



AAC
CLYDE
SPACE

AAC CLYDE SPACE AB (publ)
INTERIM REPORT,
Q2 2021



**SECOND QUARTER,
APRIL–JUNE 2021
(COMPARED WITH
APRIL–JUNE 2020)**

Net sales increased 156% to

SEK 47.4 M (18.5)

Omnisys Instruments, which was acquired on 30 April, accounted for

SEK 15.5 M

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

SEK -3.5 M (-7.5)

and to

SEK -1.8 M (-7.5)

excluding acquisition costs of SEK 1.7 M (0)

Earnings before interest and tax (EBIT) amounted to

SEK -7.7 M (-10.3)

excluding acquisition costs

The loss after tax was

SEK -9.6 M (-10.5)

Omnisys Instruments, which was acquired on 30 April, contributed a profit of SEK 3.02 M to earnings after tax

Basic and diluted earnings per share amounted to

SEK -0.06 (-0.11)

Cash flow from operating activities totalled

SEK +5.9 M (-0.4)

The order backlog increased 152% to

SEK 413 M (164)

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

Net sales increased 99% to

SEK 84.2 M (42.4)

Net sales excluding companies
acquired during 2020 and 2021
increased 21% to

SEK 51.4 M (42.4)

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

SEK -3.9 M (-13.7)

and to

SEK -2.3 M (-13.7)

excluding acquisition costs of
SEK 1.7 M (0)

Earnings before interest and tax (EBIT)
amounted to

SEK -12.1 M (-19.5)

excluding acquisition costs

The loss after tax was

SEK -13.6 M (-20.0)

Basic and diluted earnings per share
amounted to

SEK -0.08 (-0.21)

Cash flow from operating activities
totalled

SEK -14.9 M (-6.5)

The huge progress we have made is reflected in our orderbook, which now stands at SEK 413M – over four times FY2020 revenues.

SIGNIFICANT EVENTS IN THE SECOND QUARTER OF 2021

- AAC Clyde Space entered into a GBP 8.4 M (approx. SEK 100 M) contract to deliver Space Data as a Service to Canadian Earth observation company Wyvern Inc.
- AAC Clyde Space was honoured to be visited by Her Majesty The Queen and Her Royal Highness The Princess Royal at the Glasgow facility.
- AAC Clyde Space received a USD 135,000 order (approx. SEK 1.1 M) to continue operating the SeaHawk-1 satellite from its Operations Centre in Glasgow for a further 12 months.
- Horizon Space Technologies Ltd. placed a GBP 4.6 M (approx. SEK 54 M) order for a full turn-key solution, including two new satellite launches, operations and data delivery.
- AAC Clyde Space won a USD 1.0 M (approx. SEK 8.3 M) order for subsystems for the ice-drilling mission IM-2 led by the US company Intuitive Machines.
- AAC Clyde Space's US subsidiary SpaceQuest received an order of USD 0.55 M (approx. SEK 4.6 M) for global navigation satellite systems (GNSS) receivers and antennas to be delivered to a customer in Asia.
- AAC Clyde Space was selected by Astroscale UK Ltd to co-engineer their UK-based space debris removal programme known as End-of-Life Services (ELSA-M). The contract is valued at GBP 0.26 M (approx. SEK 3 M).
- Nicole Robinson was newly elected to the Board of Directors at the 2021 Annual General Meeting.
- AAC Clyde Space was selected by the Mohammed Bin Rashid Space Centre in the United Arab Emirates to deliver a EUR 0.2 M (approx. SEK 2 M) computer system for the Rashid lunar rover.
- AAC Clyde Space acquired all of the shares in Omnisys Instruments AB on 30 April 2021. The company was consolidated into the financial reporting from 1 May 2021.

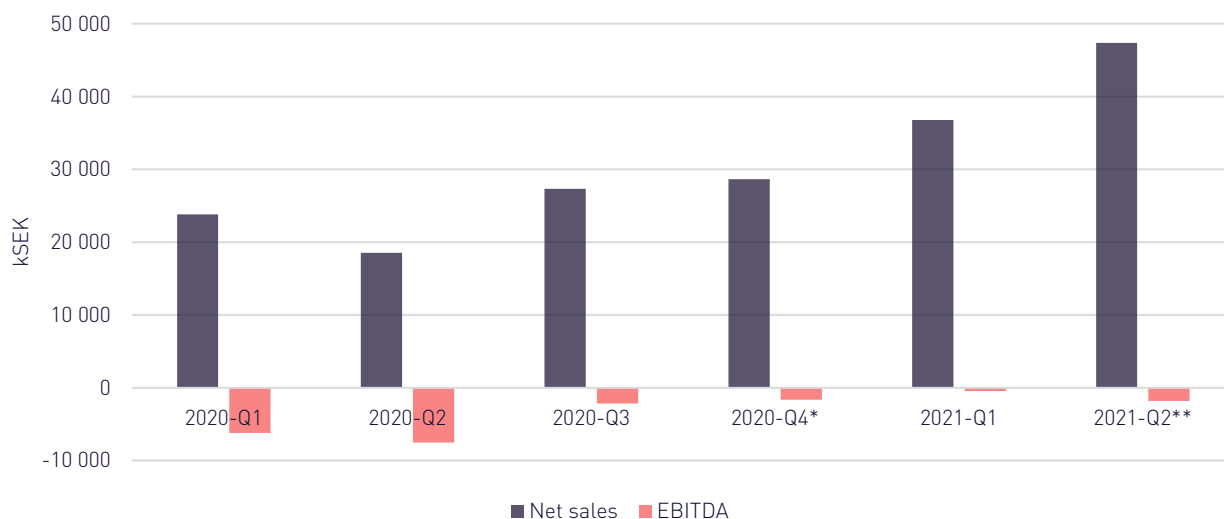
SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- AAC established AAC Space Africa in South Africa to join Africa's quickly growing space sector.

FINANCIAL OVERVIEW – GROUP

kSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	full-year
	2021	2020	2021	2020	2020
Net sales	47,377	18,538	84,160	42,372	98,384
EBITDA	-3,485	-7,517	-3,948	-13,744	-26,819
EBIT	-9,341	-10,334	-13,786	-19,462	-37,532
Basic and diluted earnings per share, SEK	-0.06	-0.11	-0.08	-0.21	-0.37
Equity ratio	81%	86%	81%	86%	88%
Cash flow from operating activities	5,900	-364	-14,949	-6,527	-14,464
Cash flow for the period	64,525	-6,320	38,676	-17,061	10,771
Cash and cash equivalents	101,700	35,161	101,700	35,161	62,432
Order backlog	412,784	163,558	412,784	163,558	156,317

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

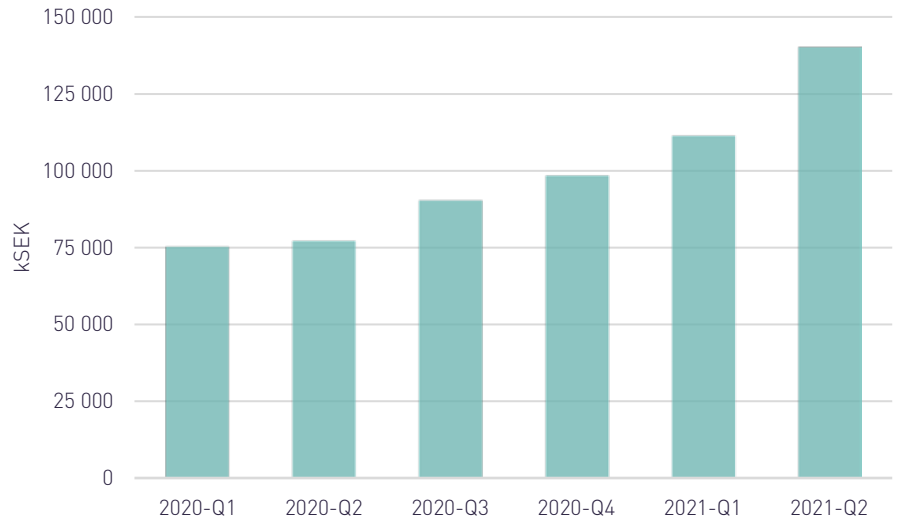


* EBITDA for Q4 2020 adjusted for acquisition costs of SEK 7.6 M and non-recurring personnel costs of SEK 1.8 M

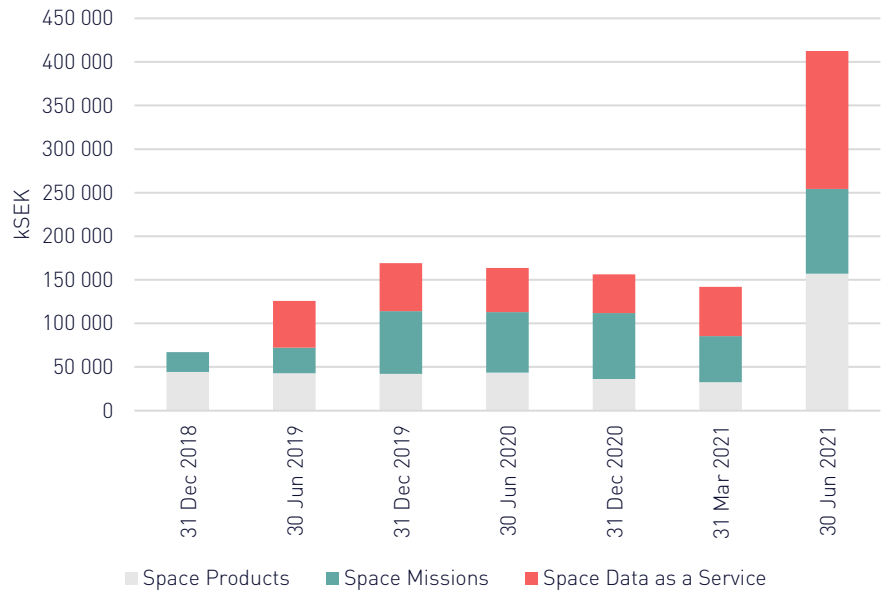
** EBITDA for Q2 2021 adjusted for acquisition costs of SEK 1.7 M

As well as securing new contracts, our existing partnerships are moving from strength to strength – a testament to the AAC client experience.

**NET SALES –
ROLLING 12 MONTHS**



ORDER BACKLOG





COMMENTS FROM THE CEO

In June, we secured our largest Space Data as a Service contract to date: a four-year, SEK 100M agreement with Canadian Earth observation company Wyvern Inc.

It's been a challenging but rewarding second quarter, as our global team has come together to drive sales and advance our ambition to become a world leader in commercial small satellites and services from space.

The huge progress we have made is reflected in our orderbook, which has grown markedly across all three segments of the business and now stands at SEK 413M – over four times FY2020 revenues. I'm particularly delighted to see our Space Data as a Service (SDaaS) order book growing strongly, and our overall pipeline growing on the back of our recent acquisitions.

In June, we secured our largest SDaaS contract to date: a four-year, SEK 100M agreement with Canadian Earth observation company Wyvern Inc. AAC will design, manufacture, and own the satellites and simply provide Wyvern with the data – specifically, hyperspectral images of Earth. They will be used 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 high-quality, timely data from space can be used to improve life on Earth and our ability to feed a growing population.

As well as securing new contracts, our existing partnerships are moving from strength to strength – a testament to the AAC client experience. This includes the SEK 55M order from Horizon Technologies to expand its Amber constellation, dedicated to delivering Maritime Domain Awareness intelligence data. The order includes two new CubeSat launches, operations and data delivery – and has the potential to be extended to include more than 10 additional CubeSats. These satellites will be able to locate and track vessels worldwide by geolocating and demodulating RF signals in a system that can be used to fight piracy, illegal fishing, and refugee smuggling, amongst other purposes.

It also includes a SEK 8M follow-on subsystems order from Intuitive Machines for an ice-drilling mission (IM-2) to the Moon. AAC recently delivered the flight models for Intuitive Machine's IM-1 mission, the first lander in NASA's Commercial Lunar Payload Services initiative, focused on the exploration and use of natural resources of the moon. We will deliver our most potent and efficient power system, Starbuck, to the IM-2 mission, scheduled for launch in late 2022. The mission data will help scientists in the search for water at the Moon's pole, as they try to pave the way for a sustainable human presence on the Moon by the end of the decade.

In addition to IM-2, our lunar missions experience continues to grow with the exciting news that we have been selected by UAE's Mohammed Bin Rashid Space Centre to deliver a SEK 2M computer system for the Rashid lunar rover. This is a hugely exciting time for AAC - the use of systems developed for small spacecraft in these types of mission is proof that the small satellite industry has truly come of age.

In June, we were honoured to host Her Majesty The Queen and Her Royal Highness The Princess Royal at our Glasgow facility, in celebration of our contribution to the UK's thriving space sector. We look forward to helping the country fulfil its commitment to becoming a global leader in the space industry, STEM (Science, Technology, Engineering and Mathematics) promotion and the development of sovereign capabilities, including the UK's first orbital spaceport.

As we move into the third quarter, we remain committed to working with our clients and partners across the globe to realise the full potential of small satellites to build a safer, healthier, and more efficient planet. That means investing for the future, which is why we are expanding our team: headcount has increased by 35 per cent since the end of 2020. It also means encouraging collaboration and innovation: our new company newsletter, SPAACE TALK, not only rounds up the latest news from across the Group, but also explores the most exciting themes in New Space. Finally, it means proactively helping to solve the challenges we face as an industry: for example, we have been selected by Astroscale in the UK to participate in its mission to remove space debris, one of the main threats to the sustainability of the space environment itself.

Financially, we remain on track to be EBITDA positive in 2022 and achieve target revenues of SEK 500M by 2024, with a 53 per cent improvement in EBITDA compared to Q2 2020 and net sales up by 156 per cent to SEK 47.4M over the same period. Delays from subcontractors in major projects mean that revenues will be shifted from the third quarter to the fourth quarter of 2021. In total for the second half of the year, we expect continued growth and reach net sales of approximately SEK 200 million for the full year 2021. These results should give stakeholders confidence in both our team and our strategy.

Luis Gomes
CEO

We remain on track to be EBITDA positive in 2022 and achieve target revenues of SEK 500M by 2024.

Second quarter 2021

Sales and earnings

Net sales increased 156% to SEK 47.4 M (18.5). Out of the SEK 28.9 M increase, the newly acquired company Omnisys Instruments accounted for SEK 15.5 M.

Total revenue amounted to SEK 53.5 M (24.0). The order backlog amounted to SEK 413 M (164), of which Omnisys Instruments accounted for SEK 117 M.

EBITDA amounted to SEK -3.5 M (-7.5) and to SEK -1.8 M (-7.5) after excluding acquisition costs of SEK 1.7 M (0) related to the acquisition of Omnisys Instruments. EBIT totalled SEK -9.3 M (-10.3) and the loss after tax was SEK -9.6 M (-10.5).

Exchange-rate differences amounted to SEK -8.6 M (-21.2), primarily due to restating goodwill items in Clyde Space and SpaceQuest.

January–June 2021

Sales and earnings

Net sales increased 99% to SEK 84.2 M (42.4). Net sales excluding companies acquired during 2020 and 2021 increased 21% to SEK 51.4 M (42.4). Total revenue amounted to SEK 96.0 M (53.1).

EBITDA amounted to SEK -3.9 M (-13.7) and to SEK -2.3 M (-13.7) excluding acquisition costs of SEK 1.7 M (0). EBIT totalled SEK -13.8 M (-19.5) and the loss after tax was SEK -13.6 M (-20.0).

Investments and financial position

Available cash and cash equivalents as of 30 June 2021 totalled SEK 101.7 M (35.2) and 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 -14.9 M (-6.5) following cash flow from operating activities for the second quarter amounting to SEK +5.9 M (-0.4). The improvement during the second quarter was primarily due to the receipt of prepayments from customers.

The Group's investments in non-current assets for the period totalled SEK 17.9 M (9.0), of which intangible assets accounted for SEK 10.1 M (8.7). 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 33.0 M (15.6) due primarily to the acquisition of SpaceQuest and its constellation of satellites and ground stations.

Accounts receivable increased to SEK 23.4 M (10.9) due to invoiced milestones in ongoing projects. Other current receivables increased to SEK 57.0 M (18.8), mainly due to accrued revenue in ongoing projects, income tax assets and receivables from Scottish Enterprise for ongoing development projects. Other non-current liabilities of SEK 34.5 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. The additional purchase considerations are regulated through the conversion of warrants outstanding to shares. Other current liabilities amounted to SEK 72.0 M (46.4). The increase is due to more prepayments from customers.

The equity ratio amounted to 81% (86).

These results should give stakeholders confidence in both our team and our strategy.

Personnel and organisation

There were 163 employees (97) at the end of the period.

Parent Company

Parent Company net sales for the period totalled SEK 21.8 M (15.3), and the loss after tax was SEK -6.9 M (-8.1). Investments in non-current assets amounted to SEK 0.1 M (0.1). The equity ratio amounted to 92% (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 June 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 June 2021, the number of shareholders totalled 13,167. A table with the largest shareholders is shown on page 18 in this report.

The AGM of AAC Clyde Space in June 2020 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 June 2021, Board members had subscribed for 192,000 warrants (incentive scheme 2020/2023:C)
- As of 30 June 2021, employees in Sweden had subscribed for 450,668 warrants (incentive scheme 2020/2023:A)
- As of 30 June 2021, employees in the UK had subscribed for 1,920,000 warrants (incentive scheme 2020/2023:B)

A total of 2,562,668 warrants have been subscribed for, which entails a potential dilution effect of around 1% and that AAC Clyde Space will potentially raise approximately SEK 10.9 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.

The new subsidiary AAC Space Africa was started to take advantage of the growing market for satellites and space services in Africa.

Significant events after the end of the reporting period

The new subsidiary AAC Space Africa was started to take advantage of the growing market for satellites and space services in Africa. AAC Space Africa designs, builds and delivers space missions to the African continent from its base in Cape Town, South Africa. The new subsidiary is the Group's skills hub for advanced radio communication. The company is expected to grow quickly during the next year to meet demand from the African space sector, which is expected to grow to USD 10 billion per year by 2024 (New Space Africa Industry Report 2019).

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

Interim Report Jan–Sep 2021	25 Nov 2021
Year-end Report 2021	17 Feb 2022

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

Certification

The Board of Directors and CEO give their assurance that the report for the period January–June 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, 26 August 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

This report has not been audited.

Questions may be directed to:

CEO Luis Gomes, investor@aac-clydespace.com

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

mobile +46 (0)70-556 09 73

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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	full-year 2020
Net sales	47,377	18,538	84,160	42,372	98,384
Work performed by the company for its own use and capitalised	3,235	3,120	5,420	4,905	8,334
Other operating income	2,915	2,343	6,391	5,830	12,732
TOTAL	53,527	24,001	95,971	53,107	119,450
Raw materials and subcontractors	-20,000	-9,745	-35,289	-22,605	-50,262
Personnel costs	-27,236	-13,272	-48,006	-28,913	-61,146
Other external expenses	-6,989	-5,314	-13,430	-10,280	-19,504
Other operating expenses	-2,787	-3,187	-3,194	-5,053	-15,357
EBITDA	-3,485	-7,517	-3,948	-13,744	-26,819
Depreciation/amortisation and impairment of tangible and intangible assets	-5,856	-2,817	-9,838	-5,718	-10,713
EBIT	-9,341	-10,334	-13,786	-19,462	-37,532
Financial income	330	57	614	141	262
Financial expenses	-1,072	-366	-1,324	-1,026	-1,536
Net financial items	-742	-309	-710	-885	-1,274
Income tax	465	111	900	332	511
PROFIT/LOSS FOR THE PERIOD	-9,618	-10,532	-13,596	-20,015	-38,295
Other comprehensive income:					
Items that may be transferred to profit or loss					
Exchange-rate differences	-8,658	-21,235	21,862	-17,080	-27,093
Other comprehensive income for the period	-8,658	-21,235	21,862	-17,080	-27,093
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-18,276	-31,767	8,266	-37,095	-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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	full-year 2020
Average no. of shares – basic	173,348,101	96,207,759	160,276,205	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	173,348,101	96,207,759	160,276,205	96,207,759	102,310,647
Basic and diluted earnings per share	-0.06	-0.11	-0.08	-0.21	-0.37

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

KSEK	30 jun 2021	30 jun 2020	31 dec 2020
ASSETS			
Non-current assets			
Intangible assets	624,311	404,442	494,251
Tangible assets	33,055	15,576	28,715
Financial assets	109	-	110
Total non-current assets	657,475	420,018	523,076
Current assets			
Inventories	14,993	13,869	12,848
Accounts receivable	23,368	10,870	9,459
Other receivables	56,969	18,831	28,434
Cash and cash equivalents	101,700	35,161	62,434
Total current assets	197,030	78,731	113,175
TOTAL ASSETS	854,505	498,749	636,251
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	688,052	428,940	557,770
Non-current liabilities			
Liabilities to credit institutions	297	278	280
Lease liabilities	12,561	9,309	9,266
Other non-current liabilities	34,484	-	-
Deferred tax liabilities	24,295	3,350	9,277
Total non-current liabilities	71,637	12,937	18,823
Current liabilities			
Accounts payable	22,683	10,502	15,502
Other liabilities	72,133	46,370	44,156
Other current liabilities	94,816	56,872	59,658
TOTAL EQUITY AND LIABILITIES	854,505	498,749	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					-20,015	-20,015
Other comprehensive income				-17,141		-17,141
Total comprehensive income	0	0	0	-17,141	-20,015	-37,156
Closing balance, 30 June 2020	3,849	0	614,291	11,129	-200,332	428,940
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 TO2020/2023			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 2020	4,928	87,973	682,295	1,184	-218,611	557,769
Profit/loss for the period					-13,596	-13,596
Other comprehensive income				21,862		21,862
Total comprehensive income	0	0	0	21,862	-13,596	8,266
Transactions with shareholders						
Reclassification of additional purchase consideration, SpaceQuest			-14,488			-14,488
Directed share issue	1,569		98,431			100,000
Issue expenses			-5,891			-5,891
Non-cash issue – acquisition of Omnisys			41,770			41,770
Non-cash issue – acquisition of SpaceQuest	960	-87,973	87,013			0
Warrants TO2020/2023			626			626
Utgående balans per 30 juni 2021	7,457	0	889,756	23,046	-232,207	688,052

Equity is attributable in its entirety to Parent Company shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

kSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	full-year 2020
Cash flow from operating activities before changes in working capital	-3,287	-7,954	-3,720	-14,639	-28,113
Total changes in working capital	9,187	7,587	-11,229	8,112	13,649
Cash flow from operating activities	5,900	-364	-14,949	-6,527	-14,464
Cash flow from investing activities	-38,934	-5,153	-42,662	-8,969	-20,287
Cash flow from financing activities	97,559	-803	96,287	-1,565	45,522
CASH FLOW FOR THE PERIOD	64,525	-6,320	38,676	-17,061	10,771
Cash and cash equivalents at start of period	37,133	41,669	62,434	52,380	52,381
Exchange-rate differences in cash and cash equivalents	42	-188	590	-158	-718
CASH AND CASH EQUIVALENTS AT END OF PERIOD	101,700	35,161	101,700	35,161	62,434

CONDENSED PARENT COMPANY INCOME STATEMENT

kSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	full-year 2020
Net sales	9,213	5,058	21,795	15,310	32,657
Work performed by the company for its own use and capitalised	-	658	39	1,304	1,856
Other operating income	57	210	281	725	942
Total operating income	9,270	5,926	22,115	17,339	35,455
Raw materials and subcontractors	-3,724	-2,278	-9,608	-6,992	-13,604
Personnel costs	-5,543	-4,685	-10,620	-9,576	-19,777
Other external expenses	-4,557	-3,417	-8,569	-6,340	-12,594
Other operating expenses	-97	-407	-243	-461	-1,128
EBITDA	-4,651	-4,861	-6,925	-6,030	-11,648
Depreciation/amortisation and impairment of tangible and intangible assets	-241	-1,064	-503	-2,133	-3,441
EBIT	-4,892	-5,925	-7,428	-8,163	-15,089
Other interest income and similar profit/loss items	246	364	557	629	1,489
Interest expenses and similar profit/loss items	-39	-118	-41	-582	-787
Impairment of shares in subsidiaries	-	-	-	-	-45,000
Total earnings from financial items	207	246	516	47	-44,298
PROFIT AFTER FINANCIAL ITEMS	-4,685	-5,679	-6,912	-8,116	-59,387
Tax on profit/loss for the period	-	-	-	-	-
Profit/loss for the period	-4,685	-5,679	-6,912	-8,116	-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 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	2,684	3,797	3,118
Tangible assets	519	-	-
Receivables from Group companies	24,249	21,726	725
Financial assets	540,298	324,592	441,416
Total non-current assets	567,750	350,115	445,259
Current assets			
Inventories	2,858	3,131	2,699
Accounts receivable	5,825	4,807	186
Receivables from Group companies	6,035	1,772	3,800
Other receivables	8,521	8,536	7,788
Cash and bank balances	77,648	32,617	51,239
Total current assets	100,887	50,863	65,712
TOTAL ASSETS	668,637	400,978	510,971
EQUITY AND LIABILITIES			
Equity			
Restricted equity	6,054	5,413	93,911
Unrestricted equity	606,337	386,085	403,376
Total equity	612,391	391,498	497,287
Non-current liabilities			
Other non-current liabilities	44,484	-	-
Total non-current liabilities	44,484	0	0
Current liabilities			
Accounts payable	4,918	2,148	3,129
Liabilities to Group companies	130	103	185
Other liabilities	6,714	7,229	10,370
Other current liabilities	11,762	9,480	13,684
TOTAL EQUITY AND LIABILITIES	668,637	400,978	510,971

SHAREHOLDERS AS OF 30 JUNE 2021

SHAREHOLDERS	NO. OF SHARES	VOTES & CAPITAL
CBNY-RJA-CLIENT ASSET ACCT*	24,000,000	12.87%
Försäkringsaktiebolaget, Avanza Pension	13,849,309	7.43%
Nordnet Pensionsförsäkring AB	9,468,127	5.08%
UBS SWITZERLAND AG, W8IMY	8,456,079	4.54%
BNY MELLON SA/NV (FORMER BNY), W8IMY	4,216,296	2.26%
TJ JUNIOR AB	3,800,000	2.04%
CDA FÖRVALTNING AB	3,600,000	1.93%
KOCK, JOHN	3,367,942	1.81%
PETERSEN JAN CHRISTER	3,084,670	1.65%
Euroclear Bank S.A/N.V, W8-IMY	2,982,914	1.60%
Other	109,594,659	58.79%
TOTAL	186,419,996	100.0%

* Refers to SpaceQuest's previous owners

NOTER

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 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.

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	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jan–Dec
	2021	2020	2021	2020	2020
AAC Clyde Space	-5,810*	-4,628	-7,486*	-5,476	-21,602**
Clyde Space	-4,295	-2,889	-4,832	-8,268	-5,629
Hyperion	1,162	–	1,760	–	412
SpaceQuest	1,999	–	3,151	–	–
Omnisys	3,459	–	3,459	–	–
Total EBITDA	-3,485	-7,517	-3,948	-13,744	-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

	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jan–Dec
	2021	2020	2021	2020	2020
Total EBITDA	-3,485	-7,517	-3,948	-13,744	-26,819
Net financial items	-742	-309	-710	-885	-1,274
Depreciation and amortisation of tangible and intangible assets	-5,856	-2,817	-9,838	-5,718	-10,713
Earnings before tax	-10,083	-10,643	-14,496	-20,347	-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.

April - June 2021						
	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	Total
Income by segment	14,805	9,213	4,554	5,421	15,484	49,477
Income from other segments	-292	-1,808	–	–	–	-2,100
Income from external customers	14,513	7,405	4,554	5,421	15,484	47,377
Space Data as a Service	122	–	–	2,854	–	2,976
Space Missions	11,965	494	–	–	–	12,459
Space Products	2,426	6,911	4,554	2,567	15,484	31,942
Licenses/Royalties	–	–	–	–	–	0
Total	14,513	7,405	4,554	5,421	15,484	47,377

April - June 2020						
	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	Total
Income by segment	13,742	5,058	–	–	–	18,800
Income from other segments	–	-262	–	–	–	-262
Income from external customers	13,742	4,796	0	0	0	18,538
Space Data as a Service	-79	–	–	–	–	-79
Space Missions	11,863	–	–	–	–	11,863
Space Products	1,958	4,796	–	–	–	6,754
Licenses/Royalties	–	–	–	–	–	–
Total	13,742	4,796	0	0	0	18,538

January - June 2021

	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	Total
Income by segment	32,521	21,795	7,960	9,353	15,484	87,113
Income from other segments	-946	-2,007	-	-	-	-2,953
Income from external customers	31,575	19,788	7,960	9,353	15,484	84,160
Space Data as a Service	122	3,311	-	4,868	-	8,301
Space Missions	24,257	-	-	-	-	24,257
Space Products	7,196	15,096	7,960	4,485	15,484	50,221
Licenses/Royalties	-	1,381	-	-	-	1,381
Total	31,575	19,788	7,960	9,353	15,484	84,160

January - June 2020

	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	Total
Income by segment	27,607	15,310	-	-	-	42,917
Income from other segments	-	-545	-	-	-	-545
Income from external customers	27,607	14,765	0	0	0	42,372
Space Data as a Service	2,358	-	-	-	-	2,358
Space Missions	20,944	-	-	-	-	20,944
Space Products	4,305	14,765	-	-	-	19,070
Licenses/Royalties	-	-	-	-	-	-
Total	27,607	14,765	0	0	0	42,372

January - December 2020

	Clyde Space	AAC Clyde Space	Hyperion	SpaceQuest	Omnisys	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	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	98,384

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

As of 30 June 2021, there were no financial liabilities measured at fair value. At 30 June 2021, the fair value for foreign currency forwards amounted to kSEK -22 (-760) 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 722 (503) 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

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.

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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