



AAC
CLYDE
SPACE

AAC CLYDE SPACE AB (publ)
INTERIM REPORT,
Q3 2021

**THIRD QUARTER,
JULY–SEPTEMBER
2021 (COMPARED
WITH JULY–
SEPTEMBER 2020)**

Net sales increased 23% to

SEK 33.7 M (27.3)

Earnings before interest and tax (EBIT)
amounted to

SEK -16.8 M (-4.9)

Earnings before interest, tax,
depreciation and amortisation (EBITDA)
amounted to

SEK -10.0 M (-2.2)

The loss after tax was

SEK -17.6 M (-4.9)

Basic and diluted earnings per share
amounted to

SEK -0.09 (-0.05)

Cash flow from operating activities
totalled

SEK +16.4 M (+3.8)

The order backlog increased 155% to

SEK 406.3 M (159.4)

**JANUARY–
SEPTEMBER 2021
(COMPARED WITH
JANUARY–
SEPTEMBER 2020)**

Net sales increased 69% to

SEK 117.8 M (69.7)

Earnings before interest and tax (EBIT)
amounted to

SEK -30.6 M (-24.4)

excluding acquisition costs

Earnings before interest, tax,
depreciation and amortisation (EBITDA)
amounted to

SEK -14.0 M (-15.9)

The loss after tax was

SEK -31.2 M (-24.9)

Basic and diluted earnings per share
amounted to

SEK -0.18 (-0.26)

Cash flow from operating activities
totalled

SEK -33.8 M (-2.8)

SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2021

- AAC Clyde Space started AAC Space Africa to take part in Africa's growing space sector
- AAC Clyde Space was selected by OHB Sweden to deliver core avionics worth approx. 797 kEUR (approx. 8.2 MSEK) to ESA's Arctic Weather Satellite
- AAC Clyde Space recruited COO and HR Director, and extended the Executive Management Team
- AAC Clyde Space is to deliver the Sirius Command and Data Handling system to a new client. AAC will provide a standardized system in a contract valued at 320 000 EUR (approx. 3.3 MSEK)

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- AAC Clyde Space AB won an order from U.S. Aegis Aerospace to supply its Starbuck power systems and battery solutions worth 500 kUSD (approx. 4.5 MSEK) for a satellite mission carried out on behalf of the U.S. Department of Defense (DoD)
- Chris Fauquier was appointed CEO for the US subsidiary SpaceQuest, after Dr. Dino Lorenzini who assumed a position as Group Chief Science Officer (CSO)
- AAC Clyde Space and its partners successfully completed the first phase of the xSPANCION project and introduced a second phase in the project valued at 5.6 MEUR (approx. 57.3 MSEK), to prepare for manufacturing
- AAC Clyde Space entered a Memorandum of Understanding with ORBCOMM and Saab to collaborate on developing the next generation of global maritime communication services based on a VHF Data Exchange System (VDES), under the brand name AOS
- AAC Clyde Space was contracted by OHB Sweden to deliver its Sirius command and data handling unit worth approx. 545 kEUR (approx. 5.6 MSEK) to ESA's Arctic Weather Satellite

FINANCIAL OVERVIEW – GROUP

kSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year
	2021	2020	2021	2020	2020
Net sales	33,659	27,345	117,819	69,717	98,384
EBITDA	-10,018	-2,162	-13,966	-15,906	-26,819
EBIT	-16,855	-4,905	-30,641	-24,367	-37,532
Basic and diluted earnings per share, SEK	-0.09	-0.05	-0.18	-0.26	-0.37
Equity ratio	78%	84%	78%	84%	88%
Cash flow from operating activities	16,387	3,766	-33,823	-2,761	-14,464
Cash flow for the period	6,231	-3,541	44,907	-20,602	10,771
Cash and cash equivalents	108,047	31,499	108,047	31,499	62,434
Order backlog	406,313	159,455	406,313	159,455	156,317

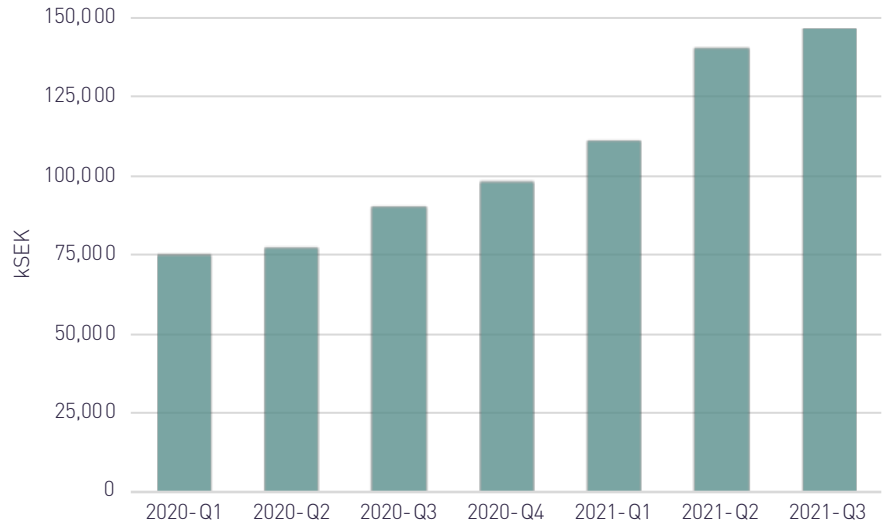
NET SALES AND EBITDA BROKEN DOWN BY QUARTER, ADJUSTED FOR ACQUISITION AND NON-RECURRING COSTS



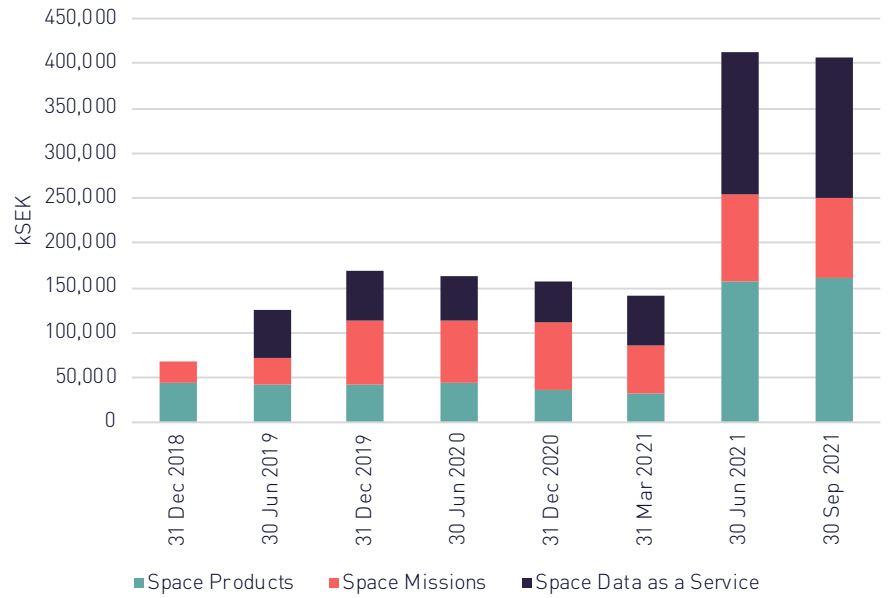
* EBITDA for Q4 2020 adjusted for acquisition costs of SEK 7.6 M and non-recurring personnel costs of SEK 1.8 M

** EBITDA for Q2 2021 adjusted for acquisition costs of SEK 1.7 M

**NET SALES –
ROLLING 12 MONTHS**



ORDER BACKLOG





COMMENTS FROM THE CEO

This quarter we have made significant progress on key contracts that underpin our longer-term Group strategy.

In the last quarter we have continued to drive progress on our growth strategy and key contracts in the face of late deliveries from major suppliers. As anticipated in our Q2 report, these delays have had an inevitable knock-on impact on project completion and our revenue recognition. This is reflected in slower growth in net sales (still up 23 percent from Q3 2020) and a fall in EBITDA to SEK -10M.

We remain with our revenue target of approximately SEK 200M in 2021 –and our target of SEK 500M by 2024.

In the meantime, we push forward with our growth strategy. In August, we launched our South African subsidiary, **AAC Space Africa**, giving us a strategic foothold in Africa's rapidly growing market for satellites and space services. The industry is expected to generate over USD 10 billion in revenue by 2024 as governments, companies and communities seek efficient ways to support development and build out crucial infrastructure.

Our decision to establish a base in South Africa follows several past initiatives in the African market and positions us to capitalise on this rapid growth. From here we will design, build, and deliver space missions and data to the continent – and develop advanced radio communications for the entire Group.

At the helm of AAC Space Africa are two pioneers of the African CubeSat industry, Dr. Robert Van Zyl and Francois Visser, who have taken up the roles of Managing Director and Technical Director, respectively. Together, they bring over 40 years of small satellite experience to the Group across various missions – including the first ever CubeSat launched by an African country.

Also, this quarter, we have made significant progress on key contracts that underpin our longer-term Group strategy.

In November, we kicked off phase two of the **xSPANCION** project: a transformational three-year project to design and develop an innovative satellite constellation service.

xSPANCION is co-funded by public and private partners, including the UK Space Agency via the European Space Agency, and will revolutionise our Space Data as a Service (SDaaS) offering. The technology and processes we are developing will reduce the cost of every message collected, every image captured. This in turn will allow us to share space data and services with customers quickly and at significantly lower cost, supporting those business cases that to date have not been economically viable. It will also catalyse a new generation of applications not previously possible.

The launch of Phase 2 follows the successful completion of the preliminary design review and means we can continue the project at full speed. This phase includes detailed design of constellation-ready spacecraft, development of digital production processes, constellation operations capability as well as licensing, regulation, and more efficient launch coordination to deliver a step-change in our capability to deliver constellations. We also continue discussions with selected customers to enter agreements for data delivery from the constellation, which is expected to be operational by 2024.

In another key milestone, we entered into a **Memorandum of Understanding (MOU) with Saab and ORBCOMM** to create the first dedicated, global maritime communication system. Based on a VHF Data Exchange System (VDES), it will enable, for the first time, ship-to-ship and ship-to-shore communication anywhere in the world.

This will not only improve the safety of seafarers but will also contribute to a greener shipping industry – a critical part of the climate change mission. For example, with up to 32 times more bandwidth than the current, widely used Automatic Identification System (AIS), VDES can be integrated with e-navigation systems to enable savings in fuel and emissions of up to 25 percent.

We are now planning the next exciting phase of AAC Clyde Space's growth, with a focus on building and launching our own constellation.

Our work with Saab and ORBCOMM to establish the next generation of maritime communications has been underway since August 2020, but the formalisation of this cooperation, now branded 'AOS', creates an important platform on which to fine-tune our efforts and develop value-driven commercial and government applications for VDES. We plan to have our first VDES satellite up in space next year.

We continue to cement our leading position in space-based weather data with a follow-on order from OHB Sweden to deliver further core avionics for the **ESA Arctic Weather Satellite**. This raises the total order value from this flagship project to SEK 138M – including weather sensors. We are proud to have such a central role in a mission that will improve Arctic and global weather forecasts for the benefit of both people and businesses.

AAC now spans six companies on three continents. As we continue to grow, we're strengthening our management team to provide better support to our employees, our customers and our shareholders. This quarter we welcome into the Group Stefania Mandirola as Chief Operating Officer and Kulwinder Bhumbra as HR Director. Together, they bring years of valuable experience that will be key to supporting our future ambitions.

Finally, we remain committed to helping to solve the challenges we face as an industry, in particular the issue of space debris which is now approaching critical levels. We are working with UK-based **Space Forge** to supply designs and core avionics for a reusable satellite platform.

Not only will this help to reduce space debris, but this revolutionary project also aims to take advantage of the conditions in space – such as zero gravity and lack of contaminants – to enable space-based manufacturing of certain materials and objects that cannot be made as easily on Earth.

Essentially, the platform is designed to be a mini-factory in space, creating everything from next-generation composites and alloys to pharmaceuticals. At the end of its life, it returns to Earth for recovery, refurbishment and eventual relaunch.

Projects like this help to create a sustainable space industry and push the boundaries of how space can be used to improve life on Earth. They will continue to be a priority for us, as we integrate our capabilities and expanded geographical presence to win larger and more complex contracts.

Following this active period of acquisition, integration and expansion, we are now planning the next exciting phase of AAC Clyde Space's growth, with a focus on building and launching our own constellation of satellites to establish a leading position in the supply of space data as a service.

Our intention is to build constellations focused on sectors such as weather, climate and maritime services providing our partners and clients with more accurate and timely data. We have put together a detailed plan to build the constellations and create the team and infrastructure to market and sell our data services. On the back of this plan, we expect AAC Clyde Space will be generating sales of around USD250 million a year by 2030, with about USD150 million coming from Space Data as a service.

We will continue to update stakeholders on these plans and have just launched our new corporate website (www.aac-clyde.space) and are about to publish our latest edition of **SPACE TALK**, detailing some of these initiatives.

Luis Gomes
CEO

We remain with our revenue target of approximately SEK 200M in 2021.

Third quarter 2021

Sales and earnings

Net sales increased 23% to SEK 33.7 M (27.3). Total revenue, including work performed by the company for its own use and capitalised amounted to SEK 41.3 M (32.1). The order backlog amounted to SEK 406 M (159).

Gross margin improved to 51% (45%). Personnel costs and Other operating costs increased by 85% to SEK 34.0 M (18.4), including acquired companies and efforts made to form a larger organization to manage the expected growth and larger business opportunities.

EBITDA amounted to SEK -10.0 M (-2.2). EBIT totalled SEK -16.8 M (-4.9) and the loss after tax was SEK -17.6 M (-4.9).

Exchange-rate differences amounted to SEK 4.3 M (-26.2), primarily due to restating goodwill items in Clyde Space and SpaceQuest.

January–September 2021

Sales and earnings

Net sales increased 69% to SEK 117.8 M (69.7). Total revenue amounted to SEK 137.2 M (85.2).

Gross margin improved to 56% (46%). Personnel costs increased and Other operating costs increased by 66% to SEK 95.5 M (57.6) including acquired companies and the Group's preparations to be able to generate and manage larger business volumes.

EBITDA amounted to SEK -14.0 M (-15.9). EBIT totalled SEK -30.6 M (-24.4) and the loss after tax was SEK -31.2 M (-24.9).

Investments and financial position

Available cash and cash equivalents as of 30 September 2021 totalled SEK 108.0 M (31.5), excluded an unutilised bank overdraft facility of SEK 5 M. In April, proceeds were received from the directed new share issue of SEK 100 M carried out to finance the cash component of the purchase price in the acquisition of Omnisys Instruments, enable investments in Space Data as a Service and weather satellite investments made possible by the acquisition of Omnisys Instruments.

Cash flow from operating activities for the period amounted to SEK -33.8 M (-2.8) following cash flow from operating activities for the third quarter amounting to SEK +16.4 M (3.8). The improvement during the third quarter was primarily due to the receipt of prepayments from customers and achieved milestones in ongoing projects.

The Group's investments in non-current assets for the period totalled SEK 18.6 M (15.3), of which intangible assets accounted for SEK 16.5 M (14.8). Investment in intangible assets mainly comprised development expenses related to the ORBCOMM project and the ongoing development of next-generation satellite platforms, which is 50% financed by Scottish Enterprise.

Tangible assets increased to SEK 32.8 M (14.7) due primarily to the acquisition of SpaceQuest in January 2021 and its constellation of satellites and ground stations.

Accounts receivable increased to SEK 29.2 M (16.6) due to invoiced milestones in ongoing projects. Other current receivables increased to SEK 53.1 M (20.2), mainly due to accrued revenue in ongoing projects and receivables from Scottish Enterprise for ongoing development projects. Other non-current liabilities of SEK 35.8 M (0) pertain to non-cash restatements of additional purchase considerations for the acquisitions of SpaceQuest and Omnisys Instruments under IAS 32 and

Our intention is to build constellations focused on sectors such as weather, climate and maritime services.

IFRS 9. The additional purchase considerations are regulated through the conversion of warrants outstanding to shares. Other current liabilities amounted to SEK 102.6 M (50.5). The increase is due to more prepayments from customers.

The equity ratio amounted to 81% (84).

Personnel and organisation

There were 167 employees (96) at the end of the period.

Parent Company

Parent Company net sales for the period totalled SEK 27.9 M (23.7), and the loss after tax was SEK -12.3 M (-11.9). Investments in non-current assets amounted to SEK 0.8 M (0.5). The equity ratio amounted to 91% (97).

The share

AAC Clyde Space's share is traded on Nasdaq First Growth Market under the symbol AAC. The share is also traded on the American OTCQX market under the symbol ACCMF.

As of 30 September 2021, 186,419,996 shares had been issued at a quotient value of SEK 0.04 per share. All shares carry equal rights to the company's profits and assets. On 30 September 2021, the number of shareholders totalled 13,430. A table with the largest shareholders is shown on page 20 in this report.

The AGM of AAC Clyde Space in June 2021 resolved on the directed issue of warrants to the Board and to employees in Sweden and the UK. Each warrant entitles the holder to subscribe for one new share at the subscription price of SEK 4.26 per share. The warrants can be exercised to subscribe for shares during the period through 1 July 2023 until 31 December 2023:

- As of 30 September 2021, Board members had subscribed for 192,000 warrants (incentive scheme 2020/2023:C)
- As of 30 September 2021, employees in Sweden had subscribed for 450,668 warrants (incentive scheme 2020/2023:A)
- As of 30 September 2021, employees in the UK had subscribed for 1,856,000 warrants (incentive scheme 2020/2023:B)

A total of 2,498,668 warrants have been subscribed for, which entails a potential dilution effect of around 1% and that AAC Clyde Space will potentially raise approximately SEK 10.6 M.

Related-party transactions

During the period, Board members have invoiced the company under market conditions for the performance of consultant services linked to the company's operations. The services were performed primarily by the Chairman of the Board, refer to Note 6.

A Memorandum of Understanding was entered with ORBCOMM and Saab to develop the next generation of global maritime communication services based on a VHF Data Exchange System (VDES).

Significant events after the end of the reporting period

AAC Clyde Space AB won an order from U.S. Aegis Aerospace to supply its Starbuck power systems and battery solutions worth 500 kUSD (approx. 4.5 MSEK) for a satellite mission carried out on behalf of the U.S. Department of Defense (DoD). The mission, the STPSat-7 led by Aegis Aerospace, is a 150 kg satellite that will host research and technology demonstration payloads for the Department of Defense Space Test Program. It will operate in Low Earth Orbit (LEO). The order is expected to be delivered in Q4, 2022.

AAC Clyde Space appointed Chris Fauquier as CEO of the US subsidiary SpaceQuest, following Dr. Dino Lorenzini's transition to the role of Group Chief Science Officer (CSO). Chris Fauquier previously held the position of COO in SpaceQuest.

AAC Clyde Space and its partners, completed the first phase of the xSPANCION project with a successful Preliminary Design Review, conducted jointly with the European Space Agency (ESA). Together with its partners, the company agreed to accelerate the project, introducing a second phase to prepare for manufacturing. This second phase is valued at 5.6 MEUR (approx. 57.3 MSEK), of which the UK Space Agency, through the ESA's Pioneer Partnership Projects, will contribute 2.8 MEUR (approx. 28.7 MSEK).

AAC Clyde Space entered a Memorandum of Understanding to cooperate with ORBCOMM and Saab to develop the next generation of global maritime communication services based on a VHF Data Exchange System (VDES). The partners, collaborating under a new brand named AOS, aim both for services directed to end customers as well as for safety of navigation services with goal to create a global maritime communication network enabling ship-to-ship and ship-to-shore communication everywhere on the globe.

AAC Clyde Space was contracted by OHB Sweden to deliver its Sirius command and data handling unit worth approx. 545 kEUR (approx. 5.6 MSEK) to ESA's Arctic Weather Satellite. Together with previous orders on core avionics and weather sensors, the group has received orders with a total value of 13.5 MEUR (approx. 138 MSEK) from the satellite project.

Significant risks and uncertainties

An account of the Group's material financial and business risks can be found in the administration report and under Note 3 in the 2020 Annual Report. COVID-19 affected operations in the form of lower income recognition than planned in projects, since deliveries from subcontractors were delayed, and it remains difficult to estimate the final impact on the Group. No further significant risks are deemed to have arisen during the period.

Reporting calendar

Year-end Report 2021	17 Feb 2022
Annual Report 2021	28 Apr 2022
Interim Report Jan–Mar 2022	19 May 2022
Annual General Meeting 2022	19 May 2022
Interim Report Jan–Jun 2022	25 Aug 2022
Interim Report Jan–Sep 2022	24 Nov 2022

The Annual Report and interim reports are available on the company's website: www.aac-clyde.space.

Annual General Meeting 2022

The Annual General Meeting will be held in Uppsala at 13:00 on 19 May 2022. Notice convening the meeting will be sent not later than 29 April 2022.

Certification

The Board of Directors and CEO give their assurance that the report for the period January–September 2021 provides a true and fair account of the Parent Company's and Group's operations, financial position and results, and that it describes the material risks and uncertainties faced by the Parent Company and the companies that form the Group.

Uppsala, 25 November 2021

Rolf Hallencreutz

Chairman of the Board

Per Aniansson

Board member

Anita Bernie

Board member

Per Danielsson

Board member

Nicole Robinson

Board member

Will Whitehorn

Board member

Luis Gomes

CEO

Questions may be directed to:

CEO Luis Gomes, investor@aac-clydespace.com

CFO Mats Thideman, investor@aac-clydespace.com,

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ABOUT AAC CLYDE SPACE

AAC Clyde Space specialises in small satellite technologies and services that enable businesses, governments and educational organisations to access high-quality, timely data from space. Its growing capabilities bring together three divisions:

Space Data as a Service –

delivering data from space directly to customers

Space missions –

turnkey solutions that empower customers to streamline their space missions

Space products and components –

a full range of off-the-shelf and tailor-made subsystems, components and sensors

AAC Clyde Space aims to become a world leader in commercial small satellites and services from space, applying advances in its technology to tackle global challenges and improve our life on Earth.

The Group's main operations are located in Sweden, the United Kingdom, the Netherlands, South Africa and the USA, with partner networks in Japan and South Korea.

AAC Clyde Space AB (Corp. Reg. No. 556677-0599) has its registered office in Uppsala at Uppsala Science Park, Dag Hammarskjölds väg 48, SE-751 83 Uppsala, Sweden.

AAC Clyde Space's shares are traded on Nasdaq First North Premier Growth Market. Erik Penser Bank AB, e-mail certifiedadviser@penser.se, telephone +46 (0)8-463 83 00, is the Certified Adviser.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Net sales	33,659	27,345	117,819	69,717	98,384
Work performed by the company for its own use and capitalised	3,972	2,090	9,392	6,995	8,334
Other operating income	3,652	2,631	10,043	8,461	12,732
TOTAL	41,283	32,066	137,254	85,173	119,450
Raw materials and subcontractors	-16,480	-14,905	-51,769	-37,510	-50,262
Personnel costs	-25,558	-13,985	-73,564	-42,898	-61,146
Other external expenses	-8,492	-4,439	-21,922	-14,719	-19,504
Other operating expenses	-771	-899	-3,965	-5,952	-15,357
EBITDA	-10,018	-2,162	-13,966	-15,906	-26,819
Depreciation/amortisation and impairment of tangible and intangible assets	-6,837	-2,743	-16,675	-8,461	-10,713
EBIT	-16,855	-4,905	-30,641	-24,367	-37,532
Financial income	27	33	641	174	262
Financial expenses	-1,568	-99	-2,892	-1,125	-1,536
Net financial items	-1,541	-66	-2,251	-951	-1,274
Income tax	793	102	1,693	434	511
PROFIT/LOSS FOR THE PERIOD	-17,603	-4,869	-31,199	-24,884	-38,295
Other comprehensive income:					
Items that may be transferred to profit or loss					
Exchange-rate differences	4,342	919	26,204	-16,161	-27,093
Other comprehensive income for the period	4,342	919	26,204	-16,161	-27,093
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-13,261	-3,950	-4,995	-41,045	-65,388

Profit/loss for the period and total comprehensive income are, in their entirety, attributable to Parent Company shareholders.

EARNINGS PER SHARE, BASED ON PROFIT FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS

kSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Average no. of shares – basic	186,419,996	96,207,759	168,990,802	96,207,759	102,310,647
No. of shares at end of period	186,419,996	96,207,759	186,419,996	96,207,759	123,204,310
Average no. of shares – diluted	206,331,524	96,207,759	181,195,619	96,207,759	102,310,647
Basic and diluted earnings per share	-0.09	-0.05	-0.18	-0.26	-0.37

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

kSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	631,361	410,176	494,251
Tangible assets	32,803	14,744	28,715
Financial assets	71	-	110
Total non-current assets	664,235	424,920	523,076
Current assets			
Inventories	13,571	10,722	12,848
Accounts receivable	29,223	16,585	9,459
Other receivables	53,544	20,259	28,434
Cash and cash equivalents	108,047	31,499	62,434
Total current assets	204,385	79,065	113,175
TOTAL ASSETS	868,620	503,985	636,251
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	674,869	425,078	557,770
Non-current liabilities			
Liabilities to credit institutions	-	291	280
Lease liabilities	11,271	8,398	9,266
Other non-current liabilities	36,453	-	-
Deferred tax liabilities	23,538	3,261	9,277
Total non-current liabilities	71,262	11,950	18,823
Current liabilities			
Accounts payable	20,053	16,410	15,502
Other liabilities	102,436	50,547	44,156
Other current liabilities	122,489	66,957	59,658
TOTAL EQUITY AND LIABILITIES	868,620	503,985	636,251

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

kSEK	Share capital	Ongoing new issue	Other contributed capital	Reserves	Retained earnings incl. profit/loss for the period	Total equity
Opening balance, 1 January 2020	3,849	0	614,291	28,270	-180,317	466,095
Profit/loss for the period					-24,884	-24,884
Other comprehensive income				-16,134		-16,134
Total comprehensive income	0	0	0	-16,134	-24,884	-41,018
Closing balance, 30 Sep 2020	3,849	0	614,291	12,136	-205,201	425,078
Opening balance, 1 January 2020	3,849	0	614,291	28,270	-180,316	466,095
Profit/loss for the period					-38,295	-38,295
Other comprehensive income				-27,086		-27,086
Total comprehensive income	0	0	0	-27,086	-38,295	-65,381
Transactions with shareholders						
Warrants T02020/2023			236			236
Directed share issue	769		51,183			51,952
Non-cash issue – acquisition of Hyperion	310		19,342			19,652
Non-cash issue – acquisition of SpaceQuest		87,973				87,973
Issue expenses			-2,757			-2,757
Closing balance, 31 December 2020	4,928	87,973	682,295	1,184	-218,611	557,770
Opening balance, 1 January 2021	4,928	87,973	682,295	1,184	-218,611	557,770
Profit/loss for the period					-31,199	-31,199
Other comprehensive income				26,204		26,204
Total comprehensive income	0	0	0	26,204	-31,199	-4,995
Transactions with shareholders						
Reclassification of additional purchase consideration, SpaceQuest			-14,487			-14,487
Directed share issue	1,569		98,431			100,000
Issue expenses			-5,912			-5,912
Non-cash issue – acquisition of Omnisys			41,770			41,770
Non-cash issue – acquisition of SpaceQuest	960	-87,973	87,013			0
Warrants T02020/2023			723			723
Closing balance, 30 Sep 2021	7,457	0	889,833	27,388	-249,810	674,869

Equity is attributable in its entirety to Parent Company shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

kSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Cash flow from operating activities before changes in working capital	-10,743	-2,227	-13,950	-16,866	-28,113
Total changes in working capital	27,130	5,993	-19,873	14,105	13,649
Cash flow from operating activities	16,387	3,766	-33,823	-2,761	-14,464
Cash flow from investing activities	-9,244	-6,304	-11,189	-15,273	-20,287
Cash flow from financing activities	-912	-1,003	89,919	-2,568	45,522
CASH FLOW FOR THE PERIOD	6,231	-3,541	44,907	-20,602	10,771
Cash and cash equivalents at start of period	101,700	35,161	62,434	52,380	52,381
Exchange-rate differences in cash and cash equivalents	116	-121	706	-279	-718
CASH AND CASH EQUIVALENTS AT END OF PERIOD	108,047	31,499	108,047	31,499	62,434

CONDENSED PARENT COMPANY INCOME STATEMENT

KSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Net sales	6,146	8,367	27,941	23,677	32,657
Work performed by the company for its own use and capitalised	79	421	118	1,725	1,856
Other operating income	359	97	640	822	942
Total operating income	6,584	8,885	28,699	26,224	35,455
Raw materials and subcontractors	-2,465	-4,674	-12,073	-11,666	-13,604
Personnel costs	-4,437	-4,097	-15,057	-13,673	-19,777
Other external expenses	-5,142	-2,980	-13,711	-9,320	-12,594
Other operating expenses	-114	-349	-357	-810	-1,128
EBITDA	-5,574	-3,215	-12,499	-9,245	-11,648
Depreciation/amortisation and impairment of tangible and intangible assets	-250	-1,061	-753	-3,194	-3,441
EBIT	-5,824	-4,276	-13,252	-12,439	-15,089
Other interest income and similar profit/loss items	477	455	1,034	1,084	1,489
Interest expenses and similar profit/loss items	-64	46	-105	-536	-787
Impairment of shares in subsidiaries	-	-	-	-	-45,000
Total earnings from financial items	413	501	929	548	-44,298
PROFIT AFTER FINANCIAL ITEMS	-5,411	-3,775	-12,323	-11,891	-59,387
Tax on profit/loss for the period	-	-	-	-	-
Profit/loss for the period	-5,411	-3,775	-12,323	-11,891	-59,387

In the Parent Company, no items are recognised in other comprehensive income and, therefore, total comprehensive income for the period was consistent with profit/loss for the period.

CONDENSED PARENT COMPANY BALANCE SHEET

KSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	2,604	3,233	3,118
Tangible assets	545	-	-
Receivables from Group companies	25,476	30,759	725
Financial assets	541,699	324,592	441,416
Total non-current assets	570,324	358,584	445,259
Current assets			
Inventories	2,918	2,539	2,699
Accounts receivable	9,520	2,754	186
Receivables from Group companies	7,323	2,305	3,800
Other receivables	10,085	9,486	7,788
Cash and bank balances	68,160	24,782	51,239
Total current assets	98,006	41,866	65,712
TOTAL ASSETS	668,330	400,450	510,971
EQUITY AND LIABILITIES			
Equity			
Restricted equity	9,371	4,907	93,911
Unrestricted equity	597,706	382,816	403,376
Total equity	607,077	387,723	497,287
Non-current liabilities			
Other non-current liabilities	45,787	-	-
Total non-current liabilities	45,787	0	0
Current liabilities			
Accounts payable	4,349	4,650	3,129
Liabilities to Group companies	220	103	185
Other liabilities	10,897	7,974	10,370
Other current liabilities	15,466	12,727	13,684
TOTAL EQUITY AND LIABILITIES	668,330	400,450	510,971

SHAREHOLDERS AS OF 30 SEPTEMBER 2021

SHAREHOLDERS	NO. OF SHARES	VOTES & CAPITAL
CBNY-RJA-CLIENT ASSET ACCT*	24,000,000	12.87%
Försäkringsaktiebolaget, Avanza Pension	11,951,677	6.41%
UBS SWITZERLAND AG, W8IMY	3,863,629	2.07%
KOCK, JOHN	3,367,942	1.81%
CDA FÖRVALTNING AB	3,113,535	1.67%
TJ JUNIOR AB	2,900,000	1.56%
BNY MELLON SA/NV (FORMER bny), W8IMY	2,801,406	1.50%
C INT VELD BEHEER B.V	2,585,000	1.39%
G.L.E MONNA BEHEER B.V	2,585,000	1.39%
S. ENGELLEN BEHEER B:v	2,585,000	1.39%
Övriga	126,666,807	67.95%
TOTAL	186,419,996	100.0%

* Refers to SpaceQuest's previous owners

NOTES

NOTE 1 GENERAL INFORMATION

AAC Clyde Space AB (publ) Corp. Reg. No. 556677-0599 is the Parent Company registered in Sweden with its registered office in Uppsala at Uppsala Science Park, Dag Hammarskjölds väg 48, SE-751 83 Uppsala, Sweden. Unless otherwise stated, all amounts are in thousands of SEK (kSEK). Data in parentheses pertain to the comparative period.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Reporting Board.

The accounting policies applied agree with those described in the AAC Clyde Space Group's Annual Report for 2020.

NOTE 3 SEGMENT INFORMATION

Description of segments and primary activities

AAC Clyde Space's strategic steering group, consisting of its Chief Executive Officer, Chief Operating Officer, Chief Technology Officer, Chief Commercial Officer, Vice President of Future Programmes, HR Director, Chief Scientific Officer and Chief Financial Officer, corresponds to the chief operating decision-maker (CODM) for the AAC Clyde Space Group and evaluates the Group's financial position and performance as well as makes strategic decisions. Company management has determined the operating segments based on the information reviewed by the executive committee for the purposes of allocating resources and assessing performance.

The strategic steering group has identified five reportable segments in the Group's operations:

AAC Clyde Space, operations in Uppsala, Sweden – AAC Clyde Space primarily develops and produces data processing and power systems for CubeSats and small satellites (1–500 kg).

Clyde Space, operations in Scotland – Clyde Space offers customised, turnkey services from design, subsystems and satellite platforms from 1 to 50 kg to operation of satellite systems in orbit and delivery of data to customers.

Hyperion, operations in the Netherlands – Hyperion specialises in high-performing, miniaturised subsystems for small satellites. The company's focus is on high-performing and reliable electronics and mechatronic systems.

SpaceQuest, operations in the US – SpaceQuest delivers data from space to customers from its own constellation of satellites and ground stations. The company also supplies subsystems to many commercial aerospace companies and institutions.

Omnisys Instruments, operations in Gothenburg, Sweden – Omnisys develops and manufactures measuring instruments, primarily for advanced space projects. Moreover, the company has an extensive track record developing weather data sensors to create reliable weather forecasting and data for climate research.

AAC Space Africa, operations in South Africa – AAC Space Africa will design, build, and deliver space missions to the continent from its Cape Town base in South Africa's Western Cape Province. The company is the group's centre of competence for advanced radio communication.

The strategic steering group primarily uses adjusted earnings before interest, tax, depreciation and amortisation (EBITDA, see below) in assessing the operating segment's earnings.

EBITDA	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
AAC Clyde Space	-5,009	-2,841	-12,495*	-8,317	-21,602**
Clyde Space	-7,506	679	-12,338	-7,589	-5,629
Hyperion	746	-	2,506	-	412
SpaceQuest	1,699	-	4,850	-	-
Omnisys	227	-	3,686	-	-
AAC Space Africa	-175	-	-175	-	-
Total EBITDA	-10,018	-2,162	-13,966*	-15,906	-26,819**

* includes acquisition costs of kSEK 1,668

** includes acquisition and non-recurring personnel costs of kSEK 9,277

A reconciliation of the Group's earnings before tax and EBITDA is shown below

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Total EBITDA	-10,018	-2,162	-13,966	-15,906	-26,819
Net financial items	-1,541	-66	-2,251	-951	-1,274
Depreciation and amortisation of tangible and intangible assets	-6,837	-2,743	-16,675	-8,461	-10,713
Earnings before tax	-18,397	-4,971	-32,892	-25,318	-38,806

NOTE 4 NET SALES

Income

Sales between segments are carried out at arm's length. Since income from external parties is reported to the strategic steering group, it is measured in a manner consistent with that in the consolidated statement of comprehensive income. The majority of income is recognised over time.

July–September 2021

	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	AAC Space Africa	Total
Income by segment	11,952	6,146	3,487	5,299	9,393	25	36,302
Income from other segments*	-400	-725	-1,449	-44	-	-25	-2,643
Income from external customers	11,552	5,421	2,038	5,255	9,393	0	33,659
Space Data as a Service	1,092	-	-	3,153	-	-	4,245
Space Missions	8,421	1,513	-	-	-	-	9,934
Space Products	2,039	3,908	2,038	2,102	9,393	-	19,480
Licenses/Royalties	-	-	-	-	-	-	0
Total	11,552	5,421	2,038	5,255	9,393	0	33,659

July–September 2020

	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	AAC Space Africa	Total
Income by segment	19,122	8,367	-	-	-	-	27,489
Income from other segments*	-	-144	-	-	-	-	-144
Income from external customers	19,122	8,223	0	0	0	0	27,345
Space Data as a Service	-	-	-	-	-	-	-
Space Missions	15,210	-	-	-	-	-	15,210
Space Products	3,912	8,223	-	-	-	-	12,135
Licenses/Royalties	-	-	-	-	-	-	-
Total	19,122	8,223	0	0	0	0	27,345

* Refers to intercompany sales

January–September 2021							
	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	AAC Space Africa	Total
Income by segment	44,473	27,941	11,447	14,652	24,877	25	123,415
Income from other segments*	-1,346	-2,732	-1,449	-44	-	-25	-5,596
Income from external customers	43,127	25,209	9,998	14,608	24,877	0	117,819
Space Data as a Service	1,214	-	-	8,021	-	-	0
Space Missions	32,678	4,824	-	-	-	-	0
Space Products	9,235	19,004	9,998	6,587	24,877	-	0
Licenses/Royalties	-	1,381	-	-	-	-	0
Total	43,127	25,209	9,998	14,608	24,877	0	117,819

January–September 2020							
	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	AAC Space Africa	Total
Income by segment	46,729	23,677	-	-	-	-	70,406
Income from other segments*	-	-689	-	-	-	-	-689
Income from external customers	46,729	22,988	0	0	0	0	69,717
Space Data as a Service	0	-	-	-	-	-	0
Space Missions	38,521	-	-	-	-	-	38,521
Space Products	8,208	22,988	-	-	-	-	31,196
Licenses/Royalties	-	-	-	-	-	-	-
Total	46,729	22,988	0	0	0	0	69,717

January–December 2020							
	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	AAC Space Africa	Total
Income by segment	68,102	28,929	2,365	-	-	-	99,396
Income from other segments*	-112	-900	-	-	-	-	-1,012
Income from external customers	67,990	28,029	2,365	0	0	0	98,384
Space Data as a Service	3,068	-	-	-	-	-	3,068
Space Missions	51,163	411	-	-	-	-	51,574
Space Products	13,759	27,618	2,365	-	-	-	43,742
Licenses/Royalties	-	-	-	-	-	-	-
Total	67,990	28,029	2,365	0	0	0	98,384

* Refers to intercompany sales

NOTE 5 FINANCIAL INSTRUMENTS – FAIR VALUE OF FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As of 30 September 2021, there were no financial liabilities measured at fair value in addition to what is stated below. At 30 September 2021, the fair value for foreign currency forwards amounted to kSEK -22 (-540) and was recognised in other current liabilities in the balance sheet, and changes in value were recognised in other operating expenses in the statement of comprehensive income. Fair values for foreign currency forwards are found in Level 2 of the fair value hierarchy.

Liabilities for the additional purchase consideration for shares in SpaceQuest are measured at fair value. Fair values for additional purchase considerations are found in Level 3 of the fair value hierarchy.

Definitions of the levels in the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as price listings) or indirectly (i.e. derived from price listings).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The carrying amounts for liabilities to credit institutions recognised at amortised cost correspond with their fair values for the current period and the comparative period.

NOTE 6 RELATED-PARTY TRANSACTIONS

During the period, four Board members have invoiced the company kSEK 927 (850) at market rates for the performance of consultant services linked to the company's operations. The services were primarily performed by the Chairman of the Board.

NOTE 7 FINANCIAL KEY PERFORMANCE INDICATORS

Definitions of key performance indicators

Equity ratio, % Equity divided by total assets

EBITDA Operating profit/loss before depreciation/amortisation of tangible and intangible assets

Order backlog The total at the end of the period of remaining unearned project revenue on confirmed orders, including products that have yet to be delivered or invoiced

Gross margin Net sales less Raw materials and subcontractors divided by Net sales

NOTE 8 BUSINESS COMBINATIONS

Omnisys Instruments AB

All of the shares in the Swedish firm Omnisys Instruments AB were acquired on 30 April 2021. Omnisys is based in Gothenburg, where it develops and manufactures measuring instruments for advanced space projects. Omnisys has two decades of experience developing profitable high-performance electronics hardware, including world-class sensors. Moreover, Omnisys has an extensive track record developing weather data sensors to create reliable weather forecasting and data for climate research.

Many interesting areas within AAC Clyde Space's growth plans include Space Data as a Service offerings. In March 2021, Omnisys was awarded a EUR 12.2 million (SEK 124 million) contract to supply microwave sounding sensors to the ESA project Artic Weather Satellite (AWS).

Details of the purchase consideration, the net assets acquired and goodwill are given below:

The following table summarises the preliminary consideration for Omnisys as well as the fair value of assets acquired and liabilities assumed as reported on the date of acquisition.

Consideration at 30 April 2021	
Cash and cash equivalents	24,800
Equity instruments (17,340,100 warrants)	41,790
Contingent consideration	19,483
Total consideration paid	86,073
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	32,237
Customer relationships	3,654
Brands	2,751
Technology	68,607
Non-current assets	246
Accounts receivable	102
Other current receivables	5,767
Accounts payable	-1,098
Other current liabilities	-40,545
Deferred tax liabilities	-15,806
Total identifiable net assets	55,915
Goodwill	30,158

Goodwill pertains to future customers, geographic expansion, synergies and employees in the acquired operations. No portion of the goodwill recognised is expected to be deductible for tax purposes.

Income and earnings contribution

Revenue from Omnisys included in the consolidated statement of comprehensive income from 1 May 2021 totalled kSEK 15,484. Omnisys also contributed earnings of kSEK 3,055 over the same period.

If the acquisition had been completed on 1 January 2021, the consolidated pro forma income and earnings on 30 June 2021 would have been kSEK 18,529 and EBITDA would have been kSEK -6,665. These amounts were calculated using the subsidiary's earnings with adjustments for:

- differences in accounting policies between the Group and the subsidiary, and
- the additional impairment that would have been made if the adjustment to fair value for tangible and intangible assets had applied from 1 January 2021, together with the applicable tax effects.

Acquisition-related expenses

Acquisition-related costs of kSEK 1,668 are expensed in other operating expenses in the consolidated statement of comprehensive income and in operating activities in the cash-flow statement.

Purchase consideration – cash outflow

	2021
Cash flow to acquire subsidiary, net of cash and cash equivalents acquired:	
Cash consideration	24,800
Less: Cash and cash equivalents acquired	-32,237
Net outflow of cash and cash equivalents – investing activities	-7,437

The subsidiary Omnisys was acquired partially through the issue of warrants, a transaction that does not entail payment and therefore does not affect cash flow since it is a positive cash flow.

Equity instruments

The acquisition was paid primarily through 17,340,100 newly issued warrants. The fair value of the 17,340,100 ordinary warrants issued as part of the consideration paid was based on the published share price on 30 April 2021 of SEK 2.45 per share and an exercise price of SEK 0.04 per warrant. One third of issued warrants shall be deemed vested 6, 12 and 18 months respectively from 30 April 2021.

Contingent consideration

Additional purchase considerations based on milestones reached in two projects can be paid out gradually at a maximum value of SEK 25 M until 31 December 2025, of which SEK 15 M in cash and SEK 10 M in newly issued AAC Clyde Space shares. The maximum number of new shares that can be issued is limited to 3,152,745. The fair value of the issued shares will be regularly updated based on the current share price. Not all milestones need to be met for the contingent purchase consideration to be paid. Meeting any given milestone entails payment of a portion of the contingent purchase consideration.

A discount rate of 15% has been used when calculating goodwill for the cash additional purchase consideration.



Auditor's report

AAC Clyde Space AB corp. reg. no. 556677-0599

Introduction

We have reviewed the condensed interim financial information (interim report) of AAC Clyde Space AB as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Uppsala, 25 November 2021
Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Authorized Public Accountant
Auditor in charge

Andreas Mattson
Authorized Public Accountant



AAC
CLYDE
SPACE