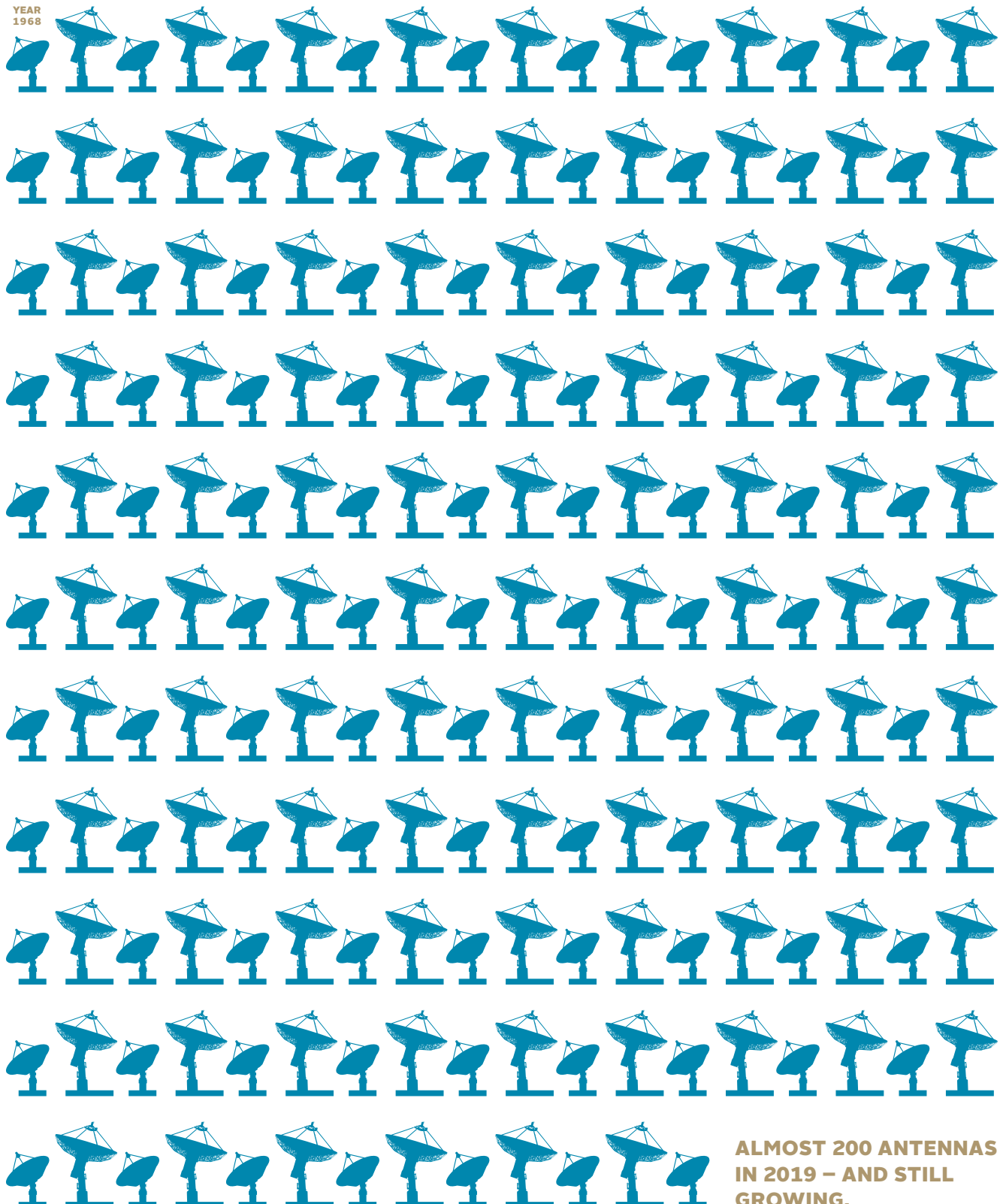


ANNUAL REPORT 2019



**ALMOST 200 ANTENNAS
IN 2019 – AND STILL
GROWING.**



*There is no dark side of the moon really.
Matter of fact it's all dark out there.*

FROM THE DARK SIDE OF THE MOON
PINK FLOYD

PRESIDENT'S MESSAGE

One-stop shopping is easy. It simplifies logistics, cuts costs, and optimizes service deliveries. As described in one of the articles in this year's annual report, it also applies to satellite systems. Traditionally, a satellite owner operates in separate verticals, one vertical for ground station data reception and control, and another for data analysis and information extraction. This separation is cumbersome and inefficient. In 2020, KSAT implemented the first integrated service combining scheduling, satellite control, data reception, image processing, and product delivery. The integrated one-stop shopping model allows the satellite owner to optimize product definition and reduce the cost of operation. In addition, it enables near real-time deliveries. It's crucial when the focus is on dark target identification in the marine domain. In less than 20 minutes, the report needs to be delivered to the end users. As the prime service provider to the European

Maritime Safety Agency, KSAT has developed and optimized its routines for this rapid service delivery. The information extracted, and the actionable timeframe for delivery, have become indispensable tools in the combat against illegal fisheries.

Dark ship detection and classification is a KSAT focal area. It is known that 25% of all fish caught are caught illegally. When there are no fish locally, there are no jobs for local fishermen, and thus no food for local people. In 2020, KSAT announced its commitment to participate in the fight against illegal fisheries. We will challenge the Norwegian Government to join us.

During 2019, the satellite arena has been enveloped in clouds. Cloud focus has been the mantra and the solution to all problems. Everything is supposed to happen in the cloud. Sometimes it's impossible to see the path for the mist created in the cloud.

We have found that the cloud doesn't solve all problems. Some problems are actually solved better closer to the antenna. To meet customer requirements, we have expanded our ground station as a service network, and integrated it with on-site processing and data analysis. After the near real-time requirements are met, the information is made ready for the cloud. By supporting real-time rapid data extraction, as well as enabling high-powered processing and long-term storage, KSAT creates a hybrid solution using the best of two worlds.

In 2019 we inaugurated two new ground stations; New Zealand and Greece, in addition to the upgrades and expansions of existing stations. More than 31 antennas were installed, bringing the grand total to almost 200 at 23 different locations. Again unprecedented. And necessary for KSAT service development. The Greek station serves two purposes; it supports near real-time data reception in the Mediterranean region (which is super important for ship detection and classification), as well as it hosts the site for our first optical ground station.

KSAT has always aimed to be at the forefront of technology. Our clear goal is to become technology agnostics. From a common user interface, we'll provide services on RF, optical and even LEO-GEO links. Our task is to commoditize satellite communication, permitting a satellite owner to focus on its satellites and the utilization of the data collected.

An estimated 900 satellites are planned to be launched annually from now until 2028. I don't believe this number. However, I do

believe that the number will increase significantly from today and that satellite operation must be modernized. KSAT is a front runner in this drive toward modernization, and will continue to be so.

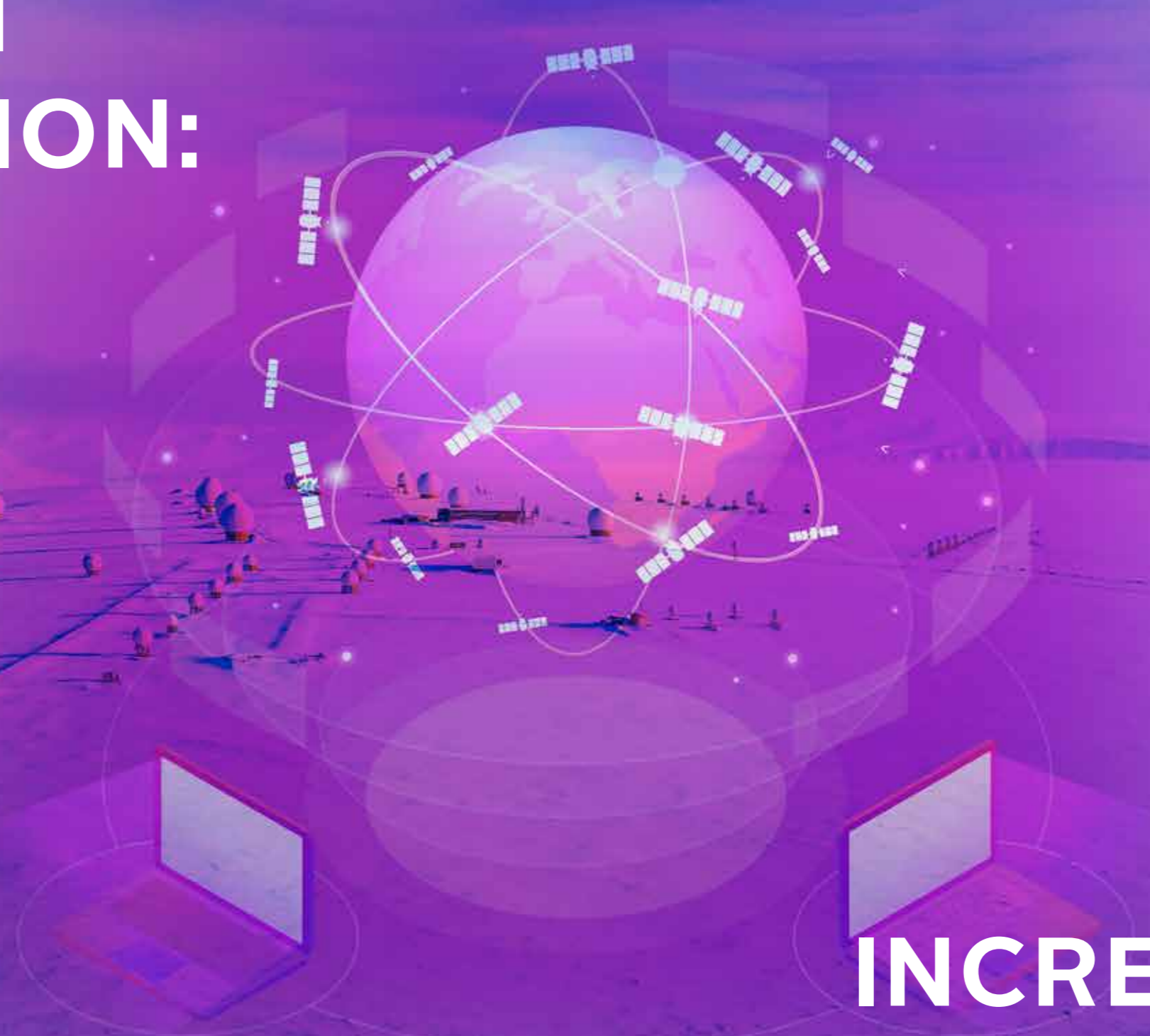
I'm pleased to report that KSAT continues to develop positively. A staff of over 210 dedicated people focuses on the development and delivery of our services. We are actively searching for new opportunities and improving ongoing operations. We recently supported a launch with more than 30 satellites. All of them were checked out within a couple of hours. This was to be expected since we supported 36 LEOP's successfully in 2018. It's a challenge, even with a computer doing the job. The Machine-to-Machine (M2M) interface handled it, but in my opinion, experienced humans will still be in the loop for a long time. Traffic on our global network is continuously increasing. 40 000 passes per month was the 2019 average, now in 2020 it's already well beyond 50 000. We don't know where it will end or what the final numbers will be, but I can assure you that we'll be there.

One-stop shopping is available through the KSAT^{LITE} integrated network of ground stations, optimized local cloud solutions, and generic interfaces to a cloudy world. Having solved an important challenge associated with services for LEO satellites, it's time to move on.

We'll follow Pink Floyd; next time will focus on the Moon and beyond.

ROLF SKATTEBOE
President

GROUND STATION OPERATION:



**INCREASINGLY
AUTOMATED
& SPECIALIZED**



Illustration showing KSAT^{LITE} customer interface, GUI built on KSAT APIs.

The number of satellites in orbit is increasing – recent studies suggest that more than 900 satellites will be launched each year between 2020 and 2028. This includes not only Earth Observation constellations, but also numerous Internet of Things (IoT) constellations, unique science missions, and myriad other smallsat-based applications.

Despite this mission diversity, there is a common denominator: all satellites must communicate with the ground at least once in a while. This means that the global connectivity and data backhaul KSAT provides are increasingly important.

To support the increased number of satellites and the requirements from satellite owners, Kongsberg Satellite Services (KSAT) has brought ground station services to the next level. It is no longer one satellite accessed by one antenna at one location: the KSAT^{LITE} global network is fully integrated and operational. It consists of more than twenty antennas at KSAT's world wide locations, and the system is designed to provide full network centric operation. Leveraging up-to-date Application Programming Interfaces (API), the overall network is flexible, dynamic and robust. Satellite owners and operators can interface directly with the KSAT scheduling database from their Mission Operations Centers (MOCs) - whether at a traditional MOC or in the cloud. The development of KSAT^{LITE} was based on the key principles of ease-of-use, flexibility, and the reliability KSAT is known for. Its interfaces are clean and

simple, and its design and implementation leverage experience from 50 years of satellite operations. Hence, KSAT has focused on sectors where we have a strong technological and operational experience.

The value chain associated with satellite manufacturing, launch, and operations has been reassessed in recent market studies, and a typical representation is displayed in Figure 1. It shows significant growth and a Compound Annual Growth Rate (CAGR) of 10–15% for satellite operations and related services. For satellite manufacturing the comparable numbers are 18–43%. While some players find it tempting to grasp as much as possible within this growing value chain, KSAT has taken a different approach. By focusing on key elements in the value chain where we have unique know-how, KSAT can provide tailored and customer-optimized services. Innovation and new technology are fused into existing services, easing everyday life for the satellite owner, who then can focus on the satellite, the mission, and the end user, while KSAT provides the connectivity.

FIGURE 1

The Satellite value chain: an Example

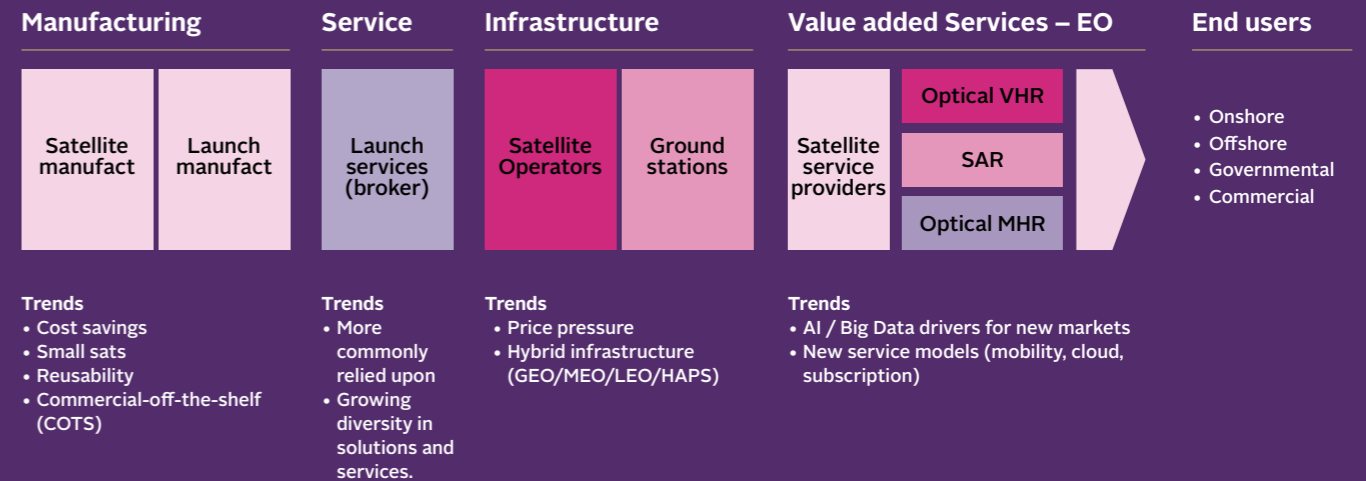


Illustration: **The value chain** associated with satellite building, launch, and operation shows significant growth and a Compound Annual Growth Rate (CAGR) of 10–15% for satellite operations and related services. For satellite manufacturing the comparable numbers are 18–43%. Therefore, it's tempting to grasp as much as you can in the value chain. KSAT has taken a different approach.

Today's industry focus lies with integrating infrastructure elements (satellite operations) with value added services. In recent months, the focus on cloud storage and cloud computing have increased dramatically. Getting data into the cloud as fast as possible has been prioritized. At KSAT, we do not see this as the answer to all problems: providing near real-time services, where information must be extracted and delivered to the end user in less than 10 minutes, is not possible in a distributed all-cloud environment. Actually, critical processes have to be moved closer to the data instead of sending the data to the process. KSAT has elected to execute ship detection algorithms at the foot of the antenna itself. One could argue that ideally such algorithms would be performed onboard the satellite, but for practical reasons, ground-based processing and analysis is easier and more cost-effective. Over the last 12 months, KSAT has implemented the new integrated approach to several satellites supported by the company's global network of ground stations.

The latest addition is a ground station located near Athens in Greece. Its two-antenna configuration is designed to optimize data reception and analysis of radar data for ship detection. The products will be delivered to the European Maritime Safety Agency (EMSA), which will ease its operation and monitoring efforts for the inner Mediterranean Sea.

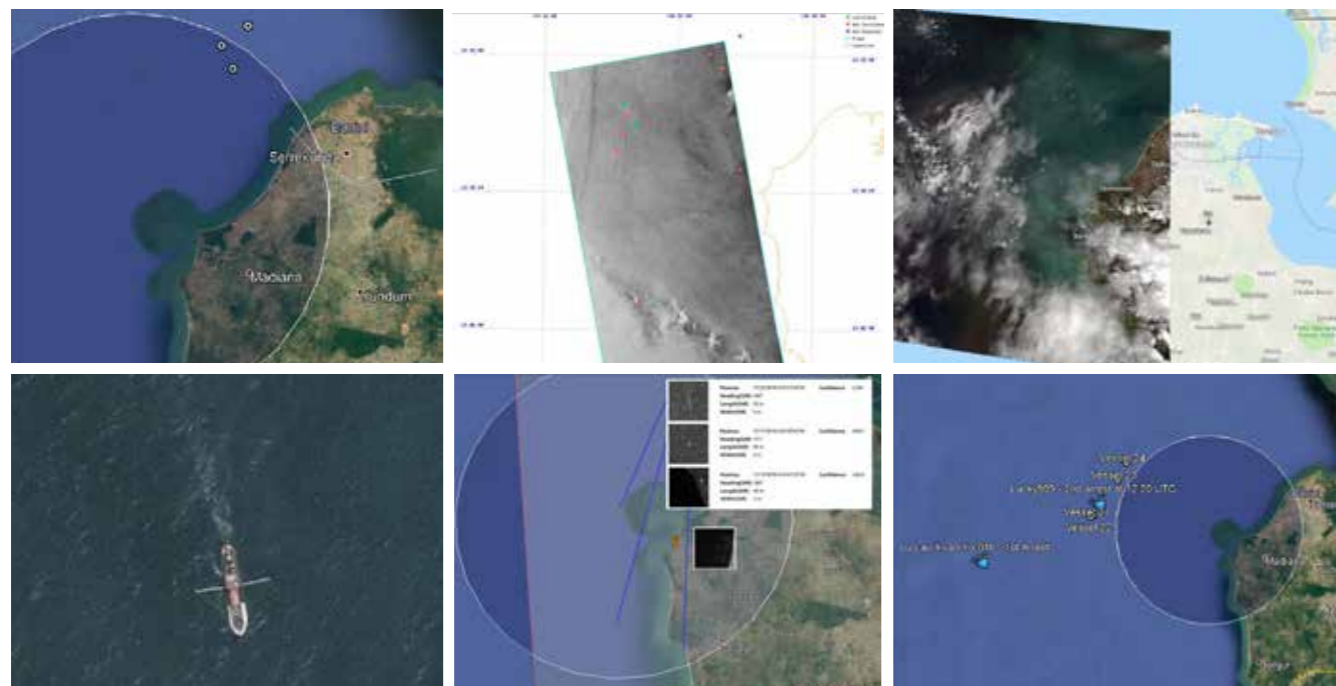
Serving all the satellites in orbit is not an easy task. Reliability, proficiency, and prudent priority are key parameters becoming increasingly important. KSAT has renewed its ground network operation, with Ground Stations as-a-service being refined and empowered with new technologies. Antennas to communicate with satellites are straightforward; integrated ground stations as-a-service such as KSAT provides, require unique expertise to execute well.



FINDING THE DARK VESSELS

In the vast ocean expanse, even the largest vessels are small. Satellites are an obvious and efficient tool for ocean monitoring and control – helping to find distressed vessels desperate to be found; and those who wish to hide.

© Flavio Gasperini



© Flavio Gasperini

Kongsberg Satellite Services (KSAT) has been pushing the capabilities of satellite-based vessel detection in recent months, bringing optical sensors into the mix and exploring machine learning and artificial intelligence inspired techniques which have shown great promise in increasing both the efficiency and the accuracy of our services.

Estimated loss in annual economic impact due to the diversion of fish from the legitimate trade system is \$26-50 Billion (USD), while losses to countries' tax revenues are between \$2-4 Billion. A recent study* suggests that as much as 7.7 to 14.0 million metric tons per year of unreported catches may be diverted to illicit trade systems globally. In Asia, Africa, and South America, the estimated losses to legitimate trade are between \$7.3-14 Billion per year in gross revenue, or around 82% of the global gross revenue loss to the legitimate trade system. KSAT is supporting the UN sustainable development goals, with a particular focus on SDG nr. 14 'Life Below Water'. To this end, KSAT ship detection services are being used in some of the most urgent battlegrounds in the fight against illegal fisheries.

The Gambia is the smallest country in continental Africa, with less than 50 km of coastline. While the small pelagic fish which migrate up and down the

West African coast have traditionally provided a significant source of protein for Gambians, these stocks are under increased pressure to supply the demand of foreign fleets and the growing domestic fishmeal industry. While some of these vessels may be legally licensed to fish in Gambian waters, there is evidence that many are taking advantage of the Gambians lack of monitoring and enforcement capability.

KSAT volunteered to provide vessel detection services and introduced the Gambian Department of Fisheries to the Sea Shepherd, who have been providing the use of civilian offshore patrol vessels to African coastal states to allow authorities to more proactively enforce fisheries regulations and conservation laws in their sovereign waters. An operational campaign was conducted in 2019, which led the Gambia Navy to arrest many vessels for a variety of fisheries violations.

KSAT assisted the patrol effort by providing satellite-based vessel detection services, allowing the patrol to expand their awareness of activity in their exclusive economic zone. This effort included the delivery of 20 reports within the critical first 100 hours of the patrol, providing blanket coverage of vessel activity. The information was derived from a mixture of high-resolution

synthetic aperture radar (SAR) and optical image, that were delivered in near real-time – as little as 45 minutes after satellite pass.

We believe this is likely to have been the most intensely monitored piece of Earth in history – with an unprecedented combination of satellites utilized (including Iceye, PAZ, TerraSAR-X, TanDEM-X, Sentinel-1, RADARSAT-2, WorldView 2, GeoEye1, Spot 6, and three satellites in the COSMO-SkyMed constellation). Working primarily with very high resolution imagery, the KSAT team identified over 750 potential targets for the patrol to consider, ranging from small wooden pirogues to large cargo ships. These targets were correlated with AIS information and analysis to reveal historical behaviors and patterns, providing supplemental justification for inspection and helping to discriminate the legally licensed from those looking to avoid detection.

The Gambia is a small nation with a big burden. KSAT is proud to have played a role in helping to monitor their waters in 2019, which remain rich in biodiversity and an appealing target for neighboring fleets. As in many of the most highly-targeted regions, illegal fishing flourishes where offshore patrolling and enforcement is limited by scarce resources. Satellite monitoring can help make these patrols more efficient and effective,

detering those who look to poach foreign fish stocks without license.

2019 was also the year KSAT kick-started our machine learning efforts, investing in specialized hardware and hiring developers dedicated to automated Earth Observation solutions. The most difficult and important aspect of any machine learning initiative is the quality and volume of the training data used. This is an area of particular strength for KSAT, a decades-long global leader in the use of SAR imagery, with multi-mission training data ripe for such exploitation.

Our prototype model is able to detect vessels with impressive error rates (1 per 150,000 km²) in some modes, and we will soon expand into optical imagery and high-resolution SAR modes, aiming to more accurately determine the type and size of vessels around the world. We are excited about the promise of automated solutions as a strong compliment to our existing 24/7 operations and personnel.

* Illicit trade in marine fish catch and its effects on ecosystems and people worldwide, by U.R. Sumaila et al., Science Advances (AAAS) 26 Feb 2020, Vol. 6, no. 9, eaaz3801, DOI: 10.1126/sciadv.aaz3801 (online at <https://advances.sciencemag.org/content/6/9/eaaz3801#T1>)

JANUARY

Proud partner and contributor of the conference Arctic Frontiers in Tromsø, Norway

KSAT^{GMS} part of InSAR Norway. InSAR Norway is a national initiative aimed at monitoring and measurement of ground movements powered by Copernicus Sentinel-1 data. The Norwegian Ground Motion Service offers InSAR subsidence data at full resolution, freely and openly available to the general public.

KSAT total: 34622 passes in January



APRIL

TESAT, KSAT and GomSpace have partnered up to introduce full optical communication capability for new innovative small satellite missions and space-based services

Official inauguration of the KSAT satellite ground station Punta Arenas performed by Their Majesties The King and Queen of Norway

KSAT stand and reception at Space Symposium, Colorado Springs

KSAT receives full operational license for Inuvik Ground Station, Canada

KSAT stand and presentations at ESA Living Planet and Spillcon



© Tom Hansen



Q1

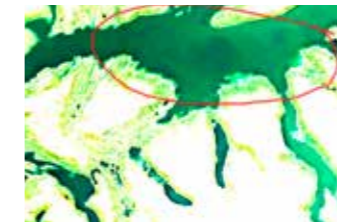
FEBRUARY

New antenna, TR 9, under construction at Troll, Antarctica

Smallsat Symposium, Mountain View and our annual Ant-Arctic-a party

All time high, 10.000 KSAT^{LITE} passes per month

Commencement of the weekly cross-country ski course at KSAT, with more than enough snow!



© Copernicus Sentinel data (2019) / ESA / Produced by KSAT

MAY

KSAT joined Seraphim space camp

KSAT provided satellite images of toxic alga-bloom in Norway. A surge of algae killed close to 8 million salmon at Norwegian fish farms in just a few weeks, wiping out more than half of 2019 expected sales growth. KSAT provided satellite images to the involved, tracking if the algae would spread.

Signed contract with UK MCA together with Kongsberg Norcontrol

US senators visited the KSAT Svalbard ground station

Iridium is operational in Punta Arenas with 4 antennas.

The always popular annual Holmenkollen Relay

Open day at our Svalbard ground station. It is a very exciting and a popular day for the locals from Longyearbyen, learning what all these antennas up on the mountain actually do.

Q2

MARCH

New antenna – after 40 years of loyal service. Saying hello to something new means saying goodbye to something old and loved. After 40 years of loyal service, our workhorse – the one and only TG1 – had to be retired and has now been replaced with a new and modern antenna to serve our customers from Tromsø Ground Station



JUNE

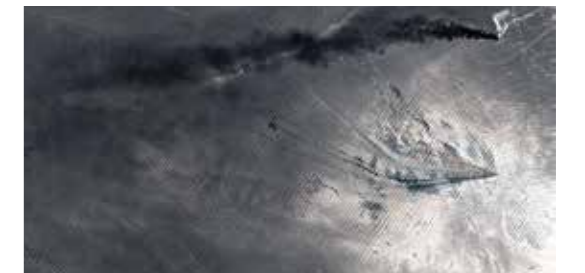
NASA selects KSAT Punta Arenas Station and Svalbard for Ka-band support for the NiSAR and PACE program.

Company sport is popular at KSAT, and the weekly run in the summer season is no exception.

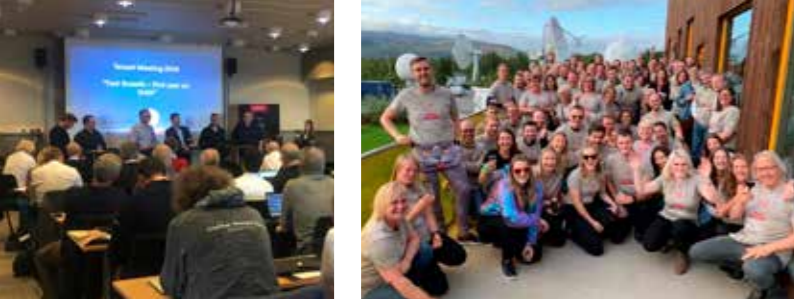
Having seen reports of an incident involving Norwegian tanker "Front Altair" off the coast of Oman, KSAT drew on its multi-satellite constellation to get the first available satellite image of the stricken vessel.



© Daniel Lilleeng



© Copernicus Sentinel data (2019) / ESA / Produced and analysed by KSAT.



JULY

KSAT selected by Space Norway to provide ground station services to the new Highly Elliptical Satellites (HEO) designed to provide satellite-based broadband in the Arctic. KSAT will as part of the agreement, establish a Satellite Operation Centre for satellite operation and control.

Start for ESA Copernicus/Sentinel operations in Inuvik, Canada

39193 satellite contacts in July

Q3

SEPTEMBER

Our biennial Tenant meeting at Svalbard with over 70 participants was a success.

Annual gathering, internal seminar at beautiful Sommarøya

KSAT presents at the annual Career fair for students at the Arctic University of Norway in Tromsø

KSAT supports Girl tech Tromsø

Green solutions: Evaluating solar cells for Svalbard and Troll in Antarctica.

Illegal fisheries campaign in Gambia together with Sea Shepherd and Gambian Coastal authorities.

Rocket Lab partners with KSAT for Electron and Photon ground station support

KSAT employees supported the Pink Ribbon Run 2019



AUGUST

KSAT supported historic voyage to the North Pole. The Norwegian Coast Guard vessel KV Svalbard became the first Norwegian ship to reach the North Pole. Satellite imagery from KSAT was used as decision support to find the best route through the ice

The 24th KSAT ground station officially opened in Greece

Small Satellite, Utah. As a part of our sponsorship at this conference, we are also a proud sponsor of Stokes Nature Center, which we always look forward to visit!

New KSAT US office in Denver, Colorado

ICEYE and KSAT have signed an extended cooperation agreement to provide Near Real-Time radar satellite imagery and data analysis at high speeds to customers.

For the 3rd year, KSAT sponsored the cycling Race, "Arctic Race of Norway," which takes place in the beautiful North.

It is not all about sport for the KSAT staff. The annual music and art festival "Rakettnatt" in the centre of Tromsø city always gathers many people, and with our own preparty at KSAT HQ.



OCTOBER

The European Space Agency has funded a demonstration project by StormGeo and KSAT in which the companies provide information on Arctic weather and sea ice to their clients using advanced satellite-mounted radar technology, known as synthetic aperture radar or SAR.

The combined offering from KSAT and StormGeo will answer the increasing demand for risk management in the Arctic from several industries, including oil exploration, natural gas development, shipping, and cruise traffic.

Satellite Innovation, Mountain View

Our Ocean 2019: Chile and KSAT announced joint commitment to effectively support the Chilean effort to counter IUU fishing and management of Chilean Marine Protected parks

KSAT participated at the RECSO EnviroSpill 2019 in Abu Dhabi. Sales Director Rob Ayasse held a talk on the benefits of using satellite data for effective oil spill and vessel monitoring

KSAT, and Japanese Space Industry Start-up, Synspecive, announced their global alliance

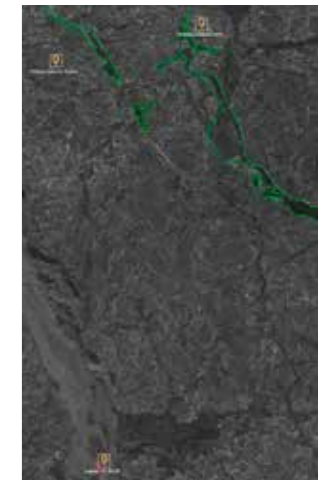
Q4

NOVEMBER

Gerardo, Martin, and Joachim participated at the career fair for students in Longyearbyen, Svalbard

Space Tech Expo, Bremen Germany

APRSAF 2019 conference in Nagoya, Japan



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DECEMBER

No less than 32 times this year KSAT has closely followed launch vehicles and satellites on their first orbits, ensuring reliable and frequent communication.

The successful launch of CHEOPS, ESA's new and exciting mission to Characterize Exoplanets just about concludes yet another busy year for the specialized teams at KSAT performing launch and early orbit support.

Amazingly 40673 passes in December!

After more than 85 days expedition in the Arctic, the two polar explorers Børge Ousland and Mike Horn was not able to reach Svalbard as planned due to the constantly changing ice conditions. High resolution satellite images from KSAT was used to try to find a way around dangerous leads in the ice to bring them safely to the vessel Lance.

KSAT can look back on a year where 31 new antennas saw the light!

Our annual Christmas lunch makes a great ending for another eventful year.



ABOUT KSAT

Kongsberg Satellite Services AS (KSAT) supplies services for the operation of and acquisition of data from satellites, as well as for the applications of satellite-based information in global services. KSAT has three wholly-owned subsidiaries, KSAT Global, CSGSI (Canadian Satellite Ground Station Inuvik), a Canadian company, and CSPGP (Chilean Satellite Ground Station Punta Arenas), a Chilean company. In addition, KSAT has activities at fixed locations in several countries. Financial numbers are consolidated numbers for the KSAT Group. KSAT Global owns the infrastructure of KSAT subsidiaries at external locations.

KSAT is a world leader in its markets and has two business segments. Satellite Operations services (SOP) comprise about 87% of turnover. Its Energy, Environment, and Security (EES) Division accounts for the remainder. KSAT activities comprise operation of ground stations for communication with satellites, reception and processing of earth-observation data in near real-time, and services associated with operative use of these data. The company focuses especially on marine applications. Company headquarters are in Tromsø. KSAT operates 24 ground stations in various countries. Operations are controlled at the Tromsø Network Operations Center (TNOC), which is affiliated with company headquarters. KSAT has local offices in Svalbard, Oslo, Stockholm, and Denver. During the year, the KSAT staff expanded by 28 to 208 at the end of 2019. KSAT is owned 50/50 by Space Norway AS, a State-owned enterprise (SOE) of the Ministry of Trade, Industries, and Fisheries, and by Kongsberg Defence & Aerospace AS (KDA), part of the Kongsberg Group ASA.

STATUS

KSAT is the world's largest supplier of services for controlling and acquiring data from polar-orbit satellites. Antenna capacity went up in 2019, and by the end of the year, the company operated 200 antennas and conducted 50,000 satellite contacts per month. KSAT supplies ground station services to the ESA/EU funded Galileo and Copernicus satellite systems. Some 93% of company turnover is outside Norway. Initiatives in the small satellite market have achieved good results. KSAT routinely delivers operative, near real-time maritime products relevant for ship, iceberg, and oil spill detection. Monitoring illegal fishing is a potential growth sector.

Compared to last year's accounts, in 2019 the company had strong growth in both turnover and result. Company income was MNOK 928, compared to MNOK 844 in 2018, an increase of about 10%. Parent company income was MNOK 912, compared to MNOK 846 in 2018, an increase of about 8%. Order Income was MNOK 1,641. The causes of the growth include a sound, unique infrastructure (pole-to-pole), greater demand for services, and an effective organization. KSAT has long-term contracts with most leading space agencies as well as with key commercial actors. This stable client base ensures long-term operational capability. Consequently, the company can focus on continued growth, innovative improvements, and establishing new business segments.

Activities focus on expansion of the ground network with more ground stations, and the establishment of global, multi-mission, near real-time monitoring. KSAT's international leading position builds on its long operating experience, technical expertise, and cost-effective infrastructure, combined with unique geographic

locations. Moreover, the company draws upon 20 years of experience in developing and supplying satellite-based services focused on maritime applications.

Work continues to improve the accessibility of data. KSAT now is the world's only company with internal processing capabilities for all operational radar satellites. KSAT seeks innovative solutions for establishing new services, focusing on the High North in general and on environmental monitoring in particular. KSAT cooperates with UnoSat, the United Nations satellite agency, and contributes to the use of satellite data in disaster and emergency aid activities. KSAT has an active attitude of the UN Sustainable Development goals, in particular with follow-up of four goals: Innovation and infrastructure, Climate Action, Life Below Water, and Life on Land.

FINANCIAL RISK

An appreciable part of KSAT's revenue is in US Dollars (USD) and Euro (EUR), which incurs exposure to exchange risk in ordinary business activities. Safeguarding contracted turnover through hedging is used through contractual forward exchange agreements. KSAT has little interest risk, because the greater part of company debt is non-interest bearing, as well as because it has a corporate account arrangement that incurs only net interest for the company. This gives the company ample liquidity and freedom of action. The company evaluates the credit rating of each new client and takes precautions if necessary. The credit risk is small for KSAT's largest clients. Clients and suppliers are evaluated to ensure that all activities comply with relevant rules for business ethics, anti-corruption, and general social responsibility.

OPERATIONAL RISK

KSAT is a service provider that depends on operational satellites and other technological equipment to download and process data from satellites. Failed launches, orbiting satellite malfunctions, or faults in KSAT antennas and other facilities may affect development. Operational income from TrollSat in Antarctica is particularly vulnerable to equipment breakdown and the like.

BUSINESS RISK

Business risk is associated with changes in the primary market, escalating competition, and complete access to data from various satellites.

CONTINUED OPERATION

Continued operation is a presupposition for the Annual Accounts.

EVALUATION OF CASH FLOW

In the cash flow analysis, cash and cash equivalents are entered as the net of bank deposits and short-term debt to credit institutions in that these accounts are included in the corporate accounting system. In 2019, the net cash flow from operational activities was MNOK 401, compared to MNOK 302 last year. For the parent company, net cash flow in 2019 was MNOK 362, compared to MNOK 278 last year. The difference between the cash flow from operational activities and the operating result is principally due to ordinary depreciation. In 2019, total company investments amounted to MNOK 246. Of that total, MNOK 217 was investments in antenna systems, which contributed to increasing company antenna capacity. In 2019, the parent company investments amounted to MNOK 171, of which MNOK 144 was investments in antenna systems.

In 2019, the net cash and cash equivalents of the company went up by MNOK 47. As at 31.12.2019, the company cash and cash equivalents were MNOK 105. The company cash flow and liquidity are assessed as good, and the equity-to-assets ratio is 69%. The working capital of the company is a negative MNOK 18.6.

In 2019, the parent company net cash and cash equivalents went up by MNOK 93. As at 31.12.2019, the parent company cash and cash equivalents amounted to NOK 208. The parent company cash flow and liquidity are assessed as good, and the equity to capital ratio was 72%. The parent company has a positive working capital of MNOK 102.

RESEARCH AND DEVELOPMENT

Nearly 5% of annual turnover is invested in internally and externally-financed development of services. The relevant costs are expensed as incurred.

FUTURE DEVELOPMENT

Demand for KSAT services is good, and growth is anticipated in all business sectors. KSAT aims to secure existing and new data sources as well as to expand access to its own and other ground stations. The Board anticipates continued KSAT growth. Focus will be on diversifying activities, globalizing services, and supporting maritime monitoring in the high north. Competition is increasingly keen, and there's price pressure in the market.

WORKING ENVIRONMENT

In 2019, the Working Environment Committee (AMU) held two meetings, of which company health services attended one. AMU consists of representatives of daytime workers and of shift workers in Tromsø and on Svalbard. It has 3 representatives from management and 4 from the employees, of which 1 has observer status. The AMU in KSAT deems the company working environment to be safe, sound, and ensured. Two workplace accidents with minor personal injuries were registered in 2019, neither of which resulted in sick leave. Sick leave amounted to 2.5%, of which 1.2% was short-term and 1.3% long-term, reductions from the previous year.

SOCIAL RESPONSIBILITY

KSAT is engaged in attaining the UN Sustainable Development goals, an incentive that shall reflect upon KSAT as a responsible company with a respectful workplace that focuses on human rights, social responsibility, environmental protection, and technological innovation. KSAT emphasizes values and ethical guidelines that shall be integral throughout its activities. The staff and collaborative partners shall have high ethical standards. The company focuses on anti-corruption and is concerned with its social responsibility. The company consistently strives to adhere to relevant laws and regulations in all its activity sectors. The company contributes to acquiring satellite-based earth observation data that is important for meteorology, resource monitoring, and climate research in general.

GENDER EQUALITY

Company management comprises six men and one woman. The Board and its deputies consist of three female and seven male members. The employees have two representatives on the Board. The Board and management are aware of the expectations and

measures for furthering gender equality within the company and on the Board. The company wishes to be seen as an attractive workplace and hence aim for arrangements that increase the proportion of women in technical positions as within management. In 2019, 22% of KSAT employees were women.

MEASURES AGAINST DISCRIMINATION

The KSAT personnel policy aims to ensure equal possibilities and rights and to hinder discrimination on the basis of ethnic background, national origin, sexual preference, skin color, language, religion, beliefs, age, or gender. The headquarters offices are arranged to support disabled people.

EXTERNAL ENVIRONMENT

The company now is working on alternative green solutions for energy, particularly at stations in Svalbard and at Troll. These are the principal places where company environmental impact may be reduced.

STATEMENT OF ANNUAL ACCOUNTS

The Board believes that the Annual Accounts satisfactorily describe the company position at the end of the year. The company financial position and liquidity are sound, and the Board assess company equity to be satisfactory. The Board is unaware of any situations not included in the Annual Accounts that may affect appraisal of company position.

ALLOCATION OF PROFIT IN THE PARENT COMPANY

In 2019, the company profit after tax was 230,478 TNOK (Thousand Norwegian Kroner). The parent company 2019 result showed an after-tax profit of TNOK 226,464

The Board recommends the following allocation of profit for KSAT AS:

Dividend to owners.....	TNOK 110,000
To other equity	116,464
Total allocation of profit.....	226,464

Tromsø,
31 December 2019

13 February 2020

THE BOARD OF DIRECTORS OF KONGSBERG SATELLITE SERVICES AS

Erik Lie <i>Chairperson</i>	Asbjørn Birkeland <i>Deputy chairperson</i>
Even Aas <i>Board Member</i>	Jostein Rønneberg <i>Board Member</i>
Vidar Tyldum <i>Board Member</i>	Gøril Bjørkmo <i>Board Member</i>
Rolf Skatteboe <i>President</i>	

NUMBERS AND FIGURES

INCOME STATEMENT 1 JANUARY–31 DECEMBER

	1000 NOK	1000 NOK	Exch. rate 8,78 1000 USD	Exch. rate 8,78 1000 USD
	2019	2018	2019	2018
Operating revenue	927 678	844 001	105 654	96 124
Raw materials and consumables	107 377	94 042	12 229	10 711
Personnel expenses	215 842	180 492	24 583	20 557
Other operating expenses	217 572	213 253	24 780	24 288
Depreciations	107 184	87 176	12 207	9 929
Operating profit	279 704	269 037	31 856	30 641
Net financial items	(25)	(3 590)	(3)	(409)
Earnings before tax	279 679	265 447	31 853	30 232
Tax expense	49 202	46 928	5 604	5 345
Net profit for the year	230 478	218 519	26 249	24 887

STATEMENT OF CASH FLOW

	1000 NOK	1000 NOK	Exch. rate 8,78 1000 USD	Exch. rate 8,78 1000 USD
	2019	2018	2019	2018
Earnings before tax	279 680	265 702	31 853	30 261
Taxes paid	(50 566)	(45 716)	(5 759)	(5 207)
Profit/loss sale of fixed assets	0	0	0	0
Depreciation and amortisation	107 184	87 176	12 207	9 929
Change in accounts payable/receivables	55 733	(35 890)	6 348	(4 088)
Change in pension plan liabilities	(2 070)	668	(236)	76
Change in other accrual items	11 055	30 381	1 259	3 460
Net cash flow from operations	401 016	302 321	45 672	34 432
Sale of tangible fixed assets	1 671	733	190	83
Payments for acquisition of fixed assets	(245 932)	(206 540)	(28 010)	(23 523)
Loan to Group Company	0	0	0	0
Paid dividend	(110 000)	(110 000)	(12 528)	(12 528)
Cash and cash equivalents at 1 January	58 112	71 598	6 618	8 154
Cash and cash equivalents at 31 December	104 867	58 112	11 943	6 618

BALANCE SHEET AT 31 DECEMBER

	1000 NOK	1000 NOK	Exch. rate 8,78 1000 USD	Exch. rate 8,78 1000 USD
	2019	2018	2019	2018
Assets				
Deferred tax asset	20 884	20 042	2 379	2 283
Operating Assets	897 667	760 590	102 236	86 625
Financial Fixed assets	40 847	39 622	4 652	4 513
Total fixed assets	959 398	820 254	109 267	93 420
Receivables	242 376	276 426	27 605	31 483
Bank deposits and cash equivalents	104 867	58 112	11 943	6 618
Total current assets	347 243	334 538	39 548	38 101
Total assets	1 306 641	1 154 792	148 815	131 521

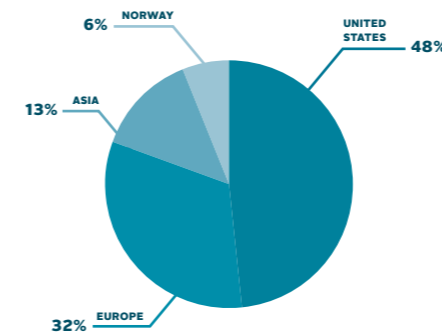
BALANCE SHEET AT 31 DECEMBER

	1000 NOK	1000 NOK	Exch. rate 8,78 1000 USD	Exch. rate 8,78 1000 USD
	2019	2018	2019	2018
Equity and Liabilities				
Share capital	2 000	2 000	228	228
Other equity	905 647	785 058	103 145	89 411
Total equity	907 647	787 057	103 373	89 639
Other long-term liabilities	33 117	31 813	3 772	3 623
Other short term liabilities	365 877	335 922	41 670	38 259
Total liabilities	398 994	367 735	45 442	41 882
Total equity and liabilities	1 306 641	1 154 792	148 815	131 521

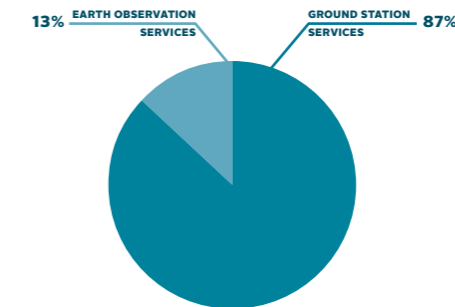
SHAREHOLDERS 31 DECEMBER 2019

Kongsberg Defence and Aerospace AS	50 %
Space Norway AS	50 %
Total	100 %

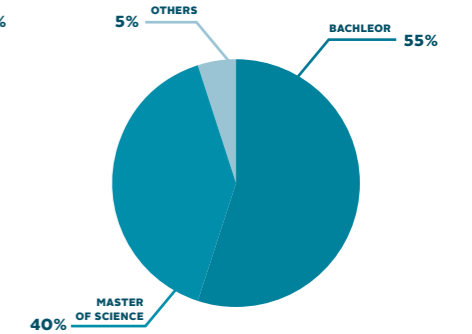
REVENUE GEOGRAPHICAL DISTRIBUTION 2019



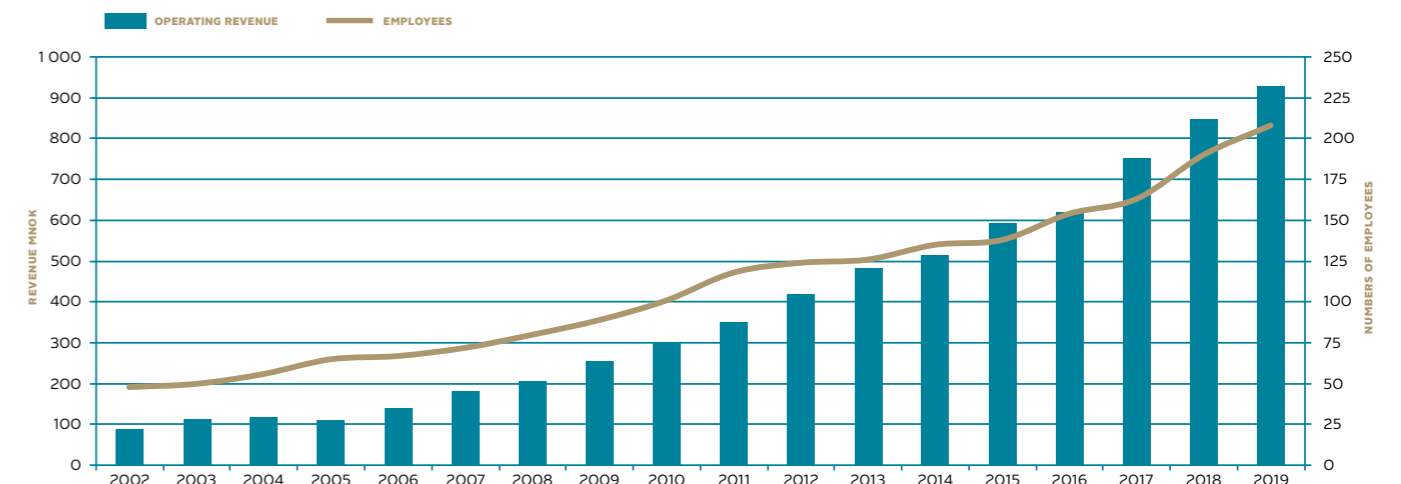
REVENUE DISTRIBUTION BUSINESS AREAS 2019



EMPLOYEES BY LEVEL OF EDUCATION 2019



KEY FIGURES





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