



AAC
CLYDE
SPACE

AAC CLYDE SPACE AB (publ) **YEAR-END REPORT** **2021**

**FOURTH QUARTER,
OCTOBER–
DECEMBER 2021
(COMPARED WITH
OCTOBER–
DECEMBER 2020)**

Net sales increased 116% to

SEK 62.1 M (28.7)

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

SEK -1.0 M (-10.9)

and to

SEK 0.0 M (-1.6)

excluding non-recurring personnel
costs of -1.0 M (-1.7) and acquisition
costs of 0 M (-7.6)

Basic and diluted earnings per share
amounted to

SEK -0.04 (-0.14)

The order backlog increased 161% to

SEK 407.2 M (156.3)

Earnings before interest and tax (EBIT)
amounted to

SEK -8.0 M (-13.2)

The loss after tax was

SEK -8.3 M (-13.4)

Cash flow from operating activities
totalled

SEK -1.7 (-11.7)

**FULL-YEAR 2021
(COMPARED WITH
FULL-YEAR 2020)**

Net sales increased 83% to

SEK 180.0 M (98.4)

Earnings before interest and tax (EBIT) amounted to

SEK -38.6 M (-37.5)

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

SEK -14.9 M (-26.8)

The loss after tax was

SEK -39.5 M (-38.3)

and to

SEK -12.3 M (-17.5)

excluding non-recurring personnel costs of -1.0 M (-1.7) and acquisition costs of 0 M (-7.6)

Basic and diluted earnings per share amounted to

SEK -0.23 (-0.37)

Cash flow from operating activities totalled

SEK -35.5 (-17.4)

SIGNIFICANT EVENTS IN THE FOURTH QUARTER OF 2021

- The previous owners of Omnisys Instruments AB converted a third of their warrants into shares in AAC Clyde Space. AAC Clyde Space consequently issued 5 780 033 shares, bringing the total number of shares to 192 200 029
- AAC Clyde Space won an order from U.S. Aegis Aerospace to supply its Starbuck power systems and battery solutions worth 500 kUSD (approx. 4.5 MSEK)
- AAC Clyde Space named Chris Fauquier, previously COO at SpaceQuest, as CEO for the US subsidiary. The move follows Dr. Dino Lorenzini's transition to the role of Group Chief Science Officer (CSO) of AAC Clyde Space
- AAC Clyde Space and its partners, successfully completed the first phase of the xSPANCION project with a successful Preliminary Design Review. Together with the partners, the company has agreed to accelerate the project by kicking off the Spacecraft Manufacturing Preparation Phase. To achieve this, a Phase 2 was introduced to the project 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 parties, collaborating under a new brand name, AOS, aim both for services directed to end customers as well as for safety of navigation services. The goal of the consortium is 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

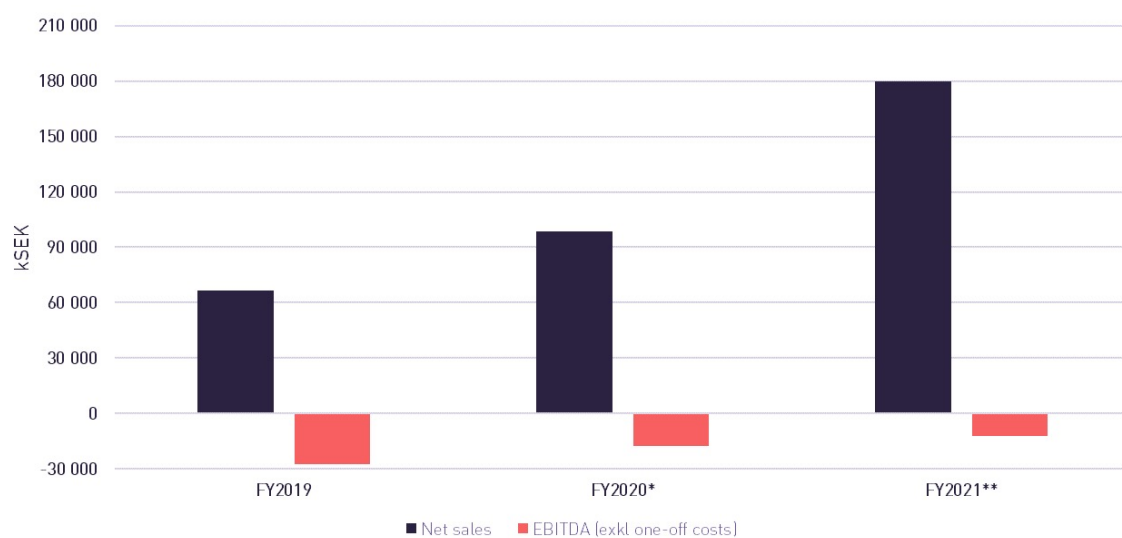
SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- AAC Clyde Space received a 441 kEUR (approx. 4.5 MSEK) order from UK-based Space Forge to provide space products for a demonstration spacecraft designed to leverage the space environment for production and experiments, capable of performing multiple trips to space

FINANCIAL OVERVIEW – GROUP

kSEK	Oct-Dec 2021	Oct-Dec 2020	Full-year 2021	Full-year 2020
Net sales	62,131	28,667	179,950	98,384
EBITDA	-976	-10,913	-14,942	-26,819
EBIT	-7,965	-13,165	-38,606	-37,532
Basic and diluted earnings per share, SEK	-0.04	-0.14	-0.23	-0.37
Equity ratio	77%	88%	77%	88%
Cash flow from operating activities	-1,639	-11,703	-35,462	-17,449
Cash flow for the period	-12,509	31,373	32,398	10,111
Cash and cash equivalents	96,110	62,434	96,110	62,434
Order backlog	407,214	156,317	407,214	156,317

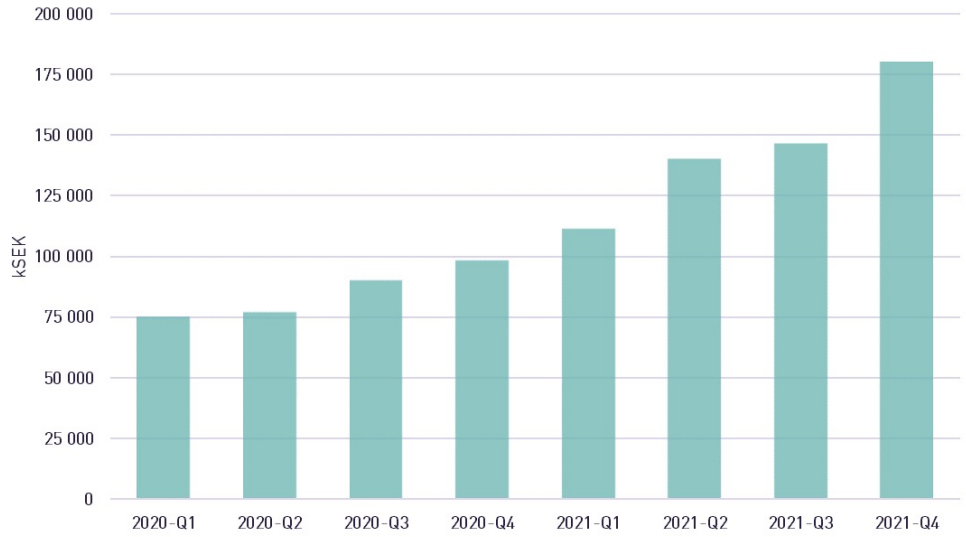
NET SALES AND EBITDA BY YEAR, ADJUSTED FOR ACQUISITION AND NON-RECURRING COSTS



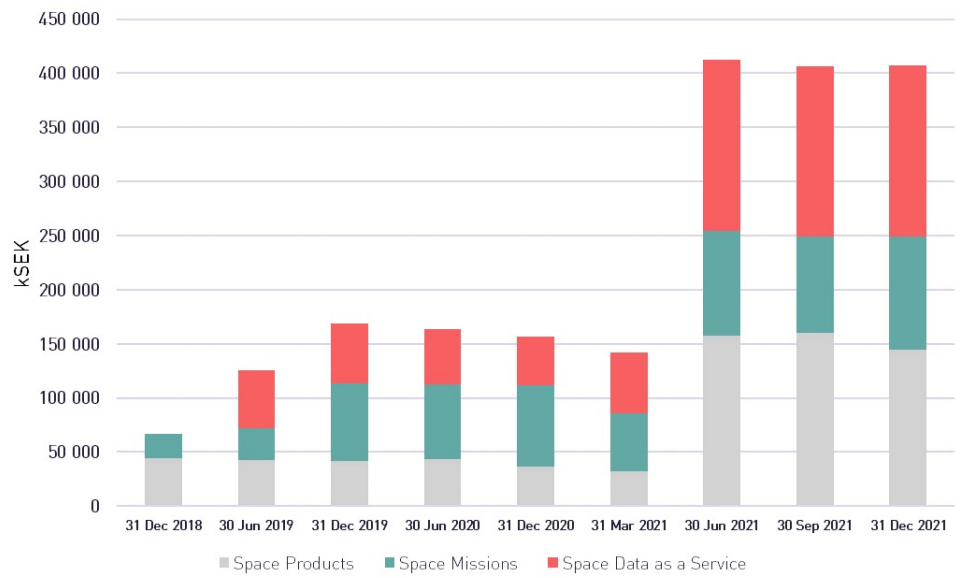
* EBITDA for 2020 adjusted for acquisition costs of SEK 7.6 M and non-recurring personnel costs of SEK 1.7 M

** EBITDA for 2021 adjusted for acquisition costs of SEK 1.7 M and non-recurring personnel costs of SEK 1.0 M

**NET SALES –
ROLLING 12 MONTHS**



ORDER BACKLOG





COMMENTS FROM THE CEO

In June, we secured our largest SDaaS contract to date: a four-year, SEK 100M agreement with Canadian Earth

2021 was a year of formation: we built a platform to power AAC's future growth, bringing on board new capabilities and reorganising the company. Now, this work is coming to fruition, helping us to secure new projects and new customers – and to become a market leader in Space Data as a Service (SDaaS).

In April, we acquired Omnisys Instruments, gaining nearly three decades of experience in developing profitable, high-performance electronics hardware, including world-class atmospheric sensors.

This expertise means that we can build small satellite constellations that provide high-quality, timely data for a range of commercial and scientific applications. In fact, Omnisys' innovative microwave-based sensor gives us a leading position in space-based weather data, a field that is growing strongly due to demand for improved weather forecasting and climate research.

We have expanded into new, rapidly growing markets.

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 African space 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 new Cape Town base positions us to capitalise on this growth.

We have strengthened our management team.

AAC now spans six companies on three continents. We have refreshed our management structure to reflect this growth and ensure that we remain agile and innovative.

We have also bolstered our management team to provide our employees, customers, and shareholders with the support they need. In 2021, we welcomed Dr. Andrew Carrel, now President of Data & Services, to drive our SDaaS strategy forward; Dr. Dino Lorenzini, founder of SpaceQuest, became Group Chief Science Officer; Nicole Robinson joined the Board, bringing strong experience of the US and European space markets; and we strengthened our operations and people management with the appointments of Stefania Mandirola as Chief Operating Officer and Kulwinder Bhumbra as HR Director. Together, these colleagues bring years of valuable experience that will be key to supporting our future ambitions and improve our future operating performance.

We have integrated our capabilities to win larger, more complex contracts in areas of strategic focus.

In June, we secured our largest SDaaS contract to date: a four-year, SEK 100M agreement with Canadian Earth observation company Wyvern Inc. We will provide Wyvern with hyperspectral images of Earth for use across various sectors, including agriculture, where they will help to optimize yields and detect invasive plants, pests, and changes in soil makeup – a great example of how data from space can be used to improve life on Earth.

We are also working with Horizon Technologies to expand its Amber constellation, a system dedicated to delivering Maritime Domain Awareness intelligence data. These satellites will be able to locate and track vessels worldwide, helping to fight piracy, illegal fishing, and refugee smuggling.

Together with Saab and ORBCOMM, we moved closer to creating the world's first dedicated, global maritime communication system, formalizing our partnership through a Memorandum of Understanding. Based on a VHF Data Exchange System (VDES), this will not only improve the safety of seafarers but also contribute to a greener shipping industry – a critical part of the climate change mission. We plan to have our first VDES satellite up in space this year.

Overall, our financials for the quarter and the year show clear progress, with net sales growing by 83% year on year.

We continue to cement our leading position in space-based weather data with an order from OHB Sweden to combine our classic core avionics with Omnisys weather sensors for the ESA Arctic Weather Satellite. 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.

The xSPANCION project is also progressing well. The technology and processes we are developing will allow us to share space data and services with customers quickly and at significantly lower cost – and catalyse a new generation of applications. Having successfully completed phase 1 of the project (Preliminary Design Review), we kicked off phase two in November, which includes detailed design of constellation-ready spacecraft as well as licensing and launch coordination. We also continue discussions with selected customers around data delivery from the constellation, which is expected to be operational by 2024.

Net sales were strong and back on track in Q4, after a slight dip in Q3 due to late deliveries from major suppliers. Overall, our financials for the quarter and the year show clear progress, with net sales growing by 83% year on year. Our EBITDA (inclusive of one-off costs) also improved by 36% for the full year compared to 2020.

I am hugely proud that our projects are not only driving our own business forward, but also playing a critical role in helping the world to move forward and create a more sustainable future improving our quality of life on Earth.

Take the issue of space debris, which is now approaching critical levels. We have been selected by Astroscale to co-engineer the satellite platform for its spacecraft decommissioning service, ELSA (End of Life Services by Astroscale). The servicer, ELSA-M, is specifically designed for constellation satellites and will remove multiple retired satellites from Low Earth Orbit in a single mission.

We are also working with UK-based Space Forge to supply designs and core avionics for a reusable satellite platform. This revolutionary project aims to take advantage of the conditions in space – such as microgravity and lack of contaminants – to enable space-based manufacturing of materials and medicines that cannot be made as easily on Earth.

Ultimately, the commercial small satellite industry is uniquely positioned to support global sustainability and climate change goals by providing access to increasingly sophisticated and timely Earth observation data and space-based services. If analysed and acted upon quickly by businesses and governments, this can make a meaningful difference. Our role at AAC is to help capture and deliver this high-quality, granular, and timely data.

We start 2022 with 10 launches confirmed – and a further 12 in the pipeline that will form part of the next exciting phase of AAC Clyde Space's growth: our own constellation of satellites. Our intention is to focus on sectors such as weather, climate, and maritime services, providing our partners and clients with more accurate and timely data – and establishing AAC as a market leader in SDaaS.

Luis Gomes
CEO

Net sales increased 83% to SEK 180.0 M (98.4). A major part of the delays in the third quarter were recovered during the fourth quarter 2021. Total revenue amounted to SEK 210.8 M (119.4).

Fourth quarter 2021

Sales and earnings

Net sales increased 116% to SEK 62.1 M (28.7). Total revenue, including work performed by the company for its own use and capitalised, amounted to SEK 73.6 M (34.3). The order backlog increased by 161% to SEK 407.2 M (156.3).

The costs for Raw materials and subcontractors increased 146% to 31.5 M (12.8), reflecting the increase of net sales. Personnel costs and Other operating costs increased by 83% to SEK 42.0 M (23.0), including acquired companies and efforts made to form a larger organization to manage the expected growth and larger business opportunities.

EBITDA amounted to SEK -1.0 M (-10.9). EBIT totalled SEK -8.0 M (-13.2) and the loss after tax was SEK -8.3 M (-13.4).

Exchange-rate differences amounted to SEK 12.1 M (-10.9), primarily due to restating goodwill items in Clyde Space and SpaceQuest.

Full-year 2021

Sales and earnings

Net sales increased 83% to SEK 180.0 M (98.4). Net sales excluding companies acquired during 2020 and 2021 increased 7% to SEK 102.9 M (96.0). A major part of the delays in the third quarter were recovered during the fourth quarter 2021. Total revenue amounted to SEK 210.8 M (119.4).

Gross margin improved to 54% (49%). Costs for Raw materials and subcontractors increased by 65% to 83.2 M (50.3). Personnel costs increased and Other operating costs increased by 70% to SEK 137.3 M (80.6) including acquired companies and the Group's preparations to be able to generate and manage larger business volumes.

EBITDA amounted to SEK -14.9 M (-26.8). EBIT totalled SEK -38.6 M (-37.5) and the loss after tax was SEK -39.5 M (-38.3).

Investments and financial position

Available cash and cash equivalents as of 31 December 2021 totalled SEK 96.1 M (62.4), excluded an unutilised bank overdraft facility of SEK 5 M. In April 2021, 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 -35.5 M (-17.4) following cash flow from operating activities for the fourth quarter amounting to SEK -1.6 M (-11.7). 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 29.2 M (20.3), of which intangible assets accounted for SEK 15.9 M (16.2). 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.

Accounts receivable increased to SEK 23.0 M (9.8) due to invoiced milestones in ongoing projects. Other current receivables increased to SEK 66.9 M (28.4), mainly due to accrued revenue in ongoing projects. Other non-current liabilities of SEK 37.5 M (0) pertain to non-cash restatements of additional purchase considerations for the acquisitions of SpaceQuest and Omnisys Instruments under IAS 32 and IFRS 9.

As we move into 2022, we are planning the next exciting phase of AAC Clyde Space's growth: our own constellation of satellites.

The additional purchase considerations are regulated through the conversion of warrants outstanding to shares. Other current liabilities amounted to SEK 105.2 M (44.2). The increase is due to more prepayments from customers.

The equity ratio amounted to 77% (88).

Personnel and organisation

There were 172 employees (121) at the end of the period.

Parent Company

Parent Company net sales for the year totalled SEK 55.1 M (32.6), and the loss after tax was SEK -13.5 M (-59.4). Investments in non-current assets amounted to SEK 25.8 M (0.6) of which SEK 24.8 M is the cash consideration from the acquisition of Omnisys. The equity ratio amounted to 90% (97).

Dividend

The Board of Directors proposes to the Annual General Meeting that no dividend should be distributed for the 2021 financial year.

2022 Annual General Meeting

The Annual General Meeting will be held in Uppsala at 1:00 p.m. CET on 19 May 2022. Notice convening the meeting will be sent not later than 22 April 2022.

The share

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

As of 31 December 2021, 192,200,029 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 31 December 2021, the number of shareholders totalled 14,041. A table with the largest shareholders is shown on page 16 in this report.

The AGM of AAC Clyde Space in June 2021 resolved on a 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 31 December 2021, Board members had subscribed for 192,000 warrants (incentive scheme 2020/2023:C)
- As of 31 December 2021, employees in Sweden had subscribed for 450,668 warrants (incentive scheme 2020/2023:A)
- As of 31 December 2021, employees in the UK had subscribed for 1,664,000 warrants (incentive scheme 2020/2023:B)

A total of 2,306,668 warrants have been subscribed for, which entails a potential dilution effect of around 1% and that AAC Clyde Space will potentially raise approximately SEK 9.8 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.

On the back of our growth plan, we expect AAC Clyde Space will be generating sales of around \$250 million a year by 2030, with about \$150 million coming from Space Data as a service.

Significant events after the end of the reporting period

AAC Clyde Space received a 441 kEUR (approx. 4.5 MSEK) order from UK-based Space Forge to provide space products for a demonstration spacecraft designed to leverage the space environment for production and experiments, capable of performing multiple trips to space. The order follows an order in December 2020 to contribute to the design of a satellite platform for the same purpose. The reusable spacecraft is intended to deorbit in a controlled manoeuvre to deliver its products and results back to Earth after six months in-orbit, thereby enabling efficient production and revolutionary experiments by leveraging the micro gravity in-orbit. The design will benefit from AAC Clyde Space's standard satellite platform heritage, adjusted for re-entry into the atmosphere and landing on Earth. Back on Earth the satellites will be recovered, refurbished, and eventually re-launched. The ultimate goal of the project is to establish a continuous space-based production by a monthly satellite launch. A test campaign of several satellites is planned to bring the service to commercialisation and shall be supported by AAC Clyde Space.

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

Annual Report 2021	28 April 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 1:00pm CET on 19 May 2022. Notice convening the meeting will be sent not later than 22 April 2022.

Certification

The Board of Directors and CEO give their assurance that the year-end report 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, 17 February 2022

Rolf Hallencreutz

Chairman of the Board

Per Aniansson

Board member

Anita Bernie

Board member

Per Danielsson

Board member

Nicole Robinson

Board member

William Whitehorn

Board member

Luis Gomes

CEO

Questions may be directed to:

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

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This report has not been audited

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	Oct-Dec 2021	Oct-Dec 2020	Full-year 2021	Full-year 2020
Net sales	62,131	28,667	179,950	98,384
Work performed by the company for its own use and capitalised	4,238	1,339	13,630	8,334
Other operating income	7,202	4,271	17,245	12,732
TOTAL	73,571	34,277	210,825	119,450
Raw materials and subcontractors	-31,465	-12,752	-83,234	-50,262
Personnel costs	-33,382	-18,248	-106,946	-61,146
Other external expenses	-8,449	-4,785	-30,371	-19,504
Other operating expenses	-1,251	-9,405	-5,216	-15,357
EBITDA	-976	-10,913	-14,942	-26,819
Depreciation/amortisation and impairment of tangible and intangible assets	-6,989	-2,252	-23,664	-10,713
EBIT	-7,965	-13,165	-38,606	-37,532
Financial income	123	88	764	262
Financial expenses	-2,035	-411	-4,927	-1,536
Net financial items	-1,912	-323	-4,163	-1,274
Income tax	1,589	77	3,282	511
PROFIT/LOSS FOR THE PERIOD	-8,288	-13,411	-39,487	-38,295
Other comprehensive income:				
Items that may be transferred to profit or loss				
Exchange-rate differences	12,132	-10,932	38,336	-27,093
Other comprehensive income for the period	12,132	-10,932	38,336	-27,093
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,844	-24,343	-1,151	-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	Oct-Dec 2021	Oct-Dec 2020	Full-year 2021	Full-year 2020
Average no. of shares – basic	188,346,674	96,207,759	173,829,770	102,310,647
No. of shares at end of period	192,200,029	96,207,759	192,200,029	123,204,310
Average no. of shares – diluted	202,478,169	96,265,270	184,107,909	102,310,647
Basic earnings per share	-0.04	-0.14	-0.23	-0.37
Diluted earnings per share	-0.04	-0.14	-0.23	-0.37

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

KSEK	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets	639,515	494,251
Tangible assets	41,475	28,715
Financial assets	124	110
Total non-current assets	681,114	523,076
Current assets		
Inventories	13,201	12,848
Accounts receivable	23,023	9,459
Other receivables	66,893	28,434
Cash and cash equivalents	96,110	62,434
Total current assets	199,227	113,175
TOTAL ASSETS	880,341	636,251
EQUITY AND LIABILITIES		
Equity attributable to Parent Company shareholders	678,809	557,770
Non-current liabilities		
Liabilities to credit institutions	-	280
Lease liabilities	9,989	9,266
Other non-current liabilities	37,479	-
Deferred tax liabilities	22,410	9,277
Total non-current liabilities	69,878	18,823
Current liabilities		
Accounts payable	26,473	15,502
Other liabilities	105,181	44,156
Other current liabilities	131,654	59,658
TOTAL EQUITY AND LIABILITIES	880,341	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	-180,316	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					-39,487	-39,487
Other comprehensive income				38,336		38,336
Total comprehensive income	0	0	0	38,336	-39,487	-1,151
Transactions with shareholders						
Reclassification of additional purchase consideration, SpaceQuest			-14,487			-14,487
Directed share issue	1,569		98,431			100,000
Issue expenses			-5,915			-5,915
Subscription of warrants	231		-231			0
Non-cash issue – acquisition of Omnisys			41,790			41,790
Non-cash issue – acquisition of SpaceQuest	960	-87,973	87,013			0
Closing balance, per 31 Dec 2021	7,688	0	889,698	39,520	-258,098	678,809

Equity is attributable in its entirety to Parent Company shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

kSEK	Oct-Dec 2021	Oct-Dec 2020	Full-year 2021	Full-year 2020
Cash flow from operating activities before changes in working capital	-1,239	-11,247	-15,189	-28,101
Total changes in working capital	-400	-456	-20,273	10,652
Cash flow from operating activities	-1,639	-11,703	-35,462	-17,449
Cash flow from investing activities	-10,590	-5,014	-21,779	-18,196
Cash flow from financing activities	-280	48,090	89,639	45,756
CASH FLOW FOR THE PERIOD	-12,509	31,373	32,398	10,111
Cash and cash equivalents at start of period	-	31,499	62,434	53,143
Exchange-rate differences in cash and cash equivalents	572	-438	1,278	-820
CASH AND CASH EQUIVALENTS AT END OF PERIOD	-11,937	62,434	96,110	62,434

CONDENSED PARENT COMPANY INCOME STATEMENT

kSEK	Oct-Dec 2021	Oct-Dec 2020	Full-Year 2021	Full-Year 2020
Net sales	27,192	8,980	55,133	32,657
Work performed by the company for its own use and capitalised	19	131	137	1,856
Other operating income	176	120	816	942
Total operating income	27,387	9,231	56,086	35,455
Raw materials and subcontractors	-7,757	-1,938	-19,830	-13,604
Personnel costs	-6,517	-6,104	-21,574	-19,777
Other external expenses	-14,397	-3,274	-28,108	-12,594
Other operating expenses	-160	-318	-517	-1,128
EBITDA	-1,444	-2,403	-13,943	-11,648
Depreciation/amortisation and impairment of tangible and intangible assets	-256	-247	-1,009	-3,441
EBIT	-1,700	-2,650	-14,952	-15,089
Other interest income and similar profit/loss items	596	405	1,630	1,489
Interest expenses and similar profit/loss items	-62	-251	-167	-787
Impairment of shares in subsidiaries	-	-45,000	-	-45,000
Total earnings from financial items	534	-44,846	1,463	-44,298
PROFIT AFTER FINANCIAL ITEMS	-1,166	-47,496	-13,489	-59,387
Tax on profit/loss for the period	-	-	-	-
Profit/loss for the period	-1,166	-47,496	-13,489	-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	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets	2,422	3,118
Tangible assets	698	-
Receivables from Group companies	26,037	725
Financial assets	543,487	441,416
Total non-current assets	572,644	445,259
Current assets		
Inventories	2,646	2,699
Accounts receivable	6,063	186
Receivables from Group companies	8,399	3,800
Other receivables	10,930	7,788
Cash and bank balances	70,548	51,239
Total current assets	98,586	65,712
TOTAL ASSETS	671,230	510,971
EQUITY AND LIABILITIES		
Equity		
Restricted equity	9,556	93,911
Unrestricted equity	596,451	403,376
Total equity	606,007	497,287
Non-current liabilities		
Other non-current liabilities	47,479	-
Total non-current liabilities	47,479	0
Current liabilities		
Accounts payable	6,823	3,129
Liabilities to Group companies	122	185
Other liabilities	10,799	10,370
Other current liabilities	17,744	13,684
TOTAL EQUITY AND LIABILITIES	671,230	510,971

SHAREHOLDERS AS OF 31 DECEMBER 2021

SHAREHOLDERS	NO. OF SHARES	VOTES & CAPITAL
CBNY-RJA-CLIENT ASSET ACCT*	24,000,000	12.49%
Försäkringsaktiebolaget, Avanza Pension	13,957,607	7.26%
NORDNET PENSIONS FÖRSÄKRINGAR AB	3,837,074	2.00%
KOCK, JOHN	3,247,934	1.69%
UBS SWITZERLAND AG, W8IMY	3,217,628	1.67%
TJ JUNIOR AB	2,996,400	1.56%
BNY MELLON SA/NV (FORMER bny), W8IMY	2,889,705	1.50%
C INT VELD BEHEER B.V	2,585,000	1.34%
G.L.E MONNA BEHEER B.V	2,585,000	1.34%
S. ENGELLEN BEHEER B:v	2,585,000	1.34%
Övriga	130,298,681	67.79%
TOTAL	192,200,029	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 Year-End 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 decisionmaker (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 six 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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
AAC Clyde Space	-1 807*	-13,285**	-14,302***	-21,602**
Clyde Space	1,601	1,960	-10,737	-5,629
Hyperion	-1,748	412	758	412
SpaceQuest	395	-	5,245	-
Omnisys	1,701	-	5,387	-
AAC Space Africa	-1,118	-	-1,293	-
Total EBITDA	-976	-10,913	-14,942	-26,819

* includes acquisition costs of kSEK 1,668

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

*** includes acquisition costs of kSEK 1,668 and non-recurring personnel costs of 948

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

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Total EBITDA	-976	-10,913	-14,942	-26,819
Net financial items	-1,912	-323	-4,163	-1,274
Depreciation and amortisation of tangible and intangible assets	-6,989	-2,252	-23,664	-10,713
Earnings before tax	-9,877	-13,488	-42,769	-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.

October–December 2021							
	Clyde Space	AAC Clyde Space	Hyperion	Space Quest	Omnisys	AAC Space Africa	Total
Income by segment	29,002	27,192	4,955	4,783	18,963	463	85,358
Income from other segments*	-10,625	-10,963	-1,018	-158	-	-463	-23,227
Income from external customers	18,377	16,229	3,937	4,625	18,963	0	62,131
Space Data as a Service	-11	-	-	3,616	-	-	3,605
Space Missions	15,897	4,111	-	-	-	-	20,008
Space Products	2,491	12,118	3,937	1,009	18,963	-	38,518
Licenses/Royalties	-	-	-	-	-	-	0
Total	18,377	16,229	3,937	4,625	18,963	0	62,131

October–December 2020							
	Clyde Space	AAC Clyde Space	Hyperion	Space Quest	Omnisys	AAC Space Africa	Total
Income by segment	21,373	5,252	2,365	-	-	-	28,990
Income from other segments*	-112	-211	-	-	-	-	-323
Income from external customers	21,261	5,041	2,365	0	0	0	28,667
Space Data as a Service	3,068	-	-	-	-	-	3,068
Space Missions	12,694	411	-	-	-	-	13,105
Space Products	5,499	4,630	2,365	-	-	-	12,494
Licenses/Royalties	-	-	-	-	-	-	0
Total	21,261	5,041	2,365	0	0	0	28,667

* Refers to intercompany sales

January–December 2021							
	Clyde Space	AAC Clyde Space	Hyperion	Space Quest	Omnisys	AAC Space Africa	Total
Income by segment	73,475	55,133	16,402	19,435	43,840	488	208,773
Income from other segments*	-11,971	-13,695	-2,467	-202	-	-488	-28,823
Income from external customers	61,504	41,438	13,935	19,233	43,840	0	179,950
Space Data as a Service	1,203	-	-	11,637	-	-	12,840
Space Missions	48,575	8,935	-	-	-	-	57,510
Space Products	11,726	31,122	13,935	7,596	43,840	-	108,219
Licenses/Royalties	-	1,381	-	-	-	-	1,381
Total	61,504	41,438	13,935	19,233	43,840	0	179,950

January–December 2020							
	Clyde Space	AAC Clyde Space	Hyperion	Space Quest	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	-	-	-	-	-	-	0
Total	67,990	28,029	2,365	0	0	0	98,384

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

As of 31 December 2021, there were no financial liabilities measured at fair value in addition to what is stated below. At 31 December 2021, the fair value for foreign currency forwards amounted to kSEK 8 (-88) 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 and Omnisys 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 1 163 (1 226) at market rates for the performance of consultant services linked to the company's operations.

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 43,840. Omnisys also contributed earnings of kSEK 4,451 over the same period.

If the acquisition had been completed on 1 January 2021, the consolidated pro forma income and earnings on 31 December 2021, income would have been kSEK 46,761 and EBITDA would have been kSEK -5,600. 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.

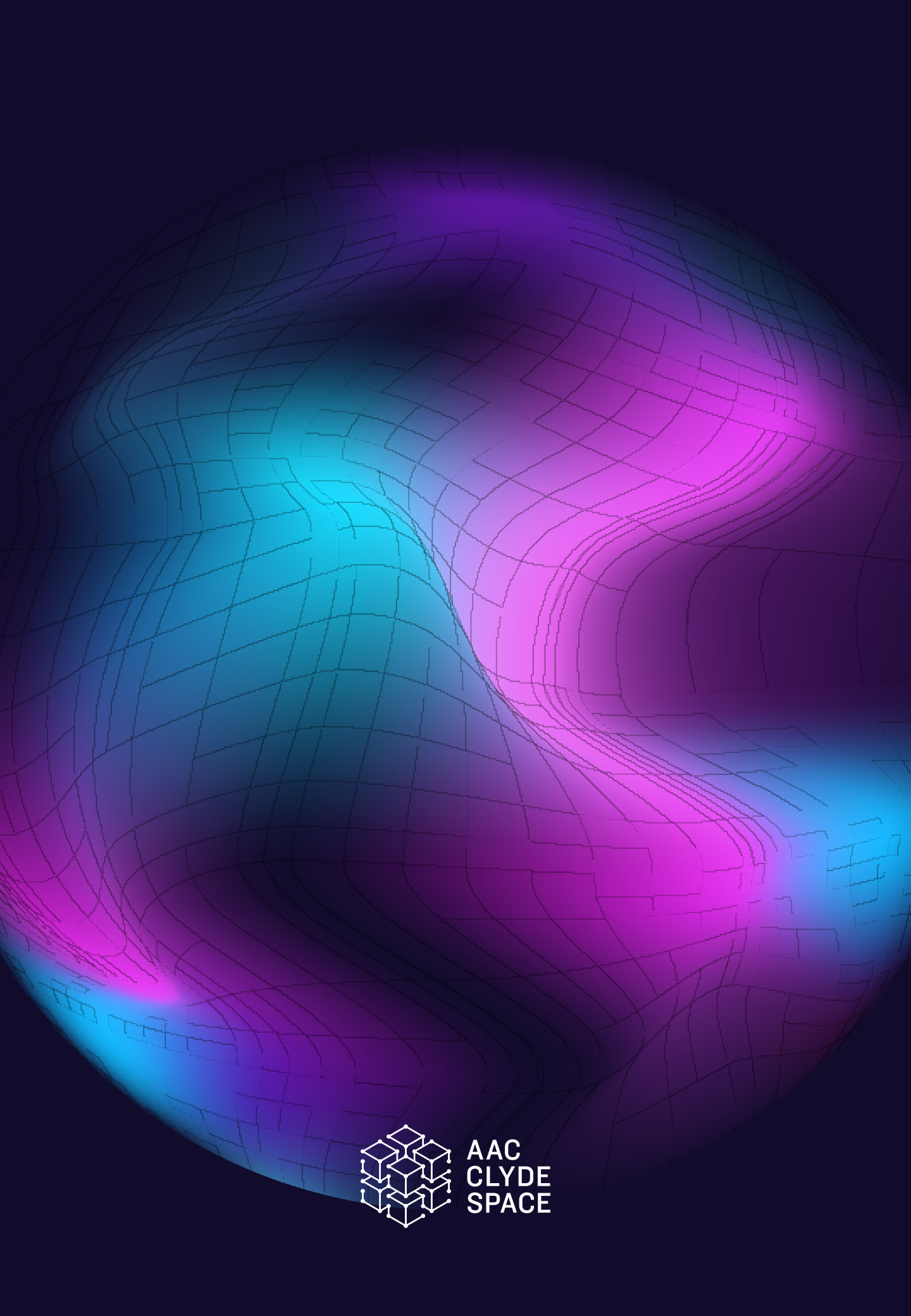
Equity instruments

The acquisition was paid primarily through 17,340,100 newly issued warrants, of which the first third, 5 780 033 warrants, converted into shares in November 2021. 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.

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.



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