



Rovsing

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Interim report
First half year 2016/17



COMPANY PROFILE

Rovsing A/S was established in 1992 and has its HQ in Skovlunde, Denmark.

Rovsing's main business today is in

- Electrical Ground Support Equipment (EGSE) & Test Systems for satellites and their payload, e.g.
 - Power Special Check-Out Equipment (SCOE);
 - Power simulation systems (Solar Array, Battery, Loads);
 - Spacecraft interface simulators for platforms and payloads;
 - Discrete Satellite Test Equipment (DSTE);
 - Payload / system Front-Ends (PFE);
 - Payload EGSE;
 - Avionics Test Beds;
 - Real-Time Simulators

- Space-related electronic products and their embedded software and firmware, e.g.
 - Solar Array Simulator (SAS);
 - Second-Level Power Bus Protection (SLP);
 - Latch Current Limiters (LCL);
 - Data Acquisition and Command MASC;
 - Power Front End (PFE)

- On-site support to Prime Contractor's with engineering services, e.g. Independent Software Validation and Verification (ISVV), Quality Assurance, Configuration Management, or Subcontractor Management;

Rovsing currently have ~40 employees.

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FINANCIAL KEY FIGURES AND RATIOS

PROFIT & LOSS STATEMENT	1H 2016/17	1H 2015/16	Full year 2015/16
DKK 1,000.			
Revenue	19,720	12,212	26,632
Operating profit before depreciations (EBITDA) and special items	567	-1,132	-2,120
Special items	0	-587	0
Operating profit (EBIT)	-926	-3,182	-13,772
Financial items, net	-484	-134	-347
Loss for the period	-1,410	-2,621	-11,094
BALANCE SHEET			
Non-current assets	25,863	43,381	28,511
Current assets	14,373	7,157	12,984
Total assets	40,235	50,538	41,495
Equity	19,203	24,527	16,326
Non-current liabilities	0	10,098	0
Current liabilities	21,032	15,913	25,169
CASH FLOW			
Cash flow from operating activities	-1,592	3,775	5,115
Cash flow from investing activities	-351	-1,862	-5,780
Cash flow from financial activities	3,668	-2,268	-281
Total cash flow	1,725	-355	-946
Financial ratios			
EBITDA-margin before special items, %	2.9	-9.3	-8.0
EBIT-margin, %	-4.7	-21.2	-51.7
Return on Equity, %	-8.6	-10.2	-47.5
Earnings per share (EPS)	-0.01	-0.01	-0.04
Cash flow per share (CFPS)	5.74	-0.01	-0.06
Dividend per share at DKK 0,05	-	-	-
Solvency ratio, %	47.7	48.5	39.3
Average number of shares (1,000)	307,045	291,315	300,344
Numbers of shares at end of period (1,000)	332,212	299,511	302,011

The above financial key figures and ratios are prepared in accordance with the guidelines from the Danish Association of Financial Analysts.

The financial year for the company is from 1 July to 30 June.

MANAGEMENT REPORT

REVENUE AND RESULT

Revenue for the first half year 2016/17 increased by 61,5% to DKK 19.7 million (H1 2015/16: DKK 12.2 million). Operating profit before depreciations (EBITDA) and special items was DKK 0.6 million (H1 2016/15: DKK -1.1 million) and the Operating Profit (EBIT) was DKK -0.9 million (H1 2016/15: DKK -2,6 million). The Loss for the period amounted to DKK -1.4 million, compared to DKK -2.6 million in the first half of 2015/16.

Equity as per 31 December 2016 amounted to DKK 19.2 million (31 December 2015: DKK 24.5 million).

Cash flow from operating activities for the first half year 2016/17 was DKK -1.6 million compared to DKK 3.8 million in the first half year 2016/15.

MARKET DEVELOPMENT

Following the acquisition of substantial contracts in 2015/16 based on the Distributed Simulation & Test Environment (DSTE) equipment taken over from now bankrupt SSBV Space & Ground in Noordwijk, the Netherlands, Rovsing concentrated on transferring the acquired know-how, supplier base, test environment, and documentation from Noordwijk to Skovlunde. In the first half year of 2016/17, Rovsing was able to produce, validate, and deliver 15 systems for the JUICE project (cf. announcement # 240) and the Jason-CS project. This confirmed Rovsing's new capability to offer DSTE based systems on the market in addition to Power SCOE.

Apart from contract changes, extensions and purchase orders, Rovsing signed the following major contracts in the first half year of 2016/17:

- Contract with AIRBUS Defence & Space, France to provide Independent Software Validation & Verification (ISVV) services for the MetOp-SG programme (cf. announcement # 248). The total contract value is approximately EUR 940,000. The project started in autumn 2016 and will peak in summer 2017, running out in 2018.
- Contract with Clemessy (Switzerland) about the delivery of SAS modules, the new flagship product of Rovsing, for MetOp-SG. The contract value is approximately EUR 275,000 (cf. announcement # 234). Delivery has started in 2016 and will continue in 2017.

- Contract with Thales-Alenia Space (Italy) about the refurbishment of a Power SCOE for Sentinel-1 (cf. announcement # 248). The basic contract value is approximately EUR 260,000, while additional options are yet to be decided. The refurbishment will take place in 2017.

PRODUCT DEVELOPMENT AND R&D

The major part of Rovsing's product development efforts in the first half year of 2016/17 went into mastering the DSTE products taken over from SSBV and to train a team of DSTE system and product experts. It required significant efforts to reactivate the supply chain, implement a configuration control, update documentation, and establish a product level test environment. Once done, this will provide Rovsing with a second business line in addition to the power systems with SAS, SLP et al. established earlier in 2016.

RISKS

For a discussion of risks related to the Rovsing business, please see the risk section on pages 17-19 of Rovsing A/S' annual report for the financial year 2015/16.

OUTLOOK 2016/17

In connection with the announcement of the financial report for 2015/16, the outlook for 2016/17 was stated as a revenue in the range of DKK 32-35 million and EBITDA in the range of DKK 0-2 million.

Based on a stronger than expected first half year, management now expects a revenue for the full year 2016/17 in the range of DKK 35-40 million, and and EBITDA in the range of DKK 1-3 million.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today discussed and approved the interim report of Rovsing A/S for the period 1 July – 31 December 2016.

The interim report, which has neither been audited nor reviewed by the Company's auditor, has been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU and additional Danish interim reporting requirements for listed companies.

In our opinion, the financial statements give a true and fair view of Rovsing A/S' assets, liabilities and financial position as at 31 December 2016 and of the results of the company's operations and cash flow for the period 1 July – 31 December 2016.

Further, in our opinion, the management review gives a true and fair review of the development in the company's operations and financial matters, the result of the company's operations for the period and the financial position as a whole as well as a description of the principal risks and uncertainties that the company faces.

Skovlunde, February 24 2017

Executive Management

Cristian Bank (CEO)

Board of Directors

Karl Kristian Hvidt Nielsen (Board Chairman)

Jørgen Hauglund

Søren Anker Rasmussen

Greg Sims

INCOME STATEMENT

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Note	PROFIT AND LOSS	1H 2016/17	1H 2015/16	Full year 2016/15
	DKK 1,000			
	Revenue	19,720	12,212	26,632
	Production costs	-4,102	-4,118	-11,162
	Gross profit	15,618	8,094	15,470
	Other operating income	0	1,281	2,351
	Other external cost	-2,151	-2,206	-5,231
	Staff cost	-12,900	-8,301	-14,710
	Operating profit before depreciations (EBITDA) and special items	567	-1,132	-2,120
	Depreciations	-1,493	-1,463	-11,652
	Special items	0	-587	0
	Operating profit (EBIT)	-926	-3,182	-13,772
	Financial income	20	99	229
	Financial expenses	-504	-233	-576
	Profit before tax	-1,410	-3,316	-14,119
	Tax on profit	0	695	3,025
	Profit for the year	-1,410	-2,621	-11,094
	Net profit:			
	Shareholders in Rovsing A/S	-1,410	-2,621	-11,094
	Transfer from emission	0	0	0
	Transferred profit	-1,410	-2,621	-11,094
	Earnings per share			
	Earnings per share, DKK	-0.01	-0.01	-0.04

BALANCE SHEET (1/2)

Note	BALANCE – ASSETS	31/12 2016	31/12 2015	30/6 2016
	DKK 1,000			
	Non-current assets			
	Intangible assets			
3	Development projects finalized	19,966	7,312	20,925
3	Patents and licenses	2,040	11,802	2,201
3	Development projects in progress	0	20,403	0
		<u>22,006</u>	<u>39,517</u>	<u>23,126</u>
	Tangible assets			
	Equipment, fittings and fixtures	40	39	62
		<u>40</u>	<u>39</u>	<u>62</u>
	Other non-current assets			
	Company tax (LL § 8x)	0	1,497	1,507
	Deferred tax	3,816	2,328	3,816
		<u>3,816</u>	<u>3,825</u>	<u>5,323</u>
	Non-current assets, total	<u>25,863</u>	<u>43,381</u>	<u>28,511</u>
	Current assets			
	Inventory	2,830	80	31
	Receivables from sales	4,627	3,287	5,188
	Work in progress	3,302	2,502	4,795
	Service contracts in progress	0	250	881
	Company tax (LL § 8x)	0	0	835
	Other receivables	2,016	315	615
	Prepayments	124	126	633
	Cash and cash equivalents	1,473	597	6
	Current assets, total	<u>14,373</u>	<u>7,157</u>	<u>12,984</u>
	ASSETS TOTAL	<u>40,235</u>	<u>50,538</u>	<u>41,495</u>

BALANCE SHEET (2/2)

Note	BALANCE – LIABILITIES	31/12 2016	31/12 2015	30/6 2016
	DKK 1,000			
	Equity			
	Share capital	19,177	14,976	15,100
	Other reserves	0	0	0
	Transferred result	26	9,551	1,226
	Total Equity	19,203	24,527	16,326
	Non-current liabilities			
	Prepayment public debts	0	10,098	0
	Non-current liabilities, total	0	10,098	0
	Current liabilities			
	Bank debts	7,024	6,620	8,490
	EKF loan	4,999	0	0
	Trade payables	2,186	454	4,108
	Prepayment customers	0	5,591	7,377
	Other liabilities	6,328	2,950	4,896
	Accruals	495	298	298
	Current liabilities, total	21,032	15,913	25,169
	Total liabilities	21,032	26,011	25,169
	EQUITY AND LIABILITIES	40,235	50,538	41,495

EQUITY STATEMENT

Note **EQUITY STATEMENT**

DKK 1,000

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2015/16	SHARE-CAPITAL	PREMIUM EMISSION	TRANSFERRED RESULT	TOTAL
Equity 1 July 2015	14,976	0	12,088	27,064
Total income period				
Loss for the period	0	0	-2,621	-2,621
Sharebased payroll	0	0	138	138
Trade own stocks, net			-54	-54
Total income period	0	0	-2,537	-2,537
Equity 31 december 2015	14,976	0	9,551	24,527
2016/17	SHARE-CAPITAL	PREMIUM EMISSION	TRANSFERRED RESULT	TOTAL
Equity 1 July 2016	15,100	0	1,226	16,326
Total income period				
Loss for the period	0	0	-1,410	-1,410
Sharebased payroll	0	0	265	265
Trade own stocks, net			-55	-55
Capital increase, net	4,077			4,077
Total income period	4,077	0	-1,200	2,877
Equity 31 December 2016	19,177	0	26	19,203

CASH FLOW STATEMENT

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Note	CASH FLOW	1. halfyear 2016/17	1. halfyear 2015/16	2015/16
	DKK 1,000			
	Loss for the period	-1,410	-2,621	-11,094
	Adjustments non-cash items:			
	Depreciations	1,493	1,463	11,652
	Other non-cash in profit and loss, net	0	138	298
	Financial income	-20	-99	-229
	Financial cost	504	233	576
	Tax of income	0	-695	-3,025
	Change in working capital	-1,675	5,490	5,798
	Operating cash flow before financial payments and tax	-1,108	3,909	3,976
	Financial income	20	99	229
	Financial cost	-504	-233	-576
	Refund company tax	0	0	1,486
	Cash Flow from operating activities	-1,592	3,775	5,115
3	Purchase intangible assets	-351	-1,862	-5,732
	Purchase tangible assets	0	0	-48
	Cash flow for investing activities	-351	-1,862	-5,780
	Reductions of debt to banks	130	-2,297	-427
	Change in other debts	-484	0	0
	Trade own stocks, net	-55	-55	-53
	Other securities	0	84	84
	Capital increase, net	4,077	0	115
	Cash Flow from financing activities	3,668	-2,268	-281
	Total Cash Flow for the period	1,725	-355	-946
	Cash and cash equivalents at beginning of period	6	952	952
	Cash and cash equivalents at end of period	1,731	597	6

NOTES

NOTE 1. ACCOUNTING POLICIES USED

The half-year report is prepared in accordance with IAS 34 that is approved by the European Union and other requirements for Danish listed companies.

Accounting policies are unchanged compared to 2016/15.

The half-year report is prepared in DKK.

NOTES

2 SEASON

The company's activities have not been affected by any season in the period.

3 INTANGIBLE ASSETS

The company has in the first half year 2016/17 had costs in connection with intangible assets (development projects at work).

As noted in the annual report for the financial year 2014/15 a big part of the future income will be connection with productions rights from our development projects. This is, however, not a secure income. Please look at Risk factors in the yearly report from 2015/16.

4 CONTINGENT ASSETS AND LIABILITIES

The company has made agreements on public grants for R&D. These are paid based on either actual paid cost or when agreed projects deliveries have been presented by the company and approved by the state. Some of the grants can be negotiated with a pay back clause. It is up to the authority to take decision about that.

The company has obligations in these deals. The company has to pay around 50% of the estimated cost. Cost in connection with delivery of the result is cost only for the company.

5 TRANSACTIONS BETWEEN PARTNERS AND RELATED PARTIES

The company has no related parties or partners with influence.

The company has registered following shareholders with more than 5% of the capital:

- 18,7 % Christian Roving A/S
- 7,7 % Catpen A/S
- 5,2% Søren A. Rasmussen companies

The company related parties includes also the board of directors and director.

Roving A/S has a rent contract on its location with a company owned by Søren Anker Rasmussen being a member of the board.

6 EVENTS AFTER THE 31 DECEMBER 2016

The company knows of no events or issues after 31 December 2016 that has a substantial influence on the financial position of the company.

DEFINITIONS

KPIs / key figures

Number of shares at end of period

Cash flow per share

EBITDA-margin before special items

EBIT-margin

Equity ratio

Return on equity

Average numbers of shares

Payout-ratio

Earnings per share

Definition

Total number of shares at the end of the period less the number of shares owned by the company.

Cash flow from operations divided with average amounts of shares.

Profit before financial items, tax and depreciations and special items as a percentage of revenue.

Profit before financial items and tax as a percentage of revenue.

Equity at end of period as a percentage of total assets.

Profit for the year as a percentage of average equity.

The average number of shares in the period reported.

Total payout in the period divided with the result of the period.

Profit for the year divided with the average number of shares.