



19 May 2017
Announcement no. 259

Interim report Q3 2016/17

The Board of Directors of Rovsing A/S (the Company) today considered and approved the Interim Report for Q3 (1 January 2017 – 31 March 2017) of the financial year 2016/17. The Interim Report is not audited.

Highlights of the first nine month of the financial year 2016/17:

- Revenue of DKK 29.0 million, up 59% compared to the same period of last year
- Continued growth in product and system proposal activities
- Improved EBIDTA amounting to DKK 0.5 million, up DKK 2.0 million compared to same period of last year; continued focus on profitability improvement
- After negative cash flow from operations of DKK 8.2 million in the first 6 months, cash flow from operations was slightly positive in the third quarter resulting in a negative cash flow from operations for the first nine months of DKK 8.2 million.

Strong revenue growth

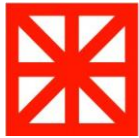
In Q3 of the financial year 2016/17, Rovsing A/S achieved revenue of DKK 9.3 million, an increase of DKK 3.0 million, or 48% compared to the revenue of DKK 6.3 million in the same period last year. For the first nine months of the financial year 2016/17, revenue amounted to DKK 29.0 million, an increase of DKK 10.8 million, or 59%, compared to the revenue of DKK 18.2 million in the same period last year.

The revenue growth in Q3 compared to Q3 last year was due to a combination of higher activity in the satellite industry in general, Rovsing's ability to secure more contracts, and the launch in 2016 of the Company's new solar array simulator (SAS) product which in combination with other Rovsing products have been the main component in several contracts for delivery of complete test systems. The revenue growth was also supported by the Company's successful bidding for contracts for test systems involving products, software and IP that were acquired by Rovsing from SSBV in the Netherlands in previous years.

Lower EBITDA in Q3

In Q3, the Company's EBITDA amounted to DKK -0.1 million, which was a decrease of DKK 0.5 million, compared to the same period last year. The EBITDA was negatively impacted by higher than anticipated resource requirements and related delays of certain projects, as well as lower average margins on the Company's sale of non-SAS products.

For the first nine months of the financial year, EBITDA amounted to DKK 0.5 million, an improvement of DKK 2 million compared to last year.



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Liquidity and cash flow

In the first 6 months of the current financial year, the Company's growth led to a significant negative cash flow from operations amounting to DKK 8.2 million. This was due to increased work in progress and build-up of stocks as a consequence of the significant increase in revenue. In Q3, despite continued growth, the cash flow from operations improved compared to the preceding period, resulting in a cash flow from operations of approximately DKK 0.0 million.

In order to fund the cash outflow to working capital, the Company executed a share issue in December 2016, resulting in a capital increase of DKK 4.1 million. Additional funding has been obtained from the Danish credit institution EKF and from short term loans from related parties, thus supplementing the credit facility of DKK 7,5 million provided by Jyske Bank. Going forward, management will evaluate options to secure a longer-term funding for the Company's current activities and expected further growth.

Sales and operations

During Q3, the number and potential value of new contract proposals delivered by Rovsing has continued to increase. This included proposals in connection with future ESA missions and proposals regarding Rovsing's engineering support services.

New contracts concluded during Q3 included an ESA contract for the development of a next generations EGSE software suite, compatible with ESA's new ECC ground software standard. The new software suite will constitute the control centre of Rovsing's future EGSE systems.

Three important contracts for Electrical Ground Support Equipment (EGSE) were signed, one for the delivery of a test system for the Jason-CS Altimeter and two in the frame of ESA's ExoMars 2020 mission.

Contract extensions were secured for Rovsing's Support Services at the Centre Spatial Guyanais (CSG), the launching site of Ariane 5, while an engineering support contract for Airbus DS in Toulouse was successfully concluded as scheduled.

Production of SAS and other standard products continued to serve contracts received in 2016. This included the delivery of EGSE products and systems for the MetOp-SG, JUICE, Jason-CS space projects, and an undisclosed ESA mission. To benefit from economies of scale, some products were produced in larger numbers than required for the above missions to cover obligations of the next business year, thus building up a temporary product stock.

The previously announced contract by Rovsing's US partner RT Logic (USA) with Boeing, to which Rovsing is a subcontractor, continued to be under technical and programmatic review between Boeing (USA) and RT Logic. In connection with the ongoing clarification talks, the value of the contract may be reduced. No substantial progress was made in Q3, and the contract is not expected to generate revenue in the current financial year.

Accounting corrections

In the audited financial statements for the financial year 2015/16, Rovsing's revenue, EBITDA and Net profit was stated as DKK 26.6 million, DKK -2.1 million and DKK -11.1 million respectively. A



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recent review of the Company's work in progress as of the balance sheet date 30 June 2016 has revealed an accounting misstatement relating in the financial year 2015/16 amounting to DKK 0,48 million, negatively affecting the booked value of work in progress, and consequently also revenue, EBITDA, net profit and shareholder's equity for the financial year. In this Interim Report, the comparison figures for last year have been restated accordingly. The accounting misstatement will be adequately described and corrected numbers will be presented in the Company's audited full-year financial report for the current financial year.

Outlook for 2016/2017

For the financial year 2016/2017 Rovsing confirms its outlook of an expected turnover of DKK 35-40 million. On the basis of the EBITDA achieved in the first nine months, the EBITDA is expected to be DKK 0-2 million.

For further information

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