



# INTERIM REPORT

January - March 2020



**Cover image:** The SPIDER-2 rocket was launched from Esrange Space Center on 19 February. Onboard were experiments to examine the processes within northern lights.  
Photo: Marcus Lindh, SSC



## INTERIM REPORT JANUARY – MARCH 2020

### FINANCIAL DEVELOPMENT IN BRIEF

Amount in MSEK	2020 Q3	2019 Q3
NET SALES	276	237
<b>OPERATING PROFIT</b>	<b>-28</b>	<b>5</b>
PROFIT BEFORE TAX	-34	5
PROFIT AFTER TAX	-32	3
CASH FLOW AFTER INVESTMENTS	-29	17

### SIGNIFICANT EVENTS DURING THE FIRST QUARTER 2020

The year 2020 started on a positive note with a successful Customer conference held at Esrange Space Center. The rocket Spider-2 was launched on the final day of the conference.

In March COVID-19 changed the scene which has had an impact on SSC's operations. All rocket and balloon launches at Esrange have temporarily been halted and re-scheduled. For the divisions Satellite Management Services and Engineering Services the impact on the operations has so far been limited, even though there is an obvious risk that planned satellite launches will be delayed.

Financially SSC was negatively hit during the first quarter following the bankruptcy of OneWeb, a customer in the NewSpace segment.

Esrange Space Center will re-start the launching activities as soon as the pandemic allows to do it in safe manner. SSC's customers mainly consist of large institutions with long-term projects and programs that continue to operate also during the pandemic. It has therefore been of utmost importance to secure the ability to deliver during as well as after the peak of the pandemic.

SSC took mitigating actions early on in order to protect customer missions that are critical for societal functions, our employees and the society in general. A crisis team was established in order to quickly act and respond to the development. The continuity planning in SSC has been functioning well.

Actions taken are, amongst others:

- Employees working directly with customer missions have been separated from other employees.

- Back-up for key personnel and management has been secured.
- Strong restrictions when it comes to travel, visitors and meeting.
- Work from home for all personnel when possible.

It is currently hard to foresee the long-term impact of the pandemic and its impact on the global economy and, as a next step, the implications on SSC's operations. The industry is characterized by a long-term planning horizon but is at large financed through taxes and will therefore depend on the financial situation of different states.

## DEVELOPMENT OF THE GROUP'S FINANCIAL POSITION DURING THE FIRST QUARTER 2020

Consolidated revenue amounted to 276 MSEK (237 MSEK), an increase of ~5% adjusted for currency impact and one-offs.

Group operating profit amounted to -28 MSEK (5 MSEK). The operating profit was negatively impacted by -25 MSEK due to the OneWeb chapter 11 filing which resulted in write-offs of receivables and fixed assets.

Group financial net was -6 MSEK (-0.2 MSEK). Included in the financial net was a negative impact of currency effects of -4 MSEK (2 MSEK).

Profit before tax was -34 MSEK (5 MSEK).

Group profit after tax amounted to -32 MSEK (3 MSEK). Since SSC operates in several countries, and taxable profit in one country is not be deducted against losses in another country, SSC's tax paid is high in relation to the Group's profit level.

Total assets 31 March amounted to 1 375 MSEK (1 355 MSEK), an increase with 20 MSEK. Interest-bearing debt increased with 15 MSEK where-of 18 MSEK due to currency effects and 2 MSEK IFRS 16 related (new debt 2 MSEK and amortization -5 MSEK).

Cash flow after investments amounted to -29 MSEK (17 MSEK). Net investments amounted to -60 MSEK (-15 MSEK), where-of 12 MSEK (1 MSEK) related to investments at the Esrange Space Center.

## DEVELOPMENT OF THE PARENT COMPANY'S FINANCIAL POSITION DURING 2019

Operating profit for the Parent Company was -18 MSEK (-7 MSEK).

Profit after tax for the Parent Company amounted to -20 MSEK (-3 MSEK).

Total assets 31 March amounted to 949 MSEK (947 MSEK 31 December 2019), an increase with 2 MSEK. Interest-bearing liabilities have increased with 18 MSEK which is fully related to currency effects.

Cash flow after investments amounted to -45 MSEK (-8 MSEK). Net investments amounted to -45 MSEK (-8 MSEK).

## SIGNIFICANT RISK FACTORS FOR THE SSC GROUP

Enterprise Risk Management (ERM) is an integrated part of SSC's strategic and business planning processes and is regularly revisited during the year. Risk assessments are made according to a structured methodology on all levels in SSC, and risks are then aggregated on group level.

Operational risks are handled in the daily operations. Strategic risks are handled by group management where they are reviewed and evaluated from a probability as well as a consequence perspective. The largest strategic risks are presented to and discussed in the Audit Committee as well as in the Board.

Risks are categorized as political risks, market risks, operational risks, sustainability and security risks, compliance and financial risks.

## MARKET AND FUTURE PROSPECTS

The space industry and its markets are characterized by rapid change with an increasing element of private actors and investments. The space industry is still heavily depending on public sector financing and SSC is striving toward increased sales to the private sector.

SSC is continuously working with the upgrade and enhancement of the Esrange Space Center. SSC has the ambition to launch smaller satellites into orbit and has therefore established the SmallSat Express project. During 2018 the Swedish Government took the decision to co-fund the establishment of a Testbed at Esrange. The test facility is also the first step in the construction of the infrastructure needed for launching satellites from Esrange. A financing solution for a full-scale launching facility is not yet in place, but SSC is actively looking into different options.

SSC continues its expansion within Satellite Management Services. Already made and planned investments in enlarged capacity, strategically placed earth stations and investments in new technology are positioning the company well for new businesses and a gradual development of a broader and even more attractive global offering for both present and new customers.

SSC also has the ambition to extend the operations within Engineering Services, through acquisitions as well as organic growth where the establishment of a UK subsidiary is a concrete example of that.

## IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

The Board and the management have jointly after the balance sheet date evaluated the situation following the COVID-19 pandemic. Nothing essential apart from what have been reported above has appeared during this analysis.

No other essential events after the balance sheet date.

## CONSOLIDATED INCOME STATEMENT

Amount in MSEK	2020	2019	2019
	JAN-MAR	JAN-MAR	JAN-DEC
Net sales	276	237	1 013
Other revenues	7	7	25
External expenses <sup>1)</sup>	-93	-80	-344
Personnel costs <sup>1)</sup>	-152	-130	-541
Amortizations and depreciations	-66	-29	-122
<b>OPERATING PROFIT</b>	<b>-28</b>	<b>5</b>	<b>30</b>
Financial income and expenses	-6	0	-7
<b>PROFIT BEFORE TAX</b>	<b>-34</b>	<b>5</b>	<b>23</b>
Income taxes	2	-2	-13
<b>PROFIT AFTER TAX</b>	<b>-32</b>	<b>3</b>	<b>10</b>
<b>TOTAL OTHER INCOME</b>			
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT AND LOSS WHEN SPECIFIC CONDITIONS ARE MET			
Translation differences in foreign operations	13	7	8
Cash flow hedges	-1	-1	-2
ITEMS THAT WILL NOT BE INCLUDED IN PROFIT AND LOSS			
Change in fair value of financial assets available for sale	0	1	1
Income tax relating to items above	0	0	0
<b>TOTAL OTHER INCOME FOR PERIOD</b>	<b>13</b>	<b>7</b>	<b>7</b>
<b>TOTAL PROFIT/LOSS FOR PERIOD</b>	<b>-20</b>	<b>10</b>	<b>16</b>
Of which attributable to the parent company's shareholders	-20	10	16
Earnings per share, SEK	<b>-1 986</b>	<b>205</b>	<b>613</b>
<sup>1)</sup> Change in provisions external costs and personnel costs	-7,3 0,2	0,0 0,1	1,2 0,7

## CONSOLIDATED BALANCE SHEET

Amount in MSEK	2020-03-31	2019-03-31	2019-12-31
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	102	76	98
Tangible assets	773	710	760
Other securities held as non-current assets	0	0	0
Deferred tax assets	3	4	4
<b>TOTAL NON-CURRENT ASSETS</b>	<b>878</b>	<b>790</b>	<b>861</b>
<b>CURRENT ASSETS</b>			
Inventories	14	15	13
Current receivables	297	276	269
Cash and cash equivalents	186	226	212
<b>TOTAL CURRENT ASSETS</b>	<b>497</b>	<b>517</b>	<b>494</b>
<b>TOTAL ASSETS</b>	<b>1 375</b>	<b>1 307</b>	<b>1 355</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share equity	33	33	33
Other reserves	47	35	35
Retained earnings including profit for the period	376	402	408
<b>TOTAL EQUITY ATTRIBUTABLE TO HOLDERS OF THE PARENT COMPANY</b>	<b>456</b>	<b>469</b>	<b>475</b>
<b>TOTAL EQUITY</b>	<b>456</b>	<b>469</b>	<b>475</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities	382	386	367
Other liabilities	101	125	108
Provisions	3	3	2
Deferred tax liability	8	7	8
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>494</b>	<b>521</b>	<b>485</b>
<b>CURRENT LIABILITIES</b>			
Interest bearing liabilities	36	31	35
Short-term non-interest bearing liabilities	388	284	358
Provisions	3	2	1
<b>TOTAL CURRENT LIABILITIES</b>	<b>426</b>	<b>317</b>	<b>394</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 375</b>	<b>1 307</b>	<b>1 355</b>



## CONSOLIDATED STATEMENT OF CASH FLOW

Amount in MSEK	2020	2019	2019
	JAN-MAR	JAN-MAR	JAN-DEC
<b>OPERATING ACTIVITIES</b>			
Cash flow from operations	28	19	98
Change in working capital	3	14	96
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>31</b>	<b>33</b>	<b>195</b>
<b>INVESTING ACTIVITIES</b>			
Investments in intangible assets	-4	-6	-24
Investments in tangible assets	-56	-13	-144
Divestments of subsidiaries, net liquidity impact	0	0	-8
Disposal in financial fixed assets	0	4	4
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-60</b>	<b>-15</b>	<b>-171</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>-29</b>	<b>17</b>	<b>23</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-5</b>	<b>-5</b>	<b>-27</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>-35</b>	<b>13</b>	<b>-3</b>
Cash and cash equivalents at the beginning of the year	212	212	212
Currency gains/losses in liquid assets	9	0	3
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b>186</b>	<b>226</b>	<b>212</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to holders of the parent company

Amount in MSEK	Share capital	Reserves	Retained earnings	Total equity
<b>OPENING BALANCE 1 JANUARY 2019</b>	<b>33</b>	<b>26</b>	<b>405</b>	<b>464</b>
Dividend for 2018			-	-
Adjustment for change of accounting principle - IFRS 16			-5	-5
Transfer from reserves to retained earnings		2	-2	0
Income for the period		7	10	16
<b>CLOSING BALANCE 31 DECEMBER 2019</b>	<b>33</b>	<b>35</b>	<b>408</b>	<b>475</b>
<b>OPENING BALANCE 1 JANUARY 2019</b>	<b>33</b>	<b>35</b>	<b>408</b>	<b>475</b>
Dividend for 2019			-	0
Transfer from reserves to retained earnings				0
Income for the period		13	-32	-20
<b>CLOSING BALANCE 31 MARCH 2020</b>	<b>33</b>	<b>47</b>	<b>376</b>	<b>456</b>



## PARENT COMPANY INCOME STATEMENT

Amount in MSEK	2020	2019	2019
	JAN-MAR	JAN-MAR	JAN-DEC
Net sales	115	110	478
Other revenues	7	6	23
External expenses <sup>1)</sup>	-64	-57	-248
Personnel costs <sup>1)</sup>	-63	-55	-220
Amortizations and depreciations	-13	-12	-48
<b>OPERATING PROFIT</b>	<b>-18</b>	<b>-7</b>	<b>-15</b>
Financial income and expenses	-2	4	25
<b>PROFIT BEFORE TAX</b>	<b>-20</b>	<b>-3</b>	<b>10</b>
Dispositions	0	0	-14
Income taxes	0	0	3
<b>PROFIT AFTER TAX</b>	<b>-20</b>	<b>-3</b>	<b>-1</b>
<b>TOTAL OTHER INCOME</b>			
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT AND LOSS WHEN SPECIFIC CONDITIONS ARE MET			
Cash flow hedges	-1	-1	-2
ITEMS THAT WILL NOT BE INCLUDED IN PROFIT AND LOSS			
Change in fair value of financial assets available for sale	0	1	1
Income tax relating to items above	0	0	0
<b>TOTAL OTHER INCOME FOR PERIOD</b>	<b>-1</b>	<b>0</b>	<b>-1</b>
<b>TOTAL PROFIT/LOSS FOR PERIOD</b>	<b>-21</b>	<b>-3</b>	<b>-2</b>

<sup>1)</sup> Change in provisions external costs	0,1	0,1	0,5
and personnel costs	0,2	0,0	0,7

## PARENT COMPANY BALANCE SHEET

Amount in MSEK	2020-03-31	2019-03-31	2019-12-31
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Intangible assets	46	27	43
Tangible assets	362	318	347
Other securities held as non-current assets	305	279	278
Deferred tax assets	40	38	40
<b>TOTAL NON-CURRENT ASSETS</b>	<b>662</b>	<b>705</b>	<b>658</b>
CURRENT ASSETS			
Inventories	12	12	10
Current receivables	134	152	135
Cash and cash equivalents	50	85	94
<b>TOTAL CURRENT ASSETS</b>	<b>196</b>	<b>249</b>	<b>239</b>
<b>TOTAL ASSETS</b>	<b>949</b>	<b>911</b>	<b>947</b>
Amount in MSEK	2020-03-31	2019-03-31	2019-12-31
<b>EQUITY AND LIABILITIES</b>			
EQUITY			
Share equity	33	33	33
Other reserves	7	7	7
Fund for intrinsic value	-1	0	-1
Retained earnings including profit for the period	78	97	99
<b>TOTAL EQUITY</b>	<b>116</b>	<b>136</b>	<b>137</b>
UNTAXED RESERVES	196	182	196
NON-CURRENT LIABILITIES			
Interest bearing liabilities	293	297	275
Other liabilities	101	125	108
Provisions	2	3	2
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>396</b>	<b>424</b>	<b>385</b>
CURRENT LIABILITIES			
Interest bearing liabilities	16	0	15
Short-term non-interest bearing liabilities	225	167	213
Provisions	1	2	1
<b>TOTAL CURRENT LIABILITIES</b>	<b>241</b>	<b>169</b>	<b>228</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>949</b>	<b>911</b>	<b>947</b>

## PARENT COMPANY STATEMENT OF CASH FLOW

Amount in MSEK	2019 JAN-MAR	2018 JAN-MAR	2018 JAN-DEC
<b>OPERATING ACTIVITIES</b>			
Cash flow from operations	-12	-4	26
Change in working capital	12	4	71
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-1</b>	<b>0</b>	<b>97</b>
<b>INVESTING ACTIVITIES</b>			
Investments in intangible assets	-4	-6	-24
Investments in tangible assets	-27	-6	-70
Sale of subsidiary, net liquidity impact	-14	0	-22
Investments in financial assets	0	4	28
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-45</b>	<b>-8</b>	<b>-88</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>-45</b>	<b>-8</b>	<b>9</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>-8</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>-45</b>	<b>-8</b>	<b>1</b>
Cash and cash equivalents at the beginning of the year	94	93	93
Currency gains/losses in liquid assets	1	0	0
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b>50</b>	<b>85</b>	<b>94</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amount in MSEK	Share capital	Other reserves	Hedge reserves	Retained earnings	Total equity
<b>OPENING BALANCE 1 JANUARY 2019</b>	<b>33</b>	<b>7</b>	<b>-1</b>	<b>101</b>	<b>139</b>
Dividend for 2018				-	-
Transfer from reserves to retained earnings			2	-2	0
Income for the period			-1	-1	-2
<b>CLOSING BALANCE 31 DECEMBER 2019</b>	<b>33</b>	<b>7</b>	<b>-1</b>	<b>99</b>	<b>137</b>
<b>OPENING BALANCE 1 JANUARY 2019</b>	<b>33</b>	<b>7</b>	<b>-1</b>	<b>101</b>	<b>139</b>
Dividend for 2019				-	-
Transfer from reserves to retained earnings			-1	1	0
Income for the period				-20	-20
<b>CLOSING BALANCE 31 MARCH 2020</b>	<b>33</b>	<b>7</b>	<b>-1</b>	<b>78</b>	<b>117</b>

## NOTE 1 ACCOUNTING PRINCIPLES

This interim report for the Group has been prepared in accordance with IAS34 Interim Financial Reporting Standards. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, Chapter 9, Interim Report. For the Group and the Parent Company, the same accounting principles and calculation bases have been applied as in the latest annual report.

For more information on accounting and valuation principles, see Note 2 in the Annual Report 2019.

Amounts are in MSEK (millions of SEK) unless otherwise stated.

## NOTE 2 FORWARD-LOOKING INFORMATION

expectations reasonable, there is no guarantee that the expectations are or will prove to be correct. Consequently, future outcomes may vary materially compared to what appears in the forward-looking information due to, among other things, changed market conditions for the SSC Group's services and more generally changed conditions regarding economy, market and competition, changes in legal requirements and other policy measures and exchange rate fluctuations.

Management and the board of directors have evaluated the effects of the ongoing COVID-19 pandemic. The pandemic will have a negative impact on the profitability 2020 due to the limitations to launching activities at the Esrange Space Center, some delayed projects and the Chapter 11 filing of a large customer. Further, the management and the Board deem the long-term impact of the pandemic extremely difficult to estimate. SSC has mainly institutional customers with a long time-horizon for their projects, which indicates a stable situation going forward. On the other hand these institutions are financed by tax money which are depending on the economy of the world.

## NOTE 3 NET SALES

### GROUP NET SALES, MARKET DISTRIBUTION

Amount in MSEK	2020	2019	2019
	JAN-MAR	JAN-MAR	JAN-DEC
Sweden	29	24	89
Europe excl. Sweden	155	145	634
Asia	32	31	128
America	59	36	158
Other Markets	1	1	4
<b>NET SALES</b>	<b>276</b>	<b>237</b>	<b>1013</b>

### GROUP NET SALES HAVE BEEN INVOICED IN THE FOLLOWING CURRENCIES

Amount in MSEK	2020	2019	2019
	JAN-MAR	JAN-MAR	JAN-DEC
SEK	37	39	121
EUR	163	146	668
USD	72	47	205
Other Currencies	4	4	19
<b>NET SALES</b>	<b>276</b>	<b>237</b>	<b>1013</b>

### PARENT COMPANY NET SALES, MARKET DISTRIBUTION

Amount in MSEK	2020	2019	2019
	JAN-MAR	JAN-MAR	JAN-DEC
Sweden	29	24	89
Europe excl. Sweden	48	54	243
Asia	28	26	107
America	9	7	36
Other Markets	0	0	2
<b>NET SALES</b>	<b>115</b>	<b>110</b>	<b>478</b>

### PARENT COMPANY NET SALES HAVE BEEN INVOICED IN THE FOLLOWING CURRENCIES

Amount in MSEK	2020	2019	2019
	JAN-MAR	JAN-MAR	JAN-DEC
SEK	37	39	121
EUR	60	58	288
USD	15	10	55
Other Currencies	3	3	15
<b>NET SALES</b>	<b>115</b>	<b>110</b>	<b>478</b>

## NOTE 4 GROUP KPI

### KPI:s SSC GROUP

	2020 JAN-MAR	2019 JAN-MAR	2019 JAN-DEC
Return on equity	-6%	9%	2%
Equity ratio	33%	36%	35%
Return on Invested Capital	0%	7%	5,0%
Net Debt Equity ratio	0,51	0,41	0,40

Return on Equity is calculated as Profit after tax divided by average Equity.

Equity ratio is calculated as Equity as a percentage of total assets.

Return on invested capital is calculated as operating profit divided by average invested capital.

Bet Debt equity ratio is calculated as liquid assets minus interest bearing liabilities divided by equity.

## NOTE 5 CONTINGENT LIABILITIES

	2020-03-31	2019-12-31
Credit guarantees	50	50
Contingent liabilities	10	9

## NOTE 6 Subsequent events

Management and the board of directors have evaluated both events that provide evidence of conditions that existed at the date of the financial statements and events that provide evidence of conditions that arose after the date of the financial statements as a result of the Corona pandemic. Nothing significant has emerged in this analysis.

## UPCOMING FINANCIAL REPORTS

The interim report for the second quarter 2020 will be published August 14, 2020.

The interim report for the third quarter 2020 will be published October 31, 2020.

The interim report has not been reviewed by the auditors. The interim report is issues by the Board of Directors.

Questions about the interim report can be addressed to Head of Group accounting Kerstin Bergqvist, +46 8 627 62 00

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