



INTERIM REPORT

January - June 2021



Cover image: Antenna at Esrange Space Center. SSC owns and operates the world's largest network of multi-mission ground stations. Photo: Fredric Alm



INTERIM REPORT Q2 2021

FINANCIAL DEVELOPMENT IN BRIEF

Amount in MSEK	2021 APRIL-JUNE	2020 APRIL-JUNE	2021 JAN-JUNE	2020 JAN-JUNE	2020 JAN-DEC
NET SALES	294	244	536	520	1 001
OPERATING PROFIT	9	3	-6	-25	-5
PROFIT BEFORE TAX	7	5	-8	-29	-18
PROFIT AFTER TAX	1	-8	-18	-40	-31
CASH FLOW AFTER INVESTMENTS	-	-	-25	-49	-46

SIGNIFICANT EVENTS DURING THE SECOND QUARTER 2021

During the second quarter the Science Services division resumed the rocket and balloon launching activities at Esrange Space Center after the halt caused by the pandemic. The restart is being carefully monitored with strong measures taken to prevent and minimize the risk for the spread of COVID. The profit level for the Science Services divisions will be negatively impacted also in 2021 by the pandemic but has been limited as far as possible by mitigating actions and redistribution of resources to other projects.

The divisions Satellite Management Services and Engineering Services continued the deliveries at normal levels but saw challenges in reaching and addressing new customers which require travel and personal interaction.

SSC's customer base mainly consists of institutional customers with long-term projects and programs and in many cases the services delivered are critical for the function of the society. Therefore, it is of utmost importance to ensure the ability to deliver during as well as after the pandemic.

In April an announcement about the strengthening of SSC's global antenna capacity was made. Four new antennas, where-of two in northern Canada and two in Sweden, will extend the capacity and capability by adding further connectivity for polar orbiting satellites. The announcement marks yet another step in SSC's major extension towards a fully global Ka-band connectivity by the end of 2021.



DEVELOPMENT OF THE GROUP'S FINANCIAL POSITION DURING THE PERIOD

Group Net Sales increased during the period from 520 MSEK to 562 MSEK, which was an increase with 3% compared to previous year. Revenues have been negatively impacted by currency fluctuations as well as a one-off provision made previous year which had a positive impact on previous year's numbers. Adjusted for these revenues increased with 13% which to a large extent relates to the restart of the launching activities at Esrange.

Group operational profit was -6 MSEK (-25 MSEK). Previous year included a larger provision with negative impact stemming from a customer filing for Chapter 11. The customer restructured the company and at large the provision made during the first quarter was reversed during the fourth quarter 2020.

Group financial net was -2 MSEK (-4 MSEK). Included in the financial net was a positive impact of currency effects of 2 MSEK (1 MSEK).

Profit before tax was -8 MSEK (-29 MSEK).

Group profit after tax amounted to -18 MSEK (-40 MSEK). Since SSC runs operations in several countries, and profits in one country can not be deducted against losses in another country, SSC's tax paid is high in relation to the Group's profit level.

Total assets 30 June 2021 amounted to 1 432 MSEK (1 378 MSEK 31 December 2020), an increase with 54 MSEK. Interest-bearing debt increased with 24 MSEK, where-of 34 MSEK consisted of new loans and 7 MSEK amortized.

Cash flow after investments for the period amounted to -25 MSEK (-49 MSEK). Net investments amounted to -79 MSEK (-103 MSEK), whereof -26 MSEK (-38 MSEK) related to investments at the Esrange Space Center.

DEVELOPMENT OF THE PARENT COMPANY'S FINANCIAL POSITION DURING THE PERIOD

Operating profit for the Parent Company was -27 MSEK (-30 MSEK).

Profit after tax for the Parent Company amounted to -4 MSEK (-11 MSEK).

Total assets 30 June 2021 amounted to 1 062 MSEK (997 MSEK 31 December 2020), an increase with 65 MSEK. Interest-bearing liabilities have increased with 32MSEK, where-of 5 MSEK relates to currency translation differences.

Cash flow from operations amounted to -20 MSEK (-67 MSEK). Net investments amounted to -54 MSEK (-78 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, financial and compliance risks.

For a more in-depth description of the risks and the management of risks see the Annual and Sustainability report 2020, pages 26-27.

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 with the ambition to launch smaller satellites into orbit from Esrange. The project is named SmallSat Express. During 2018 the Swedish Government took the decision to co-fund the establishment of a Testbed at Esrange. The test facility, which became operational late 2020, is also the first step in the construction of the infrastructure needed for launching satellites from Esrange. During fall 2020 the Swedish Government took the decision to co-finance the next step to establish the infrastructure for satellite launching from Esrange Space Center. The work has started late 2020 and is expected to continue until 2023.

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 existing and new customers.

SSC also has the ambition to extend the operations within Engineering Services, mainly through organic growth, where the establishment of a UK subsidiary serves as an example.

It is currently hard to deem the long-term impact of the pandemic on the global economy and hence, as a next step, its impact on SSC's operations. The industry is in general very long-term oriented, but at the same time largely based on tax financing which means that in the long run the industry is depending on the contributing states' financial situation.

SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

No essential events after the balance sheet date.

CONSOLIDATED INCOME STATEMENT

Amount in MSEK	2021 APR-JUN	2020 APR-JUN	2021 JAN-JUNI	2020 JAN-JUNI	2020 JAN-DEC
Net sales	294	244	536	520	1 001
Other revenues	2	3	6	10	13
External expenses ¹⁾	-106	-65	-185	-158	-301
Personnel costs ¹⁾	-153	-148	-306	-300	-592
Amortizations and depreciations	-29	-32	-57	-98	-126
OPERATING PROFIT	9	3	-6	-25	-5
Financial income and expenses	-2	2	-2	-4	-13
PROFIT BEFORE TAX	7	5	-8	-29	-18
Income taxes ²⁾	-6	-13	-11	-11	-13
PROFIT AFTER TAX	1	-8	-18	-40	-31
TOTAL OTHER INCOME					
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT AND LOSS WHEN SPECIFIC CONDITIONS ARE MET					
Translation differences in foreign operations	-5	-13	5	1	-19
Cash flow hedges	1	2	-2	1	4
ITEMS THAT WILL NOT BE INCLUDED IN PROFIT AND LOSS					
Change in fair value of financial assets available for sale		0	0	0	2
Income tax relating to items above	0	0	0	0	-1
TOTAL OTHER INCOME FOR THE PERIOD	-5	-11	4	2	-14
TOTAL PROFIT/LOSS FOR THE PERIOD	-4	-19	-15	-38	-44
Of which attributable to the parent company's shareholders	-4	-19	-14	-38	-44
Of which attributable to non-controlling interests	0	-	0	-	0
Earnings per share, SEK	72	-467	-1 130	-2 452	-1 880
¹⁾ Change in provisions external costs and personnel costs	0,8 0,8	0,4 0,0	0,5 0,5	-6,9 0,2	-3,5 -4,4

²⁾ Estimated tax during the year. Final tax at year end.

CONSOLIDATED BALANCE SHEET

Amount in MSEK	2021-06-30	2020-06-30	2020-12-31
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	110	103	106
Tangible assets	834	756	803
Other securities held as non-current assets	-	0	0
Deferred tax assets	4	4	4
TOTAL NON-CURRENT ASSETS	949	864	914
CURRENT ASSETS			
Inventories	14	15	17
Current receivables	293	309	265
Cash and cash equivalents	175	194	182
TOTAL CURRENT ASSETS	483	519	465
TOTAL ASSETS	1 432	1 382	1 378
Amount in MSEK	2021-06-30	2020-06-30	2020-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share equity	33	33	33
Other reserves	24	36	21
Retained earnings including profit for the period	360	368	378
TOTAL EQUITY ATTRIBUTABLE TO HOLDERS OF THE PARENT COMPANY	417	437	431
Attributable to non-controlling interests	0	-	0
TOTAL EQUITY	416	437	431
NON-CURRENT LIABILITIES			
Interest bearing liabilities	116	399	214
Other liabilities	194	95	160
Provisions	7	8	6
Deferred tax liability	4	6	3
TOTAL NON-CURRENT LIABILITIES	321	508	383
CURRENT LIABILITIES			
Interest bearing liabilities	325	27	203
Short-term non-interest bearing liabilities	366	408	355
Provisions	4	3	5
TOTAL CURRENT LIABILITIES	695	438	564
TOTAL EQUITY AND LIABILITIES	1 432	1 382	1 378

CONSOLIDATED STATEMENT OF CASH FLOW

Amount in MSEK	2021 JAN-JUN	2020 JAN-JUN	2020 JAN-DEC
OPERATING ACTIVITIES			
Cash flow from operations	35	45	102
Change in working capital	18	10	57
CASH FLOW FROM OPERATING ACTIVITIES	53	54	158
INVESTING ACTIVITIES			
Investments in intangible assets	-7	-8	-14
Investments in tangible assets	-72	-96	-192
Transactions with non-controlling interests	0	-	0
Disposal in financial assets	0	-	-
CASH FLOW FROM INVESTING ACTIVITIES	-79	-103	-205
CASH FLOW AFTER INVESTMENTS	-25	-49	-46
CASH FLOW FROM FINANCING ACTIVITIES	18	31	33
CASH FLOW FOR THE PERIOD	-8	-18	-14
Cash and cash equivalents at the beginning of the year	182	212	212
Currency gains/losses in liquid assets	1	0	-15
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	175	194	182

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in MSEK	Equity attributable to holders of the parent company						Total equity
	Share capital	Reserves	Retained earnings	Amount attributable to the parent company's shareholders	Attributable to non-controlling interests		
OPENING BALANCE 1 JANUARY 2020	33	35	408	475	-	475	
Dividend for 2019			-	-	-	-	
Transactions with non-controlling interests			0	0	0	0	
Total result		-14	-31	-44	0	-44	
CLOSING BALANCE 31 DECEMBER 2020	33	21	378	431	0	431	
OPENING BALANCE 1 JANUARY 2021	33	21	378	431	0	431	
Dividend for 2020			-	-	-	-	
Transactions with non-controlling interests			0	0	0	0	
Total result		4	-18	-14	0	-15	
CLOSING BALANCE 30 JUNE 2021	33	24	360	417	0	416	

PARENT COMPANY INCOME STATEMENT

Amount in MSEK	2021 APR-JUNE	2020 APR-JUNE	2021 JAN-JUNE	2020 JAN-JUNE	2020 JAN-DEC
Net sales	164	103	278	218	449
Other revenues	2	3	5	9	9
External expenses ¹⁾	-88	-44	-152	-108	-210
Personnel costs ¹⁾	-65	-61	-131	-124	-240
Amortizations and depreciations	-14	-13	-28	-25	-55
OPERATING PROFIT	-2	-12	-27	-30	-47
Financial income and expenses	21	21	24	19	16
PROFIT BEFORE TAX	19	10	-3	-11	-31
Dispositions	-	-	-	-	-15
Income taxes ²⁾	0	0	0	0	4
PROFIT AFTER TAX	19	10	-4	-11	-42
TOTAL OTHER INCOME					
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT AND LOSS WHEN SPECIFIC CONDITIONS ARE MET					
Cash flow hedges	1	2	-2	1	4
ITEMS THAT WILL NOT BE INCLUDED IN PROFIT AND LOSS					
Change in fair value of financial assets available for sale		0	0	0	2
Income tax relating to items above	0	0	0	0	-1
TOTAL OTHER INCOME FOR PERIOD	1	1	-1	1	5
TOTAL PROFIT/LOSS FOR PERIOD	20	11	-5	-10	-37
¹⁾ Change in provisions external costs and personnel costs	0,1 0,8	-0,1 0,0	0,1 0,5	-0,1 0,2	0,6 -4,4

²⁾ Estimated tax during the year. Final tax at year end.

PARENT COMPANY BALANCE SHEET

Amount in MSEK	2021-06-30	2020-06-30	2020-12-31
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	59	50	55
Tangible assets	433	378	417
Other securities held as non-current assets	302	292	287
Deferred tax assets	44	40	44
TOTAL NON-CURRENT ASSETS	837	760	803
CURRENT ASSETS			
Inventories	12	13	15
Current receivables	161	147	133
Cash and cash equivalents	53	70	46
TOTAL CURRENT ASSETS	225	229	194
TOTAL ASSETS	1 062	990	997
Amount in MSEK	2021-06-30	2020-06-30	2020-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share equity	33	33	33
Other reserves	7	7	7
Fair value reserves	3	0	4
Retained earnings including profit for the period	53	88	57
TOTAL EQUITY	95	127	100
UNTAXED RESERVES	211	196	211
NON-CURRENT LIABILITIES			
Interest bearing liabilities	65	323	137
Other liabilities	193	95	159
Provisions	3	2	2
TOTAL NON-CURRENT LIABILITIES	261	420	298
CURRENT LIABILITIES			
Interest bearing liabilities	289	7	185
Short-term non-interest bearing liabilities	203	238	197
Provisions	4	1	5
TOTAL CURRENT LIABILITIES	495	246	387
TOTAL EQUITY AND LIABILITIES	1 062	990	997

PARENT COMPANY STATEMENT OF CASH FLOW

Amount in MSEK	2021 JAN-JUN	2020 JAN-JUN	2020 JAN-DEC
OPERATING ACTIVITIES			
Cash flow from operations	20	-2	29
Change in working capital	14	14	43
CASH FLOW FROM OPERATING ACTIVITIES	35	12	71
INVESTING ACTIVITIES			
Investments in intangible assets	-6	-8	-14
Investments in tangible assets	-41	-55	-123
Investments in subsidiaries, net cash impact	-	-	-2
Investments in financial assets	-11	-15	-36
Disposal in financial assets	4	-	4
CASH FLOW FROM INVESTING ACTIVITIES	-54	-78	-171
CASH FLOW AFTER INVESTMENTS	-20	-67	-99
CASH FLOW FROM FINANCING ACTIVITIES	26	42	52
CASH FLOW FOR THE PERIOD	7	-25	-48
Cash and cash equivalents at the beginning of the year	46	94	94
Currency gains/losses in cash and cash equivalents	0	1	0
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	53	70	46

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amount in MSEK	Share capital	Other reserves	Hedge reserves	Retained earnings	Total equity
OPENING BALANCE 1 JANUARY 2020	33	7	-1	99	137
Dividend for 2019				-	-
Total result			5	-42	-37
CLOSING BALANCE 31 DECEMBER 2020	33	7	4	57	100
OPENING BALANCE 1 JANUARY 2021	33	7	4	57	100
Dividend for 2020				-	-
Income for the period			-1	-4	-5
CLOSING BALANCE 30 JUNE 2021	33	7	3	53	95

NOTE 1 ACCOUNTING PRINCIPLES

This condensed consolidated interim financial report for the quarterly reporting period ended June 30, 2021 has been prepared in accordance with Accounting Standard IAS 34 "Interim Financial Reporting" and applicable parts of the Swedish Annual Accounts Act. 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 assumption bases have been applied as in the most recent annual report.

For more information on accounting and valuation principles, see Note 2 in the Annual & Sustainability Report 2020.

Amounts are in MSEK (million SEK) unless otherwise stated.

NOTE 2 FORWARD-LOOKING INFORMATION

Forward-looking information in this report is based on management's expectation at the time of the report. Even if the Management deems the expectations reasonable, it is no guarantee for the correctness of these expectations. Accordingly, the future outcome will vary due to changed market conditions for SSC Group's services as well as more general changes in the global economy, competition, legal requirements and/or political changes and currency impact.

NOTE 3 NET SALES

GROUP NET SALES, MARKET DISTRIBUTION

Amount in MSEK	2021	2020	2020
	JAN-JUN	JAN-JUN	JAN-DEC
Sweden	40	68	128
Europe excl. Sweden	365	293	612
Asia	67	60	112
America	59	97	145
Other Markets	5	2	4
NET SALES	536	520	1001

GROUP NET SALES HAVE BEEN INVOICED IN THE FOLLOWING CURRENCIES

Amount in MSEK	2021	2020	2020
	JAN-JUN	JAN-JUN	JAN-DEC
SEK	110	68	137
EUR	336	325	665
USD	81	121	185
Other Currencies	9	7	14
NET SALES	536	520	1001

PARENT COMPANY NET SALES, MARKET DISTRIBUTION

Amount in MSEK	2021	2020	2020
	JAN-JUN	JAN-JUN	JAN-DEC
Sweden	40	68	128
Europe excl. Sweden	160	81	190
Asia	59	51	95
America	17	18	34
Other Markets	2	1	2
NET SALES	278	218	449

PARENT COMPANY NET SALES HAVE BEEN INVOICED IN THE FOLLOWING CURRENCIES

Amount in MSEK	2021	2020	2020
	JAN-JUN	JAN-JUN	JAN-DEC
SEK	111	68	137
EUR	137	119	254
USD	25	27	47
Other Currencies	5	5	10
NET SALES	278	218	449

NOTE 4 FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE

The tables below present financial assets and liabilities by category.

THE GROUP 30 JUNE 2021	FINANCIAL ASSETS VALUED AT INCOME PROCUREMENT VALUE	DERIVATIVE INSTRUMENTS USE FOR SECURITY PURPOSES	FINANCIAL ASSETS THAT CAN BE SOLD	LIABILITIES VALUED AT INCREASED PROCUREMENT VALUE	ACCOUNTED VALUE	FAIR VALUE
ASSETS						
Other securities held as non-current assets	-	-	-	-	-	-
Accounts received	138	-	-	-	138	138
Other receivables	-	0	-	-	0	0
LIABILITIES						
Interest bearing liabilities	-	-	-	353	353	353
Accounts payable	-	-	-	55	55	55
Other liabilities	-	0	-	-	0	0

The fair value of financial instruments that are reported at accrued acquisition value is considered to correspond to their fair value.

The table below provides information on how fair value has been determined for the financial instruments that are valued at fair value in the balance sheet. The division of how fair value is determined is made on the basis of the following three levels.

Level 1: according to prices quoted on an active market for the same instrument.

Level 2: directly or indirectly observable market data not included in level 1.

Level 3: based on input data that is not observable on the market.

THE GROUP 30 june 2021	LEVEL 1	LEVEL 2	LEVEL 3	AMOUNT
ASSETS				
Other securities held as non-current assets	-	-	-	-
Other receivables	-	0	-	0
LIABILITIES				
Other liabilities	-	0	-	0

Other receivables and liabilities reported in level 2 relate to currency derivatives. For these contracts, fair value is reported based on the foreign exchange market with regard to the remaining maturity of each instrument. The carrying amount of accounts receivables, other receivables, cash and cash equivalents, accounts payable and other liabilities constitutes a reasonable approximation of fair value and is therefore not included in the table above.

Interest bearing liabilities are reported at accrued acquisition value, which in all material respects is deemed to correspond fair value as the loans bear variable interest rates.

NOTE 5 SSC GROUP KPI'S

	2020-2021 JULY-JUNE	2019-2020 JULY-JUNE	2020 JAN-DEC
Return on equity	-2%	-7%	-7%
Solidity	29%	32%	31%
Return on operating capital	2%	-1%	-1%
Net debt/equity	0,64	0,53	0,55

Return on equity is calculated as net profit after tax as a percentage of average equity during the period.

The equity/assets ratio is calculated as (adjusted) equity as a percentage of total assets.

Return on operating capital is calculated as operating profit through average operating capital.

Net debt/equity is calculated as net of cash and interest bearing liabilities through equity.

NOTE 6 CONTINGENT LIABILITIES

	2021-06-30	2020-06-30	2020-12-31
Credit guarantees	50	50	50
Contingent liabilities	-	9	8

Other information

The Interim report has not been reviewed by the auditors. The Interim report is issued by the Board of Directors.

UPCOMING FINANCIAL REPORTS

The interim report for the third quarter 2021 will be published latest 29 October 2021.

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

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