

Annual Report 2019

Danish Aerospace
C O M P A N Y



Company Announcement no. 15 - March 20, 2020

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Key Activities

Danish Aerospace Company A/S (DAC) develops innovative technological solutions for the purpose of exploration of space and for other extreme environments. The activities comprise design, development and manufacturing of medical monitoring and exercise equipment as well as support in connection with preparations for and realisation of human space flights.

DAC's shares were admitted to trading on NASDAQ First North Growth Market in Copenhagen on 27 May 2019 following a successful IPO process and a very positive press coverage.



Key points from the 2019 Annual Report

- ◆ Revenue grew to a new record level of DKK 21,9 mio. while profit before (EBITDA) was DKK 4.1 mio.
- ◆ NASA and ESAs "Exploration Exercise Device Down-select" (EEDD) panel has evaluated Danish Aerospace Company A/S's E4D- exercise equipment and unanimously recommended it for future manned space travels for the Moon and beyond.
- ◆ DAC signed in 2019 a large new contract with Jacobs Technology, USA, regarding sales of the new FERGO-space ergometers to NASA.
- ◆ DAC signed together with Ohmatex and Copenhagen University, a contract with ESA to develop a new muscle monitoring system for astronauts.
- ◆ ESA extended DACs contract on a breadboard model of a semi-closed loop water recycling system for space applications.
- ◆ The Company was listed on Nasdaq First North Growth Market in Copenhagen with first trading day on May 27th, 2019

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Management Review 2019

The Company's revenue continued to grow and reached a record level of DKK 21.9 million in 2019. Both revenue and earnings are satisfactory and as announced to the market in connection with the IPO. DAC realised earnings from operations before depreciation and amortisation (EBITDA) of DKK 4.1 million. Earnings before tax were DKK 1.7 million. The Company's equity amount increased to DKK 19.3 million.

These good results were achieved alongside considerable cost-intensive initiatives such as employment of additional staff in compliance with our business plan to follow up on the announced strategy, investments in developing future products for space operations and other extreme environments as well as operation of the wholly-owned subsidiary Danish Aerospace Company – North America, Inc. in Houston, Texas, USA.

During 2019, DAC left a significant footprint in the market of exercise equipment for manned space flight and established itself as the leader. In 2019, the Company signed its largest commercial contract outside Europe in recent years through the sale of FERGO space ergometers to the American company Jacobs and the National Aeronautics and Space Administration (NASA). Furthermore, the "Exploration Exercise Device Downselect" panel, with representatives from both NASA and the European Space Agency (ESA), compared DAC's new big initiative, the E4D exercise equipment, with a competing American equipment. The panel concluded and unanimously recommended E4D for future manned spaceflights to the Moon and for flights further out into space.

DAC also signed a contract with Ohmatex on development of a non-invasive muscle monitoring system (GAIN – Garments for Advanced INsights) for use in space. DAC is a subcontractor and will be responsible for the safety and space qualification of the equipment which will be tested on the International Space Station (ISS) by the European Space Agency (ESA) presumably in 2021.

ESA also expanded and extended the contract with DAC and its joint-venture partner Aquaporin Space Alliance ApS on the development of a prototype for a new water purification system for space application. This work could lead to a new type of water purification system that may in future be tested at ISS and possibly be used after-

wards on manned spaceflights to the Moon and Mars. Furthermore, DAC initiated a new large development project in a promising area within space and the commercial market of extreme environments.

Finally, DAC continued its support of the fitness measurements and health monitoring on ISS using its equipment under contract with the ESA. These regular health monitoring of astronauts on the space station are supported directly from the Company's control room in Odense. In addition, DAC had a satisfactory level of other new contract wins, extensions and add-ons to existing development and service contracts.

CEO, Thomas A. E. Andersen:

"2019 has been a very successful year for the Company. Not only DAC became a listed company, but we also signed the Company's largest commercial contract outside Europe, and at the same time, our combined exercise device E4D was recommended as the leading exercise equipment for Manned Space flights to the Moon and beyond by ESA and NASA's panel. All of this will form the basis for an exciting 2020 for Danish Aerospace Company A/S."

Expectations for 2020:

In 2020 Danish Aerospace Company A/S expects:

- A revenue of approx. DKK 23-27 million; and
- A positive operating profit (EBITDA) of approx. DKK 4.0-6.0 million.



Thomas A. E. Andersen, CEO

There is currently a lower transparency than usual due to uncertainty about the consequences of COVID-19, but the Company is constantly monitoring the situation. DAC does not expect the announced expectations will be affected to a larger degree by the COVID-19 situation. There may be delays in new orders and shifts in deliveries of existing orders due to challenges with delivery of components and materials, whereas direct cancellation of orders is considered very unlikely.



The Danish ESA-astronaut Andreas Mogensen in ESA's Columbus-laboratory on the International Space Station ISS.

Income Statement

1 January - 31 December

2019

	2019 DKK	2018 DKK
Revenue	21.939.079	20.678.546
Expenses for raw materials and consumables	-1.477.860	-2.549.668
Other external expenses	-3.868.285	-3.041.316
Gross profit	16.592.934	15.087.562
Staff expenses	-12.534.484	-9.837.496
Profit/loss before Depreciation (EBITDA)	4.058.450	5.250.066
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-1.289.404	-1.060.062
Profit/loss before financial income and expenses	2.769.046	4.190.004
Income from investments in subsidiaries	-1.203.404	-2.289.273
Income from investments in associates	1.492	0
Financial income	148.001	41.828
Financial expenses	-32.879	-63.617
Profit/loss before tax	1.682.256	1.878.942
Tax on profit/loss for the year	-634.911	-922.553
Net Profit/loss for the year	1.047.345	956.389

Balance Sheet
31 December 2019

	<u>2019</u> DKK	<u>2018</u> DKK
Assets		
Completed development projects	2.269.031	3.163.433
Acquired patents	269.807	119.318
Intangible assets	2.538.838	3.282.751
Other fixtures and fittings, tools and equipment	979.316	722.510
Leasehold improvements	538.850	367.240
Property, plant and equipment	1.518.166	1.089.750
Investment in subsidiaries	208.725	546.301
Investments in associates	60.248	0
Fixed asset investments	268.973	546.301
Fixed assets	4.325.977	4.918.802
Trade receivables	4.742.930	3.783.272
Contract work in progress	10.190.263	7.835.450
Receivables from group enterprises	2.303.036	684.443
Other receivables	282.215	93.598
Prepayments	222.928	133.654
Receivables	17.741.372	12.530.417
Cash at bank and in hand	4.328.043	244.232
Current assets	22.069.415	12.774.649
Assets	26.395.392	17.693.451

Balance Sheet

31 December 2019

Liabilities and equity

	<u>2019</u> DKK	<u>2018</u> DKK
Share capital	1.090.833	935.000
Reserve for development costs	1.492.014	1.854.813
Retained earnings	<u>16.698.933</u>	<u>7.327.600</u>
Equity	<u>19.281.780</u>	<u>10.117.413</u>
Provision for deferred tax	3.020.668	4.162.139
Provisions relating to investments in group enterprises	<u>0</u>	<u>121.500</u>
Provisions	<u>3.020.668</u>	<u>4.283.639</u>
Credit institutions	0	136.616
Prepayments received from customers	193.960	0
Trade payables	214.103	372.947
Payables to group enterprises	0	1.028.042
Corporation tax	1.776.382	93.143
Other payables	<u>1.908.499</u>	<u>1.661.651</u>
Short-term debt	<u>4.092.944</u>	<u>3.292.399</u>
Debt	<u>4.092.944</u>	<u>3.292.399</u>
Liabilities and equity	<u>26.395.392</u>	<u>17.693.451</u>

Cash Flow Statement
1 January - 31 December
2019

	<u>2019</u>	<u>2018</u>
	DKK	DKK
Net profit/loss for the year	1.047.345	956.389
Adjustments	3.011.105	4.293.677
Change in working capital	-6.039.486	-4.902.564
Cash flows from operating activities before financial income and expenses	-1.981.036	347.502
Financial income	148.001	41.828
Financial expenses	-32.878	-63.634
Cash flows from ordinary activities	-1.865.913	325.696
Corporation tax paid	-93.143	38.767
Cash flows from operating activities	-1.959.056	364.463
Purchase of intangible assets	-159.416	-281.837
Purchase of property, plant and equipment	-814.491	-195.963
Cash flows from investing activities	-973.907	-477.800
Repayment of loans from credit institutions	-136.616	-717.952
Repayment of payables to group enterprises	-1.028.042	0
Raising of loan from group enterprises	0	646.152
Cash capital increase	8.181.432	0
Cash flow from financing activities	7.016.774	-71.800
Change in cash and cash equivalents	4.083.811	-185.137
Cash and cash equivalents at 1 January	244.232	429.369
Cash and cash equivalents at 31 December	4.328.043	244.232

Statement of Changes in Equity

	<u>Share capital</u>	<u>Share premi-</u>	<u>Reserve de-</u>	<u>Retained</u>	<u>Total</u>
	DKK	um account	velopment	earnings	DKK
		DKK	costs	DKK	DKK
			DKK		
2019					
Equity at 1 January	935.000	0	1.854.813	7.327.600	10.117.413
Exchange adjustments				-64.410	-64.410
Cash capital increase	155.833	9.848.646	0	0	10.004.479
Transfer from share premium account	0	-9.848.646	0	9.848.646	0
Capital increase costs	0	0	0	-1.823.047	-1.823.047
Amortisation and impairment for the year	0	0	-362.799	0	-362.799
Net profit/loss for the year	0	0	0	1.410.144	1.410.144
Equity at 31 December	1.090.833	0	1.492.014	16.698.933	19.281.780
2018					
Equity at 1 January	935.000	0	2.098.015	6.219.329	9.252.344
Exchange adjustments	0	0	0	-91.320	-91.320
Development costs for the year	0	0	126.377	0	126.377
Amortisation and impairment for the year	0	0	-369.579	0	-369.579
Net profit/loss for the year	0	0	0	1.199.591	1.199.591
Equity at 31 December	935.000	0	1.854.813	7.327.600	10.117.413

Notes to the Annual Report

The Turnover increased with 6,1% to DKK 21,9 mio. Mainly because of the E4D development contract with ESA, and the FERGO-contract with Jacobs/NASA. The gross profit increased with 10% to DKK 16,6 mio.

The Personal expenses increased with 28% to DKK 12,6 mio. which is mainly due to new employees and internal development work in line with the company strategy.

Result before Depreciation (EBITDA) constitutes DKK 4,0 mio. and the result after taxes is DKK 1,0 mio. and is at the same level as last year.

Result pr. share is DKK 0,094 compared to DKK 511,4 for same period last year.

Pr. December 31, 2019 DACs the Balance constitutes DKK 26,4 mio. and Changes in Equity is DKK 19,3 mio.

Cash flows from operating activities before financial activities amounts DKK -1,98 mio. Which is primarily due to increased net working capital in the form of increasing receivables from ESA and other customers.

Cash flows from investment activities amounts DKK 7,0 mio. and strongly impacted in a positive way by the net revenue from the company's IPO on Nasdaq First North Growth Market in Copenhagen in May 2019.

The average number of shares for the financial year 2019 is 5.455.100 compared to the 2018 average of 1.870 shares.

The total number of shares in Danish Aerospace Company A/S at December 31, 2019 was 10.908.330, compared to 1.870 at December 31, 2018, for same period last year.

The Annual Report has been audited.

This is a translation of the Danish version. In case of discrepancies between the Danish wording and the English translation, the Danish wording prevails.



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NASA-astronaut Kathleen Rubins and JAXA-astronaut Takuya Onishi with DAC's Portable PFS and Airway Monitoring equipment the Airlock of ISS.



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