GomSpace ApS

CVR No 30 89 98 49

Annual report for

January 1, 2015

-

December 31, 2015

The Annual Report was presented and adopted at the Annual General Meeting of the Company on: 31.05. 2016

Chairman

Julie Nielsen

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Company Information

Company
GomSpace ApS
Alfred Nobels Vej 21C, 1.
DK-9220 Aalborg

CVR No.	30 89 98 49
Municipality of reg. office	Aalborg
Telephone	+45 9635 4500
Website	www.gomspace.com
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Board of Directors
Niels Jesper Jespersen Jensen
Lars Alminde
Carl-Erik Jørgensen
Jens Langeland-Knudsen

Executive board
Niels Buus

Auditors
PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

Key figures

	2015 T.DKK	2014 T.DKK	2013 T.DKK	2012* T.DKK	2011* T.DKK
5 years' key figures					
Net revenue	27,174	21,836	8,379	4,853	5,475
Operating profit	-1,879	1,445	208	-238	-111
Net financial items	-611	-146	-172	-34	-239
Profit/loss before tax	-2,490	1,299	36	-272	-351
Profit/loss for the the year	-1,889	1,004	14	-209	-266
Investments in PPE	457	433	149	0	44
Total assets	24,521	14,907	8,653	6,585	3,827
Equity	11,245	6,042	5,038	5,024	-480
Total liabilities	13,276	8,865	3,615	1,561	4,306
5 years' ratios					
Operating margin	-7%	7%	2%	-5%	-2%
Net Margin	-7%	5%	0%	-4%	-5%
Return on invested capital (%)	-8%	7%	0%	-3%	-7%
Return on equity (%)	-22%	18%	0%	-9%	77%
Equity ratio (%)	46%	41%	58%	76%	-13%
Earning per share	-1.9	1.7	0.0	-0.4	-1.1

Definitions of ratios are presented in accordance with key accounting principles.

*Key figures for 2012 and 2011 are not prepared in accordance with IFRS. Key figures for 2012 and 2011 are based on accounting after Danish standards.

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of GomSpace ApS for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements included in the executive order on IFRS issued by the Danish Commerce and Companies Agency.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations and cash flows for 2015.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aalborg, 28.04.2016

Executive Board

Niels Buus

Board of Directors

Niels Jesper Jespersen Jensen
Chairman

Lars Alminde

Carl-Erik Jørgensen

Jens Langeland-Knudsen

Independent Auditor's Report

To the Shareholders of GomSpace ApS

Report on the Financial Statements

We have audited the Financial Statements of GomSpace ApS for the financial year 1 January - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies . The Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Aalborg, 28.04.2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Marianne Fog Jørgensen
State Authorised Public Accountant

Management's Review

GomSpace in brief
The overall purpose of GomSpace is to produce products and turn key solution for satellites.

Company operations
Corporate activities
• GomSpace's margins during the year are lower than expected, because the company had delivery difficulties in the beginning of the year. This resulted in a negative profit for the year.
• Increased production facilities and delivery of more than 1,000 products and 12 complete satellites.
• Successful GomX-3 ESA mission that proved nanosatellite technology.

R&D activities
• Released new and improved products.
• Initial radiation testing which successfully proves products lifetime in space.

Financial highlights
• Capital raise of DKK 7 million through its present shareholders for investment in progression and expansion of the Company's internal development program.
• Net loss of DKK 1.9 million in 2015 against a net profit of DKK 1 million in the last year.

Subsequent events
• GomSpace has strengthened the management team with professionals in space, defense, security and development as well as production of sensitive electronic devices.

Expectations for the future
The future for GomSpace looks very bright.
The company is experiencing a very high demand in all of its primary business areas.
The academic area is growing with around 30% annually and is expected to continue to do so for the next 4-5 years.
In the scientific area, there is a strong tendency that an increased number of science groups can use satellites because they – with our solutions – become affordable.
The defense and intelligence customers are extremely interested in our nanosatellites, because our cost base is dramatically lower than traditional satellites.
In the commercial area, GomSpace have solutions in airline tracking that is working on exploring and GomSpace has customers in communication and Internet of Things for remote areas which have the potential to lead to extreme growth for the company.
All this is based on the vision which was formulated by the founders of the company in the startup phase, i.e. GomSpace can create fully professional and extremely price competitive solutions by combining nanosatellites with advanced radio technology because it is small and does not consume a lot of power.

Expectations for the future (continued)

The Company is experiencing increasing growth and in order to realise the growth plans, the Company depends on contribution of capital. Negotiations are being conducted with several parties in relation to contribution of additional capital for development of these growth plans.

The Company's management considers it to be very likely that the Company will receive the necessary liquidity and capital. In case the Company does not receive the planned capital, the Company's management is prepared to realise a lower growth as a result of the Company's financial resources.

Technology, knowledge, research and development

GomSpace has improved our technical competences so that, today, the company can claim to be the most advanced in the business with regards to radio technology.
GomSpace has expanded our product range, so that the company has highly professional solutions to all the elements that constitute a nanosatellite.
Last but not least, GomSpace has introduced processes and procedures in the organization, so that the company can produce nanosatellite subsystems and complete satellites of the best quality.
GomSpace has a flawless flight heritage which is the key element for building the necessary trust among our customers.

Corporate Social Responsibility

GomSpace acknowledges the responsibility of supporting human rights and GomSpace does therefore not participate in abusing the declared human rights. GomSpace upholds the freedom of association and removes all forms of discrimination within the workspace, which thereby underlines the fact that GomSpace does not hesitate to hire employees from different nationalities. Within our employee handbook GomSpace emphasizes on the support of a healthy workspace for each of the employees. Furthermore, GomSpace is ongoing accepting CSR terms in customer and development contracts. In addition to this, GomSpace's financial institute demand good CSR behavior. In regards to the environment, GomSpace will take precaution when it comes to environmental challenges that can occur along the way.
Lastly, GomSpace acknowledges the fact that the company does not have its own CSR policy at this moment, GomSpace does however expect to develop its own CSR policy.

Share classes and shareholders

The company's share capital is not comprised in share classes. No shares carry any special rights.
The share capital is owned by Hansen & Langeland ApS, Styrelsen for Forskning og Innovation, Novi Innovation A/S, Black Pepper Invest ApS, Longbus Holding ApS, J. Mølbach Invest IVS and BrightOrbit ApS. Additionally, members of the Board and staff members have invested in the company.

Income Statement

	Note	2015 T.DKK	2014 T.DKK	2013 T.DKK
Net revenue	3	27,174	21,836	8,379
Cost of goods sold	4.5	-13,466	-12,797	-5,235
Gross profit		**13,708**	**9,039**	**3,144**
Sales and distribution costs	4.5	-5,750	-5,056	-1,396
Research and development costs	4.5	-6,256	-622	-619
Administrative costs	4.5	-3,581	-1,859	-921
Other operating costs		0	-57	0
Operating profit		**-1,879**	**1,445**	**208**
Finance income	6	130	1	3
Finance expenses	7	-741	-147	-175
Profit (loss) before income tax		**-2,490**	**1,299**	**36**
Income tax	8	601	-295	-22
Profit (loss) for the year		**-1,889**	**1,004**	**14**
Profit (loss) is attributable to				
Owners of GomSpace ApS		-1,889	1,004	14
		-1,889	**1,004**	**14**

Statement of comprehensive income

	Notes	2015 T.DKK	2014 T.DKK	2013 T.DKK
Profit (loss) for the period		-1,889	1,004	14
Other comprehensive income for the period, net of tax		**0**	**0**	**0**
Total comprehensive income for the period		**-1,889**	**1,004**	**14**
Total comprehensive income for the period is attributable to:				
Owners of GomSpace ApS		-1,889	1,004	14
		-1,889	**1,004**	**14**

Balance sheet

	Notes	31 Dec 2015 T.DKK	31 Dec 2014 T.DKK	31 Dec 2013 T.DKK	1 Jan 2013 T.DKK
Finished development projects	9	2,003	2,822	1,421	1,441
Development projects in progress	9	4,877	612	2,487	1,911
Intangible assets		**6,880**	**3,434**	**3,908**	**3,351**
Property, plant and equipment	10	569	400	144	42
Property, plant and equipment		**569**	**400**	**144**	**42**
Deferred tax	11	0	0	0	132
Other non-current assets		**0**	**0**	**0**	**132**
Total non-current assets		**7,449**	**3,834**	**4,052**	**3,525**
Raw materials and consumables	12	2,375	2,184	1,172	754
Prepayments for inventories	12	0	533	0	0
Inventories		**2,375**	**2,717**	**1,172**	**754**
Contract work	13	5,738	1,564	659	0
Trade receivables	14	5,381	4,628	825	1,003
Income tax receivables		1,028	0	114	416
Other prepayments		0	52	65	36
Other receivables		1,549	902	254	210
Receivables		**13,696**	**7,146**	**1,917**	**1,666**
Marketable securities		**6**	**6**	**5**	**3**
Cash and cash equivalents		**995**	**1,204**	**1,507**	**638**
Total current assets		**17,072**	**11,073**	**4,601**	**3,060**
Total assets		**24,521**	**14,907**	**8,653**	**6,585**

Balance sheet

	Notes	31 Dec 2015 T.DKK	31 Dec 2014 T.DKK	31 Dec 2013 T.DKK	1 Jan 2013 T.DKK
Share capital	15	993	576	576	576
Share premium		12,815	6,140	6,140	6,140
Retained earnings		-2,563	-674	-1,678	-1,692
Total equity		**11,245**	**6,042**	**5,038**	**5,024**
Credit institutions		3,000	0	0	0
Other non-current loans		0	598	594	590
Deferred tax	11	726	299	4	0
Total non-current liabilities		**3,726**	**897**	**598**	**590**
Current part of non-current liabilities		602	0	0	0
Credit institutions	17	5,195	1,689	21	0
Trade payables and other payables		1,685	2,105	414	212
Contract work	13	233	2,855	1,788	302
Other liabilites		1,835	1,319	794	457
Total current liabilities		**9,550**	**7,968**	**3,017**	**971**
Total liabilities		**13,276**	**8,865**	**3,615**	**1,561**
Total equity and liabilities		**24,521**	**14,907**	**8,653**	**6,585**

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Statement of changes in equity

	Share capital T.DKK	Share premium T.DKK	Retained earnings T.DKK	Total equity T.DKK
Equity 01.01.2013	576	6,140	-1,692	5,024
Profit/loss for the period	0	0	14	14
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	14	14
Transactions with owners in their capacity as owners				
Capital increase	0	0	0	0
Dividend	0	0	0	0
Equity 31.12.2013	**576**	**6,140**	**-1,678**	**5,038**
Equity 01.01.2014	576	6,140	-1,678	5,038
Profit/loss for the period	0	0	1,004	1,004
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	1,004	1,004
Transactions with owners in their capacity as owners				
Capital increase	0	0	0	0
Dividend	0	0	0	0
Equity 31.12.2014	**576**	**6,140**	**-674**	**6,042**
Equity 01.01.2015	576	6,140	-674	6,042
Profit/loss for the period	0	0	-1,889	-1,889
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	-1,889	-1,889
Transactions with owners in their capacity as owners				
Increase in share capital	417	6,675	0	7,092
Dividend	0	0	0	0
Equity 31.12.2015	**993**	**12,815**	**-2,563**	**11,245**

Cash flow statement

	Note	2015 T.DKK	2014 T.DKK	2013 T.DKK
Profit before tax		-2,490	1,299	36
Reversal of financial items		611	146	172
Depreciation and amortizations		1,218	1,206	636
Non-cash items		0	57	0
Change in net working capital	18	-7,706	-3,605	1,053
Cash flows from primary operating activities		-8,367	-897	1,897
Received interest		128	0	0
Paid interest		-712	-143	-165
Paid income taxes		0	114	416
Tax paid		0	0	0
Cash flow from operating activities		**-8,951**	**-926**	**2,148**
Investments in non-current assets		-4,833	-1,045	-1,295
Sales of non-current assets		0	0	0
Cash flow from investing activities		**-4,833**	**-1,045**	**-1,295**
Borrowings		3,004	4	4
Repayment of borrowings		0	0	0
Capital increase		7,092	0	0
Dividends paid		0	0	0
Cash flow from financing activities		**10,096**	**4**	**4**
Net cash flow for the year		**-3,688**	**-1,967**	**857**
Cash and cash equivalents, beginning of the year		-485	1,486	638
Unrealized exchange rate gains and losses on cash		-27	-4	-9
Cash and cash equivalents, end of the year		**-4,200**	**-485**	**1,486**

Reconciliation of cash and cash equivalents

	2015 T.DKK	2014 T.DKK	2013 T.DKK
Cash and cash equivalents according to balance sheet	995	1,204	1,507
Credit institutions, current, accordance to balance sheet	-5,195	-1,689	-21
cash and cash equivalents according to cash flow statement	**-4,200**	**-485**	**1,486**

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Notes

1. Accounting policies

The Financial statements for GomSpace ApS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class B. Further, they are prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

First-time adoption of IFRS

GomSpace ApS has adopted IFRS from 2015 and the comparative figures for 2013 and 2014 have been restated accordingly. The effect of the adoption on recognition, measurement and presentation is discussed in note 22. The adoption has caused additional disclosures.

The annual report is prepared according to standards and interpretations effective for financial years beginning on 1 January 2015. No standards or interpretitations have been adopted before their effective date.

Basis of preparation

The Financial Statements have been prepared under the historical cost method, except for the measurement of certain financial instruments at fair value.

The accounting policies set out below have been applied consistently in respect of the financial year 2015 and the comparative figures.

New standards

The IASB has issued a number of new or amended standards and interpretations effective for financial years beginning after 1 January 2015. Some of these have not yet been endorsed by the EU. Most relevant to the Group is the following:

- IFRS 9 "Financial Instruments" reducing the number of asset classes for financial assets to two: amortized cost and fair value. The standard incorporates new requirements for accounting for financial liabilities. The standard will be effective for financial years beginning on or after 1 January 2018.
- IFRS 15 “Revenue Recognition” clarifying the principles for recognizing revenue from contracts with customers. The effective date for this standard has tentatively been deferred by one year so that it will be effective for financial years beginning on or after 1 January 2018.
- IFRS 16: “Leases”. The standard amends the rules for the lessees’ accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and similar lease liabilities. The standard will be effective for financial years beginning on or after 1 January 2019.

The Company is currently analysing the potential impact from the adoption of these new standards. The Company expects to adopt the standards and interpretations when they become effective.

Notes

1. Accounting policies

Key figures definitions
Operating margin (operating profit * 100 / net revenue)
Net margin (Profit for the the year * 100 / net revenue)
Return on invested capital (profit for the year * 100 / total assets)
Return on equity (profit for the year * 100 / average equity)
Equity ratio (equity * 100 / total assets)
Earning per share (profit for the year / number of shares)

Functional currency and presentation currency
The functional currency of the Company is Danish kroner (DKK) and the Financial Statements are likewise presented in Danish kroner (DKK).

Translations and transactions
Transactions in foreign currencies are initially translated into the functional currency at the exchange rates at the transaction date.

Exchange adjustments arising due to differences between the transaction date rates and the rates at the payment date are recognized in financial income or financial expenses in the income statement. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising due to differences between the rates at the balance sheet date and the transaction date rates are recognized in financial income or financial expenses in the income statement.

Revenue from sale of goods
Revenue from the sale of goods is recognized in the income statement if risk and rewards as well as control over the goods have been transferred to the customer at the balance sheet date, the income can be measured reliably, and expenses incurred or expected to be incurred in connection with the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding VAT and less discounts granted in connection with the sales.

Notes

1. Accounting policies

Contract work
Contracts for the construction of an individually negotiated asset and related services is recognized under the percentage of completion method.

The proportion of net revenue to be recognized in a particular period is calculated according to the stage of completion of the project. For most contracts this is measured by reference to the time spent on the contract up to the relevant balance sheet date as a percentage of the total estimated time of completing the contract. Consideration agreed in the contract is recognized over the contract period using this method.

If the expected total costs are expected to exceed the consideration agreed, a provision is recognized for the expected loss.

Contracts for which the recognized net revenue from the work performed exceeds progress billings are recognized in the balance sheet as receivables.

Contracts for which progress billings exceed the net revenue are recognized as liabilities. Prepayments from customers are recognized under liabilities.

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

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

Financial income and expenses
Financial income and expenses comprise interest receivable and interest payable, surcharges and refunds under Denmark's on-account tax scheme, and value adjustments of financial assets and items denominated in a foreign currency.

Income tax and deferred tax
Current tax liabilities and receivables are recognized in the balance sheet at the amounts calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

Notes

1. Accounting policies

Deferred tax is measured using the balance sheet liability method. In respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

In cases where the computation of the tax base may be performed according to different tax rules, deferred tax is measured on the basis of Management's intended use of the asset or settlement of the liability.

Intangible assets
Research expenses are recognized in the income statement as they are incurred. Development costs are recognized as intangible assets if the costs meet the criteria for recognition.

Amortization is based on the straight-line method over the expected useful lives of the assets:
- Development projects: 5 years

The amortization begins when the development project is at a stage where its commercial potentials can be utilized in the manner intended by Management.

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

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

The useful lives of the individual groups of assets are estimated as follows:
- Other fixtures and fittings, tools and equipment: 2 - 5 years

Depreciation is based on a straight-line basis.

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

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

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

Notes

1. Accounting policies

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

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

Trade receivables
Receivables are initially recognized at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable taking into consideration the period overdue and the expected likelihood of receiving payment.

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

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

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

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

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

Notes

1. Accounting policies

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

Cash and cash equivalents comprise cash less short-term bank debt forming part of the company's cash management.

2. Significant accounting estimates and judgments

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

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

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

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

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

For development projects in progress, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Company in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. The carrying amount of development projects in progress is disclosed in note 9.

Recognized revenue on contract work is based on percentage of completion based on time spent on the contract as a percentage of the total time estimated to complete the project. Management estimates on an ongoing basis the time required to complete the projects and whether the costs can be recovered through the contract. The carrying amount of contract work in progress is disclosed in note 13.

Notes

	2015 T.DKK	2014 T.DKK	2013 T.DKK
3. Net revenue			
Sale of goods	12,326	9,050	6,511
Contract work	14,848	12,786	1,868
	27,174	**21,836**	**8,379**
Geographic distribution			
Europe	14,166	9,542	5,329
USA	1,755	1,276	844
Asia	7,672	6,909	1,198
Rest of the world	3,581	4,109	1,008
	27,174	**21,836**	**8,379**

Revenue to Holland accounts for 30% of the total net revenue (22% in 2014 and 25% in 2013).
Revenue to China accounts for 12% of the total net revenue (10% in 2014 and 0% in 2013).
Revenue to Denmark accounts for 10% of the total net revenue (9% in 2014 and 16% in 2013).

	2015 T.DKK	2014 T.DKK	2013 T.DKK
4. Staff costs			
Wages and salaries	11,043	8,439	2,935
Pension costs, defined contribution plans	1,307	681	180
Other expenses to social security	149	117	49
Other employee costs	330	323	90
Total staff costs	**12,829**	**9,560**	**3,254**
Average number of full time employees	30	16	8
Staff costs are included in:			
Costs of goods sold	6,641	6,246	1,982
Sales and distribution costs	3,053	1,905	558
Research and development costs	1,419	148	135
Administrative costs	1,716	1,261	579
Total staff costs	**12,829**	**9,560**	**3,254**

	2015 T.DKK	2014 T.DKK	2013 T.DKK
4. Staff costs (continued)			
Remuneration of Executive Board and Board of Directors			
Wages and salaries	2,828	2,148	1,109
Pension costs, defined contribution plans	550	432	104
	3,378	**2,580**	**1,213**

Executive Board and Board of Directors comprise the company's key management personnel.

In 2015 wages and salaries of T.DKK 6,069 have been capitalized as development projects (T.DKK 459 in 2014 and T.DKK 916 in 2013).

	2015 T.DKK	2014 T.DKK	2013 T.DKK
5. Depreciation and amortizations			
Costs of goods sold	120	71	22
Sales and distribution costs	49	30	7
Research and development costs	85	7	12
Administrative costs	34	12	6
Total depreciation	**288**	**120**	**47**
Costs of goods sold	387	639	280
Sales and distribution costs	159	273	90
Research and development costs	274	62	147
Administrative costs	110	112	72
Total amortizations	**930**	**1,086**	**589**
6. Financial income			
Interest income	3	0	0
Exchange rate adjustments	127	1	3
Fair value gains on securities	0	0	0
Other financial income	0	0	0
	130	**1**	**3**
7. Financial expenses			
Interest expenses	375	87	30
Exchange rate adjustments	137	2	28
Other financial expenses, including bank fees	229	58	117
	741	**147**	**175**

8. Tax on profit/loss for the year

	2015 T.DKK	2014 T.DKK	2013 T.DKK
Tax on profit (loss) for the year comprise			
Current tax on profit for the year 1)	-1,028	0	-114
Changes in deferred tax	427	295	136
Adjustments to previous years	0	0	0
Tax on profit for the year	**-601**	**295**	**22**
Profit/loss before tax	-2,490	1,299	36
Danish tax rate for GomSpace ApS	23.5%	24.5%	25.0%
Tax	-585	318	9
Non-taxable income	0	0	0
Non-deductible expenses	13	7	13
Changes to the Danish tax rate	-29	-34	0
Adjustments to previous years	0	4	0
Tax on profit for the year	**-601**	**295**	**22**

1) Income tax benefit related to development costs incurred.

9. Intangible assets

	Finished development projects T.DKK	Development projects in progress T.DKK	Total T.DKK
Cost price at 1 January 2015	5,431	612	6,043
Additions during the year	0	4,376	4,376
Reclassification	111	-111	0
Cost price at 31 December 2015	5,542	4,877	10,419
Amortization at 1 January 2015	-2,609	0	-2,609
Amortization	-930	0	-930
Amortization at 31 December 2015	-3,539	0	-3,539
Carrying amount 31 December 2015	**2,003**	**4,877**	**6,880**

	T.DKK	T.DKK	T.DKK
Cost price at 1 January 2014	2,944	2,487	5,431
Additions during the year	0	612	612
Reclassification	2,487	-2,487	0
Cost price at 31 December 2014	5,431	612	6,043
Amortization at 1 January 2014	-1,523	0	-1,523
Amortization	-1,086	0	-1,086
Amortization at 31 December 2014	-2,609	0	-2,609
Carrying amount 31 December 2014	**2,822**	**612**	**3,434**

9. Other intangible assets (continued)

	Finished development projects T.DKK	Development projects in progress T.DKK	Total T.DKK
Cost price at 1 January 2013	2,374	1,911	4,285
Additions during the year	0	1,146	1,146
Reclassification	570	-570	0
Cost price at 31 December 2013	2,944	2,487	5,431
Amortization at 1 January 2013	-934	0	-934
Amortization	-589	0	-589
Amortization at 31 December 2013	-1,523	0	-1,523
Carrying amount 31 December 2013	**1,421**	**2,487**	**3,908**

Intangible assets have been tested for impairment. The impairment test is based on the management budgets and estimates for the next 5 years and a cautious residual growth rate of 2 % simular to the expected market growth. The assumptions for budgets and estimates are based on market growth and increased use of nanosatellites in the commercial sector.
The impairment test includes a discount factor of 10 %.

10. Property, plant and equipment

	Other fixtures, fittings, tools and equipment T.DKK	Total T.DKK
Cost price at 1 January 2015	698	698
Additions during the year	457	457
Reclassification	0	0
Cost price at 31 December 2015	1,155	1,155
Depreciation at 1 January 2015	-298	-298
Depreciation	-288	-288
Depreciation at 31 December 2015	-586	-586
Carrying amount 31 December 2015	**569**	**569**

	T.DKK	T.DKK
Cost price at 1 January 2014	344	344
Additions during the year	433	433
Disposals during the year	-79	-79
Reclassification	0	0
Cost price at 31 December 2014	698	698
Depreciation at 1 January 2014	-200	-200
Depreciation	-120	-120
Reversal of depreciation, assets disposed of	22	0
Depreciation at 31 December 2014	-298	-298
Carrying amount 31 December 2014	**400**	**400**

	T.DKK	T.DKK
Cost price at 1 January 2013	195	195
Additions during the year	149	149
Reclassification	0	0
Cost price at 31 December 2013	344	344
Depreciation at 1 January 2013	-153	-153
Depreciation	-47	-47
Depreciation at 31 December 2013	-200	-200
Carrying amount 31 December 2013	**144**	**144**

	2015 T.DKK	2014 T.DKK	2013 T.DKK
11. Deferred tax			
Deferred tax at 1 January	299	4	-132
Adjustments regarding previous years	0	0	0
Deferred tax recognized in the income statement	427	295	136
Deferred tax recognized in other comprehensive income	0	0	0
Deferred tax at 31 December	**726**	**299**	**4**
Deferred tax relates to:			
Intangible assets	1,513	755	860
Property, plant and equipment	1	-10	-3
Short term assets	-36	0	-3
Provisions	0	0	0
Tax loss carry-forwards	-752	-446	-850
Other liabilities	0	0	0
	726	**299**	**4**

Non part of the deferred tax liability is expected to be settled within 1 year.

12. Inventories

T.DKK 10,323 of inventories was recognized as expenses during 2015 (T.DKK 4,770 in 2014 and T.DKK 2,592 in 2013). Write-downs of inventories in 2015 amounted to T.DKK 0 (T.DKK 0 in 2014 and T.DKK 0 in 2013).

	2015 T.DKK	2014 T.DKK	2013 T.DKK
13. Contract work			
Revenue from contract work	14,848	12,786	1,868
Less progress billings	-9,343	-14,077	-2,997
	5,505	**-1,291**	**-1,129**
Recognized in the balance sheet as:			
Amounts due from customers for contract work	5,738	1,564	659
Amounts due to customers for contract work	-233	-2,855	-1,788
	5,505	**-1,291**	**-1,129**

	31.12.2015 T.DKK	31.12.2014 T.DKK	31.12.2013 T.DKK
14. Trade receivables			
Trade receivables, gross	5,381	4,628	825
Write-downs	0	0	0
	5,381	**4,628**	**825**
Ageing of receivables			
Not due	3,606	3,681	471
0 - 30 days overdue	1,002	580	124
31 - 90 days overdue	137	311	228
>120 days overdue	636	56	2
	5,381	**4,628**	**825**
Movement in allowance for doubtful trade receivables			
Carrying amount at the beginning of the year	0	0	0
Allowances for losses during the year	-240	0	0
Confirmed losses	240	0	0
	0	**0**	**0**

15. Share capital

The share capital comprise 993.381 shares of a nominal value of DKK 1 each. No shares carry any special rights.

	Number of shares/ DKK
Changes in share capital:	
Share capital at 1 January 2011	240,142
Capital increase 2011	0
Capital increase 2012	336,076
Capital increase 2013	0
Capital increase 2014	0
Capital increase 2015	417,163
Share capital at 31 December 2015	**993,381**

15. Share capital (continued)

Capital management

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

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

	2015 T.DKK	2014 T.DKK	2013 T.DKK
16. Commitments and contingent liabilities			
Operating leases			
Operating lease commitments:			
Due within 1 year	134	113	69
Due between 1 and 5 years	0	0	0
Due after 5 years	0	0	0
	134	**113**	**69**
Lease payments recognised as an expense amount to	534	452	275

Lease commitments primarily relate to office rental.

There are no pending court and arbitration cases.

The company has pledged its development projects as security for loans from Forsknings- og Innovationsstyrelsen, Borean Innovation A/S, HL Invest ApS and Longbus Holding ApS.

For debt to credit institutions the company has provided security in company assets representing a nominal value of T.DKK 8,500. This security comprises the below assets:

- Intangible assets
- Property, plant and equipment
- Inventories
- Trade receivables

Notes

17. Financial risks

General risk management

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

Credit risks

The Company's credit risks mainly relates to contract work in progress, trade receivables and other receivables. Maximum exposure corresponds to the carrying amount. For sale of products an advance payment is received from the customer.

The Company assesses the risks of losses on an ongoing basis and if necessary write-downs are made according to the Company's policies. Excess cash is placed with banks with ratings A or above. The Company does not have any material risks related to individual customers.

Forreign exchange risks

The Company's sales, cost of goods sold and expenses are mainly incurred in DKK or EUR. The Company has transactions in other currencies, but exposure in those currencies is not significant.

Interest rate risk

The Company's loans are mainly carried at variable interest rates. A change in the interest level will have limited effect on the result or equity. T.DKK 602 of the loans are with fixed interest rates.

Liquidity risk

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

The company's long term financing consists of an loan issued by Vækstfonden under EU's InnovFin SMV Programme in 2015. The loan bears a floating rate, 7.3% p.a. as of 31 December 2015. The loan can be redeemed by Gompace at par value at any time and is subject to change of control and transfer of assets clauses.

Notes

17. Financial risks (continued)

	0-1 year T.DKK	1-5 years T.DKK	>5 years T.DKK	Total T.DKK	Carrying amount T.DKK
31 December 2015					
Credit institutions	5,414	3,641	0	9,055	8,195
Trade and other payables	4,153	0	0	4,153	3,520
	9,567	**3,641**	**0**	**13,208**	**11,715**
31 December 2014					
Credit institutions	1,689	0	0	1,689	1,689
Trade and other payables	3,454	628	0	4,082	4,022
	5,143	**628**	**0**	**5,771**	**5,711**
31 December 2013					
Credit institutions	21	0	0	21	21
Trade and other payables	1,238	654	0	1,892	1,802
	1,259	**654**	**0**	**1,913**	**1,823**

Fair value of the loan from Vækstfonden is determined to be equal to its carrying amount due to the issuance of the loan in autumn 2015 (level 2 in the fair value hierarchy). Fair value of short term liabilities is determined to equal their carrying amount.

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

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

Notes

	2015 T.DKK	2014 T.DKK	2013 T.DKK
18. Changes in net working capital			
Changes in inventories	342	-1,545	-418
Changes in trade receivables	-753	-3,803	178
Changes in other receivables	-4,769	-1,540	-731
Changes in trade and other payables	-2,526	3,283	2,025
	-7,706	**-3,605**	**1,053**

19. Government grants

During 2015 the Company received t.DKK 278 in public grants for research and development purposes (2014: t.DKK 1.562 and 2013: t.DKK 2.411) which was recognized in the income statement as an offset against research and development costs. The Company has furthermore received t.DKK 677 in public grants for investments (2014: t.DKK 0 and 2013: t.DKK 0) which are set off against the cost of the assets to which the grants relate.

20. Related parties

The company had expenses to office rental, accounting and legal assistance and interest of loans to shareholders of t.DKK 951 (t.DKK 840 in 2014 and t.DKK 516 in 2013) to shareholders with significant influence over the company apart from management costs in note 4. Payables to shareholders amount to t.DKK 602 at 31 December 2015 (t.DKK 598 at 31 December 2014 and t.DKK 594 at 31 December 2013).

21. Events after the balance sheet date

No events have occurred after the balance sheet date of importance to the Annual Report.

22. First time adoption of IFRS

The company has adopted IFRS for its financial accounts with effect from 1 January 2013.

The adoption has not had any effect on any balance sheet items or to the equity at either 1 January 2013 or 31 December 2014.