24		
Total current assets		93,107	125,163
Total assets		491,507	515,111

T.SEK	Note	2021	2020
EQUITY AND LIABILITIES			
<i>Restricted equity:</i>			
Share capital	25	3,660	3,660
Total restricted equity		3,660	3,660
<i>Free equity:</i>			
Share premium		578,311	578,311
Retained earnings		-92,430	-68,047
Total free equity		485,881	510,264
Total equity		489,541	513,924
Trade payables and other payables		1,552	714
Other liabilities	27	414	473
Total current liabilities		1,966	1,187
Total liabilities		1,966	1,187
Total equity and liabilities		491,507	515,111

Parent Company Changes in Equity

T.SEK	Share capital	Share premium	Retained earnings	Total equity
Equity 01.01.2020	3,660	578,311	-20,853	561,118
Profit (loss) for the year	0	0	-47,687	-47,687
Total comprehensive income for the year	0	0	-47,687	-47,687
<i>Transactions with owners in their capacity as owners</i>				
Share-based payments	0	0	493	493
	0	0	493	493
Equity 31.12.2020	3,660	578,311	-68,047	513,924
Equity 01.01.2021	3,660	578,311	-68,047	513,924
Profit (loss) for the year	0	0	-24,473	-24,473
Total comprehensive income for the year	0	0	-24,473	-24,473
<i>Transactions with owners in their capacity as owners</i>				
Share-based payments	0	0	90	90
	0	0	90	90
Equity 31.12.2021	3,660	578,311	-92,430	489,541

Parent Company Cash Flow

T.SEK	Note	2021	2020
Profit (loss) before tax		-24,473	-47,687
Reversal of financial items		-3,015	-1,587
Result after tax from associates	33	0	11,672
Non-cash items	31	22,721	30,992
Change in net working capital	32	15,251	25,978
Cash flow from primary operating activities		10,484	19,368
Received interest		3,066	2,421
Paid interest		-33	-268
Tax received		88	0
Tax paid		-59	-46
Cash flow from operating activities		13,546	21,475
Acquisition of and capital increase in subsidiaries	14	-31,100	-116,320
Cash flow from investing activities		-31,100	-116,320
Cash flow from financing activities		0	0
Net cash flow for the year		-17,554	-94,845
Cash and cash equivalents, beginning of the year		17,663	93,556
Change in bank deposit for security		0	18,952
Cash and cash equivalents, end of the year		109	17,663
Reconciliation of cash and cash equivalents			
Cash and cash equivalents according to the balance sheet	24	109	17,663
Cash and cash equivalents according to the cash flow statement		109	17,663

Notes

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



Notes

1. Accounting policies

This note provides a list of the significant accounting policies adopted to prepare these consolidated financial statements. Unless otherwise stated, these policies have been consistently applied to all the years the Group's financial statements consist of GomSpace Group AB and its subsidiaries.

Basis of preparation

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

Change in accounting policies

The Group applies amendments and interpretations adopted by the EU in 2021 but does not impact the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations, or amendments that have been issued but are not yet effective.

Consolidation of subsidiaries

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

Associates

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

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

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the association since the

acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The income statement reflects the Group's share of profit or loss after tax from the associates. Any change in Other Comprehensive Income ('OCI') of those investees is presented as part of the Group's OCI. When there has been a change recognised directly in the associate's equity, the Group recognises 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 associate's interest.

Translation of foreign currency

(i) Functional currency and reporting currency

Items included in each of the Group's entities' financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Swedish kronor (SEK), the parent company's functional currency and all values are rounded to the nearest thousand, except when otherwise indicated. 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 SARL is EUR.

(ii) Transactions and balance-sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rates applicable on the transaction date. Exchange gains and losses arising in the payment of such transactions and the translation of monetary assets and liabilities in foreign currencies at the rate prevailing on the reporting date are recognised 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 statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Segments report

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

Revenue

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

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

In principal, The transaction price is fixed, but the Group considers the effects of variable consideration, if any. Suppose the consideration in a contract includes a variable amount. In that case, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the

associated uncertainty with the variable consideration is subsequently resolved.

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

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

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

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

Generally, normal standard warranty obligations apply.

Cost of goods sold

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

1. Accounting policies (continued)

Sales and distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions, depreciation, and impairment losses are recognised as distribution costs. Also included in this item are the 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, as well as depreciation and impairment losses.

Administrative costs

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

Share-based payments

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

In the consolidated financial statements of the Group, the cost is recognised 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 recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expenses recognised as the beginning and the end of that period.

Employee benefits

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

Variable salary

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

Pension obligations

The company only has defined contribution pension plans. The contributions are recognised as employee benefit expenses when they are due. The Group has no further payment obligations once the contributions have been paid.

Termination benefits

A provision for costs connected with personnel termination is only recognised 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 recognised 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, gains and losses on the disposal of intangible assets and property, plant and equipment, and other income of a secondary nature concerning the main activities of the Group.

Other operating expenses

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

Financial income and expenses

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

Income tax and deferred tax

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

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns concerning

situations where applicable tax regulation is subject to interpretation. It establishes appropriate provisions based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised 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 only recognised 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 recognised for temporary differences between the carrying amount and tax bases of foreign operations investments. The company can control the timing of the reversal of the temporary differences, and, probably, the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and 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 recognised in the income statement, except that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised 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 amortised, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it

might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on an entity's disposal include the carrying amount of goodwill relating to the entity sold.

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

Technology

Separately acquired licenses are shown at historical cost. Technologies acquired in a business combination are recognised 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.

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

- Technology: 15 years

Development projects

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

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

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

1. Accounting policies (continued)

Capitalised development costs are recorded as intangible assets and amortised from when the asset is ready for use. Development costs previously recognised as an expense are not recognised as assets in a subsequent period.

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

- Development projects: 5 years

Other intangible assets

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

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

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

Amortisation of a development project begins when it is at a stage where its commercial potential can be utilised 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 recognised when there is reasonable certainty that they will be received. Grants for investments and capitalised development projects are set off against the assets' cost to which the grants relate. Other grants are recognised in development costs in the income statement to offset the expenses they compensate.

Property, plant and equipment

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

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

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

Depreciation is based on a straight-line basis.

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

Leases

A leased asset and a lease liability are recognised in the balance sheet when the Group, following a lease for a specifically identifiable asset, is having a leased asset made available during the lease period and when the Group obtains the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of future lease payments discounted using an incremental borrowing rate. The following lease payments are recognised as part of the lease liability:

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

The lease liability is measured at amortised cost using the effective interest method. The lease liability is remeasured when there are changes in the underlying contractual cash flows from changes in an index or an interest rate, if there are changes in the Group's estimated residual value guarantee or if the Group changes its assessment of whether a purchase, extension or termination option is reasonably certain to be exercised.

On initial recognition, the leased asset is measured at cost, which corresponds to the value of the lease liability adjusted for prepaid lease payments plus directly related costs and estimated costs for dismantlement, restoration, or the like and less discounts received or other types of incentive payments from the lessor. The asset is subsequently measured at cost less accumulated depreciation, amortisation and impairment losses. The leased asset is depreciated over the shorter of the lease term and the leased asset's useful life. Depreciation is recognised on a straight-line basis in the income statement. The leased asset is adjusted for changes in the lease liability due to changes in terms of the lease agreement or changes in the contract's cash flows concurrently with changes in an index or interest rate.

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

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

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

Impairment testing of non-current assets

The carrying amount of non-current assets is tested annually for indicators of impairment. When there is an indication that assets may be impaired, the asset's recoverable amount is determined. The recoverable amount is the highest 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 recognised 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 recognised in the income statement.

Inventories

Inventories are measured at the lowest of the cost and net realisable 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 raw materials, consumables, direct wages and salaries, and indirect production overheads. Indirect production overheads comprise indirect materials, wages, salaries, maintenance, and depreciation of production machinery and equipment and production, administration, and management.

Trade receivables

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

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

Contract work

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

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

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

1. Accounting policies (continued)

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

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

Prepayments from customers are recognised under liabilities.

Prepayments under assets

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

Provisions

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

Financial assets and liabilities

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

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

Contributed equity

Ordinary shares are classified as equity.

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

Prepayments under liabilities

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

Cash flow statement

The cash flow statement has been prepared under the indirect method and shows the Group's cash flows from operating, investing, and financing activities for the year. Cash flows from operating activities comprise profit or loss before tax adjusted for non-cash operating items, changes in working capital, financial items received and paid, as well as income tax paid.

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

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

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

Key ratios definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Accounting policies (continued)

Reconciliation of consolidated alternative key figures

T.SEK	2021	2020
Gross profit	49,016	47,646
Net revenue	213,605	194,576
Gross margin	23%	24%
Operating profit (EBIT)	-29,524	-30,261
Net revenue	213,605	194,576
Operating (EBIT) margin	-14%	-16%
Profit (loss) for the year	-27,327	-43,566
Net revenue	213,605	194,576
Net margin	-13%	-22%
Profit (loss) for the year	-27,327	-43,566
Total Assets	395,800	403,048
Return on invested capital	-7%	-11%
Profit (loss) for the year	-27,327	-43,566
Closing equity	224,890	247,421
Return on equity	-12%	-16%
Equity	224,890	247,421
Total Assets	395,800	403,048
Equity ratio	57%	61%
Profit (loss) for the year	-27,327	-43,566
Number of outstanding shares basic and diluted, average	52,275	52,275
Earnings per share, basic and diluted, SEK	-0.52	-0.83

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

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

Parent Company**Basis of preparation**

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

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

Share-based payment

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

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

Investment in subsidiaries

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

Investment in associates

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

2. Significant accounting estimates and judgments

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

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

The judgments, estimates, and assumptions made are based on historical experience and other factors that Management considers reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates, and assumptions for the individual items are described below. The Group is also subject to risks and uncertainties that may lead to results differing from these estimates, both positively and negatively.

COVID-19 pandemic

GomSpace increases operating activities in 2021 despite the COVID-19 pandemic. GomSpace has only used unavoidable financial, governmental relief packages, resulting in a negligible impact. At the end of 2021, GomSpace has postponed tax payments at T.SEK 12,167 (8,114). The COVID-19 pandemic was not a triggering event for impairments in 2021. The Group has also considered the COVID-19 pandemic impact on its financial instruments' expected credit loss (mainly trade receivables). The Group's assessment of expected credit losses is based on available information at the end of 2021. As a result of this review, the Group recorded a credit loss of T.SEK 571 in 2021 (3,411). It is difficult to assess whether this is solely related to the COVID-19 pandemic. Throughout the year, GomSpace maintained close communications with customers on measures taken within the organisation to prevent impact on production and delivery. GomSpace also focused on exercising its responsibility as a corporate citizen to support authorities to mitigate the pandemic's effects.

Development projects

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

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

Inventories

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

Contract work

Recognised revenue on contract work is based on the percentage of completion based on the cost incurred on the contract as a percentage of the total cost estimated to complete the project or product. On an ongoing basis, Management estimates the cost required to complete the projects and products and whether the costs can be recovered through the contract. The carrying amount of contract work in progress is disclosed in note 19.

Backlog, Revenue and Trade receivables

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

3. Net revenue

T.SEK	GomSpace Group AB	
	2021	2020
Parent Company		
Management fee (point of time)	27,494	25,841
	27,494	25,841
Net revenue is distributed to the following geographical markets, based on where the customer reside.		
Geographic distribution		
Denmark	19,951	18,692
Sweden	1,870	3,155
Europe (excluding Denmark and Sweden)	4,774	3,198
USA	874	771
Asia	25	25
	27,494	25,841

T.SEK	Business areas (customers)				
	Academia	Com-mercial	Defense	Science	Total
Group 2021					
Geographical					
Sweden	36	989	0	999	2,024
Denmark	0	195	68	0	263
Europe (excluding Sweden and Denmark)	932	106,270	10,962	54,474	172,638
USA	654	15,258	706	488	17,106
Asia	4,726	2,315	0	2,993	10,034
Rest of the world	586	2,001	8,953	0	11,540
	6,934	127,028	20,689	58,954	213,605

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

Group 2021					
Major goods/service lines					
Sales of satellite solutions, platforms, payloads and subsystems (over time)	1,727	93,172	17,538	57,841	170,278
Product sales (over time)	5,207	33,856	3,151	1,113	43,327
	6,934	127,028	20,689	58,954	213,605

Group 2020					
Major goods/service lines					
Sales of satellite solutions, platforms, payloads and subsystems (over time)	3,993	50,657	5,716	90,530	98,827
Product sales (over time)	9,727	27,461	3,353	3,139	43,680
	13,720	78,118	9,069	93,669	194,576

3. Net revenue (continued)

T.SEK	Business areas (customers)				Total
	Academia	Com- mercial	Defense	Science	
Group 2021					
<i>Orderbook</i>					
Order backlog 1 January 2021	2,329	30,757	25,558	150,937	209,581
Currency adjustment and reclassification of orders	-81	2,724	3,290	-8,626	-2,693
Order intake	9,899	274,476	15,514	253,069	552,959
Cancelled orders	0	-1,818	-3,453	-1,005	-6,276
Converted to revenue	-6,934	-127,028	20,689	-58,954	-213,605
Order backlog 31 December 2021	5,213	179,111	20,220	335,421	539,965
Group 2020					
<i>Orderbook</i>					
Order backlog 1 January 2020	1,228	63,990	1,025	86,497	152,740
Currency adjustment and reclassification of orders	-3,109	5,409	-2,850	-8,832	-9,382
Order intake	18,463	48,713	36,452	167,075	270,703
Cancelled orders*	-533	-9,237	0	-134	-9,904
Converted to revenue	-13,720	-78,118	-9,069	-93,669	-194,576
Order backlog 31 December 2020	2,329	30,757	25,558	150,937	209,581

T.SEK

Estimated revenue to be recognised from contracts

	2021	2020
Within one year	170,585	114,465
More than a year	369,380	95,116
	539,965	209,581

Group revenue

Geographical

Revenue from the Netherlands accounts for 26% of the total net revenue (40% in 2020).

Revenue from Spain accounts for 24% of the total net revenue (0% in 2020).

Revenue from France accounts for 15% of the total net revenue (9% in 2020).

Revenue from the USA accounts for 8% of the total net revenue (16% in 2020).

Customers

Revenue from The European Space Research and Technology Centre accounts for 26% (40%) of the total revenue.

Revenue from Indra Sistemas S.A. accounts for 23% (0%) of the total revenue.

Revenue from UnseenLabs SAS accounts for 15% (9%) of the total revenue.

Parent company

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

4. Staff costs

T.SEK	Basic salary, board fee	Bonus	Share-based payments	Pension costs	Other remuneration	Total
2021						
Chairman of the board						
Jens Maaløe	450	0	0	0	0	450
Board members						
Jukka Pekka Pertola	225	0	0	0	0	225
Niels Jesper Jespersen Jensen	225	0	0	0	0	225
Steen Lorenz Johan Hansen	225	0	0	0	0	225
Henrik Schibler*	215					215
Nomination Committee						
Stefan Gardefjord	20	0	0	0	0	20
	1,360	0	0	0	0	1,360

*In December 2021, Henrik Schibler resigned his position as a board member.

Key management personnel

CEO, Niels Buus	3,278	205	0	0	238	3,721
Other key management personnel (6 persons)	9,133	541	1	293	196	10,164
	12,411	746	1	293	434	13,885
Total	13,771	746	1	293	434	15,245

The subsidiaries' share of this amount is

	12,411	766	1	293	434	13,885
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T.SEK	Basic salary**, board fee	Bonus	Share-based payments	Pension costs	Other remuneration	Total
2020						
Chairman of the board						
Jens Maaløe*	149	0	0	0	0	149
Board members						
Jukka Pekka Pertola*	432	0	0	0	0	432
Niels Jesper Jespersen Jensen	225	0	0	0	0	225
Steen Lorenz Johan Hansen	225	0	0	0	0	225
Henrik Schibler	225	0	0	0	0	225
Nomination Committee						
Stefan Gardefjord	20	0	0	0	0	20
	1,276	0	0	0	0	1,276

*In December 2020, Jens Maaløe became chairman of GOMSpace, and Jukka Pertola continue as the Vice-Chair

Key management personnel

CEO, Niels Buus	3,380	703	14	0	245	4,342
Other key management personnel (4 persons)	7,274	1,152	22	236	202	8,886
	10,654	1,855	36	236	447	13,228
Total	11,930	1,855	36	236	447	14,504

The subsidiaries' share of this amount is

	10,654	1,855	36	236	447	13,228
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** 2020 were upwardly adjusted because basic salary did not include basic salaries paid out as pension costs.

4. Staff costs (continued)

T.SEK	2021	2020
GomSpace Group AB		
<i>Board of directors and other key management personnel*</i>		
Wages and salaries	1,360	1,276
	1,360	1,276
*Management in GomSpace Group AB is employed in GomSpace A/S. GomSpace A/S invoices management fee to GomSpace Group AB and GomSpace Group AB invoices management fee to the subsidiaries.		
Other employees		
Wages and salaries	975	774
Social security contributions	278	207
Pension costs	186	137
	1,439	1,118
Subsidiaries		
Other employees		
Wages and salaries	125,611	107,456
Share-based payments	90	494
Social security contributions	4,300	3,684
Pension costs	13,292	11,347
	143,293	122,981
Of which:		
Wages and salaries capitalised as development projects	19,634	18,624
	123,659	104,357
Group total		
Wages and salaries	127,946	109,506
Share-based payments	90	494
Social security contributions	4,578	3,891
Pension costs	13,478	11,484
	146,092	125,375
Of which:		
Wages and salaries capitalised as development projects	19,634	18,624
	126,458	106,751

T.SEK	2021	2020
Other employee costs	4,963	3,140
Total staff costs	131,421	109,891
Staff costs are included in:		
Costs of goods sold	90,351	72,376
Sales and distribution costs	12,704	13,617
Development costs*	31,238	26,376
Administrative costs	16,762	16,146
Total staff costs	151,055	128,515
*of which:		
Wages and salaries capitalised as development projects	19,634	18,624
Total staff costs	131,421	109,891
Average number of full time employees per country		
Parent company		
Sweden (of which women, %)	2 (100%)	1 (100%)
	2 (100%)	1 (100%)
Subsidiaries		
Sweden (of which women, %)	12 (13%)	13 (0%)
Denmark (of which women, %)	120 (17%)	102 (19%)
Luxembourg (of which women, %)	20 (7%)	16 (6%)
USA (of which women, %)	1 (0%)	1 (0%)
Asia (of which women, %)	0 (0%)	0 (0%)
	153 (15%)	132 (15%)
Group total	155 (16%)	133 (16%)

4. Staff costs (continued)

T.SEK	2021	2020
Number of employees per country as at 31 december		
Parent company		
Sweden (of which women, %)	2 (100%)	1 (100%)
	2 (100%)	1 (100%)
Subsidiaries		
Sweden (of which women, %)	15 (13%)	9 (0%)
Denmark (of which women, %)	144 (19%)	110 (16%)
Luxembourg (of which women, %)	19 (11%)	17 (6%)
USA (of which women, %)	1 (0%)	1 (0%)
Asia (of which women, %)	0 (0%)	0 (0%)
	179 (17%)	137 (14%)
Group total	181 (18%)	138 (14%)
Share of women on the board of directors	0%	0%
Share of men on the board of directors	100%	100%
Share of women amongst key management personnel	0%	0%
Share of men amongst key management personnel	100%	100%

Termination benefits

Termination benefits are payable when 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 with the right to purchase newly issued shares in GomSpace Group AB. In 2021, no warrants were approved and granted to employees of GomSpace A/S.

In 2018 a total of 328,541 warrants were approved and granted to employees of GomSpace A/S in April 2018. GomSpace Group AB granted the warrants. The share-based payment transaction is accounted for as an equity-settled share-based payment scheme in GomSpace A/S. The warrants vest in four equal annual instalments commencing on the grant date, with the final instalment vesting on 28 April 2021. The warrants can be exercised within certain exercise windows between 26 April 2021 and 26 April 2022. Vesting of the warrants will be conditional upon the 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 recognised 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 recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

The financial statements of GomSpace Group AB, as principal to the share-based payment transaction, will recognise 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 (a return of capital contribution), up to the amount of the original capital contribution, with any excess recharge being recognised in the income statement.

The total expense recognised in the income statement for the year related to the warrant schemes was T.SEK 90 (2020: T. SEK. 493).

5. Share-based payment (continued)

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

Warrant Program	2017		2018
	27 April	24 August	26 April
Expected future dividend (SEK per share)	0	0	0
Volatility	70%	70%	58%
Risk free interest rate	0%	0%	1%
Life of warrant	48 months	48 months	48 months
Share price at grant date (SEK per share)	54.0	58.3	60.4
Exercise price (SEK per share)	45.1	45.1	54.1
Fair value at grant date (SEK per warrant)	27.6	30.9	25.4
Outstanding warrants 31 December 2020	210,890	115,663	236,805
Outstanding warrants 31 December 2021	0	0	236,757

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

The exercise price is calculated as follows:

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

Set out below are the summary movements in warrants during the year. All warrants granted in the year related to the 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	2021	2020
Outstanding at 1 January	563,358	573,264
Granted	-	-
Forfeited	-48	-9,906
Exercised	0	-
Expired	-326,553	-
Outstanding at 31 December	236,757	563,358
Exercisable at 31 December	236,757	402,424

The remaining contractual life of all warrants granted for the award in 2018 is 4 months (2020: 16 months)
The contractual life of all warrants granted in 2017 has expired (2020: 4 months). No warrants are exercised.

6. Depreciation and amortisations

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Costs of goods sold	12,068	12,471	0	0
Sales and distribution costs	1,442	1,610	0	0
Development costs	3,891	4,228	0	0
Administrative costs	1,961	2,024	0	0
Total depreciation	19,362	20,333	0	0
Costs of goods sold	8,069	8,901	0	0
Sales and distribution costs	221	427	0	0
Development costs	4,454	3,488	0	0
Administrative costs	164	501	0	0
Total amortisations	12,908	13,317	0	0
7. Remuneration to auditors				
Appointed auditor				
Ernst & Young				
Audit service	654	1,607	69	480
Other services	333	412	264	285
Tax advise services	317	270	62	0
Total	1,304	2,289	395	765
Others				
Other services	189	99	0	25
Tax advise services	77	110	0	0
Total	266	209	0	25
Total	1,570	2,498	395	790

8. Finance income

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Interest income to subsidiaries	0	0	2,930	2,219
Interest income	137	206	136	202
Exchange rate adjustments	1,524	1,565	0	0
	1,661	1,771	3,066	2,421
9. Finance expenses				
Interest leasing liabilities	996	1,276	0	0
Interest expenses	1,490	1,818	0	158
Exchange rate adjustments	169	6,430	19	566
Other financial expenses, including bank fees	673	616	33	110
	3,328	10,140	52	834

10. Tax on profit (loss) for the year

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Tax on profit (loss) for the year comprises				
Current tax on profit (loss) for the year ¹⁾	-5,104	-3,705	0	0
Changes in deferred tax	1,185	-388	0	0
Adjustments to previous years	55	0	0	0
Tax expense/(income) for the year	-3,864	-4,093	0	0
<i>Reconciliation of effective tax rate:</i>				
Profit (loss) before tax	-31,191	-47,659	-24,473	-47,687
Swedish tax rate for GomSpace Group AB (publ)	20.6%	21.4%	20.6%	21.4%
Tax expense/(income)	-6,425	-10,199	-5,042	-10,205
<i>Tax effect of:</i>				
Non-deductible expenses	78	2,022	4,685	9,160
Effect of foreign tax rates	-372	461	0	0
Tax value of unrecognised tax asset	2,798	3,623	357	1,045
Adjustments to previous years	58	0	0	0
Tax on profit (loss) for the year	-3,864	-4,093	0	0
Effective tax rate	12%	9%	0%	0%
Income tax expense/(income) reported in the income statement				
	-3,864	-4,093	0	0
	-3,864	-4,093	0	0
¹⁾ A part of the tax loss for the year is caused by development costs. According to the Danish tax legislation the tax value (22%) of development costs can be paid out subsequent to the filing of the taxable income for the year. Accordingly, the tax loss carried forward is reduced.				
Tax loss carry-forward	361,668	327,314	-74,352	72,620
Unrecognised as deferred tax asset	-294,886	-273,423	-74,352	-72,620
Tax loss carry-forward recognised as deferred tax asset	66,781	53,891	0	0
Total deferred tax asset amount	77,973	70,294	15,317	15,541
Unrecognised deferred tax asset amount	-63,281	-58,438	-15,317	-15,541
Deferred tax asset amount recognised	14,692	11,856	0	0

11. Intangible assets

T.SEK	Goodwill	Technology	In-process development projects	Completed development projects	Other intangible assets	Total
<i>Group</i>						
Cost price at 1 January 2021	3,710	12,000	73,641	43,602	20,661	153,614
Additions during the year	0	0	24,459	0	52	24,511
Disposals during the year	0	0	0	22	0	22
Reclassification	0	0	-3,706	3,706	0	0
Exchange rate adjustment	0	0	1,555	995	347	2,897
Cost price at 31 December 2021	3,710	12,000	95,949	48,325	21,060	181,044
Amortisation at 1 January 2021	0	-3,400	0	-17,573	-15,038	-36,011
Amortisation	0	-800	0	-8,764	-3,344	-12,908
Exchange rate adjustment	0	0	0	-470	-272	-742
Amortisation at 31 December 2021	0	-4,200	0	-26,807	-18,654	-49,661
Carrying amount at 31 December 2021	3,710	7,800	95,949	21,518	2,406	131,383
Cost price at 1 January 2020	3,710	12,000	71,857	35,661	21,296	144,524
Additions during the year	0	0	14,757	0	0	14,757
Reclassification	0	0	-10,428	9,870	0	-558
Exchange rate adjustment	0	0	-2,545	-1,929	-635	-5,109
Cost price at 31 December 2020	3,710	12,000	73,641	43,602	20,661	153,614
Amortisation at 1 January 2020	0	-2,600	0	-9,900	-11,470	-23,970
Amortisation	0	-800	0	-8,469	-4,048	-13,317
Exchange rate adjustment	0	0	0	796	480	1,276
Amortisation at 31 December 2020	0	-3,400	0	-17,573	-15,038	-36,011
Carrying amount at 31 December 2020	3,710	8,600	73,641	26,029	5,623	117,603

11. Intangible assets (continued)

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

Apart from goodwill, management considers that all intangible assets have definite useful lives. In 2021, the group received T.SEK 1,686 (2020: T. SEK 9,130) in government grants, which are set off against additions during the year. Intangible assets have a carrying amount of T.SEK 14,201 (T.SEK 14,343 in 2020) in Sweden, a carrying amount of T.SEK 113,499 (T.SEK 98,532 in 2020) in Denmark, and a carrying amount of T.SEK 3,683 (T.SEK 4,728 in 2020) in Luxembourg.

Goodwill

The group as a whole is identified as a Cash Generating Unit (CGU). The group has realised a loss of T.SEK 27,327 in 2021 (2020: loss of T.SEK. 43,566). GomSpace expectations for the next years are aiming to generate growth in sales, supported by the underlying market. The group's activities are primarily carried out in GomSpace A/S and on a smaller scale in Sweden, Singapore, the USA, and Luxembourg. GomSpace Group AB's sole activity is holding shares in subsidiaries and associates and the stock listing on NASDAQ First North Premier.

Based on the market value of GomSpace Group AB on NASDAQ First North Premier in Stockholm (2021: mSEK 529 and 2020: mSEK 855), management assesses there is headroom between the recoverable amount and the carrying amount of goodwill and intangible assets as of 31 December 2021 similar to 31 December 2020.

Furthermore, management has prepared a consolidated impairment test based on the discounted cash flow model reflecting the financial targets for the coming five-year period, market reports on future growth, and technology trends. Management applies five years to reflect the long-term approach to customers' purchasing decisions. Cash flows beyond the five years are extrapolated using an estimated growth rate. Key assumptions include revenue, EBIT, the investment growth rate in the terminal period, and discounting factor (WACC) according to the specification below, including sensitivity analysis. The impairment test shows that there is headroom between the recoverable amounts and the carrying amounts of goodwill and non-current assets as of 31 December 2021, similar to 31 December 2020.

	2021			2020		
	Terminal period*	Actual	Sensitivity	Terminal period*	Actual	Sensitivity
Revenue	766 mSEK	214 mSEK	556 mSEK	453 mSEK	195 mSEK	359 mSEK
Growth rate	2%	10%	-26%	2%	43%	-19%
EBIT ratio	22%	-14%	7%	16%	-16%	7%
Investments	46.0 mSEK	27.5 mSEK	356.9 mSEK	22.2 mSEK	24.8 mSEK	182.8 mSEK
Discounting factor (WACC)	11.3%	-	21.3%	10.5%	-	16.5%

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

The above sensitivities allow a decrease in sales growth of 26% in the terminal period or increase WACC to 21.3% before assessing an impairment needed.

In-process development projects

In-process development projects are subject to an annual impairment test. In-process development projects consist of nanosatellite platforms and expand our processing and radio capabilities with more powerful processing components. The two most important technological drivers to create efficient and high-value nanosatellites are:

- The ability to harvest a high amount of energy with solar panels fitted on the small satellite body.
- The ability to transmit the highest amount of data between the satellites and the ground with the lowest energy consumption.

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

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

The carrying amount for in-process development projects at 31 December 2021 amounts to T.SEK 95,949 (T.SEK 73,641 as 31 December 2020).

The in-process development projects are primarily carried out in GomSpace A/S. A part of the in-process development projects last year is completed during 2021. Parts of the in-process development projects are expected to be completed during 2022, and the remaining part is expected to be completed after 2022. Management expects the development projects to increase revenue for the group in 2022 and the following years. Please refer to the expectations described above.

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

Based on the impairment tests, management assesses there is headroom between the recoverable amount and the carrying amount of in-process development projects as of 31 December 2021.

Other intangible assets, including technology and completed development costs

Regarding the expectations described above, management has not identified any factors indicating the need to carry out impairment tests for other intangible assets, including technology and completed development costs in 2021 and 2020.

Development costs recognised in the income statement

Development costs including depreciation and amortisations recognised in the income statement in 2021 amount to T.SEK 22,106 (T.SEK 20,387 in 2020).

12. Property, plant and equipment

T.SEK	Leasehold improvements	Other fixtures, fittings, tools and equipment	Total property, plant and equipment
Group			
Cost price at 1 January 2021	31,496	22,234	53,730
Additions during the year	925	1,037	1,962
Exchange rate adjustment	625	209	834
Cost price at 31 December 2021	33,046	23,480	56,526
Depreciation at 1 January 2021	-13,138	-18,204	-31,342
Depreciation	-6,220	-2,217	-8,437
Exchange rate adjustment	-315	-187	-502
Depreciation at 31 December 2021	-19,673	-20,608	-40,281
Carrying amount at 31 December 2021	13,373	2,872	16,245
Cost price at 1 January 2020	31,981	17,175	49,156
Additions during the year	640	260	900
Exchange rate adjustment	-1,125	4,241	3,116
Cost price at 31 December 2020	31,496	22,234	53,730
Depreciation at 1 January 2020	-7,246	-10,848	-18,094
Depreciation	-6,414	-3,078	-9,492
Exchange rate adjustment	522	-4,278	-3,756
Depreciation at 31 December 2020	-13,138	-18,204	-31,342
Carrying amount at 31 December 2020	18,358	4,030	22,388

Property, plant and equipment have a carrying amount of T.SEK 7,997 (T.SEK 10,497 in 2020) in Sweden, a carrying amount of T.SEK 815 (T.SEK 2,446 in 2020) in Luxembourg and a carrying amount of T.SEK 40,634 (T.SEK 52,101 in 2020) in Denmark. GomSpace Group AB's property, plant and equipment are located in Sweden, Luxembourg and Denmark.

13. Right of use assets (leasing)

Leasing assets T.SEK	Property	Other fixtures, fittings, tools and equipment	Total
Group			
Balance at 1 January 2021	39,904	2,752	42,656
Exchange rate adjustment	519	52	571
Additions	0	899	899
Depreciation	-9,790	-1,135	-10,925
Balance at 31 December 2021	30,633	2,568	33,201
2020			
Balance at 1 January 2020	50,585	3,956	54,541
Exchange rate adjustment	-1,002	-90	-1,092
Additions	1,232	0	1,232
Disposals	-1,184	0	-1,184
Depreciation	-9,727	-1,114	-10,841
Balance at 31 December 2020	39,904	2,752	42,656

The weighted rate amounts to 2-4%.

Leasing liabilities T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Within 0-1 years	10,174	12,218	0	0
Within 1-5 years	23,797	33,919	0	0
After 5 years	0	0	0	0
Total non-discounted leasing payments	33,971	46,137	0	0
Recognised in balance at 31 December				
Current leasing liability (0-1 years)	9,823	10,900	0	0
Non-current leasing liability (after 1 year)	23,022	31,745	0	0
	32,845	42,645	0	0
Income statement leasing costs				
Interest costs related to leasing contracts	996	1,276	0	0
Payments related to low-value leasing contracts	1,337	1,014	0	0

14. Investments in subsidiaries

T.SEK	2021	2020
GomSpace Group AB		
Cost price at 1 January	389,948	304,693
Additions during the year*	31,100	116,320
Capital contribution (share-based payments)**	90	493
Return of capital contribution**	-90	-493
Write-down of investments***	-22,648	-31,065
Cost price at 31 December	398,400	389,948

* Additions during 2021 comprise the shareholders' contribution in subsidiaries at an amount of T.SEK 31,100 (2020: T.SEK 116,320).

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

*** Write-down of investments consists of a write-down in GomSpace Sweden AB of T.SEK 22,648 (2020: T.SEK 31,000) and GomSpace Orbital ApS T.SEK 0 (2020: T.SEK 65).

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 398,400 as of 31 December 2021 (T.SEK 389,948 as of 31 December 2020).

The group has realised a loss of T.SEK 27,327 in 2021 (T.SEK -43,566 in 2020). Expectations for the next years is aiming to generate growth in sales, supported by the underlying market.

The group's activities are primarily carried out in GomSpace A/S with a booked amount of T.SEK 348,166 as of 31 December 2021 (T.SEK 348,166 as of 31 December 2020). There are activities on a smaller scale in GomSpace Luxembourg S.A.R.L. with a booked amount of T.SEK 10,479 (T.SEK 10,479 as of 31 December 2020) and GomSpace Sweden AB with a booked amount of T.SEK 36,508 as of 31 December 2021 (T.SEK 28,056 as of 31 December 2020). Activities through subsidiaries in Singapore and the USA have been moderate in 2021, similar to 2020. GomSpace Group AB's sole activity is holding shares in subsidiaries and associates and the stock listing on NASDAQ First North Premier.

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

The impairment tests indicate a need for impairment in GomSpace Sweden AB. An impairment of T.SEK 22,648 is recognised as a financial cost in the income statement.

T.SEK	GomSpace A/S 30899849 Aalborg, Denmark	GomSpace Sweden AB 556643-0475 Uppsala, Sweden	GomSpace Orbital ApS 38173561 Aalborg, Denmark	GomSpace North America LLC S667083-2 Washington, USA	GomSpace Asia Pte Ltd 201707094C Singapore	GomSpace Luxembourg SARL 1008250/0 Luxembourg
Result	-13,236	-11,152	-61	629	9	-717
Equity	88,968	20,134	-3,306	2,679	2,860	5,978
Proportion of shares	100%	100%	100%	100%	100%	100%
Booked value	348,166	36,508	0	1,105	2,142	10,479
Carrying amount of equity 2021	88,968	20,134	-3,306	2,679	2,860	5,978
Carrying amount of equity 2020	99,286	186	-3,262	2,909	1,351	13,066
Carrying amount of equity 2019	15,286	1,533	-3,362	2,893	1,686	10,507
Carrying amount of equity 2018	114,259	19,039	-2,883	2,605	1,480	-915
Carrying amount of equity 2017	59,201	15,792	-1,367	1,210	2,290	118

15. Investment in associates

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

Aerial and Maritime Ltd. has started a solvent liquidation process and expect to finalise it in 2022. According to the settlement agreement from 2020, GomSpace Group AB has waived its right to liquidation dividends from Aerial & Maritime Ltd. Therefore, the liquidation will not have a financial impact on the Group.

In December 2021, Aerial Maritime Ltd. shareholders agreed that Aerial & Maritime Ltd. should buy back shares from its shareholders as part of the ongoing solvent liquidation. The Group does not receive any funds from this transaction because of the settlement agreement. The transaction caused a realised loss of T.SEK 24,044, even with a write-down reversal given an effect of T.SEK 0 in the income statement. After this transaction, the Group has the same ownership of 39%.

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Cost at 1 January	24,114	24,114	24,114	24,114
Disposals	(24,044)		(24,044)	
Cost at 31 December	70	24,114	70	24,114
Value adjustments at 1 January	-24,114	-12,442	-24,114	-12,442
Share of profit (loss)	-33	-3,166	0	0
Impairment of associates	24,077	-5,863	24,044	-11,672
Eliminations*	0	-2,643	0	0
Foreign exchange adjustments	0	0	0	0
Value adjustments at 31 December	-70	-24,114	-70	-24,114
Carrying amount at 31 December	0	0	0	0

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

T.SEK	2021	2020
Aggregated financial information for associates:		
Current assets	26,995	24,992
Non-current assets	0	377
Current liabilities	26,145	319
Equity	850	25,049
Group's share in equity, 39% (2020: 39%)	332	9,771
Goodwill	8,631	7,815
Elimination of unrealised profits	-12,754	-10,758
Group's carrying amount of the investment (before impairment)	-3,791	6,828
Impairment of associates	3,791	-6,828
Group's carrying amount of the investment (after impairment)	0	0
Administration costs	-86	-2,485
Interest	0	-5,642
Loss before tax	-86	-8,127
Income tax expense	0	9
Loss for the year	-86	-8,118
Group's share of loss for the year	-33	-3,166
Loss for the year	-86	-8,118
Other comprehensive income	0	0
Total comprehensive income	-86	-8,118
Group's share of comprehensive income	-33	-3,166
Aerial & Maritime Ltd. Domiciled in Mauritius Corporate ID:142963		
Proportion of shares	39%	39%
Fair value	0	0

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

16. Deferred tax

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Deferred tax at 1 January	1,541	1,173	0	0
Deferred tax recognised in the income statement	-1,185	388	0	0
Exchange rate adjustment	0	-20	0	0
Deferred tax at 31 December	356	1,541	0	0
Deferred tax relates to:				
Intangible assets	-19,977	-16,352	0	0
Property, plant and equipment	340	-1,895	0	0
Short-term assets	-597	186	0	0
Short-term liabilities	5,898	7,746	0	0
Tax loss carry-forwards	14,692	11,856	0	0
	356	1,541	0	0
Deferred tax assets	356	1,541	0	0
Deferred tax liabilities	0	0	0	0
Deferred tax, net	356	1,541	0	0

The Group has updated the analysis of the expected utilisation of tax loss carry-forwards based on existing facts and the development regarding deferred tax assets under IFRS. The Group had recognised a tax asset regarding deferred tax loss carry-forward at a total amount of T.SEK 14,692 as of 31 December 2021 (T.SEK 11,856 as of 31 December 2020). Unrecognised tax assets regarding tax losses carry forward amount to T.SEK 63,281 as of 31 December 2021 (T.SEK 58,438 as of 31 December 2020) for the Group.

The parent company had a non-recognised deferred tax loss carry-forward at a total amount of T.SEK 74,352 (T.SEK 72,620). The Swedish entities can only use this amount, and no tax profit is expected to be generated within the foreseeable future. Once the non-recognised deferred tax loss carry-forward in the parent company is recognised, part of this is done over equity regarding deferred tax concerning expenses booked on equity.

17. Other non-current assets

Other non-current assets as of 31 December 2021 and 2020 consist of lease deposits.

18. Inventories

T.SEK	Group	
	2021	2020
Raw materials and consumables	31,282	26,066
Work in progress	4,679	383
	35,961	26,449

T.SEK 38,563 of inventories was recognised in the cost of sales during 2021 (T.SEK 32,237 in 2020). Re-evaluated inventories in 2021 were positive T.SEK 1,464 (positive T.SEK 6,134 in 2020).

19. Contract work

T.SEK	Group	
	2021	2020
Revenue from contract work	308,499	192,887
Less progress billings	-341,682	-218,513
Exchange rate adjustment	-333	1,046
	-24,804	-24,580
Recognised in the balance sheet as:		
Amounts due from customers for contract work	34,860	19,643
Amounts due to customers for contract work	-59,664	-44,223
	-24,804	-24,580

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

Contract assets increased in 2021 which is mainly due to higher revenue and activity than last year. Contract liabilities include advances received to deliver Sales of satellite solutions, platforms, payloads and subsystems. The outstanding balances of these accounts increased in 2021 due to higher activity in the Group.

In 2021, T.SEK 555 (2020: T. SEK 513) was recognised as a provision for expected losses on contract assets.

20. Trade receivables

(from contract work) T.SEK	Group	
	2021	2020
Contract work	34,860	19,643
Trade receivables	30,998	25,396
Write-downs	-3,046	-3,667
	62,812	41,372
Ageing of receivables		
Not due and contract work	49,803	36,214
0 - 30 days overdue	10,265	3,176
31 - 90 days overdue	1,642	1,406
>90 days overdue	1,102	576
	62,812	41,372
Movement in allowance for doubtful trade receivables and contract work		
Carrying amount at the beginning of the year	3,667	16,266
Allowances for losses during the year	-652	1,033
Confirmed losses	0	-13,078
Exchange rate adjustment	31	-554
	3,046	3,667

As of 31 December 2021, trade receivables at an amount of T.SEK 13,009 (T.SEK 5,156 in 2020) were past due but not impaired. As of 31 December 2021, due receivables relate to several independent customers with no recent history of non-payment. Payments totalling T.SEK 16,377 (T.SEK 17,874 in 2021) have been received in January 2022.

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 concerning these receivables.

21. Tax receivable

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

22. Prepayments

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Prepayments for inventories	1,782	82	0	0
Rental costs	364	348	0	0
Prepaid insurance	755	464	744	246
Other prepayments	1,272	1,454	208	76
	4,173	2,348	952	322

23. Other receivables

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
VAT	2,390	2,739	0	0
Other receivables	64	1,329	71	86
	2,454	4,068	71	86

24. Cash and cash equivalents

Of the total cash and cash equivalents amount, an amount of T.SEK 15,755 (T.SEK 1,894 in 2020) is deposited as security for projects in the subsidiaries GomSpace A/S and GomSpace Sweden AB. The amount is deposited in GomSpace A/S and GomSpace Sweden AB.

25. Share capital

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

	Number of shares
Changes in share capital:	
Share capital at 1 January 2016	13,907,334
Capital increase 2016	8,000,000
Capital increase 2016	2,000,000
Capital increase 2016	600,000
Capital increase 2017	1,750,000
Capital increase 2018	26,017,469
Share capital at 31 December 2021, fully paid	52,274,803

Capital management

The Group is primarily financed through equity with an equity ratio of 57% as of 31 December 2021 (61% as of 31 December 2020). Still, we will use debt financing when this can be achieved at attractive conditions. Management evaluates the need for capital on an ongoing basis. When maintaining capital, the objectives are to maintain sufficient capital to meet short-term obligations and maintain investors' confidence required to sustain the future development of the business.

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

T.SEK	2021	2020
Earnings per share, basic, SEK	-0.52	-0.83
Earnings per share, diluted, SEK	-0.52	-0.83
Number of outstanding shares basic, average	52,275	52,275
Number of outstanding shares diluted, average	52,275	52,275

236,757 (563,358) warrants are excluded when computing diluted results per share, these are out-of-the-money however they can potentially dilute the result per share in the future.

26. Prepayments

T.SEK	Group	
	2021	2020
Accrued income from grants received for development projects	682	0
Accrued rental reduction	1,559	1,820
	2,241	1,820

27. Other liabilities

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Non-current				
Governmental postponed payroll taxes	2,792	0	0	0
Accrued holiday pay	7,846	7,752	0	0
	10,638	7,752	0	0
Current				
Accrued holiday pay	7,905	6,149	174	138
Payroll liabilities	10,892	9,934	200	234
VAT	40	347	40	101
Contract work, loss	555	513	0	0
	19,392	16,943	414	473
Total other liabilities	30,030	24,695	414	473

28. Contractual commitments and contingent liabilities

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Commitments				
<i>Security for debt to credit institutions</i>				
Security in company assets (floating charge)	44,333	45,720	0	0
Pledged bank account for the benefit of the subsidiaries	0	0	0	0
Total	44,333	45,720	0	0
Low-value assets				
Operating lease commitments*:				
Due within 1 year	1,478	1,039	0	0
Due between 1 and 5 years	1,359	698	0	0
Due after 5 years	0	0	0	0
	2,836	1,736	0	0
Lease payments recognised as an expense amount to	1,337	1,014	0	0
*Lease commitments primarily relate to IT equipment				
Contingent liabilities				
Letter of support to subsidiary (equity in GomSpace Orbital ApS)*	0	0	3,306	3,262
Parent company guarantee	0	0	13,830	18,877
Total	0	0	17,136	22,139

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

There are no pending court and arbitration cases.

29. Financial risks

General risk management

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

Credit risks

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

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

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

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

An impairment analysis is performed at each reporting date. The management assesses credit risk concerning the individual customer, considering whether they are public customers who are deemed to have a lower credit risk than industry customers. Except for the increased risks mentioned in note 2, the Group evaluates the concentration of risk for trade receivables as low, as its customers are located in several jurisdictions. The Group's activities occur in the global market for nanosatellites, and management does not distinguish between customers' geographical affiliations in the credit risk assessment. At the reporting date, the maximum exposure to credit risk is the carrying value of each class of financial assets disclosed in Note 29.

Foreign exchange risks

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

- A change in foreign exchange rates of +/- 10% in the subsidiaries in DKK will have an effect on other comprehensive income and equity before tax on T.SEK 708 (2020: T.SEK 674), based on last 12 months net flow
- A change in foreign exchange rates of +/- 10% concerning assets and liabilities in DKK will have an effect on result and equity before tax on T.SEK 542 (2020: T.SEK 138) based on the net position at balance day
- A change in foreign exchange rates of +/- 10% concerning assets and liabilities in EUR will have an effect on result and equity before tax on T.SEK 1,233 (2020: T.SEK 1,594) based on the net position at balance day
- A change in foreign exchange rates of +/- 10% concerning assets and liabilities in USD will have an effect on result and equity before tax on T.SEK 525 (2020: T.SEK 175) based on the net position at balance day

29. Financial risks (continued)

Interest rate risk

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

- A change in the interest of +/- 1% will affect 2021 on result and equity before tax on T.SEK 142 (2020 T.SEK 194) based on interest-bearing loans on the balance day.

Liquidity risk

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

By continually maintaining cash assets or unused credit facilities, the Group ensures to have sound payment capacity, reducing the liquidity risk. Payment capacity, i.e., cash from the capital increases and cash equivalents and unused credit facilities as of 31 December 2021, was T.SEK 99,271 (T.SEK 135,502 in 2020).

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, 6.2% p.a. as at 31 December 2021 (2020: 6.53% and 7.77% p.a.). The Group can redeem the loan at par value at any time and is subject to change of control and transfer of assets clauses.

The board of directors has in March 2022 decided to raise M.SEK 103 through a directed share issue, with support from an authorisation granted by the annual general meeting held on 23 April 2021 resolved to issue 10,454,960 new shares at the price of SEK 9.81 per share. The price was established through a so-called "accelerated book-building" procedure led by Naventus Corporate Finance. The new share issue is directed to a newly established family fund of the British citizen Peter Kendal Hargreaves. Through the directed share issue, we receive M.SEK 103 million before deduction of costs related to the new share issue, estimated to be M.SEK 7 (primarily consisting of commission fees and fees for financial and legal advice and costs for practical management of the new share issue). The funds are received in March 2022.

T.SEK	0-1 year	1-5 years	>5 years	Total contractual cash flows	Carrying amount
Group					
31 December 2021					
Borrowings from credit institutions	4,448	11,115	0	15,563	13,830
Leasing liabilities	10,174	23,797	0	33,971	32,845
Trade and other payables	50,223	386	10,251	60,860	60,860
	64,845	35,298	10,251	110,394	107,535
31 December 2020					
Borrowings from credit institutions	6,783	15,268	0	22,051	18,877
Leasing liabilities	11,860	32,830	0	44,690	42,645
Trade and other payables	39,123	374	7,378	46,875	46,875
	57,766	48,472	7,378	113,616	108,397

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

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

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

30. Classification of financial assets and liabilities

T.SEK	Financial assets measured to amortised cost price	Financial liabilities measured to amortised cost prices	Total Carrying amount
31 December 2021			
Assets			
Trade and other receivables, incl. contract work	65,266	0	65,266
Cash and cash equivalents	99,271	0	99,271
Total assets	164,537	0	164,537
Liabilities			
Credit institutions	0	10,301	10,301
Other non-current loans	0	10,638	10,638
Lease liabilities	0	23,022	23,022
Current portion of non-current liabilities	0	13,352	13,352
Trade payables	0	30,830	30,830
Other payables	0	19,392	19,392
Prepayments, incl. contract work	0	61,905	61,905
Total liabilities	0	169,440	169,440
31 December 2020			
Assets			
Trade and other receivables	45,440	0	45,440
Cash and cash equivalents	135,502	0	135,502
Total assets	180,942	0	180,942
Liabilities			
Credit institutions	0	14,264	14,264
Other non-current loans	0	7,752	7,752
Lease liabilities	0	31,745	31,745
Current portion of non-current liabilities	0	15,513	15,513
Trade payables	0	22,180	22,180
Other payables	0	16,943	16,943
Prepayments, incl. contract work	0	46,043	46,043
Total liabilities	0	154,440	154,440

No financial instruments are measured to fair value as of 31 December 2021 and 2020.

The different levels of fair value are defined as follows:

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

The fair values of financial instruments that are not traded in an active market are determined with the help of valuation techniques. Market data is used as far as possible when such data is available. If all significant inputs required for the fair value measurement of an instrument are observable, it belongs to Level 2. When one or several significant inputs are not based on observable market information, the instrument is classified as Level 3.

31. Non-cash items

T.SEK	Group		GomSpace Group AB	
	2021	2020	2021	2020
Grants deducted in fixed assets	-680	867	0	0
Exchange rate adjustments	1,922	-1,386	-17	-566
Amortised borrowing costs	166	35	0	0
Warrant costs	90	493	90	493
Elimination of transactions with associates	0	2,643	0	0
Profit (loss) on fixed assets	-18	-12	0	0
Adjustment to prior year	630	0	0	0
Write down in subsidiaries	0	0	22,648	31,065
	2,110	2,640	22,721	30,992
32. Changes in net working capital				
Changes in inventories	-8,985	-3,158	0	0
Changes in trade receivables	-4,972	13,131	15,117	25,956
Changes in other receivables	-14,905	-8,326	-645	219
Changes in trade and other payables	25,544	33,136	779	-197
	-3,318	34,783	15,251	25,978
33. Result after tax from associates				
Share of profit (loss)	-33	-3,166	0	0
Loss on partial disposal of the shares	-24,044	0	-24,044	0
Write down of associates*	24,077	-5,863	24,044	-11,672
	0	-9,029	0	-11,672

*The write-down reversal was performed as a result of the disposals of shares concerning the solvent liquidation of the company.

34. Liabilities from financing of debt activities

T.SEK	At the beginning of the year	Cash flow	Non-cash alterations			At the end of the year
			Aquisition	Borrowing costs	Exchange adjustment	
31 December 2021						
GomSpace Group AB						
Total liabilities from financing of debt activities	0	0	0	0	0	0
Group						
Long-term debt	53,761	-14,473	904	165	812	41,169
Short-term debt	15,760	-2,459	0	0	228	13,529
Total liabilities from financing of debt activities	69,521	-16,932	904	165	1,040	54,698
31 December 2020						
GomSpace Group AB						
Total liabilities from financing of debt activities	0	0	0	0	0	0
Group						
Long-term debt	61,763	-6,444	36	35	-1,629	53,761
Short-term debt	19,735	-3,562	0	0	-413	15,760
Total liabilities from financing of debt activities	81,498	-10,006	36	35	-2,042	69,521

35. Government grants

Group

In 2021, the Group received T.SEK 1,686 in public grants for development purposes (2020: T.SEK 8,263). Hereof, T.SEK 0 (2020: T.SEK 873) were recognised in the income statement, and T.SEK 1,010 (2020: T.SEK 7,390) were set off against the cost of the assets to which the grants relate. Of the amount received, T.SEK 676 (2020: T.SEK 0) are presented as prepayments.

36. Related parties

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

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

Group

The Group had expenses for accounting (with significant influence over the company) at a total of T.SEK 670 (T.SEK 780 in 2020), apart from management costs in note 4.

The Group has paid a settlement payment to associates of T.SEK 0 (T.SEK 16,119 in 2020).

The Group sold goods and services to associates at a total amount of T.SEK 0 (T.SEK 9,517 in 2020).

GomSpace Group AB

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

T.SEK	2021	2020
Transactions with subsidiaries		
Sale of goods and services	30,641	28,060
Purchase of goods and services	27,017	23,192
Receivables on the balance sheet date	91,975	107,092

37. Events after the balance sheet date

The board of directors has in March 2022 decided to raise M.SEK 103 through a directed share issue, with support from an authorisation granted by the annual general meeting held on 23 April 2021 resolved to issue 10,454,960 new shares at the price of SEK 9.81 per share. The price was established through a so-called "accelerated book-building" procedure led by Naventus Corporate Finance. The new share issue is directed to a newly established family fund of the British citizen Peter Kendal Hargreaves. Through the directed share issue, we receive M.SEK 103 million before deduction of costs related to the new share issue, estimated to be M.SEK 7 (primarily consisting of commission fees and fees for financial and legal advice and costs for practical management of the new share issue). The funds are received in March 2022.

In February 2022, we have signed an order with D-Orbit SpA of M.SEK 9. The order is for P60 power systems and batteries expected to be delivered in 2022.

38. Proposed distribution of profit (loss)

GomSpace Group AB

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

	2021	2020
Share premium	578,311,459	578,311,459
Retained earnings	-67,958,145	-20,360,872
Profit/loss for the year	-24,472,969	-47,687,479
	485,880,345	510,263,108
To be distributed as follows:		
Paid out as dividend	0	0
Carried forward	485,880,345	510,263,108
	485,880,345	510,263,108

39. New accounting standards

If applicable, the Group intends to adopt the new and amended standards and interpretations when it becomes effective. No new standards and interpretations were adopted in 2021. Therefore, no impact on consolidated financial statements from new and amended standards and interpretations issued, but not yet effective, up to the date of issuance of the Group's financial statements.



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MANAGEMENT'S STATEMENT

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

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

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

The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position will be submitted to the Annual General Meeting on 22 April 2022 for adoption.

Stockholm, 31 March 2022

Executive Board and Board of Directors

Niels Buus
CEO

Jens Maaløe
Chairman

Jukka Pekka Pertola

Niels Jesper Jespersen Jensen

Steen Lorenz Johan Hansen

Our audit report was submitted on 31 March 2022

Ernst & Young AB

Martin Henriksson
Authorised Public Accountant,
Auditor-in-charge

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of GomSpace Group AB (publ) except for the corporate governance statement on pages 23-25 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 13-66 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 2021 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 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 23-25. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-12 and 67-70. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of GomSpace Group AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

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

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 23-25 has been prepared in accordance with the Annual Accounts Act.

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

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

Malmö 31 March 2022

Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

Definition of ESG figures

CO₂ scope 1

Formula

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

Unit: ton CO₂e

CO₂ scope 2

Formula

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

Unit: ton CO₂e

Renewable energy share

Formula

(renewable energy/energy consumption) * 100

Unit: %

Water consumption

Formula

the sum of all used water – gross

Unit: m³

Workforce FTEs

Formula

FTE's + temporary labour

Unit: FTE

Gender diversity, overall

Formula

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

Unit: % female

Gender diversity, management

Formula

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

Unit: % female

Gender pay ratio

Formula

Median male salary/Median female salary

Unit: female of male

Employee turnover rate

Formula

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

Unit: %

Sickness absence

Formula

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

Unit: days per FTE

Customer retention rate

Formula

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

Unit: %

Gender diversity, board

Formula

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

Unit: %

Board meeting attendance rate

Formula

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

Unit: %

CEO pay ratio

Formula

CEO compensation / Median employee salary

Unit: Multiple

Financial Calendar

Annual general meeting 22 April 2022
Interim report, January-March 2022 2 May 2022

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